

REFERENCE TITLE: **property tax exemption; religious property**

State of Arizona  
House of Representatives  
Fiftieth Legislature  
Second Regular Session  
2012

## **HB 2774**

Introduced by

Representatives Gray R, Fillmore, Forese, Montenegro, Stevens, Senator  
Burgess: Representatives Carter, Crandell, Fann, Harper, Judd, Kavanagh,  
Lesko, Mesnard, Olson, Proud, Robson, Ugenti, Senators Barto, Lewis,  
Melvin, Nelson, Smith

**AN ACT**

**AMENDING SECTIONS 42-11109, 42-11152 AND 42-11154, ARIZONA REVISED STATUTES;  
RELATING TO PROPERTY TAX EXEMPTIONS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-11109, Arizona Revised Statutes, is amended to  
3 read:

4 42-11109. Exemption for religious property; affidavit

5 A. Property or buildings that are used or held ~~primarily for religious~~  
6 ~~worship~~ BY A RELIGIOUS ASSOCIATION OR INSTITUTION, including land,  
7 improvements, furniture and equipment, are exempt from taxation if the  
8 property is not used or held for profit.

9 B. Within ten days after receiving an initial affidavit of eligibility  
10 submitted under section 42-11152 by a nonprofit organization that owns  
11 property used ~~primarily for religious worship~~ OR HELD BY A RELIGIOUS  
12 ASSOCIATION OR INSTITUTION, the county assessor, on request, shall issue a  
13 receipt for the affidavit.

14 C. If the organization files with the assessor evidence of the  
15 organization's tax exempt status under section 501(c)(3) of the internal  
16 revenue code, ~~OR IF THE ORGANIZATION IS A CHURCH THAT IS CONSIDERED TAX~~  
17 ~~EXEMPT WITHOUT FILING FOR DETERMINATION BY THE UNITED STATES INTERNAL REVENUE~~  
18 ~~SERVICE~~, the organization is exempt from the requirement of filing subsequent  
19 affidavits under section 42-11152 until all or part of the property is  
20 conveyed to a new owner ~~or is no longer used for religious worship~~. At that  
21 time the organization shall notify the assessor of the change in writing.

22 D. A nonprofit organization that obtains title to property that was  
23 previously owned by another nonprofit organization and used ~~primarily for~~  
24 ~~religious worship~~ OR HELD BY A RELIGIOUS ASSOCIATION OR INSTITUTION shall  
25 comply with the requirements of section 42-11152 to qualify and establish  
26 eligibility for exemption.

27 E. If a nonprofit organization that holds title to property used  
28 ~~primarily for religious worship~~ OR HELD BY A RELIGIOUS ASSOCIATION OR  
29 INSTITUTION fails to file the affidavit required by section 42-11152 in a  
30 timely manner, but otherwise qualifies for exemption, the county board of  
31 supervisors, on petition by the organization, shall direct the county  
32 treasurer to:

33 1. Refund any property taxes paid by the organization for a tax year  
34 if the organization submits a claim for the refund to the county treasurer  
35 within one year after the date the taxes were paid. The county treasurer  
36 shall pay the claim within thirty days after it is submitted to the  
37 treasurer. The county treasurer is entitled to credit for the refund in the  
38 next accounting period with each taxing jurisdiction to which the tax monies  
39 may have been transmitted.

40 2. Forgive and strike off from the tax roll any property taxes and  
41 accrued interest and penalties that are due but not paid.

1           Sec. 2. Section 42-11152, Arizona Revised Statutes, is amended to  
2 read:

3           42-11152. Affidavit; false statements

4           A. Except as provided in sections 42-11104, 42-11109, 42-11110,  
5 42-11111 and 42-11131 and except for property described in sections 42-11125,  
6 42-11127 and 42-11132, a person who claims exemption from taxation under  
7 article IX, section 2, 2.1 or 2.2, Constitution of Arizona, shall:

8           1. When initially claiming the exemption, appear before the county  
9 assessor to make an affidavit as to the person's eligibility. If a personal  
10 appearance before the county assessor would create a severe hardship, the  
11 county assessor may arrange a mutually satisfactory meeting place to make an  
12 affidavit as to the person's eligibility.

13           2. When claiming the exemption in subsequent years, appear before the  
14 county assessor or a notary public to make an affidavit as to the person's  
15 eligibility.

16           3. Fully answer all questions on the eligibility form or otherwise  
17 required by the assessor for that purpose.

18           B. At the assessor's discretion, the assessor may require additional  
19 proof of the facts stated by the person before allowing an exemption. **THE**  
20 **EXEMPTION FOR PROPERTY OR BUILDINGS THAT ARE USED OR HELD BY A RELIGIOUS**  
21 **ASSOCIATION OR INSTITUTION UNDER SECTION 42-11109 SHOULD BE BROADLY CONSTRUED**  
22 **IN FAVOR OF THE TAXPAYER.**

23           C. A person who is in the United States military service and who is  
24 absent from this state or who is confined in a veterans' hospital or another  
25 licensed hospital may make the required affidavit in the presence of any  
26 officer who is authorized to administer oaths on a form obtained from the  
27 county assessor.

28           D. A false statement that is made or sworn to in the affidavit is  
29 perjury.

30           Sec. 3. Section 42-11154, Arizona Revised Statutes, is amended to  
31 read:

32           42-11154. Establishing nonprofit status

33           For the purposes of article 3 of this chapter:

34           1. Nonprofit organization status may be established by a letter of  
35 determination issued in the organization's name by the United States internal  
36 revenue service or the department of revenue recognizing the organization's  
37 tax exempt status under section 501(c)(3) of the internal revenue code or  
38 under section 43-1201. **A CHURCH THAT IS CONSIDERED TAX EXEMPT WITHOUT FILING**  
39 **FOR RECOGNITION WITH THE UNITED STATES INTERNAL REVENUE SERVICE IS NOT**  
40 **REQUIRED TO PRESENT A LETTER OF DETERMINATION.**

41           2. The requirement that property is not used or held for profit may be  
42 met by a letter of determination described in paragraph 1 of this section and  
43 issued in the name of the organization holding title to the property and for  
44 each organization using the property.