

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 264
HOUSE BILL 2403

AN ACT

AMENDING TITLE 42, CHAPTER 13, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 11; AMENDING SECTION 42-14155, ARIZONA REVISED STATUTES; RELATING TO RENEWABLE ENERGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 42, chapter 13, Arizona Revised Statutes, is amended
3 by adding article 11, to read:

4 ARTICLE 11. VALUATION OF ABANDONED LEASED PROPERTY

5 42-13501. Limit on valuation of real property with abandoned
6 renewable energy equipment

7 A. THE ASSESSED VALUE OF A LEASED PORTION OF REAL PROPERTY THAT
8 QUALIFIES UNDER SUBSECTION B OF THIS SECTION IS THE GREATER OF THE TOTAL
9 LEASE PAYMENTS COLLECTED BY THE REAL PROPERTY OWNER DURING THE TAX YEAR OR
10 THE ASSESSED VALUE OF THE LEASED PROPERTY IF IT WERE CLASSIFIED AS CLASS TWO
11 PROPERTY.

12 B. THE REAL PROPERTY MUST MEET ALL OF THE FOLLOWING CONDITIONS:

13 1. THE REAL PROPERTY IS BEING LEASED BY THE REAL PROPERTY OWNER TO A
14 LESSEE THAT MAINTAINS RENEWABLE ENERGY EQUIPMENT ON THE LEASED REAL PROPERTY.

15 2. THE REAL PROPERTY OWNER OR ANY AFFILIATE OF THE OWNER HAS NO
16 OWNERSHIP INTEREST IN THE LESSEE OR ANY OF ITS AFFILIATES.

17 3. THE LESSEE IS IN DEFAULT ON THE LEASE, IS NOT MAKING LEASE PAYMENTS
18 UNDER THE LEASE AND HAS ABANDONED ITS RENEWABLE ENERGY EQUIPMENT ON THE
19 LEASED REAL PROPERTY.

20 4. THE LEASED REAL PROPERTY WAS CLASSIFIED AS CLASS TWO AGRICULTURAL
21 PROPERTY FOR THE TAX YEAR BEFORE THE LEASE TERM COMMENCED.

22 5. THE TOTAL LEASE PAYMENTS COLLECTED BY THE REAL PROPERTY OWNER UNDER
23 THE LEASE IN DEFAULT ARE LESS THAN THE ASSESSED VALUE OF THE LEASED REAL
24 PROPERTY UNDER CLASS ONE.

25 Sec. 2. Section 42-14155, Arizona Revised Statutes, is amended to
26 read:

27 42-14155. Valuation of renewable energy equipment; definitions

28 A. Through December 31, 2040, the department shall determine the
29 ~~valuation~~ FULL CASH VALUE of taxable renewable energy equipment in the manner
30 prescribed by this section.

31 B. The FULL CASH value of renewable energy equipment is twenty per
32 cent of the depreciated cost of the equipment. DEPRECIATED COST SHALL BE
33 DETERMINED BY DEDUCTING DEPRECIATION FROM TAXABLE ORIGINAL COST.

34 C. For the purposes of this section, ~~:-~~:

35 1. "DEPRECIATION" MEANS STRAIGHT-LINE DEPRECIATION OVER THE USEFUL
36 LIFE, AS ADOPTED BY THE DEPARTMENT, OF THE ITEM OF PROPERTY. DEPRECIATION
37 SHALL NOT EXCEED NINETY PER CENT OF THE ADJUSTED ORIGINAL COST.

38 2. "ORIGINAL COST" MEANS THE ACTUAL COST, WITHOUT TRENDING, OF
39 ACQUIRING OR CONSTRUCTING PROPERTY, INCLUDING ADDITIONS, RETIREMENTS,
40 ADJUSTMENTS AND TRANSFERS.

41 3. "Renewable energy equipment" means electric generation facilities,
42 electric transmission, electric distribution, gas distribution or combination
43 gas and electric transmission and distribution and transmission and
44 distribution cooperative property that is located in this state, that is used
45 or useful for the generation, storage, transmission or distribution of
46 electric power, energy or fuel derived from solar, wind or other nonpetroleum

1 renewable sources not intended for self-consumption, including materials and
2 supplies and construction work in progress, but excluding licensed vehicles
3 and property valued under sections 42-14154 and 42-14156.

4 4. "TAXABLE ORIGINAL COST" MEANS ORIGINAL COST, AS DEFINED IN THIS
5 SECTION, REDUCED BY THE VALUE OF ANY INVESTMENT TAX CREDITS, PRODUCTION TAX
6 CREDITS OR CASH GRANTS IN LIEU OF INVESTMENT TAX CREDITS APPLICABLE TO THE
7 TAXABLE RENEWABLE ENERGY EQUIPMENT.

APPROVED BY THE GOVERNOR APRIL 30, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2014.