

REFERENCE TITLE: property tax; hotels and motels

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HB 2185

Introduced by
Representative Mitchell

AN ACT

AMENDING SECTION 42-12006, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX CLASSIFICATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-12006, Arizona Revised Statutes, is amended to
3 read:

4 42-12006. Class six property

5 For purposes of taxation, class six is established consisting of:

6 1. Noncommercial historic property as defined in section 42-12101 and
7 valued at full cash value.

8 2. Real and personal property that is located within the area of a
9 foreign trade zone or subzone established under 19 United States Code section
10 81 and title 44, chapter 18, that is activated for foreign trade zone use by
11 the district director of the United States customs service pursuant to
12 19 Code of Federal Regulations section 146.6 and that is valued at full cash
13 value. Property that is classified under this paragraph shall not thereafter
14 be classified under paragraph 6 of this section.

15 3. Real and personal property and improvements that are located in a
16 military reuse zone that is established under title 41, chapter 10, article 3
17 and that is devoted to providing aviation or aerospace services or to
18 manufacturing, assembling or fabricating aviation or aerospace products,
19 valued at full cash value and subject to the following terms and conditions:

20 (a) Property may not be classified under this paragraph for more than
21 five tax years.

22 (b) Any new addition or improvement to property already classified
23 under this paragraph qualifies separately for classification under this
24 paragraph for not more than five tax years.

25 (c) If a military reuse zone is terminated, the property in that zone
26 that was previously classified under this paragraph shall be reclassified as
27 prescribed by this article.

28 (d) Property that is classified under this paragraph shall not
29 thereafter be classified under paragraph 6 of this section.

30 4. Real and personal property and improvements or a portion of such
31 property comprising an environmental technology manufacturing, producing or
32 processing facility that qualified under section 41-1514.02, valued at full
33 cash value and subject to the following terms and conditions:

34 (a) Property shall be classified under this paragraph for twenty tax
35 years from the date placed in service.

36 (b) Any addition or improvement to property already classified under
37 this paragraph qualifies separately for classification under this subdivision
38 for an additional twenty tax years from the date placed in service.

39 (c) After revocation of certification under section 41-1514.02,
40 property that was previously classified under this paragraph shall be
41 reclassified as prescribed by this article.

42 (d) Property that is classified under this paragraph shall not
43 thereafter be classified under paragraph 6 of this section.

44 5. That portion of real and personal property that is used on or after
45 January 1, 1999 specifically and solely for remediation of the environment by

1 an action that has been determined to be reasonable and necessary to respond
2 to the release or threatened release of a hazardous substance by the
3 department of environmental quality pursuant to section 49-282.06 or pursuant
4 to its corrective action authority under rules adopted pursuant to section
5 49-922, subsection B, paragraph 4 or by the United States environmental
6 protection agency pursuant to the national contingency plan (40 Code of
7 Federal Regulations part 300) and that is valued at full cash value.
8 Property that is not being used specifically and solely for the remediation
9 objectives described in this paragraph shall not be classified under this
10 paragraph. For the purposes of this paragraph, "remediation of the
11 environment" means one or more of the following actions:

12 (a) Monitoring, assessing or evaluating the release or threatened
13 release.

14 (b) Excavating, removing, transporting, treating and disposing of
15 contaminated soil.

16 (c) Pumping and treating contaminated water.

17 (d) Treatment, containment or removal of contaminants in groundwater
18 or soil.

19 6. Real and personal property and improvements constructed or
20 installed from and after December 31, 2004 through December 31, 2024 and
21 owned by a qualified business under section 41-1516 and used solely for the
22 purpose of harvesting, transporting or processing qualifying forest products
23 removed from qualifying projects as defined in section 41-1516. The
24 classification under this paragraph is subject to the following terms and
25 conditions:

26 (a) Property may be initially classified under this paragraph only in
27 valuation years 2005 through 2024.

28 (b) Property may not be classified under this paragraph for more than
29 five years.

30 (c) Any new addition or improvement, constructed or installed from and
31 after December 31, 2004 through December 31, 2024, to property already
32 classified under this paragraph qualifies separately for classification and
33 assessment under this paragraph for not more than five years.

34 (d) Property that is classified under this paragraph shall not
35 thereafter be classified under paragraph 2, 3 or 4 of this section.

36 7. Real and personal property and improvements to the property that
37 are used specifically and solely to manufacture from and after December 31,
38 2006 through December 31, 2023 biodiesel fuel that is one hundred ~~per cent~~
39 PERCENT biodiesel and its by-products or motor vehicle biofuel and its
40 by-products and that are valued at full cash value. This paragraph applies
41 only to the portion of property that is used specifically for manufacturing
42 and processing one hundred ~~per cent~~ PERCENT biodiesel fuel, or its related
43 by-products, or motor vehicle biofuel, or its related by-products, from raw
44 feedstock obtained from off-site sources, including necessary on-site storage
45 facilities that are intrinsically associated with the manufacturing process.

1 Any other commercial or industrial use disqualifies the entire property from
2 classification under this paragraph. For the purposes of this paragraph,
3 "motor vehicle biofuel" means a solid, liquid or gaseous fuel that is derived
4 from biological material such as plant or animal matter, excluding organic
5 material that has been transformed by geological processes into substances
6 such as coal or petroleum or derivatives thereof, and that:

7 (a) Contains fuel additives in compliance with federal and state law.

8 (b) Is manufactured exclusively for use in a motor vehicle.

9 8. Real and personal property and improvements that are certified
10 pursuant to section 41-1511, subsection C, paragraph 2 and that are used for
11 renewable energy manufacturing or headquarters operations as provided by
12 section 42-12057. This paragraph applies only to property that is used in
13 manufacturing and headquarters operations of renewable energy companies,
14 including necessary on-site research and development, testing and storage
15 facilities that are associated with the manufacturing process. Up to ten ~~per~~
16 ~~cent~~ PERCENT of the aggregate full cash value of the property may be derived
17 from uses that are ancillary to and intrinsically associated with the
18 manufacturing process or headquarters operation. Any additional ancillary
19 property is not qualified for classification under this paragraph. No new
20 properties may be classified pursuant to this paragraph from and after
21 December 31, 2014. Classification under this paragraph is limited to the
22 time periods determined by the Arizona commerce authority pursuant to section
23 41-1511, subsection C, paragraph 2, subdivision (a) or (b). Property that is
24 classified under this paragraph shall not thereafter be classified under any
25 other paragraph of this section.

26 9. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS THAT ARE USED PRIMARILY
27 FOR OPERATING A HOTEL, MOTEL, RESORT, CAMPGROUND OR OTHER SIMILAR LODGING
28 FACILITY FOR TRANSIENT OCCUPANCY OF GUESTS WHO RENT LODGING SPACE ON A DAILY,
29 WEEKLY OR OTHER TEMPORARY BASIS FOR FEWER THAN THIRTY CONSECUTIVE DAYS.