

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 291
HOUSE BILL 2493

AN ACT

AMENDING SECTION 42-11054, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-13056; RELATING TO VALUATION OF PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-11054, Arizona Revised Statutes, is amended
3 to read:

4 42-11054. Standard appraisal methods and techniques

5 A. Subject to subsection B of this section, the department shall:

6 1. Prescribe guidelines for applying standard appraisal methods and
7 techniques that shall be used by the department and county assessors in
8 determining the valuation of property.

9 2. Prepare and maintain manuals and other necessary guidelines,
10 consistent with this section, reflecting the standard methods and
11 techniques to perpetuate a current inventory of taxable property and the
12 valuation of that property.

13 B. Before they are adopted, the department shall submit each
14 substantive proposed guideline, table and manual that is developed,
15 amended or otherwise modified from and after December 31, 2006 to the
16 joint legislative oversight committee on property tax assessment and
17 appeals. The department shall not finally adopt, amend or otherwise
18 modify a substantive guideline, table or manual for at least thirty days
19 after submitting the measure to the committee. The committee may hold one
20 or more informational hearings on the proposed measure within thirty days
21 after submission. In adopting, amending or modifying the measure the
22 department shall consider the committee's comments. If the committee
23 fails to hold a hearing within thirty days after submission, the
24 department may adopt, amend or modify the measure without further
25 consideration.

26 C. In applying prescribed standard appraisal methods and
27 techniques:

28 1. Current usage shall be included in the formula for reaching a
29 determination of full cash value.

30 2. Solar energy devices, as defined in section 44-1761, grid-tied
31 photovoltaic systems and any other device or system designed ~~for the~~
32 ~~production of~~ TO PRODUCE solar energy primarily for on-site consumption
33 are considered to ~~have no value and to~~ add no value to the property on
34 which such A device or system is installed.

35 3. IF CHARACTERIZED AS PERSONAL PROPERTY, SUBJECT TO ANY APPLICABLE
36 CONSTITUTIONAL EXEMPTION FROM TAXATION, SOLAR ENERGY DEVICES, AS DEFINED
37 IN SECTION 44-1761, GRID-TIED PHOTOVOLTAIC SYSTEMS AND ANY OTHER DEVICE OR
38 SYSTEM DESIGNED TO PRODUCE SOLAR ENERGY PRIMARILY FOR ON-SITE CONSUMPTION
39 SHALL BE VALUED AS PROVIDED IN SECTION 42-13056.

40 ~~3.~~ 4. Energy efficient building components, renewable energy
41 equipment and combined heat and power systems are considered to add no
42 value to the property, if the property owner provides the county assessor
43 with documentation of all elements that qualify pursuant to this
44 paragraph, including documents showing actual acquisition and installation
45 costs. The documentation must be submitted to the county assessor ~~or~~ NOT

1 later than six months before the notice of full cash value is issued for
2 the initial evaluation year pursuant to section 42-15101 or, if the
3 component is added after September 30 of the preceding year, ~~no~~ NOT later
4 than March 31 of the initial valuation year. For the purposes of this
5 paragraph:

6 (a) "Combined heat and power system" means a system that generates
7 electricity or mechanical power and useful thermal energy in a single,
8 integrated system such that the useful power output of the facility plus
9 one-half the useful thermal output during any twelve-month period is ~~no~~
10 NOT less than 42.5 ~~per cent~~ PERCENT of the total energy input of fuel to
11 the facility.

12 (b) "Energy efficient building components" means high performance
13 sustainable building components installed so that the buildings or
14 building components meet or exceed the energy efficiencies prescribed by
15 the United States environmental protection agency energy star program or
16 by a leadership in energy and environmental design green building rating
17 standard developed by the United States green building council, or an
18 equivalent green building standard, or that are at least fifteen ~~per cent~~
19 PERCENT more energy efficient than the international energy conservation
20 code in effect at the time of building permit issuance.

21 (c) "Renewable energy equipment" means equipment that is used to
22 produce energy primarily for on-site consumption from renewable resources,
23 including wind, forest thinnings, agricultural waste, biogas, biomass,
24 geothermal, low-impact hydropower and solar energy not included under
25 paragraph 2 of this subsection.

26 D. If the methods and techniques prescribe using market data as an
27 indication of market value, the price paid for future anticipated property
28 value increments shall be excluded.

29 E. For THE purposes of determining full cash value the department
30 and county assessors shall use and apply the ratio standard guidelines
31 issued by the department for tax year 1993 in the same manner as they were
32 applied in tax year 1993. This subsection does not apply to property that
33 is valued according to prescribed statutory methods or to property for
34 which values are determined in the year after an appeal pursuant to
35 section 42-16002.

36 Sec. 2. Title 42, chapter 13, article 2, Arizona Revised Statutes,
37 is amended by adding section 42-13056, to read:

38 42-13056. Taxable value of solar energy devices classified as
39 personal property; depreciated value; definition

40 A. WHEN CHARACTERIZED AS PERSONAL PROPERTY, SUBJECT TO ANY
41 APPLICABLE CONSTITUTIONAL EXEMPTION FROM TAXATION, THE PROPERTY SPECIFIED
42 IN SECTION 42-11054, SUBSECTION C, PARAGRAPH 3 SHALL BE VALUED ANNUALLY,
43 AT ITS TAXABLE ORIGINAL COST, MINUS ANY APPROPRIATE DEPRECIATION AS
44 PRESCRIBED BY TABLES ADOPTED BY THE DEPARTMENT. EACH TAXPAYER THAT OWNS
45 THE PROPERTY SPECIFIED IN SECTION 42-11054, SUBSECTION C, PARAGRAPH 3

1 SHALL ANNUALLY REPORT TO THE ASSESSOR IN EACH COUNTY WHERE THE PROPERTY IS
2 LOCATED THE TAXABLE ORIGINAL COST OF THE PROPERTY.

3 B. AS THE ANNUAL SCHEDULED DEPRECIATED VALUE FOR THIS SECTION, THE
4 COUNTY ASSESSOR SHALL USE THE DEPRECIATION TABLE PRESCRIBED BY THE
5 DEPARTMENT FOR PERSONAL PROPERTY WITH A TEN-YEAR LIFE, BASED ON THE DATE
6 EACH DEVICE OR SYSTEM WAS PLACED INTO SERVICE.

7 C. NOTWITHSTANDING ANY OTHER LAW, THE COUNTY ASSESSOR SHALL ADJUST
8 THE DEPRECIATION SCHEDULES PRESCRIBED BY THE DEPARTMENT AS FOLLOWS:

9 1. FOR THE FIRST TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
10 THREE PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

11 2. FOR THE SECOND TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
12 THREE PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

13 3. FOR THE THIRD TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
14 THREE PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

15 4. FOR THE FOURTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
16 FOUR PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

17 5. FOR THE FIFTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
18 FIVE PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

19 6. FOR THE SIXTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE SIX
20 PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

21 7. FOR THE SEVENTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
22 EIGHT PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

23 8. FOR THE EIGHTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
24 ELEVEN PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

25 9. FOR THE NINTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
26 TWENTY-FOUR PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

27 10. FOR THE TENTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
28 ONE HUNDRED PERCENT OF THE SCHEDULED DEPRECIATED VALUE.

29 D. FOR THE PURPOSES OF THIS SECTION, "TAXABLE ORIGINAL COST" MEANS
30 THE ORIGINAL COST MINUS THE VALUE OF ANY INVESTMENT TAX CREDITS,
31 PRODUCTION TAX CREDITS OR CASH GRANTS IN LIEU OF INVESTMENT TAX CREDITS
32 APPLICABLE TO THE TAXABLE RENEWABLE ENERGY EQUIPMENT.

33 Sec. 3. Prior valuation of solar energy devices classified as
34 personal property; refund

35 If, and to the extent that, the property specified in section
36 42-11054, subsection C, paragraph 3, Arizona Revised Statutes, as added by
37 this act, is valued, assessed and taxed in any manner for property tax
38 purposes for tax years preceding the effective date of this act, those
39 valuations, assessments and resulting taxes shall be recalculated pursuant
40 to section 42-13056, Arizona Revised Statutes, as added by this act, and
41 any excess tax refunded to the taxpayer.

APPROVED BY THE GOVERNOR JUNE 7, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 7, 2019.