

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

HOUSE BILL 2493

AN ACT

AMENDING SECTION 42-11054, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX.

(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. FOR THE PURPOSES OF THIS TITLE, solar energy devices, as defined
31 in section 44-1761, grid-tied photovoltaic systems and any other device or
32 system designed ~~for the production of~~ TO PRODUCE solar energy primarily
33 for on-site consumption, WHETHER LEASED OR OWNED, are considered to have
34 no value WHEN CHARACTERIZED AS PERSONAL PROPERTY and to add no value to
35 the REAL property on which such A device or system is installed.

36 3. IF PARAGRAPH 2 OF THIS SUBSECTION OR ANY PORTION OF PARAGRAPH 2
37 OF THIS SUBSECTION IS FINALLY ADJUDICATED INVALID, THE DEVICE OR SYSTEM IS
38 CONSIDERED, FOR THE PURPOSES OF THIS TITLE, TO BE PERSONAL PROPERTY WITH A
39 FULL CASH VALUE OF \$500 FOR A DEVICE OR SYSTEM UP TO FIVE HUNDRED
40 KILOWATTS AND \$1 PER KILOWATT FOR EACH ADDITIONAL KILOWATT.

41 ~~3.~~ 4. Energy efficient building components, renewable energy
42 equipment and combined heat and power systems are considered to add no
43 value to the property, if the property owner provides the county assessor
44 with documentation of all elements that qualify pursuant to this
45 paragraph, including documents showing actual acquisition and installation

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

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

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

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

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

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

37 Sec. 2. Retroactivity

38 Section 42-11054, subsection C, paragraph 2, Arizona Revised
39 Statutes, as amended by this act, and section 42-11054, subsection C,
40 paragraph 3, Arizona Revised Statutes, as added by this act, apply
41 retroactively to tax years beginning from and after December 31, 2014.