State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

CHAPTER 261

HOUSE BILL 2320

AN ACT

AMENDING TITLE 42, CHAPTER 11, ARTICLE 3, ARIZONA REVISED STATUTES, BY
ADDING SECTION 42-11132.02; AMENDING SECTIONS 42-11152, 42-11153 AND
42-12009, ARIZONA REVISED STATUTES; RELATING TO PROPERTY CLASSIFICATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 42, chapter 11, article 3, Arizona Revised Statutes, is amended by adding section 42-11132.02, to read:

42-11132.02. Property leased to veterans' organization;
definition
A. PROPERTY, BUILDINGS AND FIXTURES THAT ARE LEASED TO A VETERANS' ORGANIZATION SHALL BE CLASSIFIED AS CLASS NINE PROPERTY PURSUANT TO SECTION 42-12009. IF ONLY PART OF THE PARCEL OR IMPROVEMENTS IS LEASED TO A VETERANS' ORGANIZATION AND PRIMARILY USED OR HELD FOR VETERANS' ORGANIZATION OPERATIONS, ONLY THE PORTION SO LEASED QUALIFIES AS CLASS NINE PROPERTY. TO QUALIFY UNDER THIS SUBSECTION, THE VETERANS' ORGANIZATION MUST ANNUALLY FILE WITH THE ASSESSOR AN AFFIDAVIT THAT IT:

1. CONTINUES TO USE OR HOLD THE PROPERTY PRIMARILY FOR THE VETERANS' ORGANIZATION OPERATIONS.

B. PROPERTY, BUILDINGS AND FIXTURES THAT ARE OWNED BY A VETERANS' ORGANIZATION, THAT ARE LEASED TO A VETERANS' ORGANIZATION AND THAT ARE PRIMARILY USED FOR VETERANS' ORGANIZATION OPERATIONS ARE EXEMPT FROM TAXATION.

C. IF THE VETERANS' ORGANIZATION THAT OWNS THE PROPERTY FILES WITH THE ASSESSOR EVIDENCE OF THE ORGANIZATION'S TAX EXEMPT STATUS UNDER SECTION 501(c)(3) OR 501(c)(19) OF THE INTERNAL REVENUE CODE AND AN AFFIDAVIT BY THE VETERANS' ORGANIZATION THAT IT USES OR HOLDS THE PROPERTY PRIMARILY FOR VETERANS' ORGANIZATION OPERATIONS AS DESCRIBED IN SUBSECTION B OF THIS SECTION, THE PROPERTY QUALIFIES FOR THE TAX EXEMPTION UNDER THIS SECTION AND IS EXEMPT FROM THE REQUIREMENT OF FILING SUBSEQUENT AFFIDAVITS UNDER SECTION 42-11152 UNTIL ALL OR PART OF THE PROPERTY IS CONVEYED TO A NEW OWNER OR IS NO LONGER PRIMARILY USED OR HELD BY THE VETERANS' ORGANIZATION. AT THAT TIME THE VETERANS' ORGANIZATION SHALL NOTIFY THE ASSESSOR OF THE CHANGE IN WRITING.

D. FOR THE PURPOSES OF THIS SECTION, "VETERANS' ORGANIZATION" MEANS A UNITED STATES VETERANS' ORGANIZATION THAT QUALIFIES AS A CHARITABLE ORGANIZATION AND THAT IS RECOGNIZED UNDER SECTION 501(c)(3) OR 501(c)(19) OF THE INTERNAL REVENUE CODE.

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

42-11152. Affidavit; false statements
A. Except as provided in sections 42-11104, 42-11109, 42-11110, 42-11111 and 42-11131 and except for property described in sections 42-11125, 42-11127, 42-11132, AND 42-11132.01 AND 42-11132.02, a person who claims exemption from taxation under article IX, section 2, 2.1 or 2.2, Constitution of Arizona, shall:
1. When initially claiming the exemption, appear before the county
assessor to make an affidavit as to the person's eligibility. If a
personal appearance before the county assessor would create a severe
hardship, the county assessor may arrange a mutually satisfactory meeting
place to make an affidavit as to the person's eligibility.

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

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

B. At the assessor's discretion, the assessor may require
additional proof of the facts stated by the person before allowing an
exemption.

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

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

Sec. 3. Section 42-11153, Arizona Revised Statutes, is amended to
read:

42-11153. Deadline for filing affidavit
A. Except as provided in section 42-11104, subsection E, section
42-11109, subsection B, section 42-11110, subsection B, section 42-11111,
subsection H, section 42-11131, subsection C and section 42-11132,
subsection C, and section 42-11132.01, subsection C, AND SECTION
42-11132.02, SUBSECTION C, a failure by a taxpayer who is entitled to an
exemption to make an affidavit or furnish evidence required by this
article between the first Monday in January and March 1 of each year
constitutes a waiver of the exemption.

B. If a widow or widower or person with a disability whose property
is exempt from tax under section 42-11111, or an organization that is
exempt from federal income tax under section 501(c) of the internal
revenue code and is exempt from property tax under article 3 of this
chapter, submits a petition after the deadlines prescribed by subsection A
of this section, the person or organization may have the waiver redeemed
by the county board of supervisors at any regular meeting, except that no
taxes that were due and payable before the petition was submitted may NOT
be refunded or abated.

Sec. 4. Section 42-12009, Arizona Revised Statutes, is amended to
read:

42-12009. Class nine property
A. For purposes of taxation, class nine is established consisting
of:
1. Improvements that are located on federal, state, county or municipal property and owned by the lessee of the property if:
   (a) The improvements are required to become the property of the federal, state, county or municipal owner of the property on termination of the leasehold interest in the property.
   (b) Both the improvements and the property are used exclusively for convention activities or athletic, recreational, entertainment, artistic or cultural facilities.

2. Improvements that are located on federal, state, county or municipal property and owned by the lessee of the property if:
   (a) The improvements are required to become the property of the federal, state, county or municipal owner of the property on termination of the leasehold interest in the property.
   (b) Both the improvements and the property are:
      (i) Used for or in connection with aviation, including hangars, tie-downs, aircraft maintenance, sales of aviation-related items, charter and rental activities, parking facilities and restaurants, stores and other services located in a terminal.
      (ii) Located on a state, county, city or town airport or a public airport operating pursuant to sections 28-8423, 28-8424 and 28-8425.

3. Property that is defined as "contractor-acquired property" or "government-furnished property" in the federal acquisition regulations (48 Code of Federal Regulations section 45.101) and that is leased to or acquired by the government and used to perform a government contract.

4. Property of a corporation that is organized by or at the direction of this state or a county, city or town to develop, construct, improve, repair, replace or own any property, improvement, building or other facility to be used for public purposes that the state, county, city or town pledges to lease or lease-purchase with state, county or municipal special or general revenues and that is not otherwise exempt under chapter 11, article 3 of this title.

5. Real property and improvements, including land, buildings, furniture and equipment, regardless of ownership, that are leased for the entire valuation year to, and used exclusively by, a nonprofit organization that is recognized under section 501(c)(3) of the internal revenue code and that operates on the premises as either a charter school pursuant to section 15-183 or a residential treatment and education facility or that are leased for the entire valuation year to, and used exclusively by, a nonprofit church, religious assembly or religious institution. If only part of a parcel of real property or improvements to real property, including land, buildings, furniture and equipment, is leased for operation of a charter school or residential treatment and education facility or a church, religious assembly or religious institution as provided by this paragraph, only the portion so leased qualifies for classification under this section. A property owner that
leases property to a charter school or residential treatment and education
facility or a church, religious assembly or religious institution as
provided by this paragraph shall file an affidavit with the county
assessor stating that the charter school or residential treatment and
education facility or the church, religious assembly or religious
institution shall be the sole beneficiary of the change in property tax
classification pursuant to this section and that the lease rate that is
charged to the charter school or residential treatment and education
facility or the church, religious assembly or religious institution is
consistent with the lease rates that are charged to other tenants of the
property or a fair market rate.

6. REAL PROPERTY AND IMPROVEMENTS, INCLUDING LAND, BUILDINGS,
FURNITURE AND EQUIPMENT, REGARDLESS OF OWNERSHIP, THAT ARE LEASED FOR THE
ENTIRE VALUATION YEAR TO, AND USED EXCLUSIVELY BY, A UNITED STATES
VETERANS' ORGANIZATION THAT QUALIFIES AS A CHARITABLE ORGANIZATION AND
THAT IS RECOGNIZED UNDER SECTION 501(c)(3) OR 501(c)(19) OF THE INTERNAL
REVENUE CODE AND THAT OPERATES THE UNITED STATES VETERANS' ORGANIZATION'S
POST ON THE PREMISES. IF ONLY PART OF A PARCEL OF REAL PROPERTY OR
IMPROVEMENTS TO REAL PROPERTY, INCLUDING LAND, BUILDINGS, FURNITURE AND
EQUIPMENT, IS LEASED FOR OPERATION OF A UNITED STATES VETERANS'
ORGANIZATION AS PROVIDED BY THIS PARAGRAPH, ONLY THE PORTION SO LEASED
QUALIFIES FOR CLASSIFICATION UNDER THIS SECTION. A PROPERTY OWNER THAT
LEASES PROPERTY TO A UNITED STATES VETERANS' ORGANIZATION AS PROVIDED BY
THIS PARAGRAPH SHALL FILE AN AFFIDAVIT WITH THE COUNTY ASSESSOR STATEING
THAT THE UNITED STATES VETERANS' ORGANIZATION SHALL BE THE SOLE
BENEFICIARY OF THE CHANGE IN PROPERTY TAX CLASSIFICATION PURSUANT TO THIS
SECTION AND THAT THE LEASE RATE THAT IS CHARGED TO THE UNITED STATES
VETERANS' ORGANIZATION IS CONSISTENT WITH THE LEASE RATES THAT ARE CHARGED
TO OTHER TENANTS OF THE PROPERTY OR A FAIR MARKET RATE.

B. Improvements that are located in an area defined as a research
park pursuant to section 35-701 may not be classified under this section.

C. All property classified as class nine is subject to valuation at
full cash value.

APPROVED BY THE GOVERNOR MAY 27, 2022.