

Fiscal Note

BILL # HB 2376

TITLE: class 2 property; guest ranches

SPONSOR: Dunn

STATUS: House Engrossed

PREPARED BY: Hans Olofsson

Description

The House Engrossed version of HB 2376 would assess the valuation of real and personal property of guest ranches as Class 2 property, which has an assessment ratio of 15%. As a condition for valuation under Class 2, the owner of a guest ranch would be required to record a deed restriction with the county recorder and file a copy of the restriction with the county assessor. The deed restriction would apply for 10 years.

Estimated Impact

HB 2376 would have a minimal impact on the General Fund.

Analysis

The Arizona Association of Counties provided us a list of 10 guest ranches in the state that would be affected by the proposed legislation. Some of these ranches are currently assessed under Class 1, which has an assessment ratio of 18%. Based on this information, we estimate that the bill would reduce statewide net assessed valuation by \$(300,000) annually. Since this amount represents approximately 0.0004% of the statewide property tax base, the impact on the General Fund through the Arizona Department of Education's funding formula would be minimal.

Local Government Impact

The bill could result in a property tax shift in local taxing jurisdictions affected by the proposed legislation.

3/15/21

JLBC