

House Engrossed

class 2 property; guest ranches

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

CHAPTER 185
HOUSE BILL 2376

AN ACT

AMENDING SECTION 42-12002, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 13, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 12; RELATING TO GUEST RANCHES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-12002, Arizona Revised Statutes, is amended
3 to read:

4 42-12002. Class two property

5 For purposes of taxation, class two is established consisting of
6 three subclasses:

7 1. Class two (R) consists of:

8 (a) Real property and improvements to property that are used for
9 agricultural purposes and that are valued at full cash value or pursuant
10 to chapter 13, article 3 of this title, as applicable.

11 (b) Real property and improvements to property that are primarily
12 used for agricultural purposes to produce trees other than standing
13 timber, vines, rosebushes, ornamental plants or other horticultural crops,
14 regardless of whether the crop is grown in containers, soil or any other
15 medium, that are not included in class one, three, four, six, seven or
16 eight and that are valued at full cash value or pursuant to chapter 13,
17 article 3 of this title, as applicable.

18 (c) Real property and improvements to property that are owned and
19 controlled by a nonprofit organization that is exempt from taxation under
20 section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if
21 the property is not used or intended for the financial benefit of members
22 of the organization or any other individual or organization, unless the
23 financial benefit is for charitable, religious, scientific, literary or
24 educational purposes, and that are valued at full cash value.

25 (d) Real property of golf courses that is valued at full cash value
26 or pursuant to chapter 13, article 4 of this title.

27 (e) REAL PROPERTY AND IMPROVEMENTS TO PROPERTY OF A GUEST RANCH
28 THAT ARE VALUED PURSUANT TO CHAPTER 13, ARTICLE 12 OF THIS TITLE.

29 ~~(e)~~ (f) All other real property and improvements to property, if
30 any, that are not included in class one, three, four, six, seven or eight
31 and that are valued at full cash value.

32 2. Class two (P) consists of:

33 (a) Personal property that is used for agricultural purposes and
34 that is valued at full cash value or pursuant to chapter 13, article 3 of
35 this title, as applicable.

36 (b) Personal property that is primarily used for agricultural
37 purposes to produce trees other than standing timber, vines, rosebushes,
38 ornamental plants or other horticultural crops, regardless of whether the
39 crop is grown in containers, soil or any other medium, that is not
40 included in class one, three, four, six, seven or eight and that is valued
41 at full cash value or pursuant to chapter 13, article 3 of this title, as
42 applicable.

43 (c) Personal property that is owned and controlled by a nonprofit
44 organization that is exempt from taxation under section 501(c)(3), (4),
45 (7), (10) or (14) of the internal revenue code if the property is not used

1 or intended for the financial benefit of members of the organization or
2 any other individual or organization, unless the financial benefit is for
3 charitable, religious, scientific, literary or educational purposes, and
4 that is valued at full cash value.

5 (d) Personal property of golf courses that is valued at full cash
6 value or pursuant to chapter 13, article 4 of this title.

7 (e) **PERSONAL PROPERTY OF A GUEST RANCH THAT IS VALUED PURSUANT TO**
8 **CHAPTER 13, ARTICLE 12 OF THIS TITLE.**

9 ~~(e)~~ (f) All other personal property that is not included in class
10 one, three, four, six, seven or eight and that is valued at full cash
11 value.

12 3. Class two (C) consists of real property, and improvements to
13 real property, that is burdened by a conservation easement that has been
14 created and is currently in effect pursuant to title 33, chapter 2,
15 article 4.

16 Sec. 2. Title 42, chapter 13, Arizona Revised Statutes, is amended
17 by adding article 12, to read:

18 ARTICLE 12. VALUATION OF GUEST RANCHES

19 42-13551. Definition of guest ranch

20 FOR THE PURPOSES OF THIS ARTICLE, "GUEST RANCH" MEANS REAL PROPERTY
21 AND IMPROVEMENTS TO PROPERTY BEING USED AS A GUEST RANCH THAT MEETS ALL OF
22 THE FOLLOWING:

23 1. CONSISTS OF AT LEAST ONE THOUSAND CONTIGUOUS ACRES THAT ARE ANY
24 OF THE FOLLOWING:

25 (a) PRIVATE PROPERTY ADJACENT TO THE HEADQUARTERS.

26 (b) LEASED PROPERTY ADJACENT TO THE HEADQUARTERS. FOR THE PURPOSES
27 OF THIS SUBDIVISION, THE LEASE AGREEMENT MAY BE FOR PRIVATE OR PUBLIC REAL
28 PROPERTY AND MUST BE IN WRITING AND INCLUDE RIDING RIGHTS.

29 (c) PUBLIC LAND THAT IS SUBJECT TO A RIDING PERMIT.

30 2. PROVIDES RECREATIONAL ACTIVITIES THAT INCLUDE HORSEBACK RIDING,
31 HIKING, BIKING OR A WORKING CATTLE RANCH EXPERIENCE FOR GUESTS.

32 3. HAS AN ORGANIZED AND SUPERVISED HORSE PROGRAM ON THE PROPERTY
33 WITH A HORSE HERD THAT CONSISTS OF A NUMBER OF HORSES THAT IS EQUAL TO OR
34 GREATER THAN THE TOTAL NUMBER OF GUEST ACCOMMODATIONS.

35 4. USES AT LEAST ONE PERMANENT STRUCTURE THAT HAS RUNNING WATER,
36 SEWAGE DISPOSAL AND A KITCHEN.

37 5. PROVIDES GUESTS WITH THREE MEALS EACH DAY AS PART OF THE GUEST
38 RANCH'S PRIMARY PACKAGE, COMMONLY REFERRED TO AS THE "AMERICAN PLAN".

39 6. INCLUDES THE WORD "RANCH" OR "RANCHO" IN THE GUEST RANCH'S NAME.

40 42-13552. Deed restriction on guest ranch use; covenants;
41 violation; penalty

42 A. AS A CONDITION FOR VALUATION UNDER THIS ARTICLE, THE OWNER OF A
43 GUEST RANCH SHALL RECORD A DEED RESTRICTION WITH THE COUNTY RECORDER AND
44 FILE A COPY OF THE RESTRICTION WITH THE COUNTY ASSESSOR THAT RESTRICTS THE
45 PROPERTY TO USE AS A GUEST RANCH FOR AT LEAST TEN YEARS. THE DEED

1 RESTRICTION MUST BE REFILED AS NECESSARY TO ENSURE THAT THE DEED
2 RESTRICTION ALWAYS APPLIES FOR AT LEAST TEN YEARS. FOR INITIAL VALUATION
3 UNDER THIS ARTICLE, THE DEED RESTRICTION MUST BE FILED ON OR BEFORE AUGUST
4 31 OF THE YEAR PRECEDING THE VALUATION.

5 B. THE VALUATION OF A GUEST RANCH UNDER THIS SECTION CONSTITUTES A
6 COVENANT BETWEEN THE COUNTY ASSESSOR AND THE OWNER OF THE GUEST RANCH THAT
7 THE USE OF THE PROPERTY WILL REMAIN UNCHANGED FOR THE DURATION OF THE DEED
8 RESTRICTION.

9 C. THE COUNTY ASSESSOR SHALL MAINTAIN A RECORD OF THE VALUE OF THE
10 PROPERTY DETERMINED UNDER THIS ARTICLE AND THE VALUE OF THE PROPERTY IF IT
11 HAD NOT BEEN DETERMINED UNDER THIS ARTICLE. THE ASSESSOR SHALL MAINTAIN
12 THE RECORD FOR AT LEAST TEN YEARS FOR USE IN COMPUTING THE PENALTY UNDER
13 SUBSECTION D OF THIS SECTION IF THE PROPERTY IS CONVERTED TO A DIFFERENT
14 USE IN VIOLATION OF THE COVENANT.

15 D. IF THE PROPERTY IS CONVERTED TO A DIFFERENT USE IN VIOLATION OF
16 THE COVENANT, THE OWNER SHALL NOTIFY THE COUNTY ASSESSOR OF THE CHANGE IN
17 USE. THE COUNTY ASSESSOR SHALL ADD TO THE TAX LEVIED AGAINST THE PROPERTY
18 ON THE NEXT TAX ROLL A PENALTY EQUAL TO THE DIFFERENCE BETWEEN THE TOTAL
19 AMOUNT OF PROPERTY TAXES THAT WOULD HAVE BEEN LEVIED ON THE PROPERTY FOR
20 THE PRECEDING TEN YEARS OR THE PERIOD OF TIME THE PROPERTY WAS VALUED
21 UNDER THIS SECTION, WHICHEVER PERIOD IS SHORTER, IF THE PROPERTY HAD NOT
22 BEEN VALUED UNDER THIS SECTION AND THE PROPERTY TAXES THAT WERE ACTUALLY
23 PAID FOR THE SAME PERIOD. THE PENALTY DUE UNDER THIS SUBSECTION SHALL BE
24 PAID BEFORE THE NEXT PROPERTY TAX ROLL IS COMPLETED AND IS ENFORCEABLE AND
25 SUBJECT TO THE SAME PENALTIES AND INTEREST AS IF THE PENALTY WERE A TAX
26 LEVIED AGAINST THE PROPERTY.

APPROVED BY THE GOVERNOR APRIL 6, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 6, 2021.