

House Engrossed

veterans' organization; leased property; classification

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

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)

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

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

4 42-11132.02. Property leased to veterans' organization;
5 definition

6 A. PROPERTY, BUILDINGS AND FIXTURES THAT ARE LEASED TO A VETERANS'
7 ORGANIZATION SHALL BE CLASSIFIED AS CLASS NINE PROPERTY PURSUANT TO
8 SECTION 42-12009. IF ONLY PART OF THE PARCEL OR IMPROVEMENTS IS LEASED TO
9 A VETERANS' ORGANIZATION AND PRIMARILY USED OR HELD FOR VETERANS'
10 ORGANIZATION OPERATIONS, ONLY THE PORTION SO LEASED QUALIFIES AS CLASS
11 NINE PROPERTY. TO QUALIFY UNDER THIS SUBSECTION, THE VETERANS'
12 ORGANIZATION MUST ANNUALLY FILE WITH THE ASSESSOR AN AFFIDAVIT THAT IT:

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

15 2. IS THE SOLE ECONOMIC BENEFICIARY OF THE CLASSIFICATION OF THE
16 PROPERTY AS CLASS NINE PURSUANT TO SECTION 42-12009, SUBSECTION A,
17 PARAGRAPH 6.

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

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

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

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

39 42-11152. Affidavit; false statements

40 A. Except as provided in sections 42-11104, 42-11109, 42-11110,
41 42-11111 and 42-11131 and except for property described in sections
42 42-11125, 42-11127, 42-11132, ~~and~~ 42-11132.01 AND 42-11132.02, a person
43 who claims exemption from taxation under article IX, section 2, 2.1 or
44 2.2, Constitution of Arizona, shall:

1 1. When initially claiming the exemption, appear before the county
2 assessor to make an affidavit as to the person's eligibility. If a
3 personal appearance before the county assessor would create a severe
4 hardship, the county assessor may arrange a mutually satisfactory meeting
5 place to make an affidavit as to the person's eligibility.

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

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

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

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

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

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

23 42-11153. Deadline for filing affidavit

24 A. Except as provided in section 42-11104, subsection E, section
25 42-11109, subsection B, section 42-11110, subsection B, section 42-11111,
26 subsection H, section 42-11131, subsection C and section 42-11132,
27 subsection C, ~~and~~ section 42-11132.01, subsection C, **AND SECTION**
28 **42-11132.02, SUBSECTION C**, a failure by a taxpayer who is entitled to an
29 exemption to make an affidavit or furnish evidence required by this
30 article between the first Monday in January and March 1 of each year
31 constitutes a waiver of the exemption.

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

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

43 42-12009. Class nine property

44 A. For purposes of taxation, class nine is established consisting
45 of:

1 1. Improvements that are located on federal, state, county or
2 municipal property and owned by the lessee of the property if:

3 (a) The improvements are required to become the property of the
4 federal, state, county or municipal owner of the property on termination
5 of the leasehold interest in the property.

6 (b) Both the improvements and the property are used exclusively for
7 convention activities or athletic, recreational, entertainment, artistic
8 or cultural facilities.

9 2. Improvements that are located on federal, state, county or
10 municipal property and owned by the lessee of the property if:

11 (a) The improvements are required to become the property of the
12 federal, state, county or municipal owner of the property on termination
13 of the leasehold interest in the property.

14 (b) Both the improvements and the property are:

15 (i) Used for or in connection with aviation, including hangars,
16 tie-downs, aircraft maintenance, sales of aviation-related items, charter
17 and rental activities, parking facilities and restaurants, stores and
18 other services located in a terminal.

19 (ii) Located on a state, county, city or town airport or a public
20 airport operating pursuant to sections 28-8423, 28-8424 and 28-8425.

21 3. Property that is defined as "contractor-acquired property" or
22 "government-furnished property" in the federal acquisition regulations
23 (48 Code of Federal Regulations section 45.101) and that is leased to or
24 acquired by the government and used to perform a government contract.

25 4. Property of a corporation that is organized by or at the
26 direction of this state or a county, city or town to develop, construct,
27 improve, repair, replace or own any property, improvement, building or
28 other facility to be used for public purposes that the state, county, city
29 or town pledges to lease or lease-purchase with state, county or municipal
30 special or general revenues and that is not otherwise exempt under chapter
31 11, article 3 of this title.

32 5. Real property and improvements, including land, buildings,
33 furniture and equipment, regardless of ownership, that are leased for the
34 entire valuation year to, and used exclusively by, a nonprofit
35 organization that is recognized under section 501(c)(3) of the internal
36 revenue code and that operates on the premises as either a charter school
37 pursuant to section 15-183 or a residential treatment and education
38 facility or that are leased for the entire valuation year to, and used
39 exclusively by, a nonprofit church, religious assembly or religious
40 institution. If only part of a parcel of real property or improvements to
41 real property, including land, buildings, furniture and equipment, is
42 leased for operation of a charter school or residential treatment and
43 education facility or a church, religious assembly or religious
44 institution as provided by this paragraph, only the portion so leased
45 qualifies for classification under this section. A property owner that

1 leases property to a charter school or residential treatment and education
2 facility or a church, religious assembly or religious institution as
3 provided by this paragraph shall file an affidavit with the county
4 assessor stating that the charter school or residential treatment and
5 education facility or the church, religious assembly or religious
6 institution shall be the sole beneficiary of the change in property tax
7 classification pursuant to this section and that the lease rate that is
8 charged to the charter school or residential treatment and education
9 facility or the church, religious assembly or religious institution is
10 consistent with the lease rates that are charged to other tenants of the
11 property or a fair market rate.

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

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

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