

State of Arizona
Senate
Forty-second Legislature
Second Regular Session
1996

FILED

**Jane Dee Hull
Secretary of State**

CHAPTER 349

SENATE BILL 1116

AN ACT

AMENDING SECTIONS 15-971, 15-1636 AND 42-162, ARIZONA REVISED STATUTES;
AMENDING TITLE 42, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 13; REPEALING
LAWS 1995, CHAPTER 294, SECTION 9; RELATING TO GOVERNMENT PROPERTY LEASE
EXCISE TAX.

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

Section 1. Legislative intent

A. The joint legislative study committee on possessory interest that was established by Laws 1995, chapter 294, section 10 met several times during the summer and fall of 1995.

B. After much consideration and deliberation, the legislature intends by this act to reaffirm its decision that possessory interest will not be subject to any type of ad valorem tax and to establish a non-ad valorem excise tax as successor to prior section 42-162, subsection A, paragraph 11, sections 42-681 through 42-685 and section 42-687, Arizona Revised Statutes, repealed by Laws 1995, chapter 294 and for the act to apply prospectively beginning in 1996.

C. This act addresses the issues and deficiencies that became evident in the prior law, the evident constitutional problems with the prior law and the concerns of the affected public and private parties, and this act attempts to make whole the taxing jurisdictions that depended on revenues under the prior law.

1 Sec. 2. Section 15-971, Arizona Revised Statutes, is amended to read:
2 15-971. Determination of equalization assistance payments from
3 county and state funds for school districts

4 A. Equalization assistance for education is computed by determining
5 the total of the following:

6 1. The lesser of a school district's revenue control limit or district
7 support level as determined in section 15-947 or 15-951.

8 2. The capital outlay revenue limit of a school district as determined
9 in section 15-951 or 15-961.

10 3. The capital levy revenue limit of a school district as determined
11 in section 15-951 or 15-962.

12 B. From the total of the amounts determined in subsection A of this
13 section subtract ~~the levy which would be produced by:~~

14 1. THE AMOUNT THAT WOULD BE PRODUCED BY LEVYING a qualifying tax rate
15 of two dollars thirty-six cents per one hundred dollars assessed valuation
16 in a high school district or in a common school district within a high school
17 district which does not offer instruction in high school subjects as provided
18 in section 15-447.

19 2. THE AMOUNT THAT WOULD BE PRODUCED BY LEVYING a qualifying tax rate
20 of four dollars seventy-two cents per one hundred dollars assessed valuation
21 in a unified school district, in a common school district not within a high
22 school district or in a common school district within a high school district
23 which offers instruction in high school subjects as provided in section
24 15-447. The qualifying tax rate shall be applied in the following manner:

25 (a) For the purposes of the amount determined in subsection A,
26 paragraph 1 of this section:

27 (i) Determine separately the percentage that the weighted student
28 count in preschool programs for handicapped children, kindergarten programs
29 and grades one through eight and the weighted student count in grades nine
30 through twelve is to the weighted student count determined in subtotal A as
31 provided in section 15-943, paragraph 2, subdivision (a).

32 (ii) Apply the percentages determined in item (i) of this subdivision
33 to the amount determined in subsection A, paragraph 1 of this section.

34 (b) For the purposes of the amounts determined in subsection A,
35 paragraphs 2 and 3 of this section determine separately the amount of the
36 capital outlay revenue limit and the amount of the capital levy revenue limit
37 attributable to the student count in preschool programs for handicapped
38 children, kindergarten programs and grades one through eight and grades nine
39 through twelve.

40 (c) From the amounts determined in subdivisions (a) and (b) of this
41 paragraph subtract the levy which would be produced by a qualifying tax rate
42 of two dollars thirty-six cents per one hundred dollars assessed valuation.
43 If the qualifying tax rate generates a levy which is in excess of the total
44 determined in subsection A of this section, the school district shall not be

1 eligible for equalization assistance. In this subsection "assessed
2 valuation" includes the values used to determine voluntary contributions
3 collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1,
4 article 8.

5 3. THE AMOUNT THAT WOULD BE PRODUCED BY LEVYING a qualifying tax rate
6 in a joint vocational and technological education district, which shall be
7 five cents per one hundred dollars assessed valuation unless the joint
8 legislative tax committee adjusts the rate to a lower rate. Any adjustment
9 shall be made not later than the Friday preceding the second Monday of August
10 and shall be calculated so that any additional state aid received by the
11 joint district is roughly equal to the decrease in state aid from the school
12 districts which are a part of the joint district.

13 4. THE AMOUNT OF GOVERNMENT PROPERTY LEASE EXCISE TAX MONIES THAT WERE
14 DISTRIBUTED TO THE DISTRICT PURSUANT TO SECTION 42-1905 DURING THE PRECEDING
15 FISCAL YEAR.

16 C. County aid for equalization assistance for education shall be
17 computed as follows:

18 1. Determine the total equalization assistance for all school
19 districts in the county as provided in subsections A and B of this section.

20 2. Determine the total amount of county aid collected for all school
21 districts in the county as provided in section 15-994.

22 3. Determine the total amount of ending cash balance reverted from all
23 school districts in the county as provided in section 15-991.02.

24 4. Add the amounts determined in paragraphs 2 and 3 of this
25 subsection.

26 5. Divide the amount determined in paragraph 4 of this subsection by
27 the amount determined in paragraph 1 of this subsection.

28 6. Multiply the amount determined in subsections A and B of this
29 section by the quotient determined in paragraph 5 of this subsection for each
30 school district.

31 7. The amount determined in paragraph 6 of this subsection shall be
32 the county aid for equalization assistance for education for a school
33 district.

34 D. State aid for equalization assistance for education for a school
35 district shall be computed as follows:

36 1. Determine the equalization assistance for education for a school
37 district as provided in subsections A and B of this section.

38 2. For each county, determine the levy that would be produced by the
39 tax rate for equalization assistance for education prescribed in section
40 15-994, subsection A.

41 3. For each county, determine the total amount to be paid from monies
42 collected from the tax levy for equalization assistance for education into
43 the small district service program fund as prescribed by section 15-365 and
44 into the detention center education fund as prescribed by section 15-913.

1 4. Subtract the amount determined in paragraph 3 of this subsection
2 from the amount determined in paragraph 2 of this subsection.

3 5. For each county, determine the total amount of ending cash balance
4 reversion, as verified by the superintendent of public instruction, from all
5 school districts in the county as provided in section 15-991.02.

6 6. Add the amounts determined in paragraphs 4 and 5 of this
7 subsection.

8 7. Prorate the amount determined in paragraph 6 of this subsection to
9 each school district in the county as prescribed by subsection C of this
10 section.

11 8. Subtract the amount determined in paragraph 7 of this subsection
12 from the amount determined in paragraph 1 of this subsection.

13 E. Equalization assistance for education shall be paid from
14 appropriations for that purpose to the school districts as provided in
15 section 15-973.

16 F. A school district shall comply with the program and staff standards
17 promulgated as provided in section 15-781.01, subsection D, paragraph 13 and
18 report expenditures on approved vocational and technological education
19 programs in the annual financial report according to uniform guidelines
20 prescribed by the uniform system of financial records to be entitled to
21 receive the additional weight for state aid purposes given to vocational and
22 technological education programs as provided in section 15-943 computed with
23 reference to the number of vocational and technological education students
24 enrolled in the programs.

25 G. The additional weight for state aid purposes given to special
26 education as provided in section 15-943 shall be given to school districts
27 only if special education programs comply with the provisions of chapter 7,
28 article 4 of this title and the conditions and standards prescribed by the
29 superintendent of public instruction pursuant to rules of the state board of
30 education for pupil identification and placement pursuant to sections 15-766
31 and 15-767.

32 H. In addition to general fund appropriations, all income derived from
33 the permanent state school fund for the benefit of common and high school
34 education and receipts for such purpose from any other source are
35 appropriated for state aid to schools as provided in this section.

36 I. The total amount of state monies that may be spent in any fiscal
37 year for state equalization assistance shall not exceed the amount
38 appropriated or authorized by section 35-173 for that purpose. This section
39 shall not be construed to impose a duty on an officer, agent or employee of
40 this state to discharge a responsibility or to create any right in a person
41 or group if the discharge or right would require an expenditure of state
42 monies in excess of the expenditure authorized by legislative appropriation
43 for that specific purpose.

1 Sec. 3. Section 15-1636, Arizona Revised Statutes, is amended to read:
2 15-1636. Lease of real property and improvements in research
3 park; prohibited and permitted uses

4 A. The board shall not lease real property located in an area
5 designated as a research park pursuant to section 35-701, paragraph 10 unless
6 the lease contains a covenant that prohibits unlimited manufacturing on the
7 site and allows the board to enforce the covenant by appropriate means, which
8 may include termination of the lease.

9 B. THE BOARD MAY TAKE TITLE TO AND LEASE IMPROVEMENTS CONSTRUCTED ON
10 LAND LOCATED IN AN AREA DEFINED AS A RESEARCH PARK PURSUANT TO SECTION
11 35-701, PARAGRAPH 10, IF THE LEASE CONTAINS A COVENANT THAT RESTRICTS THE USE
12 OF THE SUBJECT PROPERTY TO THE USES PERMITTED UNDER THIS SECTION. THE LEASE
13 SHALL ALLOW THE BOARD TO ENFORCE THE COVENANT BY APPROPRIATE MEANS, INCLUDING
14 TERMINATION OF THE LEASE. THE BOARD MAY LEASE UNIMPROVED LOTS OR PARCELS
15 LOCATED IN AN AREA DESIGNATED AS A RESEARCH PARK PURSUANT TO SECTION 35-701,
16 PARAGRAPH 10, FOR ANY USE BY A LESSEE.

17 C. THE REQUIREMENTS OF SUBSECTION B OF THIS SECTION DO NOT APPLY TO
18 IMPROVEMENTS CONSTRUCTED BEFORE THE EFFECTIVE DATE OF SUBSECTION B OF THIS
19 SECTION OR TO A LEASE ENTERED INTO BETWEEN THE BOARD AND A LESSEE,
20 SUBSIDIARY, SUCCESSOR, SUBLESSEE OR ASSIGNEE OF A LESSEE, WHO ORIGINALLY
21 ENTERED INTO ANY LEASE WITH THE BOARD BEFORE JULY 31, 1996.

22 D. THE SUBJECT PROPERTY MAY BE USED ONLY FOR THE FOLLOWING PURPOSES:

23 1. LABORATORIES, OFFICES AND OTHER FACILITIES FOR TESTING, CONSULTING
24 AND INFORMATION PROCESSING, RELATED TO RESEARCH AND DEVELOPMENT.

25 2. PRODUCTION, ASSEMBLY OR SALE OF PRODUCTS PURSUANT TO RESEARCH AND
26 DEVELOPMENT ACTIVITIES.

27 3. PILOT PLANTS IN WHICH PROCESSES PLANNED FOR USE IN PRODUCTION
28 ELSEWHERE CAN BE TESTED AND ASSEMBLED.

29 4. REGIONAL OR NATIONAL HEADQUARTERS OF THE LESSEE OR ITS SUBSIDIARIES
30 THAT ARE ENGAGED IN RESEARCH AND DEVELOPMENT OR EDUCATION ACTIVITIES.

31 5. EDUCATION AND TRAINING FACILITIES.

32 6. OPERATIONS REQUIRED TO MAINTAIN OR SUPPORT ANY PERMITTED USE,
33 INCLUDING MAINTENANCE SHOPS, POWER PLANTS, WASTE WATER TREATMENT FACILITIES,
34 THE KEEPING OF ANIMALS, MACHINE SHOPS, COMMON AREA IMPROVEMENTS AND
35 FACILITIES AND PROFESSIONAL AND COMMERCIAL SERVICES SUPPORTING PERMITTED
36 USES, SUCH AS CHILD DEVELOPMENT CENTERS, FOOD SERVICES AND POST OFFICE AND
37 MAILING CENTERS.

38 Sec. 4. Section 42-162, Arizona Revised Statutes, is amended to read:
39 42-162. Classification of property for taxation

40 A. There are established the following classes of property for
41 taxation:

1 1. Class one:

2 (a) Producing mines and mining claims, the personal property used
3 thereon, the improvements thereto and the mills and smelters operated in
4 conjunction therewith valued under the provisions of section 42-143.

5 (b) Standing timber.

6 2. Class two:

7 (a) All real and personal property used to provide local
8 telecommunications service valued under chapter 4, article 5 of this title.

9 (b) All property, both real and personal, of gas, water and electric
10 utility companies and pipeline companies valued under the provisions of
11 section 42-144 or 42-201, whichever is applicable.

12 3. Class three, consisting of two subclasses:

13 (a) Class three (R) consisting of all real property and improvements
14 devoted to any commercial or industrial use other than property included in
15 class one, two, four, six, seven, eight, nine or ten.

16 (b) Class three (P) consisting of all personal property devoted to any
17 commercial or industrial use other than property included in class one, two,
18 four, six, seven, eight, nine or ten.

19 4. Class four, consisting of two subclasses:

20 (a) Class four (R) consisting of:

21 (i) All real property and the improvements to such property, if any,
22 used for agricultural purposes, and all other real property and the
23 improvements to such property, if any, not included in class one, two, three,
24 five, six, eight, nine or ten.

25 (ii) All real property and the improvements to such property which
26 are primarily used for agricultural purposes in the production of trees,
27 other than trees intended for use as standing timber, vines, rosebushes,
28 ornamental plants or other horticultural crops, without regard to whether
29 such crops are grown in containers, soil or any other medium and which are
30 not included in class one, two, three, five, six, eight, nine or ten.

31 (iii) Real property and improvements to the property that are owned
32 and controlled by a nonprofit organization that qualifies as exempt from
33 taxation pursuant to section 501(c)(3), (4), (7), (10) or (14) of the
34 internal revenue code if the property is not used or intended for the
35 financial benefit of members of the organization or any other individual or
36 organization, unless the financial benefit is for charitable, religious,
37 scientific, literary or educational purposes.

38 (b) Class four (P) consisting of personal property that is:

39 (i) Used for agricultural purposes, and all other personal property
40 not included in class one, two, three, five, six, eight, nine or ten.

41 (ii) Primarily used for agricultural purposes in producing trees,
42 other than trees intended for use as standing timber, vines, rosebushes,
43 ornamental plants or other horticultural crops, without regard to whether

1 such crops are grown in containers, soil or any other medium and which are
2 not included in class one, two, three, five, six, eight, nine or ten.

3 (iii) Owned and controlled by a nonprofit organization that qualifies
4 as exempt from taxation pursuant to section 501(c)(3), (4), (7), (10) or (14)
5 of the internal revenue code if the property is not used or intended for the
6 financial benefit of members of the organization or any other individual or
7 organization, unless the financial benefit is for charitable, religious,
8 scientific, literary or educational purposes.

9 5. Class five:

10 All real property and the improvements to such property and personal
11 property used for residential purposes and not otherwise included in class
12 one, two, three, four, six, eight, nine or ten.

13 6. Class six:

14 (a) All real and personal property and improvements to such property
15 that are not included in class one, two, three, four, five, eight, nine or
16 ten and that are devoted to use as leased or rented property solely for
17 residential purposes.

18 (b) Day care centers licensed under title 36, chapter 7.1.

19 (c) All real property and the improvements to such property and
20 personal property used for the operation of residential housing facilities
21 not used or held for profit and structured to the care or housing of
22 handicapped persons or persons sixty-two years of age or older.

23 (d) All real property and improvements to such property and personal
24 property used for the operation of licensed residential care institutions or
25 licensed nursing care institutions which provide medical services, nursing
26 services or health related services and are structured to the care or housing
27 of handicapped persons or persons sixty-two years of age or older. Nothing
28 in this subdivision shall be construed to limit eligibility for an exemption
29 pursuant to section 42-271.

30 (e) Real and personal property consisting of no more than four rooms
31 of owner-occupied residential property that are leased or rented to transient
32 lodgers at no more than a fifty per cent average annual occupancy rate,
33 together with furnishing no more than a breakfast meal, by the owner of the
34 property.

35 7. Class seven:

36 (a) All real and personal property of railroad companies used in the
37 continuous operation of a railroad valued under chapter 4, article 4 of this
38 title.

39 (b) All real and personal property used in the operation of private
40 car companies valued under chapter 4, article 3 of this title.

41 (c) Flight property valued under chapter 4, article 1 of this title.

1 8. Class eight:

2 (a) Noncommercial historic property as defined in section 42-161.

3 (b) Any real and personal property located within the boundaries of
4 a foreign trade zone or subzone established pursuant to 19 United States Code
5 section 81 and title 44, chapter 18. The property classification authorized
6 by this subdivision shall apply only to the area of a foreign trade zone or
7 subzone which has been activated for foreign trade zone use by the district
8 director of the United States customs service, pursuant to 19 Code of Federal
9 Regulations section 146.6.

10 (c) Real and personal property and improvements that are located in
11 a military reuse zone that is established under title 41, chapter 10, article
12 3 and that is devoted to manufacturing, assembling or fabricating aviation
13 or aerospace products. Property may not be classified under this subdivision
14 for more than five tax years. Any new addition or improvement to property
15 already classified under this subdivision qualifies separately for
16 classification under this subdivision for not more than five tax years. If
17 a military reuse zone is terminated, the property in that zone that was
18 previously classified under this subdivision shall be reclassified as
19 prescribed by this section.

20 (d) Real and personal property and improvements owned or used by a
21 qualified manufacturing business, as defined in section 41-1521. Property
22 may not be classified under this subdivision for more than ten tax years.

23 (e) Beginning for tax year 1994, real and personal property and
24 improvements or a portion of such property comprising a qualified
25 environmental technology manufacturing, producing or processing facility as
26 described in section 41-1514.02 shall be classified under this subdivision
27 for twenty tax years from the date placed in service. Any addition or
28 improvement to property already classified under this subdivision qualifies
29 separately for classification under this subdivision for an additional twenty
30 tax years from the date placed in service. Following revocation of
31 certification pursuant to section 41-1514.02, property previously classified
32 under this subdivision shall be reclassified as prescribed by this section.

33 9. Class nine:

34 Real property, improvements and personal property that meet the
35 criteria for property included in class three and also the criteria for
36 commercial historic property as defined in section 42-161.

37 10. Class ten:

38 Real property, improvements and personal property that meet the
39 criteria for property included in class six and also meet the criteria for
40 commercial historic property as defined in section 42-161.

41 11. Class eleven:

42 (a) Improvements located on federal, state, county or municipal
43 property, owned by the lessee of such property provided that the
44 improvements shall become the property of the owner of the federal, state,

1 county or municipal property upon termination of the leasehold interest in
2 the federal, state, county or municipal property and that both the
3 improvements and the federal, state, county or municipal property are used
4 primarily for athletic, recreational, entertainment, artistic, cultural or
5 convention activities.

6 (b) Improvements located on federal, state, county or municipal
7 property, owned by the lessee of such property provided:

8 (i) That the improvements shall become the property of the owner of
9 the federal, state, county or municipal property upon termination of the
10 leasehold interest in the federal, state, county or municipal property.

11 (ii) That both the improvements and the federal, state, county or
12 municipal property are used for or in connection with aviation, including
13 hangars, tie-downs, aircraft maintenance, sales of aviation-related items,
14 charter and rental activities, parking facilities and restaurants, stores and
15 other services located in a terminal.

16 (iii) That both the improvements and the federal, state, county or
17 municipal property are located on a state, county, city or town airport or
18 a public airport operating pursuant to sections 2-311, 2-312 and 2-313.

19 (c) Property that is leased to or acquired by the government and used
20 to perform a government contract and that is defined as "contractor-acquired
21 property" or "government-furnished property" in the federal acquisition
22 regulations (48 Code of Federal Regulations section 45.101, as amended or
23 superseded by federal law or regulation).

24 (d) Property of a corporation organized by or at the direction of this
25 state or a county, city or town to develop, construct, improve, repair,
26 replace or own any property, improvement, building or other facility to be
27 used for public purposes that the state, county, city or town pledges to
28 lease or lease-purchase with state, county or municipal special or general
29 revenues and not otherwise exempt under section 42-271.

30 (e) IMPROVEMENTS LOCATED IN AN AREA DEFINED AS A RESEARCH PARK
31 PURSUANT TO SECTION 35-701, PARAGRAPH 10 MAY NOT BE CLASSIFIED UNDER THIS
32 PARAGRAPH.

33 B. For the purposes of classification of property under this section,
34 partially completed or vacant improvements on the land including improved
35 common area tracts shall be classified according to their intended use as
36 demonstrated by objective evidence. For property not valued by the
37 department, an improvement on the land is considered to be partially
38 completed when the foundation of the structure or structures to be located
39 on the property is in place. The only portion affected by the
40 reclassification is the improvement on the land and that portion of the land
41 that is necessary to support the use of the structure or structures, except
42 that common area tracts in residential developments associated with partially
43 completed improvements shall receive the same classification as the partially
44 completed improvements. Property that is not valued by the department, that

1 does not have a structure or structures and that is actively used for
2 commercial purposes shall be classified as prescribed by subsection A of this
3 section. This subsection does not apply to property that is classified as
4 agricultural pursuant to section 42-167.

5 Sec. 5. Title 42, Arizona Revised Statutes, is amended by adding
6 chapter 13, to read:

7 CHAPTER 13
8 GOVERNMENT PROPERTY LEASE EXCISE TAX
9 ARTICLE 1. ADMINISTRATION

10 42-1901. Definitions

11 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

12 1. "GOVERNMENT LESSOR" MEANS A CITY, TOWN, COUNTY OR COUNTY STADIUM
13 DISTRICT.

14 2. "GOVERNMENT PROPERTY IMPROVEMENT" MEANS A BUILDING FOR WHICH A
15 CERTIFICATE OF OCCUPANCY HAS BEEN ISSUED, FOR WHICH THE TITLE OF RECORD IS
16 HELD BY A GOVERNMENT LESSOR, THAT IS SITUATED ON LAND FOR WHICH THE TITLE OF
17 RECORD IS HELD BY A GOVERNMENT LESSOR OR A POLITICAL SUBDIVISION OF THIS
18 STATE AND THAT IS AVAILABLE FOR USE FOR ANY COMMERCIAL, RESIDENTIAL RENTAL
19 OR INDUSTRIAL PURPOSE, INCLUDING, BUT NOT LIMITED TO, OFFICE, RETAIL,
20 RESTAURANT, SERVICE BUSINESS, HOTEL, ENTERTAINMENT, RECREATIONAL OR PARKING
21 USES.

22 3. "GROSS BUILDING SPACE" MEANS THE TOTAL FLOOR AREA OF A BUILDING
23 MEASURED FROM THE EXTERIOR OF THE WALLS, BUT NOT INCLUDING UNENCLOSED AREAS.

24 4. "PRIME LESSEE" MEANS ANY PERSON, PARTNERSHIP, CORPORATION, COMPANY,
25 LIMITED LIABILITY COMPANY, JOINT VENTURE OR OTHER ORGANIZATION OR ASSOCIATION
26 THAT ENTERS INTO A LEASE DIRECTLY WITH A GOVERNMENT LESSOR TO DEVELOP OR
27 OCCUPY FOR AT LEAST THIRTY CONSECUTIVE DAYS A GOVERNMENT PROPERTY
28 IMPROVEMENT, REGARDLESS OF WHETHER THE IMPROVEMENT IS ACTUALLY USED BY THE
29 PRIME LESSEE OR BY ONE OR MORE SUBLESSEES.

30 42-1902. Commercial government property lease excise tax

31 A. A GOVERNMENT LESSOR SHALL LEVY AND COLLECT AN ANNUAL EXCISE TAX ON
32 EACH PRIME LESSEE FOR THE USE OR OCCUPANCY OF THE GOVERNMENT LESSOR'S
33 GOVERNMENT PROPERTY IMPROVEMENT.

34 B. A GOVERNMENT LESSOR MAY NOT OWN OR OPERATE A GOVERNMENT PROPERTY
35 IMPROVEMENT UNLESS ONE OF THE FOLLOWING APPLIES:

36 1. THE GOVERNMENT LESSOR LEVIES AND COLLECTS A COMMERCIAL GOVERNMENT
37 PROPERTY LEASE EXCISE TAX UNDER THIS CHAPTER WITH RESPECT TO THE IMPROVEMENT.

38 2. THE IMPROVEMENT IS EXEMPT FROM TAX UNDER SECTION 42-1961.

39 3. TAX ON THE IMPROVEMENT HAS BEEN ABATED UNDER SECTION 42-1962.

40 42-1903. Rates of tax

41 A. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE TAX AUTHORIZED
42 BY THIS CHAPTER SHALL BE LEVIED AND COLLECTED AT THE FOLLOWING RATES:

43 1. ONE DOLLAR PER SQUARE FOOT OF GROSS BUILDING SPACE FOR OFFICE
44 BUILDINGS WITH ONE FLOOR ABOVE GROUND.

1 2. ONE DOLLAR TWENTY-FIVE CENTS PER SQUARE FOOT OF GROSS BUILDING
2 SPACE FOR OFFICE BUILDINGS WITH MORE THAN ONE BUT FEWER THAN EIGHT FLOORS
3 ABOVE GROUND.

4 3. ONE DOLLAR SEVENTY-FIVE CENTS PER SQUARE FOOT OF GROSS BUILDING
5 SPACE FOR OFFICE BUILDINGS WITH EIGHT FLOORS OR MORE ABOVE GROUND.

6 4. ONE DOLLAR FIFTY CENTS PER SQUARE FOOT OF RETAIL BUILDING SPACE,
7 INCLUDING SPACE THAT IS DEVOTED TO THE SALE OF TANGIBLE PERSONAL PROPERTY,
8 RESTAURANTS, HEALTH CLUBS, HAIR SALONS, DRY CLEANERS, TRAVEL AGENCIES AND
9 OTHER RETAIL SERVICES.

10 5. ONE DOLLAR FIFTY CENTS PER SQUARE FOOT OF HOTEL OR MOTEL BUILDING
11 SPACE.

12 6. SEVENTY-FIVE CENTS PER SQUARE FOOT OF WAREHOUSE OR INDUSTRIAL
13 BUILDING SPACE.

14 7. FIFTY CENTS PER SQUARE FOOT OF RESIDENTIAL RENTAL BUILDING SPACE.

15 8. ONE HUNDRED DOLLARS PER PARKING SPACE LOCATED IN A PARKING GARAGE
16 OR DECK.

17 9. ONE DOLLAR PER SQUARE FOOT OF ALL OTHER GOVERNMENT PROPERTY
18 IMPROVEMENTS NOT INCLUDED IN PARAGRAPHS 1 THROUGH 8 OF THIS SUBSECTION.

19 B. THE TAX RATE FOR GOVERNMENT PROPERTY IMPROVEMENTS FOR WHICH THE
20 ORIGINAL CERTIFICATE OF OCCUPANCY WAS ISSUED:

21 1. AT LEAST TEN YEARS BUT LESS THAN TWENTY YEARS BEFORE THE DATE THE
22 TAX IS DUE IS EIGHTY PER CENT OF THE RATE PROVIDED IN SUBSECTION A OF THIS
23 SECTION.

24 2. AT LEAST TWENTY YEARS BUT LESS THAN THIRTY YEARS BEFORE THE DATE
25 THE TAX IS DUE IS SIXTY PER CENT OF THE RATE PROVIDED IN SUBSECTION A OF THIS
26 SECTION.

27 3. AT LEAST THIRTY BUT LESS THAN FORTY YEARS BEFORE THE DATE THE TAX
28 IS DUE IS FORTY PER CENT OF THE RATE PROVIDED IN SUBSECTION A OF THIS
29 SECTION.

30 4. AT LEAST FORTY BUT LESS THAN FIFTY YEARS BEFORE THE DATE THE TAX
31 IS DUE IS TWENTY PER CENT OF THE RATE PROVIDED IN SUBSECTION A OF THIS
32 SECTION.

33 5. FIFTY OR MORE YEARS BEFORE THE DATE THE TAX IS DUE IS ZERO.
34 IF NO CERTIFICATE OF OCCUPANCY CAN BE LOCATED, DATED AERIAL PHOTOGRAPHS OR
35 OTHER EVIDENCE OF SUBSTANTIAL COMPLETION MAY BE USED TO DETERMINE THE AGE OF
36 THE BUILDING FOR PURPOSES OF THIS SUBSECTION.

37 C. THE TAX RATE FOR A GOVERNMENT PROPERTY IMPROVEMENT THAT WAS
38 CONSTRUCTED PURSUANT TO A LEASE OR DEVELOPMENT AGREEMENT ENTERED INTO FROM
39 AND AFTER JUNE 30, 1996 AND THAT IS LOCATED OUTSIDE A REDEVELOPMENT AREA
40 ESTABLISHED PURSUANT TO TITLE 36, CHAPTER 12, ARTICLE 3 IS ONE AND ONE-HALF
41 TIMES THE RATE ESTABLISHED BY SUBSECTIONS A AND B OF THE SECTION.

42 D. WITHIN THE FIRST TWENTY YEARS AFTER THE ISSUANCE OF THE ORIGINAL
43 CERTIFICATE OF OCCUPANCY, THE TAX RATE ON THE USE OR OCCUPANCY OF A

1 GOVERNMENT PROPERTY IMPROVEMENT IS TWENTY PER CENT OF THE RATE ESTABLISHED
2 IN SUBSECTIONS A AND B OF THIS SECTION FOR ANY OF THE FOLLOWING:

3 1. GOVERNMENT PROPERTY IMPROVEMENTS THAT ARE SUBJECT TO LEASES OR
4 AGREEMENTS THAT WERE ENTERED INTO BEFORE APRIL 1, 1985, AND OPTIONS AND
5 RIGHTS CONTAINED IN THE LEASES OR AGREEMENTS.

6 2. GOVERNMENT PROPERTY IMPROVEMENTS THAT ARE SUBJECT TO LEASES ENTERED
7 INTO BASED ON A REDEVELOPMENT CONTRACT, AS DEFINED IN SECTION 36-1471,
8 ENTERED INTO BEFORE APRIL 1, 1985.

9 3. GOVERNMENT PROPERTY IMPROVEMENTS THAT ARE SUBJECT TO LEASES ENTERED
10 INTO BASED ON AN AGREEMENT FOR A REDEVELOPMENT PROJECT FOR WHICH FEDERAL
11 GRANT MONIES HAVE BEEN RECEIVED AND THAT WAS ENTERED INTO BEFORE APRIL 1,
12 1985.

13 4. GOVERNMENT PROPERTY IMPROVEMENTS THAT ARE LOCATED AT AN AIRPORT
14 THAT WAS OWNED ON OR BEFORE JANUARY 1, 1988 BY A COUNTY HAVING A POPULATION
15 OF FOUR HUNDRED THOUSAND PERSONS OR LESS OR BY A CITY OR TOWN THAT IS LOCATED
16 IN A COUNTY HAVING A POPULATION OF FOUR HUNDRED THOUSAND PERSONS OR LESS IF
17 THE PROPERTY IS USED PRIMARILY FOR MANUFACTURING, RETAIL, DISTRIBUTION,
18 RESEARCH OR COMMERCIAL PURPOSES. IN THIS PARAGRAPH "COMMERCIAL" INCLUDES
19 FACILITIES FOR OFFICE, RECREATIONAL, HOTEL, MOTEL AND SERVICE USES.

20 E. WITHIN THE FIRST TEN YEARS AFTER THE ISSUANCE OF THE CERTIFICATE
21 OF OCCUPANCY, THE TAX RATE ON THE USE OR OCCUPANCY OF A GOVERNMENT PROPERTY
22 IMPROVEMENT THAT IS LOCATED IN A REDEVELOPMENT AREA ESTABLISHED PURSUANT TO
23 TITLE 36, CHAPTER 12, ARTICLE 3, RESULTED OR WILL RESULT IN AN INCREASE IN
24 PROPERTY VALUE OF AT LEAST ONE HUNDRED PER CENT AND IS NOT ELIGIBLE FOR
25 ABATEMENT PURSUANT TO SECTION 42-1962 IS EIGHTY PER CENT OF THE RATE
26 ESTABLISHED IN SUBSECTIONS A AND B OF THIS SECTION.

27 F. THE TAX RATE TO BE APPLIED UNDER SUBSECTION A OF THIS SECTION SHALL
28 BE DETERMINED BY THE PREDOMINANT USE TO WHICH THE GOVERNMENT PROPERTY
29 IMPROVEMENT IS DEVOTED, EXCEPT THAT IN ALL CASES THE TAX RATE PRESCRIBED BY
30 SUBSECTION A, PARAGRAPH 8 OF THIS SECTION SHALL BE APPLIED TO ANY PARKING
31 GARAGE OR DECK. IF THERE IS NO SINGLE PREDOMINANT USE, THE TAX SHALL BE
32 DETERMINED BY APPLYING THE APPROPRIATE TAX RATE TO THE BUILDING SPACE DEVOTED
33 TO EACH USE IDENTIFIED IN THAT SUBSECTION. FOR THE PURPOSES OF THIS
34 SUBSECTION, THE FUNCTIONAL AREA OF A GOVERNMENT PROPERTY IMPROVEMENT DOES NOT
35 INCLUDE SUBSIDIARY, AUXILIARY OR SERVIENT AREAS SUCH AS LOBBIES, STAIRWELLS,
36 MECHANICAL ROOMS AND MEETING AND BANQUET ROOMS. FOR PURPOSES OF THIS
37 SUBSECTION, "PREDOMINANT USE" MEANS THE USE TO WHICH EIGHTY-FIVE PER CENT OR
38 MORE OF THE FUNCTIONAL AREA OF A GOVERNMENT PROPERTY IMPROVEMENT IS DEVOTED.

39 G. PRIME LESSEES OF GOVERNMENT PROPERTY IMPROVEMENTS WHO BECOME
40 TAXABLE OR WHOSE TAXABLE STATUS TERMINATES DURING THE CALENDAR YEAR IN WHICH
41 THE TAXES ARE DUE, INCLUDING PRIME LESSEES SUBJECT TO EXEMPTION OR ABATEMENT
42 UNDER SECTIONS 42-1961 AND 42-1962, SHALL PAY TAX FOR THAT CALENDAR YEAR ON
43 A PRO RATA BASIS.

1 42-1904. Payment; return; interest; penalty

2 A. THE TAXES THAT ARE LEVIED PURSUANT TO THIS CHAPTER ARE:

3 1. DUE AND PAYABLE ANNUALLY ON OR BEFORE DECEMBER 1.

4 2. DELINQUENT IF NOT PAID ON OR BEFORE THAT DATE.

5 B. THE PRIME LESSEE SHALL SUBMIT A RETURN TO THE GOVERNMENT LESSOR,
6 REGARDLESS OF WHETHER A TAX IS DUE, ON A FORM PRESCRIBED BY THE GOVERNMENT
7 LESSOR. THE RETURN FORM SHALL BE MADE AVAILABLE BY THE GOVERNMENT LESSOR AT
8 LEAST SIXTY DAYS BEFORE THE TAXES ARE DUE AND PAYABLE AND SHALL INCLUDE:

9 1. THE NAME AND ADDRESS OF THE PRIME LESSEE.

10 2. THE LOCATION OF THE GOVERNMENT PROPERTY IMPROVEMENT.

11 3. THE AMOUNT OF GROSS BUILDING SPACE OR NUMBER OF PARKING GARAGE OR
12 DECK SPACES. THE PRIME LESSEE MAY SUBMIT AN INITIAL STATEMENT OF GROSS
13 BUILDING SPACE THAT IS CERTIFIED BY A PERSON WHO IS PROFESSIONALLY
14 CREDENTIALLED IN THIS STATE AS AN ARCHITECT, GENERAL CONTRACTOR, SURVEYOR OR
15 APPRAISER AND THEREAFTER SHALL FILE AN ANNUAL STATEMENT WITH THE RETURN,
16 UNDER PENALTY OF PERJURY, THAT THE GROSS BUILDING SPACE IS UNCHANGED FROM THE
17 AMOUNT PREVIOUSLY CERTIFIED.

18 4. THE DATE OF THE ORIGINAL CERTIFICATE OF OCCUPANCY.

19 5. THE USE OR USES OF THE PROPERTY.

20 6. IF AN EXEMPTION UNDER SECTION 42-1961 OR AN ABATEMENT UNDER SECTION
21 42-1962 APPLIES, A CERTIFICATION UNDER PENALTY OF PERJURY THAT ALL ELEMENTS
22 NECESSARY TO QUALIFY FOR THE EXEMPTION OR ABATEMENT ARE SATISFIED FOR THE
23 YEAR COVERED BY THE RETURN.

24 7. ANY OTHER PERTINENT INFORMATION THAT THE GOVERNMENT LESSOR MAY
25 REQUIRE.

26 C. IF ANY PART OF THE TAX IS NOT PAID BEFORE IT BECOMES DELINQUENT,
27 INTEREST ACCRUES ON THE UNPAID AMOUNT AT THE RATE AND IN THE MANNER
28 PRESCRIBED BY SECTION 42-134 UNTIL IT IS PAID. INTEREST ON OVERPAYMENTS
29 ACCRUES AT THE RATE AND IN THE MANNER PRESCRIBED BY SECTION 42-134 UNTIL THE
30 REFUND IS PAID.

31 D. THE GOVERNMENT LESSOR SHALL ASSESS AND COLLECT A PENALTY OF FIVE
32 PER CENT OF ANY PART OF THE TAX THAT IS NOT PAID BEFORE IT BECOMES
33 DELINQUENT.

34 E. THE GOVERNMENT LESSOR SHALL ISSUE A RECEIPT TO THE PRIME LESSEE FOR
35 PAYMENTS UNDER THIS CHAPTER.

36 F. THE GOVERNMENT LESSOR SHALL BE ENTITLED TO RELY UPON ANY
37 INFORMATION CONTAINED IN ANY EXEMPTION OR ABATEMENT CERTIFICATION DESCRIBED
38 IN SUBSECTION B, PARAGRAPH 6 OF THIS SECTION UNLESS THE GOVERNMENT LESSOR HAS
39 ACTUAL KNOWLEDGE THAT THE CERTIFICATION IS INACCURATE.

40 42-1905. Disposition of revenue

41 A. THE GOVERNMENT LESSOR SHALL SEPARATELY ACCOUNT FOR PAYMENTS
42 RECEIVED UNDER THIS CHAPTER WITH RESPECT TO EACH GOVERNMENT PROPERTY
43 IMPROVEMENT.

1 B. WITHIN THIRTY DAYS AFTER RECEIVING TAX REVENUES UNDER THIS CHAPTER
2 THE GOVERNMENT LESSOR SHALL PAY TO THE FOLLOWING TAXING JURISDICTIONS IN
3 WHICH THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED THE MONIES RECEIVED WITH
4 RESPECT TO THE IMPROVEMENT, ALLOCATING THE REVENUE AMONG THE JURISDICTIONS
5 AS FOLLOWS:

6 1. THE COUNTY, FOR DEPOSIT IN ITS GENERAL FUND, THIRTEEN PER CENT.

7 2. THE CITY OR TOWN, SEVEN PER CENT. IF THE GOVERNMENT PROPERTY
8 IMPROVEMENT IS LOCATED IN AN UNINCORPORATED AREA, THE REVENUE THAT WOULD
9 OTHERWISE BE ALLOCATED TO A CITY OR TOWN SHALL BE ALLOCATED TO THE OTHER
10 JURISDICTIONS IDENTIFIED IN THIS SECTION IN THE SAME PROPORTION THAT THE
11 REMAINING REVENUES ARE ALLOCATED TO THEM.

12 3. THE COMMUNITY COLLEGE DISTRICT, SEVEN PER CENT. IF THE GOVERNMENT
13 PROPERTY IMPROVEMENT IS NOT LOCATED IN A COMMUNITY COLLEGE DISTRICT, THE
14 REVENUE THAT WOULD OTHERWISE BE ALLOCATED TO THE DISTRICT SHALL BE ALLOCATED
15 TO THE OTHER JURISDICTIONS IDENTIFIED IN THIS SECTION IN THE SAME PROPORTION
16 THAT THE REMAINING REVENUES ARE ALLOCATED TO THEM.

17 4. THE COMMON SCHOOL DISTRICT, THIRTY-SIX AND ONE-HALF PER CENT, THE
18 HIGH SCHOOL DISTRICT, THIRTY-SIX AND ONE-HALF PER CENT, THE COMMON SCHOOL
19 DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT, SEVENTY-THREE PER CENT, OR THE
20 UNIFIED SCHOOL DISTRICT, SEVENTY-THREE PER CENT. IF THE GOVERNMENT PROPERTY
21 IMPROVEMENT IS NOT LOCATED IN ANY SCHOOL DISTRICT, THE REVENUE THAT WOULD
22 OTHERWISE BE ALLOCATED UNDER THIS PARAGRAPH SHALL BE ALLOCATED TO THE OTHER
23 JURISDICTIONS IDENTIFIED IN THIS SECTION IN THE SAME PROPORTION THAT THE
24 REMAINING REVENUES ARE ALLOCATED TO THEM.

25 ARTICLE 2. ENFORCEMENT

26 42-1931. Development agreements; acknowledgment of tax
27 liability; default

28 EACH LEASE OR DEVELOPMENT AGREEMENT BETWEEN A PRIME LESSEE AND A
29 GOVERNMENT LESSOR ENTERED INTO AFTER JUNE 30, 1996 SHALL INCLUDE:

30 1. A NOTICE OF THE TAX LIABILITY UNDER THIS CHAPTER.

31 2. A PROVISION THAT FAILURE BY THE PRIME LESSEE TO PAY THE TAX AFTER
32 NOTICE AND AN OPPORTUNITY TO CURE IS AN EVENT OF DEFAULT THAT COULD RESULT
33 IN DIVESTING THE PRIME LESSEE OF ANY INTEREST IN OR RIGHT OF OCCUPANCY OF THE
34 GOVERNMENT PROPERTY IMPROVEMENT.

35 42-1932. Enforcement

36 UNLESS THE CONTEXT OTHERWISE REQUIRES, THE ENFORCEMENT OF THE TAX
37 IMPOSED UNDER THIS CHAPTER SHALL BE GOVERNED BY SECTIONS 545 THROUGH 590 OF
38 THE MODEL CITY TAX CODE, AS ADOPTED BY THE CITY OR TOWN IN WHICH THE
39 GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED OR, IF THE GOVERNMENT PROPERTY
40 IMPROVEMENT IS NOT LOCATED IN A CITY OR TOWN OR IS LOCATED IN A CITY OR TOWN
41 THAT HAS NOT ADOPTED THE MODEL CITY TAX CODE, BY SECTIONS 545 THROUGH 590 OF
42 THE MODEL CITY TAX CODE AS DEFINED IN SECTION 42-1454, EXCEPT THAT A REFUND
43 MAY BE ALLOWED WITHIN THE TIME ALLOWED BY THE MODEL CITY TAX CODE FOR ANY

1 TAXPAYER ERROR REGARDLESS OF WHETHER THE ERROR RELATES TO AN ERRONEOUS LEGAL
2 INTERPRETATION OR ANY OTHER MATTER.

3 ARTICLE 3. EXEMPTIONS AND ABATEMENTS

4 42-1961. Exempt government property improvements

5 THE TAX UNDER ARTICLE 1 OF THIS CHAPTER DOES NOT APPLY WITH RESPECT TO:

6 1. PROPERTY THAT IS USED FOR A GOVERNMENTAL ACTIVITY.

7 2. PROPERTY THAT IS USED FOR PUBLIC HOUSING.

8 3. EASEMENTS AND RIGHTS-OF-WAY OF RAILROADS AND GAS, ELECTRIC, WATER,
9 PIPELINE AND TELEPHONE UTILITIES.

10 4. INTERESTS IN ALL OR ANY PART OF A FACILITY THAT IS OWNED OF RECORD
11 BY A GOVERNMENT LESSOR AND USED PRIMARILY FOR ATHLETIC, RECREATIONAL,
12 ENTERTAINMENT, ARTISTIC, CULTURAL OR CONVENTION ACTIVITIES IF THE INTEREST
13 IS USED FOR THOSE ACTIVITIES.

14 5. PROPERTY THAT IS LOCATED ON MUNICIPAL AIRPORTS AND AIRPORTS THAT
15 OPERATE PURSUANT TO SECTIONS 2-311, 2-312 AND 2-313, IF THE PROPERTY IS USED
16 FOR OR IN CONNECTION WITH AVIATION, INCLUDING HANGARS, TIE-DOWNS, AIRCRAFT
17 MAINTENANCE, SALE OF AVIATION RELATED ITEMS, CHARTER AND RENTAL ACTIVITIES,
18 COMMERCIAL AIRCRAFT TERMINAL FRANCHISES, PARKING FACILITIES AND RESTAURANTS,
19 STORES AND OTHER SERVICES THAT ARE LOCATED IN A TERMINAL.

20 6. THE USE BY A COMMERCIAL AIRLINE OF THE RUNWAYS AND TERMINAL
21 FACILITIES OF STATE, CITY, TOWN OR COUNTY AIRPORTS AND PUBLIC AIRPORTS
22 OPERATING PURSUANT TO SECTIONS 2-311, 2-312 AND 2-313.

23 7. LEASES OF PROPERTY OR INTERESTS IN A TRANSPORTATION FACILITY THAT
24 IS CONSTRUCTED OR OPERATED PURSUANT TO TITLE 28, CHAPTER 26, ARTICLE 1 OR 2.

25 8. INTERESTS IN PROPERTY HELD IN TRUST FOR AN INDIAN OR AN INDIAN
26 TRIBE BY THE UNITED STATES GOVERNMENT.

27 9. INTERESTS IN PROPERTY THAT IS DEFINED AS "CONTRACTOR-ACQUIRED
28 PROPERTY" OR "GOVERNMENT-FURNISHED PROPERTY" IN THE FEDERAL ACQUISITION
29 REGULATIONS (48 CODE OF FEDERAL REGULATIONS SECTION 45.101) AND THAT IS OWNED
30 BY THE GOVERNMENT AND USED TO PERFORM A GOVERNMENT CONTRACT.

31 10. PROPERTY OF A CORPORATION THAT IS ORGANIZED BY OR AT THE DIRECTION
32 OF A COUNTY, CITY OR TOWN TO DEVELOP, CONSTRUCT, IMPROVE, REPAIR, REPLACE OR
33 OWN ANY PROPERTY, IMPROVEMENT, BUILDING OR OTHER FACILITY TO BE USED FOR
34 PUBLIC PURPOSES THAT THE COUNTY, CITY OR TOWN PLEDGES TO LEASE OR
35 LEASE-PURCHASE WITH COUNTY OR MUNICIPAL SPECIAL OR GENERAL REVENUES.

36 11. INTERESTS IN PROPERTY USED BY A CHAMBER OF COMMERCE RECOGNIZED
37 UNDER SECTION 501(c)(6) OF THE UNITED STATES INTERNAL REVENUE CODE IF THE
38 PROPERTY IS USED PREDOMINATELY FOR THOSE FEDERAL TAX EXEMPT PURPOSES.

39 42-1962. Abatement of tax for government property improvements
40 in single central business district

41 A. A GOVERNMENT LESSOR SHALL ABATE THE TAX PROVIDED FOR UNDER THIS
42 CHAPTER FOR A LIMITED PERIOD BEGINNING WHEN THE CERTIFICATE OF OCCUPANCY IS
43 ISSUED AND ENDING EIGHT YEARS AFTER THE CERTIFICATE OF OCCUPANCY IS ISSUED
44 ON A GOVERNMENT PROPERTY IMPROVEMENT THAT IS CONSTRUCTED EITHER BEFORE OR

1 AFTER THE EFFECTIVE DATE OF THIS CHAPTER AND THAT MEETS THE FOLLOWING
2 REQUIREMENTS:

3 1. THE IMPROVEMENT IS LOCATED IN A SINGLE CENTRAL BUSINESS DISTRICT
4 IN A REDEVELOPMENT AREA THAT IS ESTABLISHED PURSUANT TO TITLE 36, CHAPTER 12,
5 ARTICLE 3 AND IS SUBJECT TO A LEASE OR DEVELOPMENT AGREEMENT ENTERED INTO ON
6 OR AFTER APRIL 1, 1985.

7 2. THE GOVERNMENT PROPERTY IMPROVEMENT RESULTED OR WILL RESULT IN AN
8 INCREASE IN PROPERTY VALUE OF AT LEAST ONE HUNDRED PER CENT.

9 B. UNLESS WAIVED BY THE GOVERNMENT LESSOR, THE PRIME LESSEE SHALL
10 APPLY FOR THE ABATEMENT BEFORE THE TAXES UNDER THIS CHAPTER ARE DUE AND
11 PAYABLE IN THE FIRST YEAR AFTER THE CERTIFICATE OF OCCUPANCY IS ISSUED. THE
12 PRIME LESSEE SHALL NOTIFY THE GOVERNMENT LESSOR IF THE GOVERNMENT PROPERTY
13 IMPROVEMENT NO LONGER QUALIFIES FOR ABATEMENT UNDER THIS SECTION.

14 Sec. 6. Repeal

15 Laws 1995, chapter 294, section 9 is repealed.

16 Sec. 7. Prospective application

17 The tax imposed by this act begins with the annual payment that is due
18 on or before December 1, 1996 for the 1996 calendar year, pursuant to section
19 42-1904, Arizona Revised Statutes, as added by this act.

20 Sec. 8. Transition to property tax roll

21 If in any tax year a property that met the definition of a government
22 property improvement, pursuant to section 42-1901, Arizona Revised Statutes,
23 as added by this act, in the prior tax year is subject to property taxation,
24 the improvement is new construction for purposes of calculating the property
25 tax levy limit of any jurisdiction in which the improvement is located.

26 Sec. 9. Applicability

27 If a prime lessee is an airport authority and subleases property for
28 which the prime lessee is liable for tax pursuant to title 42, chapter 13,
29 Arizona Revised Statutes, and the prime lessee does not have the ability to
30 pass the tax through to the sublessee under the terms of a current
31 contractual lease agreement, between the prime lessee and the sublessee
32 entered into prior to the effective date of this act, the prime lessee is
33 exempt from the tax. As evidence of the inability to pass the tax through
34 to the sublessee, the prime lessee is required to submit a copy of the
35 relevant contractual lease agreement to the government lessor with the return
36 required pursuant to section 42-1904, Arizona Revised Statutes. This section
37 does not apply to any contract that is renewed or entered into on or after
38 the effective date of this act.

APPROVED BY THE GOVERNOR MAY 1, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 1996