

State of Arizona
Senate
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 267

SENATE BILL 1518

AN ACT

AMENDING SECTION 15-1461.01, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 7, ARTICLE 12, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1292; PROVIDING FOR THE DELAYED REPEAL OF SECTION 41-1292, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-11127, 42-12004, 42-12007, 42-12151, 42-12157, 42-13054, 42-13055, 42-13302, 42-13304, 42-14003, 42-14054, 42-14103, 42-14104, 42-14153, 42-14203, 42-14204, 42-14253, 42-14254, 42-14306, 42-14307, 42-14355, 42-14357, 42-14404, 42-14503, 42-15053, 42-15102, 42-15152 AND 42-15153, ARIZONA REVISED STATUTES; REPEALING SECTION 42-15154, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-15155, 42-16108, 42-16155, 42-16165, 42-16166, 42-17003, 42-17004 AND 42-17005, ARIZONA REVISED STATUTES; AMENDING SECTION 42-17052, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 390, SECTION 21; AMENDING SECTIONS 42-17054, 42-17107, 42-17153 AND 42-18106, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 42, CHAPTER 15, ARTICLE 4, ARIZONA REVISED STATUTES, TO "REAL AND PERSONAL PROPERTY ASSESSMENT ROLL"; CHANGING THE DESIGNATION OF TITLE 42, CHAPTER 18, ARTICLE 9, ARIZONA REVISED STATUTES, TO "SEIZURE AND SALE OF PERSONAL PROPERTY FOR DELINQUENT TAXES"; CHANGING THE DESIGNATION OF TITLE 42, CHAPTER 19, ARIZONA REVISED STATUTES, TO "PERSONAL PROPERTY"; CHANGING THE DESIGNATION OF TITLE 42, CHAPTER 19, ARTICLE 2, ARIZONA REVISED STATUTES, TO "PERSONAL PROPERTY TAX APPEALS"; RELATING TO REAL AND PERSONAL PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1461.01, Arizona Revised Statutes, is amended
3 to read:

4 15-1461.01. Truth in taxation notice and hearing; roll call
5 vote on tax increase; definition

6 A. ~~On or before July 1, the county assessor shall transmit to the~~
7 ~~district an estimate of the total net assessed valuation of the district,~~
8 ~~including an estimate of new property that has been added to the tax roll~~
9 ~~since the previous levy of property taxes in the district. ON OR BEFORE~~
10 ~~FEBRUARY 10 OF THE TAX YEAR, THE COUNTY ASSESSOR SHALL TRANSMIT AND CERTIFY~~
11 ~~TO THE PROPERTY TAX OVERSIGHT COMMISSION AND TO THE DISTRICT GOVERNING BOARD~~
12 ~~THE TOTAL NET PRIMARY ASSESSED VALUES THAT ARE REQUIRED TO COMPUTE THE LEVY~~
13 ~~LIMIT PRESCRIBED BY SECTION 42-17051. If the proposed primary property tax~~
14 ~~levy, excluding amounts that are attributable to new construction, is greater~~
15 ~~than the amount levied in the preceding tax year by the district:~~

16 1. The district governing board shall publish a notice that meets the
17 following requirements:

18 (a) The notice shall be published twice in a newspaper of general
19 circulation in the district. The first publication shall be at least
20 fourteen but not more than twenty days before the date of the hearing. The
21 second publication shall be at least seven but not more than ten days before
22 the date of the hearing.

23 (b) The notice shall be published in a location other than the
24 classified or legal advertising section of the newspaper in which it is
25 published.

26 (c) The notice shall be at least one-fourth page in size and shall be
27 surrounded by a solid black border at least one-eighth inch in width.

28 (d) The notice shall be in the following form, with the "truth in
29 taxation hearing - notice of tax increase" headline in at least eighteen
30 point type:

31 Truth in Taxation Hearing

32 Notice of Tax Increase

33 In compliance with section 15-1461.01, Arizona Revised
34 Statutes, _____ community college district is notifying its
35 property taxpayers of _____ community college district's
36 intention to raise its primary property taxes over last year's
37 level. The _____ community college district is proposing
38 an increase in primary property taxes of \$_____ or ____%.

39 For example, the proposed tax increase will cause
40 _____ community college district's primary property taxes
41 on a \$100,000 home to increase from \$_____ (total taxes
42 that would be owed without the proposed tax increase) to
43 \$_____ (total proposed taxes including the tax increase).

1 This proposed increase is exclusive of increased primary
2 property taxes received from new construction. The increase is
3 also exclusive of any changes that may occur from property tax
4 levies for voter approved bonded indebtedness or budget and tax
5 overrides.

6 All interested citizens are invited to attend the public
7 hearing on the tax increase that is scheduled to be held
8 _____ (date and time) at _____ (location).

9 2. In lieu of publishing the truth in taxation notice, the district
10 board may mail the truth in taxation notice prescribed by paragraph 1,
11 subdivision (d) to all registered voters in the district at least ten but not
12 more than twenty days before the date of the hearing.

13 3. In addition to publishing the truth in taxation notice under
14 paragraph 1 or mailing the notice under paragraph 2, the district governing
15 board shall issue a press release containing the truth in taxation notice to
16 all newspapers of general circulation in the district.

17 4. The district board shall consider a motion to levy the increased
18 property taxes by roll call vote.

19 5. Within three days after the hearing, the district board shall mail
20 a copy of the truth in taxation notice, a statement of its publication or
21 mailing and the result of the district board's vote under paragraph 4 to the
22 property tax oversight commission established by section 42-17002.

23 6. The district board shall hold the truth in taxation hearing on or
24 before the adoption of the county, city or town budget under section
25 42-17105.

26 B. For purposes of this section, "amount attributable to new
27 construction" means the net assessed valuation of property added to the tax
28 roll since the previous year multiplied by a property tax rate computed by
29 dividing the district's primary property tax levy in the preceding year by
30 the estimate of the district's total net assessed valuation for the current
31 year, excluding the net assessed valuation attributable to new construction.

32 Sec. 2. Title 41, chapter 7, article 12, Arizona Revised Statutes, is
33 amended by adding section 41-1292, to read:

34 41-1292. Joint legislative oversight committee on property tax
35 assessment and appeals

36 A. THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON PROPERTY TAX
37 ASSESSMENT AND APPEALS IS ESTABLISHED TO MONITOR AND EVALUATE THE SYSTEM OF
38 ASSESSMENT AND APPEALS OF PROPERTY TAX ASSESSMENTS ESTABLISHED BY TITLE 42.
39 THE COMMITTEE CONSISTS OF:

40 1. SIX LEGISLATORS, THREE EACH APPOINTED BY THE PRESIDENT OF THE
41 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, INCLUDING THE
42 CHAIRMEN OF THE SENATE FINANCE COMMITTEE AND THE HOUSE OF REPRESENTATIVES
43 WAYS AND MEANS COMMITTEE WHO SHALL SERVE AS COCHAIRMEN OF THE OVERSIGHT
44 COMMITTEE. NO MORE THAN TWO MEMBERS FROM EACH HOUSE MAY BE MEMBERS OF THE
45 SAME POLITICAL PARTY.

1 2. TWO COUNTY ASSESSORS, ONE EACH APPOINTED BY THE PRESIDENT OF THE
2 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

3 3. TWO COUNTY TREASURERS, ONE EACH APPOINTED BY THE PRESIDENT OF THE
4 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

5 4. FOUR PUBLIC MEMBERS, WHO MAY INCLUDE PROPERTY TAX PRACTITIONERS,
6 ACCOUNTANTS AND MEMBERS OF THE STATE BAR OF ARIZONA, TWO EACH APPOINTED BY
7 THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

8 5. THE DIRECTOR OF THE DEPARTMENT OF REVENUE, OR THE DIRECTOR'S
9 DESIGNEE.

10 B. MEMBERS OF THE COMMITTEE ARE NOT ELIGIBLE TO RECEIVE COMPENSATION
11 FOR SERVICES OR FOR REIMBURSEMENT OF EXPENSES. THE LEGISLATURE SHALL PROVIDE
12 STAFF SUPPORT AND MEETING ACCOMMODATIONS FOR THE COMMITTEE. MEMBERS SERVE
13 AT THE PLEASURE OF THE APPOINTING OFFICER AND, IN THE CASE OF ELECTED
14 OFFICIALS, UNTIL THEIR ELECTIVE TERM OF OFFICE EXPIRES.

15 C. THE COMMITTEE SHALL MEET PERIODICALLY TO REVIEW THE PROCEDURES AND
16 ADMINISTRATIVE STRUCTURE FOR TAX ASSESSMENTS AND APPEALS AND IDENTIFY ANY
17 AREAS OF AMBIGUITY, PROBLEMS AND NEEDED CHANGES AND IMPROVEMENTS. THE
18 COMMITTEE MAY RECOMMEND LEGISLATION FOR CONSIDERATION BY THE LEGISLATURE.

19 D. EACH COUNTY ASSESSOR SHALL KEEP A RECORD OF THE FOLLOWING
20 INFORMATION TO REPORT TO THE OVERSIGHT COMMITTEE:

21 1. THE DATE THE ASSESSMENT NOTICES ARE MAILED TO PROPERTY OWNERS.

22 2. THE DATE AND NUMBER OF APPEALS FILED BY CLASS OF PROPERTY AND THE
23 BASIS OF THE APPEALS, CATEGORIZED BY VALUATION METHOD.

24 3. THE NUMBER OF ASSESSOR MEETINGS REQUESTED, NUMBER OF MEETINGS HELD
25 AND THE DATES AND RESULTS OF THE MEETINGS.

26 4. THE NUMBER OF WRITTEN APPEALS WITHOUT A MEETING BEING REQUESTED,
27 THE DATES THEY WERE RECEIVED AND THE OUTCOME OF THE APPEALS WITH THE
28 ASSESSOR.

29 E. THE STATE AND COUNTY BOARD OF EQUALIZATION SHALL KEEP A RECORD, FOR
30 THE PURPOSE OF REPORTING TO THE OVERSIGHT COMMITTEE, OF THE NUMBER OF
31 APPEALS, THE DATES RECEIVED, THE PARTIES ATTENDING AND THE OUTCOME OF EACH
32 APPEAL BY TYPE OF PROPERTY.

33 F. THE STATE BOARD OF TAX APPEALS SHALL MAINTAIN A RECORD, FOR THE
34 PURPOSE OF REPORTING TO THE OVERSIGHT COMMITTEE, OF THE NUMBER OF REQUESTS
35 FOR REVIEW ON THE RECORD, THE PARTY REQUESTING THE REVIEW, THE COUNTY OF
36 RECORD AND THE OUTCOME OF THE REVIEW BY TYPE OF PROPERTY.

37 Sec. 3. Delayed repeal

38 Section 41-1292, Arizona Revised Statutes, is repealed from and after
39 December 31, 2007.

40 Sec. 4. Section 42-11127, Arizona Revised Statutes, is amended to
41 read:

42 42-11127. Exemption for commercial and agricultural personal
43 property; definition

44 A. Pursuant to article IX, section 2, subsection (6), Constitution of
45 Arizona, personal property that is class two property pursuant to section

1 42-12002, paragraph 2, subdivisions (a) and (b) used for agricultural
2 purposes ~~as described by section 42-12002, paragraph 2~~ or that is class one
3 property pursuant to section 42-12001, ~~paragraph 13~~ used in a trade or
4 business as described by section 42-12001, paragraphs 8, 9, 10, and 12 AND
5 13 is exempt from taxation up to a maximum amount of fifty thousand dollars
6 of full cash value of each assessment account.

7 B. The exemption under subsection A of this section is allowed for all
8 of the following one time each year, regardless of the number of business
9 locations or places where the person is leasing the property:

10 1. A person who owns business or agricultural personal property and
11 who is in the business of leasing the personal property in more than one
12 location in this state.

13 2. A person whose business personal property is valued by the
14 department and is classified as class one property as described by section
15 42-12001, ~~paragraph 13~~ 11.

16 3. Businesses that report equipment for which the leasing activity is
17 incidental to their primary business.

18 C. On or before December 31 of each year, the department shall
19 increase the maximum amount of the exemption for the following tax year based
20 on the average annual percentage increase, if any, in the GDP price deflator
21 for the two most recent complete state fiscal years.

22 D. For purposes of this section and article IX, section 2, subsection
23 (6), Constitution of Arizona, an assessment account is considered to be a
24 taxpayer.

25 E. In this section, "GDP price deflator" means the average of the four
26 implicit price deflators for the gross domestic product reported by the
27 United States department of commerce or its successor for the four quarters
28 of the state fiscal year.

29 Sec. 5. Section 42-12004, Arizona Revised Statutes, is amended to
30 read:

31 42-12004. Class four property

32 A. For purposes of taxation, class four is established consisting of:

33 1. Real and personal property and improvements to the property that
34 are used solely as leased or rented property for residential purposes, that
35 are not included in class one, two, three, six, seven or eight and that are
36 valued at full cash value.

37 2. Child care facilities that are licensed under title 36, chapter 7.1
38 and that are valued at full cash value.

39 3. Real and personal property and improvements to property that are
40 used to operate nonprofit residential housing facilities that are structured
41 to house or care for persons who are handicapped or sixty-two years of age
42 or older and that are valued at full cash value.

43 4. Real and personal property and improvements that are used to
44 operate licensed residential care institutions or licensed nursing care
45 institutions that provide medical services, nursing services or health

1 related services and that are structured to house or care for persons who are
2 handicapped or sixty-two years of age or older and that are valued at full
3 cash value.

4 5. Real and personal property consisting of no more than four rooms
5 of owner-occupied residential property that are leased or rented to transient
6 lodgers at no more than a fifty per cent average annual occupancy rate,
7 together with furnishing no more than a breakfast meal, by the owner of the
8 property and that is valued at full cash value.

9 6. Real and personal property consisting of residential dwellings that
10 are maintained for occupancy by agricultural employees as a condition of
11 employment or as a convenience to the employer, that is not included in class
12 three and that is valued at full cash value. The land associated with these
13 dwellings shall be valued as agricultural land pursuant to chapter 13,
14 article 3 of this title.

15 7. Real property and improvements to property constituting common
16 areas that are valued pursuant to chapter 13, article 8-9 of this title.

17 B. Subsection A, paragraphs 3 and 4 of this section shall not be
18 construed to limit eligibility for exemption from taxation under chapter 11,
19 article 3 of this title.

20 Sec. 6. Section 42-12007, Arizona Revised Statutes, is amended to
21 read:

22 42-12007. Class seven property

23 For purposes of taxation, class seven is established consisting of real
24 and personal property and improvements that meet the criteria for property
25 included in class one, paragraphs ~~11~~ and 12 AND 13 and also the criteria for
26 commercial historic property as defined in section 42-12101.

27 Sec. 7. Section 42-12151, Arizona Revised Statutes, is amended to
28 read:

29 42-12151. Definition of agricultural real property

30 In this article, unless the context otherwise requires, "agricultural
31 ~~land~~ REAL PROPERTY" means ~~land~~ REAL PROPERTY that is one or more of the
32 following:

- 33 1. Cropland in the aggregate of at least twenty gross acres.
- 34 2. An aggregate ten or more gross acres of permanent crops.
- 35 3. Grazing land with a minimum carrying capacity of forty animal units
36 and containing an economically feasible number of animal units.
- 37 4. Land and improvements devoted to high density use for producing
38 commodities.
- 39 5. Land and improvements devoted to use in processing cotton necessary
40 for marketing.
- 41 6. Land and improvements devoted to use in processing wine grapes for
42 marketing.
- 43 7. Land and improvements devoted to use in processing citrus for
44 marketing.

1 2. For the second tax year of assessment, the assessor shall use
2 fifty-one per cent of the scheduled depreciated value.

3 3. For the third tax year of assessment, the assessor shall use
4 sixty-seven per cent of the scheduled depreciated value.

5 4. For the fourth tax year of assessment, the assessor shall use
6 eighty-three per cent of the scheduled depreciated value.

7 5. For the fifth and subsequent tax years of assessment, the assessor
8 shall use the scheduled depreciated value as prescribed in the department's
9 guidelines.

10 C. The additional depreciation prescribed in subsection B of this
11 section:

12 1. Does not apply to any property valued by the department.

13 2. Shall not reduce the valuation below the minimum value prescribed
14 by the department for property in use.

15 Sec. 10. Section 42-13055, Arizona Revised Statutes, is amended to
16 read:

17 42-13055. Reducing minimum value for property in use

18 A. Beginning in valuation year 2000, the department shall reduce the
19 minimum value prescribed for class one, paragraphs 8, 9, 10, ~~12~~ and 13 and
20 class two (P) valued by the assessor by 2.5 per cent good each year.

21 B. This section does not require the department to reduce the minimum
22 value for any property in use below 2.5 per cent good.

23 Sec. 11. Section 42-13302, Arizona Revised Statutes, is amended to
24 read:

25 42-13302. Determining limited value in cases of omissions and
26 changes

27 A. In the following circumstances the limited property value shall be
28 established at a level or percentage of full cash value that is comparable
29 to that of other properties of the same or similar use or classification:

30 1. Land or improvements that were erroneously totally omitted from the
31 property tax rolls in the preceding tax year.

32 2. Property for which a change in use has occurred since the preceding
33 tax year.

34 3. Property that has been modified by construction, destruction or
35 demolition since the preceding valuation year.

36 4. PROPERTY THAT HAS BEEN SPLIT, SUBDIVIDED OR CONSOLIDATED BETWEEN
37 JANUARY 1 THROUGH SEPTEMBER 30 OF THE VALUATION YEAR.

38 B. In the case of property that is split or consolidated after
39 September 30 through December 31 of the valuation year, the TOTAL limited
40 property value of the new parcel or parcels shall be THE SAME AS THE TOTAL
41 LIMITED PROPERTY VALUE OF THE ORIGINAL PARCEL OR PARCELS. FOR THE FOLLOWING
42 VALUATION YEAR, THE LIMITED PROPERTY VALUE SHALL BE established at the same
43 A level or percentage of full cash value THAT IS COMPARABLE TO THAT OF OTHER
44 PROPERTIES OF THE SAME OR SIMILAR USE OR CLASSIFICATION. The new parcel or
45 parcels shall retain the same value-adding characteristics that applied to

1 the original parcel before being split or consolidated, except as provided
2 in subsection A, paragraph 3 of this section.

3 C. If it is determined that a parcel of property's value-adding
4 characteristics or attributes that were in existence in a preceding valuation
5 year have been previously partially omitted from or erroneously stated on the
6 tax rolls to exempt the property from section 42-13301, the county assessor
7 shall prepare a written statement of the full details relating to the
8 property, the omitted or erroneously stated characteristics, the difference
9 in value that should be added to or subtracted from the limited property
10 value and any other relevant information that the assessor may provide.

11 D. If a parcel of real property has multiple improvements and in tax
12 year 1979 the assessor's records recorded more or less than all of the
13 improvements, then on determining that the improvement exists the assessor
14 shall treat the property as missed parcels in subsection A of this section
15 and the entire parcel with all improvements is subject to revaluation
16 pursuant to subsection A of this section.

17 Sec. 12. Section 42-13304, Arizona Revised Statutes, is amended to
18 read:

19 42-13304. Exemptions from limitation

20 A. The limitations prescribed by this article do not apply to:

21 1. Personal property, other than permanently affixed mobile homes that
22 are subject to chapter 15, article 5 of this title. The full cash value of
23 personal property, other than permanently affixed mobile homes, shall be used
24 for all purposes in lieu of limited property value.

25 2. Property included in property class one, paragraphs 1 through 7 AND
26 13 under section 42-12001. The full cash value of that property shall be
27 used for all purposes in lieu of limited property value.

28 B. This section does not restrict the determination of full cash value
29 of all parcels or items or property in this state pursuant to article 2 of
30 this chapter for purposes of levying a tax rate for secondary property tax
31 purposes and for all other lawful purposes.

32 Sec. 13. Section 42-14003, Arizona Revised Statutes, is amended to
33 read:

34 42-14003. Information considered in determining valuation;
35 notice of determination

36 A. In determining valuation under this chapter the department shall
37 consider all additional information including information that is presented
38 in an appeal and information that is otherwise available.

39 B. The department shall notify the property owner of its ~~decision~~
40 ~~regarding an appeal~~ THE FINAL FULL CASH VALUE on or before August 31.

41 Sec. 14. Section 42-14054, Arizona Revised Statutes, is amended to
42 read:

43 42-14054. Determining and reporting valuation of closed mines

44 A. On or before August 31 of each year the department shall:

1 ~~1. find in each taxing district in this state the full cash value of~~
2 all patented and unpatented mines that were producing mines on the first
3 Monday in January of any of the three preceding years but that are no longer
4 producing mines.

5 ~~2. B. ON OR BEFORE NOVEMBER 30 OF EACH YEAR THE DEPARTMENT SHALL~~
6 transmit the valuation of these properties in each taxing district to the
7 several boards of supervisors.

8 ~~B. C. The valuation required by this section is the value determined~~
9 as of January 1 of the valuation year.

10 ~~C. D. The department shall value nonproducing mines for a period of~~
11 three tax VALUATION years after the tax year in which production terminated
12 LAST VALUATION YEAR IN WHICH IT WAS VALUED AS A PRODUCING MINE.

13 Sec. 15. Section 42-14103, Arizona Revised Statutes, is amended to
14 read:

15 42-14103. Annual report for determining valuation; violation;
16 classification

17 A. On or before the last day of February APRIL 1 of each year each
18 producer shall make and file with the department a return showing the
19 producer's gross production and gross yield from each of the producer's
20 producing properties for the immediately preceding calendar year. On request
21 and for good cause the department may grant a thirty day extension of time
22 for filing the report.

23 B. The report shall show the county in which the production took place
24 and the description of the property from which the oil, gas or geothermal
25 resource was produced.

26 C. The producer or the producer's authorized representative shall
27 verify the report.

28 D. A producer who knowingly fails to file the report prescribed by
29 this section or who knowingly files a false report is guilty of a class 2
30 misdemeanor.

31 Sec. 16. Section 42-14104, Arizona Revised Statutes, is amended to
32 read:

33 42-14104. Determining and reporting valuation

34 A. On or before ~~August 31~~ NOVEMBER 30 OF EACH YEAR the department
35 shall transmit to the respective county board of supervisors ASSESSORS the
36 valuation of the oil, gas or geothermal resource interests of each producer
37 for each of the producer's properties in the county as of January 1 of the
38 tax VALUATION year.

39 B. The valuation required by this section is the value determined as
40 of January 1 of the year in which the valuation is made YEAR.

41 C. After determining the valuation of any producing oil, gas or
42 geothermal resource interest and before certifying the valuation to the
43 county, the department, on the producer's application or on its own motion,
44 may change the valuation to properly reflect the gross yield from the oil,
45 gas or geothermal resource interest.

1 Sec. 17. Section 42-14153, Arizona Revised Statutes, is amended to
2 read:

3 42-14153. Determining and reporting valuation

4 A. On or before August 31 OF EACH YEAR the department shall:

5 1. find the full cash value of the property of each property THAT IS
6 listed in section 42-14151 and that operates in this state and identify the
7 taxing jurisdictions in which each property is located.

8 2. B. ON OR BEFORE NOVEMBER 30 THE DEPARTMENT SHALL transmit to the
9 respective boards of supervisors COUNTY ASSESSORS:

10 (a) 1. The valuations of these properties in each taxing district.

11 (b) 2. An estimate of the net valuation of properties that are
12 subject to voluntary contributions pursuant to section 48-242. The taxing
13 jurisdiction shall use the estimate to estimate the amount of voluntary
14 contributions to be received for the purpose of finalizing budget and
15 property tax levies pursuant to chapter 17 of this title.

16 B. C. The valuations required by this section are the values
17 determined as of January 1 of the valuation year.

18 Sec. 18. Section 42-14203, Arizona Revised Statutes, is amended to
19 read:

20 42-14203. Determining and reporting valuation

21 A. On or before August 31 OF EACH YEAR the department shall find the
22 location and full cash value of the property of each pipeline that operates
23 in this state and shall identify the taxing jurisdictions in which it is
24 located.

25 B. The valuation required by this section is the value determined as
26 of January 1 of the valuation year.

27 C. On or before August 31 NOVEMBER 30 the department shall transmit
28 the locations, descriptions and valuations to the respective county boards
29 of supervisors ASSESSORS.

30 Sec. 19. Section 42-14204, Arizona Revised Statutes, is amended to
31 read:

32 42-14204. Computing valuation of pipelines; definitions

33 A. The valuation of pipeline property that is subject to valuation for
34 tax purposes shall be determined in the manner prescribed by this section.

35 B. The value of construction work in progress equals eighty-five per
36 cent of the amount spent and entered on the taxpayer's accounting records as
37 of December 31 of the preceding calendar year as construction work in
38 progress.

39 C. The value of materials and supplies equals the total cost of
40 materials and supplies as of December 31 of the preceding calendar year.

41 D. The value of gas stored underground equals the total cost of gas
42 stored underground as of December 31 of the preceding calendar year.

43 E. The value of noncapitalized leased operating property shall be
44 determined by applying to the original cost of the noncapitalized leased

1 operating property the ratio derived from dividing the preliminary system
2 value by the original cost of the plant.

3 F. The department shall determine the valuation of a pipeline as
4 follows:

5 1. Determine the base value.

6 2. Compute the value change factor.

7 3. Multiply the values in paragraphs 1 and 2 of this subsection to
8 compute the preliminary system value. If the value change factor does not
9 apply, the preliminary system value is the system net book value of plant in
10 service as of December 31 immediately preceding the current year.

11 4. Add the value of construction work in progress, materials and
12 supplies, noncapitalized leased operating property and gas stored underground
13 to the preliminary system value.

14 5. Compute the allocation factor.

15 6. Multiply the sum computed pursuant to paragraph 4 of this
16 subsection by the allocation factor.

17 G. All terms and applications of terms shall be interpreted as nearly
18 as possible, under the circumstances, according to the federal energy
19 regulatory commission uniform system of accounts for pipelines in effect on
20 January 1, 1989.

21 H. In this section, unless the context otherwise requires:

22 1. "Allocation factor" means the factor used to assign a portion of
23 the system value to this state and is computed by dividing the total Arizona
24 original cost of plant in service, materials and supplies, construction work
25 in progress, noncapitalized leased operating property and gas stored
26 underground as of December 31 of the preceding calendar year by the
27 corresponding total system original cost as of December 31 of the preceding
28 calendar year.

29 2. The "asset change factor" is computed by dividing the system net
30 book value of plant in service as of December 31 immediately preceding the
31 current tax VALUATION year by the system net book value of plant in service
32 as of December 31 immediately preceding the prior tax VALUATION year. If the
33 denominator is zero, the asset change factor does not apply.

34 3. The "base value" is the final full cash value of the system plant
35 in service in the preceding tax VALUATION year. If the property was not
36 subject to property valuation in this state in the preceding tax VALUATION
37 year, the value is the net book value of plant in service plus the value of
38 construction work in progress, materials and supplies, noncapitalized leased
39 operating property and gas stored underground. If ownership changes, the
40 base value shall be transferred to the new owner.

41 4. The "capitalization rate" is the sum of the year-end thirty year
42 treasury bond rate plus 6.8 per cent.

43 5. The "change in capitalization rate" is computed by dividing the
44 current year capitalization rate by the previous year capitalization rate.

1 6. The "change in earnings before interest and taxes" is computed by
2 dividing the average earnings before interest and income taxes for the three
3 years immediately preceding the current tax VALUATION year by the average
4 earnings before interest and income taxes for the three years immediately
5 preceding the previous tax VALUATION year. If less than four years of
6 earnings data are available, this factor does not apply. If four years of
7 earnings data are available and a major plant addition or retirement occurs,
8 for the tax VALUATION year after the addition or retirement occurs, this
9 ratio shall be derived by dividing the earnings before interest and income
10 taxes for the year immediately preceding the current tax VALUATION year by
11 the earnings before interest and income taxes for the year immediately
12 preceding the previous tax VALUATION year.

13 7. "Construction work in progress" means the total of the balances of
14 work orders for plant in process of construction on the last day of the
15 preceding calendar year.

16 8. "Gas stored underground" means the noncurrent portion of the cost
17 of recoverable gas that is purchased or produced by the utility, that is
18 stored in depleted or partially depleted gas or oil fields or other
19 underground reservoirs and that is not held to meet the service requirements
20 of the utility's customers.

21 9. The "income change factor" is computed by dividing the change in
22 earnings before interest and taxes by the change in the capitalization rate.
23 If the change in earnings before interest and taxes does not apply, the
24 income change factor does not apply.

25 10. "Major plant addition or retirement" means an addition or
26 retirement of plant in the year preceding the current tax VALUATION year that
27 results in an increase or decrease of at least twenty per cent of the
28 original cost of plant in service.

29 11. "Noncapitalized leased operating property" means property that is
30 subject to an agreement that transfers the use of property to the lessee
31 during the term of the lease and that is not capitalized on the lessee's
32 balance sheet.

33 12. "Preliminary system value" means the base value multiplied by the
34 value change factor.

35 13. "System net book value of plant" means the original cost of the
36 system plant in service less the related accumulated provision for
37 depreciation.

38 14. "System value" means the sum of the system value of plant in
39 service, construction work in progress, materials and supplies,
40 noncapitalized leased property and gas stored underground.

41 15. The "value change factor" is the average of the income change
42 factor and the asset change factor. If the income change factor does not
43 apply, the value change factor is the asset change factor. If the asset
44 change factor does not apply, the value change factor does not apply.

1 Sec. 20. Section 42-14253, Arizona Revised Statutes, is amended to
2 read:

3 42-14253. Annual report for purposes of determining valuation;
4 failure to file; penalty; forfeiture of appeal
5 rights

6 A. On or before April 1 of each year each company that operates in air
7 commerce in this state shall file a report with the department under oath
8 stating specifically the information prescribed by the department to allow
9 it to determine the valuation required by this article. The department shall
10 consider the information in the report in determining the valuation under
11 this article, but that information is not conclusive.

12 B. On written request and for good cause shown, the director may
13 extend the time for filing the report required by this section.

14 C. If a company that operates in air commerce fails to file the report
15 on or before April 1 of the tax VALUATION year, or the extended due date if
16 an extension is granted, the department shall:

17 1. Estimate the value of the property based on one hundred five per
18 cent of the preceding year's full cash value or on any information that is
19 available to the department.

20 2. Also assess a penalty in the amount of the lesser of:

21 (a) One-half of one per cent of the value that is estimated by the
22 department.

23 (b) One hundred dollars per day for each day the company fails to file
24 the report beyond the due date.

25 D. If the report is not filed by May 20 of the tax VALUATION year, the
26 company forfeits its right to appeal the valuation and classification
27 pursuant to section 42-14005.

28 Sec. 21. Section 42-14254, Arizona Revised Statutes, is amended to
29 read:

30 42-14254. Determination of value

31 A. On or before August 31 the department shall determine the full cash
32 value of all flight property that is operated in this state in air commerce
33 by each airline company. The full cash value is the value determined as of
34 January 1 of the valuation year.

35 B. The department shall:

36 1. Determine the valuation of flight property by fleet type.

37 2. Determine the valuation of each fleet type by the original cost
38 less depreciation.

39 3. Compute depreciation using fifteen year straight line depreciation
40 to salvage value. Salvage value is:

41 (a) Ten per cent of original cost of aircraft that are out of
42 production.

43 (b) Twenty-five per cent of original cost of aircraft that are being
44 manufactured as of January of the tax VALUATION year.

45 4. Allow additional obsolescence if supported by market evidence.

1 C. Small flight property that is operated in this state in air
2 commerce shall be valued at thirty per cent of its original cost less
3 depreciation and additional allowed obsolescence.

4 D. The department shall determine the valuation that is apportioned
5 to this state of each fleet type as the proportion of the total valuation
6 determined on the basis of the total of the following percentages:

7 1. Fifty per cent of the percentage that the total state ground time
8 during the preceding calendar year is of the total system ground time during
9 the preceding calendar year.

10 2. Fifty per cent of the percentage that the total mileage scheduled
11 within this state of the fleet type on flights operated in this state during
12 the preceding calendar year is of the total mileage scheduled within and
13 without this state of the fleet type during the preceding calendar year.

14 Sec. 22. Section 42-14306, Arizona Revised Statutes, is amended to
15 read:

16 42-14306. Administrative review of valuation

17 A. On or before July 15 a private car company may request in
18 writing that the department review its valuation. The department shall rule
19 on any review of valuation on or before August 31 and shall notify the
20 private car company of its ruling by mail.

21 B. Representing a taxpayer before the department or appearing on a
22 taxpayer's behalf is not considered to be the practice of law.

23 Sec. 23. Section 42-14307, Arizona Revised Statutes, is amended to
24 read:

25 42-14307. Appeals

26 A. On or before ~~September 15~~ OCTOBER 1 a private car company may
27 appeal the department's valuation of its property to the state board of
28 equalization as provided by section 42-16158. The state board shall
29 immediately notify the department of the appeal.

30 B. The state board shall decide all private car company appeals on or
31 before October 31.

32 C. A private car company may also apply for administrative review and
33 appeal of any determination under this article pursuant to article 1 of this
34 chapter.

35 Sec. 24. Section 42-14355, Arizona Revised Statutes, is amended to
36 read:

37 42-14355. Computing valuation; definitions

38 A. The department shall determine the valuation of a railroad as
39 follows:

40 1. Determine the base value.

41 2. Compute the value change factor.

42 3. Compute the current year system full cash value by multiplying the
43 base value determined under paragraph 1 of this subsection by the value
44 change factor determined under paragraph 2 of this subsection.

45 4. Compute the allocation factor.

1 5. Multiply the current year system full cash value determined under
2 paragraph 3 of this subsection by the allocation factor determined under
3 paragraph 4 of this subsection.

4 6. Compute the Arizona full cash value by subtracting the Arizona
5 licensed transportation equipment value from the value determined under
6 paragraph 5 of this subsection.

7 B. For purposes of computing the valuation under this section:

8 1. The "allocation factor", used to assign a portion of the system
9 value to this state, is computed by adding:

10 (a) The property factor, weighted by forty-seven per cent.

11 (b) The line haul factor, weighted by forty-four per cent.

12 (c) The terminal factor, weighted by nine per cent.

13 2. The "Arizona licensed transportation equipment value" is computed
14 as follows:

15 (a) Subtract the system accumulated depreciation of motor vehicles
16 that are subject to a license tax in lieu of an ad valorem property tax
17 pursuant to article IX, section 11, Constitution of Arizona, from the system
18 original cost of those vehicles.

19 (b) Divide the current year system full cash value, determined under
20 subsection A, paragraph 3, by net operating property.

21 (c) Multiply the values determined in subdivisions (a) and (b) of this
22 paragraph.

23 (d) Multiply the value determined in subdivision (c) of this paragraph
24 by the allocation factor.

25 3. The "base value" is the final full cash value of the system in the
26 preceding tax CALENDAR year. If the system was not subject to valuation in
27 this state in the preceding tax CALENDAR year, the base value is the
28 acquisition cost. If the system's ownership changes, the base value is
29 unaffected and shall be transferred to the new owner.

30 4. The "capitalization rate" is the rate determined and reported by
31 the interstate commerce commission in its annual cost of capital report.

32 5. The "change in capitalization rate" is computed by dividing the
33 current year capitalization rate by the preceding year capitalization rate.

34 6. The "change in earnings" is computed by dividing the average
35 earnings for the five years immediately preceding the current tax VALUATION
36 year by the average earnings for the five years immediately preceding the
37 previous tax VALUATION year. If three or more years of data are available,
38 those data should be used, but if only one or two years of data are
39 available, the change in earnings shall not be considered in computations
40 under this section.

41 7. The "current gross profit margin" is computed by dividing the
42 average earnings for the five years immediately preceding the current tax
43 VALUATION year by the average gross revenues for the five years immediately
44 preceding the current tax VALUATION year.

1 8. The "current return on investment" is computed by dividing the
2 average earnings for the five years immediately preceding the current tax
3 VALUATION year by the average net operating property for the five years
4 immediately preceding the current tax VALUATION year.

5 9. The "current year efficiency" is computed by dividing the average
6 earnings for the two years immediately preceding the current tax VALUATION
7 year by the average gross revenues for the two years immediately preceding
8 the current tax VALUATION year.

9 10. "Earnings" means the income realized before deducting interest,
10 taxes, depreciation and lease expenses.

11 11. The "efficiency change factor" is computed by dividing the current
12 year's efficiency factor by the previous year's efficiency factor.

13 12. The "efficiency factor" is computed by dividing earnings by gross
14 revenues.

15 13. The "gross profit margin factor" is computed by dividing the
16 current gross profit margin by the previous gross profit margin.

17 14. "Gross revenues" means total revenues from operations.

18 15. The "income change factor" is computed by dividing the change in
19 earnings by the change in capitalization rate.

20 16. "Leased property" means noncapitalized leased operating property
21 that is subject to an agreement that transfers the use of the property to the
22 lessee during the term of the lease and that is not capitalized on the
23 lessee's balance sheet.

24 17. The "line haul factor" is computed by dividing total revenue ton
25 miles in this state by the total system revenue ton miles.

26 18. The "net operating property" is computed by subtracting accumulated
27 depreciation and amortization including leased property from system cost.

28 19. "Operating property" means real or personal property that is owned
29 or leased and used in operating the railroad, including land, track,
30 right-of-way, buildings and structures, equipment, materials, tools and
31 rolling stock.

32 20. The "previous gross profit margin" is computed by dividing the
33 average earnings for the five years preceding the previous tax VALUATION year
34 by the average gross revenues for the five years preceding the previous tax
35 VALUATION year.

36 21. The "previous return on investment" is computed by dividing the
37 average earnings for the five years preceding the previous tax VALUATION year
38 by the average net operating property for the five years preceding the
39 previous tax VALUATION year.

40 22. The "previous year efficiency" is computed by dividing the average
41 earnings for the two years preceding the previous tax VALUATION year by the
42 average gross revenues for the two years preceding the previous tax VALUATION
43 year.

44 23. "Profitability change factor" means the average of the gross profit
45 margin factor and the return on investment factor. If three or more years

1 of data are available, those data should be used, but if only one or two
2 years of data are available, the profitability change factor shall not be
3 considered in computations under this section.

4 24. The "property change factor" is computed by dividing the current
5 year system cost AS OF DECEMBER 31 IMMEDIATELY PRECEDING THE CURRENT
6 VALUATION YEAR by the ~~preceding year~~ system cost AS OF DECEMBER 31
7 IMMEDIATELY PRECEDING THE PREVIOUS VALUATION YEAR.

8 25. The "property factor" is computed by dividing the total original
9 cost of operating property in this state, including leased property, by the
10 system cost.

11 26. The "return on investment factor" is computed by dividing the
12 current return on investment by the previous return on investment.

13 27. "Revenue ton mile" means the amount of revenue derived from the
14 number of tons hauled over a distance of one mile.

15 28. "System cost" means the total original cost of all operating
16 property, including leased property, in and outside this state.

17 29. The "terminal factor" is computed by dividing the sum of tons
18 originating, terminating, received and delivered in this state by the sum of
19 tons originating, terminating, received and delivered in the system.

20 30. The "value change factor" is computed by adding:

21 (a) The income change factor, weighted by fifty per cent.

22 (b) The profitability change factor, weighted by twenty per cent.

23 (c) The efficiency change factor, weighted by fifteen per cent.

24 (d) The property change factor, weighted by fifteen per cent, except
25 that if the income change factor, efficiency change factor and profitability
26 change factor do not apply, the property change factor is equivalent to the
27 value change factor and is weighted at one hundred per cent.

28 Sec. 25. Section 42-14357, Arizona Revised Statutes, is amended to
29 read:

30 42-14357. Transmitting valuation to taxing jurisdictions;
31 apportionment

32 A. On or before ~~August 31~~ NOVEMBER 30 of each year the department
33 shall transmit to the ~~board of supervisors~~ COUNTY ASSESSORS of each county
34 through or into which a railroad runs a statement showing:

35 1. The valuation of the property for each taxing jurisdiction as
36 determined by a pro rata distribution of the valuation of the whole property
37 specified in this article.

38 2. A description of the whole of the assessed property in the county,
39 city, town, school districts and special districts by metes and bounds or
40 other description sufficient for identification.

41 B. The assessment and pro rata distribution shall be made with
42 reference to the value of the property belonging to the company or
43 corporation that owns the railroad located in each county, city, town, school
44 district and special district through which the railroad extends.

45 C. If the railroad company lies in several counties:

1 1. Its rolling stock shall be apportioned among them so that a portion
2 of the rolling stock may be assessed in each county.

3 2. Each county's portion shall bear to the whole rolling stock the
4 same ratio that the number of miles in that county bears to the whole number
5 of miles located in this state.

6 Sec. 26. Section 42-14404, Arizona Revised Statutes, is amended to
7 read:

8 42-14404. Apportionment of valuation

9 A. On or before ~~August 31~~ NOVEMBER 30 OF EACH YEAR, the department
10 shall:

11 1. Apportion the valuation among the several counties, cities, towns
12 and special taxing districts through which the company's lines run.

13 2. Transmit a statement to the officers of the counties, cities, towns
14 and districts who are in charge of valuations to be entered on the rolls as
15 the taxable values of the company.

16 B. The counties, municipalities and districts shall tax the company
17 as railroad companies are taxed under article 8 of this chapter.

18 Sec. 27. Section 42-14503, Arizona Revised Statutes, is amended to
19 read:

20 42-14503. Computing valuation of airport fuel delivery company
21 property; definitions

22 A. The department shall determine the valuation of all real and
23 personal property of an airport fuel delivery company as follows:

24 1. Determine the base value.

25 2. Compute the asset change factor.

26 3. Multiply the base value by the asset change factor to compute the
27 preliminary system value. If the asset change factor does not apply, the
28 preliminary system value is the system net book value of plant in service as
29 of December 31 immediately preceding the current tax VALUATION year.

30 4. Add the value of construction work in progress, materials and
31 supplies and noncapitalized leased operating property to the preliminary
32 system value.

33 5. Compute the allocation factor.

34 6. Multiply the sum computed pursuant to paragraph 4 of this
35 subsection by the allocation factor.

36 B. In this section, unless the context otherwise requires:

37 1. "Allocation factor" means the factor used to assign part of the
38 system value to this state and is computed by dividing the total Arizona
39 original cost of plant in service, materials and supplies, construction work
40 in progress and noncapitalized leased operating property as of December 31
41 of the preceding calendar year by the corresponding total system original
42 cost as of December 31 of the preceding calendar year.

43 2. "Asset change factor" means the ratio derived from dividing the
44 system net book value of plant in service as of December 31 immediately
45 preceding the current tax VALUATION year by the system net book value of

1 plant in service as of December 31 immediately preceding the prior tax
2 VALUATION year. If the denominator is zero, the asset change factor does not
3 apply.

4 3. "Base value" means the final full cash value of the system plant
5 in service in the previous tax VALUATION year. If the property was not
6 subject to property valuation in this state in the previous tax VALUATION
7 year, the value is the system net book value of plant in service plus the
8 value of construction work in progress, materials and supplies and
9 noncapitalized leased operating property. If ownership changes, the base
10 value shall be transferred to the new owner.

11 4. "Construction work in progress" means eighty-five per cent of the
12 total of the value of the balances of work orders for plant in process of
13 construction on the last day of the preceding calendar year.

14 5. "Noncapitalized leased operating property" means property subject
15 to an agreement that transfers the use of property to the lessee during the
16 term of the lease and that is not capitalized on the lessee's balance sheet.

17 6. "Preliminary system value" means the base value multiplied by the
18 asset change factor.

19 7. "System net book value of plant" means the original cost of the
20 system plant in service less the related accumulated provision for
21 depreciation.

22 8. "System value" means the sum of the system value of plant in
23 service, construction work in progress, materials and supplies and
24 noncapitalized leased operating property.

25 Sec. 28. Section 42-15053, Arizona Revised Statutes, is amended to
26 read:

27 42-15053. Duty to report personal property; confidentiality

28 A. On or before February 1 of each year, the assessor shall mail a
29 form, notice or demand to each person who owns or has charge or control of
30 taxable personal property in the state. Each person shall prepare and
31 deliver to the assessor a correct report of property on or before April 1 of
32 each year, except for property that is not required to be reported as
33 provided by subsection C of this section. On written request and for good
34 cause shown, the assessor may extend for up to thirty days the time for
35 filing the report.

36 B. The duty to report taxable property pursuant to this section
37 applies regardless of whether the person or entity that owns or has charge
38 or control of the personal property also owns real property in the county
39 with a value of two hundred dollars or more.

40 ~~C. The assessor shall require a person to prepare a report of the~~
41 ~~person's property to be valued under chapter 19 of this title. The person~~
42 ~~shall file the report within forty-five days after receiving the form, notice~~
43 ~~or demand. For purposes of this subsection:~~

44 ~~1. C. The assessor shall not require a report of:~~

1 1. The breed, number, age or location of livestock on hand from
2 individuals, corporations, partnerships or any other business if the
3 livestock is exempt from taxation pursuant to article IX, section 13,
4 Constitution of Arizona.

5 2. ~~The assessor shall not require a report of~~ The personal property
6 that is class four property used for agricultural purposes or that is class
7 three property used in a trade or business that is exempt from taxation
8 pursuant to article IX, section 2, subsection (6), Constitution of Arizona.

9 D. Every assessment made against property subject to taxation is valid
10 whether or not the form, notice or demand was sent or received.

11 E. The department shall prescribe in detail the contents of property
12 reports including the specific wording to be used by county assessors and the
13 method of reporting property. The report shall not include any question that
14 is not germane to the valuation function.

15 F. A report that is furnished under this section:

16 1. Is not open to public inspection, but the report may be used as
17 evidence in any prosecution brought under section 42-15055.

18 2. May be subject to audit. On completing an audit or on discovering
19 property that has not been reported, any property that was found to have
20 escaped taxation is liable for the amount of taxes due determined under
21 chapter 16, article 6 of this title, plus a penalty equal to ten per cent of
22 that amount.

23 Sec. 29. Section 42-15102, Arizona Revised Statutes, is amended to
24 read:

25 42-15102. Notice information entered by assessor

26 A. The assessor shall include in the assessment notice:

27 1. The full cash value found by the assessor for the property for the
28 preceding valuation year.

29 2. The classification of the property pursuant to chapter 12 of this
30 title.

31 3. The mailing date of the notice.

32 4. The last date on which the owner may file an appeal from the
33 valuation or classification assigned to the property.

34 B. Except for property that is listed as class three property under
35 section 42-12003 AND SINGLE FAMILY RENTED RESIDENTIAL PROPERTY THAT IS LISTED
36 AS CLASS FOUR PROPERTY UNDER SECTION 42-12004, SUBSECTION A, PARAGRAPH 1, the
37 notice shall separately list the full cash value of the land and the full
38 cash value of the improvement or improvements associated with the land.

39 Sec. 30. Section 42-15152, Arizona Revised Statutes, is amended to
40 read:

41 42-15152. Inclusion of all property on the roll

42 A. In addition to all other property that is required by law to be
43 placed on the roll, all real property that is subject to the jurisdiction of
44 this state, regardless of ownership or by whom it is claimed, possessed or
45 controlled, and regardless of whether it is exempt from taxation by law or

1 by the Constitution of Arizona, shall be listed on the roll in the manner
2 prescribed by this article. This subsection does not alter any statute or
3 constitutional provision relating to property that is exempt from taxation.

4 B. The roll shall also include ~~an estimate~~ of the total personal
5 property tax roll as provided in section 42-17053.

6 Sec. 31. Section 42-15153, Arizona Revised Statutes, is amended to
7 read:

8 42-15153. Completion and delivery of property lists and
9 assessment roll; use of lists by administrative
10 appeals bodies

11 A. On or before December 1- 20 of each year, the county assessor shall
12 complete the assessment roll and attach the assessor's certificate to the
13 roll with a cross-index of all property listed in the roll, showing the
14 ownership of the property and all assessment lists from which the roll was
15 compiled.

16 B. The assessor shall deliver the lists and certified roll to the
17 clerk of the board of supervisors who shall file them in the clerk's office.

18 C. The county board of equalization and the state board of
19 equalization may use the lists for any lawful purpose.

20 Sec. 32. Repeal

21 Section 42-15154, Arizona Revised Statutes, is repealed.

22 Sec. 33. Section 42-15155, Arizona Revised Statutes, is amended to
23 read:

24 42-15155. Abstract of assessment roll; contents; distribution

25 A. ~~Within thirty days after the county board of supervisors adopts the~~
26 ~~final roll under section 42-15154,~~ ON OR BEFORE JANUARY 20 OF EACH YEAR, the
27 clerk of the board of supervisors shall make an abstract of the roll
28 containing the valuations by taxing jurisdictions of all property in the
29 county including:

30 1. ~~An estimate~~ of The total personal property tax roll as provided by
31 section 42-17053.

32 2. Such other information as prescribed by the department.

33 B. The clerk shall file one copy of the abstract in the office of the
34 board of supervisors and shall transmit additional copies to the state or
35 county board of equalization, as appropriate, and to the department.

36 Sec. 34. Section 42-16108, Arizona Revised Statutes, is amended to
37 read:

38 42-16108. Decision

39 A. Except as provided in subsection B of this section, the county
40 board shall either grant or refuse the request of the petitioner, in whole
41 or in part, as it considers just and proper within ten days after the date
42 of the hearing, and in any event not later than October 15.

43 B. In the case of an appeal under section 42-16105, subsection C, the
44 county board shall complete the hearing and issue a decision on or before the

1 third Friday in November of the calendar year preceding the year in which the
2 taxes are levied.

3 C. Within ten days after its decision the county board shall mail a
4 copy of the decision TO THE COUNTY ASSESSOR AND to the petitioner at the
5 address shown on the petition.

6 Sec. 35. Section 42-16155, Arizona Revised Statutes, is amended to
7 read:

8 42-16155. Hearing officers and employees

9 A. The state board of equalization may employ one or more hearing
10 officers who must meet the same qualifications prescribed for THE members of
11 THE board by section 42-16153.

12 B. Any training activity for hearing officers shall be held in public
13 with notice as prescribed by title 38, chapter 3, article 3.1.

14 C. A hearing officer is eligible to receive UP TO one hundred fifty
15 dollars per day for time spent in performing official duties.

16 D. The state board may appoint a clerk and any other employees that
17 it considers to be necessary to carry out its duties.

18 Sec. 36. Section 42-16165, Arizona Revised Statutes, is amended to
19 read:

20 42-16165. Deadlines for issuing decisions

21 The state board shall complete all hearings and issue all decisions
22 under this article on or before October 15 of each year, except for:

23 1. Cases involving property valued by the department, in which case
24 the decisions shall be issued on or before November 15.

25 2. An appeal under section 42-16157, subsection C ~~or D~~, which shall
26 be completed on or before the third Friday in November of the calendar year
27 preceding the year in which the taxes are levied.

28 Sec. 37. Section 42-16166, Arizona Revised Statutes, is amended to
29 read:

30 42-16166. Transmitting changes in valuations

31 On or before the fourth Friday in November of each year the state board
32 shall transmit to:

33 1. The ~~board of supervisors~~ ASSESSOR of each county a statement of
34 changes, if any, that it has made in the valuation of any property in the
35 county that is valued by the county assessor.

36 2. The department a statement of changes, if any, that it has made in
37 the valuation of:

38 (a) Any property that is valued by the department.

39 (b) Property of taxpayers who pay their taxes to the department,
40 except that in the case of private car companies, the statement shall be
41 transmitted on or before October 31.

42 Sec. 38. Section 42-17003, Arizona Revised Statutes, is amended to
43 read:

44 42-17003. Duties

45 A. The commission shall:

1 1. Establish procedures for deriving the information required by
2 SECTIONS 15-1461.01 AND 42-17107 AND article 2 of this chapter.

3 2. Review the primary property tax levy of each political subdivision
4 to determine violations of article 2 of this chapter.

5 3. Review the reports made by the department concerning valuation
6 accuracy.

7 4. Hold hearings to determine the adequacy of compliance with articles
8 2 and 3 of this chapter.

9 5. UPON THE REQUEST OF A COUNTY, CITY, TOWN OR COMMUNITY COLLEGE
10 DISTRICT, HOLD HEARINGS AS PRESCRIBED IN SECTION 42-17004 REGARDING THE
11 CALCULATION OF THE MAXIMUM ALLOWABLE PRIMARY PROPERTY TAX LEVY LIMITS
12 PRESCRIBED IN SECTION 42-17051, SUBSECTION A.

13 B. If the commission determines that a political subdivision has
14 violated SECTION 15-1461.01 OR 42-17107 OR article 2 of this chapter, then
15 on or before September 15 the commission shall notify the political
16 subdivision and the county board of supervisors, in writing, of:

17 1. The nature of the violation.

18 2. The necessary adjustment to the primary property tax levy and tax
19 rate to comply with SECTION 15-1461.01 OR 42-17107 OR article 2 of this
20 chapter.

21 Sec. 39. Section 42-17004, Arizona Revised Statutes, is amended to
22 read:

23 42-17004. Hearing and appeals of commission findings

24 A. If the commission notifies a political subdivision of a violation
25 of SECTION 15-1461.01 OR 42-17107 OR article 2 of this chapter, and the
26 political subdivision disputes the commission's findings, then on or before
27 October 1 the political subdivision may request a hearing before the
28 commission to attempt to resolve the dispute.

29 B. A GOVERNING BOARD OF A COUNTY, CITY, TOWN OR COMMUNITY COLLEGE
30 DISTRICT MAY REQUEST A HEARING BEFORE THE COMMISSION REGARDING THE
31 CALCULATION OF THE MAXIMUM ALLOWABLE PRIMARY PROPERTY TAX LEVY LIMITS
32 PRESCRIBED IN SECTION 42-17051. THE COMMISSION MAY RESOLVE ANY DISPUTES.

33 ~~B.~~ C. The commission shall conduct the hearing as prescribed in title
34 41, chapter 6, article 10.

35 ~~C.~~ D. If the dispute is resolved at the hearing, the commission shall
36 immediately notify the county board of supervisors of the proper primary tax
37 levy and tax rate.

38 ~~D.~~ E. If a political subdivision continues to dispute the
39 commission's findings after the hearing under this section, the political
40 subdivision may:

41 1. Appeal the matter to tax court within thirty days after the
42 commission renders the decision.

43 2. Levy primary property taxes in the amount that the political
44 subdivision considers to be proper, pending the outcome of the appeal.

1 Sec. 40. Section 42-17005, Arizona Revised Statutes, is amended to
2 read:

3 42-17005. Adjustments to levy

4 A. If a governing body of a political subdivision receives written
5 notice of a violation of its allowable levy LIMIT OR TRUTH IN TAXATION limit
6 under section 42-17003, and has not appealed the commission's decision
7 pursuant to section 42-17004, the governing body shall correct its primary
8 property tax levy and tax rate to properly reflect the allowable levy for the
9 current year. The county board of supervisors shall make the necessary
10 adjustments to the political subdivision's primary property tax levy and tax
11 rate to ensure that the corrected information is contained in the assessment
12 and tax roll that is transmitted to the county treasurer pursuant to section
13 42-18003. If the governing body receives the notice after it is too late to
14 correct the levy in the current year, the difference between the amount
15 actually levied and the allowable primary property tax levy shall be set
16 aside in a special fund and used to reduce the primary property taxes levied
17 in the following year.

18 B. IF, AFTER A HEARING UNDER SECTION 42-17004, THE COMMISSION
19 DETERMINES THAT ERRORS WERE MADE IN THE CALCULATION OF THE MAXIMUM ALLOWABLE
20 PRIMARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 42-17051, SUBSECTION A,
21 THE COMMISSION SHALL HAVE FIVE DAYS TO NOTIFY THE GOVERNING BOARD OF A
22 COUNTY, CITY, TOWN OR COMMUNITY COLLEGE DISTRICT OF THE CORRECTED LEVY LIMIT.
23 THE COMMISSION SHALL ALSO NOTIFY THE COUNTY BOARD OF SUPERVISORS WITHIN FIVE
24 DAYS. THE CORRECTED MAXIMUM ALLOWABLE PRIMARY PROPERTY TAX LEVY SHALL BE USED
25 IN SECTION 42-17051, SUBSECTION A, PARAGRAPH 1 IN DETERMINING THE FOLLOWING
26 YEAR'S LEVY LIMIT.

27 ~~B.~~ C. If, after a hearing under section 42-17004, it is impossible
28 for the board of supervisors to correct a property tax levy in the current
29 year, the political subdivision shall hold the difference between the amount
30 the political subdivision actually levied and the allowable primary property
31 tax levy prescribed by the commission in a separate fund to be used to reduce
32 the primary property taxes levied by the political subdivision in the
33 following year.

34 ~~C.~~ D. If the commission discovers that it has made an error in
35 computing the levy limit after September 15, it shall notify the political
36 subdivision's governing body about the error. The error shall be corrected
37 as prescribed in subsection A of this section. If the error results in the
38 maximum allowable primary property tax levy being raised, the corrected
39 maximum allowable primary property tax levy shall be used in section
40 42-17051, subsection A, paragraph 1 in determining the following year's levy
41 limit.

42 ~~D.~~ E. If, on appeal under section 42-17004, subsection ~~D~~ E, the
43 ruling of the court provides for a primary property tax levy in an amount
44 that is less than the amount levied by the political subdivision, the
45 political subdivision shall hold the difference between the amounts in a

1 separate fund to be used to reduce the primary property taxes levied by the
2 political subdivision in the following year.

3 Sec. 41. Section 42-17052, Arizona Revised Statutes, as amended by
4 Laws 2000, chapter 390, section 21, is amended to read:

5 42-17052. Values furnished by county assessor

6 A. On or before February 10 of the tax year, the county assessor shall
7 transmit and certify to the property tax oversight commission and to the
8 governing body of the political subdivision or district in the county the
9 values that are required to compute the levy limit prescribed by section
10 42-17051. These values shall include:

11 1. The finally equalized valuation of all property, less estimated
12 exemptions, appearing on the tax roll for the current tax year to be used to
13 fix, levy and assess the political subdivision's taxes.

14 2. ~~An estimate~~ THE VALUE of the PROPERTY ON THE personal property tax
15 roll determined pursuant to section 42-17053.

16 B. On or before February 10 of the tax year, the county assessor shall
17 determine the limited property value for the current tax year of each school
18 district in the county and shall transmit the values to the county school
19 superintendent to assist the superintendent in computing equalization
20 assistance for education as provided in section 15-991.

21 C. On or before February 10 of the tax year, the county assessor shall
22 transmit to the staff of the joint legislative budget committee and to the
23 governor's office of strategic planning and budgeting the values that are
24 required to compute the truth in taxation rates prescribed by section ~~41-1324~~
25 41-1276.

26 Sec. 42. Section 42-17054, Arizona Revised Statutes, is amended to
27 read:

28 42-17054. Levy limit worksheet

29 A. When the county assessor transmits valuations under section
30 42-17052, the assessor shall prepare and transmit a final levy limit
31 worksheet to each city, town and community college district that imposes a
32 primary property tax and to the property tax oversight commission.

33 B. Each city, town and community college district shall notify the
34 property tax oversight commission in writing within three TEN days of its
35 agreement or disagreement with the final levy limit worksheet.

36 Sec. 43. Section 42-17107, Arizona Revised Statutes, is amended to
37 read:

38 42-17107. Truth in taxation notice and hearing; roll call vote
39 on tax increase; definition

40 ~~A. On or before July 1, the county assessor shall transmit to the~~
41 ~~county, city or town an estimate of the total net assessed valuation of the~~
42 ~~county, city or town, including an estimate of new property that has been~~
43 ~~added to the tax roll since the previous levy of property taxes in the~~
44 ~~county, city or town. ON OR BEFORE FEBRUARY 10 OF THE TAX YEAR, THE COUNTY~~
45 ~~ASSESSOR SHALL TRANSMIT AND CERTIFY TO THE PROPERTY TAX OVERSIGHT COMMISSION~~

1 AND TO THE GOVERNING BODY OF THE COUNTY, CITY OR TOWN THE TOTAL NET PRIMARY
2 ASSESSED VALUES THAT ARE REQUIRED TO COMPUTE THE LEVY LIMIT PRESCRIBED BY
3 SECTION 42-17051. If the proposed primary property tax levy, excluding
4 amounts that are attributable to new construction, is greater than the amount
5 levied by the county, city or town in the preceding tax year in the county,
6 city or town:

7 1. The governing body shall publish a notice that meets the following
8 requirements:

9 (a) The notice shall be published twice in a newspaper of general
10 circulation in the county, city or town. The first publication shall be at
11 least fourteen but not more than twenty days before the date of the
12 hearing. The second publication shall be at least seven but not more than
13 ten days before the date of the hearing.

14 (b) The notice shall be published in a location other than the
15 classified or legal advertising section of the newspaper in which it is
16 published.

17 (c) The notice shall be at least one-fourth page in size and shall be
18 surrounded by a solid black border at least one-eighth inch in width.

19 (d) The notice shall be in the following form, with the "truth in
20 taxation hearing - notice of tax increase" headline in at least eighteen
21 point type:

22 Truth in Taxation Hearing

23 Notice of Tax Increase

24 In compliance with section 42-17107, Arizona Revised
25 Statutes, _____ (name of county, city or town) is notifying
26 its property taxpayers of _____'s (name of county, city or
27 town) intention to raise its primary property taxes over last
28 year's level. _____ (name of county, city or town) is
29 proposing an increase in primary property taxes of \$ _____
30 or ____%.

31 For example, the proposed tax increase will cause
32 _____'s (name of county, city or town) primary property
33 taxes on a \$100,000 home to increase from \$ _____ (total
34 taxes that would be owed without the proposed tax increase) to
35 \$ _____ (total proposed taxes including the tax increase).

36 This proposed increase is exclusive of increased primary
37 property taxes received from new construction. The increase is
38 also exclusive of any changes that may occur from property tax
39 levies for voter approved bonded indebtedness or budget and tax
40 overrides.

41 All interested citizens are invited to attend the public
42 hearing on the tax increase that is scheduled to be held
43 _____ (date and time) at _____ (location).

44 2. In lieu of publishing the truth in taxation notice, the governing
45 body may mail the truth in taxation notice prescribed by paragraph 1,

1 subdivision (d) to all registered voters in the county, city or town at least
2 ten but not more than twenty days before the date of the hearing on the
3 estimates pursuant to section 42-17104.

4 3. In addition to publishing the truth in taxation notice under
5 paragraph 1 or mailing the notice under paragraph 2, the governing body shall
6 issue a press release containing the truth in taxation notice.

7 4. The governing body shall consider a motion to levy the increased
8 property taxes by roll call vote.

9 5. Within three days after the hearing, the governing body shall mail
10 a copy of the truth in taxation notice, a statement of its publication or
11 mailing and the result of the governing body's vote under paragraph 4 to the
12 property tax oversight commission.

13 6. The governing body shall hold the truth in taxation hearing on or
14 before the adoption of the county, city or town budget under section
15 42-17105.

16 B. For purposes of this section, "amount attributable to new
17 construction" means the net assessed valuation of property added to the tax
18 roll since the previous year multiplied by a property tax rate computed by
19 dividing the primary property tax levy of the county, city or town in the
20 preceding year by the estimate of the total net assessed valuation of the
21 county, city or town for the current year, excluding the net assessed
22 valuation attributable to new construction.

23 Sec. 44. Section 42-17153, Arizona Revised Statutes, is amended to
24 read:

25 42-17153. Lien for taxes; time lien attaches; priority

26 A. Except as provided in subsection B of this section, a tax that is
27 levied on real or personal property is a lien on the assessed property.

28 B. A tax that is levied against personal property of a person who owns
29 real property of a value of less than two hundred dollars in the county is
30 a personal liability of the property owner, in addition to being a lien
31 against the property.

32 C. The lien:

33 1. Attaches on January 1 of each THE TAX year.

34 2. Is not satisfied or removed until one of the following occurs:

35 (a) The taxes, penalties, charges and interest are paid.

36 (b) Title to the property has finally vested in a purchaser under a
37 sale for taxes.

38 (c) A certificate of removal and abatement has been issued pursuant
39 to section 42-18353.

40 3. Is prior and superior to all other liens and encumbrances on the
41 property, except liens or encumbrances held by this state.

42 D. If a political subdivision of this state acquires title to property
43 after December 31, 1998, any lien for delinquent taxes on the property:

1 1. Is not abated, extinguished, discharged or merged in the title to
2 the property unless approved by the county board of supervisors.

3 2. Is enforceable in the same manner as other delinquent tax liens.

4 Sec. 45. Section 42-18106, Arizona Revised Statutes, is amended to
5 read:

6 42-18106. Delinquent tax list and notice of sale

7 A. On or before December 31 of each year the county treasurer shall
8 prepare:

9 1. A list of all real property on which the taxes for prior tax years
10 are unpaid and delinquent, describing the property as it is described on the
11 tax roll.

12 2. An accompanying notice stating that the treasurer will sell a tax
13 lien on each parcel of real property at public auction for:

14 (a) taxes, penalties, interest and charges on the real property.

15 (b) ~~Taxes, penalties, interest and charges assessed against the owner~~
16 ~~for personal property.~~

17 B. The notice shall include:

18 1. The name of the owner.

19 2. The legal description and parcel number of the property.

20 3. The tax years for which taxes are delinquent.

21 4. The taxes, penalties, interest and charges assessed.

22 C. If the board of supervisors by resolution elects to pursue any
23 other remedy provided by law, the board may dispense with the notice under
24 this section, but that action does not affect the provisions of sections
25 42-18109 and 42-18110.

26 Sec. 46. Heading changes

27 A. The article heading of title 42, chapter 15, article 4, Arizona
28 Revised Statutes, is changed from "REAL AND SECURED PERSONAL PROPERTY
29 ASSESSMENT ROLL" to "REAL AND PERSONAL PROPERTY ASSESSMENT ROLL".

30 B. The article heading of title 42, chapter 18, article 9, Arizona
31 Revised Statutes, is changed from "SEIZURE AND SALE OF SECURED PERSONAL
32 PROPERTY FOR DELINQUENT TAXES" to "SEIZURE AND SALE OF PERSONAL PROPERTY FOR
33 DELINQUENT TAXES".

34 C. The chapter heading of title 42, chapter 19, Arizona Revised
35 Statutes, is changed from "UNSECURED PERSONAL PROPERTY" to "PERSONAL
36 PROPERTY".

37 D. The article heading of title 42, chapter 19, article 2, Arizona
38 Revised Statutes, is changed from "UNSECURED PERSONAL PROPERTY TAX APPEALS"
39 to "PERSONAL PROPERTY TAX APPEALS".

APPROVED BY THE GOVERNOR APRIL 30, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2001.

Passed the House April 17, 2001,

by the following vote: 53 Ayes,

1 Nays, 6 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

Passed the Senate March 14, 2001,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

 day of , 20 ,

at o'clock M.

Secretary to the Governor

Approved this day of

 , 20 ,

at o'clock M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this day of , 20 ,

at o'clock M.

Secretary of State

S.B. 1518

SENATE CONCURS IN HOUSE
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 24, 2001

by the following vote: 28 Ayes,

0 Nays, 1 Not Voting

1 Vacancy

Thomas Sant
President of the Senate

Charmine Bellenton
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

24 day of April, 2001,

at 3:28 o'clock P M.

Dandra Chaney
Secretary to the Governor

APPROVED THIS 30 day of

April, 2001,

at 10:25 o'clock A M.

Janice Lee Hull
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 30 day of April, 2001,

at 4:50 o'clock P M.

Betsy Boyles
Secretary of State

S.B. 1518