Senate Engrossed House Bill

FILED
JANICE K. BREWER
SECRETARY OF STATE

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CHAPTER 134

HOUSE BILL 2350

AN ACT

AMENDING SECTIONS 42-16254, 42-18051, 42-18351, 42-18352 AND 42-18353, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAXES..

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 42-16254, Arizona Revised Statutes, is amended to read:

42-16254. Notice of claim; response; petition for review; appeal; definition

A. If a taxpayer believes that the taxpayer's property has been assessed improperly as a result of a property tax error, the taxpayer shall file a notice of claim with the appropriate tax officer, either personally or by certified mail, as follows:

1. If the alleged error concerns the valuation or classification of property by the county assessor, the notice shall be filed with the assessor. On receiving the notice, the assessor shall immediately transmit a copy to the department.

2. If the alleged error concerns the valuation or classification of property by the department, the notice shall be filed with the department.

3. If the alleged error concerns the imposition of any tax rate, the notice shall be filed with the county board of supervisors. The clerk of the board of supervisors shall notify each affected taxing entity to allow the entity to file a response to the claim.

B. The notice shall:

1. Be in a form prescribed by the department.

2. Clearly identify the subject property by tax parcel number or tax roll number and the year or years for which the correction is proposed.

3. State the claim and the evidence to support the claim for correcting the alleged error.

C. Within sixty days after receiving a notice of claim, the tax officer may file a written response to the taxpayer to either consent to or dispute the error and to state the grounds for disputing the error. A failure to file a written response within sixty days constitutes consent to the error, and the board of supervisors shall direct the county treasurer to correct the tax roll on the taxpayer's written demand supported by proof of the date of the notice of claim and the tax officer's failure to timely dispute the error.

D. If the tax officer disputes the error, the tax officer shall notify the taxpayer of a time and place for a meeting between a representative of the tax officer and the taxpayer or the taxpayer's representative to discuss the basis for the dispute.

E. If, after the meeting, the parties agree on all or part of the proposed correction, the board of supervisors shall direct the county treasurer to correct the tax roll to the extent agreed, and any taxes that have been overpaid shall be refunded with interest at the rate determined pursuant to section 42-1123 within ninety days after the roll is corrected or pursuant to section 42-16214, subsection A. THE COUNTY TREASURER SHALL PAY THE LEGAL RATE ON THE DAY THE PAYMENT IS RENDERED. If the taxpayer owes additional taxes, they shall be assessed by supplemental billing to the

taxpayer plus interest as provided by law. Any taxes assessed pursuant to this subsection are delinquent if not paid within sixty days after the date the supplemental billing is mailed to the taxpayer. FOR THE PURPOSES OF THIS SUBSECTION, "LEGAL RATE" MEANS THE INTEREST RATE SET BY THE DEPARTMENT.

F. If the parties fail to agree on all or part of the proposed correction, the taxpayer may file a petition with the county board of equalization, if one is established in the county, or, if one is not established in the county, with the state board of equalization on a form prescribed by the department and shall send a copy to the tax officer by certified mail. The petition must be filed with the county board or state board within one hundred fifty days after the notice of claim is filed or it is barred. On receiving the petition, the appropriate board shall hold a hearing on the proposed correction within thirty days and shall issue a written decision pursuant to the board's rules.

G. A party that is dissatisfied with the decision of the county board or state board may appeal the decision to court within sixty days after the date the board's decision is mailed, but any additional taxes that are determined to be due must be timely paid before delinquency for the court to retain jurisdiction of the matter. In addition, in order for a taxpayer to recover a refund for taxes paid in a preceding tax year as a result of an error, all taxes that were levied and assessed against the property for the tax year must be paid before delinquency in order for the court to retain jurisdiction of the matter.

H. For the purposes of this section, "tax officer" means the department, county assessor or county board of supervisors, whichever is appropriate under the circumstances described in subsection A, paragraph 1, 2 or 3 of this section.

Sec. 2. Section 42-18051, Arizona Revised Statutes, is amended to read:

42-18051. <u>Notice of tax; payment by electronic funds transfer</u>

A. Immediately on receiving the tax roll from the county board of supervisors, the county treasurer shall publish an official notice stating:

1. That the assessment and tax roll is now in the treasurer's possession for collecting the taxes levied.

2. That the taxes on real property and personal property are due and payable and become delinquent at the dates and times prescribed by section 42-18052, and interest will be added to the tax from the time of the delinquency as prescribed by section 42-18053, unless either:

(a) The first half of the taxes are paid before they are delinquent.

(b) The full year tax is paid on or before December 31, as provided by section 42-18053.

3. That all taxes may be paid at the time the first installment is due and payable.

4. When and where tax payments may be made.

B. The county treasurer shall publish the notice once a week for four consecutive weeks in a newspaper of general circulation in the county.

C. No other demand for taxes is necessary.

D. Each person who is subject to taxation shall pay the taxes at the county treasurer's office, or at any other location designated by the treasurer, before they become delinquent.

E. The county treasurer may require electronic transmission of supporting documentation and payment that includes the name of the taxpayer, tax parcel number and amount of tax, on or before the dates prescribed by section 42-18052, by any person or entity, acting on behalf of multiple owners of property who submit tax payments to the county treasurer in a lump sum exceeding fifty thousand dollars OR OWNERS WHO SUBMIT ONE HUNDRED OR MORE PERSONAL PROPERTY TAX PAYMENTS. If the sum of funds submitted fails to balance with the tax parcel information and supporting documentation submitted electronically, and there have been no changes to the tax bills as a result of assessor resolutions or tax court judgments, the funds shall not be accepted and the treasurer shall return the funds and request that the correct amount be submitted. If any payment is received after a delinquent date as prescribed in section 42-18052, interest accrues as prescribed by section 42-18053.

Sec. 3. Section 42-18351, Arizona Revised Statutes, is amended to read:

42-18351. <u>Circumstances for abating tax and removing tax lien</u>

This article applies in the following situations:

1. An error or omission resulting in an improper imposition of a property tax.

2. An event or circumstance that existed at the time of the levy and assessment, or that occurred afterwards, and that invalidates the lien of the property tax or the sale of the lien.

3. The property tax lien was not advertised for sale pursuant to section 42-18105 within five years after the delinquency, unless the failure to advertise within five years after the delinquency was due to a restraining order or injunction issued by a court of competent jurisdiction.

4. The cost of pursuing the statutory lien sale and collection procedures or the sale of lands under article 7 of this chapter OR THE COST OF THE SEIZURE AND SALE OF PERSONAL PROPERTY PURSUANT TO SECTION 42-18401 would equal or exceed the revenue that could be derived.

Sec. 4. Section 42-18352, Arizona Revised Statutes, is amended to read:

42-18352. <u>Determining existence of circumstances for abating tax and removing lien; action to recover illegally collected tax</u>

A. The county treasurer may, on the treasurer's own motion, and shall on the application of a property owner or a holder of a certificate of

purchase that was issued pursuant to section 42-18118, determine the existence, in any prior year or years, with respect to real AND PERSONAL property located in the county, of any of the situations described in section 42-18351.

B. If proceeding on the treasurer's own motion under this section, the county treasurer shall conduct an investigation that the treasurer considers to be necessary to determine the existence or nonexistence of any of the situations described in section 42-18351.

C. If a property owner or holder of a certificate of purchase applies under this section, the property owner or holder of a certificate of purchase shall submit to the county treasurer sufficient evidence to permit the county treasurer to determine the existence or nonexistence of one of the situations described in section 42-18351.

D. If the county treasurer determines that any of the situations described in section 42-18351 exists in a prior year or years, the treasurer shall grant appropriate relief, subject to the approval of the board of supervisors ~~and the department~~. The relief may include removing all or part of the lien or abating all or part of the tax.

E. A property owner who is aggrieved by an adverse determination on an application pursuant to this section and who pays the tax may maintain an action to recover the tax alleged to be illegally collected. If the tax due is determined to be less than the amount paid, the excess shall be refunded in the manner provided by this title.

Sec. 5. Section 42-18353, Arizona Revised Statutes, is amended to read:

42-18353. Certificate of removal and abatement; purging record of tax, penalty and interest

A. On finding that a situation described in section 42-18351 exists for any taxable year or years, and on receiving the approval of the board of supervisors ~~and the department~~, the county treasurer shall prepare a certificate of removal and abatement stating:

1. The name of the property owner.
2. A description of the property.
3. The tax parcel number.
4. The years and amounts of tax, penalty and interest involved.
5. The extent to which the lien is proposed to be removed and the extent to which the tax, penalty and interest are proposed to be abated pursuant to this section.

B. The county treasurer shall present the certificate of removal and abatement to the board of supervisors for the board's approval ~~and to the department~~. The certificate of removal and abatement is final and effective when approved by the board of supervisors.

C. When a certificate of removal and abatement becomes final and effective the county treasurer shall:

1. Delete from the delinquent list and the record of tax lien sales the tax, interest and penalty covered by the certificate.

2. Make a notation in those records that the deletion was made pursuant to a certificate that was duly issued pursuant to this section and stating the number of the certificate.

APPROVED BY THE GOVERNOR APRIL 17, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2006.