Senate Engrossed House Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 264

HOUSE BILL 2403

AN ACT

AMENDING TITLE 42, CHAPTER 13, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 11; AMENDING SECTION 42-14155, ARIZONA REVISED STATUTES; RELATING TO RENEWABLE ENERGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 42, chapter 13, Arizona Revised Statutes, is amended by adding article 11, to read:

ARTICLE 11. VALUATION OF ABANDONED LEASED PROPERTY

42-13501. Limit on valuation of real property with abandoned renewable energy equipment

A. THE ASSESSED VALUE OF A LEASED PORTION OF REAL PROPERTY THAT QUALIFIES UNDER SUBSECTION B OF THIS SECTION IS THE GREATER OF THE TOTAL LEASE PAYMENTS COLLECTED BY THE REAL PROPERTY OWNER DURING THE TAX YEAR OR THE ASSESSED VALUE OF THE LEASED PROPERTY IF IT WERE CLASSIFIED AS CLASS TWO PROPERTY.

B. THE REAL PROPERTY MUST MEET ALL OF THE FOLLOWING CONDITIONS:

1. THE REAL PROPERTY IS BEING LEASED BY THE REAL PROPERTY OWNER TO A LESSEE THAT MAINTAINS RENEWABLE ENERGY EQUIPMENT ON THE LEASED REAL PROPERTY.

2. THE REAL PROPERTY OWNER OR ANY AFFILIATE OF THE OWNER HAS NO OWNERSHIP INTEREST IN THE LESSEE OR ANY OF ITS AFFILIATES.

3. THE LESSEE IS IN DEFAULT ON THE LEASE, IS NOT MAKING LEASE PAYMENTS UNDER THE LEASE AND HAS ABANDONED ITS RENEWABLE ENERGY EQUIPMENT ON THE LEASED REAL PROPERTY.

4. THE LEASED REAL PROPERTY WAS CLASSIFIED AS CLASS TWO AGRICULTURAL PROPERTY FOR THE TAX YEAR BEFORE THE LEASE TERM COMMENCED.

5. THE TOTAL LEASE PAYMENTS COLLECTED BY THE REAL PROPERTY OWNER UNDER THE LEASE IN DEFAULT ARE LESS THAN THE ASSESSED VALUE OF THE LEASED REAL PROPERTY UNDER CLASS ONE.

Sec. 2. Section 42-14155, Arizona Revised Statutes, is amended to read:

42-14155. Valuation of renewable energy equipment; definitions

A. Through December 31, 2040, the department shall determine the ~~valuation~~ FULL CASH VALUE of taxable renewable energy equipment in the manner prescribed by this section.

B. The FULL CASH value of renewable energy equipment is twenty per cent of the depreciated cost of the equipment. DEPRECIATED COST SHALL BE DETERMINED BY DEDUCTING DEPRECIATION FROM TAXABLE ORIGINAL COST.

C. For the purposes of this section~~,~~:

1. "DEPRECIATION" MEANS STRAIGHT-LINE DEPRECIATION OVER THE USEFUL LIFE, AS ADOPTED BY THE DEPARTMENT, OF THE ITEM OF PROPERTY. DEPRECIATION SHALL NOT EXCEED NINETY PER CENT OF THE ADJUSTED ORIGINAL COST.

2. "ORIGINAL COST" MEANS THE ACTUAL COST, WITHOUT TRENDING, OF ACQUIRING OR CONSTRUCTING PROPERTY, INCLUDING ADDITIONS, RETIREMENTS, ADJUSTMENTS AND TRANSFERS.

3. "Renewable energy equipment" means electric generation facilities, electric transmission, electric distribution, gas distribution or combination gas and electric transmission and distribution and transmission and distribution cooperative property that is located in this state, that is used or useful for the generation, storage, transmission or distribution of

electric power, energy or fuel derived from solar, wind or other nonpetroleum renewable sources not intended for self-consumption, including materials and supplies and construction work in progress, but excluding licensed vehicles and property valued under sections 42-14154 and 42-14156.

4. "TAXABLE ORIGINAL COST" MEANS ORIGINAL COST, AS DEFINED IN THIS SECTION, REDUCED BY THE VALUE OF ANY INVESTMENT TAX CREDITS, PRODUCTION TAX CREDITS OR CASH GRANTS IN LIEU OF INVESTMENT TAX CREDITS APPLICABLE TO THE TAXABLE RENEWABLE ENERGY EQUIPMENT.

APPROVED BY THE GOVERNOR APRIL 30, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2014.

Passed the House February 25, 2014

by the following vote: 58 Ayes,

1 Nays, 1 Not Voting

Speaker of the House

Cheryl Laube

Chief Clerk of the House

Passed the Senate April 22, 2014

by the following vote: 25 Ayes,

2 Nays, 2 Not Voting 1 Excused

President of the Senate

Chamein Bellington

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

_____
Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

_____
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

_____
Secretary of State

H.B. 2403

HOUSE CONCURS IN SENATE AMENDMENTS AND FINAL PASSAGE

April 22, 2014,

by the following vote: 37 Ayes,

22 Nays, 1 Not Voting

Speaker of the House

Cheryl Laube

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23rd day of April, 2014,

at 11:50 o'clock A M.

Lindsey Scommacco

Secretary to the Governor

Approved this 30th day of

April, 2014,

at 2:16 o'clock P. M.

Janice K. Brewer

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 30th day of April, 2014,

at 4:21 o'clock P M.

Ken Bennett

Secretary of State

H.B. 2403