

Senate Engrossed
FILED

MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

CHAPTER 220
SENATE BILL 1326

AN ACT

AMENDING SECTION 42-14403, ARIZONA REVISED STATUTES; RELATING TO
TELECOMMUNICATIONS COMPANIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-14403, Arizona Revised Statutes, is amended
3 to read:

4 42-14403. Determining valuation; definitions

5 A. On or before August 31 of each year, the department shall
6 determine the valuation as of January 1 of the property of all
7 telecommunications companies operating in this state at its full cash
8 value. Real estate shall be valued at market value, and personal property
9 shall be valued on a unitary basis at its cost less depreciation. In
10 addition, the taxpayer may submit documentation showing the need for, and
11 the department shall consider, an additional adjustment to recognize
12 obsolescence using standard appraisal methods and techniques.

13 B. For the purposes of this section:

14 1. EXCEPT AS PROVIDED IN PARAGRAPH 2 OF THIS SUBSECTION,
15 depreciation shall be computed on a ~~straight line~~ STRAIGHT-LINE basis
16 using the lives set forth as follows:

17 (a) Buildings with a ~~twenty-five year~~ TWENTY-FIVE-YEAR life.

18 (b) Cable with a ~~fifteen year~~ FIFTEEN-YEAR life.

19 (c) Telecommunications equipment with a ~~five year~~ FIVE-YEAR life.

20 (d) Any other telecommunications property that is not included in
21 subdivisions (a), (b) and (c) OF THIS PARAGRAPH with a ~~seven year~~
22 SEVEN-YEAR life.

23 2. FOR QUALIFYING BROADBAND INFRASTRUCTURE, DEPRECIATION SHALL BE
24 COMPUTED AS FOLLOWS:

25 (a) CABLE SHALL BE COMPUTED ON A STRAIGHT-LINE BASIS USING A
26 TEN-YEAR LIFE.

27 (b) TELECOMMUNICATIONS EQUIPMENT SHALL BE COMPUTED ON A
28 STRAIGHT-LINE BASIS USING A FIVE-YEAR LIFE.

29 (c) ANY OTHER TELECOMMUNICATIONS PROPERTY THAT IS NOT INCLUDED IN
30 SUBDIVISIONS (a) AND (b) OF THIS PARAGRAPH SHALL BE COMPUTED ON A
31 STRAIGHT-LINE BASIS USING A SEVEN-YEAR LIFE.

32 (d) ADDITIONAL DEPRECIATION SHALL BE APPLIED TO PERSONAL PROPERTY
33 AS FOLLOWS:

34 (i) FOR THE FIRST TAX YEAR OF ASSESSMENT, THE DEPARTMENT SHALL USE
35 TWENTY-FIVE PERCENT OF THE SCHEDULED DEPRECIATION VALUE.

36 (ii) FOR THE SECOND TAX YEAR OF ASSESSMENT, THE DEPARTMENT SHALL
37 USE FORTY-ONE PERCENT OF THE SCHEDULED DEPRECIATION VALUE.

38 (iii) FOR THE THIRD TAX YEAR OF ASSESSMENT, THE DEPARTMENT SHALL
39 USE FIFTY-SEVEN PERCENT OF THE SCHEDULED DEPRECIATION VALUE.

40 (iv) FOR THE FOURTH TAX YEAR OF ASSESSMENT, THE DEPARTMENT SHALL
41 USE SEVENTY-THREE PERCENT OF THE SCHEDULED DEPRECIATION VALUE.

42 (v) FOR THE FIFTH TAX YEAR OF ASSESSMENT, THE DEPARTMENT SHALL USE
43 EIGHTY-NINE PERCENT OF THE SCHEDULED DEPRECIATION VALUE.

1 (vi) FOR THE SIXTH TAX YEAR OF ASSESSMENT AND EACH SUBSEQUENT TAX
2 YEAR OF ASSESSMENT THEREAFTER, THE DEPARTMENT SHALL USE THE SCHEDULED
3 DEPRECIATION VALUE.

4 (vii) THE COMPUTATION PRESCRIBED IN THIS PARAGRAPH SHALL NOT REDUCE
5 THE VALUATION OF PROPERTY VALUED PURSUANT TO SUBDIVISION (a) OF THIS
6 PARAGRAPH BELOW TWO AND ONE-HALF PERCENT OF THE COST AND SHALL NOT REDUCE
7 THE VALUATION OF PROPERTY VALUED PURSUANT TO SUBDIVISIONS (b), (c) AND (d)
8 OF THIS PARAGRAPH BELOW TWO AND ONE-HALF PERCENT OF COST.

9 ~~2.~~ 3. The computation prescribed in paragraph 1 of this subsection
10 shall not reduce the valuation of property valued pursuant to PARAGRAPH 1,
11 subdivision (a) OF THIS SUBSECTION below twenty ~~per cent~~ PERCENT of cost
12 and shall not reduce the valuation of property valued pursuant to
13 PARAGRAPH 1, subdivisions (b), (c) and (d) OF THIS SUBSECTION below ten
14 ~~per cent~~ PERCENT of cost.

15 ~~3.~~ 4. For cellular or other wireless telecommunications companies,
16 the taxable unit is the applicable metropolitan statistical area or rural
17 statistical area and does not include the value of any license that is
18 issued by the federal communications commission.

19 C. For the purposes of this section:

20 1. "Cost" means the original cost as reported on the company's
21 books and records.

22 2. "Obsolescence" means a reduction in the value of an asset
23 resulting from functional or economic obsolescence.

24 3. "QUALIFYING BROADBAND INFRASTRUCTURE" MEANS CABLE,
25 TELECOMMUNICATIONS EQUIPMENT AND OTHER TANGIBLE PERSONAL PROPERTY CAPABLE
26 OF BEING USED FOR OR IN CONNECTION WITH THE TRANSMISSION OF DATA AT A RATE
27 THAT IS AT LEAST EQUAL TO FOUR MEGABITS PER SECOND IN AT LEAST ONE
28 DIRECTION, INCLUDING MULTIPLEXERS, ROUTERS, SERVERS, FIBER OPTICS, COAXIAL
29 CABLE AND EQUIPMENT SUPPORTING THE TRANSMISSION FUNCTION FIRST PLACED IN
30 SERVICE ON OR AFTER JANUARY 1, 2017.

31 Sec. 2. Effective date

32 Section 42-14403, Arizona Revised Statutes, as amended by this act,
33 is effective from and after December 31, 2017.

APPROVED BY THE GOVERNOR APRIL 28, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 28, 2017.

Passed the House April 20, 2017,

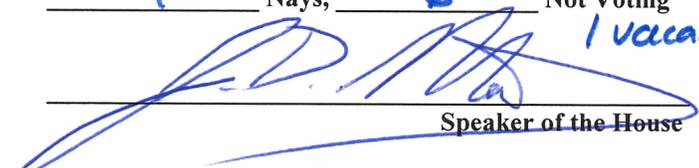
Passed the Senate February 23, 2017,

by the following vote: 419 Ayes,

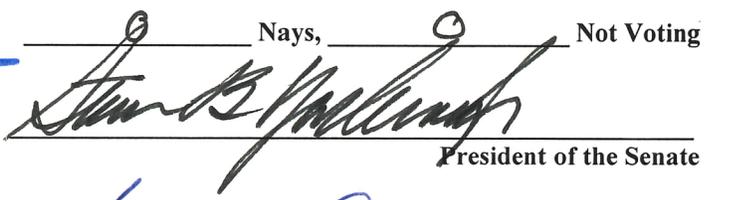
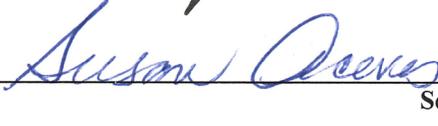
by the following vote: 30 Ayes,

4 Nays, 6 Not Voting
1 vacant

0 Nays, 0 Not Voting


Speaker of the House

Chief Clerk of the House

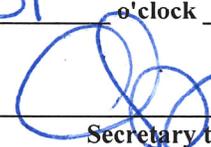

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

24th day of April, 2017,

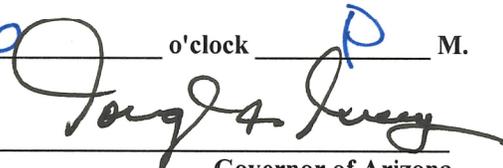
at 1:51 o'clock P. M.


Secretary to the Governor

Approved this 28th day of

April, 2017,

at 1:36 o'clock P. M.

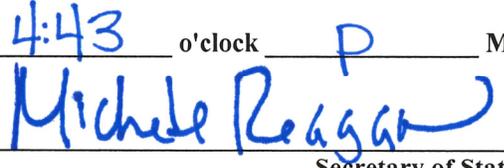

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 28 day of April, 2017,

at 4:43 o'clock P. M.


Secretary of State

S.B. 1326