



DOUGLAS A. DUCEY  
GOVERNOR

STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

EXECUTIVE OFFICE

April 17, 2018

The Honorable Michele Reagan  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

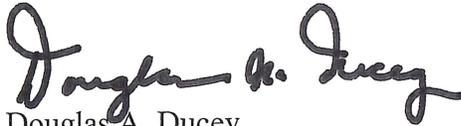
Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2<sup>nd</sup> Regular Session, which I signed on April 17, 2018:

- HB 2040 pharmacy board; definitions; reporting (Carter)
- HB 2041 pharmacy board; licenses; permits (Carter)
- HB 2065 public meetings; definition; penalties (Leach)
- HB 2125 task force; towing safety (Shope)
- HB 2126 government property; abatement; slum; blight (Leach)
- HB 2249 protective orders; filing requirements (Farnsworth, E.)
- HB 2250 physician assistants; prescribing authority; delegation (Carter)
- HB 2257 radiation regulatory boards; repeal; DHS (Carter)
- HB 2262 condominiums; termination; appraisals (Toma)
- HB 2306 towing companies; insurance companies; owners (Campbell)
- HB 2313 sentencing; monetary obligations; fine mitigation (Farnsworth, E.)
- HB 2322 health insurers; provider credentialing (Carter)
- HB 2327 federal officers; personal information; confidentiality (Farnsworth, E.)
- HB 2334 liquor omnibus (Weninger)
- HB 2411 health professionals; licensure; report (Mosley)
- HB 2521 vehicle size, weight and load (John)
- HB 2549 controlled substances; dosage limit (Carter)
- HB 2550 contractor qualifications; work experience (Toma)
- HB 2558 drug disposal; education (Cobb)
- HB 2588 misrepresentation; service animals (Cook)

HB 2604 limited liability company act; revisions  
SB 1065 commercial vehicles; ports of entry (Brophy McGee)  
SB 1120 tax exemption; special events; nonprofits (Kavanagh)  
SB 1152 education; appropriation; noncustodial federal monies (Allen, S.)  
SB 1218 developmental homes; licensure; investigations (Brophy McGee)  
SB 1264 gift cards; dormancy fee; prohibition (Yarbrough)  
SB 1274 public monies; recovery; illegal payments (Petersen)  
SB 1291 schools; pupil assessment data (Brophy McGee)  
SB 1295 producer fees; insurance (Kavanagh)  
SB 1400 aggravated DUI; sentence; county jail (Smith)  
SB 1450 independent oversight committees; appointment; duties (Barto)

Sincerely,

A handwritten signature in black ink, reading "Douglas A. Ducey". The signature is written in a cursive style with a large initial "D".

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

Senate Engrossed House Bill  
**FILED**

**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 231**  
**HOUSE BILL 2126**

AN ACT

AMENDING SECTION 42-6209, ARIZONA REVISED STATUTES; RELATING TO GOVERNMENT  
PROPERTY LEASE EXCISE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-6209, Arizona Revised Statutes, is amended to  
3 read:

4 42-6209. Abatement of tax for government property  
5 improvements in single central business district

6 A. A city or town may abate the tax provided for under this article  
7 for a limited period beginning when the certificate of occupancy is issued  
8 and ending eight years after the certificate of occupancy is issued on a  
9 government property improvement that is constructed either before or after  
10 July 20, 1996 and that meets the following requirements:

11 1. The improvement is located in a single central business district  
12 in the city or town and is subject to a lease or development agreement  
13 entered into on or after April 1, 1985. For the purposes of this section:

14 (a) A city or town shall not designate more than one central  
15 business district within its corporate boundaries.

16 (b) A city or town shall not approve or enter into a development  
17 agreement or lease for a government property improvement within one year  
18 after the designation of the central business district in which the  
19 improvement is located.

20 (c) "Central business district" means a single and contiguous  
21 geographical area that is designated by resolution of the governing body  
22 of the city or town and that is ~~both of the following:~~

23 ~~(i) Located entirely within a slum or blighted area that is~~  
24 ~~established pursuant to title 36, chapter 12, article 3.~~

25 ~~(ii)~~ geographically compact and ~~no~~ NOT larger than the ~~greater~~  
26 GREATEST of ~~five~~ THE EXISTING TOTAL LAND AREA OF THE CENTRAL BUSINESS  
27 DISTRICT OF THE CITY OR TOWN AS OF JANUARY 1, 2018, TWO AND ONE-HALF  
28 percent of the total land area within the exterior boundaries of the city  
29 or town or ~~six hundred forty~~ NINE HUNDRED SIXTY acres. FOR THE PURPOSES  
30 OF THIS SUBDIVISION, ANY CENTRAL BUSINESS DISTRICT FORMED BEFORE  
31 JANUARY 1, 2018 IS CONSIDERED TO BE GEOGRAPHICALLY COMPACT. FOR THE  
32 EXPANDED AREAS OF AN EXISTING CENTRAL BUSINESS DISTRICT ONLY AND THE NEW  
33 DESIGNATION OF A CENTRAL BUSINESS DISTRICT FORMED ON OR AFTER JANUARY 1,  
34 2018 AND FOR THE PURPOSES OF THIS SUBDIVISION, "GEOGRAPHICALLY COMPACT"  
35 MEANS A FORM OR SHAPE THAT HAS A LENGTH THAT IS NOT MORE THAN TWICE ITS  
36 WIDTH AS MEASURED FROM AT LEAST FOUR POINTS ON THE EXTERIOR BOUNDARY OF  
37 THE EXPANDED AREAS OF AN EXISTING CENTRAL BUSINESS DISTRICT OR A CENTRAL  
38 BUSINESS DISTRICT FORMED ON OR AFTER JANUARY 1, 2018.

39 2. THE IMPROVEMENT IS LOCATED ENTIRELY WITHIN A SLUM OR BLIGHTED  
40 AREA THAT IS ESTABLISHED PURSUANT TO TITLE 36, CHAPTER 12, ARTICLE 3.

41 ~~2.~~ 3. The government property improvement resulted or will result  
42 in an increase in property value of at least one hundred percent.

43 B. The prime lessee shall notify the county treasurer and the  
44 government lessor and apply for the abatement before the taxes under this

1 article are due and payable in the first year after the certificate of  
2 occupancy is issued.

3 C. Except as provided by subsection D of this section, each lease  
4 between a prime lessee and a government lessor for which the tax is abated  
5 under this section and that is entered into from and after May 31, 2010,  
6 and that does not meet the conditions provided in section 42-6203,  
7 subsection A, must be approved by a simple majority vote of the governing  
8 body without the use of a consent calendar and shall not be approved  
9 unless:

10 1. The government lessor notifies the governing bodies of the  
11 county and any city, town and school district in which the government  
12 property improvement is located at least sixty days before the approval.  
13 The notice must include the name and address of the intended prime lessee,  
14 the location and proposed use of the government property improvement and  
15 the proposed term of the lease or development agreement.

16 2. The government lessor determines that, within the term of the  
17 lease or development agreement, the economic and fiscal benefit to this  
18 state and the county, city or town in which the government property  
19 improvement is located will exceed the benefits received by the prime  
20 lessee as a result of the development agreement or lease on the basis of  
21 an estimate of those benefits prepared by an independent third party in a  
22 manner and method acceptable to the governing body of the government  
23 lessor. The estimate must be provided to the government lessor and the  
24 governing bodies of the county and any city, town and school district in  
25 which the government property improvement is located at least thirty days  
26 before the vote of the governing body. A lease or development agreement  
27 between a prime lessee and a government lessor involving residential  
28 rental housing is exempt from the economic estimate analysis requirements  
29 of this paragraph.

30 3. The lease or development agreement provides that the government  
31 lessor may not approve an amendment to change the use of the government  
32 property improvement during the period of abatement unless:

33 (a) The government lessor notifies the governing bodies of the  
34 county and any city, town and school district in which the government  
35 property improvement is located at least sixty days before the approval.  
36 The notice must include the name and address of the prime lessee, the  
37 location and proposed use of the government property improvement and the  
38 remaining term of the lease or development agreement.

39 (b) The government lessor determines that, within the remaining  
40 term of the lease or development agreement, the economic and fiscal  
41 benefit to this state and the county, city or town in which the government  
42 property improvement is located will exceed the benefits received by the  
43 prime lessee as a result of the change in the lease or development  
44 agreement on the basis of an estimate of those benefits prepared by an  
45 independent third party in a manner and method acceptable to the governing

1 body of the government lessor. The estimate must be provided to the  
2 government lessor and the governing bodies of the county and any city,  
3 town and school district in which the government property improvement is  
4 located at least thirty days before the vote of the governing body. A  
5 change in use under a lease or development agreement between a prime  
6 lessee and a government lessor to residential rental housing is exempt  
7 from the economic estimate analysis requirements of this subdivision.

8 D. Subsection C of this section does not apply if:

9 1. The tax is not abated under this section.

10 2. The government lessor is acting as a commercial landlord without  
11 a development agreement in a lease for a use ancillary to a government  
12 property improvement used for a public purpose.

13 E. A SLUM OR BLIGHTED AREA THAT IS ORIGINALLY DESIGNATED FROM AND  
14 AFTER SEPTEMBER 30, 2018 AND IN WHICH A CENTRAL BUSINESS DISTRICT IS  
15 LOCATED AUTOMATICALLY TERMINATES ON THE TENTH ANNIVERSARY AFTER ITS  
16 DESIGNATION UNLESS THE CITY OR TOWN FORMALLY RENEWS OR MODIFIES ALL OR  
17 PART OF THE SLUM OR BLIGHTED AREA DESIGNATION. THE TERMINATION OF A SLUM  
18 OR BLIGHTED AREA UNDER THIS SUBSECTION DOES NOT AFFECT ANY EXISTING  
19 PROJECT DESCRIBED IN SECTION 35-701, PARAGRAPH 7, SUBDIVISION (a), ITEM  
20 (xi) THAT IS WITHIN THE DESIGNATED AREA. BEFORE THE TENTH ANNIVERSARY OF  
21 ITS DESIGNATION, THE CITY OR TOWN SHALL REVIEW THE AREA AND, PURSUANT TO  
22 THE REVIEW, SHALL EITHER RENEW, MODIFY OR TERMINATE THE DESIGNATION. IF  
23 THE CITY OR TOWN RENEWS OR MODIFIES THE ORIGINAL DESIGNATION, THE SLUM OR  
24 BLIGHTED AREA DESIGNATION IS SUBJECT TO SUBSEQUENT REVIEWS ON A TEN-YEAR  
25 CYCLE. IF THE CITY OR TOWN FAILS TO RENEW OR MODIFY THE DESIGNATION, THE  
26 SLUM OR BLIGHTED AREA DESIGNATION AUTOMATICALLY TERMINATES FIVE YEARS  
27 AFTER THE REVIEW. THIS SUBSECTION DOES NOT APPLY TO LEASES OR DEVELOPMENT  
28 AGREEMENTS FOR THE LEASE OF GOVERNMENT PROPERTY IF EITHER OF THE FOLLOWING  
29 CONDITIONS ARE MET WITH RESPECT TO ANY SUCH EXCLUDED AREA:

30 1. THE LEASE OF THE GOVERNMENT PROPERTY IMPROVEMENT WAS ENTERED  
31 INTO BEFORE THE TERMINATION OR MODIFICATION OF THE SLUM OR BLIGHTED AREA  
32 DESIGNATION.

33 2. A DEVELOPMENT AGREEMENT, ORDINANCE OR RESOLUTION WAS APPROVED BY  
34 THE GOVERNING BODY OF THE GOVERNMENT LESSOR BEFORE THE TERMINATION OR  
35 MODIFICATION OF THE SLUM OR BLIGHTED AREA DESIGNATION THAT AUTHORIZED A  
36 LEASE ON THE OCCURRENCE OF SPECIFIED CONDITIONS AND THE LEASE WAS ENTERED  
37 INTO WITHIN FIVE YEARS AFTER THE DATE THE DEVELOPMENT AGREEMENT WAS  
38 ENTERED INTO OR THE ORDINANCE OR RESOLUTION WAS APPROVED BY THE GOVERNING  
39 BODY.

40 F. BEFORE OCTOBER 1, 2020, EACH CITY OR TOWN SHALL REVIEW EACH SLUM  
41 OR BLIGHTED AREA THAT WAS ORIGINALLY DESIGNATED BEFORE SEPTEMBER 30, 2018  
42 AND IN WHICH A CENTRAL BUSINESS DISTRICT IS LOCATED. ALL SUCH SLUM OR  
43 BLIGHTED AREAS IN WHICH A CENTRAL BUSINESS DISTRICT IS LOCATED ARE  
44 CONSIDERED TO BE VALID. PURSUANT TO THE REVIEW, THE CITY OR TOWN SHALL  
45 EITHER RENEW, MODIFY OR TERMINATE THE DESIGNATION. IF THE CITY OR TOWN

1 RENEWS OR MODIFIES THE ORIGINAL DESIGNATION, THE SLUM OR BLIGHTED AREA  
2 DESIGNATION IS SUBJECT TO SUBSEQUENT REVIEWS ON A TEN-YEAR CYCLE. IF THE  
3 CITY OR TOWN FAILS TO RENEW OR MODIFY THE DESIGNATION, THE SLUM OR  
4 BLIGHTED AREA DESIGNATION AUTOMATICALLY TERMINATES FROM AND AFTER  
5 SEPTEMBER 30, 2025, OR FIVE YEARS AFTER ANY SUBSEQUENT REVIEW. THE  
6 TERMINATION OF A SLUM OR BLIGHTED AREA DESIGNATION UNDER THIS SUBSECTION  
7 DOES NOT AFFECT:

8 1. ANY EXISTING PROJECT DESCRIBED IN SECTION 35-701, PARAGRAPH 7,  
9 SUBDIVISION (a), ITEM (ix) THAT IS WITHIN THE DESIGNATED AREA.

10 2. ANY LEASE OR DEVELOPMENT AGREEMENT FOR THE LEASE OF GOVERNMENT  
11 PROPERTY IF EITHER OF THE FOLLOWING CONDITIONS ARE MET WITH RESPECT TO THE  
12 SLUM OR BLIGHTED AREA:

13 (a) THE LEASE OF THE GOVERNMENT PROPERTY IMPROVEMENT WAS ENTERED  
14 INTO BEFORE THE TERMINATION OR MODIFICATION OF THE SLUM OR BLIGHTED AREA  
15 DESIGNATION.

16 (b) A DEVELOPMENT AGREEMENT, ORDINANCE OR RESOLUTION WAS APPROVED  
17 BY THE GOVERNING BODY OF THE GOVERNMENT LESSOR BEFORE THE TERMINATION OR  
18 MODIFICATION OF THE SLUM OR BLIGHTED AREA DESIGNATION THAT AUTHORIZED A  
19 LEASE ON THE OCCURRENCE OF SPECIFIED CONDITIONS AND THE LEASE WAS ENTERED  
20 INTO WITHIN FIVE YEARS AFTER THE DATE THE DEVELOPMENT AGREEMENT WAS  
21 ENTERED INTO OR THE ORDINANCE OR RESOLUTION WAS APPROVED BY THE GOVERNING  
22 BODY.

23 ~~F.~~ G. Notwithstanding section 42-6206, subsection C, beginning  
24 with development agreements, ordinances or resolutions for the lease of  
25 government property improvements approved by the governing body of the  
26 government lessor from and after December 31, 2016, the lease period for a  
27 property for which the tax is abated under this section may not exceed  
28 eight years, including any abatement period, regardless of whether the  
29 lease is transferred or conveyed to subsequent prime lessees during that  
30 period. As soon as reasonably practicable but within twelve months after  
31 the expiration date of the lease, the government lessor must convey to the  
32 current prime lessee title to the government property improvement and the  
33 underlying land. Property conveyed to the prime lessee under this  
34 subsection does not qualify for classification as class six property or  
35 for any other discounted assessment regardless of the location or  
36 condition of the property. This subsection does not apply to leases or  
37 the development agreements for the lease of government property if either  
38 of the following occurred before January 1, 2017:

39 1. A corresponding resolution or ordinance for the lease or intent  
40 to lease such property subject to this section was approved by the  
41 governing body of the government lessor.

42 2. A proposal was submitted to the government lessor in response to  
43 a request for proposals.

**APPROVED BY THE GOVERNOR APRIL 17, 2018**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2018**

Passed the House February 28, 20 18

Passed the Senate April 5, 20 18

by the following vote: 58 Ayes,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

0 Nays, 2 Not Voting

[Signature]

Speaker of the House

Pro Tempore

[Signature]  
Chief Clerk of the House

[Signature]  
President of the Senate

[Signature]  
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. 2126

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

April 11, 2018,

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

[Signature]  
Speaker of the House  
[Signature]  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

11<sup>th</sup> day of April, 2018

at 1:37 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 17<sup>th</sup> day of

April, 2018,

at 10:32 o'clock A. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 17 day of April, 2018,

at 5:21 o'clock P. M.

[Signature]  
Secretary of State

H.B. 2126