

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

CHAPTER 49
HOUSE BILL 2128

AN ACT

AMENDING TITLE 42, CHAPTER 11, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-11132.01; AMENDING SECTIONS 42-11152, 42-11153 AND 42-12009, ARIZONA REVISED STATUTES; RELATING TO PROPERTY CLASSIFICATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 42, chapter 11, article 3, Arizona Revised Statutes,
3 is amended by adding section 42-11132.01, to read:

4 42-11132.01. Property leased to a church, religious assembly or
5 religious institution

6 A. PROPERTY, BUILDINGS AND FIXTURES THAT ARE LEASED TO A NONPROFIT
7 CHURCH, RELIGIOUS ASSEMBLY OR RELIGIOUS INSTITUTION AND THAT ARE PRIMARILY
8 USED FOR RELIGIOUS WORSHIP SHALL BE CLASSIFIED AS CLASS NINE PROPERTY
9 PURSUANT TO SECTION 42-12009. IF ONLY PART OF THE PARCEL OR IMPROVEMENTS
10 IS LEASED TO A NONPROFIT CHURCH, RELIGIOUS ASSEMBLY OR RELIGIOUS
11 INSTITUTION AND PRIMARILY USED OR HELD FOR RELIGIOUS WORSHIP, ONLY THE
12 PORTION SO LEASED QUALIFIES AS CLASS NINE PROPERTY. TO QUALIFY UNDER THIS
13 SUBSECTION, THE CHURCH, RELIGIOUS ASSEMBLY OR INSTITUTION MUST ANNUALLY
14 FILE WITH THE ASSESSOR AN AFFIDAVIT THAT IT:

15 1. CONTINUES TO USE OR HOLD THE PROPERTY PRIMARILY FOR RELIGIOUS
16 WORSHIP.

17 2. IS THE SOLE ECONOMIC BENEFICIARY OF THE CLASSIFICATION OF THE
18 PROPERTY AS CLASS NINE PURSUANT TO SECTION 42-12009, SUBSECTION A,
19 PARAGRAPH 5.

20 B. PROPERTY, BUILDINGS AND FIXTURES THAT ARE OWNED BY AN
21 EDUCATIONAL, RELIGIOUS OR CHARITABLE ORGANIZATION, INSTITUTION OR
22 ASSOCIATION, THAT ARE LEASED TO A NONPROFIT CHURCH, RELIGIOUS ASSEMBLY OR
23 RELIGIOUS INSTITUTION AND THAT ARE PRIMARILY USED FOR RELIGIOUS WORSHIP
24 ARE EXEMPT FROM TAXATION.

25 C. IF THE EDUCATIONAL, RELIGIOUS OR CHARITABLE ORGANIZATION,
26 INSTITUTION OR ASSOCIATION THAT OWNS THE PROPERTY FILES WITH THE ASSESSOR
27 EVIDENCE OF THE ORGANIZATION'S TAX EXEMPT STATUS UNDER SECTION 501(c)(3)
28 OF THE INTERNAL REVENUE CODE AND AN AFFIDAVIT BY THE NONPROFIT CHURCH,
29 RELIGIOUS ASSEMBLY OR RELIGIOUS INSTITUTION THAT IT USES OR HOLDS THE
30 PROPERTY PRIMARILY FOR RELIGIOUS WORSHIP AS DESCRIBED IN SUBSECTION B OF
31 THIS SECTION, THE PROPERTY QUALIFIES FOR THE TAX EXEMPTION UNDER THIS
32 SECTION AND IS EXEMPT FROM THE REQUIREMENT OF FILING SUBSEQUENT AFFIDAVITS
33 UNDER SECTION 42-11152 UNTIL ALL OR PART OF THE PROPERTY IS CONVEYED TO A
34 NEW OWNER OR IS NO LONGER PRIMARILY USED OR HELD BY THE CHURCH, ASSEMBLY
35 OR INSTITUTION. AT THAT TIME THE EDUCATIONAL, RELIGIOUS OR CHARITABLE
36 ORGANIZATION, INSTITUTION OR ASSOCIATION MUST NOTIFY THE ASSESSOR OF THE
37 CHANGE IN WRITING.

38 Sec. 2. Section 42-11152, Arizona Revised Statutes, is amended to
39 read:

40 42-11152. Affidavit; false statements

41 A. Except as provided in sections 42-11104, 42-11109, 42-11110,
42 42-11111 and 42-11131 and except for property described in sections
43 42-11125, 42-11127, ~~and~~ 42-11132 AND 42-11132.01, a person who claims
44 exemption from taxation under article IX, section 2, 2.1 or 2.2,
45 Constitution of Arizona, shall:

1 1. When initially claiming the exemption, appear before the county
2 assessor to make an affidavit as to the person's eligibility. If a
3 personal appearance before the county assessor would create a severe
4 hardship, the county assessor may arrange a mutually satisfactory meeting
5 place to make an affidavit as to the person's eligibility.

6 2. When claiming the exemption in subsequent years, appear before
7 the county assessor or a notary public to make an affidavit as to the
8 person's eligibility.

9 3. Fully answer all questions on the eligibility form or otherwise
10 required by the assessor for that purpose.

11 B. At the assessor's discretion, the assessor may require
12 additional proof of the facts stated by the person before allowing an
13 exemption.

14 C. A person who is in the United States military service and who is
15 absent from this state or who is confined in a veterans' hospital or
16 another licensed hospital may make the required affidavit in the presence
17 of any officer who is authorized to administer oaths on a form obtained
18 from the county assessor.

19 D. A false statement that is made or sworn to in the affidavit is
20 perjury.

21 Sec. 3. Section 42-11153, Arizona Revised Statutes, is amended to
22 read:

23 42-11153. Deadline for filing affidavit

24 A. Except as provided in section 42-11104, subsection E, section
25 42-11109, subsection B, section 42-11110, subsection B, section 42-11111,
26 subsection H, section 42-11131, subsection C and section 42-11132,
27 subsection C **AND SECTION 42-11132.01, SUBSECTION C**, a failure by a
28 taxpayer who is entitled to an exemption to make an affidavit or furnish
29 evidence required by this article between the first Monday in January and
30 March 1 of each year constitutes a waiver of the exemption.

31 B. If a widow, ~~OR~~ **OR** widower or person with a disability whose
32 property is exempt from tax under section 42-11111, or an organization
33 that is exempt from federal income tax under section 501(c) of the
34 internal revenue code and is exempt from property tax under article 3 of
35 this chapter, submits a petition after the deadlines prescribed by
36 subsection A of this section, the person or organization may have the
37 waiver redeemed by the county board of supervisors at any regular meeting,
38 except that no taxes that were due and payable before the petition was
39 submitted may be refunded or abated.

40 Sec. 4. Section 42-12009, Arizona Revised Statutes, is amended to
41 read:

42 42-12009. Class nine property

43 A. For purposes of taxation, class nine is established consisting
44 of:

45 1. Improvements that are located on federal, state, county or
46 municipal property and owned by the lessee of the property if:

1 (a) The improvements are required to become the property of the
2 federal, state, county or municipal owner of the property on termination
3 of the leasehold interest in the property.

4 (b) Both the improvements and the property are used exclusively for
5 athletic, recreational, entertainment, artistic or cultural facilities.

6 2. Improvements that are located on federal, state, county or
7 municipal property and owned by the lessee of the property if:

8 (a) The improvements are required to become the property of the
9 federal, state, county or municipal owner of the property on termination
10 of the leasehold interest in the property.

11 (b) Both the improvements and the property are:

12 (i) Used for or in connection with aviation, including hangars,
13 tie-downs, aircraft maintenance, sales of aviation-related items, charter
14 and rental activities, parking facilities and restaurants, stores and
15 other services located in a terminal.

16 (ii) Located on a state, county, city or town airport or a public
17 airport operating pursuant to sections 28-8423, 28-8424 and 28-8425.

18 3. Property that is defined as "contractor-acquired property" or
19 "government-furnished property" in the federal acquisition regulations
20 (48 Code of Federal Regulations section 45.101) and that is leased to or
21 acquired by the government and used to perform a government contract.

22 4. Property of a corporation that is organized by or at the
23 direction of this state or a county, city or town to develop, construct,
24 improve, repair, replace or own any property, improvement, building or
25 other facility to be used for public purposes that the state, county, city
26 or town pledges to lease or lease-purchase with state, county or municipal
27 special or general revenues and that is not otherwise exempt under chapter
28 11, article 3 of this title.

29 5. Real property and improvements, including land, buildings,
30 furniture and equipment, regardless of ownership, that are leased for the
31 entire valuation year to, and used exclusively by, a nonprofit
32 organization that is recognized under section 501(c)(3) of the internal
33 revenue code and that operates on the premises as a charter school
34 pursuant to section 15-183 OR THAT ARE LEASED FOR THE ENTIRE VALUATION
35 YEAR TO, AND USED EXCLUSIVELY BY, A NONPROFIT CHURCH, RELIGIOUS ASSEMBLY
36 OR RELIGIOUS INSTITUTION. If only part of a parcel of real property or
37 improvements to real property is leased for operation of a charter school
38 OR A CHURCH, RELIGIOUS ASSEMBLY OR RELIGIOUS INSTITUTION as provided by
39 this paragraph, only the portion so leased qualifies for classification
40 under this section. A property owner who leases property to a charter
41 school OR A CHURCH, RELIGIOUS ASSEMBLY OR RELIGIOUS INSTITUTION AS
42 PROVIDED BY THIS PARAGRAPH shall file an affidavit with the county
43 assessor stating that the charter school OR CHURCH, RELIGIOUS ASSEMBLY OR
44 RELIGIOUS INSTITUTION shall be the sole beneficiary of the change in
45 property tax classification pursuant to this section and that the lease
46 rate that is charged to the charter school OR CHURCH, RELIGIOUS ASSEMBLY

1 OR RELIGIOUS INSTITUTION is consistent with the lease rates that are
2 charged to other tenants of the property or a fair market rate.

3 6. Improvements that are located on federal, state, county or
4 municipal property and owned by the lessee of the property if:

5 (a) The improvements become the property of the federal, state,
6 county or municipal owner of the property on termination of the leasehold
7 interest in the property.

8 (b) Both the improvements and the property are used primarily for
9 convention activities.

10 B. Improvements that are located in an area defined as a research
11 park pursuant to section 35-701 may not be classified under this section.

12 C. All property classified as class nine is subject to valuation at
13 full cash value.

APPROVED BY THE GOVERNOR MARCH 23, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 23, 2015.