

REFERENCE TITLE: property tax; administration; county assessor

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1266

Introduced by
Senator Livingston

AN ACT

AMENDING SECTIONS 28-7094, 42-11152 AND 42-13203, ARIZONA REVISED STATUTES; REPEALING SECTIONS 42-13204 AND 42-13205, ARIZONA REVISED STATUTES; AMENDING SECTION 42-16254, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX ADMINISTRATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 28-7094, Arizona Revised Statutes, is amended to
3 read:

4 28-7094. Property acquisition; future needs; highway
5 properties fund; rental revenue

6 A. The authority provided by this article to acquire real property
7 for transportation purposes includes authority to acquire for future needs
8 if the board has an adopted and approved state route plan or airport site
9 location showing a reasonable need for the property.

10 B. The director may:

11 1. Except as provided in paragraphs 3 and 4 OF THIS SUBSECTION,
12 lease at fair rental value or for fair consideration TO allow the use of
13 any land, improvement or portion of land or improvement that is held for
14 transportation purposes and that is not presently needed for these
15 purposes on terms and conditions determined by the director.

16 2. Maintain and care for the property described in paragraph 1 OF
17 THIS SUBSECTION to secure rent from the property on terms consistent with
18 this article.

19 3. If used for a public purpose, allow local agencies to use and
20 maintain any land, improvement or portion of land or improvement that is
21 held for transportation purposes and that is not presently needed for
22 these purposes at fair rental value and on other terms and conditions
23 determined by the director. The director may reduce the fair rental value
24 by the costs of the maintenance of the land or improvement.

25 4. If used for a public purpose, lease to nonprofit organizations,
26 state agencies or local agencies any historic property that is held for
27 transportation purposes and that is not presently needed for these
28 purposes at fair rental value and on other terms and conditions determined
29 by the director. The director may reduce the fair rental value by the
30 costs of the maintenance of the land or improvement.

31 C. The highway properties fund is established. The director shall
32 deposit, pursuant to sections 35-146 and 35-147, rents received from
33 property acquired in the state highway fund ESTABLISHED BY SECTION
34 28-6991, except that twenty-four ~~per cent~~ PERCENT of all rents received
35 shall be deposited in the highway properties fund. Net income received
36 from rentals under this section shall be credited to the budgetary item
37 from which the property was acquired.

38 D. If the director determines that any rental revenue collected
39 under this section represents overpayment or payment in duplicate, the
40 director may authorize the refund of the overpayment or payment in
41 duplicate from the highway properties fund and the state highway fund
42 ESTABLISHED BY SECTION 28-6991.

43 E. Not later than November 1 next following the close of any fiscal
44 year, the department of administration shall pay the rents deposited in
45 the highway properties fund to the county ~~assessor~~ TREASURER in the county

1 in which the real property is situated. The director of the department of
2 transportation shall certify to the department of administration the
3 amount of the rentals attributable to each county and shall notify each
4 county of the rental and location of each piece of rental property for
5 which rents are deposited in the fund.

6 F. The county ~~assessor~~ TREASURER shall distribute any payment
7 received by the county ~~assessor~~ TREASURER pursuant to this section to the
8 county, to each revenue district for which the county assesses and
9 collects real property taxes or assessments and to every other taxing
10 agency within the county in which the property is situated. The amount
11 distributable to the county and each such revenue district or other taxing
12 agency shall be proportionate to the ratio that the amount of the taxes
13 and assessments of each on similar real property similarly situated within
14 that part of the county embracing the smallest in area of the revenue
15 districts or other taxing agencies other than the county, levied for the
16 fiscal year next preceding, bears to the combined amount of the taxes and
17 assessments of all such districts and agencies, including the county, on
18 such property levied for that year. The county ~~assessor~~ TREASURER shall
19 determine and certify the amounts distributable to the board of
20 supervisors, and the board shall order the distribution.

21 G. Any monies distributed pursuant to this section to any county,
22 revenue district or other taxing agency shall be deposited to the credit
23 of the same fund as any taxes or assessments on any taxable similar real
24 property similarly situated. If a county receives a payment pursuant to
25 this section of ~~twenty-five dollars~~ \$25 or less for any parcel of leased
26 property, all of the payment shall be distributed to the county for
27 deposit in the county general fund.

28 H. The respective jurisdictions may spend the monies received by
29 them under this section for any proper public purpose not prohibited by
30 the state constitution.

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

33 42-11152. Affidavit; electronic submission; false statements

34 A. Except as provided in sections 42-11104, 42-11109, 42-11110,
35 42-11111 and 42-11131 and except for property described in sections
36 42-11125, 42-11127, 42-11132 and 42-11132.01, a person who claims
37 exemption from taxation under article IX, section 2, 2.1 or 2.2,
38 Constitution of Arizona, shall:

39 1. When initially claiming the exemption **AND CLAIMING THE EXEMPTION**
40 **IN SUBSEQUENT YEARS**, ~~appear before the county assessor to make~~ **FILE** an
41 affidavit **WITH THE COUNTY ASSESSOR, SIGNED UNDER PENALTY OF PERJURY**, as to
42 the person's eligibility. ~~If a personal appearance before the county~~
43 ~~assessor would create a severe hardship, the county assessor may arrange a~~
44 ~~mutually satisfactory meeting place to make an affidavit as to the~~
45 ~~person's eligibility.~~

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

4 ~~3.~~ 2. Fully answer all questions on the eligibility form or
5 otherwise required by the assessor for that purpose.

6 B. At the assessor's discretion, the assessor may require
7 additional proof of the facts stated by the person before allowing an
8 exemption.

9 ~~C. A person who is in the United States military service and who is~~
10 ~~absent from this state or who is confined in a veterans' hospital or~~
11 ~~another licensed hospital may make the required affidavit in the presence~~
12 ~~of any officer who is authorized to administer oaths on a form obtained~~
13 ~~from the county assessor.~~

14 C. THE COUNTY ASSESSOR MAY ACCEPT AFFIDAVITS REQUIRED BY THIS
15 SECTION ELECTRONICALLY.

16 D. A false statement that is made ~~or sworn to~~ in the affidavit is
17 perjury.

18 Sec. 3. Section 42-13203, Arizona Revised Statutes, is amended to
19 read:

20 42-13203. Replacement cost less depreciation method of
21 valuing shopping centers

22 A. ~~Except as provided by section 42-13204,~~ The county assessor
23 shall determine the valuation of a shopping center by using the
24 replacement cost less depreciation method.

25 B. This method shall use base rates in existence on January 1, 1982
26 subject to any changes that are necessary to reflect changes in costs of
27 construction. The base rates shall be based on average costs that relate
28 to this state as reported in professional cost manuals and publications
29 that are approved by the department.

30 C. The depreciation schedule used under the replacement cost less
31 depreciation method, including any adjustment for obsolescence, shall be
32 the schedule in existence on January 1, 1982 and used by the county
33 assessor.

34 ~~D. On review or appeal of a valuation determined under this~~
35 ~~section, the owner of a shopping center may elect to have the valuation of~~
36 ~~the shopping center determined by the income method commonly known as the~~
37 ~~straight line building residual method if the owner submits all reasonably~~
38 ~~necessary income and expense information. The reviewing body shall use~~
39 ~~the information submitted by the owner and may also use any other~~
40 ~~information customarily analyzed under this method. The capitalization~~
41 ~~rate used for purposes of this subsection shall be comprised of:~~

42 ~~1. For the 1983 tax year a discount rate of 10.5 per cent, adjusted~~
43 ~~each year thereafter according to the percentage change in the weighted~~
44 ~~average cost of monies derived from interest paid on savings accounts,~~
45 ~~federal home loan bank advances and other borrowed money as reported by~~

1 ~~the federal home loan bank of San Francisco for this state for the most~~
2 ~~recent twelve month period ending June 30. The discount rate shall not be~~
3 ~~less than ten per cent.~~

4 ~~2. A recapture rate based on a thirty-five year economic life.~~

5 ~~3. The effective tax rate for the property for the most recent tax~~
6 ~~year.~~

7 ~~F. The department shall:~~

8 ~~1. Determine the average differences in valuations for similar size~~
9 ~~and age shopping centers that result from the two valuation methods~~
10 ~~prescribed by this section and section 42-13204 and from which the~~
11 ~~department shall develop a schedule of obsolescence factors that can be~~
12 ~~added to the depreciation schedule used in the replacement cost less~~
13 ~~depreciation method. County assessors shall incorporate the obsolescence~~
14 ~~factors into the depreciation schedule.~~

15 ~~2. Develop obsolescence factors prescribed by paragraph 1 of this~~
16 ~~subsection based on statistical research in order to, on average, equalize~~
17 ~~the valuations that result from the two valuation methods prescribed in~~
18 ~~this section and section 42-13204. The department may use data from state~~
19 ~~sources, nationally recognized publications and journals and other related~~
20 ~~research.~~

21 Sec. 4. Repeal

22 Sections 42-13204 and 42-13205, Arizona Revised Statutes, are
23 repealed.

24 Sec. 5. Section 42-16254, Arizona Revised Statutes, is amended to
25 read:

26 42-16254. Notice of claim; response; petition for review;
27 appeal

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

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

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

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

42 B. The notice shall:

43 1. Be in a form prescribed by the department.

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

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

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

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

18 E. If, after the meeting, the parties agree on all or part of the
19 notice of claim, the tax roll must be corrected promptly to the extent
20 agreed on and any taxes that have been overpaid shall be refunded pursuant
21 to section 42-16259.

22 F. If the parties fail to agree on all or part of the notice of
23 claim, the taxpayer may file a petition with the board of equalization on
24 a form prescribed by the department and shall send a copy to the tax
25 officer by certified mail. The petition must be filed with the board
26 within ninety days after the date of the meeting or it is barred. On
27 receiving the petition, the board shall hold a hearing on the disputed
28 issues in the notice of claim within thirty days and shall issue a written
29 decision pursuant to the board's rules.

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