

REFERENCE TITLE: **business personal property; tax exemption**

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1263

Introduced by
Senators Mesnard: Bennett, Borrelli, Carroll, Farnsworth, Gowan, Hoffman,
Kaiser, Kavanagh, Kern, Kerr, Petersen, Rogers, Shamp, Shope, Wadsack

AN ACT

**AMENDING SECTIONS 42-11127 AND 42-15002, ARIZONA REVISED STATUTES;
RELATING TO PROPERTY TAX EXEMPTIONS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-11127, Arizona Revised Statutes, is amended
3 to read:

4 42-11127. Exempt personal property

5 ~~A.~~ Pursuant to article IX, section 2, subsection F, Constitution of
6 Arizona, personal property that is class two property pursuant to section
7 42-12002, paragraph 2, subdivision (a) or (b) and that is used for
8 agricultural purposes or personal property that is class one property
9 pursuant to section 42-12001 and that is used in a trade or business as
10 described in section 42-12001, paragraphs 8 through 11 or 13 is exempt
11 from taxation ~~up to a maximum amount of \$207,366 of full cash value for~~
12 ~~each taxpayer.~~

13 ~~B. On or before December 31 of each year, the department shall~~
14 ~~increase the maximum amount of the exemption for the following tax year~~
15 ~~based on the percentage increase, if any, in the employment cost index for~~
16 ~~total compensation for private industry workers in the two most recent~~
17 ~~complete state fiscal years. For the purposes of this subsection,~~
18 ~~"employment cost index" means the average of the employment cost indices~~
19 ~~reported by the bureau of labor statistics of the United States department~~
20 ~~of labor or its successor for the eight quarters of the two most recent~~
21 ~~state fiscal years.~~

22 Sec. 2. Section 42-15002, Arizona Revised Statutes, is amended to
23 read:

24 42-15002. Assessed valuation of class two property

25 The following percentages apply to the full cash value or limited
26 valuation, as applicable, as a basis for determining the assessed
27 valuation of class two property described in section 42-12002:

28 1. Class two (R): sixteen percent through December 31, 2015 and
29 fifteen percent beginning from and after December 31, 2015.

30 ~~2. Class two (P): sixteen percent through December 31, 2015, and~~
31 ~~fifteen percent beginning from and after December 31, 2015, of the value~~
32 ~~exceeding the maximum amount of valuation of personal property that is~~
33 ~~exempt from taxation pursuant to section 42-11127.~~

34 ~~3.~~ 2. Class two (C): fifteen percent.

35 Sec. 3. Applicability

36 This act applies to tax years beginning from and after December 31,
37 2023.