

Senate Engrossed House Bill
dude ranches; historical markers

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

CHAPTER 171
HOUSE BILL 2145

AN ACT

AMENDING SECTIONS 41-826, 41-867, 42-12002, 42-12004, 42-13302 AND
42-13551, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA HISTORICAL
SOCIETY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 41-826, Arizona Revised Statutes, is amended to
3 read:
4 41-826. Permanent Arizona historical society revolving fund
5 A. ~~A.~~ THE permanent Arizona historical society revolving fund is
6 established consisting of ~~monies received pursuant to subsection B of this~~
7 ~~section.~~ BOTH OF THE FOLLOWING:
8 ~~B.~~ 1. All monies received by the society from ~~the operation of~~
9 OPERATING gift shops, book shops, ~~AND~~ food service facilities, ~~and FROM~~
10 charges for the use of or admission into any of the society's facilities
11 ~~shall be~~ AND deposited, pursuant to sections 35-146 and 35-147, ~~into this~~
12 IN THE fund.
13 2. GIFTS, GRANTS, DONATIONS AND CONTRIBUTIONS TO THE FUND.
14 ~~C.~~ B. Fund monies shall be spent by the society for BOTH OF THE
15 FOLLOWING:
16 1. Enhancing the programs of the society, ~~or~~ operating or
17 improving its facilities.
18 2. ISSUING HISTORICAL MARKERS FOR A DUDE RANCH THAT IS DESIGNATED
19 FOR INCLUSION IN THE ARIZONA DUDE RANCH HERITAGE TRAIL PROGRAM ESTABLISHED
20 BY SECTION 41-867.
21 ~~D.~~ C. The Arizona historical society shall prepare an annual
22 report ~~which~~ THAT accounts for all permanent Arizona historical society
23 monies received, from where received and for what purposes ~~such~~ THE monies
24 were used during the fiscal year. The report shall include plans for the
25 ensuing fiscal year. The report shall be presented to the legislature
26 during January of each year.
27 ~~E.~~ D. On notice from the director, the state treasurer shall
28 invest and divest monies in the fund as provided by section 35-313, and
29 monies earned from investment shall be credited to the fund.
30 ~~F.~~ E. All monies in the fund are exempt from the provisions of
31 section 35-190 relating to lapsing of appropriations.
32 Sec. 2. Section 41-867, Arizona Revised Statutes, is amended to
33 read:
34 41-867. Arizona dude ranch heritage trail program; Arizona
35 heritage ranch designation; plaque; Arizona
36 heritage trail; historical marker
37 A. The Arizona dude ranch heritage trail program is established in
38 the Arizona state parks board to serve as a guide to working dude ranches
39 in this state.
40 B. The Arizona state parks board shall designate a dude ranch for
41 inclusion in the Arizona dude ranch heritage trail program if all of the
42 following apply:
43 1. The owner of the dude ranch applies to the Arizona state parks
44 board in a manner determined by the Arizona state parks board.

- 1 2. The dude ranch has been in business for at least twenty-five
2 years.
- 3 3. The dude ranch consists of at least one thousand contiguous
4 acres that are any of the following:
- 5 (a) Private property adjacent to the headquarters.
6 (b) Leased property adjacent to the headquarters. For the purposes
7 of this subdivision, the lease agreement may be for private or public real
8 property and must be in writing and include riding rights.
9 (c) Public land that is subject to a riding permit.
- 10 4. The dude ranch provides recreational activities that include
11 horseback riding, hiking, biking or a working cattle ranch experience for
12 guests.
- 13 5. The dude ranch has an organized and supervised horse program on
14 the property with a horse herd that consists of a number of horses that is
15 equal to or greater than the total number of guest accommodations DURING
16 THE OPERATING SEASON IN WHICH GUESTS ARE PRESENT.
- 17 6. The dude ranch uses at least one permanent structure that has
18 running water, sewage disposal and a kitchen.
- 19 7. The dude ranch provides guests with three meals each day as part
20 of the dude ranch's primary package, commonly referred to as the "American
21 plan".
- 22 8. The dude ranch includes the word "ranch" or "rancho" in the
23 ranch's name.
- 24 C. The Arizona state parks board shall make a determination on the
25 designation within thirty days after receiving an application pursuant to
26 this section.
- 27 D. The Arizona state parks board in cooperation with the largest
28 dude ranch or guest ranch association in this state shall develop indicia
29 and signage that ranches may use to identify and promote the Arizona
30 heritage ranch designation. The applicant shall pay for the cost of
31 designing and creating the plaque.
- 32 E. The Arizona state parks board shall allow additions or
33 modifications to a dude ranch with designation as an Arizona heritage
34 ranch if the original character of the dude ranch is preserved.
- 35 F. The Arizona dude ranch heritage trail shall consist of dude
36 ranches that are designated as an Arizona heritage ranch pursuant to this
37 section.
- 38 G. AT THE REQUEST OF A DUDE RANCH THAT IS DESIGNATED FOR INCLUSION
39 IN THE ARIZONA DUDE RANCH HERITAGE TRAIL PROGRAM PURSUANT TO SUBSECTION B
40 OF THIS SECTION, THE ARIZONA HISTORICAL SOCIETY, IN COOPERATION WITH THE
41 ARIZONA STATE PARKS BOARD AND THE LARGEST DUDE RANCH OR GUEST RANCH
42 ASSOCIATION IN THIS STATE, SHALL ISSUE A HISTORICAL MARKER FOR THE DUDE
43 RANCH WITHIN TWO YEARS AFTER THE REQUEST.

1 Sec. 3. Section 42-12002, Arizona Revised Statutes, is amended to
2 read:

3 42-12002. Class two property

4 For purposes of taxation, class two is established consisting of
5 three subclasses:

6 1. Class two (R) consists of:

7 (a) Real property and improvements to property that are used for
8 agricultural purposes and that are valued at full cash value or pursuant
9 to chapter 13, article 3 of this title, as applicable.

10 (b) Real property and improvements to property that are primarily
11 used for agricultural purposes to produce trees other than standing
12 timber, vines, rosebushes, ornamental plants or other horticultural crops,
13 regardless of whether the crop is grown in containers, soil or any other
14 medium, that are not included in class one, three, four, six, seven or
15 eight and that are valued at full cash value or pursuant to chapter 13,
16 article 3 of this title, as applicable.

17 (c) Real property and improvements to property that are owned and
18 controlled by a nonprofit organization that is exempt from taxation under
19 section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if
20 the property is not used or intended for the financial benefit of members
21 of the organization or any other individual or organization, unless the
22 financial benefit is for charitable, religious, scientific, literary or
23 educational purposes, and that are valued at full cash value.

24 (d) Real property of golf courses that is valued at full cash value
25 or pursuant to chapter 13, article 4 of this title.

26 (e) Real property and improvements to property of a guest ranch
27 that ~~are valued pursuant to~~ MEETS THE REQUIREMENTS PRESCRIBED IN chapter
28 13, article 12 of this title, THAT ARE NOT INCLUDED IN CLASS FOUR AND THAT
29 ARE VALUED AT FULL CASH VALUE.

30 (f) All other real property and improvements to property, if any,
31 that are not included in class one, three, four, six, seven or eight and
32 that are valued at full cash value.

33 2. Class two (P) consists of:

34 (a) Personal property that is used for agricultural purposes and
35 that is valued at full cash value or pursuant to chapter 13, article 3 of
36 this title, as applicable.

37 (b) Personal property that is primarily used for agricultural
38 purposes to produce trees other than standing timber, vines, rosebushes,
39 ornamental plants or other horticultural crops, regardless of whether the
40 crop is grown in containers, soil or any other medium, that is not
41 included in class one, three, four, six, seven or eight and that is valued
42 at full cash value or pursuant to chapter 13, article 3 of this title, as
43 applicable.

1 (c) Personal property that is owned and controlled by a nonprofit
2 organization that is exempt from taxation under section 501(c)(3), (4),
3 (7), (10) or (14) of the internal revenue code if the property is not used
4 or intended for the financial benefit of members of the organization or
5 any other individual or organization, unless the financial benefit is for
6 charitable, religious, scientific, literary or educational purposes, and
7 that is valued at full cash value.

8 (d) Personal property of golf courses that is valued at full cash
9 value or pursuant to chapter 13, article 4 of this title.

10 (e) Personal property of a guest ranch that ~~is valued pursuant to~~
11 **MEETS THE REQUIREMENTS PRESCRIBED IN** chapter 13, article 12 of this title
12 **AND THAT IS NOT INCLUDED IN CLASS FOUR AND THAT IS VALUED AT FULL CASH**
13 **VALUE.**

14 (f) All other personal property that is not included in class one,
15 three, four, six, seven or eight and that is valued at full cash value.

16 3. Class two (C) consists of real property, and improvements to
17 real property, that is burdened by a conservation easement that has been
18 created and is currently in effect pursuant to title 33, chapter 2,
19 article 4.

20 Sec. 4. Section 42-12004, Arizona Revised Statutes, is amended to
21 read:

22 **42-12004. Class four property**

23 A. For the purposes of taxation, class four is established
24 consisting of:

25 1. Real and personal property and improvements to the property that
26 are used for residential purposes, including residential property that is
27 owned in foreclosure by a financial institution, that is not otherwise
28 included in another classification and that is valued at full cash value.
29 The homesite that is included in class four may include:

30 (a) Up to ten acres on a single parcel of real property on which
31 the residential improvement is located.

32 (b) More than ten, but not more than forty, acres on a single
33 parcel of real property on which the residential improvement is located if
34 it is zoned exclusively for residential purposes or contains legal
35 restrictions or physical conditions that prevent the division of the
36 parcel. For the purposes of this subdivision, "physical conditions" means
37 topography, mountains, washes, rivers, roads or any other configuration
38 that limits the residential usable land area.

39 2. Real and personal property and improvements to the property that
40 are used for residential purposes and solely leased or rented, that are
41 not included in class one, two, three, six, seven or eight and that are
42 valued at full cash value.

43 3. Child care facilities that are licensed under title 36, chapter
44 7.1 and that are valued at full cash value.

1 4. Real and personal property and improvements to property that are
2 used to operate nonprofit residential housing facilities that are
3 structured to house or care for persons with disabilities or who are at
4 least sixty-two years of age and that are valued at full cash value.

5 5. Real and personal property and improvements that are used to
6 operate licensed residential care institutions or licensed nursing care
7 institutions that provide medical services, nursing services or
8 health-related services and that are structured to house or care for
9 persons with disabilities or who are at least sixty-two years of age and
10 that are valued at full cash value.

11 6. Real and personal property consisting of not more than eight
12 rooms of residential property that are leased or rented to transient
13 lodgers, together with furnishing not more than a breakfast meal, by the
14 owner who resides on the property and that is valued at full cash value.

15 7. Real and personal property that consists of residential
16 dwellings maintained for occupancy by agricultural employees as a
17 condition of employment or as a convenience to the employer, that is not
18 included in class three and that is valued at full cash value. The land
19 associated with these dwellings shall be valued as agricultural land
20 pursuant to chapter 13, article 3 of this title.

21 8. Real property and improvements to property constituting common
22 areas that are valued pursuant to chapter 13, article 9 of this title.

23 9. Real and personal property that is defined as timeshare property
24 by section 32-2197 and valued pursuant to chapter 13, article 10 of this
25 title, except for any property used for commercial, industrial or
26 transient occupancy purposes and included in class one to the extent of
27 that use.

28 10. Real and personal property and improvements that are used for
29 residential purposes and that are leased or rented to lodgers, except for:

30 (a) Property occupied by the owner of the property as the owner's
31 primary residence and included in class three.

32 (b) Property used for commercial purposes and included in class
33 one.

34 11. Low-income multifamily residential rental properties that are
35 valued pursuant to chapter 13, article 13 of this title.

36 12. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS TO PROPERTY OF A
37 GUEST RANCH THAT MEETS THE REQUIREMENTS PRESCRIBED IN CHAPTER 13, ARTICLE
38 12 OF THIS TITLE AND THAT IS INCLUDED IN THE ARIZONA DUDE RANCH HERITAGE
39 TRAIL PROGRAM ESTABLISHED BY SECTION 41-867 AND THAT ARE VALUED AT FULL
40 CASH VALUE.

41 B. Subsection A, paragraphs 4 and 5 of this section do not limit
42 eligibility for exemption from taxation under chapter 11, article 3 of
43 this title.

1 Sec. 5. Section 42-13302, Arizona Revised Statutes, is amended to
2 read:

3 42-13302. Determining limited value in cases of
4 modifications, omissions and changes

5 A. In the following circumstances the limited property value shall
6 be established at a level or percentage of full cash value that is
7 comparable to that of other properties of the same or a similar use or
8 classification:

9 1. Property that was erroneously totally or partially omitted from
10 the property tax rolls in the preceding tax year, except as a result of
11 this section.

12 2. Property for which a change in physical, objectively verifiable
13 use has occurred on the property since the preceding tax year. For the
14 purposes of this paragraph and section 42-16002: ~~;~~

15 (a) A change in the occupant or classification of a single-family
16 residence is not a change in use, in and of itself.

17 (b) A CHANGE IN THE CLASSIFICATION OF A GUEST RANCH AS DEFINED IN
18 SECTION 42-13551 IS NOT A CHANGE IN USE, IN AND OF ITSELF.

19 3. Property that has been modified by construction, destruction or
20 demolition since the preceding valuation year such that the total value of
21 the modification is equal to or greater than fifteen percent of the full
22 cash value.

23 4. Property that has been split, subdivided or consolidated from
24 January 1 through September 30 of the valuation year, except for cases
25 that result from an action initiated by a governmental entity.

26 B. In the case of property that is split, subdivided or
27 consolidated after September 30 through December 31 of the valuation year,
28 except for cases that result from an action initiated by a governmental
29 entity, the total limited property value of the new parcel or parcels is
30 the same as the total limited property value of the original parcel or
31 parcels. For the following valuation year, the limited property value
32 shall be established at a level or percentage of full cash value that is
33 comparable to that of other properties of the same or a similar use or
34 classification. The new parcel or parcels shall retain the same
35 value-adding characteristics that applied to the original parcel before
36 being split or consolidated, except as provided in subsection A,
37 paragraph 3 of this section.

38 C. In the case of property that was split, subdivided or
39 consolidated from January 1 through September 30 of the valuation year as
40 a result of an action initiated by a governmental entity, the limited
41 value is the lower of either:

42 1. The level or percentage of full cash value that is comparable to
43 that of other properties of the same or similar use or classification.

44 2. The total limited value for the original parcel or parcels as
45 determined under section 42-13301, and in the following valuation year,

1 the limited property value shall be established pursuant to section
2 42-13301.

3 D. In the case of property that was split, subdivided or
4 consolidated after September 30 through December 31 of the valuation year
5 as a result of an action initiated by a governmental entity, the total
6 limited value for the resulting parcel or parcels is the same as the total
7 limited value for the original parcel or parcels as determined under
8 section 42-13301, and in the following valuation year, the limited
9 property value shall be established as the lower of either:

10 1. The level or percentage of full cash value that is comparable to
11 that of other properties of the same or similar use or classification.

12 2. The limited property value established pursuant to section
13 42-13301.

14 Sec. 6. Section 42-13551, Arizona Revised Statutes, is amended to
15 read:

16 42-13551. Definition of guest ranch

17 For the purposes of this article, "guest ranch" means real property
18 and improvements to property being used as a guest ranch that meets all of
19 the following:

20 1. Consists of at least one thousand contiguous acres that are any
21 of the following:

22 (a) Private property adjacent to the headquarters.

23 (b) Leased property adjacent to the headquarters. For the purposes
24 of this subdivision, the lease agreement may be for private or public real
25 property and must be in writing and include riding rights.

26 (c) Public land that is subject to a riding permit.

27 2. Provides recreational activities that include horseback riding,
28 hiking, biking or a working cattle ranch experience for guests.

29 3. Has an organized and supervised horse program on the property
30 with a horse herd that consists of a number of horses that is equal to or
31 greater than the total number of guest accommodations **DURING THE OPERATING**
32 **SEASON IN WHICH GUESTS ARE PRESENT**.

33 4. Uses at least one permanent structure that has running water,
34 sewage disposal and a kitchen.

35 5. Provides guests with three meals each day as part of the guest
36 ranch's primary package, commonly referred to as the "American plan".

37 6. Includes the word "ranch" or "rancho" in the guest ranch's name.

APPROVED BY THE GOVERNOR JUNE 19, 2023.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 19, 2023.