Senate Engrossed

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JANICE K. BREWER
SECRETARY OF STATE

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CHAPTER 15

SENATE BILL 1091

AN ACT

AMENDING SECTIONS 42-11001, 42-16252 AND 42-16256, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 42-11001, Arizona Revised Statutes, is amended to read:

42-11001. Definitions

In chapters 11 through 19 of this title, unless the context otherwise requires:

1. "Assessed valuation" means the value derived by applying the applicable percentage prescribed by chapter 15, article 1 of this title to the full cash value or limited property value of the property, as applicable.

2. "Board" or "state board" means the state board of equalization.

3. "County board" means the county board of supervisors sitting as the county board of equalization.

4. "Current usage" means the use to which property is put at the time of valuation by the assessor or the department.

5. "Full cash value" for property tax purposes means the value determined as prescribed by statute. If no statutory method is prescribed, full cash value is synonymous with market value which means the estimate of value that is derived annually by using standard appraisal methods and techniques. Full cash value is the basis for assessing, fixing, determining and levying secondary property taxes.

6. "Limited property value" means the value determined pursuant to section 42-13301. Limited property value is the basis for:

(a) Computing levy limitations for counties, cities, towns and community college districts.

(b) Assessing, fixing, determining and levying primary property taxes.

7. "Person" means a natural person, individual, proprietor, proprietorship, company, corporation, organization, association, joint venture, partner, partnership, trust, estate, limited liability company, the federal or state government, a political subdivision of a state or any other legal entity or combination of entities that owns, controls or has possession of real or personal property.

8. "Personal property" includes property of every kind, both tangible and intangible, not included in the term real estate.

9. "Primary property taxes" means all ad valorem taxes except for secondary property taxes.

10. "Producing mine" or "mining claim" means a mine or mining claim from which coal or any other mineral or mineral substance, except for clay, sand, gravel, building stone or a mineral or mineral substance that is normally processed into artificial stone, has been extracted for commercial purposes at any time during a period of one year before the first Monday in January of the valuation year.

11. "Real estate" includes the ownership of, claim to, possession of or right of possession to lands or patented mines.

12. "Roll" means the assessment and tax roll.

13. "Secondary property taxes" means:

(a) Ad valorem taxes or special property assessments that are used to pay the principal of and the interest and redemption charges on bonded indebtedness or other lawful long-term obligations that are issued or incurred for a specific capital purpose by a municipality, county or taxing district.

(b) Ad valorem taxes or assessments levied by or for special taxing districts and assessment districts other than school districts and community college districts.

(c) Amounts levied pursuant to an election to exceed a budget, expenditure or tax limitation.

14. "TAX YEAR" FOR ALL PROPERTY MEANS THE CALENDAR YEAR IN WHICH THE TAXES ARE LEVIED.

~~14.~~ 15. "Valuation" means the full cash value or limited property value that is determined for real or personal property, as applicable.

~~15.~~ 16. "Valuation date", for the purposes of real property and property valued by the department, means January 1 of the year preceding the year in which taxes are levied.

~~16.~~ 17. "Valuation year" means:

(a) For real property and property valued by the department the calendar year preceding the year in which the taxes are levied.

(b) For personal property the calendar year in which the taxes are levied.

Sec. 2. Section 42-16252, Arizona Revised Statutes, is amended to read:

42-16252. Notice of error; response; petition for review; appeal

A. Subject to the limitations and conditions prescribed by this article, if a county assessor or the department determines that any real or personal property has been assessed improperly as a result of a property tax error, the county assessor or department shall send the taxpayer a notice of error at the taxpayer's last known address by:

1. Certified mail, return receipt requested, if correction of the error results in an increase in the valuation of the property.

2. ~~Regular~~ FIRST CLASS mail or, at the taxpayer's written request, delivered by common carrier or transmitted electronically, if correction of the error does not result in an increase in the valuation of the property.

B. The notice shall:

1. Be in a form prescribed by the department.

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

3. Explain the error, the reasons for the error and the proposed correction of the error.

4. Inform the taxpayer of the procedure and deadlines for appealing all or part of the proposed determination before the tax roll is corrected.

C. Within thirty days after receiving a notice of error the taxpayer may file a written response to the taxing authority that sent the notice to either consent to or dispute the proposed correction of the error and to state the grounds for disputing the correction. A failure to file a written response within thirty days constitutes consent to the proposed correction unless a request for an extension of time is made within thirty days after receiving the notice of error. If an extension is granted, any response that is not filed within the extended due date constitutes consent to the proposed correction.

D. If an owner of real property consents to the proposed correction, OR CONSENTS TO THE CORRECTION BUT DISPUTES THE PROPOSED VALUATION AS PROVIDED ON THE FORM PRESCRIBED BY THE DEPARTMENT, the tax roll shall be promptly corrected to allow property taxes to be levied and collected IN ALL SUBSEQUENT TAX YEARS, but no ADDITIONAL tax, interest or penalty may be imposed for THE CURRENT TAX YEAR OR any tax year preceding the date of the notice of error. IF AN OWNER OF REAL PROPERTY DISPUTES THE PROPOSED CORRECTION AND A COURT DETERMINES, AFTER AN APPEAL PURSUANT TO SUBSECTION G, THAT AN ERROR OCCURRED, any taxes that are assessed pursuant to this subsection, INCLUDING ALL CASES INVOLVING PERSONAL PROPERTY, are delinquent if not paid within sixty days after the date the supplemental billing is mailed to the taxpayer. If taxes have been overpaid, they shall be refunded with interest as provided by law within ninety days after the roll is corrected. The owner may appeal valuation issues that arise from the correction as provided in this section.

E. If requested, the assessor or department shall meet with the taxpayer or the taxpayer's representative in any case in which the taxpayer has timely filed a written response disputing the proposed correction.

F. If the parties fail to agree on all or part of the proposed correction, the department or assessor shall serve a notice on the taxpayer by certified mail advising the taxpayer that the error will be corrected within forty-five days unless the taxpayer files a petition on a form prescribed by the department with the county board of equalization, if one is established in the county, or, if one is not established in the county, with the state board of equalization. The department or assessor shall include a petition form with the notice and an explanation of the appeals procedure. The petition must be filed with the county board or the state board within thirty days after the notice prescribed by this subsection is mailed, or it is barred. On receiving the petition, the board shall hold a hearing on the proposed correction within thirty days and shall issue a written decision pursuant to the board's rules.

G. A party that is dissatisfied with the decision of the county board or state board may appeal the decision to court within sixty days after the date the board's decision is mailed, but any additional taxes that are determined to be due must be timely paid before delinquency for the court to retain jurisdiction of the matter.

Sec. 3. Section 42-16256, Arizona Revised Statutes, is amended to read:

42-16256. Limitations

A. In the case of real or personal property, correction of errors under this article is limited to the period during which the current owner of record held title to the property, if the owner is a purchaser in good faith and without notice of any error that could have caused proceedings to be initiated to correct the tax roll when the owner purchased the property.

B. Except as provided in subsection C OF THIS SECTION, AND SUBJECT TO THE PROVISIONS OF SECTION 42-16252, SUBSECTION D, ~~no~~ A notice of error or notice of claim under this article IS LIMITED TO THE CURRENT TAX YEAR IN WHICH THE NOTICE OF ERROR OR NOTICE OF CLAIM IS FILED AND THE THREE IMMEDIATELY PRECEDING TAX YEARS. ~~may be filed to correct an error that occurred more than three years before the notice of error or notice of claim is mailed or filed. In determining this three year period:~~

~~1. If the notice is mailed or filed after the third Monday in August, the three year period is the current year and the two immediately preceding years.~~

~~2. If the notice is mailed or filed on or before the third Monday in August, the three year period is the three immediately preceding years.~~

C. If a specific error involving a particular property is established by a final nonappealable ruling by a court of competent jurisdiction in favor of the party who brought the action, the error may be corrected as of the date the action was filed or as of the date a notice of claim or notice of error was filed pursuant to this article, whichever is earlier, but no additional assessment or refund for any period before that date is permitted.

APPROVED BY THE GOVERNOR MARCH 30, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 30, 2004.