

REFERENCE TITLE: tax exemptions; affidavit

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

## **SB 1230**

Introduced by  
Senator Mesnard

AN ACT

AMENDING SECTIONS 42-5009, 42-11104, 42-11109, 42-11110, 42-11111, 42-11131, 42-11132, 42-11132.01, 42-11132.02, 42-11152 AND 42-11153, ARIZONA REVISED STATUTES; RELATING TO 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 42-5009, Arizona Revised Statutes, is amended to  
3 read:

4 42-5009. Certificates establishing deductions; liability for  
5 making false certificate; tax exclusion;  
6 definitions

7 A. A person who conducts any business classified under article 2 of  
8 this chapter may establish entitlement to the allowable deductions from  
9 the tax base of that business by both:

10 1. Marking the invoice for the transaction to indicate that the  
11 gross proceeds of sales or gross income derived from the transaction was  
12 deducted from the tax base.

13 2. Obtaining a certificate executed by the purchaser indicating the  
14 name and address of the purchaser, the precise nature of the business of  
15 the purchaser, the purpose for which the purchase was made, the necessary  
16 facts to establish the appropriate deduction and the tax license number of  
17 the purchaser to the extent the deduction depends on the purchaser  
18 conducting business classified under article 2 of this chapter and a  
19 certification that the person executing the certificate is authorized to  
20 do so on behalf of the purchaser. The certificate may be disregarded if  
21 the seller has reason to believe that the information contained in the  
22 certificate is not accurate or complete.

23 B. A person who does not comply with subsection A of this section  
24 may establish entitlement to the deduction by presenting facts necessary  
25 to support the entitlement, but the burden of proof is on that person.

26 C. The department may prescribe a form for the certificate  
27 described in subsection A of this section. Under such rules as it may  
28 prescribe, the department may also describe transactions with respect to  
29 which a person is not entitled to rely solely on the information contained  
30 in the certificate provided for in subsection A of this section but must  
31 instead obtain such additional information as required by the rules in  
32 order to be entitled to the deduction.

33 D. If a seller is entitled to a deduction by complying with  
34 subsection A of this section, the department may require the purchaser  
35 that caused the execution of the certificate to establish the accuracy and  
36 completeness of the information required to be contained in the  
37 certificate that would entitle the seller to the deduction. If the  
38 purchaser cannot establish the accuracy and completeness of the  
39 information, the purchaser is liable in an amount equal to any tax,  
40 penalty and interest that the seller would have been required to pay under  
41 this article if the seller had not complied with subsection A of this  
42 section. Payment of the amount under this subsection exempts the  
43 purchaser from liability for any tax imposed under article 4 of this  
44 chapter. The amount shall be treated as tax revenues collected from the

1 seller in order to designate the distribution base for purposes of section  
2 42-5029.

3 E. If a seller is entitled to a deduction by complying with  
4 subsection B of this section, the department may require the purchaser to  
5 establish the accuracy and completeness of the information provided to the  
6 seller that entitled the seller to the deduction. If the purchaser cannot  
7 establish the accuracy and completeness of the information, the purchaser  
8 is liable in an amount equal to any tax, penalty and interest that the  
9 seller would have been required to pay under this article if the seller  
10 had not complied with subsection B of this section. Payment of the amount  
11 under this subsection exempts the purchaser from liability for any tax  
12 imposed under article 4 of this chapter. The amount shall be treated as  
13 tax revenues collected from the seller in order to designate the  
14 distribution base for purposes of section 42-5029.

15 F. The department may prescribe a form for a certificate used to  
16 establish entitlement to the deductions described in section 42-5061,  
17 subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3.  
18 Under rules the department may prescribe, the department may also require  
19 additional information for the seller to be entitled to the deduction. If  
20 a seller is entitled to the deductions described in section 42-5061,  
21 subsection A, paragraph 46 and section 42-5063, subsection B, paragraph 3,  
22 the department may require the purchaser who executed the certificate to  
23 establish the accuracy and completeness of the information contained in  
24 the certificate that would entitle the seller to the deduction. If the  
25 purchaser cannot establish the accuracy and completeness of the  
26 information, the purchaser is liable in an amount equal to any tax,  
27 penalty and interest that the seller would have been required to pay under  
28 this article. Payment of the amount under this subsection exempts the  
29 purchaser from liability for any tax imposed under article 4 of this  
30 chapter. The amount shall be treated as tax revenues collected from the  
31 seller in order to designate the distribution base for purposes of section  
32 42-5029.

33 G. If a seller claims a deduction under section 42-5061,  
34 subsection A, paragraph 25 and establishes entitlement to the deduction  
35 with an exemption letter that the purchaser received from the department  
36 and the exemption letter was based on a contingent event, the department  
37 may require the purchaser that received the exemption letter to establish  
38 the satisfaction of the contingent event within a reasonable time. If the  
39 purchaser cannot establish the satisfaction of the event, the purchaser is  
40 liable in an amount equal to any tax, penalty and interest that the seller  
41 would have been required to pay under this article if the seller had not  
42 been furnished the exemption letter. Payment of the amount under this  
43 subsection exempts the purchaser from liability for any tax imposed under  
44 article 4 of this chapter. The amount shall be treated as tax revenues  
45 collected from the seller in order to designate the distribution base for

1 purposes of section 42-5029. For the purposes of this subsection,  
2 "reasonable time" means a time limitation that the department determines  
3 and that does not exceed the time limitations pursuant to section 42-1104.

4 H. The department shall prescribe forms for certificates used to  
5 establish the satisfaction of the criteria necessary to qualify the sale  
6 of a motor vehicle for the deductions described in section 42-5061,  
7 subsection A, paragraph 14, paragraph 28, ~~subdivision (a)~~ and paragraph 44  
8 and subsection U. Except as provided in subsection J of this section, to  
9 establish entitlement to these deductions, a motor vehicle dealer shall  
10 retain:

11 1. A valid certificate as prescribed by this subsection completed  
12 by the purchaser and obtained before the issuance of the nonresident  
13 registration permit authorized by section 28-2154.

14 2. A copy of the nonresident registration permit authorized by  
15 section 28-2154.

16 3. A legible copy of a current valid driver license issued to the  
17 purchaser by another state or foreign country that indicates an address  
18 outside of this state. For the sale of a motor vehicle to a nonresident  
19 entity, the entity's representative must have a current valid driver  
20 license issued by the same jurisdiction as that in which the entity is  
21 located.

22 4. For the purposes of the deduction provided by section 42-5061,  
23 subsection A, paragraph 14, subdivision (a), a certificate documenting the  
24 delivery of the motor vehicle to an out-of-state location.

25 I. Notwithstanding subsection A, paragraph 2 of this section, if a  
26 motor vehicle dealer has established entitlement to a deduction by  
27 complying with subsection H of this section, the department may require  
28 the purchaser who executed the certificate to establish the accuracy and  
29 completeness of the information contained in the certificate that entitled  
30 the motor vehicle dealer to the deduction. If the purchaser cannot  
31 establish the accuracy and completeness of the information, the purchaser  
32 is liable in an amount equal to any tax, penalty and interest that the  
33 motor vehicle dealer would have been required to pay under this article  
34 and under articles IV and V of the model city tax code as defined in  
35 section 42-6051. Payment of the amount under this subsection exempts the  
36 purchaser from liability for any tax imposed under article 4 of this  
37 chapter and any tax imposed under article VI of the model city tax code as  
38 defined in section 42-6051. The amount shall be treated as tax revenues  
39 collected from the motor vehicle dealer in order to designate the  
40 distribution base for purposes of section 42-5029.

41 J. To establish entitlement to the deduction described in section  
42 42-5061, subsection A, paragraph 44, a public consignment auction dealer  
43 as defined in section 28-4301 shall submit the valid certificate  
44 prescribed by subsection H of this section to the department and retain a  
45 copy for its records.

1 K. Notwithstanding any other law, compliance with subsection H of  
2 this section by a motor vehicle dealer entitles the motor vehicle dealer  
3 to the exemption provided in section 42-6004, subsection A, paragraph 4.

4 L. The department shall prescribe a form for a certificate to be  
5 used by a person that is not subject to tax under section 42-5075 when the  
6 person is engaged by a contractor that is subject to tax under section  
7 42-5075 for a project that is taxable under section 42-5075. The  
8 certificate permits the person purchasing tangible personal property to be  
9 incorporated or fabricated by the person into any real property,  
10 structure, project, development or improvement to provide documentation to  
11 a retailer that the sale of tangible personal property qualifies for the  
12 deduction under section 42-5061, subsection A, paragraph 27,  
13 subdivision (b). A prime contractor shall obtain the certificate from the  
14 department and shall provide a copy to any such person working on the  
15 project. The prime contractor shall obtain a new certificate for each  
16 project to which this subsection applies. For the purposes of this  
17 subsection, the following apply:

18 1. The person that is not subject to tax under section 42-5075 may  
19 use the certificate issued pursuant to this subsection only with respect  
20 to tangible personal property that will be incorporated into a project for  
21 which the gross receipts are subject to tax under section 42-5075.

22 2. The department shall issue the certificate to the prime  
23 contractor on receiving sufficient documentation to establish that the  
24 prime contractor meets the requirements of this subsection.

25 3. If any person uses the certificate provided under this  
26 subsection to purchase tangible personal property to be used in a project  
27 that is not subject to tax under section 42-5075, the person is liable in  
28 an amount equal to any tax, penalty and interest that the seller would  
29 have been required to pay under this article if the seller had not  
30 complied with subsection A of this section. Payment of the amount under  
31 this section exempts the person from liability for any tax imposed under  
32 article 4 of this chapter. The amount shall be sourced under section  
33 42-5040, subsection A, paragraph 2.

34 M. Notwithstanding any other law, compliance with subsection L of  
35 this section by a person that is not subject to tax under section 42-5075  
36 entitles the person to the exemption allowed by section 465,  
37 subsection (k) of the model city tax code when purchasing tangible  
38 personal property to be incorporated or fabricated by the person into any  
39 real property, structure, project, development or improvement.

40 N. The requirements of subsections A and B of this section do not  
41 apply to owners, proprietors or tenants of agricultural lands or farms who  
42 sell livestock or poultry feed that is grown or raised on their lands to  
43 any of the following:

1           1. Persons who feed their own livestock or poultry.

2           2. Persons who are engaged in the business of producing livestock  
3 or poultry commercially.

4           3. Persons who are engaged in the business of feeding livestock or  
5 poultry commercially or who board livestock noncommercially.

6           0. A vendor who has reason to believe that a certificate prescribed  
7 by this section is not accurate or complete will not be relieved of the  
8 burden of proving entitlement to the exemption. A vendor that accepts a  
9 certificate in good faith will be relieved of the burden of proof and the  
10 purchaser may be required to establish the accuracy of the claimed  
11 exemption. If the purchaser cannot establish the accuracy and  
12 completeness of the information provided in the certificate, the purchaser  
13 is liable for an amount equal to the transaction privilege tax, penalty  
14 and interest that the vendor would have been required to pay if the vendor  
15 had not accepted the certificate.

16           P. Notwithstanding any other law, an online lodging operator, as  
17 defined in section 42-5076, shall be entitled to an exclusion from any  
18 applicable taxes for any online lodging transaction, as defined in section  
19 42-5076, facilitated by an online lodging marketplace, as defined in  
20 section 42-5076, for which the online lodging operator has obtained from  
21 the online lodging marketplace written notice that the online lodging  
22 marketplace is registered with the department to collect applicable taxes  
23 for all online lodging transactions facilitated by the online lodging  
24 marketplace, and transaction history documenting tax collected by the  
25 online lodging marketplace, pursuant to section 42-5005, subsection L.

26           Q. The department shall prescribe the form of a certificate to be  
27 used by a person purchasing an aircraft to document eligibility for a  
28 deduction pursuant to section 42-5061, subsection B, paragraph 8,  
29 subdivision (a), item (v) or an exemption pursuant to section 42-5159,  
30 subsection B, paragraph 8, subdivision (a), item (v), relating to  
31 aircraft. The person must provide this certificate and documentation  
32 confirming that the operational control of the aircraft has been  
33 transferred or will be transferred immediately after the purchase to one  
34 or more persons described in section 42-5061, subsection B, paragraph 8,  
35 subdivision (a), item (i), (ii), (iii) or (iv) or section 42-5159,  
36 subsection B, paragraph 8, subdivision (a), item (i), (ii), (iii) or (iv).  
37 Operational control of the aircraft must be transferred for at least fifty  
38 percent of the aircraft's flight hours. If such operational control is  
39 not transferred for at least fifty percent of the aircraft's flight hours  
40 during the recapture period, the owner of the aircraft is liable for an  
41 amount equal to any tax that the seller or purchaser would have been  
42 required to pay under this chapter at the time of the sale, plus penalty  
43 and interest. The recapture period begins on the date that operational  
44 control of the aircraft is first transferred and ends on the later of the  
45 date the aircraft is fully depreciated for federal income tax purposes or

1 five years after operational control was first transferred. For the  
2 purposes of this subsection, operational control of the aircraft must be  
3 within the meaning of federal aviation administration operations  
4 specification A008, or its successor, except that:

5 1. If it is determined that operational control has been  
6 transferred for less than fifty percent but more than forty percent of the  
7 aircraft's flight hours, the owner of the aircraft is liable for an amount  
8 equal to any tax that the seller or purchaser would have been required to  
9 pay under this chapter at the time of the sale, plus interest.

10 2. If the aircraft is sold during the recapture period, the seller  
11 is not liable for the amount determined pursuant to this subsection unless  
12 the operational control of the aircraft had not been transferred for at  
13 least fifty percent of the aircraft's flight hours at the time of the  
14 sale.

15 R. Notwithstanding any other law, a shared vehicle owner is  
16 entitled to an exclusion from any applicable taxes for a shared vehicle  
17 transaction that is facilitated by a peer-to-peer car sharing program and  
18 for which the peer-to-peer car sharing program has collected and remitted  
19 applicable taxes.

20 S. A QUALIFIED HOSPITAL THAT HAS A CURRENT EXEMPTION LETTER FROM  
21 THE DEPARTMENT AND THAT APPLIES TO RENEW THE EXEMPTION LETTER AT LEAST  
22 THIRTY BUSINESS DAYS BEFORE THE CURRENT EXEMPTION LETTER EXPIRES MAY  
23 CONTINUE TO USE THE EXEMPTION LETTER FROM THE PRIOR YEAR AFTER THE  
24 EXPIRATION DATE UNTIL THE DEPARTMENT APPROVES OR DENIES THE EXEMPTION  
25 LETTER RENEWAL APPLICATION. IF THE EXEMPTION LETTER RENEWAL APPLICATION  
26 IS DENIED, THE QUALIFIED HOSPITAL IS LIABLE IN AN AMOUNT EQUAL TO ANY TAX,  
27 PENALTY AND INTEREST THAT THE SELLER WOULD HAVE BEEN REQUIRED TO PAY UNDER  
28 THIS ARTICLE IF THE SELLER HAD NOT BEEN FURNISHED THE EXEMPTION LETTER.  
29 PAYMENT OF THE AMOUNT UNDER THIS SUBSECTION EXEMPTS THE QUALIFIED HOSPITAL  
30 FROM LIABILITY FOR ANY TAX IMPOSED UNDER ARTICLE 4 OF THIS CHAPTER. THE  
31 AMOUNT SHALL BE TREATED AS TAX REVENUES COLLECTED FROM THE SELLER IN ORDER  
32 TO DESIGNATE THE DISTRIBUTION BASE FOR PURPOSES OF SECTION 42-5029.

33 ~~S.~~ T. For the purposes of this section, "peer-to-peer car sharing  
34 program", "shared vehicle owner" and "shared vehicle transaction" have the  
35 same meanings prescribed in section 28-9601.

36 Sec. 2. Section 42-11104, Arizona Revised Statutes, is amended to  
37 read:

38 42-11104. Exemption for educational and library property

39 A. Libraries, colleges, school buildings and other buildings that  
40 are used for education, with their furniture, libraries and equipment and  
41 the land that is appurtenant to and used with them, are exempt from  
42 taxation if they are used for education and not used or held for profit.

1 B. Property and buildings are exempt from taxation if leased from:

2 1. A school district pursuant to a lease or lease-purchase  
3 agreement under section 15-342, paragraph 9 or 10.

4 2. A community college district pursuant to a lease or  
5 lease-purchase agreement under section 15-1444.

6 C. Property and buildings, including land, improvements, furniture  
7 and equipment, that are owned by a nonprofit organization that is  
8 recognized under section 501(c)(3) of the internal revenue code and that  
9 operates as:

10 1. A charter school pursuant to section 15-183 are exempt from  
11 taxation beginning on the date the nonprofit organization acquires  
12 ownership of the property and buildings if the property and buildings are  
13 used for education and are not used or held for profit.

14 2. A trap and skeet shooting club that teaches, trains, sponsors,  
15 coaches or hosts or sponsors clinics, shooting leagues, competitive  
16 tournaments or other events, including hunter and firearm safety classes,  
17 are exempt from taxation if the property and buildings are used for  
18 education purposes and not used or held for profit.

19 3. A residential treatment and education facility are exempt from  
20 taxation beginning on the date the nonprofit organization acquires  
21 ownership of the property and buildings if the property and buildings are  
22 used for education and are not used or held for profit.

23 D. Within ten days after receiving an initial affidavit of  
24 eligibility submitted under section 42-11152 by a nonprofit organization  
25 described under subsection C of this section, the county assessor, on  
26 request, shall issue a receipt for the affidavit.

27 E. ~~if~~ A nonprofit organization described under subsection C of this  
28 section ~~files~~ SHALL FILE with the assessor THE AFFIDAVIT REQUIRED BY  
29 SECTION 42-11152 AND evidence of the organization's tax exempt status  
30 under section 501(c)(3) of the internal revenue code, ~~the organization is~~  
31 ~~exempt from the requirement of filing subsequent affidavits under section~~  
32 ~~42-11152 until all or part of the property is conveyed to a new owner or~~  
33 ~~is no longer used for education. At that time the organization shall~~  
34 ~~notify the assessor of the change in writing~~ WHEN INITIALLY CLAIMING THE  
35 EXEMPTION.

36 F. A nonprofit organization described under subsection C of this  
37 section that acquires ownership of property that was previously owned by  
38 another nonprofit organization and used primarily for education shall  
39 comply with the requirements of section 42-11152 to qualify and establish  
40 eligibility for exemption.

41 G. If a nonprofit organization described under subsection C of this  
42 section that holds title to property used primarily for education fails to  
43 file the affidavit required by section 42-11152 in a timely manner, but  
44 otherwise qualifies for exemption, the county board of supervisors, on  
45 petition by the organization, shall direct the county treasurer to:



1           1. Refund any property taxes paid by the organization for a tax  
2 year if the organization submits a claim for the refund to the county  
3 treasurer within one year after the date the taxes were paid. The county  
4 treasurer shall pay the claim within thirty days after it is submitted to  
5 the treasurer. The county treasurer is entitled to a credit for the  
6 refund in the next accounting period with each taxing jurisdiction to  
7 which the tax monies may have been transmitted.

8           2. Forgive and strike off from the tax roll any property taxes and  
9 accrued interest and penalties that are due but not paid.

10          Sec. 3. Section 42-11109, Arizona Revised Statutes, is amended to  
11 read:

12           42-11109. Exemption for religious property; affidavit

13           A. Property or buildings that are used or held primarily for  
14 religious worship, including land, improvements, furniture and equipment,  
15 are exempt from taxation if the property is not used or held for profit.

16           B. Within ten days after receiving an initial affidavit of  
17 eligibility submitted under section 42-11152 by a nonprofit organization  
18 that owns property used primarily for religious worship, the county  
19 assessor, on request, shall issue a receipt for the affidavit.

20           C. ~~if~~ The organization ~~files~~ SHALL FILE with the assessor THE  
21 AFFIDAVIT REQUIRED BY SECTION 42-11152 AND evidence of the organization's  
22 tax exempt status under section 501(c)(3) of the internal revenue code;  
23 ~~the organization is exempt from the requirement of filing subsequent~~  
24 ~~affidavits under section 42-11152 until all or part of the property is~~  
25 ~~conveyed to a new owner or is no longer used for religious worship. At~~  
26 ~~that time the organization shall notify the assessor of the change in~~  
27 ~~writing~~ WHEN INITIALLY CLAIMING THE EXEMPTION.

28           D. A nonprofit organization that obtains title to property that was  
29 previously owned by another nonprofit organization and used primarily for  
30 religious worship shall comply with the requirements of section 42-11152  
31 to qualify and establish eligibility for exemption.

32           E. If a nonprofit organization that holds title to property used  
33 primarily for religious worship fails to file the affidavit required by  
34 section 42-11152 in a timely manner, but otherwise qualifies for  
35 exemption, the county board of supervisors, on petition by the  
36 organization, shall direct the county treasurer to:

37           1. Refund any property taxes paid by the organization for a tax  
38 year if the organization submits a claim for the refund to the county  
39 treasurer within one year after the date the taxes were paid. The county  
40 treasurer shall pay the claim within thirty days after it is submitted to  
41 the treasurer. The county treasurer is entitled to credit for the refund  
42 in the next accounting period with each taxing jurisdiction to which the  
43 tax monies may have been transmitted.

44           2. Forgive and strike off from the tax roll any property taxes and  
45 accrued interest and penalties that are due but not paid.

1 Sec. 4. Section 42-11110, Arizona Revised Statutes, is amended to  
2 read:

3 42-11110. Exemption for cemeteries

4 A. Cemeteries as defined in section 32-2101 that are set apart and  
5 used to inter deceased human beings and historic private burial sites and  
6 historic private cemeteries as defined in section 41-511.04 are exempt  
7 from taxation.

8 B. The owner of a cemetery, historic private burial site or  
9 historic private cemetery shall initially establish qualification for  
10 exemption under this section by filing an affidavit with the county  
11 assessor under section 42-11152. Thereafter, the owner ~~is not required to~~  
12 ~~file an affidavit under~~ SHALL NOTIFY THE COUNTY ASSESSOR PURSUANT TO  
13 section 42-11152 ~~unless~~ IF:

14 1. Any part of the property is no longer, or will not be, used as a  
15 cemetery or has been rezoned, and the assessor shall sever that part of  
16 the property from the exempt parcel.

17 2. Any interest in the title to any part of the property is  
18 conveyed to a new owner.

19 Sec. 5. Section 42-11111, Arizona Revised Statutes, is amended to  
20 read:

21 42-11111. Exemption for property; widows and widowers; persons  
22 with a total and permanent disability; veterans  
23 with a disability; definitions

24 A. The property of widows and widowers, of persons with total and  
25 permanent disabilities and of veterans with service or nonservice  
26 connected disabilities who are residents of this state is exempt from  
27 taxation as provided by article IX, section 2, Constitution of Arizona,  
28 and subject to the conditions and limits prescribed by this section.

29 B. Pursuant to article IX, section 2, subsection F, Constitution of  
30 Arizona, the exemptions from taxation under this section are allowed in  
31 the amount of:

32 1. \$4,188 if the person's total assessment does not exceed \$28,459.  
33 For a veteran with a service or nonservice connected disability, the  
34 \$4,188 limit under this paragraph is further limited by multiplying the  
35 total exemption amount by the percentage of the veteran's disability, as  
36 rated by the United States department of veterans affairs.

37 2. No exemption if the person's total assessment exceeds \$28,459.

38 C. On or before December 31 of each year, the department shall  
39 increase the following amounts based on the average annual percentage  
40 increase, if any, in the GDP price deflator in the two most recent  
41 complete state fiscal years:

42 1. The total allowable exemption amount and the total assessment  
43 limit amount under subsection B of this section.

1           2. The total income limit amounts under subsection E, paragraphs 1  
2 and 2 of this section.

3           D. For the purpose of determining the amount of the allowable  
4 exemption pursuant to subsection B of this section, the person's total  
5 assessment shall not include the value of any vehicle that is taxed under  
6 title 28, chapter 16, article 3.

7           E. Pursuant to article IX, section 2, subsection F, Constitution  
8 of Arizona, to qualify for this exemption, the total income from all  
9 sources of the claimant and the claimant's spouse and the income from all  
10 sources of all of the claimant's children who resided with the claimant in  
11 the claimant's residence in the year immediately preceding the year for  
12 which the claimant applies for the exemption shall not exceed:

13           1. \$34,901 if none of the claimant's children under eighteen years  
14 of age resided with the claimant in the claimant's residence.

15           2. \$41,870 if one or more of the claimant's children residing with  
16 the claimant in the claimant's residence either:

17           (a) Were under eighteen years of age.

18           (b) Had a total and permanent physical or mental disability, as  
19 certified by competent medical authority as provided by law.

20           F. For the purposes of subsection E of this section, "income from  
21 all sources" means the sum of the following, excluding the items listed in  
22 subsection G of this section:

23           1. Adjusted gross income as defined by the department.

24           2. The amount of capital gains excluded from adjusted gross income.

25           3. Nontaxable strike benefits.

26           4. Nontaxable interest that is received from the federal government  
27 or any of its instrumentalities.

28           5. Payments that are received from a retirement program and paid  
29 by:

30           (a) This state or any of its political subdivisions.

31           (b) The United States through any of its agencies,  
32 instrumentalities or programs, except as provided in subsection G of this  
33 section.

34           6. The gross amount of any pension or annuity that is not otherwise  
35 exempted.

36           G. Notwithstanding subsection F of this section, income from all  
37 sources does not include monies received from:

38           1. Cash public assistance and relief.

39           2. Railroad retirement benefits.

40           3. Payments under the federal social security act (49 Stat. 620).

41           4. Payments under the unemployment insurance laws of this state.

1           5. Payments from veterans disability pensions.

2           6. Workers' compensation payments.

3           7. Loss of time insurance.

4           8. Gifts from nongovernmental sources, surplus foods or other  
5 relief in kind supplied by a governmental agency.

6           H. A widow or widower, a person with a total and permanent  
7 disability or a veteran with a disability shall initially establish  
8 eligibility for exemption under this section by filing an affidavit with  
9 the county assessor under section 42-11152. EACH YEAR thereafter, ~~the~~  
10 ~~person is not required to file an affidavit under section 42-11152, but~~  
11 the person or the person's representative shall annually calculate income  
12 from the preceding year to ensure that the person still qualifies for the  
13 exemption, ~~and shall~~ FILE A SUBSEQUENT AFFIDAVIT THAT IS IN THE SAME FORM  
14 AS THE AFFIDAVIT REQUIRED UNDER SECTION 42-11152 AND notify the county  
15 assessor in writing of any event that disqualifies the person from further  
16 exemption. Regardless of whether the person or representative notifies  
17 the assessor as required by this subsection, the property is subject to  
18 tax as provided by law from the date of disqualification, including  
19 interest, penalties and proceedings for tax delinquencies. Disqualifying  
20 events include:

21           1. The person's death.

22           2. The remarriage of a widow or widower.

23           3. The person's income from all sources exceeding the limits  
24 prescribed by subsection E of this section.

25           4. The conveyance of title to the property to another owner.

26           I. Any dollar amount of exemption that is unused in a tax year  
27 against the limited property value of property and improvements owned by  
28 the individual may be applied for the tax year against the value of  
29 personal property subject to special property taxes, including the taxes  
30 collected pursuant to title 5, chapter 3, article 3 and title 28, chapter  
31 16, article 3.

32           J. An individual is not entitled to property tax exemptions ~~in the~~  
33 ~~aggregate that exceed the maximum allowed to~~ UNDER MORE THAN ONE CATEGORY  
34 AS a widow or widower, a person with a total and permanent disability or a  
35 veteran with a disability even if the individual is eligible for an  
36 exemption in more than one category.

37           K. For the purposes of this section:

38           1. "GDP price deflator" means the average of the four implicit  
39 price deflators for the gross domestic product reported by the United  
40 States department of commerce or its successor for the four quarters of  
41 the state fiscal year.

42           2. "Veteran" means an individual who has served in, and been  
43 discharged, separated or released under honorable conditions from, active  
44 or inactive service in the uniformed services of the United States,  
45 including:

1 (a) All regular, reserve and national guard components of the  
2 United States army, navy, air force, marine corps and coast guard.

3 (b) The commissioned corps of the national oceanic and atmospheric  
4 administration.

5 (c) The commissioned corps of the United States public health  
6 service.

7 (d) A nurse in the service of the American red cross or in the army  
8 and navy nurse corps.

9 (e) Any other civilian service that is authorized by federal law to  
10 be considered active military duty for the purpose of laws administered by  
11 the United States secretary of veterans affairs.

12 Sec. 6. Section 42-11131, Arizona Revised Statutes, is amended to  
13 read:

14 42-11131. Exemption for low-income Indian housing:  
15 definitions

16 A. Property owned and operated by a federally recognized Indian  
17 tribe or its tribally designated housing authority is exempt from  
18 taxation, subject to the following requirements:

19 1. The property must be used exclusively for the charitable purpose  
20 of providing ~~low income~~ LOW-INCOME rental housing and related facilities  
21 for the use of Indians.

22 2. The property may not be used, held or operated for profit.

23 3. No part of the net earnings of the housing authority, if any,  
24 may inure to the benefit of any private shareholder or individual.

25 4. The housing was designed and constructed, in whole or in part,  
26 using federal financial assistance pursuant to the Native American Housing  
27 assistance and self-determination act OF 1996 (P.L. 104-330; 25 United  
28 States Code chapter 43) or using tribal government monies.

29 B. To apply for an initial exemption under this section, an Indian  
30 tribe or tribal housing authority must submit the following documents to  
31 the county assessor:

32 1. Documents establishing the federal recognition of the Indian  
33 tribe.

34 2. Documents establishing that the housing authority, if any:

35 (a) Is formally designated by the tribe for the purposes of owning  
36 and operating rental housing facilities for Indians.

37 (b) Is recognized as a charitable institution pursuant to section  
38 501(c)(3) of the internal revenue code.

39 3. Legally binding documents that establish a current agreement or  
40 other restriction that limits the property's use to ~~low income~~ LOW-INCOME  
41 rental housing and related facilities for Indians.

42 C. An Indian tribe or tribal housing authority ~~that submits the~~  
43 ~~documentation required by subsection B of this section for initial tax~~  
44 ~~exempt status is exempt from the requirement of filing subsequent~~  
45 ~~affidavits under section 42-11152 until~~ SHALL NOTIFY THE COUNTY ASSESSOR

1 IN WRITING PURSUANT TO SECTION 42-11152 IF the property is conveyed to a  
2 new owner or is no longer used for the qualifying purposes under  
3 subsection A, paragraph 1 of this section. ~~If any part of the property is  
4 conveyed to a new owner or is no longer used for those qualifying  
5 purposes,~~ or if any legal or equitable interest in any part of the  
6 property is conveyed to a new owner, ~~the tribe or housing authority shall  
7 notify the assessor of the change in writing.~~

8 D. This section shall not be interpreted to prevent an Indian tribe  
9 or tribal housing authority from making voluntary payments in lieu of  
10 property taxes to a county, city, town, school district or other political  
11 subdivision for providing services, improvements or facilities for the  
12 benefit of a ~~low-income~~ LOW-INCOME housing project owned and operated by  
13 the tribe or housing authority. Any payments in lieu of tax may not exceed  
14 the maximum amount permitted under applicable federal law, if any, or the  
15 estimated cost to the county, city, town, school district or other  
16 political subdivision of the services, improvements or facilities to be  
17 provided, whichever is less.

18 E. For the purposes of this section:

19 1. "Indian" has the same meaning prescribed in 25 United States  
20 Code section 4103.

21 2. "Indian tribe" has the same meaning prescribed in 25 United  
22 States Code section 4103.

23 3. "~~low-income~~ LOW-INCOME rental housing" means housing for  
24 individuals or families having an income that does not exceed the income  
25 for a ~~low-income~~ LOW-INCOME family, as defined in 25 United States Code  
26 section 4103.

27 4. "Related facilities" means nonhousing facilities that are  
28 located on the ~~low-income~~ LOW-INCOME housing property and that are  
29 available for the use of Indian tenants in conjunction with their use of  
30 the housing facilities.

31 Sec. 7. Section 42-11132, Arizona Revised Statutes, is amended to  
32 read:

33 42-11132. Property leased to educational institutions

34 A. Property, buildings and fixtures that are leased to a nonprofit  
35 charter school or a residential treatment and education facility and that  
36 are used for educational instruction in any grade or program through grade  
37 twelve shall be classified as class nine property pursuant to section  
38 42-12009. If only part of a parcel of real property or improvements to  
39 real property is leased for operation of a charter school or a residential  
40 treatment and education facility, only the portion so leased qualifies as  
41 class nine property.

42 B. Property, buildings and fixtures that are owned by an  
43 educational, a religious or a charitable organization, institution or  
44 association and leased to a nonprofit educational organization,  
45 institution or association are exempt from taxation if the property is

1 used for educational instruction in any grade or program through grade  
2 twelve.

3 C. If the educational, religious or charitable organization,  
4 institution or association that owns the property files THE AFFIDAVIT  
5 REQUIRED BY SECTION 42-11152, evidence of the organization's,  
6 institution's or association's tax exempt status under section 501(c)(3)  
7 of the internal revenue code and an affidavit by the educational  
8 organization, institution or association that it uses the property for  
9 educational instruction as described in subsection B of this section, the  
10 property qualifies for the tax exemption under this section. ~~and is exempt  
11 from the requirement of filing subsequent affidavits under THE  
12 EDUCATIONAL, RELIGIOUS OR CHARITABLE ORGANIZATION, INSTITUTION OR  
13 ASSOCIATION SHALL NOTIFY THE COUNTY ASSESSOR IN WRITING PURSUANT TO  
14 section 42-11152 until IF all or part of the property is conveyed to a new  
15 owner or is no longer used for educational purposes. At that time the  
16 educational, religious or charitable organization, institution or  
17 association must notify the assessor of the change in writing.~~

18 Sec. 8. Section 42-11132.01, Arizona Revised Statutes, is amended  
19 to read:

20 42-11132.01. Property leased to a church, religious assembly  
21 or religious institution

22 A. Property, buildings and fixtures that are leased to a nonprofit  
23 church, religious assembly or religious institution and that are primarily  
24 used OR HELD for religious worship shall be classified as class nine  
25 property pursuant to section 42-12009. If only part of the parcel or  
26 improvements is leased to a nonprofit church, religious assembly or  
27 religious institution and primarily used or held for religious worship,  
28 only the portion so leased qualifies as class nine property. To qualify  
29 under this subsection, the church, religious assembly or institution must  
30 annually file with the assessor an affidavit that it:

31 1. Continues to use or hold the property primarily for religious  
32 worship.

33 2. Is the sole economic beneficiary of the classification of the  
34 property as class nine pursuant to section 42-12009, subsection A,  
35 paragraph 5.

36 B. Property, buildings and fixtures that are owned by an  
37 educational, religious or charitable organization, institution or  
38 association, that are leased to a nonprofit church, religious assembly or  
39 religious institution and that are primarily used OR HELD for religious  
40 worship are exempt from taxation.

41 C. If the educational, religious or charitable organization,  
42 institution or association that owns the property files with the assessor  
43 THE AFFIDAVIT REQUIRED BY SECTION 42-11152, evidence of the organization's  
44 tax exempt status under section 501(c)(3) of the internal revenue code and  
45 an affidavit by the nonprofit church, religious assembly or religious

1 institution that it uses or holds the property primarily for religious  
2 worship as described in subsection B of this section, the property  
3 qualifies for the tax exemption under this section. ~~and is exempt from the~~  
4 ~~requirement of filing subsequent affidavits under~~ THE EDUCATIONAL,  
5 RELIGIOUS OR CHARITABLE ORGANIZATION, INSTITUTION OR ASSOCIATION SHALL  
6 NOTIFY THE COUNTY ASSESSOR IN WRITING PURSUANT TO section 42-11152 ~~until~~  
7 IF all or part of the property is conveyed to a new owner or is no longer  
8 primarily used or held by the church, assembly or institution. ~~At that~~  
9 ~~time the educational, religious or charitable organization, institution or~~  
10 ~~association must notify the assessor of the change in writing.~~

11 Sec. 9. Section 42-11132.02, Arizona Revised Statutes, is amended  
12 to read:

13 42-11132.02. Property leased to veterans' organization;  
14 definition

15 A. Property, buildings and fixtures that are leased to a veterans'  
16 organization shall be classified as class nine property pursuant to  
17 section 42-12009. If only part of the parcel or improvements is leased to  
18 a veterans' organization and primarily used or held for THE OPERATIONS OF  
19 THE veterans' organization ~~operations~~, only the portion so leased  
20 qualifies as class nine property. To qualify under this subsection, the  
21 veterans' organization must annually file with the assessor an affidavit  
22 that it:

23 1. Continues to use or hold the property primarily for the  
24 OPERATIONS OF THE veterans' organization ~~operations~~.

25 2. Is the sole economic beneficiary of the classification of the  
26 property as class nine pursuant to section 42-12009, subsection A,  
27 paragraph 6.

28 B. Property, buildings and fixtures that are owned by a veterans'  
29 organization, that are leased to a veterans' organization and that are  
30 primarily used for THE OPERATIONS OF THE veterans' organization ~~operations~~  
31 are exempt from taxation.

32 C. If the veterans' organization that owns the property files with  
33 the assessor THE AFFIDAVIT REQUIRED BY SECTION 42-11152, evidence of the  
34 VETERANS' organization's tax-exempt status under section 501(c)(3) or  
35 501(c)(19) of the internal revenue code and an affidavit by the veterans'  
36 organization that it uses or holds the property primarily for THE  
37 OPERATIONS OF THE veterans' organization ~~operations~~ as described in  
38 subsection B of this section, the property qualifies for the tax exemption  
39 under this section. ~~and is exempt from the requirement of filing~~  
40 ~~subsequent affidavits under~~ THE VETERANS' ORGANIZATION SHALL NOTIFY THE  
41 COUNTY ASSESSOR IN WRITING PURSUANT TO section 42-11152 ~~until~~ IF all or  
42 part of the property is conveyed to a new owner or is no longer primarily  
43 used or held by the veterans' organization. ~~At that time the veterans'~~  
44 ~~organization shall notify the assessor of the change in writing.~~



1 D. For the purposes of this section, "veterans' organization" means  
2 a United States veterans' organization that qualifies as a charitable  
3 organization and that is recognized under section 501(c)(3) or 501(c)(19)  
4 of the internal revenue code.

5 Sec. 10. Section 42-11152, Arizona Revised Statutes, is amended to  
6 read:

7 42-11152. Affidavit; electronic submission; acknowledgment of  
8 receipt; false statements

9 A. Except as provided in ~~sections 42-11104, 42-11109, 42-11110,~~  
10 SECTION 42-11111 ~~and 42-11131~~ and except for property described in  
11 sections 42-11125, ~~AND 42-11127, 42-11132, 42-11132.01 and 42-11132.02,~~ a  
12 person who claims exemption from taxation under article IX, section 2,  
13 Constitution of Arizona, shall:

14 1. When initially claiming the exemption and ~~claiming the exemption~~  
15 FOR A PERSON WHO CLAIMS AN EXEMPTION UNDER SECTION 42-11111 in subsequent  
16 years, file an affidavit with the county assessor, signed under penalty of  
17 perjury, as to the person's eligibility.

18 2. Fully answer all questions on the eligibility form or otherwise  
19 required by the assessor for that purpose.

20 3. NOTIFY THE COUNTY ASSESSOR IN WRITING IF ALL OR PART OF THE  
21 PROPERTY IS CONVEYED TO A NEW OWNER, THE PROPERTY IS NO LONGER USED FOR  
22 THE PURPOSE THAT QUALIFIES THE PROPERTY FOR THE EXEMPTION OR THERE IS ANY  
23 EVENT THAT OTHERWISE DISQUALIFIES THE PERSON OR PROPERTY FROM THE  
24 EXEMPTION.

25 B. At the assessor's discretion, the assessor may require  
26 additional proof of the facts stated by the person before allowing an  
27 exemption.

28 C. The county assessor may accept affidavits required by this  
29 section electronically. If the county assessor accepts electronic  
30 affidavits, the county assessor shall provide an electronic  
31 ~~acknowledgement~~ ACKNOWLEDGMENT of receipt to the person who submitted the  
32 affidavit.

33 D. A false statement that is made in the affidavit is perjury.

34 Sec. 11. Section 42-11153, Arizona Revised Statutes, is amended to  
35 read:

36 42-11153. Deadline for filing affidavit

37 A. Except as provided in ~~section 42-11104, subsection E, section~~  
38 ~~42-11109, subsection B, section 42-11110, subsection B, section 42-11111,~~  
39 ~~subsection H, section 42-11131, subsection C and section 42-11132,~~  
40 ~~subsection C, section 42-11132.01, subsection C, and section 42-11132.02,~~  
41 ~~subsection C,~~ a failure by a taxpayer who is entitled to an exemption to  
42 make an INITIAL affidavit or furnish evidence required by this article  
43 between the first Monday in January and March 1 of ~~each~~ THE year  
44 constitutes a waiver of the exemption.

1           B. If a widow or widower or A person with a disability whose  
2 property is exempt from tax under section 42-11111, or an organization  
3 that is exempt from federal income tax under section 501(c) of the  
4 internal revenue code and is exempt from property tax under article 3 of  
5 this chapter, submits a petition after the deadlines prescribed by  
6 subsection A of this section, the person or organization may have the  
7 waiver redeemed by the county board of supervisors at any regular meeting,  
8 except that taxes that were due and payable before the petition was  
9 submitted may not be refunded or abated.

10           Sec. 12. Applicability

11           This act applies to tax years beginning from and after December 31,  
12 2023.