

REFERENCE TITLE: low income housing; property tax

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1038

Introduced by
Senator Waring

AN ACT

AMENDING TITLE 42, CHAPTER 13, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 11; RELATING TO PROPERTY TAX VALUATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 42, chapter 13, Arizona Revised Statutes, is amended
3 by adding article 11, to read:

4 ARTICLE 11. VALUATION OF LOW INCOME MULTIFAMILY
5 RESIDENTIAL RENTAL PROPERTY

6 42-13501. Definitions

7 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

8 1. "LOW INCOME HOUSING TAX CREDIT PROGRAM" MEANS THE FEDERAL LOW
9 INCOME HOUSING TAX CREDIT PROGRAM ESTABLISHED BY THE TAX REFORM ACT OF 1986,
10 CODIFIED IN SECTION 42 OF THE INTERNAL REVENUE CODE AND ADMINISTERED BY THE
11 ARIZONA DEPARTMENT OF HOUSING PURSUANT TO SECTION 35-728 TO ENCOURAGE
12 CONSTRUCTION AND REHABILITATION OF LOW INCOME RENTAL HOUSING.

13 2. "LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY" MEANS
14 MULTIFAMILY RESIDENTIAL PROPERTY THAT BOTH:

15 (a) RECEIVED FEDERAL INCOME TAX CREDITS PURSUANT TO SECTION 42 OF THE
16 INTERNAL REVENUE CODE THROUGH THE LOW INCOME HOUSING TAX CREDIT PROGRAM.

17 (b) MEETS PROGRAM REQUIREMENTS FOR FEDERAL LOW INCOME HOUSING TAX
18 CREDITS.

19 42-13502. Identifying low income multifamily residential rental
20 property

21 PROPERTY SUBJECT TO VALUATION BY THE COUNTY ASSESSOR UNDER THIS ARTICLE
22 CONSISTS OF LAND, BUILDINGS AND PERSONAL PROPERTY OF LOW INCOME MULTIFAMILY
23 RESIDENTIAL RENTAL PROPERTY AS DEFINED IN SECTION 42-13501.

24 42-13503. Exclusive method for valuing low income multifamily
25 residential rental property

26 A. SUBJECT TO SECTION 42-13504, THIS ARTICLE ESTABLISHES THE EXCLUSIVE
27 METHOD FOR VALUING LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY.

28 B. THE VALUATION OF LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY
29 SHALL BE DETERMINED BY THE ASSESSOR BASED ON THE ASSUMPTION THAT NO OTHER USE
30 OF THE PROPERTY IS POSSIBLE.

31 C. THE ASSESSOR SHALL VALUE PROPERTY UNDER THIS ARTICLE BASED ON THE
32 INCOME APPROACH TO VALUE USING THE ACTUAL ANNUAL INCOME AND EXPENSES OF THE
33 PROPERTY EXCLUDING INCOME FROM THE SALE OF FEDERAL INCOME TAX CREDITS AND
34 USING A MARKET BASED CAPITALIZATION RATE DEVELOPED FOR MULTIFAMILY
35 RESIDENTIAL RENTAL PROPERTY NOT PARTICIPATING IN THE LOW INCOME HOUSING TAX
36 CREDIT PROGRAM.

37 42-13504. Reporting requirements

38 AS A CONDITION OF VALUATION UNDER THIS ARTICLE, AN OWNER OR OPERATOR OF
39 LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY MUST PROVIDE TO THE
40 ASSESSOR:

41 1. WRITTEN DOCUMENTATION CONFIRMING PARTICIPATION IN THE LOW INCOME
42 HOUSING TAX CREDIT PROGRAM.

1 2. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, EVIDENCE THAT THE PROPERTY
2 IS CURRENTLY USED FOR LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PURPOSES AND
3 THE ITEMIZED TOTAL ANNUAL INCOME AND EXPENSES OF THE PROPERTY FOR THE
4 PRECEDING CALENDAR YEAR. IF THE OWNER OR OPERATOR FAILS TO PROVIDE THE
5 REQUIRED INFORMATION ON OR BEFORE SEPTEMBER 1 OF THE YEAR IMMEDIATELY
6 PRECEDING THE YEAR FOR WHICH THE PROPERTY WILL BE VALUED, THE PROPERTY SHALL
7 BE VALUED IN THE SAME MANNER AS MULTIFAMILY RESIDENTIAL RENTAL PROPERTY FOR
8 NOT PARTICIPATING IN THE LOW INCOME HOUSING TAX CREDIT THAT VALUATION YEAR.