

REFERENCE TITLE: transportation; innovative partnerships program

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SB 1465

Introduced by
Senators Gould: Harper, Huppenthal, Verschoor; Representatives Groe,
Pearce

AN ACT

AMENDING SECTION 28-5611, ARIZONA REVISED STATUTES; REPEALING TITLE 28, CHAPTER 22, ARIZONA REVISED STATUTES; AMENDING TITLE 28, ARIZONA REVISED STATUTES, BY ADDING A NEW CHAPTER 22; AMENDING SECTIONS 35-701, 42-5069 AND 42-6208, ARIZONA REVISED STATUTES; RELATING TO INNOVATIVE PARTNERSHIPS PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 28-5611, Arizona Revised Statutes, is amended to
3 read:

4 28-5611. Refunds; motor vehicle fuel

5 A. Except as provided in subsection B of this section, on application
6 to the director pursuant to this article and if section 28-5612 is complied
7 with, a person who buys and uses motor vehicle fuel shall receive a refund in
8 the amount of the tax if the person pays the tax on the fuel and either:

9 1. Uses the fuel other than in ~~any~~ EITHER of the following:

10 (a) A motor vehicle on a highway in this state.

11 (b) Watercraft on the waterways of this state.

12 ~~(c) A motor vehicle operating on a transportation facility or toll~~
13 ~~road pursuant to chapter 22 of this title.~~

14 2. Buys aviation fuel for use in aircraft applying seeds, fertilizer
15 or pesticides.

16 3. Loses the fuel by fire, theft or other accident.

17 B. If a claim for refund is based on the use of motor vehicle fuel in
18 aircraft, five cents of the tax collected on each gallon of motor vehicle
19 fuel claimed shall remain in the state aviation fund, and the department
20 shall refund the remainder of the tax pursuant to section 28-5612.

21 Sec. 2. Repeal

22 Title 28, chapter 22, Arizona Revised Statutes, is repealed.

23 Sec. 3. Title 28, Arizona Revised Statutes, is amended by adding a new
24 chapter 22, to read:

25 CHAPTER 22

26 INNOVATIVE PARTNERSHIPS PROGRAM

27 ARTICLE 1. GENERAL PROVISIONS

28 28-7701. Definitions

29 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

30 1. "AGREEMENT" MEANS A WRITTEN AGREEMENT, INCLUDING A CONTRACT FOR A
31 TRANSPORTATION PROJECT THAT IS ENTERED INTO UNDER SECTION 28-7703.

32 2. "PRIVATE ENTITY" MEANS ANY ENTITY THAT IS NOT A UNIT OF GOVERNMENT,
33 INCLUDING A CORPORATION, PARTNERSHIP, COMPANY, NONPROFIT ORGANIZATION OR
34 OTHER LEGAL ENTITY, OR A NATURAL PERSON.

35 3. "TRANSPORTATION PROJECT" MEANS ANY PROPOSED OR EXISTING UNDERTAKING
36 THAT FACILITATES ANY MODE OF TRANSPORTATION IN THIS STATE.

37 4. "UNIT OF GOVERNMENT" MEANS ANY DEPARTMENT OR AGENCY OF THE FEDERAL
38 GOVERNMENT, ANY STATE OR ANY AGENCY, OFFICE OR DEPARTMENT OF A STATE, ANY
39 CITY, COUNTY, DISTRICT, COMMISSION, AUTHORITY, ENTITY, PORT OR OTHER PUBLIC
40 CORPORATION ORGANIZED AND EXISTING UNDER STATUTORY LAW OR UNDER A VOTER
41 APPROVED CHARTER AND ANY INTERGOVERNMENTAL ENTITY.

42 28-7702. Innovative partnerships program; goals; authority of
43 department; confidentiality; expenses

44 A. THE DEPARTMENT SHALL ESTABLISH THE INNOVATIVE PARTNERSHIPS PROGRAM
45 FOR THE PLANNING, ACQUISITION, FINANCING, DEVELOPMENT, DESIGN, CONSTRUCTION,

1 RECONSTRUCTION, REPLACEMENT, IMPROVEMENT, MAINTENANCE, MANAGEMENT, REPAIR,
2 LEASING AND OPERATION OF TRANSPORTATION PROJECTS. THE GOALS OF THE PROGRAM
3 ARE TO:

- 4 1. DEVELOP AN EXPEDITED TRANSPORTATION PROJECT DELIVERY PROCESS.
- 5 2. MAXIMIZE INNOVATION.
- 6 3. DEVELOP PARTNERSHIPS WITH PRIVATE ENTITIES AND UNITS OF GOVERNMENT.

7 B. AS PART OF THE PROGRAM ESTABLISHED UNDER THIS CHAPTER, THE
8 DEPARTMENT MAY:

9 1. SOLICIT CONCEPTS OR PROPOSALS FOR TRANSPORTATION PROJECTS FROM
10 PRIVATE ENTITIES AND UNITS OF GOVERNMENT.

11 2. ACCEPT UNSOLICITED CONCEPTS OR PROPOSALS FOR TRANSPORTATION
12 PROJECTS FROM PRIVATE ENTITIES AND UNITS OF GOVERNMENT.

13 3. EVALUATE THE CONCEPTS OR PROPOSALS RECEIVED UNDER THIS SUBSECTION
14 AND SELECT POTENTIAL TRANSPORTATION PROJECTS BASED ON THE CONCEPTS OR
15 PROPOSALS. THE EVALUATION UNDER THIS PARAGRAPH SHALL INCLUDE CONSULTATION
16 WITH ANY APPROPRIATE LOCAL GOVERNMENT OR METROPOLITAN PLANNING ORGANIZATION.

17 4. CHARGE AN ADMINISTRATIVE FEE FOR THE EVALUATION IN AN AMOUNT
18 DETERMINED BY THE DEPARTMENT.

19 C. FOLLOWING AN EVALUATION BY THE DEPARTMENT OF CONCEPTS OR PROPOSALS
20 SUBMITTED UNDER SUBSECTION B OF THIS SECTION, AND THE SELECTION OF POTENTIAL
21 TRANSPORTATION PROJECTS, THE DEPARTMENT MAY NEGOTIATE AND ENTER INTO THE
22 AGREEMENTS DESCRIBED IN SECTION 28-7703 FOR IMPLEMENTING THE SELECTED
23 TRANSPORTATION PROJECTS.

24 D. EXCEPT AS PROVIDED IN SUBSECTION F OF THIS SECTION, INFORMATION
25 RELATED TO A TRANSPORTATION PROJECT PROPOSED UNDER THIS CHAPTER, INCLUDING
26 THE TRANSPORTATION PROJECT'S DESIGN, MANAGEMENT, FINANCING AND OTHER DETAILS,
27 IS EXEMPT FROM DISCLOSURE UNTIL EITHER:

28 1. THE DEPARTMENT SHARES THE INFORMATION WITH A LOCAL GOVERNMENT OR
29 METROPOLITAN PLANNING ORGANIZATION PURSUANT TO SUBSECTION B OF THIS SECTION.

30 2. THE DEPARTMENT COMPLETES ITS EVALUATION OF THE PROPOSED PROJECT AND
31 SELECTS THE PROPOSAL FOR NEGOTIATION OF AN AGREEMENT.

32 E. AFTER THE DEPARTMENT HAS EITHER SHARED THE INFORMATION DESCRIBED IN
33 SUBSECTION D OF THIS SECTION WITH A LOCAL GOVERNMENT OR METROPOLITAN PLANNING
34 ORGANIZATION OR HAS COMPLETED ITS EVALUATION OF THE PROPOSED TRANSPORTATION
35 PROJECT, THE INFORMATION IS SUBJECT TO DISCLOSURE.

36 F. SENSITIVE BUSINESS, COMMERCIAL OR FINANCIAL INFORMATION THAT IS NOT
37 CUSTOMARILY PROVIDED TO BUSINESS COMPETITORS AND THAT IS SUBMITTED TO THE
38 DEPARTMENT IN CONNECTION WITH A TRANSPORTATION PROJECT UNDER THIS CHAPTER IS
39 EXEMPT FROM DISCLOSURE UNTIL THE INFORMATION IS SUBMITTED TO THE DEPARTMENT
40 IN CONNECTION WITH ITS REVIEW AND APPROVAL OF THE TRANSPORTATION PROJECT
41 UNDER SECTION 28-7703.

42 G. IN CONNECTION WITH THE EVALUATION OF CONCEPTS OR PROPOSALS FOR
43 TRANSPORTATION PROJECTS, THE DEPARTMENT MAY CONSIDER ANY FINANCING
44 MECHANISMS, INCLUDING THE IMPOSITION AND COLLECTION OF FRANCHISE FEES OR USER
45 FEES AND THE DEVELOPMENT OR USE OF OTHER REVENUE SOURCES.

1 H. THE DEPARTMENT AND ANY OTHER UNIT OF GOVERNMENT MAY SPEND, OUT OF
2 ANY MONIES AVAILABLE FOR THE PURPOSE, SUCH MONIES AS MAY BE NECESSARY FOR THE
3 EVALUATION OF CONCEPTS OR PROPOSALS FOR TRANSPORTATION PROJECTS AND FOR
4 NEGOTIATING AGREEMENTS FOR TRANSPORTATION PROJECTS UNDER SECTION 28-7703.
5 THE DEPARTMENT OR OTHER UNIT OF GOVERNMENT MAY EMPLOY ENGINEERS, CONSULTANTS
6 OR OTHER EXPERTS THE DEPARTMENT OR OTHER UNIT OF GOVERNMENT DETERMINES ARE
7 NEEDED FOR THE PURPOSES OF DOING THE EVALUATION AND NEGOTIATION. EXPENSES
8 INCURRED BY THE DEPARTMENT OR OTHER UNIT OF GOVERNMENT UNDER THIS SUBSECTION
9 BEFORE THE ISSUANCE OF TRANSPORTATION PROJECT REVENUE BONDS OR OTHER
10 FINANCING SHALL BE PAID BY THE DEPARTMENT OR OTHER UNIT OF GOVERNMENT, AS
11 APPLICABLE, AND CHARGED TO THE APPROPRIATE TRANSPORTATION PROJECT. THE
12 DEPARTMENT OR OTHER UNIT OF GOVERNMENT SHALL KEEP RECORDS AND ACCOUNTS
13 SHOWING EACH AMOUNT CHARGED. ON THE SALE OF TRANSPORTATION PROJECT REVENUE
14 BONDS OR ON OBTAINING OTHER FINANCING FOR ANY TRANSPORTATION PROJECT, THE
15 MONIES SPENT BY THE DEPARTMENT OR OTHER UNIT OF GOVERNMENT UNDER THIS
16 SUBSECTION IN CONNECTION WITH THE PROJECT SHALL BE REPAYED TO THE DEPARTMENT
17 OR THE UNIT OF GOVERNMENT FROM THE PROCEEDS OF THE BONDS OR OTHER FINANCING,
18 AS ALLOWED BY APPLICABLE LAW.

19 28-7703. Agreements; definition

20 A. THE DEPARTMENT OF TRANSPORTATION MAY:

21 1. ENTER INTO ANY AGREEMENT OR ANY CONFIGURATION OF AGREEMENTS
22 RELATING TO TRANSPORTATION PROJECTS WITH ANY PRIVATE ENTITY OR UNIT OF
23 GOVERNMENT OR ANY CONFIGURATION OF PRIVATE ENTITIES AND UNITS OF GOVERNMENT.
24 THE SUBJECT OF AGREEMENTS ENTERED INTO UNDER THIS SECTION MAY INCLUDE
25 PLANNING, ACQUISITION, FINANCING, DEVELOPMENT, DESIGN, CONSTRUCTION,
26 RECONSTRUCTION, REPLACEMENT, IMPROVEMENT, MAINTENANCE, MANAGEMENT, REPAIR,
27 LEASING AND OPERATION OF TRANSPORTATION PROJECTS.

28 2. INCLUDE IN ANY AGREEMENT ENTERED INTO UNDER THIS SECTION ANY
29 FINANCING MECHANISMS, INCLUDING THE IMPOSITION AND COLLECTION OF FRANCHISE
30 FEES OR USER FEES AND THE DEVELOPMENT OR USE OF OTHER REVENUE SOURCES.

31 B. THE AGREEMENTS AMONG THE PUBLIC AND PRIVATE SECTOR PARTNERS ENTERED
32 INTO UNDER THIS SECTION MUST SPECIFY AT LEAST THE FOLLOWING:

33 1. AT WHAT POINT IN THE TRANSPORTATION PROJECT PUBLIC AND PRIVATE
34 SECTOR PARTNERS WILL ENTER THE TRANSPORTATION PROJECT AND WHICH PARTNERS WILL
35 ASSUME RESPONSIBILITY FOR SPECIFIC TRANSPORTATION PROJECT ELEMENTS.

36 2. HOW THE PARTNERS WILL SHARE MANAGEMENT OF THE RISKS OF THE
37 TRANSPORTATION PROJECT.

38 3. HOW THE PARTNERS WILL SHARE THE COSTS OF DEVELOPMENT OF THE
39 TRANSPORTATION PROJECT.

40 4. HOW THE PARTNERS WILL ALLOCATE FINANCIAL RESPONSIBILITY FOR COST
41 OVERRUNS.

42 5. THE PENALTIES FOR NONPERFORMANCE.

43 6. THE INCENTIVES FOR PERFORMANCE.

44 7. THE ACCOUNTING AND AUDITING STANDARDS TO BE USED TO EVALUATE WORK
45 ON THE TRANSPORTATION PROJECT.

1 8. WHETHER THE TRANSPORTATION PROJECT IS CONSISTENT WITH THE FIVE YEAR
2 TRANSPORTATION FACILITIES CONSTRUCTION PROGRAM DEVELOPED BY THE DIRECTOR
3 PURSUANT TO SECTION 28-6951 AND ANY APPLICABLE REGIONAL TRANSPORTATION PLANS
4 OR LOCAL TRANSPORTATION SYSTEM PROGRAMS AND, IF NOT CONSISTENT, HOW AND WHEN
5 THE TRANSPORTATION PROJECT WILL BECOME CONSISTENT WITH APPLICABLE PLANS AND
6 PROGRAMS.

7 C. EITHER SEPARATELY OR IN COMBINATION WITH ANY OTHER UNIT OF
8 GOVERNMENT, THE DEPARTMENT MAY ENTER INTO WORKING AGREEMENTS, COORDINATION
9 AGREEMENTS OR SIMILAR IMPLEMENTATION AGREEMENTS TO CARRY OUT THE JOINT
10 IMPLEMENTATION OF ANY TRANSPORTATION PROJECT SELECTED UNDER SECTION 28-7702.

11 D. SECTION 28-6923 DOES NOT APPLY TO CONCEPTS OR PROPOSALS SUBMITTED
12 UNDER SECTION 28-7702 OR TO AGREEMENTS ENTERED INTO UNDER THIS SECTION.

13 E. THE DEPARTMENT MAY NOT ENTER INTO AN AGREEMENT UNDER THIS SECTION
14 UNTIL THE AGREEMENT IS REVIEWED AND APPROVED BY THE BOARD.

15 F. THE DEPARTMENT MAY NOT ENTER INTO, AND THE BOARD MAY NOT APPROVE,
16 AN AGREEMENT UNDER THIS SECTION FOR THE CONSTRUCTION OF A PUBLIC IMPROVEMENT
17 AS PART OF A TRANSPORTATION PROJECT UNLESS THE AGREEMENT PROVIDES FOR
18 BONDING, FINANCIAL GUARANTEES, DEPOSITS OR THE POSTING OF OTHER SECURITY TO
19 SECURE THE PAYMENT OF LABORERS, SUBCONTRACTORS AND SUPPLIERS THAT PERFORM
20 WORK OR PROVIDE MATERIALS AS PART OF THE TRANSPORTATION PROJECT.

21 G. BEFORE PRESENTING AN AGREEMENT TO THE BOARD FOR APPROVAL UNDER THIS
22 SECTION, THE DEPARTMENT MUST CONSIDER WHETHER TO IMPLEMENT PROCEDURES TO
23 PROMOTE COMPETITION AMONG SUBCONTRACTORS FOR ANY SUBCONTRACTS TO BE LET IN
24 CONNECTION WITH THE TRANSPORTATION PROJECT. AS PART OF ITS REQUEST FOR
25 APPROVAL OF THE AGREEMENT, THE DEPARTMENT SHALL REPORT IN WRITING TO THE
26 BOARD ITS CONCLUSIONS REGARDING THE APPROPRIATENESS OF IMPLEMENTING THOSE
27 PROCEDURES.

28 H. EXCEPT AS PROVIDED IN SUBSECTION I OF THIS SECTION, DOCUMENTS,
29 COMMUNICATIONS AND INFORMATION DEVELOPED, EXCHANGED OR COMPILED IN THE COURSE
30 OF NEGOTIATING AN AGREEMENT WITH A PRIVATE ENTITY UNDER THIS SECTION ARE
31 EXEMPT FROM DISCLOSURE.

32 I. THE DOCUMENTS, COMMUNICATIONS OR INFORMATION DESCRIBED IN
33 SUBSECTION H OF THIS SECTION ARE SUBJECT TO DISCLOSURE WHEN THE DOCUMENTS,
34 COMMUNICATIONS OR INFORMATION ARE SUBMITTED TO THE BOARD IN CONNECTION WITH
35 ITS REVIEW AND APPROVAL OF A TRANSPORTATION PROJECT UNDER SUBSECTION F OF
36 THIS SECTION.

37 J. THE TERMS OF A FINAL AGREEMENT ENTERED INTO UNDER THIS SECTION AND
38 THE TERMS OF A PROPOSED AGREEMENT PRESENTED TO THE BOARD FOR REVIEW AND
39 APPROVAL UNDER SUBSECTION F OF THIS SECTION ARE SUBJECT TO DISCLOSURE.

40 K. FOR THE PURPOSES OF THIS SECTION, "PUBLIC IMPROVEMENT":

41 1. MEANS A TRANSPORTATION PROJECT FOR CONSTRUCTION, RECONSTRUCTION OR
42 MAJOR RENOVATION ON REAL PROPERTY BY OR FOR A CONTRACTING AGENCY.

43 2. DOES NOT INCLUDE:

1 (a) TRANSPORTATION PROJECTS FOR WHICH NO FUNDS OF A CONTRACTING AGENCY
2 ARE DIRECTLY OR INDIRECTLY USED EXCEPT FOR PARTICIPATION THAT IS INCIDENTAL
3 OR RELATED PRIMARILY TO TRANSPORTATION PROJECT DESIGN OR INSPECTION.

4 (b) EMERGENCY WORK, MINOR ALTERATION, ORDINARY REPAIR OR MAINTENANCE
5 NECESSARY TO PRESERVE A PUBLIC IMPROVEMENT.

6 28-7704. Evaluation of proposed agreements: role of attorney
7 general

8 A. AT THE REQUEST OF THE DEPARTMENT, THE ATTORNEY GENERAL MAY APPOINT
9 SPECIAL ASSISTANT ATTORNEYS GENERAL FOR THE PURPOSE OF EVALUATING PARTNERSHIP
10 AGREEMENTS ENTERED INTO OR TO BE ENTERED INTO AS PART OF THE PROGRAM
11 ESTABLISHED UNDER THIS CHAPTER. THE SPECIAL ASSISTANT ATTORNEYS GENERAL
12 SHALL BE UNDER THE DIRECTION AND CONTROL OF THE ATTORNEY GENERAL AND MAY:

13 1. ADVISE THE DEPARTMENT CONCERNING THE LEGALITY OF SPECIFIC PROPOSED
14 PARTNERSHIPS.

15 2. ADVISE THE DEPARTMENT ON LEGAL PROCEDURES AND PRACTICES RELATED TO
16 IMPLEMENTATION OF SPECIFIC TRANSPORTATION PROJECTS THAT USE A PARTNERSHIP.

17 3. ASSIST THE DEPARTMENT IN NEGOTIATING PARTNERSHIP AGREEMENTS.

18 4. ASSIST THE DEPARTMENT IN PREPARING ANY DOCUMENT RELATED TO A
19 SPECIFIC PARTNERSHIP.

20 5. ADVISE THE DEPARTMENT REGARDING ACCOUNTING, INVESTMENT AND TAX
21 REQUIREMENTS APPLICABLE TO SPECIFIC TRANSPORTATION PROJECTS THAT USE A
22 PARTNERSHIP.

23 6. ADVISE THE DEPARTMENT REGARDING ANY RELEVANT FEDERAL SECURITIES OR
24 OTHER LAWS AND RELATED DISCLOSURE REQUIREMENTS.

25 B. THE ATTORNEY GENERAL SHALL REVIEW EACH AGREEMENT ENTERED INTO UNDER
26 SECTION 28-7703. AS PART OF THE REVIEW THE ATTORNEY GENERAL SHALL:

27 1. RECOGNIZE THAT THE AGREEMENT IS THE PRODUCT OF A PARTNERSHIP.

28 2. DEFER TO THE BUSINESS JUDGMENT OF THE DEPARTMENT AND THE BOARD
29 CONCERNING THE ASSIGNMENT OF RISKS AND THE INCENTIVES PROVIDED IN THE
30 AGREEMENT.

31 28-7705. State transportation enterprise fund

32 A. THE STATE TRANSPORTATION ENTERPRISE FUND IS ESTABLISHED. INTEREST
33 EARNED ON MONIES IN THE STATE TRANSPORTATION ENTERPRISE FUND SHALL BE
34 CREDITED TO THE FUND. THE DEPARTMENT SHALL ADMINISTER THE FUND. THE
35 FOLLOWING MONIES SHALL BE DEPOSITED IN THE STATE TRANSPORTATION ENTERPRISE
36 FUND:

37 1. PROCEEDS FROM BONDS OR OTHER FINANCING INSTRUMENTS ISSUED UNDER
38 THIS CHAPTER.

39 2. REVENUES RECEIVED FROM ANY TRANSPORTATION PROJECT DEVELOPED UNDER
40 THIS CHAPTER.

41 3. ANY OTHER MONIES THAT ARE BY DONATION, GRANT, CONTRACT, LAW OR
42 OTHER MEANS TRANSFERRED, ALLOCATED OR APPROPRIATED TO THE FUND.

43 B. MONIES IN THE STATE TRANSPORTATION ENTERPRISE FUND ARE CONTINUOUSLY
44 APPROPRIATED TO THE DEPARTMENT FOR THE PURPOSE OF CARRYING OUT THIS CHAPTER

1 AND IMPLEMENTING ALL OR PORTIONS OF ANY TRANSPORTATION PROJECT DEVELOPED
2 UNDER THE PROGRAM ESTABLISHED UNDER THIS CHAPTER.

3 C. THE DEPARTMENT SHALL ESTABLISH A SEPARATE ACCOUNT IN THE STATE
4 TRANSPORTATION ENTERPRISE FUND FOR EACH TRANSPORTATION PROJECT THAT IS
5 UNDERTAKEN PURSUANT TO THIS CHAPTER. THE DEPARTMENT MAY PLEDGE MONIES IN THE
6 STATE TRANSPORTATION ENTERPRISE FUND TO SECURE REVENUE BONDS OR ANY OTHER
7 DEBT OBLIGATIONS RELATING TO THE TRANSPORTATION PROJECT FOR WHICH THE ACCOUNT
8 IS ESTABLISHED.

9 D. MONIES IN AN ACCOUNT ESTABLISHED UNDER SUBSECTION C SHALL BE USED
10 AS PROVIDED IN ANY AGREEMENT APPLICABLE TO THE TRANSPORTATION PROJECT FOR
11 WHICH THE ACCOUNT IS ESTABLISHED.

12 28-7706. Eminent domain powers

13 THE DEPARTMENT MAY EXERCISE THE POWER OF EMINENT DOMAIN TO ACQUIRE
14 PROPERTY, RIGHTS-OF-WAY OR OTHER RIGHTS IN PROPERTY FOR TRANSPORTATION
15 PROJECTS THAT ARE PART OF THE PROGRAM ESTABLISHED UNDER THIS CHAPTER,
16 REGARDLESS OF WHETHER THE PROPERTY WILL BE OWNED IN FEE SIMPLE BY THE
17 DEPARTMENT.

18 28-7707. Advisory committees on transportation projects; rules

19 A. THE DEPARTMENT AND ANY UNIT OF GOVERNMENT THAT PARTICIPATES IN A
20 TRANSPORTATION PROJECT MAY ESTABLISH ADVISORY COMMITTEES TO ADVISE THE
21 DEPARTMENT OR THE UNIT OF GOVERNMENT WITH RESPECT TO TRANSPORTATION PROJECTS.
22 AN ADVISORY COMMITTEE SHALL CONSIST OF NOT FEWER THAN FIVE AND NOT MORE THAN
23 NINE MEMBERS, AS DETERMINED BY THE DEPARTMENT. MEMBERS SHALL BE APPOINTED BY
24 THE DEPARTMENT OR IN A MANNER AGREED TO BY THE DEPARTMENT AND ANY
25 PARTICIPATING UNIT OF GOVERNMENT.

26 B. AT THE REQUEST OF THE DEPARTMENT, AN ADVISORY COMMITTEE MAY REVIEW
27 CONCEPTS OR PROPOSALS FOR TRANSPORTATION PROJECTS AND SUBMIT RECOMMENDATIONS
28 TO THE DEPARTMENT OR THE PARTICIPATING UNIT OF GOVERNMENT.

29 C. AN ADVISORY COMMITTEE SHALL MEET AS NECESSARY AT TIMES AND PLACES
30 FIXED BY THE DEPARTMENT OR THE PARTICIPATING UNIT OF GOVERNMENT. THE
31 DEPARTMENT SHALL PROVIDE PERSONNEL SERVICES TO ASSIST THE ADVISORY COMMITTEE
32 WITHIN THE LIMITS OF AVAILABLE MONIES. AN ADVISORY COMMITTEE MAY ADOPT RULES
33 TO GOVERN ITS PROCEEDINGS AND MAY SELECT OFFICERS.

34 28-7708. Rules; supremacy of federal law

35 A. THE DEPARTMENT MAY ADOPT ANY RULES IT CONSIDERS NECESSARY TO
36 IMPLEMENT THIS CHAPTER.

37 B. NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER, APPLICABLE FEDERAL
38 LAWS, RULES AND REGULATIONS GOVERN IN ANY SITUATION THAT INVOLVES FEDERAL
39 MONIES IF THE FEDERAL LAWS, RULES OR REGULATIONS:

- 40 1. CONFLICT WITH ANY PROVISION OF THIS CHAPTER.
- 41 2. REQUIRE PROCEDURES THAT ARE ADDITIONAL TO OR DIFFERENT FROM THOSE
42 PROVIDED IN THIS CHAPTER.
- 43 3. REQUIRE CONTRACT PROVISIONS NOT AUTHORIZED BY THIS CHAPTER.

1 28-7709. Reports to board

2 A. THE DEPARTMENT SHALL REPORT TO THE BOARD AT LEAST TWICE DURING EACH
3 YEAR REGARDING THE TRANSPORTATION PROJECTS PROPOSED OR AGREED TO UNDER THIS
4 CHAPTER.

5 B. THE REPORT UNDER SUBSECTION A SHALL INCLUDE INFORMATION ABOUT
6 EXPENDITURE OF MONIES FOR EVALUATION OF CONCEPTS AND PROPOSALS FOR
7 TRANSPORTATION PROJECTS, AGREEMENTS ENTERED INTO, TRANSPORTATION PROJECTS
8 THAT HAVE BEEN AGREED TO AND FINANCING MECHANISMS BEING USED FOR
9 TRANSPORTATION PROJECTS.

10 28-7710. Program termination

11 THE PROGRAM ESTABLISHED UNDER THIS CHAPTER ENDS JULY 1, 2018 PURSUANT
12 TO SECTION 41-3102.

13 ARTICLE 2. FINANCING

14 28-7741. Bonds secured by state transportation enterprise fund;
15 financing of transportation projects

16 A. IN ADDITION TO ANY AUTHORITY THE DEPARTMENT HAS TO ISSUE AND SELL
17 BONDS AND OTHER SIMILAR OBLIGATIONS, THIS SECTION ESTABLISHES CONTINUING
18 AUTHORITY FOR THE ISSUANCE AND SALE OF BONDS AND OTHER SIMILAR OBLIGATIONS IN
19 A MANNER CONSISTENT WITH THIS SECTION. TO FINANCE ANY TRANSPORTATION PROJECT
20 IN WHOLE OR IN PART, THE DEPARTMENT MAY REQUEST THAT THE STATE TREASURER
21 ISSUE REVENUE BONDS ON BEHALF OF THE DEPARTMENT. THE BONDS SHALL BE SECURED
22 BY A PLEDGE OF, AND A LIEN ON, AND SHALL BE PAYABLE ONLY FROM, MONIES IN THE
23 STATE TRANSPORTATION ENTERPRISE FUND ESTABLISHED BY SECTION 28-7705 AND ANY
24 OTHER REVENUES SPECIFICALLY PLEDGED TO REPAYMENT OF THE BONDS. A PLEDGE BY
25 THE DEPARTMENT OF ITS REVENUES CREATES A LIEN THAT IS VALID AND BINDING FROM
26 THE TIME THE PLEDGE IS MADE. REVENUE BONDS ISSUED PURSUANT TO THIS SECTION
27 ARE NOT GENERAL OBLIGATIONS OF THIS STATE AND ARE NOT SECURED BY OR PAYABLE
28 FROM ANY MONIES OR ASSETS OF THIS STATE OTHER THAN THE MONIES AND REVENUES
29 SPECIFICALLY PLEDGED TO THE REPAYMENT OF THE REVENUE BONDS.

30 B. MONIES RECEIVED FROM THE ISSUANCE OF REVENUE BONDS OR OTHER DEBT
31 OBLIGATIONS, INCLUDING ANY INVESTMENT EARNINGS, MAY BE SPENT:

32 1. FOR THE PURPOSE OF FINANCING THE COSTS OF THE TRANSPORTATION
33 PROJECT FOR WHICH THE BONDS ARE ISSUED.

34 2. TO PAY THE COSTS AND OTHER ADMINISTRATIVE EXPENSES OF THE BONDS.

35 3. TO PAY THE COSTS OF CREDIT ENHANCEMENT OR TO FUND ANY RESERVES
36 DETERMINED TO BE NECESSARY OR ADVANTAGEOUS IN CONNECTION WITH THE REVENUE
37 BONDS.

38 4. TO REIMBURSE THE DEPARTMENT FOR ANY COSTS RELATED TO CARRYING OUT
39 THE PURPOSES OF THE PROGRAM ESTABLISHED UNDER THIS CHAPTER.

40 C. ANY TRANSPORTATION PROJECT MAY BE FINANCED IN WHOLE OR IN PART
41 WITH:

42 1. THE PROCEEDS OF GRANT ANTICIPATION REVENUE BONDS AUTHORIZED BY 23
43 UNITED STATES CODE SECTION 122 AND APPLICABLE STATE LAW.

1 2. GRANTS, LOANS, LOAN GUARANTEES, LINES OF CREDIT, REVOLVING LINES OF
2 CREDIT OR OTHER FINANCING ARRANGEMENTS AVAILABLE PURSUANT TO 23 UNITED STATES
3 CODE SECTIONS 601 THROUGH 610 OR ANY OTHER APPLICABLE FEDERAL LAW.

4 3. INFRASTRUCTURE LOANS OR ASSISTANCE FROM THE HIGHWAY EXPANSION AND
5 EXTENSION LOAN PROGRAM FUND ESTABLISHED BY SECTION 28-7674.

6 D. AS SECURITY FOR THE PAYMENT OF FINANCING DESCRIBED IN SUBSECTION C
7 OF THIS SECTION, THE REVENUES FROM THE TRANSPORTATION PROJECT MAY BE PLEDGED,
8 BUT NO SUCH PLEDGE OF REVENUES CONSTITUTES IN ANY MANNER OR TO ANY EXTENT A
9 GENERAL OBLIGATION OF THIS STATE. ANY FINANCING DESCRIBED IN SUBSECTION C OF
10 THIS SECTION MAY BE STRUCTURED ON A SENIOR, PARITY OR SUBORDINATE BASIS TO
11 ANY OTHER FINANCING.

12 28-7742. Monies from federal government or other sources

13 A. THE DEPARTMENT OR A UNIT OF GOVERNMENT MAY ACCEPT FROM THE UNITED
14 STATES OR ANY OF ITS AGENCIES MONIES THAT ARE AVAILABLE TO THIS STATE OR TO
15 THE UNIT OF GOVERNMENT FOR CARRYING OUT THE PURPOSES OF THIS CHAPTER, WHETHER
16 THE MONIES ARE MADE AVAILABLE BY GRANT, LOAN OR OTHER FINANCING ARRANGEMENT.
17 THE DEPARTMENT OR UNIT OF GOVERNMENT MAY ENTER INTO AGREEMENTS AND OTHER
18 ARRANGEMENTS WITH THE UNITED STATES OR ANY OF ITS AGENCIES THAT ARE
19 NECESSARY, PROPER AND CONVENIENT FOR CARRYING OUT THE PURPOSES OF THIS
20 CHAPTER.

21 B. THE DEPARTMENT OR A UNIT OF GOVERNMENT MAY ACCEPT FROM ANY SOURCE
22 ANY GRANT, DONATION, GIFT OR OTHER FORM OF CONVEYANCE OF LAND, MONIES, OTHER
23 REAL OR PERSONAL PROPERTY OR OTHER VALUABLE THING MADE TO THIS STATE, THE
24 DEPARTMENT OR THE UNIT OF GOVERNMENT FOR CARRYING OUT THE PURPOSES OF THIS
25 CHAPTER.

26 C. ANY TRANSPORTATION PROJECT MAY BE FINANCED IN WHOLE OR IN PART BY
27 THE CONTRIBUTION OF ANY MONIES OR PROPERTY MADE BY ANY PRIVATE ENTITY OR UNIT
28 OF GOVERNMENT THAT IS A PARTY TO ANY AGREEMENT ENTERED INTO UNDER SECTION
29 28-7703.

30 28-7743. Use of monies in highway expansion and extension loan
31 program fund for projects

32 NOTWITHSTANDING CHAPTER 21, ARTICLE 5 OF THIS TITLE, THE DEPARTMENT MAY
33 USE MONIES IN THE HIGHWAY EXPANSION AND EXTENSION LOAN PROGRAM FUND
34 ESTABLISHED BY SECTION 28-7674 TO ENSURE THE REPAYMENT OF LOAN GUARANTEES OR
35 EXTENSIONS OF CREDIT MADE TO OR ON BEHALF OF PRIVATE ENTITIES ENGAGED IN THE
36 PLANNING, ACQUISITION, FINANCING, DEVELOPMENT, DESIGN, CONSTRUCTION,
37 RECONSTRUCTION, REPLACEMENT, IMPROVEMENT, MAINTENANCE, MANAGEMENT, REPAIR,
38 LEASING OR OPERATION OF ANY TRANSPORTATION PROJECT THAT IS PART OF THE
39 PROGRAM ESTABLISHED UNDER THIS CHAPTER.

40 28-7744. District; use of revenues within district

41 AS ALLOWED BY APPLICABLE LAW, AN AGREEMENT BETWEEN THE DEPARTMENT AND
42 OTHER UNITS OF GOVERNMENT MAY ESTABLISH A NEW DISTRICT, OR DESIGNATE A
43 PREVIOUSLY EXISTING DISTRICT, THAT INCLUDES ANY OR ALL OF THE TERRITORY
44 WITHIN THE GEOGRAPHIC BOUNDARIES OF ANY OR ALL COUNTIES IN WHICH A
45 TRANSPORTATION PROJECT IS LOCATED, AND MAY REQUIRE THAT ALL REVENUES FROM

1 FRANCHISE FEES, OTHER USER FEES OR OTHER REVENUE SOURCES COLLECTED IN THE
2 DISTRICT IN CONNECTION WITH THE TRANSPORTATION PROJECT BE USED EXCLUSIVELY
3 FOR THE BENEFIT OF THE DISTRICT.

4 Sec. 4. Section 35-701, Arizona Revised Statutes, is amended to read:

5 35-701. Definitions

6 In this chapter, unless the context otherwise requires:

7 1. "Corporation" means any corporation organized as an authority as
8 provided in this chapter.

9 2. "Designated area" means any area of this state which is either
10 designated pursuant to section 36-1479 as a slum or blighted area as defined
11 in section 36-1471, designated by regulation as a pocket of poverty or a
12 neighborhood strategy area by the United States department of housing and
13 urban development pursuant to title I of the housing and community
14 development act of 1977 (P.L. 95-128; 42 United States Code sections 5301
15 through 5320), as amended, and the department of housing and urban
16 development act (P.L. 89-174; 42 United States Code section 3535(d)) or
17 designated by the United States department of housing and urban development
18 as an empowerment or enterprise zone pursuant to the federal omnibus budget
19 reconciliation act of 1993 (P.L. 103-66; 26 United States Code section
20 1391(g)) or an area certified as an enterprise zone pursuant to section
21 41-1524, subsection B.

22 3. "Governing body" means:

23 (a) The board or body in which the general legislative powers of the
24 municipality or the county are vested.

25 (b) The Arizona board of regents with respect to a corporation formed
26 with the permission of the Arizona board of regents.

27 4. "Income" means gross earnings from wages, salary, commissions,
28 bonuses or tips from all jobs, net earnings from such person's or family's
29 own nonfarm business, professional practice or partnership, and net earnings
30 from such person's or family's own farm. Income includes income, other than
31 earnings, that consists of amounts received from social security or railroad
32 retirement, interest, dividends, veterans payments, pensions and other
33 regular payments, public assistance or welfare payments, including aid for
34 dependent children, old age assistance, general assistance and aid to the
35 blind or totally disabled, but excluding separate payments for hospital or
36 other medical care.

37 5. "Manufactured house" means a structure that is manufactured in a
38 factory after June 15, 1976, that is delivered to a homesite in more than one
39 section and that is placed on a permanent foundation. The dimensions of the
40 completed house shall not be less than twenty feet by forty feet, the roof
41 must be sloping, the siding and roofing must be the same as those found in
42 site-built houses and the house must be eligible for thirty year real estate
43 mortgage financing.

44 6. "Municipality" or "county" means the Arizona board of regents or
45 any incorporated city or town, including charter cities, or any county in

1 this state in which a corporation may be organized and in which it is
2 contemplated the corporation will function.

3 7. "Persons of low and moderate income" means, for the purposes of
4 financing owner-occupied single family dwelling units in areas which the
5 municipality has found, pursuant to section 36-1479, to be slum or blighted
6 areas, as defined in section 36-1471, persons and families whose income does
7 not exceed two and one-half times the median family income of this state. In
8 all other areas it means persons and families whose income does not exceed
9 one and one-half times the median family income of this state.

10 8. "Project" means any land, any building or any other improvement and
11 all real and personal properties, including machinery and equipment whether
12 or not now in existence or under construction and whether located within or
13 without this state or the municipality or county approving the formation of
14 the corporation, that are suitable for any of the following:

15 (a) With respect to a corporation formed with the permission of a
16 municipality or county other than the Arizona board of regents:

17 (i) Any enterprise for the manufacturing, processing or assembling of
18 any agricultural or manufactured products.

19 (ii) Any commercial enterprise for the storing, warehousing,
20 distributing or selling of products of agriculture, mining or industry, or of
21 processes related thereto, including research and development.

22 (iii) Any office building or buildings for use as corporate or company
23 headquarters or regional offices or the adaptive use for offices of any
24 building within this state that is on the national register of historic
25 places or rehabilitation of residential buildings located in registered
26 historic neighborhoods.

27 (iv) A health care institution as defined in section 36-401.

28 (v) Residential real property for dwelling units located within the
29 municipality or county approving the formation of the corporation and, in the
30 case of a county, whether or not also within a municipality that is within
31 the county.

32 (vi) Repairing or rehabilitating single family dwelling units or
33 constructing or repairing residential fences and walls.

34 (vii) Convention or trade show facilities.

35 (viii) Airports, docks, wharves, mass commuting facilities, parking
36 facilities or storage or training facilities directly related to any of the
37 facilities as provided in this item.

38 (ix) Sewage or solid waste disposal facilities or facilities for the
39 furnishing of electric energy, gas or water.

40 (x) Industrial park facilities.

41 (xi) Air or water pollution control facilities.

42 (xii) Any educational institution that is operated by a nonprofit
43 educational organization that is exempt from taxation under section 501(c)(3)
44 of the United States internal revenue code and that is not otherwise funded
45 by state monies, any educational institution or organization that is

1 established under title 15, chapter 1, article 8 and that is owned by a
2 nonprofit organization, any private nonsectarian school or any private
3 nonsectarian organization established for the purpose of funding a joint
4 technological education school district.

5 (xiii) Research and development facilities.

6 (xiv) Commercial enterprises, including facilities for office,
7 recreational, hotel, motel and service uses if the facilities authorized by
8 this item are to be located in a designated area.

9 (xv) A child welfare agency, as defined in section 8-501, owned and
10 operated by a nonprofit organization.

11 ~~(xvi) A transportation facility constructed or operated pursuant to~~
12 ~~title 28, chapter 22, article 1 or 2.~~

13 ~~(xvii)~~ (xvi) A museum operated by a nonprofit organization.

14 ~~(xviii)~~ (xvii) Facilities owned or operated by a nonprofit
15 organization described in section 501(c) of the United States internal
16 revenue code of 1986.

17 ~~(xix)~~ (xviii) New or existing correctional facilities within this
18 state.

19 (b) With respect to a corporation formed with the permission of the
20 Arizona board of regents, any facility consisting of classrooms, lecture
21 halls or conference centers or any facility for research and development or
22 for manufacturing, processing, assembling, marketing, storing and
23 transferring items developed through or connected with research and
24 development or in which the results of such research and development are
25 utilized, but only if the facility is located in an area designated as a
26 research park by the Arizona board of regents.

27 9. "Property" means any land, improvements thereon, buildings and any
28 improvements thereto, machinery and equipment of any and all kinds necessary
29 to a project and any other personal properties deemed necessary in connection
30 with a project.

31 10. "Research park" means an area of land that has been designated by
32 the Arizona board of regents as a research park for a university and that, at
33 the date of designation, is owned by this state or by the Arizona board of
34 regents.

35 11. "Single family dwelling unit" includes any new, used or
36 manufactured house that meets the insuring requirements of the federal
37 housing administration, the veterans administration or any other insuring
38 entity of the United States government or any private mortgage insurance or
39 surety company that is approved by the federal home loan mortgage corporation
40 or the federal national mortgage association.

41 Sec. 5. Section 42-5069, Arizona Revised Statutes, is amended to read:

42 42-5069. Commercial lease classification; definitions

43 A. The commercial lease classification is comprised of the business of
44 leasing for a consideration the use or occupancy of real property.

1 B. A person who, as a lessor, leases or rents for a consideration
2 under one or more leases or rental agreements the use or occupancy of real
3 property that is used by the lessee for commercial purposes is deemed to be
4 engaged in business and subject to the tax imposed by article 1 of this
5 chapter, but this subsection does not include leases or rentals of real
6 property used for residential or agricultural purposes.

7 C. The commercial lease classification does not include:

8 1. Any business activities that are classified under the transient
9 lodging classification.

10 2. Activities engaged in by the Arizona exposition and state fair
11 board or county fair commissions in connection with events sponsored by those
12 entities.

13 3. Leasing real property to a lessee who subleases the property if the
14 lessee is engaged in business classified under the commercial lease
15 classification or the transient lodging classification.

16 4. Leasing real property pursuant to a written lease agreement entered
17 into before December 1, 1967. This exclusion does not apply to the
18 businesses of hotels, guest houses, dude ranches and resorts, rooming houses,
19 apartment houses, office buildings, automobile storage garages, parking lots
20 or tourist camps, or to the extension or renewal of any such written lease
21 agreement.

22 5. Leasing real property by a corporation to an affiliated
23 corporation. For the purposes of this paragraph, "affiliated corporation"
24 means a corporation that owns or controls at least eighty per cent of the
25 lessor, that is at least eighty per cent owned or controlled by the lessor or
26 that is at least eighty per cent owned or controlled by a corporation that
27 also owns or controls at least eighty per cent of the lessor. Ownership and
28 control are determined by reference to the voting shares of a corporation.

29 ~~6. Leasing real property for sublease if the tenant in possession of~~
30 ~~the property is subject to the rental occupancy tax pursuant to article 9 of~~
31 ~~this chapter.~~

32 ~~7.~~ 6. Leasing real property for boarding horses.

33 ~~8.~~ 7. Leasing or renting real property or the right to use real
34 property at exhibition events in this state sponsored, operated or conducted
35 by a nonprofit organization that is exempt from taxation under section
36 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the
37 organization is associated with major league baseball teams or a national
38 touring professional golfing association and no part of the organization's
39 net earnings inures to the benefit of any private shareholder or individual.

40 ~~9.~~ 8. Leasing or renting real property or the right to use real
41 property for use as a rodeo featuring primarily farm and ranch animals in
42 this state sponsored, operated or conducted by a nonprofit organization that
43 is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),
44 501(c)(7) or 501(c)(8) of the internal revenue code and no part of the

1 organization's net earnings inures to the benefit of any private shareholder
2 or individual.

3 ~~10-~~ 9. Leasing or renting dwelling units, lodging facilities or
4 trailer or mobile home spaces if the units, facilities or spaces are intended
5 to serve as the principal or permanent place of residence for the lessee or
6 renter or if the unit, facility or space is leased or rented to a single
7 tenant thirty or more consecutive days.

8 ~~11-~~ 10. Leasing or renting real property and improvements for use
9 primarily for religious worship by a nonprofit organization that is exempt
10 from taxation under section 501(c)(3) of the internal revenue code and no
11 part of the organization's net earnings inures to the benefit of any private
12 shareholder or individual.

13 ~~12-~~ 11. Leasing or renting real property used for agricultural
14 purposes under either of the following circumstances:

15 (a) The lease or rental is between family members, trusts, estates,
16 corporations, partnerships, joint venturers or similar entities, or any
17 combination thereof, if the individuals or at least eighty per cent of the
18 beneficiaries, shareholders, partners or joint venturers share a family
19 relationship as parents or ancestors of parents, children or descendants of
20 children, siblings, cousins of the first degree, aunts, uncles, nieces or
21 nephews of the first degree, spouses of any of the listed relatives and
22 listed relatives by the half-blood or by adoption.

23 (b) The lessor leases or rents real property used for agricultural
24 purposes under no more than three leases or rental agreements.

25 ~~13-~~ 12. Leasing, renting or granting the right to use real property to
26 vendors or exhibitors by a trade or industry association that is a qualifying
27 organization pursuant to section 513(d)(3)(C) of the internal revenue code
28 for a period not to exceed twenty-one days in connection with an event that
29 meets all of the following conditions:

30 (a) The majority of such vending or exhibition activities relate to
31 the nature of the trade or business sponsoring the event.

32 (b) The event is held in conjunction with a formal business meeting of
33 the trade or industry association.

34 (c) The event is organized by the persons engaged in the particular
35 trade or industry.

36 ~~14-~~ 13. Leasing, renting or granting the right to use real property
37 for a period not to exceed twenty-one days by a coliseum, civic center, civic
38 plaza, convention center, auditorium or arena owned by this state or any of
39 its political subdivisions.

40 ~~15-~~ 14. Leasing or subleasing real property used by a nursing care
41 institution as defined in section 36-401 that is licensed pursuant to title
42 36, chapter 4.

43 ~~16-~~ ~~Leasing or renting a transportation facility as provided in section~~
44 ~~28-7705, subsections A and B.~~

1 ~~17.~~ 15. Granting or providing rights to real property that constitute
2 a profit à prendre for the severance of minerals, including all rights to use
3 the surface or subsurface of the property as is necessary or convenient to
4 the right to sever the minerals. This paragraph does not exclude from the
5 commercial lease classification leasehold rights to the real property that
6 are granted in addition to and not included within the right of profit à
7 prendre, but the tax base for the grant of such a leasehold right, if the
8 gross income derived from the grant is not separately stated from the gross
9 income derived from the grant of the profit à prendre, shall not exceed the
10 fair market value of the leasehold rights computed after excluding the value
11 of all rights under the profit à prendre. For the purposes of this
12 paragraph, "profit à prendre" means a right to use the land of another to
13 mine minerals, and carries with it the right of entry and the right to remove
14 and take the minerals from the land and also includes the right to use the
15 surface of the land as is necessary and convenient for exercise of the
16 profit.

17 D. The tax base for the commercial lease classification is the gross
18 proceeds of sales or gross income derived from the business, but
19 reimbursements to the lessor for utility service shall be deducted from the
20 tax base.

21 E. Notwithstanding section 42-1104, subsection B, paragraph 1,
22 subdivision (b) and paragraph 2, the failure to file tax returns for the
23 commercial lease classification that report gross income derived from any
24 agreement that constitutes, in whole or in part, a grant of a right of profit
25 à prendre for the severance of minerals does not constitute an exception to
26 the general rule for the statute of limitations.

27 F. For the purposes of this section:

28 1. "Leasing" includes renting.

29 2. "Real property" includes any improvements, rights or interest in
30 such property.

31 Sec. 6. Section 42-6208, Arizona Revised Statutes, is amended to read:

32 ~~42-6208.~~ Exempt government property improvements

33 The tax under this article does not apply with respect to:

34 1. Property that is used for a governmental activity.

35 2. Property that is used for public housing.

36 3. Easements and rights-of-way of railroads and gas, electric, water,
37 pipeline and telephone utilities.

38 4. Interests in all or any part of a facility that is owned of record
39 by a government lessor and used primarily for athletic, recreational,
40 entertainment, artistic, cultural or convention activities if the interest is
41 used for those activities or activities directly related and incidental to
42 these uses including concession stands.

43 5. Property that is located on municipal airports and airports that
44 operate pursuant to sections 28-8423, 28-8424 and 28-8425, if the property is
45 used for or in connection with aviation, including hangars, tie-downs,

1 aircraft maintenance, sale of aviation related items, charter and rental
2 activities, commercial aircraft terminal franchises, parking facilities and
3 restaurants, stores and other services that are located in a terminal.

4 6. The use by a commercial airline of the runways and terminal
5 facilities of state, city, town or county airports and public airports
6 operating pursuant to sections 28-8423, 28-8424 and 28-8425.

7 ~~7. Leases of property or interests in a transportation facility that~~
8 ~~is constructed or operated pursuant to title 28, chapter 22, article 1 or 2.~~

9 ~~8.~~ 7. Interests in property held in trust for an Indian or an Indian
10 tribe by the United States government.

11 ~~9.~~ 8. Interests in property that is defined as "contractor-acquired
12 property" or "government-furnished property" in the federal acquisition
13 regulations (48 Code of Federal Regulations section 45.101) and that is owned
14 by the government and used to perform a government contract.

15 ~~10.~~ 9. Property of a corporation that is organized by or at the
16 direction of a county, city or town to develop, construct, improve, repair,
17 replace or own any property, improvement, building or other facility to be
18 used for public purposes that the county, city or town pledges to lease or
19 lease-purchase with county or municipal special or general revenues.

20 ~~11.~~ 10. Interests in property used by a chamber of commerce recognized
21 under section 501(c)(6) of the United States internal revenue code if the
22 property is used predominately for those federal tax exempt purposes.

23 ~~12.~~ 11. Interests in property used by organizations that are exempt
24 from taxation under section 501(c)(3) of the internal revenue code.

25 ~~13.~~ 12. Interests in parking garages or decks if the parking garages
26 or decks are owned and operated by a government lessor or operated on behalf
27 of a government lessor, by an entity other than the prime lessee, pursuant to
28 a management agreement with the government lessor.

29 ~~14.~~ 13. Residential rentals if the prime lessee is the occupant.