

REFERENCE TITLE: **property valuation; telecommunications companies**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

## **HB 2417**

Introduced by  
Representatives Clark, Barnes, Mason, Reagan: Ableser, Adams, Barto,  
Biggs, Burges, Crump, DeSimone, Driggs, Kavanagh, Konopnicki, McComish,  
McLain, Meza, Murphy, Paton, Robson, Stump, Tobin, Weiers JP, Weiers J,  
Yarbrough

**AN ACT**

**AMENDING SECTION 42-14403, ARIZONA REVISED STATUTES; RELATING TO CENTRALLY  
ASSESSED PROPERTY VALUATIONS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-14403, Arizona Revised Statutes, is amended to  
3 read:

4 42-14403. Determining valuation; definitions

5 A. On or before August 31 of each year the department shall determine  
6 the valuation as of January 1 of the property of all telecommunications  
7 companies operating in this state at its full cash value. Real estate shall  
8 be valued at market value, and personal property shall be valued on a unitary  
9 basis at its historical cost less depreciation. In addition, the taxpayer  
10 may submit documentation showing the need for, and the department shall  
11 consider, an additional adjustment to recognize obsolescence using standard  
12 appraisal methods and techniques ~~OR, IF APPLICABLE, AS PROVIDED BY~~  
13 ~~SUBSECTION B.~~

14 ~~B. IN THE CASE OF ANY TELECOMMUNICATIONS COMPANY THAT PROVIDES LOCAL~~  
15 ~~EXCHANGE SERVICES AND GRANTS ACCESS TO UNBUNDLED NETWORK ELEMENTS TO OTHER~~  
16 ~~CARRIERS, THE PERCENTAGE OF OBSOLESCENCE, AT THE TAXPAYER'S ELECTION, MAY BE~~  
17 ~~DEMONSTRATED BY A FORMULA THAT IS CALCULATED BY SUBTRACTING A FRACTION, THE~~  
18 ~~NUMERATOR OF WHICH IS THE TOTAL NUMBER OF ACCESS LINES IN THIS STATE THAT~~  
19 ~~WERE ASSIGNED AS OF DECEMBER 31 OF THE YEAR PRECEDING THE DATE OF VALUATION~~  
20 ~~AND THE DENOMINATOR OF WHICH IS EQUAL TO NINETY PER CENT OF THE TOTAL NUMBER~~  
21 ~~OF AVAILABLE ACCESS LINES IN THIS STATE THAT WERE ASSIGNED AS OF DECEMBER 31~~  
22 ~~OF THE YEAR PRECEDING THE DATE OF VALUATION, FROM ONE HUNDRED. IF A TAXPAYER~~  
23 ~~PROVIDES SUFFICIENT EVIDENCE TO MAKE THE CALCULATION UNDER THIS SUBSECTION,~~  
24 ~~OBSOLESCENCE SHALL BE APPLIED USING THIS CALCULATION.~~

25 ~~B.~~ C. For the purposes of this section:

26 1. Depreciation is computed based on the tables adopted by the  
27 department in its personal property manual in effect on January 1, 1993 for  
28 the following categories:

29 (a) Buildings with a twenty-five year life.

30 (b) Cable with a fifteen year life.

31 (c) Telecommunications equipment with a five year life.

32 (d) Any other telecommunications property that is not included in  
33 subdivisions (a), (b) and (c) with a seven year life.

34 2. For cellular or other wireless telecommunications companies, the  
35 taxable unit is the applicable metropolitan statistical area or rural  
36 statistical area and does not include the value of any license that is issued  
37 by the federal communications commission.

38 ~~C.~~ D. For the purposes of this section:

39 1. "Historical cost" means the original cost as reported on the  
40 company's books and records.

41 2. "Obsolescence" means a reduction in the value of an asset resulting  
42 from functional or economic obsolescence.

43 3. "UNBUNDLED NETWORK ELEMENTS" HAS THE SAME MEANING PRESCRIBED FOR  
44 INCUMBENT LOCAL EXCHANGE CARRIERS UNDER 47 UNITED STATES CODE SECTION  
45 251(c)(3).

46 Sec. 2. Effective date

47 This act is effective from and after December 31, 2008.