

REFERENCE TITLE: low income housing; property tax

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

HB 2571

Introduced by
Representatives Driggs: Clark, Crandall, Murphy, Reagan, Yarbrough

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 ALL OF THE FOLLOWING REQUIREMENTS:

18 (i) THE UNITED STATES INTERNAL REVENUE SERVICE HAS NOT RECAPTURED THE
19 LOW INCOME HOUSING TAX CREDITS FOR THE PROPERTY.

20 (ii) THE PROPERTY REMAINS BOTH INCOME AND RENT RESTRICTED CONSISTENT
21 WITH SECTION 42 OF THE INTERNAL REVENUE CODE AND THE PROVISIONS OF THE
22 DECLARATION OF AFFIRMATIVE LAND USE RESTRICTIVE COVENANTS AGREEMENT RECORDED
23 ON THE PROPERTY.

24 (iii) NO FEDERAL, STATE OR TRIBAL COURT HAS ENTERED A JUDGMENT OR
25 ORDER BASED ON A FINDING THAT AN ACT OR OMISSION OF AN OWNER OR OPERATOR OF
26 THE PROPERTY CONSTITUTES A BREACH OR VIOLATION OF THE DECLARATION OF
27 AFFIRMATIVE LAND USE RESTRICTIVE COVENANTS AGREEMENT RECORDED ON THE
28 PROPERTY.

29 42-13502. Identifying low income multifamily residential rental
30 property

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

34 42-13503. Exclusive method for valuing low income multifamily
35 residential rental property

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

38 B. THE ASSESSOR SHALL VALUE PROPERTY UNDER THIS ARTICLE BASED ON THE
39 INCOME APPROACH TO VALUE USING THE ACTUAL ANNUAL INCOME AND EXPENSES OF THE
40 PROPERTY EXCLUDING FEDERAL INCOME TAX CREDITS AND USING A CAPITALIZATION RATE
41 OF FIFTEEN PER CENT.

42 42-13504. Evidentiary requirements

43 AS A CONDITION OF VALUATION UNDER THIS ARTICLE, AN OWNER OR OPERATOR OF
44 LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY MUST PROVIDE WRITTEN
45 DOCUMENTATION TO THE ASSESSOR CONFIRMING THAT THE PROPERTY HAS BEEN PLACED IN
46 SERVICE AS A LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY CONSISTENT
47 WITH SECTION 42 OF THE INTERNAL REVENUE CODE.