State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1461

AN ACT

AMENDING SECTION 41-1292, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3006.22, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3016.01; AMENDING TITLE 42, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-2077; REPEALING SECTION 42-5039, ARIZONA REVISED STATUTES; AMENDING SECTION 42-11054, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF REVENUE.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 41-1292, Arizona Revised Statutes, is amended to read:

41-1292. Joint legislative oversight committee on property tax assessment and appeals

A. The joint legislative oversight committee on property tax assessment and appeals is established to monitor and evaluate the system of assessment and appeals of property tax assessments established by title 42. The committee consists of:

1. Six legislators, three each appointed by the president of the senate and the speaker of the house of representatives, including the chairmen of the senate finance committee and the house of representatives ways and means committee who shall serve as COCHAIRPERSONS of the oversight committee. No more than two members from each house may be members of the same political party.

2. Two county assessors, one each appointed by the president of the senate and the speaker of the house of representatives.

3. Two county treasurers, one each appointed by the president of the senate and the speaker of the house of representatives.

4. Four public members, who may include property tax practitioners, accountants and members of the state bar of Arizona, two each appointed by the president of the senate and the speaker of the house of representatives.

5. The director of the department of revenue, or the director’s designee.

B. Members of the committee are not eligible to receive compensation for services or for reimbursement of expenses. The legislature shall provide staff support and meeting accommodations for the committee. Members serve at the pleasure of the appointing officer and, in the case of elected officials, until their elective term of office expires.

C. The committee shall:

1. Meet periodically to review the procedures and administrative structure for tax assessments and appeals and identify any areas of ambiguity, problems and needed changes and improvements.

2. MEET AS NECESSARY ON THE CALL OF EITHER COCHAIRPERSON TO REVIEW AND COMMENT ON THE PROPOSED ADOPTION, AMENDMENT OR MODIFICATION OF DEPARTMENT OF REVENUE GUIDELINES, TABLES AND MANUALS AS PROVIDED BY SECTION 42-11054, SUBSECTION B.

D. The committee may recommend legislation for consideration by the legislature.

E. Each county assessor shall keep a record of the following information to report to the oversight committee:

1. The date the assessment notices are mailed to property owners.

2. The date and number of appeals filed by class of property and the basis of the appeals, categorized by valuation method.
3. The number of assessor meetings requested, number of meetings held and the dates and results of the meetings.

4. The number of written appeals without a meeting being requested, the dates they were received and the outcome of the appeals with the assessor.

E. F. The state and county board of equalization shall keep a record, for the purpose of reporting to the oversight committee, of the number of appeals, the dates received, the parties attending and the outcome of each appeal by type of property.

Sec. 2. Repeal
Section 41-3006.22, Arizona Revised Statutes, is repealed.
Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3016.01, to read:

41-3016.01. Department of revenue; termination July 1, 2016
A. THE DEPARTMENT OF REVENUE TERMINATES ON JULY 1, 2016.
B. TITLE 42, CHAPTER 1, ARTICLE 1 IS REPEALED ON JANUARY 1, 2017.
Sec. 4. Title 42, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 42-2077, to read:

42-2077. New interpretation or application of law; affirmative defense; definition
A. UNLESS EXPRESSLY AUTHORIZED BY LAW, THE DEPARTMENT SHALL NOT APPLY ANY NEWLY ENACTED LAW RETROACTIVELY OR IN A MANNER THAT WILL PENALIZE A TAXPAYER FOR COMPLYING WITH PRIOR LAW.
B. IF THE DEPARTMENT ADOPTS A NEW INTERPRETATION OR APPLICATION OF ANY PROVISION OF THIS TITLE OR TITLE 43 OR DETERMINES THAT ANY OF THOSE PROVISIONS APPLIES TO A NEW OR ADDITIONAL CATEGORY OR TYPE OF TAXPAYER, AND THE CHANGE IN INTERPRETATION OR APPLICATION IS NOT DUE TO A CHANGE IN THE LAW:
1. THE CHANGE IN INTERPRETATION OR APPLICATION APPLIES PROSPECTIVELY UNLESS IT IS FAVORABLE TO TAXPAYERS.
2. THE DEPARTMENT SHALL NOT ASSESS ANY TAX, PENALTY OR INTEREST RETROACTIVELY BASED ON THE CHANGE IN INTERPRETATION OR APPLICATION.
3. THE CHANGE IS AN AFFIRMATIVE DEFENSE IN ANY ADMINISTRATIVE OR JUDICIAL ACTION FOR RETROACTIVE ASSESSMENT OF TAX, INTEREST AND PENALTIES TO TAXABLE PERIODS BEFORE THE NEW INTERPRETATION OR APPLICATION WAS ADOPTED.
C. TAX LIABILITIES, PENALTIES AND INTEREST PAID BEFORE A NEW INTERPRETATION OR APPLICATION OF CHAPTER 5 OF THIS TITLE BY THE DEPARTMENT SHALL NOT BE REFUNDED UNLESS THE TAXPAYER REQUESTING THE REFUND PROVIDES EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT THE AMOUNTS WILL BE REFUNDED TO THE PERSON WHO PAID AN ADDED CHARGE TO COVER THE TAX.
D. FOR THE PURPOSES OF THIS SECTION, "NEW INTERPRETATION OR APPLICATION" INCLUDES POLICIES AND PROCEDURES ADOPTED BY ADMINISTRATIVE RULE, TAX RULING, TAX PROCEDURE OR INSTRUCTIONS TO A TAX RETURN.
Sec. 5. Repeal
Section 42-5039, Arizona Revised Statutes, is repealed.
Sec. 6. Section 42-11054, Arizona Revised Statutes, is amended to read:

42-11054. Standard appraisal methods and techniques

A. SUBJECT TO SUBSECTION B OF THIS SECTION, the department shall:

1. Prescribe guidelines for applying standard appraisal methods and techniques that shall be used by the department and county assessors in determining the valuation of property.

2. Prepare and maintain manuals and other necessary guidelines, consistent with this section, reflecting the standard methods and techniques to perpetuate a current inventory of taxable property and the valuation of that property.

B. BEFORE THEY ARE ADOPTED, THE DEPARTMENT SHALL SUBMIT EACH SUBSTANTIVE PROPOSED GUIDELINE, TABLE AND MANUAL THAT IS DEVELOPED, AMENDED OR OTHERWISE MODIFIED FROM AND AFTER DECEMBER 31, 2006 TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON PROPERTY TAX ASSESSMENT AND APPEALS. THE DEPARTMENT SHALL NOT FINALLY ADOPT, AMEND OR OTHERWISE MODIFY A SUBSTANTIVE GUIDELINE, TABLE OR MANUAL FOR AT LEAST THIRTY DAYS AFTER SUBMITTING THE MEASURE TO THE COMMITTEE. THE COMMITTEE MAY HOLD ONE OR MORE INFORMATIONAL HEARINGS ON THE PROPOSED MEASURE WITHIN THIRTY DAYS AFTER SUBMISSION. IN ADOPTING, AMENDING OR MODIFYING THE MEASURE THE DEPARTMENT SHALL CONSIDER THE COMMITTEE'S COMMENTS. IF THE COMMITTEE FAILS TO HOLD A HEARING WITHIN THIRTY DAYS AFTER SUBMISSION, THE DEPARTMENT MAY ADOPT, AMEND OR MODIFY THE MEASURE WITHOUT FURTHER CONSIDERATION.

C. In applying prescribed standard appraisal methods and techniques, current usage shall be included in the formula for reaching a determination of full cash value. If the methods and techniques prescribe using market data as an indication of market value, the price paid for future anticipated property value increments shall be excluded.

D. For purposes of determining full cash value the department and county assessors shall use and apply the ratio standard guidelines issued by the department for tax year 1993 in the same manner as they were applied in tax year 1993. This subsection does not apply to property that is valued according to prescribed statutory methods or to property for which values are determined in the year after an appeal pursuant to section 42-16002.

Sec. 7. Purpose

Pursuant to section 41-2955, subsection B, Arizona Revised Statutes, the legislature continues the department of revenue to efficiently and fairly administer and collect the taxes levied by this state and to determine the valuation of centrally assessed property in this state.

Sec. 8. Retroactivity

Sections 2 and 3 of this act are effective retroactively to July 1, 2006.