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	REFERENCE TITLE: solar electricity; property tax classification

	State of Arizona
	House of Representatives
	Forty-sixth Legislature
	Second Regular Session
	2004

	HB 2526

	Introduced by
	Representatives Clark, Boone, Graf, Senator Mitchell

AN ACT

AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1510.01; AMENDING SECTION 42-12002, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX ASSESSMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 41, chapter 10, article 1, Arizona Revised Statutes, is amended by adding section 41-1510.01, to read:

41-1510.01. Solar electricity incentives assistance; definition

A. THE DEPARTMENT OF COMMERCE SHALL ESTABLISH AND CONDUCT A PROGRAM TO ASSIST BUSINESSES IN QUALIFYING AND APPLYING FOR AVAILABLE TAX INCENTIVES FOR GENERATING ELECTRICITY FROM ON-SITE SOLAR ENERGY GENERATION DEVICES.

B. THE DEPARTMENT OF COMMERCE SHALL IDENTIFY AND CERTIFY TO THE DEPARTMENT OF REVENUE AND COUNTY ASSESSORS THE NAMES AND RELEVANT INFORMATION RELATING TO BUSINESSES THAT QUALIFY FOR THE TAX INCENTIVES. THE DEPARTMENT OF COMMERCE MAY DENY OR REVOKE THE CERTIFICATION FOR FAILURE TO QUALIFY AND COMPLY WITH THE TERMS AND CONDITIONS PRESCRIBED BY THIS SECTION AND

SHALL IMMEDIATELY NOTIFY THE DEPARTMENT OF REVENUE AND THE APPROPRIATE COUNTY ASSESSOR OF A REVOCATION.

C. TO QUALIFY FOR AND MAINTAIN CERTIFICATION, A BUSINESS MUST:

1. OWN REAL OR PERSONAL PROPERTY OR IMPROVEMENTS THAT ARE CLASSIFIED AS CLASS ONE PROPERTY PURSUANT TO SECTION 42-12001.
2. GENERATE AT LEAST TEN PER CENT OF ITS ON-SITE ELECTRICITY CONSUMPTION FROM ON-SITE SOLAR ENERGY GENERATION DEVICES.
3. APPLY TO THE DEPARTMENT OF COMMERCE FOR CERTIFICATION. THE APPLICATION MUST INCLUDE ALL REQUIRED INFORMATION, INCLUDING INFORMATION RELATING TO ON-SITE GENERATION OF ELECTRICITY FROM SOLAR ENERGY GENERATION DEVICES AND TOTAL ON-SITE CONSUMPTION OF ELECTRICITY.
4. ALLOW INSPECTIONS AND AUDITS OF ELECTRICITY GENERATION AND CONSUMPTION AS ARE NECESSARY TO VERIFY CONTINUED QUALIFICATION FOR CERTIFICATION.

D. WITHIN SIXTY DAYS AFTER RECEIVING A COMPLETE AND CORRECT APPLICATION AND ALL REQUIRED INFORMATION, THE DEPARTMENT OF COMMERCE SHALL GRANT OR DENY CERTIFICATION AND GIVE WRITTEN NOTICE TO THE APPLICANT BY CERTIFIED MAIL.

E. FOR THE PURPOSES OF THIS SECTION, "SOLAR ENERGY GENERATION DEVICE" MEANS A SYSTEM OR SERIES OF MECHANISMS DESIGNED PRIMARILY TO PROVIDE HEATING, TO PROVIDE COOLING, TO PRODUCE ELECTRIC POWER, TO PRODUCE MECHANICAL POWER, TO PROVIDE SOLAR DAYLIGHTING OR TO PROVIDE ANY COMBINATION OF THOSE USES BY MEANS OF COLLECTING AND TRANSFERRING SOLAR GENERATED ENERGY INTO THOSE USES. SOLAR ENERGY SYSTEMS ALSO MAY HAVE THE CAPABILITY OF STORING SOLAR ENERGY FOR FUTURE USE.

Sec. 2. Section 42-12002, Arizona Revised Statutes, is amended to read:

42-12002. Class two property

For purposes of taxation, class two is established consisting of two subclasses:

1. Class two (R) consists of:

(a) Real property and improvements to property that are used for agricultural purposes and that are valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.

(b) Real property and improvements to property that are primarily used for agricultural purposes to produce trees other than standing timber, vines, rosebushes, ornamental plants or other horticultural crops, regardless of whether the crop is grown in containers, soil or any other medium, that are not included in class one, three, four, six, seven or eight and that are valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.

(c) Real property and improvements to property that are owned and controlled by a nonprofit organization that is exempt from taxation under section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if the property is not used or intended for the financial benefit of members of the organization or any other individual or organization, unless the financial benefit is for charitable, religious, scientific, literary or educational purposes, and that are valued at full cash value.

(d) Real property of golf courses that is valued at full cash value or pursuant to chapter 13, article 4 of this title.

(e) **REAL PROPERTY AND IMPROVEMENTS THAT MEET THE CRITERIA FOR PROPERTY INCLUDED IN CLASS ONE AND THAT ARE CERTIFIED BY THE DEPARTMENT OF COMMERCE PURSUANT TO SECTION 41-1510.01 THAT AT LEAST TEN PER CENT OF ON-SITE ELECTRICITY CONSUMPTION IS GENERATED BY ON-SITE SOLAR ENERGY GENERATION DEVICES.**

~~(f)~~ (f) All other real property and improvements to property, if any, that are not included in class one, three, four, six, seven or eight and that are valued at full cash value.

2. Class two (P) consists of:

(a) Personal property that is used for agricultural purposes and that is valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.

(b) Personal property that is primarily used for agricultural purposes to produce trees other than standing timber, vines, rosebushes, ornamental plants or other horticultural crops, regardless of whether the crop is grown in containers, soil or any other medium, that is not included in class one, three, four, six, seven or eight and that is valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.

(c) Personal property that is owned and controlled by a nonprofit organization that is exempt from taxation under section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if the property is not used or intended for the financial benefit of members of the organization or any other individual or organization, unless the financial benefit is for charitable, religious, scientific, literary or educational purposes, and that is valued at full cash value.

(d) Personal property of golf courses that is valued at full cash value or pursuant to chapter 13, article 4 of this title.

(e) PERSONAL PROPERTY THAT MEETS THE CRITERIA FOR PROPERTY INCLUDED IN CLASS ONE AND THAT ARE CERTIFIED BY THE DEPARTMENT OF COMMERCE PURSUANT TO SECTION 41-1510.01 THAT AT LEAST TEN PER CENT OF ON-SITE ELECTRICITY CONSUMPTION IS GENERATED BY ON-SITE SOLAR ENERGY GENERATION DEVICES.

~~(e)~~ (f) All other personal property that is not included in class one, three, four, six, seven or eight and that is valued at full cash value.