



**Bill Number: S.B. 1490**  
**Mesnard Floor Amendment**  
**Reference to: printed bill**  
**Amendment drafted by: Leg Council**

## **FLOOR AMENDMENT EXPLANATION**

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- 1. Restructures the classification of rental property based on the total number of days rented in a calendar year and classifies rental property as:
  - a) class 1 if the property is rented to lodgers for more than 120 days; or**
  - b) class 4 if the property is rented to lodgers for 120 days or less.****
- 2. Authorizes the Arizona Department of Revenue (ADOR) to prescribe guidelines for a property with multiples uses.**
- 3. Excludes, from classification as class 1 property, property for which the owner attests to the county assessor that the property is owner occupied for at least 60 days in a calendar year.**
- 4. Requires an owner to notify the county assessor if the owner will no longer meet the 60-day occupancy requirement.**
- 5. Modifies the class 4 classification to be for periods of less than 30 days, rather than 30 days or more.**
- 6. Modifies the classifications to be applicable to property rented to lodgers, rather than leased or rented to lodgers.**
- 7. Applies to tax years beginning January 1, 2021.**
- 8. Makes technical and conforming changes.**

**Amendment explanation prepared by Molly Graver**

**3/6/20**

MESNARD FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1490  
(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

2 "Section 1. Section 42-11054, Arizona Revised Statutes, is amended  
3 to read:

4 42-11054. Standard appraisal methods and techniques

5 A. Subject to subsection B of this section, the department shall:

6 1. Prescribe guidelines for applying standard appraisal methods and  
7 techniques, INCLUDING GUIDELINES FOR A PROPERTY WITH MULTIPLE USES, that  
8 shall be used by the department and county assessors in determining the  
9 valuation of property.

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

14 B. Before they are adopted, the department shall submit each  
15 substantive proposed guideline, table and manual that is developed, amended  
16 or otherwise modified from and after December 31, 2006 to the joint  
17 legislative oversight committee on property tax assessment and appeals.  
18 The department shall not finally adopt, amend or otherwise modify a  
19 substantive guideline, table or manual for at least thirty days after

1 submitting the measure to the committee. The committee may hold one or  
2 more informational hearings on the proposed measure within thirty days  
3 after submission. In adopting, amending or modifying the measure, the  
4 department shall consider the committee's comments. If the committee fails  
5 to hold a hearing within thirty days after submission, the department may  
6 adopt, amend or modify the measure without further consideration.

7 C. In applying prescribed standard appraisal methods and techniques:

8 1. Current usage shall be included in the formula for reaching a  
9 determination of full cash value.

10 2. Solar energy devices, as defined in section 44-1761, grid-tied  
11 photovoltaic systems and any other device or system designed to produce  
12 solar energy primarily for on-site consumption are considered to add no  
13 value to the property on which such a device or system is installed.

14 3. If characterized as personal property, subject to any applicable  
15 constitutional exemption from taxation, solar energy devices, as defined in  
16 section 44-1761, grid-tied photovoltaic systems and any other device or  
17 system designed to produce solar energy primarily for on-site consumption  
18 shall be valued as provided in section 42-13056.

19 4. Energy efficient building components, renewable energy equipment  
20 and combined heat and power systems are considered to add no value to the  
21 property, if the property owner provides the county assessor with  
22 documentation of all elements that qualify pursuant to this paragraph,  
23 including documents showing actual acquisition and installation costs. The

1 documentation must be submitted to the county assessor not later than six  
2 months before the notice of full cash value is issued for the initial  
3 evaluation year pursuant to section 42-15101 or, if the component is added  
4 after September 30 of the preceding year, not later than March 31 of the  
5 initial valuation year. For the purposes of this paragraph:

6 (a) "Combined heat and power system" means a system that generates  
7 electricity or mechanical power and useful thermal energy in a single,  
8 integrated system such that the useful power output of the facility plus  
9 one-half the useful thermal output during any twelve-month period is not  
10 less than 42.5 percent of the total energy input of fuel to the facility.

11 (b) "Energy efficient building components" means high performance  
12 sustainable building components installed so that the buildings or building  
13 components meet or exceed the energy efficiencies prescribed by the United  
14 States environmental protection agency energy star program or by a  
15 leadership in energy and environmental design green building rating  
16 standard developed by the United States green building council, or an  
17 equivalent green building standard, or that are at least fifteen percent  
18 more energy efficient than the international energy conservation code in  
19 effect at the time of building permit issuance.

20 (c) "Renewable energy equipment" means equipment that is used to  
21 produce energy primarily for on-site consumption from renewable resources,  
22 including wind, forest thinnings, agricultural waste, biogas, biomass,

1 geothermal, low-impact hydropower and solar energy not included under  
2 paragraph 2 of this subsection.

3 D. If the methods and techniques prescribe using market data as an  
4 indication of market value, the price paid for future anticipated property  
5 value increments shall be excluded.

6 E. For the purposes of determining full cash value the department  
7 and county assessors shall use and apply the ratio standard guidelines  
8 issued by the department for tax year 1993 in the same manner as they were  
9 applied in tax year 1993. This subsection does not apply to property that  
10 is valued according to prescribed statutory methods or to property for  
11 which values are determined in the year after an appeal pursuant to section  
12 42-16002."

13 Renumber to conform

14 Page 2, line 7, after "ARE" strike remainder of line

15 Line 8, strike "RESIDENTIAL PURPOSES, THAT ARE SOLELY LEASED OR"

16 Line 9, after "DAYS" insert "FOR A TOTAL OF MORE THAN ONE HUNDRED TWENTY DAYS  
17 IN A CALENDAR YEAR"

18 Line 12, after "AND" insert "THAT"

19 Between lines 12 and 13, insert:

20 "(b) PROPERTY THAT THE OWNER OF THE PROPERTY ATTESTS TO THE COUNTY  
21 ASSESSOR THAT THE OWNER OCCUPIES THE PROPERTY FOR AT LEAST SIXTY DAYS IN A  
22 CALENDAR YEAR. IF THE OWNER OF THE PROPERTY WILL NO LONGER MEET THE

1 SIXTY-DAY OCCUPANCY REQUIREMENT, THE OWNER OF THE PROPERTY SHALL NOTIFY THE  
2 COUNTY ASSESSOR."

3 Reletter to conform

4 Page 2, line 13, strike "LEASED OR"; after "AND" insert "THAT IS"

5 Page 3, line 25, strike "SOLELY leased or"

6 Line 26, after "OF" insert "LESS THAN"; strike "OR MORE" insert "FOR EITHER A  
7 TOTAL OF ONE HUNDRED TWENTY DAYS OR LESS IN A CALENDAR YEAR OR A TOTAL OF  
8 MORE THAN ONE HUNDRED TWENTY DAYS IN A CALENDAR YEAR AND THE OWNER OF THE  
9 PROPERTY OCCUPIES THE PROPERTY FOR AT LEAST SIXTY DAYS IN A CALENDAR YEAR"

10 Line 30, after "one" insert "PURSUANT TO SECTION 42-12001, PARAGRAPH 15"

11 After line 33, insert:

12 "Sec. 4. Applicability

13 This act applies to tax years beginning from and after December 31,  
14 2020."

15 Amend title to conform

J.D. MESNARD

1490FloorMESNARD1  
03/09/2020  
11:55 AM  
C: ED