

OVERVIEW OF 1999 TAX RELATED LEGISLATION

The following is intended to give a brief overview of 1999 tax-related legislation impacting the Department of Revenue and is not intended to discuss the details regarding any specific enactment. Please refer to the particular legislation for more definitive information. The general effective date for legislation is August 6, 1999.

Copies of specific bills can be obtained from the Secretary of State, State Capitol, West Wing, 1700 W. Washington St., 7th Floor, Phoenix, AZ 85007. The first copy of each bill is free. Any additional fees must be discussed with the Secretary of State's Office. Copies can be mailed or picked up in person.

HB 2007 (Ch. 5, 1st Special Session): Tax Relief and Fiscal Control

This legislation provides for corporate income tax rate and severance tax reductions that are contingent upon the occurrence of various levels of annual state revenues. It also amends the Research and Development (R&D) credit provisions and provides this credit to individual income taxpayers based on conditional enactment provisions.

The corporate income tax rate reductions are effective for taxable years beginning from and after December 31, 2000, or December 31, 2001, if the state general fund revenues exceed a specified level.

The R&D credit provisions are effective for taxable years beginning from and after December 31, 2000 or 2001, depending on the general fund revenues.

The severance tax reduction is effective from and after October 31, 1999, through June 30, 2001, if the state general fund revenues exceed a specified level.

This bill also lowers the minimum value of personal property from 10% good to 2.5% good. This change is conditional on state general fund revenue for the 1998-99 fiscal year exceeding \$5,559,445,000.

This bill contains various effective dates.

SB 1002 (Ch. 2, 2nd Special Session): Sales Tax; Bundled Taxable Activities

This bill contains the following provisions:

- Repeals Laws 1999, Chapter 304 (see HB 2427);
- Allows persons that conduct business under the transporting, amusement or transient lodging classifications to deduct the proceeds that are properly included and subject to tax under any other TPT classification;
- Allows for other specific deductions under the transporting and amusement classifications relating to bundled activities;
- Limits the deduction for "re-selling" an activity to the amount the person arranging the activity actually paid to the person conducting the activity;
- Provides a retroactive date of June 30, 1993;
- Limits any refunds due to the retroactive effective date to an aggregate of \$10,000 and requires persons claiming a refund to submit their claim on or before December 31, 1999.

This bill contains an emergency clause and became effective on June 24, 1999.

HB 2026 (Ch. 165): Tax Increment Financing; Repeal

This bill contains provisions that:

Limit a city or town's authority to borrow money and issue bonds to finance the construction of theme parks;

Repeals the counties' authority to borrow money and issue bonds to finance the construction of theme parks;

Conditionally repeals the statutes authorizing the board of directors of a multipurpose district to levy taxes, including a transaction privilege tax. This repeal will take effect from and after November 2, 1999, unless at least one stadium district project is approved by an election on or before November 2, 1999;

Limits the ability to form a multipurpose district from and after December 31, 1998; and,

Retroactively repeals statutes authorizing property tax increment financing to finance redevelopment projects from and after December 31, 1998.

Contains various effective dates.

HB 2053 (Ch. 317): Taxation: Internal Revenue Code Conformity

This legislation relates to income taxes for individuals, corporations, partnerships, estates and trusts. This bill amends A.R.S. § 43-105 to provide tax year specific Internal Revenue Code applications for Arizona income tax for tax years beginning from and after December 31, 1998, through December 31, 1999.

Prior to this legislation, there is no starting point for the 1999 Arizona income tax computation. Under this legislation, the starting point for the 1999 Arizona income tax computation will be the Internal Revenue Code in effect on January 1, 1999.

Contains a general effective date.

HB 2054 (Ch. 318): Corporate Income Tax Rate Reduction (Updated)

This bill, as it pertains to the Department, reduces the corporate income tax rate from 8% to 7.968% effective for taxable years beginning from and after December 31, 1999.

It also repeals various credits effective for taxable years beginning from and after December 31, 1999. The credits being repealed are the correctional facilities, dependent day-care facilities, recycling equipment, construction equipment, and agricultural water conservation system credits.

HB 2055 (Ch. 19): Debt Oversight Commission; Correction

The Debt Oversight Commission is currently required to meet quarterly. This bill would change that to an annual requirement, or as necessary, and provide greater flexibility in scheduling meetings.

Contains a general effective date.

HB 2061 (Ch. 290): DOR; Omnibus Tax Administration Act

This legislation contains the following provisions:

Exemptions; Buyer's Liability

Statute provides two methods under which vendors may document sales that are exempt from the transaction privilege tax. One method is to obtain a certificate

from the purchaser providing the information required under statute. If the vendor has obtained a certificate, the purchaser must then prove that the sale was exempt from tax. If the sale is not exempt from tax, the purchaser is subject to the transaction privilege tax, as well as any penalties and interest the seller would have been required to pay.

However, if the vendor does not obtain a certificate, the vendor may use the facts of the transaction to prove that the sale is exempt from tax. When the vendor is successful in meeting this burden, the purchaser must prove the validity of the exemption. If the purchaser can't prove the validity, the statute is silent on what tax the purchaser is required to pay.

This makes the purchaser liable in an amount equal to any tax, penalty and interest that the seller would have been required to pay.

Charitable Organizations; Exemptions

Currently, non-profit organizations that qualify for an exemption from income tax under Internal Revenue Code § 501(c)(3) must also be recognized by the Department as such non-profit organizations in order to qualify to make exempt retail sales of tangible personal property. This was appropriate when the state granted exemptions for such organizations separately, in addition to the IRS. However, in the 1997 legislative session, the Legislature amended A.R.S. § 43-1201 to provide that any organization that was granted tax exempt status by the IRS automatically qualified for exemption from Arizona income tax.

This amends the transaction privilege tax statute to reflect that change.

Luxury Tax; Metering Machines

Repeals the entire statute because it is obsolete. The statute deals with metering machines for luxury tax stamps. In 1988, there were only four companies that used the metering machines. In 1990, there were only two companies using the machines when the manufacturer announced they would no longer be making them and that they would repair them only until the end of 1997. One of the two companies then discontinued use of the machine in 1993 and the other stopped using it in 1994.

Debt Setoff

This provision allows agencies to update debt setoff information more frequently, prohibits agencies from negatively impacting taxpayers by failing to confirm the

validity of a debt, and eliminates the need for the Department to send taxpayer notices by certified mail.

Extensions

Eliminates the need for a taxpayer to file a copy of the federal extension with the Department in conjunction with his AZ income tax return.

Transient Selling Events; Vendor Lists

Requires promoters and operators of transient selling events to provide the Department with a list of their vendors.

Privilege Licenses

Requires "persons" with multiple business names to obtain a license for each business name.

Authorized Disclosure of Confidential Information

Allows DOR to disclose confidential information to the Treasurer's Office, county stadium district board of directors, and to a city or town tax official that is part of the stadium district in order to comply with ARS § 42-5031.

Distribution of Multipurpose Facility Revenues

Requires the county stadium board of directors, and any city or town that is a part of a stadium district to supply DOR with information necessary to administer the distribution of multipurpose facility revenues.

Unlawful Use of Cigarette Stamps

Makes changes to conform to federal law regarding "gray market cigarettes." This provision will make it illegal to stamp these types of cigarettes or cigarettes that do not conform to the other labeling requirements of the Federal government.

The bill contains a general effective date.

HB 2078 (Ch. 5): Tax Correction Act of 1999

This is the Department's annual legislation to make technical corrections for erroneous or

obsolete language contained in the statutes.

This bill contains a general effective date but also contains a retroactive provision.

HB 2189 (Ch. 295): Environment; Corrections

This bill, as it relates to the Department, makes technical changes to the subtractions and credits for alternative fuel vehicles and equipment.

This bill contains various effective dates.

HB 2193 (Ch. 225): Model City Tax Code; Study

This bill continues the Municipal Tax Code Commission for one year and changes the terms of the Commissioners from three to four years. It also strengthens the power of the Commission from merely recommending changes to the city tax code to requiring that changes be adopted. It further prohibits cities and towns from adopting an amendment or modification of the tax code unless the Commission has approved it.

Lastly, it establishes a Uniform TPT Study Committee to study the elimination of the model city tax code and replace it with a uniform state and local tax base.

This bill contains various effective dates.

HB 2264 (Ch. 246): Sales Tax Exemption; Environmental Remediation

This bill broadens the environmental remediation equipment exemption under the prime contracting classification to include site preparation and structures, excluding maintenance sheds, offices or storage facilities, necessary to protect exempt machinery and equipment. Furthermore, it extends this exemption to the retail classification.

This bill contains various effective dates.

HB 2343 (Ch. 211): Reviser's Technical Corrections; 1999

This bill, as it impacts DOR, provides for a blending of effective dates to the confidentiality statutes. It also distributes 100% of the monies collected from the Domestic Farm Wineries into the Wine Promotion Fund. Currently, 50% goes into the Wine Promotion Fund and 50% to the Department of Corrections Vinous account.

It also states the first \$100,000 goes into the Wine Promotion Fund however, DOR has

deposited, from the domestic farm wineries, less than \$10,000 for each of the last two fiscal years (97 and 98).

This bill contains various effective dates.

HB 2352 (Ch. 339): Bingo Games

This bill changes the daily limitation on bingo games by a licensee from thirty-five games per occasion (day) to 12 hours per occasion. In addition, the number of occasions allowed per week is increased from three to five. Furthermore, it allows for bingo equipment to be owned jointly by up to six licensees. Previously, if the premises was owned by the licensee or licensees the equipment could be jointly owned by up to three licensees and if the premises was leased then the equipment could not be owned by more than two licensees. It also removes mortgage payments from the list of expenses that may be incurred or paid in connection with operating or conducting a game of bingo pursuant to any license. Finally, it changes the rate that may be paid in compensation to minimum wage plus 20%, and provides that no more than 12 hours of bingo may be conducted in any building or on any premises during any calendar day.

This bill contains a general effective date.

HB 2353 (Ch. 300): DOA Omnibus

This bill, in part, requires agencies of the state responsible for the collection of public monies to file an annual report with the state Comptroller detailing the monies owed. Each year, the Attorney General's Office will notify the Comptroller of those debts owed the state that are uncollectable. After receiving these notices, and upon approval of the Joint Legislative Budget Committee, the Comptroller shall remove the receivable from the state accounting system.

This bill also contains provisions that require agencies to submit an annual report to the Governor's Regulatory Review Council (GRRC) regarding the agencies progress on reports submitted to GRRC for the last 5 years. In turn, GRRC shall include a list of the agencies that report a lack of progress when GRRC submits its annual report to the Governor and the Legislature.

This bill contains various effective dates.

HB 2364 (Ch. 322): Shooting Range Relocation Fund

This legislation establishes a fund for the relocation of government shooting ranges using transaction privilege tax monies collected from the retail classification.

The bill allocates \$50,000 annually to the shooting range relocation fund.

This bill contains a general effective date.

HB 2394 (Ch. 167): Sales Tax Exemption; Natural Gas

This bill amends the retail classification and use tax statutes to broaden the exemption for pollution control equipment to include pollution control equipment that is employed in connection with natural gas pipelines.

This bill contains a general effective date.

HB 2395 (Ch. 153): Sales Tax Exemptions; Expendable Materials

This bill amends the retail classification and use tax to overturn the Arizona Court of Appeals decision in *ADOR v. Capitol Castings, Inc.* The Court in *Capitol Castings* held that the exception for expendable materials, under the retail classification, is not limited to incidental or ancillary expendable materials. This legislation would exclude from the exception for expendable materials categories of tangible personal property exempted under subsection B of the retail classification regardless of the cost or useful life of the property.

This legislation is retroactive to May 19, 1977 and the refund exposure is limited to an aggregated total of \$100,000.

HB 2396 (Ch. 250): Taxpayer Bill of Rights

To keep Arizona as a leader in taxpayer rights, the following provisions make up the taxpayer bill of rights expansion:

Rights of a Taxpayer in General

The right to be paid the same rate of interest on a refund that is charged on a deficiency and the right to the same simple interest rate for all taxpayers.

The right of a taxpayer to abatement of interest if the Department erred or unreasonably delayed action which caused the taxpayer to incur additional interest charges.

The creation of new equitable rights of an innocent spouse to relief.

The right to use a responsible private delivery service and have it treated, for

timeliness of filing purposes, the same as the U.S. Postal Service.

The right to a deduction for taxes paid to another state on an installment sale when the other state has taxed the sale at the time of origination.

A provision that would permit the Department to give credit for taxes paid to another state when the taxpayer is a true resident of Arizona (domiciled here) but the other state uses a residency test based on days in the state and therefore has characterized the taxpayer as a resident of that state.

The Department will maintain a catalog of taxpayer complaints.

Limitations on the use of pseudonyms by Department personnel.

The right to have each employee's performance evaluation be based, in part, on how the employee treats taxpayers.

A provision to provide relief on the deadlines for filing refund claims to taxpayers who are severely disabled.

Rights of a Taxpayer under Collections

The write-off by the Department of a tax obligation as uncollectable shall serve to extinguish any related liens.

A six-year statute of limitations on tax debts will be established.

The Department will be provided the ability to release or subordinate liens under certain circumstances.

The Department may return levied property under certain circumstances.

A taxpayer subject to levy by the Department will be granted realistic statutory protection for the assets needed to earn a living and provide for the necessities of life.

Innocent purchasers and creditors in certain situations will be granted priority over Department liens even though the Department has filed its lien.

The right of a taxpayer to reimbursement for direct bank costs incurred when the Department errs.

A provision that will protect taxpayers from levies while an offer in compromise is pending.

Rights of a Taxpayer in the Audit Process

A taxpayer will be granted the right to confer with a non-attorney tax practitioner and receive the same right to confidentiality that is received when consulting with an attorney.

Taxpayers will be granted protection from "lifestyle audits" in most circumstances.

Taxpayers will be granted protection from unreasonable subpoenas on computer software code and additional protections will be provided to maintain the confidentiality of this critical asset.

This bill contains various effective dates.

HB 2405 (Ch. 168): Alternative Fuel Vehicles

This bill modifies various statutes and codifies the definition of alternative fuel. It also makes slight changes to the TPT statutes by removing language associated with environmental remediation equipment from the retail exemption's section.

The major changes in this bill concern the individual and corporate income credits and subtractions associated with alternative fuel vehicles. This bill removes the existing individual and corporate credits and subtractions in 43-1026, 43-1086, 43-1086.01, 43-1128.01, 43-1174, and 43-1174.01. These sections are replaced by new individual and corporate credits for alternative fuel vehicle purchases, the purchase of an alternative fuel vehicle refueling apparatus, and the construction of an alternative-fuel fueling station.

The credit for the construction and/or operation of, or conversion to, an alt-fuel vehicle, effective January, 1999, is equal to \$5,000 or 30% of cost, \$7,500 or 40% of cost, \$10,000 or 50% of cost, or \$30,000 or 30% of cost whichever is more, depending on the rating and type of the vehicle.

The credit for the purchase of an alt-fuel refueling apparatus is equal to \$2,000 or the cost of the apparatus, whichever is more. A qualified refueling apparatus is for slow fill natural gas and electric re-charge stations.

The credit for the purchase or lease of an alt-fuel refueling station is equal to 100% up to \$400,000 or 50% up to \$200,000 depending on the type of fuel and accessibility to the station.

The first two credits have a five-year carry forward period, while the third has a 15-year carry forward. These provisions are effective for tax year 1999, except that the credit for refueling stations is effective beginning tax year 1998.

This bill contains various effective dates.

HB 2415 (Ch. 155): Spirituous Liquors; Direct Shipment; License

This bill establishes the three-tier system for Internet, telephone, catalog and mail order direct shipments from out of state producers of spirituous liquors. The following process accomplishes this:

Producers shall ship to a licensed wholesaler who in turn will pay the applicable excise taxes to the Department. The wholesaler will pay the luxury taxes and deliver the spirituous liquor to a licensed retailer. The retailer will then arrange for delivery to the consumer and pay any applicable sales taxes. The retailer records the transaction and maintains the appropriate records.

This bill contains a general effective date.

HB 2425 (Ch. 274): Income Tax Omnibus Act

This legislation relates to individual income tax and to withholding.

Specifically, regarding individual income tax, the bill repeals the type of income limitations for filing short form and simplified returns. Furthermore, it amends language to increase the optional tax tables to include taxpayers whose taxable income is less than \$50,000, regardless of their filing status. Currently, the limits are \$20,000 for individuals and \$40,000 for joint returns.

These changes will allow more filers to use the short forms.

A provision is also included that allows for a total deduction of mortgage interest paid when the taxpayer receives the federal mortgage credit.

Regarding withholding, this bill provides for voluntary withholding on out-of-state wages of AZ residents if the employee and employer agree to the voluntary withholding.

There are also provisions in the bill that clarify the tax rate issue created by the Tax Relief Act of 1998.

This bill contains various effective dates.

HB 2426 (Ch. 180): Sales Tax Exemption; Liquor Wholesalers

This bill exempts, from the retail classification of transaction privilege tax, any sales of liquor by a licensed liquor wholesaler. It also inserts a refund provision that requires taxpayers that request a refund to provide evidence that the monies refunded will be paid to the person actually bearing the burden of the tax.

This bill contains a retroactive date beginning from and after December 31, 1990.

HB 2427 (Ch. 304): Transaction Privilege Tax; Transient Lodging

(Note: This Chapter was repealed by Chapter 2, 44th Legislature, 2nd Special Session, 1999)

This bill addresses the resale of golf packages by hotels. Language is added to provide an exemption under the transient lodging classification for the gross proceeds of sales or gross income derived from engaging in a business that is taxable under another TPT classification. A deduction is provided under the amusement classification for gross proceeds of sales or gross income derived from sales to persons or entities engaged in the transient lodging classification if:

The transient lodging transfers the right to engage in or observe the amusement to another person or entity.

The consideration right by the transient lodging business must be equal to or greater than the gross proceeds of sales or gross income deducted.

The consideration received for this right is subject to TPT.

This bill also amends the transporting classification to allow for an exemption of gross proceeds of sales or gross income derived from business activity which is properly included in any other business classification and which is taxable to the person engaged in that classification.

The effective date is retroactive to June 30, 1993, and language is included to allow refunds only if the taxpayer proves that the person bearing the incidence of the tax receives the refund.

The claims for refund must be submitted to the Department by December 31, 1999.

HB 2640 (Ch. 172): Stadium Districts; Eminent Domain

This bill requires that the municipalities, in which the multipurpose facility is located, have some financial responsibility for an amount that matches the funds they receive through revenue sharing. If the municipality can't provide these funds to the district, the Department would be responsible for diverting normal transaction privilege tax revenue sharing due to the city, to the district, until the matching amount is met.

This provision applies retroactively to from and after June 30, 1998.

HB 2676 (Ch. 183): Tax Sharing; Indian Tribal Colleges

This bill provides for the transfer of not more than \$1,750,000 in any fiscal year of transaction privilege tax revenues derived from businesses located on Indian reservations to Indian tribes for the purpose of maintaining and building colleges on reservations. Furthermore, it places a limit of \$1,500,000 on the amount to be transferred to a single tribe in fiscal year 2000/2001.

This provision of the bill is effective from and after June 30, 2000.

SB 1002 (Ch. 265): Nuclear Emergency Appropriation and Assessment

This bill, as it applies to the Department, requires that \$926,814 in fiscal year 1999/2000 and \$945,935 in fiscal year 2000/2001 be assessed against each consortium of public service corporations and municipal corporations engaged in constructing or operating a commercial nuclear generating station in this state.

This bill contains an emergency clause and is effective May 18, 1999.

SB 1037 (Ch. 134): Drug Treatment and Education Fund

Under current law, 7% of spirituous and 18% of vinous and malt liquor tax collections are distributed to the Drug Treatment and Education Fund, while 3% of spirituous and 7% of malt and vinous collections are distributed to the DOC Revolving Fund. These percentages were set to change in January of 2000, so that 10% of spirituous and 25% of vinous and malt would go to the Drug Treatment Fund, while DOC would lose their share. This bill deletes the section that changes the distribution in January 2000 and therefore, keeps the distribution at the current allocation.

This bill contains a general effective date.

SB 1077 (Ch. 325): Appropriation; Urban Revenue Sharing

This bill reduces the urban revenue sharing fund percentage from 15.8% to 15% for fiscal year 2000/2001 and fiscal years thereafter. The bill also provides a special appropriation of \$2,000,000 to the urban revenue sharing fund for fiscal year 2000/2001.

This bill contains a general effective date.

SB 1147 (Ch. 176): Department of Health Services; Omnibus

This bill, as it applies to the Department, sets the telecommunication service excise tax rate at 1 1/10% for fiscal years 1999/2000 and 2000/2001.

This bill contains a general effective date.

SB 1172 (Ch. 162): Stadium Districts; Multipurpose Facility

This bill, as it relates to the Department, requires the Department to determine the amount of transaction privilege tax revenues generated at the facility, and distribute 50% of that money to the district each month. The distribution is limited to 10 years after the commencement or completion of the primary component of the project, at the discretion of the district. The distribution is also limited to the additional tax revenue from sources located within the district in the twelve months prior to the district vote. The money distributed to the district can also, as set forth in the bill, be used for purposes other than bond debt service.

This bill applies retroactively to from and after June 30, 1998.

SB 1201 (Ch. 189): Transportation Finance

This bill limits the county transportation excise tax for roads by counties with a population of 1,200,000 or more persons to 20 years by eliminating the ability for a county to hold an election to extend the tax.

This bill contains a general effective date.

SB 1220 (Ch. 267): Sales Tax Exemption; Nonprofit Housing

This bill provides an exemption from the retail and use taxes for sales of tangible personal property to or purchases by qualified nonprofit charitable organizations that provide residential apartment housing for low income persons over 62 years of age in a facility that qualifies for a federal housing subsidy.

This bill contains various effective dates.

SB 1232 (Ch. 190): Corporate Income Tax; Income Allocation

This bill provides that the income of a multistate taxpayer engaged in air commerce shall be apportioned based on a ratio of the revenue aircraft miles within Arizona of flights beginning or ending in the state to the total revenue aircraft miles of the taxpayer.

This bill is effective for taxable years beginning from and after December 31, 2000.

SB 1235 (Ch. 191): Corporate Income Tax Rates; Consignments

This legislation provides that the income of a taxpayer that would be protected from taxation by 15 U.S.C.A. §§381- 384 (Public Law 86-272), except for the presence of consignment inventory within the state, shall not be allocated or apportioned to this state if the inventory is located on the property of the customer and it is a requirement of the taxpayer's contract with the customer.

This bill is retroactive to taxable years beginning from and after December 31, 1998.

SB 1245 (Ch. 87): Tax Exemptions; Railroads, Machinery, Electricity

This bill contains the following provisions:

The exemptions under the retail classification and use tax for sales of railroad rolling stock, rails, ties and signal control equipment are amended to remove the requirement that the purchaser must use the equipment in transporting for hire. This means that the exemptions will now apply to purchasers that use this equipment in transporting their own property.

The exemptions under the retail classification and use tax for pollution control equipment are broadened to include equipment that is used to comply with the regulations of the US Nuclear Regulatory Commission.

The retail classification and use tax exemptions for "machinery and equipment" are expanded to include property of a structural nature.

Clarifies that the utilities classification does not include sales of ancillary services, electric distribution services, electric generation services, electric transmission services and other services that are related to providing electricity to a retail electric customer who is located outside of AZ for use outside AZ if the electricity

is delivered outside AZ.

The first three provisions listed have a retroactive effective date of May 19, 1977. However, the aggregate refund for these provisions is not to exceed \$10,000 and all claims must be filed by December 31, 1999.

SB 1247 (Ch. 144): Diesel Fuel; Use Tax; Exemption

This bill provides that the use tax does not apply to diesel fuel imported in the fuel tank or tanks of a locomotive and consumed in this state. However, it does provide that diesel fuel imported and consumed in a quantity exceeding the capacity of the fuel tank or tanks according to the locomotive manufacturer's specifications is subject to use tax.

This proposal is retroactive to January 1, 1993.

SB 1338 (Ch. 288): County Capital Projects Tax

This bill provides that the Department shall collect a tax for a county if the county's Board of Supervisors and its voters approve such a measure. It also prescribes that the state treasurer shall administer and deposit these revenues in a fund designated as the county's transportation and capital projects fund. Furthermore, it states that the combined county excise tax for roads and this tax may not exceed ten percent of the transaction privilege tax rate imposed at the time the tax is levied.

This bill only applies to counties with a population of less than 2 million persons. Also, a county can only use these "revenues for capital projects, and to purchase, construct, and lease buildings, structures, facilities, roads, highways and other real and personal property, including open space and development rights, for the use or benefit of the county."

This bill contains a general effective date.

1999 PROPERTY TAX LEGISLATION

SB 1031 (Ch. 76): Property Acquisition; Taxes

Under several court decisions in Arizona, if property taxes are delinquent on a parcel of property and that property is acquired by a governmental entity, that is otherwise exempt from property tax, the acquisition extinguished the tax delinquency. Therefore, the taxing jurisdictions would never receive this tax money. This bill requires that, if a city, town, county,

school district, the state of Arizona, or a special taxing district acquires real or personal property, the lien is not extinguished and the acquiring entity must pay the delinquency to the County Treasurer.

This bill contains a general effective date.

SB 1059 (Ch. 235): Fraternal Societies; Property Tax Exemption

This bill adds fraternal beneficiary societies to the exemption from property tax found in A.R.S. § 42-11129. These are organizations, which qualify under Internal Revenue Code Sec. 501(c)(8), are operating under a lodge system, provide for the payment of benefits to its members and are not used for profit. To qualify for the exemption, the property must be used predominantly for educational, charitable, religious or 501(c)(8) purposes. No portion of the property may be used for the sale of food or beverage to the general public or the consumption of alcoholic beverages by nonmembers.

This bill is effective from and after December 31, 2000.

SB 1150 (Ch. 188): Study Committee; Gas-Fired Electrical Generator

This bill creates a Joint Legislative Study Committee study the impacts of taxation on these types of plants, among other duties. The Committee expires on December 31, 1999.

This bill contains a general effective date.

SB 1278 (Ch. 4): Slumlords; Abatement

This bill was passed to regulate slumlords. It requires a report to be filed with the County Assessor by any owner of residential rental property.

This bill contains a general effective date.

SB 1279 (Ch. 261): Peace Officer Personal Information: Internet

This bill provides a procedure for a peace officer to request that the general public not be allowed access to unique personal information about the peace officer, such as name and address. The bill now includes the full legal description and parcel number of the peace officer's property and extends the requirement to block this personal information to the County Assessor and County Treasurer in Maricopa and Pima Counties only.

This bill contains various effective dates.

SB 1336 (Ch. 262): Committees; Boards; Establishment Criteria; Repeal

This bill repeals a variety of committees, including the Assessment Advisory Committee, effective January 1, 2004, and the Valuation Technical Advisory Committee, effective January 1, 2000.

This bill contains various effective dates.

SB 1372 (Ch. 314): Common Areas; Property Tax

This bill provides a statutory valuation method for common areas in residential subdivisions. The common areas must be owned by a nonprofit homeowners' association and the owners of the individual parcels in the subdivision must be members of the association. The common area must be the subject of a recorded deed restriction. The land and buildings will be valued at \$500 per parcel.

This bill is effective from and after December 31, 1998.

HB 2056 (Ch. 240): Data Processing; County Assessors

This bill brings the equalization process into alignment with the property tax system and enables the Department to issue timely and meaningful equalization orders, if necessary. It also establishes the Client County Equipment Capitalization Fund, to be utilized to upgrade the Department of Revenue's equipment, which is located in 12 of the County Assessors' offices. Monies in the fund will be paid by the client counties.

This bill contains a general effective date.

HB 2234 (Ch. 227): Mobile Home Parks; Rental Agreements

Currently, each owner of a mobile home who leases the underlying land must contribute to the Mobile Home Relocation Fund. This amount was assessed and collected on the property tax bill. This assessment was to be halted if the monies in the Fund exceeded \$5 million. This bill increased this amount to \$8 million.

This bill contains a general effective date.

HB 2428 (Ch. 253): Personal Property Taxes

Currently, personal property may be placed on either the secured or unsecured tax roll. These two rolls have different tax rates and appeals cycles. This bill eliminates these disparities and

creates a single personal property tax roll. Taxpayers will receive a single tax bill in the Fall of each year, and will be able to make the payments in two installments. The billing and payment procedure will be identical to that currently existing for real property. The concept of twelve monthly unsecured tax rolls is eliminated.

This bill is effective from and after December 31, 2000.

HB 2446 (Ch. 275): Citrus Packing Plants; Tax Classifications

This bill extends agricultural status to land and improvements used in processing citrus for marketing, and for fruit and vegetable packing plants that do not cut or alter the produce. It also extends this status to dairy cooperatives which process and store milk products without the presence of cows.

This bill contains various effective dates.

HB 2634 (Ch. 344): Consolidation of Property Tax Classifications

This bill changes the numbers and designations of the various property tax classifications. It also creates numerous subclasses. For implementation, it includes an appropriation of \$217,000 to the Department of Revenue to provide necessary reprogramming and equipment to enable the client counties to comply.

This bill is effective from and after December 31, 1999.

HB 2662 (Ch. 118): Real Property; Actions

This bill amends A.R.S. § 42-18202(A)(1), relating to judicial foreclosure of the right of redemption, by clarifying that the notice of foreclosure be sent to the property owner of record according to the records of the County Recorder in the county in which the property is located.

This bill contains a general effective date.