

TUCSON REAL ESTATE UPDATE
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**RENTAL PROPERTY REGISTRATION
WITH COUNTY TAX ASSESSOR**

Arizona state law requires that all rental properties be registered with the county assessor.

Specifically, the law states:

33-1902. Residential rental property; recording with the assessor; agent designation; civil penalty

A. An owner of residential rental property shall maintain with the assessor in the county where the property is located information required by this section in a manner to be determined by the assessor. The owner shall update any information required by this section within ten days after a change in the information occurs. The following information shall be maintained:

1. The name, address and telephone number of the property owner.
2. If the property is owned by a corporation, limited liability company, partnership, limited partnership, trust or real estate investment trust, the name, address and telephone number of any of the following:
 - (a) For a corporation, a corporate officer.
 - (b) For a partnership, a general partner.
 - (c) For a limited liability company, the managing or administrative member.
 - (d) For a limited partnership, a general partner.
 - (e) For a trust, a trustee.
 - (f) For a real estate investment trust, a general partner or an officer.
3. The street address and parcel number of the property.
4. The year the building was built.

B. An owner of residential rental property who lives outside this state shall designate and record with the assessor a statutory agent who lives in this state and who will accept legal service on behalf of the owner. The owner shall designate

the agent in a manner to be determined by the assessor. The information shall include the name, address and telephone number of the agent.

C. Residential rental property shall not be occupied if the information required by this section is not on file with the county assessor. If the owner has not filed the information required by this section with the county assessor and the residential rental property is occupied by a tenant and the tenant chooses to terminate the tenancy, the tenant shall deliver to the landlord, owner or managing agent of the property a written ten day notice to comply with this section. The notice shall be delivered by certified mail, return receipt requested, or by hand delivery. If the owner does not comply with this section within ten days after receipt of the notice, the tenant may terminate the rental agreement and the landlord shall return all prepaid rent to the tenant. Security deposits shall be returned in accordance with section 33-1321, subsection D. The landlord shall return those monies by certified mail, return receipt requested, or by hand delivery to the tenant within ten days after the termination of the rental agreement. This subsection applies to any existing lease and to any new lease after the effective date of this amendment to this section. Notwithstanding this subsection, an owner is in compliance with this subsection only if the owner had filed the information required by subsection A of this section with the county assessor.

D. All records, files and documents that are required by this section are public records.

E. A person who fails to comply with this section shall be assessed a civil penalty of one thousand dollars, plus an additional one hundred dollars for each month after the date of the original violation until compliance occurs. The court shall not suspend any portion of the civil penalty provided by this subsection.

F. Notwithstanding subsection E of this section, if a person complies within ten days after receiving the complaint that notices the violation, the court shall dismiss the complaint and shall not impose a civil penalty.

G. In carrying out this section the county assessor shall have immunity as provided in section 12-820.01.

In Pima County, this responsibility is handled by the Assessor's office – with the following contact information:

Pima County Assessor
115 North Church Avenue
Tucson, AZ 85701
(520) 740-8138
<http://www.asr.pima.gov/ASRT/HTML/pservice/pservice.htm>

The actual registration form is available with the following link:

<http://www.asr.pima.gov/ASRT/HTML/pservice/arrps.pdf>

The Pima County Assessor's office uses the following section of Arizona law to define what rental property is:

42-12053. Criteria for distinguishing residential property from rental property

For the purpose of classifying residential property under sections 42-12003, 42-12004 and 42-12052, a parcel is not considered rental property and shall be classified as class three property, if either:

1. The property was not rented by the owner for more than three months in the preceding twelve consecutive months and the owner does not intend to rent it for more than three months during the next twelve consecutive months.
2. The owner rents the property to a member of the owner's family, who must be:
 - (a) The owner's natural or adopted child or a descendant of the owner's child.
 - (b) The owner's parent or an ancestor of the owner's parent.
 - (c) The owner's stepchild or stepparent.
 - (d) The owner's child-in-law or parent-in-law.
 - (e) The owner's natural or adopted sibling.

So, if you own a second home or vacation home in Tucson that you rent out for more than three months, it is supposed to be registered accordingly. The classification of "owner-occupied residential property" (legal class 3) versus "rental residential property" (legal class 4) directly affects the taxation of the property and resultant revenue to the State. Therefore, much attention has been given to this fact recently and the State is becoming much more aggressive in monitoring and enforcing these requirements. As indicated above in ASR 33-1902 E., failure to comply with these laws can result in a civil penalty of one thousand dollars, plus an additional one hundred dollars for each month after the date of the original violation until compliance occurs.

Also, if there is a loan on the property and the lender has been misinformed about the occupancy status – that may constitute loan fraud. Competent legal advice should be obtained if you have any questions on this matter.

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