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Hub Properties Trust v. Maricopa County

Court of Appeals of Arizona, Division 1 - August 20, 2015 - P.3d - 2015 WL 4965889

This appeal concerns a property tax assessment for real property in Maricopa County for tax year 2011. Hub purchased the Property from the City of Phoenix on March 4, 2011. When the City owned the Property, it was exempt from property taxes.

After Hub purchased the Property, the County Assessor's Office determined the Property was no longer exempt municipal commercial property. As a result, the Property was included in the Assessor's roll as taxable property and was included in the County's tax roll for tax year 2011. The Maricopa County Board of Supervisors then fixed, levied and assessed property taxes for the Property for the County's assessment and tax roll for the 2011 tax year.

On appeal, Hub argued that because the City owned the Property "during the entire assessment period for the tax year 2011, on the tax lien date, and for more than two full months of the tax year at issue herein," the Property was exempt during tax year 2011. Thus, Hub contended, the Property was illegally taxed that year. Hub's argument presumed that once property is exempt, it is exempt for the entire tax year even if there is a change of use or ownership.

The Court of Appeals affirmed the Tax Court's conclusion that the period of exemption begins on the date the property enters government ownership and ends on the date it leaves government ownership.

Although the Property was tax exempt while the City owned it in 2011, the exemption was lifted when Hub purchased the Property in March.