GOVERNOR SIGNS GPLET REFORM BILL

After several amendments that significantly ameliorated the potential negative impact to developers, Governor Ducey signed the GPLET Reform Bill, HB2213, on March 30, 2017. As proposed at the beginning of the legislative session, this bill initially intended to thwart infill development relying on the Government Property Lease Excise Tax (GPLET) program across Arizona. As passed, this legislation clarifies the length of the abatement period for future projects only, and requires more state government oversight of the GPLET program.

We explained our initial four major concerns and changes regarding HB2213 here, and all were addressed throughout the legislative process. Originally intended to derail major projects already in development, the bill's final version grandfathers all projects that either had lease or intent to lease approval by the governing body of the government lessor, or had submitted a proposal to a government lessor made in response to a RFP. Our two other major areas of concern, the elimination of tax abatement relating to elementary and secondary schools, and redefining “slum” and “blight” to effectively exclude “blight” from GPLET justification, were amended out of subsequent versions of the bill.

This year’s GPLET Reform Bill is far from the last step in attacks against responsible development incentives. The issue of redefining “slum” and “blight” will be back next year, and many are anxiously watching the case filed by the Goldwater Institute during the legislative process, Englehorn v. City of Phoenix, which seeks a ruling declaring GPLETs unlawful under the Arizona Constitution’s gift clause.

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