

Westlaw.

18 P.3d 713  
 199 Ariz. 402, 18 P.3d 713, 340 Ariz. Adv. Rep. 10  
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**C**

Court of Appeals of Arizona,  
 Division 1, Department T.

CIRCLE K STORES, INC., a Texas corporation;  
 Barnett Management, Co., an Arizona corporation;  
 Bashas' Inc., an Arizona corporation; Discount Tire  
 Co., Inc., an Arizona corporation; Kentucky Fried  
 Chicken of California, Inc., a California corpora-  
 tion; KFC National Management Company, a  
 Delaware corporation; Norwest Bank Arizona, a  
 National Association; Payless Shoesource, Inc., a  
 Missouri corporation; Pizza Hut of America, Inc., a  
 Delaware corporation; Safeway, Inc., a Delaware  
 corporation; Taco Caliente, Inc., a California cor-  
 poration; Texaco, Inc., a Delaware corporation;  
 Walgreen Arizona Drug Co., an Arizona corpora-  
 tion, Plaintiffs-Appellants,

v.

APACHE COUNTY, Cochise County, Coconino  
 County, Gila County, Graham County, Greenlee  
 County, La Paz County, Maricopa County, Mohave  
 County, Navajo County, Pima County, Pinal  
 County, Santa Cruz County, Yavapai County, and  
 Yuma County, political subdivisions of the State of  
 Arizona, Defendants-Appellees.

**No. 1 CA-TX 00-0002.**

Feb. 8, 2001.

Corporations with multi-location businesses in Ari-  
 zona asserted a right to a limited exemption from  
 personal property taxes on a per-location basis. The  
 Arizona Tax Court, Nos. TX 97-00378, TX  
 97-00413, and TX 98-00269, Jeffrey S. Cates, J.,  
 granted summary judgment to counties. Corpora-  
 tions appealed. The Court of Appeals, Timmer, J.,  
 held that: (1) "taxpayer," within meaning of consti-  
 tutional amendment authorizing the exemption and  
 statute implementing it, meant the owner of the de-  
 scribed property who pays taxes, rather than a prop-  
 erty location or assessment account, and (2) the  
 constitutionally authorized exemption was a specifi-  
 c exception to the Uniformity Clause of the state

Constitution.

Affirmed.

West Headnotes

**[1] Taxation 371 ↪ 2705**

371 Taxation

371III Property Taxes

371III(H) Levy and Assessment

371III(H)10 Judicial Review or Interven-  
tion

371k2700 Further Judicial Review

371k2705 k. De Novo Review.

Most Cited Cases

(Formerly 371k493.8)

The appellate court determines de novo whether  
 any genuine issues of material fact preclude sum-  
 mary judgment and whether the tax court erred in  
 applying the law.

**[2] Taxation 371 ↪ 2704**

371 Taxation

371III Property Taxes

371III(H) Levy and Assessment

371III(H)10 Judicial Review or Interven-  
tion

371k2700 Further Judicial Review

371k2704 k. Scope of Review.

Most Cited Cases

(Formerly 371k493.8)

Appellate court is not bound by the tax court's in-  
 terpretation of any statute or constitutional provi-  
 sion.

**[3] Constitutional Law 92 ↪ 584**

92 Constitutional Law

92V Construction and Operation of Constitu-  
tional Provisions

92V(A) General Rules of Construction

92k584 k. Intent in General. Most Cited  
Cases

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(Formerly 92k13)

The court's primary purpose in construing a constitutional amendment is to effectuate the intent of those who framed it and the electorate that approved it.

**[4] Constitutional Law 92 ↪ 592**

92 Constitutional Law

92V Construction and Operation of Constitutional Provisions

92V(A) General Rules of Construction

92k590 Meaning of Language in General

92k592 k. Plain, Ordinary, or Common

Meaning. Most Cited Cases

(Formerly 92k14)

**Constitutional Law 92 ↪ 593**

92 Constitutional Law

92V Construction and Operation of Constitutional Provisions

92V(A) General Rules of Construction

92k590 Meaning of Language in General

92k593 k. Existence of Ambiguity.

Most Cited Cases

(Formerly 92k14)

The court first examines the plain language of the constitutional amendment and, if it is clear and unambiguous, the court generally subscribes to that meaning.

**[5] Constitutional Law 92 ↪ 603**

92 Constitutional Law

92V Construction and Operation of Constitutional Provisions

92V(A) General Rules of Construction

92k603 k. Extrinsic Aids to Construction

in General. Most Cited Cases

(Formerly 92k16)

The court may not use extrinsic evidence to vary a constitutional amendment's apparent meaning.

**[6] Taxation 371 ↪ 2300**

371 Taxation

371III Property Taxes

371III(F) Exemptions

371III(F)1 In General

371k2298 Construction and Operation of Exemptions in General

371k2300 k. General Rules of Construction. Most Cited Cases

(Formerly 371k204(2))

The court strictly construes tax exemptions because they are disfavored under the law.

**[7] Taxation 371 ↪ 2232**

371 Taxation

371III Property Taxes

371III(D) Corporations and Corporate Stock and Property

371k2232 k. Corporate Property in General. Most Cited Cases

(Formerly 371k116)

**Taxation 371 ↪ 2309**

371 Taxation

371III Property Taxes

371III(F) Exemptions

371III(F)1 In General

371k2309 k. Nature or Use of Property Exempt in General. Most Cited Cases

(Formerly 371k211)

"Taxpayer," within meaning of constitutional amendment authorizing the legislature to exempt from taxation a maximum of \$50,000 of the full cash value of 'personal property of a taxpayer' that is used for agricultural, trade, or business purposes, and statute implementing such an exemption, means the owner of the described property who pays taxes, rather than a property location or assessment account, and thus, a corporation that operates multi-location businesses is entitled to only one statewide exemption, rather than an exemption for each location. A.R.S. Const. Art. 9, § 2(6); A.R.S. § 42-11127 (1997).

**[8] Constitutional Law 92 ↪ 603**

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## 92 Constitutional Law

92V Construction and Operation of Constitutional Provisions

92V(A) General Rules of Construction

92k603 k. Extrinsic Aids to Construction in General. Most Cited Cases

(Formerly 92k16)

The court may not consider extrinsic evidence to discern the meaning of a term in a constitutional amendment, unless the court first concludes that the term is facially ambiguous or uncertain.

**[9] Constitutional Law 92 ↪ 592**

## 92 Constitutional Law

92V Construction and Operation of Constitutional Provisions

92V(A) General Rules of Construction

92k590 Meaning of Language in General

92k592 k. Plain, Ordinary, or Common Meaning. Most Cited Cases

(Formerly 92k14)

The court interprets undefined words in a constitutional provision according to their natural, obvious, and ordinary meaning as understood and used by the people.

**[10] Statutes 361 ↪ 188**

## 361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k187 Meaning of Language

361k188 k. In General. Most Cited

There is no magic in statutory construction and no legal legerdemain should be used to change the meaning of simple English words.

**[11] Statutes 361 ↪ 188**

## 361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k187 Meaning of Language

361k188 k. In General. Most Cited

## Cases

By declining to define a statutory term, the legislature generally intends to give the ordinary meaning to the word.

**[12] Taxation 371 ↪ 2309**

## 371 Taxation

371III Property Taxes

371III(F) Exemptions

371III(F)1 In General

371k2309 k. Nature or Use of Property Exempt in General. Most Cited Cases

(Formerly 371k211)

Legislature's specific variation of the ordinary meaning of "taxpayer" in other, unrelated statutory provisions did not create an ambiguity regarding the meaning of "taxpayer" in statute exempting from taxation a maximum of \$50,000 of the full cash value of "personal property of a taxpayer" that is used for agricultural, trade, or business purposes, and thus, extrinsic evidence could not be used to vary the term "taxpayer" in the exemption statute from its ordinary meaning. A.R.S. § 42-11127 (1997).

**[13] Taxation 371 ↪ 2309**

## 371 Taxation

371III Property Taxes

371III(F) Exemptions

371III(F)1 In General

371k2309 k. Nature or Use of Property Exempt in General. Most Cited Cases

(Formerly 371k211)


Legislative amendment, newly defining "taxpayer" as an assessment account for purposes of statute exempting from taxation a maximum of \$50,000 of the full cash value of "personal property of a taxpayer" that is used for agricultural, trade, or business purposes, did not "clarify" the meaning of "taxpayer" in the prior version of the statute, and instead changed the statutory definition, where the prior version of the statute was not ambiguous regarding the definition of "taxpayer." A.R.S. § 42-11127 (1997).

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[14] Statutes 361  230

361 Statutes  
 361VI Construction and Operation  
 361VI(A) General Rules of Construction  
 361k230 k. Amendatory and Amended  
 Acts. Most Cited Cases  
 A legislative amendment may “clarify” a statute  
 only if the statute is ambiguous.

[15] Taxation 371  2289

371 Taxation  
 371III Property Taxes  
 371III(F) Exemptions  
 371III(F)1 In General  
 371k2287 Constitutional Provisions  
 371k2289 k. Effect of Requirement  
 of Equality and Uniformity. Most Cited Cases  
 (Formerly 371k194)  
 Even assuming that constitutional provision allow-  
 ing the legislature to exempt from taxation a max-  
 imum of \$50,000 of the full cash value of personal  
 property of a taxpayer that is used for agricultural,  
 trade, or business purposes allowed taxing authori-  
 ties to differently tax property within the same class,  
 the constitutionally authorized exemption was a  
 specific exception to the Uniformity Clause. A.R.S.  
 Const. Art. 9, § 2(6); A.R.S. § 42-11127 (1997).

[16] Constitutional Law 92  600

92 Constitutional Law  
 92V Construction and Operation of Constitu-  
 tional Provisions  
 92V(A) General Rules of Construction  
 92k595 Intrinsic Aids to Construction  
 92k600 k. Harmonizing Provisions.  
 Most Cited Cases  
 (Formerly 92k15)  
 The court must harmonize constitutional provisions  
 to make the Constitution a consistent workable  
 whole.

[17] Constitutional Law 92  583

92 Constitutional Law

92V Construction and Operation of Constitu-  
 tional Provisions

92V(A) General Rules of Construction  
 92k583 k. General and Specific Provi-  
 sions. Most Cited Cases  
 (Formerly 92k12)

Where there are both general and specific constitu-  
 tional provisions relating to the same subject, the  
 specific provision will control.

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 ment of Revenue and all Defendant Counties other  
 than Apache, Gila, La Paz, Maricopa, Mohave,  
 Pima, Pinal and Santa Cruz.

**OPINION**

TIMMER, Judge.

¶ 1 In 1996, Arizona voters passed Proposition 101,  
 which added Article 9, Section 2(6) to the Arizona  
 Constitution. That provision allows the legislature  
 to exempt from taxation a maximum of \$50,000 of  
 the full cash value of “personal property of a tax-  
 payer” that is used for agricultural, trade, or busi-  
 ness purposes. At the time it referred Proposition  
 101 to the electorate, the legislature conditionally  
 enacted former Arizona Revised Statutes Annotated  
 (“A.R.S.”) section 42-280 (Supp.1998), which  
 granted the above-described exemption for “each

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taxpayer.”

¶ 2 Appellants are corporations that operate multi-location businesses throughout Arizona. They contend that the tax court erred by ruling that former section 42-280 granted them only a single, statewide exemption in 1997 and 1998 rather than a maximum \$50,000 exemption for personal property located at each of Appellants' business locations. Our resolution of this appeal turns on whether the term “taxpayer” used in Article 9, Section 2(6) of the Arizona Constitution and former A.R.S. section 42-280 refers to (a) the “business location” where personal property is used for agricultural, trade, or business purposes, or (b) the owner of such property who pays taxes. We hold that the term “taxpayer,” as used in these provisions, means the owner of the described property who pays taxes, and Appellants were thus only entitled to a single, statewide exemption. We therefore affirm.

#### FACTUAL AND PROCEDURAL BACKGROUND

¶ 3 All property in Arizona is subject to taxation by the state unless exempt under federal law or the Arizona Constitution. Ariz. Const. art. 9, § 2(12). In 1996, the Arizona Legislature referred to the electorate Proposition 101, which proposed adding Article 9, Section 2(6) to the Arizona Constitution to provide as follows:

The legislature may exempt personal property that is used for agricultural purposes or in a trade or business from taxation in a manner provided by law, except \*\*716 \*405 that the exemption does not apply to any amount of the full cash value of the personal property *of a taxpayer* that exceeds fifty thousand dollars. The legislature may provide by law to increase the exempt amount according to annual variations in a designated national inflation index.

(Emphasis added.) The legislature also conditionally enacted former A.R.S. section 42-280, which

stated in pertinent part:

A. Pursuant to article IX, section 2, subsection (6), Constitution of Arizona, personal property that is class 4 property used for agricultural purposes or that is class 3 property used in a trade or business is exempt from taxation up to a maximum amount of fifty thousand dollars of full cash value *for each taxpayer*.

(Emphasis added.) Former section 42-280 <sup>FN1</sup> (the “business property exemption”) would only become effective if the voters approved Proposition 101. 1996 Ariz. Sess. Laws, 7th S.S., ch. 5, § 4.

FN1. The legislature renumbered former A.R.S. section 42-280 as A.R.S. section 42-11127 in 1997 Ariz. Sess. Laws, ch. 150, § 172, and amended it in 1998 Ariz. Sess. Laws, ch. 1, § 190, and 4th S.S., ch. 3, § 5, both effective January 1, 1999. Unless otherwise noted, we will, refer to the statute as section 42-280.

¶ 4 The voters passed Proposition 101 at the general election held on November 5, 1996, and Article 9, Section 2(6) of the Arizona Constitution became effective on December 6, 1996. Section 42-280 thereafter became effective on January 1, 1997. 1996 Ariz. Sess. Laws, 7th S.S., ch. 5, §§ 4, 5.

¶ 5 The Arizona Department of Revenue (“ADOR”) interpreted the term “taxpayer” in Article 9, Section 2(6) and A.R.S. section 42-280 as referring to an owner of taxable personal property, regardless of the number of separate business locations maintained by that owner. Accordingly, county assessors allowed Appellants to claim only one business property exemption for tax years 1997 and 1998, even though Appellants owned and operated businesses at multiple locations.

¶ 6 Appellants commenced this litigation to challenge Appellees' interpretation and implementation of the business property exemption for tax years 1997 and 1998. They argued, as they do in this appeal, that the “taxpayer” referred to in Article 9,

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Section 2(6) of the Arizona Constitution and A.R.S. section 42-280 is the property location or “assessment account” <sup>FN2</sup> maintained by taxing authorities. They further contended that any differing definition would violate the Uniformity Clause, Article 9, Section 1 of the Arizona Constitution. On cross-motions for summary judgment, the tax court ruled that “taxpayer” means a business owner rather than an assessment account and that this interpretation does not create a conflict with the Uniformity Clause. We have jurisdiction to consider this appeal pursuant to A.R.S. section 12-2101(B) (1994).

FN2. An “assessment account” is an administrative device that enables the assessor to apply the appropriate tax rate based on the location of the property. One business owner may have many assessment accounts if its property is located in different taxing jurisdictions within the state.

#### STANDARD OF REVIEW

[1][2] ¶ 7 We determine *de novo* whether any genuine issues of material fact preclude summary judgment and whether the tax court erred in applying the law. *Prince v. City of Apache Junction*, 185 Ariz. 43, 45, 912 P.2d 47, 49 (App.1996). Likewise, we are not bound by that court's interpretation of any statute or constitutional provision. *Blum v. State*, 171 Ariz. 201, 204, 829 P.2d 1247, 1250 (App.1992).

#### DISCUSSION

##### A. The meaning of “Taxpayer” under Article 9, Section 2(6) of the Arizona Constitution and A.R.S. section 42-280

¶ 8 All parties agree that the scope of A.R.S. section 42-280 is necessarily curtailed by the authority granted to the legislature under Article 9, Section 2(6) of the Arizona Constitution. Ariz. Const. art. 9,

§ 2(12); *Kunes v. Samaritan Health Service*, 121 Ariz. 413, 415, 590 P.2d 1359, 1361 (1979) (“The rule of law is clear that the legislature cannot exempt from *ad valorem* taxation any property or class of property not specified in the constitution.”). Consequently, we must **\*\*717 \*406** interpret the term “taxpayer” in section 42-280 so that it conforms to the grant of authority set forth in Article 9, Section 2(6).

##### 1. Article 9, Section 2(6) of the Arizona Constitution

[3][4][5][6] ¶ 9 Our primary purpose in construing a constitutional amendment is to effectuate the intent of those who framed it and the electorate that approved it. *Jett v. City of Tucson*, 180 Ariz. 115, 119, 882 P.2d 426, 430 (1994). We first examine the plain language of the provision and, if it is clear and unambiguous, we generally subscribe to that meaning. *Id.* We may not use extrinsic evidence to vary a provision's apparent meaning. *Id.* Additionally, we strictly construe tax exemptions because they are disfavored under the law. *Kunes*, 121 Ariz. at 415, 590 P.2d at 1361.

[7][8] ¶ 10 Appellants argue that the term “taxpayer” in Article 9, Section 2(6) is plainly synonymous with “property location” or “assessment account” because (1) ADOR and the counties have historically treated business properties, and not their owners, as “taxpayers” and have indexed and organized their property tax databases accordingly, (2) ADOR provided fiscal impact estimates to the legislature, which were later repeated in the Voter Information Packet for Proposition 101 and attendant press releases, that predicted the effect of the proposed business property exemption on assessment accounts rather than on property owners, and (3) the legislature amended A.R.S. section 42-280 in 1998, which “clarified” that “taxpayer” means “assessment account.” Appellants alternatively argue that this evidence demonstrates the ambiguity of the term “taxpayer” and that we should therefore construe the word to mean “property location” or

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“assessment account.” As correctly noted by Appellees, however, we may not consider this extrinsic evidence to discern the meaning of “taxpayer” unless we first conclude that the term is facially ambiguous or uncertain. *Ward v. Stevens*, 86 Ariz. 222, 228, 344 P.2d 491, 495 (1959) (“[W]hen a constitutional provision is clear on its face and is logically capable of only one interpretation, no extrinsic matter may be shown in support of a construction which would vary its apparent meaning.”). Thus, we initially consider whether Article 9, Section 2(6) is facially unclear or ambiguous and therefore subject to judicial construction.

[9] ¶ 11 We interpret undefined words in a constitutional provision according to their natural, obvious, and ordinary meaning as understood and used by the people. *Airport Properties v. Maricopa County*, 195 Ariz. 89, 99, ¶ 35, 985 P.2d 574, 584 (App.1999). Webster’s defines “taxpayer” as “[o]ne that pays or is liable for a tax.” *Webster’s Ninth New Collegiate Dictionary* 1209 (1989). This definition reflects the common meaning ascribed by the populace to the word “taxpayer.” See *Airport Properties*, 195 Ariz. at 99, ¶ 36, 985 P.2d at 584 (“Arizona courts have frequently resorted to recognized, authoritative dictionaries of the English language on questions of the ordinary meanings of words contained in statutory provisions.”). We do not detect any language in Article 9, Section 2(6) suggesting that the referring legislature or the adopting electorate intended “taxpayer” to convey any meaning other than this common and ordinary one.

[10] ¶ 12 Appellants contend, however, that we should not apply the common definition to the term “taxpayer” because “[p]roperty taxes in Arizona are owed by the property, not the owner of the property.” *Read v. Arizona Dep’t of Revenue*, 166 Ariz. 533, 536, 803 P.2d 944, 947 (Tax 1991). But this legal concept does not alter the ordinary meaning of “taxpayer” as used in Article 9, Section 2(6). Cf. A.R.S. § 1-213 (1995) (“Technical words and phrases and those which have acquired a peculiar and appropriate meaning in the law shall be con-

strued according to such peculiar and appropriate meaning.”). Although this principle is well known in the realm of ad valorem taxation, it is not congruous with the “natural, obvious and ordinary meaning” of the word “taxpayer” “as generally understood and used by the people.” *Airport Properties*, 195 Ariz. at 99, ¶ 35, 985 P.2d at 584. “There is no magic in statutory construction and no legal legerdemain should be used to change the meaning of simple English words.” *St. Paul Fire & Marine Ins. Co. v. Gilmore*, 168 Ariz. 159, 164, 812 P.2d 977, 982 (1991) (quoting *Kilpatrick v. Superior Court*, 105 Ariz. 413, 421, 466 P.2d 18, 26 (1970)). We therefore decline to supplant the intent of the referring legislature and the electorate by ascribing an extraordinary definition to the word “taxpayer.”

¶ 13 Additionally, although the idea that property “owes” taxes figuratively captures the essence of ad valorem taxation, the property itself is not the “taxpayer.” Under our ad valorem taxing system, the property serves as the collateral on which the taxing authority realizes if taxes are not paid. See A.R.S. §§ 42-17153, 18101 (1999 & Supp.2000). The actual “taxpayer,” however, is the person or entity that owns or controls the property and either pays the tax or forfeits its property interest. Cf. *County of Pima v. Arizona Dep’t of Revenue*, 114 Ariz. 275, 278, 560 P.2d 793, 796 (1977) (property owner is the “taxpayer” entitled to appeal valuation or classification of “his” property to superior court under A.R.S. section 42-146); *Maricopa County v. Superior Court*, 170 Ariz. 248, 253, 823 P.2d 696, 701 (App.1991) (holder of first deed-of-trust on which owner is in default is not legal or beneficial owner of property and therefore does not qualify as “taxpayer” entitled to commence ad valorem tax appeal in superior court). Property and business locations do not write checks and pay taxes; people and organizations do. We are thus further persuaded that the referring legislature and the electorate intended such persons and organizations to be the “taxpayers” entitled to utilize the business property exemption.

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¶ 14 The context in which “taxpayer” is used in Article 9, Section 2(6) further bolsters our conclusion that neither the referring legislature nor the electorate intended “taxpayer” to mean “business location” or “assessment account.” The provision authorizes a fifty-thousand-dollar maximum exemption for “the personal property of a taxpayer.” Ariz. Const. art. 9, § 2(6) (emphasis added). The emphasized language contemplates that the taxpayer *owns* the property. Cf. *Kunes*, 121 Ariz. at 416, 590 P.2d at 1362 (holding that the language “‘property of ... charitable ... institutions’” in Article 9, Section 2(2) of the Arizona Constitution “clearly and unambiguously means property *owned* by such institutions”). Neither a business location nor an assessment account can own personal property because ownership is a privilege uniquely reserved to people and entities. For this additional reason we decline to interpret “taxpayer” as meaning a “business location” or “assessment account.”

¶ 15 Appellants finally argue that we should refrain from deciding that “taxpayer” refers to a property owner because this interpretation would lead to a “nonsensical” result that could not have been intended by the legislature or the electorate. *See In re Cameron T.*, 190 Ariz. 456, 460, 949 P.2d 545, 549 (App.1997) (“[I]f the language of a constitutional provision yields a result so irrational that it cannot have been intended by persons of ordinary intelligence and discretion,” we modify the words to conform to the framers’ apparent intent.). Specifically, Appellants contend that unless “taxpayer” means “business location” or “assessment account,” a multi-location business could obtain numerous business property exemptions by separately incorporating each of its business locations, while other such businesses that did not do so would continue to receive only a single, statewide exemption for all their personal property. We do not consider this result “so irrational” that neither the legislature nor the electorate could have intended “taxpayer” to refer to a property owner. Structuring business entities to take optimum advantage of tax benefits is time-honored and legal. Nothing about this practice

requires us to ascribe a unique and expansive definition to the term “taxpayer.” This conclusion is particularly warranted in light of our mandate to strictly construe tax exemptions. *Kunes*, 121 Ariz. at 415, 590 P.2d at 1361.

¶ 16 For the foregoing reasons, we hold that the term “taxpayer” in Article 9, Section 2(6) of the Arizona Constitution plainly refers to a person or entity that owns personal property used for agricultural, trade, or business purposes and who pays tax on such property. Because this provision is clear and unambiguous, we do not address Appellants’ arguments that extrinsic evidence reveals a **\*\*719 \*408** different meaning for the term “taxpayer.” *Jett*, 180 Ariz. at 119, 882 P.2d at 430.

¶ 17 By approving Proposition 101 and amending the constitution, Arizona voters authorized the legislature to exempt from ad valorem taxation specified classes of an owner’s personal property that is used for agricultural, trade, or business purposes and does not exceed fifty-thousand dollars in full cash value. Having delineated the scope of authority granted to the legislature by the constitution, we now address the meaning of “taxpayer” as used in A.R.S. section 42-280.

## 2. A.R.S. section 42-280

[11][12] ¶ 18 The legislature did not define the term “taxpayer” in A.R.S. section 42-280. Because “taxpayer” is defined in seven other provisions within Title 42, A.R.S., and is given a general definition in Title 43, A.R.S., governing income tax, some appellants argue that the lack of a specific definition for “taxpayer” in section 42-280 renders the term ambiguous. We disagree. By declining to define a statutory term, the legislature generally intends to give the ordinary meaning to the word. *Kessen v. Stewart*, 195 Ariz. 488, 491, ¶ 6, 990 P.2d 689, 692 (App.1999) (“[W]e will give terms ‘their ordinary meanings, unless the legislature has provided a specific definition or the context of the statute indicates a term carries a special



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meaning.’ ”) (quoting *Wells Fargo Credit Corp. v. Tolliver*, 183 Ariz. 343, 345, 903 P.2d 1101, 1103 (App.1995)). Although the legislature specifically varied the ordinary meaning of “taxpayer” in other unrelated provisions within Title 42, it did not do so in section 42-280. This omission did not create an ambiguity within section 42-280.

¶ 19 Section 42-280 was conditionally enacted pursuant to Article 9, Section 2(6) of the Arizona Constitution, and the statutory language closely tracks that constitutional provision. Thus, for the reasons set forth in our discussion of the meaning of “taxpayer” in Article 9, Section 2(6), we conclude that “taxpayer,” as used in section 42-280, clearly and unambiguously refers to an owner of personal property used for agricultural, trade, or business purposes and who pays tax on such property. This definition conforms with the grant of authority set forth in Article 9, Section 2(6). If section 42-280 is interpreted as giving additional business property exemptions to owners who operate multi-location businesses, rather than limiting the owner to one such exemption, the statute would exceed the authority granted by Article 9, Section 2(6) and would be rendered unconstitutional. For this additional reason, we decline to vary the plain meaning of “taxpayer” as used in section 42-280. See *Hayes v. Cont'l Ins. Co.*, 178 Ariz. 264, 272, 872 P.2d 668, 676 (1994) (“First, if possible this court construes statutes to avoid rendering them unconstitutional.”).

[13] ¶ 20 Appellants argue, however, that the legislature has “clarified” the meaning of “taxpayer” in both Article 9, Section 2(6) of the Arizona Constitution and section 42-280, and we should apply that definition retroactively. We reject this contention.

¶ 21 In 1998, the legislature amended section 42-280, then renumbered as section 42-11127, by providing that specified classes of personal property used for agricultural, trade, or business purposes are “exempt from taxation up to a maximum amount of fifty-thousand dollars of full cash value of *each assessment account*.” A.R.S. § 42-11127(A) (Supp.1999) (emphasis added). The

legislature further provided that “[f]or purposes of this section and article IX section 2, subsection (6), constitution of Arizona, an assessment account is considered to be a taxpayer.” A.R.S. § 42-11127(D). Appellants contend that section 42-11127 “clarified” the meaning of “taxpayer” in former section 42-280 and Article 9, Section 2(6) to mean “assessment account” and we must ascribe that meaning to the term. See *City of Mesa v. Killingsworth*, 96 Ariz. 290, 297, 394 P.2d 410, 414 (1964) (“An amendment which, in effect, construes and clarifies a prior statute will be accepted as the legislative declaration of the original act.”). Appellees respond that section 42-11127 substantively changed former section 42-280, and because the legislature did not expressly apply the statute retroactively, we should not do so. See A.R.S. § 1-244 (1995) (“No statute is retroactive unless expressly declared therein.”); \*\*720\*409 *State v. Gonzales*, 141 Ariz. 512, 513, 687 P.2d 1267, 1268 (1984) (“Unless a statute provides otherwise, ‘it will not govern events that occurred before its effective date.’ ”) (quoting *State v. Coconino County Superior Court*, 139 Ariz. 422, 427, 678 P.2d 1386, 1391 (1984)).

[14] ¶ 22 We need not determine whether section 42-11127 “clarified” or “changed” the meaning of “taxpayer” in section 42-280 because a legislative amendment may only “clarify” an ambiguous statute. *Weekly v. City of Mesa*, 181 Ariz. 159, 163, 888 P.2d 1346, 1350 (App.1994). In light of our conclusion that former section 42-280 is facially clear and unambiguous, we cannot use section 42-11127 to vary its plain meaning. *Id.*

¶ 23 Additionally, “clarifying” the term “taxpayer” in former section 42-280 to mean “assessment account” would render that provision unconstitutional because the legislature was not authorized by Article 9, Section 2(6) to enact such legislation.<sup>FN3</sup> See discussion *supra*, ¶¶ 9-17. *Conrad v. Maricopa County*, 40 Ariz. 390, 393, 12 P.2d 613, 614 (1932) (“[T]he Legislature cannot grant more, but may give much less than the exemption permitted by the

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Constitution.”). The legislature was likewise not empowered to expand the authority granted it by Article 9, Section 2(6) by belatedly defining the term “taxpayer” in that provision to vary its plain and unambiguous meaning. The legislature may only change the scope of Article 9, Section 2(6) by referring a proposed amendment to the electorate for approval. Ariz. Const. art. 21, § 1. It did not do so. For this additional reason, we decline to vary the plain meaning of former section 42-280 by retroactively applying section 42-11127.

FN3. We do not address the constitutionality of A.R.S. section 42-11127 because that issue is not before us.

### B. Effect of the Uniformity Clause

[15] ¶ 24 Appellants next argue that we must adopt their interpretation of Article 9, Section 2(6) of the Arizona Constitution and A.R.S. section 42-280 to avoid violating the Uniformity Clause of the Arizona Constitution, Article 9, Section 1.<sup>FN4</sup> In a related argument, Appellants contend that Appellees violated the Uniformity Clause by their application of section 42-280. As primary support for each contention, Appellants rely on our supreme court's opinion in *America West Airlines v. Department of Revenue*, 179 Ariz. 528, 535, 880 P.2d 1074, 1081 (1994), which held that “similar property used in the same industry for the same purpose cannot be classified differently for ad valorem taxation simply because of the size, wealth, or location of its owner.” Appellants vigorously argue that Appellees' interpretation of Article 9, Section 2(6) and section 42-280 violates the Uniformity Clause because competitors in the same industry using the same property to provide the same services are taxed differently based solely on the form of their corporate structure.<sup>FN5</sup> Appellees counter that the business property exemption does not violate the Uniformity Clause because the taxing authorities uniformly tax all property within the specified class without making distinctions based upon location, time, or any other non-property criteria.

FN4. “[A]ll taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax....”

FN5. Appellants offered a hypothetical that best illustrates the argument:

[I]f all Wendy's restaurants in Arizona were owned by Wendy's Corp., only one of the Wendy's restaurants would be entitled to the \$50,000 exemption, while if the McDonald's restaurants in Arizona were incorporated as McDonald's Restaurant # 1, Inc., McDonald's Restaurant # 2, Inc., and so on, each McDonald's restaurant would be entitled to a \$50,000 exemption. As such, the McDonald's restaurant with nearly identical personal property as the Wendy's restaurant across the street would receive dissimilar tax treatment.

¶ 25 But we need not decide whether the business property exemption impermissibly differentiates among taxable personal property within the same class. Even if Appellants are correct that the business property exemption allows the taxing authorities to differently tax property within the same class in violation of the Uniformity Clause, we must reject their position because, unlike the case in *America West*, such treatment is constitutionally authorized by another provision—Article 9, Section 2(6).

**\*\*721 \*410** [16] ¶ 26 Assuming that Proposition 101 amended Article 9, Section 2 so that it conflicts with the Uniformity Clause, we must harmonize the provisions to make the constitution “a consistent workable whole.” *State ex rel. Nelson v. Jordan*, 104 Ariz. 193, 196, 450 P.2d 383, 386 (1969). Appellants argue that the only way to harmonize these provisions is to interpret Article 9, Section 2(6) as authorizing the legislature to exempt the first fifty thousand dollars of personal property for each assessment account or business location. We disagree.

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¶ 27 The merit of Appellants' argument depends entirely upon their theory that a constitutional amendment affects only explicitly amended provisions. Appellant Circle K cites *Ward v. Stevens*, 86 Ariz. 222, 344 P.2d 491, in support of this contention, but its reliance is misplaced. The court in *Ward* merely noted that the amendment under review did not expressly amend other, apparently conflicting constitutional provisions. 86 Ariz. at 228, 344 P.2d at 495. After concluding that the constitutional language at issue was ambiguous, and an urged construction would result in an absurd situation, the court interpreted the provision by discerning its meaning from extrinsic evidence. *Id.* at 228-29, 344 P.2d at 495-96. Significantly, the court did not state or imply that a constitutional amendment impacts other provisions only if explicitly amended.

[17] ¶ 28 Our supreme court recently noted that "[i]t is an established axiom of constitutional law that where there are both general and specific constitutional provisions relating to the same subject, the specific provision will control." *Clouse v. Ariz. Dep't of Pub. Safety*, 199 Ariz. 196, ¶ 11, 16 P.3d 757, 760 (2001) (quoting *de'Sha v. Reed*, 194 Colo. 367, 572 P.2d 821, 823 (1977)). Assuming that Article 9, Section 2(6) authorized the legislature to differently tax personal property within the same, distinct class, we conclude that the legislature and the electorate intended this provision to control. Stated another way, Article 9, Section 2(6) carves out an exception to the Uniformity Clause by allowing the legislature to annually exempt the first fifty-thousand dollars of full cash value of each owner's personal property used for agricultural, trade, or business purposes.

¶ 29 Our interpretation of Article 9, Section 2(6) harmonizes this provision with the Uniformity Clause in a way that renders the constitution "a consistent workable whole." *Nelson*, 104 Ariz. at 196, 450 P.2d at 386. It recognizes the ongoing viability of the Uniformity Clause but acknowledges the ability of the legislature and the electorate, working together, to create exceptions to that provi-

sion. *See Airport Properties*, 195 Ariz. at 101, ¶ 42, 985 P.2d at 586 ("For tax purposes, then, an 'exemption' implies a discrete exception to the general rule of taxation, carved out of a category or categories that would otherwise be subject to uniform taxation.").

¶ 30 Indeed, other provisions within Article 9, Section 2 authorize the legislature to exempt from taxation property owned by certain veterans, widows, widowers, and disabled persons, up to a fixed-dollar cap. Ariz. Const. art. 9, §§ 2(7)-(10), 2.1 and 2.2. Application of these exemptions results in an effective tax rate for eligible taxpayers that differs from the rate applicable to an ineligible taxpayer who owns the same kind of property. Use of these exemptions likewise yields an effective tax rate that varies depending on the total value of otherwise taxable property owned by eligible taxpayers. *Id.* Like Article 9, Section 2(6), none of these provisions explicitly "amends" the Uniformity Clause, but co-exists with it.

¶ 31 We hold that by amending the constitution to add Article 9, Section 2(6), the legislature and the Arizona electorate intended to authorize the legislature to annually exempt the first fifty-thousand dollars of full cash value of an owner's personal property used for agricultural, trade, or business purposes. To the extent this provision conflicts with the Uniformity Clause, we further hold that the specific authority granted by Article 9, Section 2(6) controls. Consequently, we need not consider whether Article 9, Section 2(6) or A.R.S. section 42-280 "violates" the Uniformity Clause under the analysis adopted in *America West Airlines*. Finally, because Appellees taxed property pursuant to A.R.S. section 42-280 in a manner consistent with the authority granted by ~~\*\*722\*411~~ Article 9, Section 2(6) of the Arizona Constitution, the tax court did not err by granting summary judgment in favor of Appellees.

## CONCLUSION

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¶ 32 For the foregoing reasons, we affirm.

CONCURRING: JEFFERSON L. LANKFORD,  
Presiding Judge, SUSAN A. EHRLICH, Judge.  
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