



## **Lease Excise Tax**

The Government Property Lease Excise Tax Program has been established by the State of Arizona and is a redevelopment tool to initiate development by reducing a project's operating costs by replacing the real property tax with an excise tax. Under the state statute an excise tax is established for the building type of use and is calculated on the gross square footage of building. The use of the excise tax cannot continue for more than twenty five years and requires that the land and improvements conveyed to a government entity and leased back for private use. The excise tax rate can be abated for the first eight years after a certificate of occupancy on the building is issued if the property is located within a Central Business District and a Redevelopment Area.

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