

State of Arizona Property Tax Assessments Statutes

Basis for Property Tax Assessments – Market Value

Either full cash value or limited property value (Sec. 42-11001, A.R.S.). Full cash value is the value determined as prescribed by statute if none, then market value. Full cash value is the basis for assessing secondary property taxes, personal property and Class One, paragraphs 1 through 7 (mining, timber, telecommunications, utilities), as well as producing oil and gas interests centrally assessed by the DOR (Sec. 42-13304, A.R.S.) Producing oil, gas, and geothermal resource interests are valued at the amount of the gross yield for the preceding year (Sec.42-14105, A.R.S., Sec. 42-14103, A.R.S.). Gross yield is the amount for which the gross production is sold in the immediate vicinity of the well, or, if not sold on the property, the field or posted price or representative market price at the well (Sec. 42-14101, A.R.S.). Renewable energy systems are defined as electric generation systems and electric transmission and distribution that is used or useful for the generation, storage, transmission or distribution of electric power, energy, or fuel derived from solar, wind or other nonpetroleum renewable sources, including materials and supplies. (Sec. 42-12056, A.R.S.) Special property tax classifications (and income tax credits) could be granted renewable energy operations only through December 31, 2014.

Limited property value is the basis of tax for assessing primary and, beginning with tax year 2015, secondary taxes (Sec. 42-11001, A.R.S.). Primary taxes, are the main taxes; i.e., all those except the special assessments funded by secondary property taxes. The limited aspect of the basis term refers to the statutory restriction on year-to-year increases in value (Sec. 42-13301, A.R.S.). Beginning with tax years after 2014, limited property value is determined by taking the limited property value of the preceding year and adding 5%. For tax years before 2015, limited property value was determined by first taking the limited property value of the preceding year and adding the greater of either (1) 10% of that value, or (2) 25% of the difference between the full cash value of the parcel in the current year and the limited value in the preceding year. The limited value system began with base values for the 1980 tax year (Sec.42-13301, A.R.S.). Current limited value may not exceed the current full cash value.

Real Property Defined

Real property or real estate includes the ownership of, claim to, possession of, or right of possession to



lands or patented mines (Sec. 42-11001(10), A.R.S.). Improvements on state land are taxed as personal property (Sec. 42-19003, A.R.S.)

Personal Property Defined

Personal property includes property of every kind, both tangible and intangible, not included in the term real estate (Sec. 42-11001(7), A.R.S.)

Intangible Property Taxes

Exempt.