



**VALUATION AND CLASSIFICATION OF
PROPERTY USED IN PROCESSING CITRUS FOR MARKETING
AND FRUIT OR VEGETABLE PACKING PLANTS
(A.R.S. §42-12151 (7) & (8))**

Introduction

This guideline is intended to address the valuation and classification of properties used for processing citrus for marketing and fruit or vegetable packing plants as described under A.R.S. § 42-12151 (7) and (8).

The legislation contains separate provisions governing the processing of citrus for marketing and fruit or vegetable commodity packing plants. This guideline covers each of these areas individually.

Processing Citrus for Marketing

For the purpose of this guideline, A.R.S. § 3-441(3) defines "citrus" as the fruit of any orange, lemon, lime, grapefruit, tangerine, kumquat or other citrus tree which produces edible citrus fruit suitable for human consumption. "Processing" is defined as the initial series of operations performed in the treatment of citrus to enable it to be marketed after harvest, such as the conversion of solid citrus fruit into juice or the sorting, grading and cleaning of citrus for human consumption. This term does not include further treatment after the first sale, such as treatment that may be performed at a grocery store or distribution center. This term also does not include the bottling of juice unaccompanied by other processing operations, such as converting the solid citrus fruit into juice.

Land used for processing citrus for marketing shall be valued as high-density agricultural land. Buildings and equipment used directly to process citrus will be considered agricultural



**ARIZONA DEPARTMENT OF
REVENUE**

Property Tax Division

GUIDELINE

**CITRUS PROCESSING & FRUIT
OR VEGETABLE PACKING PLANTS
VALUATION & CLASSIFICATION**

Issued: March 31, 2000

Page: 2

property. Equipment used directly to process citrus shall be reported annually as "Agricultural Business Personal Property" on DOR Form 82520A.

In the context of this guideline, land and buildings used for any purpose other than in the direct processing of citrus for marketing are classified as commercial property. This includes warehousing, cooling and refrigeration facilities, and loading docks. When land and buildings associated with citrus processing incorporate multiple uses, refer to the Arizona Department of Revenue Assessment Procedures Manual, Part 3, Chapter 2, for instruction on determining mixed use percentages.

Fruit or Vegetable Packing Plants

For the purpose of this guideline, a commodity packing plant is considered to be the land, buildings, and equipment used in the process of taking fruit or vegetables from the tree or field and placing them in a box or container for sale and shipment to the ultimate consumer or a reseller.

This term does not include:

1. repackaging the original containers
2. motorized vehicles or vessels
3. trailers moved by motorized vehicles or vessels
4. railcars
5. warehousing
6. refrigeration or cooling

If there is any cutting or other physical alteration of the fruit or vegetables, the land and improvements used for such activity may not be classified as agricultural property. Physical alteration includes peeling, chopping, waxing, applying a coating, or any other process that changes the fruit or vegetable from its natural condition as harvested.



**ARIZONA DEPARTMENT OF
REVENUE**

Property Tax Division

GUIDELINE

**CITRUS PROCESSING & FRUIT
OR VEGETABLE PACKING PLANTS
VALUATION & CLASSIFICATION**

Issued: March 31, 2000

Page: 3

Land used for packing fruits or vegetables for marketing shall be valued as high-density agricultural land. Buildings and equipment used directly to pack fruits or vegetables will be classified as agricultural property. Equipment used directly to pack fruits or vegetables shall be reported annually as "Agricultural Business Personal Property" on DOR form 82520A.

In the context of this guideline, land and buildings used for any purpose other than in the direct packing of fruits or vegetables for marketing will be classified as commercial property. When land and buildings associated with the packing of fruits or vegetables incorporate multiple uses, refer to the Arizona Department of Revenue Assessment Procedures Manual, Part 3, Chapter 2, for instruction on determining mixed use percentages.

Implementation

Property owners will be required to file an Agricultural Land Use Application (DOR Form 82916) to apply for agricultural status.