

Limited Property Value

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History of Limited Property Value (LPV)

- Originally one value (Full Cash Value) and one rate
- 34th Legislature 2nd Special Session – S.B. 1001
- 10% for 1980, 1981, and 1982
- Add 25% language in 1983

Intent of LPV

- Establish one time
 - Based on the relationship of limited values to full cash values of like properties that have not experienced a change – Rule B
- Recalculate using Rule B when major changes to property occur
- Limit increases in property values year over year
- Limited Value calculation applies to real property and mobile homes
- LPV does not apply to class 1 CVP and locally assessed business personal property

Rule B – Determining Limited Value in cases of Omissions and Changes

- ARS 42-13302
- Level or percentage of full cash value that is comparable to that of other properties of the same or similar use or classification:
 - erroneously totally or partially omitted
 - change in use
 - modified by construction, destruction or demolition
 - Property that has been split, subdivided or consolidated from January 1 through September 30 (with some exceptions)

Prop 117

Constitutional Amendment

- Changes
 - One assessment/assessed value (except 42-13304)
 - 42-11001 – Definitions
 - "Assessed valuation" means the value derived by applying the applicable percentage prescribed by chapter 15, article 1 of this title to the full cash value or limited property value of the property, as applicable.
 - "Valuation" means the full cash value or limited property value that is determined for real or personal property, as applicable.

Prop 117 cont.

- 5% increase – Rule A
- All taxes based on Limited Value starting with 2015 property tax bills
- Specified that the Limited Value remains fixed for qualifying Senior Freeze properties
- SB 1169 (Conformity Bill) passed to conform the statutes with the constitutional changes

Updated Guidelines

- Assessment Procedures Manual – Part 3
Chapter 3 LPV
- Available on DOR website -
<https://www.azdor.gov/PropertyTax.aspx>

Appeals and Notices of Claim & Proposed Correction

- May apply to LPVs
 - Based on use of Rule A or Rule B
 - Mis-calculation of 5% increase – Rule A

The calculated percentage determined under Rule B methodology cannot be appealed

PANEL QUESTIONS

- How does your county's Software handle the calculation of the LPV, IE: grouping of properties, appraiser overrides?
- Who determines Rule A or Rule B?
- How does your office handle a change in classification from class 3 to class 4.1 with regard to calculating an LPV in terms of which rule to use?
 - What about other classes?
- Are there specific guidelines in property reviews for applying a Rule A vs Rule B in each of your offices?

Panel Question Cont.

- What are some of the LPV issues being raised on appeals/tax roll corrections at the SBOE? What were the decisions made by The Board in those cases?
- How is your office interpreting 10% discretion provision in the DOR guidelines?
- Change in use court case (GM Mesa Proving Grounds)?
- What are some of the challenges faced in your office with regard to the LPV?