

Glossary



Preface

This Glossary was created by the Property Tax Unit of the Arizona Department of Revenue (Department) to be used in conjunction with other property tax publications issued by the Department. This Glossary is not intended to be comprehensive. Every attempt has been made to conform the information in this Glossary with current definitions, laws, and rules of Arizona. Should any content in this Glossary conflict with current Arizona definitions, laws, or rules, the latter shall be controlling.

Arizona sources cited within this publication include the Arizona Administrative Code (A.A.C.), Arizona Constitution (Ariz. Const.), and Arizona Revised Statutes (A.R.S.).

All comments, inquiries, and suggestions concerning the material in this publication may be submitted to the following:

Arizona Department of Revenue
Local Jurisdictions District
Property Tax Unit
1600 West Monroe Street
Phoenix, AZ 85007-2650
(602) 716-6843
propertytaxpublications@azdor.gov

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A

Abatement: An official reduction or elimination of assessed valuation or [Property Tax](#) liability after completion of the original [Assessment Roll](#) or [Assessment and Tax Roll](#).

Accelerated Depreciation: See [Additional Statutory Depreciation](#).

Account Number: A unique number assigned by the [Assessor](#) to real or personal property to facilitate the administration of [Property Taxation](#). An Account Number may be associated with one or more [Real Property](#) parcel numbers. [Personal Property](#) is associated with an Account Number that may or may not be connected to a Real Property Parcel Number. Compare [Parcel Number](#).

Acquisition Cost: The cost of acquiring property. If associated costs are included, such as delivery and installation costs, the term “[Total Acquisition Cost](#)” should be used.

Acre: A unit of [Land](#) area measurement equaling 10 square chains, or a square measuring 208.71 feet on each side, or 43,560 [Square Feet](#). See [Square Mile](#). A [Unit of Comparison/Value](#) that is used for properties that typically sell for a given price per Acre.

Acreage: A unit of comparison used in the valuation of large industrial sites, rural, and agricultural properties. One [Acre](#) is equal to 43,560 [Square Feet](#).

Activated Carbon: A highly absorbent form of carbon, used to remove odors and toxic substances from gaseous emissions or liquid effluent.

Active Production (Agricultural): The exhibition of physical preparation activities and ongoing labor practices that will yield an agricultural crop or [Commodity](#). See [Crops, Permanent](#) and [Crops, Seasonal](#). One of several requirements for a property to be eligible for [Agricultural Classification](#), with exceptions found in A.R.S. [42-12152 \(A\)\(1\) and \(B\)](#).

Actual Age: The number of years since the date that construction of an [Improvement](#) was completed. Also referred to as “historical age” or “chronological age.” Compare [Effective Age](#). See [Weighted Age](#).

Actual Annexation (of Personal Property): See [Annexation, Actual](#).

Acts of God: Events caused by nature (droughts, floods, insect infestations, wildfires, etc.), rather than by man, which may result in damage to property; natural occurrences that could not have been reasonably prevented.

Additional Depreciation: See [Additional Statutory Depreciation](#).

Additional Statutory Depreciation: Supplementary [Depreciation](#) prescribed by statute that is applied by the county [Assessor](#) to certain eligible [Business Personal Property](#). Also known as “accelerated depreciation” or “additional depreciation.” Additional Statutory Depreciation is designed to encourage capital investment in new businesses and in new equipment for existing businesses.

ADOR: Arizona Department of Revenue.

Ad Valorem: A Latin term meaning “according to value.” When used to describe a tax, Ad Valorem refers to a tax that is based on the value of the item being taxed.

Ad Valorem Tax: A tax levied according to the value of the property being taxed. See [Ad Valorem](#).

Aerial Photograph: A photograph of part of the Earth’s surface taken by an aircraft or satellite camera.

Affidavit of Affixture: A recorded document used to change the taxation of a [Manufactured Housing](#) unit (including mobile units), from the [Personal Property Assessment and Tax Roll](#) to the [Real Property Assessment and Tax Roll](#).

Affidavit of Property Value: A document that must accompany every sale or transfer of [Real Property](#) in Arizona, unless the transaction is exempt from this requirement. See A.R.S. [11-1133](#), [11-1134](#), and [11-1137\(B\)](#). Also known as a “sales affidavit.” Information from each Affidavit of Property Value is used by [Assessors](#) and the Department to help ensure that Real Property is valued fairly and uniformly throughout the state. See, e.g., [Sales Ratio Study](#).

Affirmative Easement: See [Easement, Affirmative](#).

Age-Life Method: A method of estimating accrued [Depreciation](#) based on the age of a property and its [Economic Life](#). Also known as “straight-line depreciation.”

Agricultural Buildings and Structures: All structural [Improvements](#) in an [Agricultural Operation](#), including Improvements such as owner residence(s), barns, milking parlors, hay sheds, employee housing, or agricultural yard Improvements.

Agricultural Classification: Property may be classified as agricultural property if it meets the following criteria (summary, see full requirements in A.R.S. [42-12152](#)):

1. The [Primary Use](#) of the property is as [Agricultural Land](#), meaning the use fits within one or more of the 12 types of [Agricultural Real Property](#).
2. The property has been in [Active Production](#) according to [Generally Accepted Agricultural Practices](#) for at least three of the last five years.
3. There is a [Reasonable Expectation of Operating Profit](#), exclusive of [Land](#) cost, from the agricultural use of the property.
4. If the property includes [Noncontiguous Parcels](#), all Parcels must be managed and operated on a unitary basis and each Parcel must make a [Functional Contribution](#) to the agricultural use of the property.

Agricultural Employee Housing: The “[r]eal and personal property consisting of residential dwellings that are maintained for occupancy by agricultural employees as a condition of employment or as a convenience to the employer....” A.R.S. [42-12004\(A\)\(7\)](#).

Agricultural Land: [Land](#) used for agricultural purposes, which means Land that, together with any [Improvements](#), meets the definition of [Agricultural Real Property](#) and meets the criteria to be classified as property used for agricultural purposes.

Agricultural Land Value: The value of [Land](#) that is classified as agricultural, which must be derived only by the [Income Capitalization](#) procedure outlined in A.R.S. [42-13101](#).

Agricultural Operation: The [Agricultural Land](#), [Agricultural Buildings and Structures](#), and [Agricultural Personal Property](#) generally used for [farming](#), [ranching](#), or [High Density Use](#) to produce an agricultural crop or [Commodity](#). See [Crops, Permanent](#) and [Crops, Seasonal](#).

Agricultural Personal Property: All types of tangible and intangible property that are not included in the term [Real Estate](#) and that are used for agricultural purposes.

Agricultural Productivity Zone: A specific geographical area identified by the [Assessor](#) in which the properties used for agricultural purposes have similar characteristics, crops, and/or [Livestock](#), and in which similar agricultural practices are

employed. Typical identifying characteristics may include soil type and salinity, topography, percolation and drainage, vegetative composition and productivity, precipitation patterns, irrigation requirements, and water availability, cost, and quality.

Agricultural Property, Nonconforming: Property used for agricultural purposes that does not meet the minimum eligibility criteria found in A.R.S. [42-12152](#), but which has nevertheless been granted [Agricultural Classification](#) at the discretion of the [Assessor](#), acting under the authority of A.R.S. [42-12154](#). Compare [Agricultural Property, Nonqualifying](#).

Agricultural Property, Nonqualifying: Property that is (a) used for agricultural purposes, but which has not yet been granted [Agricultural Classification](#) by the [Assessor](#), or (b) used in an [Agricultural Operation](#) for a nonagricultural purpose, such as vacant land, [Homesite Land](#), or property used for commercial purposes. Nonqualifying Agricultural Property must be valued at [Full Cash Value](#), rather than being valued using the statutory procedure set forth in A.R.S. [42-13101](#) and [42-13102](#). Compare [Agricultural Property, Nonconforming](#).

Agricultural Real Property: [Real Property](#) used for agricultural purposes, meaning Real Property that is one or more of the following (summary only, additional requirements may apply — see A.R.S. [42-12151](#)):

1. [Cropland](#) in the aggregate of at least 20 [Gross Acres](#).
2. [Permanent Crops](#) in the aggregate of 10 or more [Gross Acres](#).
3. [Grazing Land](#) with a minimum [Carrying Capacity](#) of 40 [Animal Units](#) and containing an economically feasible number of Animal Units.
4. [Land](#) and [Improvements](#) devoted to use as an [Equine Operation](#).
5. [Land](#) and [Improvements](#) devoted to [High Density Use](#) for producing [commodities](#).
6. [Land](#) and [Improvements](#) devoted to use in [processing cotton](#) for marketing.
7. [Land](#) and [Improvements](#) devoted to use in [processing wine grapes](#) for marketing.
8. [Land](#) and [Improvements](#) devoted to use in [processing citrus](#) for marketing.
9. [Land](#) and [Improvements](#) devoted to use as a [fruit or vegetable packing](#) plant.
10. [Land](#) and [Improvements](#) owned by a [Dairy Cooperative](#) and devoted to related use.
11. [Land](#) of at least five [Acres](#) and [Improvements](#) devoted to [Algaculture](#).
12. [Land](#) and [Improvements](#) devoted to [Agritourism](#).

Agricultural Status: A term used to refer to property that qualifies for classification as agricultural use property.

Agricultural Undeveloped Land: [Land](#) not being used as a part of an [Agricultural Operation](#)'s acreage and that does not meet the criteria for [classification](#) as [Agricultural Wasteland](#) on a [Farm](#). Agricultural Undeveloped Land is valued the same as other nonagricultural undeveloped land, using [Standard Appraisal Methods and Techniques](#).

Agricultural Wasteland: [Land](#) of a [Farming](#) operation that cannot be converted into economically beneficial [Cropland](#), including river-bottoms, sand hills, rock outcroppings, sandy washes, high salinity soil, or inaccessible Land.

Agritourism: “[A]ny activity that allows members of the general public, for recreational or educational purposes, to view, enjoy or participate in rural activities, including [farming](#), [ranching](#), historical, cultural, u-pick, harvest-your-own produce or natural activities and attractions occurring on property defined as [agricultural real property](#) pursuant to section [42-12151](#) if the activity is conducted in connection with and directly related to a business whose primary income is derived from producing [livestock](#) or agricultural [commodities](#) for commercial purposes.” A.R.S. [3-111\(2\)](#).

Algaculture: The controlled propagation, growth, and harvest of algae. A.R.S. [42-12151\(11\)](#).

Algae: A diverse group of aquatic plants that includes seaweeds and many single-celled forms.

Allowable Operating Expenses: See [Operating Expenses, Allowable](#).

Animal Unit (AU): “[O]ne weaned beef animal over six months of age, or one horse, or five goats, or five sheep, or the equivalent.” A.R.S. [37-285\(l\)\(1\)](#).

Animal Unit Month (AUM): “[O]ne animal unit grazing for one month.” A.R.S. [37-285\(l\)\(2\)](#).

Annexation (of Personal Property): One of three characteristics (in addition to [Intent](#) and [Use](#)) that are considered together to determine whether an item of [Personal Property](#) has been affixed to [Real Property](#) in such a way that it loses its character as Personal Property, and becomes Real Property for [Ad Valorem](#) purposes. See A.R.S. [47-9102\(41\)](#). Annexation may be actual or constructive. See [Annexation, Actual](#) and [Annexation, Constructive](#).

Annexation, Actual (of Personal Property): [Personal Property](#) that is actually (physically) attached to, embedded in, or permanently resting on [Land](#) or [Improvements](#), or that is attached by other means that are normally used for permanent

installation, such that the [Personal Property](#) cannot be removed without substantially damaging it or the [Real Property](#) to which it is annexed. See [Annexation](#). Compare [Annexation, Constructive](#).

Annexation, Constructive (of Personal Property): An item of [Personal Property](#) that is not physically annexed to [Real Property](#), but is still considered constructively annexed, because it is a necessary, integral, or working part of the Real Property. See [Annexation](#). Compare [Annexation, Actual](#).

Anticipated Use/Development Method: A valuation method used to appraise undeveloped [Land](#) in the absence of comparable sales data, in which expected [Improvements](#) representing the most probable use of the Land are specified and total development costs are estimated and subtracted from the projected selling price of the development to yield a residual Land value.

Anticipation, Economic Principle of: The economic principle stating that current value is based upon the expectation of benefits to be derived in the future.

Appeal: A process by which a property owner formally or informally contests the [Classification of Property](#) or [Valuation of Property](#), as determined by the county [Assessor](#) (or the Department). A.R.S. [42-16001](#) et seq. Both administrative and judicial Appeal processes are provided for by law. **Note:** Appealing the Classification or Valuation of Property is an entirely separate process from correcting a factual [Property Tax Error](#). See [Taxpayer Notice of Claim](#).

Appraisal: The estimation of property value; a supportable and defensible opinion of property value. Compare [Assessment](#).

Appraisal Date: The date as of which the value of a property is estimated; may be defined by law in [Ad Valorem Taxation](#). With respect to an [Appraisal](#), this date is commonly referred to as the "[Effective Date](#)." Compare [Date of Report](#).

Appraisal Report: The oral or written communication of a completed [Appraisal](#) or appraisal review.

Approaches to Value: The three generally recognized valuation methods, which are the [Cost Approach](#), the [Income Approach](#), and the [Sales Comparison Approach](#).

Appurtenance: Any addition to a property that becomes a part of that property. Generally, an Appurtenance differs from a [Fixture](#) in that the Fixture was once [Personal Property](#).

Aquatic Animal: Cultured aquatic wildlife propagated or maintained in an [Aquaculture](#) facility for distribution or sale.

Aquaculture: “[T]he controlled propagation, growth and harvest of [aquatic animals](#) or plants, including fish, amphibians, shellfish, mollusks, crustaceans, algae and vascular plants.” A.R.S. [3-2901\(1\)](#).

Aquifer: A geological formation, group of formations, or part of a ground formation, which is usually gravelly or porous, that is capable of yielding water to wells or springs.

Assemblage: The joining of two or more [Contiguous](#) or [Noncontiguous Parcels](#) of [Land](#) into one ownership or use, resulting in an increase or decrease in value. Compare [Plottage](#).

Assessed Value: The value of property as estimated by a government entity for [Ad Valorem](#) purposes. Assessed Value is determined by applying the appropriate statutory [Assessment Ratio](#) to the [Limited Property Value](#) or to the [Full Cash Value](#) of the property, as applicable, according to its property [classification](#). Compare [Net Assessed Value](#).

Assessment: The process of determining the [Market Value](#) of property, deriving the [Assessed Value](#), recording the Assessed Value on the [Assessment Roll](#), and applying the appropriate [Tax Rate](#) to the Assessed Value to determine the amount of [Property Taxes](#) due.

Assessment and Tax Roll: An official listing prepared annually by the county board of supervisors that contains information regarding all property in the county, including the [Property Taxes](#) due for each [Parcel](#) and/or [Account](#); often referred to as the “roll” or “tax roll.” See A.R.S. [42-17152 \(A\) and \(B\)](#). Compare [Assessment Roll](#). The county board of supervisors delivers the completed Assessment and Tax Roll to the county [Treasurer](#) by October 1 of the tax year for the collection of taxes. See A.R.S. [42-18003\(A\)](#).

Assessment Ratio: The statutory percentage, assigned according to property [classification](#), that is applied to the [Limited Property Value](#) or to the [Full Cash Value](#) of property, as applicable, to determine the [Assessed Value](#) of the property. There are nine [Property Classes](#) and nine corresponding Assessment Ratios defined in statute. A.R.S. [42-12001](#) et seq. and [42-15001](#) et seq. See [Property Class](#).

Assessment Roll: An official listing prepared annually by the [Assessor](#) that contains information regarding all property in the county, including [Assessed Values](#) for the purposes of [Ad Valorem Property Taxation](#). See A.R.S. [42-15151 to 42-15153](#).

Compare [Assessment and Tax Roll](#). The Assessor certifies and delivers the completed Assessment Roll to the county board of supervisors, which computes and lists on the roll all Property Taxes due in the county. See A.R.S. [42-17152 \(A\) and \(B\)](#).

Assessor: The elected county official responsible for identifying, classifying, valuing, and assessing property for the purpose of [Ad Valorem](#) taxation. See A.R.S. [42-13051](#), [42-15052](#), and [42-15053](#). The official who certifies the [Assessment Roll](#) of the [Tax Authorities](#). The official responsible for resolving all property valuation protests in their jurisdiction at the first level of [Appeal](#). See A.R.S. [42-16051](#) et seq.

Asset: A physical object (tangible) or right (intangible) that has value to its owner; a source of wealth, usually expressed according to its cost or depreciated cost, or less frequently by some other value.

Audit: An examination of books, records, and property to verify information provided to the county [Assessor](#) for [Assessment](#) purposes.

Average Tax Rate: An indication of the relative [Property Tax](#) burden on property in Arizona; a calculated rate based on the tax levies for all [Tax Jurisdictions](#) in the state; computed annually by the Department; serves as the [Tax Rate](#) applied to commercial aircraft and private rail cars.

B

Base Line: A survey line that runs due east and west on a [Parallel](#) of latitude through an [Initial Point](#) on a Principal Meridian and from which [Township Lines](#) are established by a government survey. Contrast [Principal Meridian](#).

Base Lot Method: A method used to value residential lots, in which each lot to be appraised is compared with a [Base/Benchmark Lot](#) that has common or typical characteristics and for which a value can be expressed in any standard [Unit of Comparison/Value](#).

Base/Benchmark Lot: A “typical” land sale property, identified using the [Base Lot Method](#), and used as a benchmark for comparison with properties different from the Base/Benchmark Lot, such as by location, shape, size, topography, view, and access.

Biodegradable: The ability of a substance to be broken down physically and/or chemically by microorganisms.

Biological Hazardous Waste: Any substance of a human or animal origin, other than food waste, which is to be disposed of and could harbor or transmit pathogenic organisms, including, but not limited to, pathological specimens such as bandages, blood elements, excreta, secretions, tissues, and related substances.

Boundary Line: A line along which two areas meet. A Boundary Line between privately owned [Parcels](#) of [Land](#) is usually termed a “property line.” If a boundary is a line of the United States Public Land Surveys, it is given a particular designation, such as [Section](#) line or [Township Line](#).

Bovine: Bison, buffalo, cow, ox, and their close relatives.

Building Residual Technique: One of three [Residual Techniques](#) of the [Income Approach](#) used when the [Land](#) value (and thus, its income potential) is known or can be reasonably ascertained from sales of comparable Land. After subtracting the income potential of the Land from the net income potential of the total property, the residual income attributable to the building or [Improvement](#) is capitalized to estimate the value of the building or Improvement.

Building Class – Construction Indicators: Construction class indicators used to rate commercial buildings for cost and other valuation purposes, consisting of five basic grades (A, B, C, D, S) that indicate typical types of framing, walls, floors, roof structures, and fireproofing. Compare [Building Class – Quality Indicators](#).

- **Class A Building:** Constructed with a structural steel frame; may or may not be fireproofed; may be welded, bolted, or riveted together; generally a high-rise building (four or more stories) with a non-load bearing (curtain) exterior wall.
- **Class B Building:** Constructed with a reinforced concrete frame using formed or precast concrete columns and beams and concrete or masonry floors and roof; may be mechanically stressed and/or fire resistant; generally a high-rise building (four or more stories) with a non-load bearing (exterior) curtain wall.
- **Class C Building:** Constructed with masonry or reinforced concrete (including tilt-up) load-bearing exterior walls with wood or steel roof and floor structure, except for the concrete slab on grade; generally a low-rise building (three or fewer stories) used for commercial, industrial, or residential purposes.
- **Class D Building:** Constructed with wood or steel stud bearing walls; characterized by combustible construction; includes all buildings that do not fit into any other construction class; generally a low-rise building (three or fewer stories) used for agricultural, commercial, or residential purposes.

- **Class S Building:** Constructed with incombustible materials and prefabricated structural members; exterior walls generally consist of prefabricated panels or sheet siding; often referred to as “pre-engineered steel buildings.”

Building Class – Quality Indicators: Subjective quality ratings that indicate the competitive ability of a building to attract similar types of tenants; vary by market. Compare [Building Class – Construction Indicators](#).

- **Class A Buildings:** The most prestigious buildings with the most amenities in the best locations; compete for premier tenants and command above-average rents; constructed using the highest quality materials and finishes; typically professionally managed and exceptionally maintained.
- **Class B Buildings:** Middle grade buildings that are generally slightly older with average amenities; may be located in less desirable locations; compete for a wide range of quality tenants and command average rents; constructed using fair to good materials and finishes; typically well managed and maintained.
- **Class C Buildings:** Lesser grade buildings that are generally older with below-average amenities; may be located in less desirable areas; compete for tenants requiring functional space and command below-average rents; construction, finishes, infrastructure, and technology may be limited or outdated; typically adequately managed and maintained.

Business Personal Property: [Personal Property](#) that is used in a business for [commercial](#), [industrial](#), [residential](#), or [agricultural](#) purposes. It also includes certain [Improvement\(s\) on Possessory Rights](#) and certain [Leasehold Improvements](#). Examples include furniture and fixtures, [Manufactured Housing](#), store equipment, and tools.

Business Personal Property Statement: An official document that must be filed annually on or before April 1 by each taxpayer that owns or has charge or control of taxable [Business Personal Property](#). The Business Personal Property Statement is filed with the [Assessor](#) of the county in which the reported property is located.

By-product: A material produced without separate commercial intent during the manufacture or processing of other materials or mixtures.

C

Cadastral: Refers to maps and records showing boundaries, ownership, and attributes of a [Parcel](#), usually created for taxation purposes.

Cadastral Map: See [Map, Cadastral](#).

Camping Trailer: See [Recreational Vehicle](#).

Capitalization of Ground Rent: A method of [capitalization](#) used when [Land](#) is rented or leased independent of the [Improvements](#). The Capitalization of Land Rent is based on the [Income Approach](#) to value.

Capitalization of Income: See [Income Capitalization](#).

Capitalization Rate: Any rate used to convert an estimate of future income into an estimate of [Market Value](#); the ratio of income to value.

Capitalization Rate for Agricultural Land: The statutory [Capitalization Rate](#) applied to the average annual net cash rental of an agricultural property to determine the value of the property for [Property Tax Assessment](#) purposes. See A.R.S. [42-13101\(B\)\(2\)](#).

Carcinogens: A general term meaning agents that cause cancer. Also, a specific list of materials compiled by the U.S. Public Health Service that are known or suspected to be carcinogenic.

Carrying Capacity: The ability of [Grazing Land](#) to provide adequate forage to sustain a specified number of [Livestock](#) annually; measured in terms of [Animal Unit Months](#).

CC&Rs: See [Covenants, Conditions & Restrictions](#).

Centrally Valued Property (CVP): Property that is valued and assessed by the Department. Centrally valued properties include airline flight property, pipeline company property, private railroad car companies, producing gas and oil companies, producing mines or mines recently out of production, railroads, telephone and utility companies. Compare [Locally Assessed Property](#).

Chain: The unit of length prescribed by law for the survey of the public lands of the United States. A chain is equivalent to sixty-six feet or four “rods” or “poles.” Ten square chains equals one [Acre](#).

Change, Economic Principle of: The economic principle stating that dynamic forces of the economy, political environment, and demographics continually influence all markets.

Chassis: (a) The steel frame, wheels, engine, and mechanical parts of a motor vehicle, to which the body is attached. (b) A mounting for the circuit components of an electrical or electronic device, such as a radio or television.

Chattels Personal (Chattel): Synonymous with [Tangible Personal Property](#).

Chattels Real: An [Intangible Personal Property](#) interest in [Land](#) that may be created by [Lease](#).

Chronological Age: See [Actual Age](#).

Citrus Fruit: “[T]he fruit of any orange, lemon, lime, grapefruit, tangerine, kumquat or other citrus tree that produces edible citrus fruit suitable for human consumption.” A.R.S. [3-441\(4\)](#).

Citrus Processing: The initial series of operations that are performed to enable [Citrus Fruit](#) to be marketed after harvest. For citrus intended to be table fruit, processing includes washing, grading, sorting, and packing. For citrus used solely for juice, processing includes the conversion of solid fruit into bulk juice. The use of [Land](#) and [Improvements](#) for Citrus Processing is considered [High Density Use](#).

Classification of Property: The act or process of segregating property into classes so that a common [Assessment Ratio](#) can be assigned to the property in each class for [Ad Valorem](#) purposes. There are nine [Property Classes](#) and nine corresponding Assessment Ratios defined in statute. A.R.S. [42-12001](#) et seq. and [42-15001](#) et seq. Classification of most property is based upon the [Current Use](#) of the property (classification statutes describe each Property Class using phrases such as “used for” and “used as”). See A.R.S. [42-11054\(C\)\(1\)](#).

Clean Air Act (CAA): Federal law enacted to regulate/reduce air pollution. Administered by the U.S. Environmental Protection Agency (EPA).

Clean Water Act (CWA): Federal law enacted to regulate/reduce water pollution. Administered by the U.S. Environmental Protection Agency (EPA).

Combination: The unification of multiple [Parcels](#) into a single Parcel, i.e., combining two parcels into one, three parcels into one, and so on. Contrast [Split/Segregation](#).

Commercial Golf Course: See [Golf Course, Commercial](#).

Commercial Establishment: A commercial enterprise for profit in an identifiable location with some degree of permanency.

Commercial Property: Generally, nonindustrial, nonresidential property of a retail or wholesale commercial enterprise, such as an auto repair facility, bank, commercial parking garage, drug store, fast food restaurant, garden center, gasoline station, hotel or motel, lumberyard, medical clinic, nursing home, office building, parking lot, shopping center, supermarket, theater, truck stop, warehouse, etc. Commercial Property in Arizona is typically included in [Property Class One](#). See A.R.S. [42-12001](#). See [Classification of Property](#).

Commodity: An agricultural product that can be transported and sold at market, such as hay, grain, vegetables, cotton, and [Livestock](#).

Common Area: Generally, the total area of “improved or unimproved [real property](#) that is intended for the use of owners and residents of a residential subdivision or development and invited guests of the owners or residents and include common beautification areas and common areas used as an airport.” A.R.S. [42-13402\(B\)](#). Additional requirements apply. A.R.S. [42-13402\(C\) \(1\) through \(5\)](#). Examples of Common Area [Improvements](#) include clubhouses, swimming pools, tennis courts, ramadas, childrens’ playgrounds, picnic areas, lakes, landscapes and walkways (“greenbelts”), private roadways, and parking areas.

Community Shopping Center: See [Shopping Center, Community](#).

Compass: A drafting instrument that can be adjusted to different radii lengths and that is used for the plotting of circles or curves.

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA): Referred to as the “Superfund”; passed in 1980 to identify sites where hazardous materials threaten the environment and/or public health, to identify the responsible party, to clean up the site, and to ensure the responsible party pays for the clean up. CERCLA is administered by the Environmental Protection Agency (EPA).

Condemned Structure: A structure that has been officially declared unsafe, unfit for occupancy, or unfit for use; usually initiated by local authorities on the basis of a violation of local building codes and regulations.

Condominium: “[[R](#)]eal estate, portions of which are designated for separate ownership [condominium units] and the remainder of which is designated for common ownership [e.g., lobby, pool, grounds] solely by the owners of the separate portions. Real estate is

not a condominium unless the undivided interests in the common elements are vested in the unit owners.” A.R.S. [33-1202\(10\)](#).

Conservation: The protection and preservation of property or natural resources from destruction, exploitation, or neglect; the protection of neighborhoods or other structures from blight or other influences that may adversely affect desirability or value; a restriction that limits the use of property to preservation, conservation, or wildlife habitat.

Conservation Easement: “[A] nonpossessory interest of a holder in [real property](#) imposing limitations or affirmative obligations for [conservation purposes](#) or to preserve the historical, architectural, archeological or cultural aspects of real property.” A.R.S. [33-271\(1\)](#). See [Open Space](#).

Conservation Purposes: A statutorily defined conserving activity that yields a significant public benefit, e.g., preserving land for public outdoor recreation, protecting wildlife habitat, or preserving open space (such as forest land). See A.R.S. [33-271\(2\)\(a\) through \(c\)](#).

Construction Work in Progress (CWIP): The amount spent and entered on taxpayer accounting records as of December 31 of the preceding year for ongoing [Business Personal Property](#) construction costs. A.R.S. [42-13354\(B\)](#) and [42-15065\(B\)](#). Such costs may include installation labor, materials, parts, and overhead expenditures for projects like facilities or machinery and equipment assembly and installation.

Constructive Annexation (of Personal Property): See [Annexation, Constructive](#).

Contaminated Property: Property that has been negatively impacted by a contaminant, which is defined as any hazardous substance or pollutant. See A.R.S. [49-171\(2\)\(a\) and \(b\)](#) and [49-201\(21\) and \(35\)](#). See [Contamination](#), [Decontamination](#), and [Stigma](#).

Contamination: The degradation of natural water, air, or soil quality as a result of human activity, to the extent that the usefulness of the resource is impaired. See [Decontamination](#).

Contiguous: [Lots](#), [Parcels](#), or [Fractional Interests](#) that share a common [boundary](#) or point. A.R.S. [32-2101\(17\)](#). The same are **not** Contiguous if they are separated by a barrier or by a road, street, or highway that has been continuously used by the public for at least the last five years. A.R.S. [32-2101\(17\)](#). Contrast [Noncontiguous](#).

Contour: In ordinary survey usage, an imaginary line on the ground, along which all points are at the same elevation above or below a specified [Datum](#) surface.

Contour Map: See [Map, Contour](#).

Contract Rent: The actual amount of rent specified by a [Lease](#). Compare [Market Rent](#).

Corner Influence: The effect the market may exhibit on the value of corner lots, due to commercial advantages, including ease of entrance and exit, increased visibility, and exposure to traffic.

Cost Approach/Summation Approach: One of the three [Approaches to Value](#), which estimates the value of property by reference to the cost of replacing or reproducing it. Once the cost is determined, applicable [Depreciation](#) is subtracted, and in the case of [Real Estate](#), the value of the [Land](#) is added to yield a total property value. The Cost Approach is primarily based on the [Economic Principle of Substitution](#). See [Replacement Cost New](#), [Replacement Cost New Less Depreciation](#), [Reproduction Cost New](#), and [Total Acquisition Cost](#).

Cost to Cure/Cost to Control: The actual or estimated cost to correct, mitigate, or replace a defective component or other impairment (e.g., [Contamination](#)) of a property. In some cases, complete cure is impossible, and Cost to Cure becomes Cost to Control.

Cotton Processing: The separation of cotton fibers from cotton seeds. A cotton gin is a machine that quickly performs this process, which is thus referred to as “ginning.” After ginning, the raw cotton fiber is compressed into bales for marketing. In conjunction with ginning and baling, storage of cotton bales on-site for a period of 21 or fewer days (a normal industry standard) is considered part of the agricultural use. The use of [Land](#) and [Improvements](#) for Cotton Processing is considered [High Density Use](#).

Course: In ordinary survey usage, the direction of a line with reference to a [Meridian](#).

County Assessor: See [Assessor](#).

County Treasurer: See [Treasurer](#).

Covenants, Conditions & Restrictions (CC&Rs): The declaration of covenants, conditions, and restrictions applicable to common interest developments and planned communities, to regulate the appearance, maintenance, and use of property. This legal document is typically recorded by a subdivision developer concurrently with the subdivision plat map and is binding on all current and subsequent owners.

Crops, Permanent: Perennial plants, trees, or vines that produce a seasonal or annual crop harvest (in contrast to row or field crops, which are planted and harvested on a scheduled rotation). Examples of permanent crops include fruit trees (such as apples or peaches), citrus trees (such as oranges or grapefruit), nut trees (such as pecans), grapevines, date trees, olives, jojoba shrubs, and Christmas trees. Permanent crops are considered to be [Improvements on the Land](#), which must be valued separately from the [Land](#). Land used for Permanent Crops must consist of an aggregate of at least 10 [Gross Acres](#) to meet the definition of [Agricultural Real Property](#).

Crops, Seasonal: Crops that are harvested in one season or part of a season. Usually grown on [Cropland](#). Types of Seasonal Crops include those that are harvested once a year (such as cotton), those with shorter growing periods (such as lettuce and spinach), and those harvested while leaving the root system intact so as to produce additional harvests (such as hay or alfalfa).

Cropland: [Land](#) that is cultivated primarily to produce row or field crops that are planted and harvested on a scheduled rotation. Cropland must consist of an aggregate of at least 20 [Gross Acres](#) (unless qualified as [High Density Use](#)) to meet the definition of [Agricultural Real Property](#).

Cropland, Permanent: [Cropland](#) used for [Permanent Crops](#). Must consist of an aggregate of at least 10 gross [Acres](#) to meet the definition of [Agricultural Real Property](#).

Culture: In mapping and parceling, [Features](#) of the terrain that have been constructed by man.

Curable Physical Depreciation: See [Physical Depreciation, Curable](#).

Current Use: “[T]he use to which property is put at the time of [valuation](#) by the [assessor](#) or the department.” A.R.S. [42-11001\(4\)](#). **Note:** In Arizona, valuation of most property is based upon the Current Use of the property, rather than the appraisal industry standard of potential [Highest and Best Use](#). See A.R.S. [42-11054\(C\)\(1\)](#). [Classification of Property](#) (most) is also based upon the Current Use of property (classification statutes describe each [Property Class](#) using phrases such as “used for” and “used as”). **Note:** The statutes referenced in this definition employ the term “Current Usage,” rather than “Current Use.” However, the latter term is preferred throughout this Glossary and in all Department publications, in accordance with the industry standard.

CVP: See [Centrally Valued Property](#).

CWIP: See [Construction Work in Progress](#).

D

Dairy Cooperative: An enterprise owned, operated, and controlled by the dairy farmers who benefit from its services. Such services may include marketing, processing, producing, receiving, selling, storing, and transporting milk and milk products, but without the presence of any [Animal Units](#) on the [Land](#). A dairy [Farm](#) is not considered to be a Dairy Cooperative. The use of [Land](#) and [Improvements](#) for a Dairy Cooperative is considered [High Density Use](#).

Damaged Property: Property that has sustained physical harm to the extent that use of the property is restricted to a degree of less than 100 percent. In other words, damaged property must still be usable in part. In addition, the damage to the property must be curable and must have been caused by a specific, verifiable event (e.g., accident, fire, flood, storm, etc.). Compare [Destroyed Property](#). See [Cost to Cure](#).

Date of Report: In appraisal practice (as opposed to assessment practice), the date the [Appraisal Report](#) is communicated or signed. Compare [Effective Date](#). **Note:** The Effective Date (which can be past, present, or future) establishes the context of the opinion of value, while the Date of Report indicates whether the perspective on market conditions and property use set forth in the Appraisal Report is retrospective, current, or prospective.

Datum: In ordinary survey usage, a defined reference for survey measurements. Two principal types of datum are horizontal datum and vertical datum.

Deed Restriction: A limitation on property rights that passes with the property, regardless of the owner. Typically, the limitation pertains to the use of property, e.g., restricted to nonprofit use, residential use, or public use.

Decontamination: The process of making any person, object or area safe by absorbing, destroying, neutralizing, or making harmless by removing biological or chemical agents. See [Contamination](#).

Deferred Maintenance (Curable Physical Depreciation): Physical deterioration that can be repaired or replaced at an economically feasible cost; generally measured by the [Cost to Cure](#); usually reflected as a percentage adjustment in addition to normal [Depreciation](#).

Deferred Maintenance (Incurable Physical Deterioration): Physical deterioration that cannot be repaired or replaced at an economically feasible cost, i.e., the [Cost to Cure](#) does not result in sufficient added value.

Demand: The ability and willingness to purchase a good or service; the quantity of a good or service that is desired at a specific price and time period. Reflects the utility of the good or service and varies with purchasing power and differences in taste.

Depreciation: The loss in value of property or an [Improvement](#) from any cause. Depreciation is sometimes subdivided into three types: [Physical Depreciation](#) (normal wear and tear), [Functional Obsolescence](#) (substandard design with respect to current style, taste, or technology), and [Economic Obsolescence](#) (impairment in utility and desirability caused by factors outside the property, such as poor location or diminished demand).

Depth Table: A table developed from market data and used to value [Land](#) that is normally appraised on a [Front Foot](#) unit basis.

Destroyed Property: Property that has sustained physical harm to the extent that use of the property is not possible and the harm to the property is not curable, i.e., the damage is so great that the [Cost to Cure](#) it would exceed the cost to raze and rebuild the property. In addition, the damage must have been caused by a specific, verifiable event (e.g., accident, fire, flood, storm, etc.). Compare [Damaged Property](#).

Deterioration: The impairment of the condition of an [Improvement](#) brought about by use, wear, tear, damage and disintegration, or action of the elements; one of the causes of [Depreciation](#).

Development Method: See [Anticipated Use/Development Method](#).

Direct Capitalization: A method of the [Income Approach](#) that estimates the value of property either by dividing the net income of a single year by an [Overall Capitalization Rate](#) or by multiplying the gross income of a single year by a [Gross Income Multiplier](#). See [Effective Tax Rate](#), [Discount Rate](#), [Recapture Rate](#) and [Net Operating Income](#). Compare [Yield/Indirect Capitalization](#).

Direct Costs: Expenses for the labor and materials used to construct an [Improvement](#). Also called “hard costs.” Includes builder’s profit and overhead, surveying, fencing, rentals, security, etc.

Discount Rate/Return Rate: A component of the [Overall Capitalization Rate](#) (or [Loaded Capitalization Rate](#)) reflecting the rate required by an investor in [Real Estate](#) to discount future income to its present worth; used to determine the total required return on an investment in Real Estate, meaning the amount the investor expects to earn on the investment. See [Effective Tax Rate](#) and [Recapture Rate](#).

Discounted Cash Flow Analysis: A method of the [Income Approach](#), used when income is variable, that estimates the value of an income-producing property by analyzing the cash flows of isolated periods of time. This is accomplished by estimating the potential net income for each period of time, discounting the same and adding the discounted values together to obtain the total [Present Worth](#) of the [Income Stream](#), and finally adding the anticipated future sale price of the property (i.e., [Reversion](#)) to yield the total property value.

Dominant Estate/Dominant Tenement: The [Real Property](#) that is benefited by, or enjoys the use of, an [Easement](#) that burdens another property (the [Servient Estate](#)).

Dude Ranch: See [Guest Ranch](#).

E

Easement: A non-possessory interest in [Real Property](#) created by grant, agreement, or implication (under certain circumstances), that confers to the Easement owner a right to some profit, benefit, dominion, or lawful use of, or over, the property of another.

Easement, Affirmative: An [Easement](#) that entitles its owner the right to do something on the property of another, e.g., the right to cross over the property of another.

Easement, Negative: An [Easement](#) that entitles its owner the right to prevent something being done on the property of another, e.g., the right to prevent construction of an improvement that would block the view of the easement owner.

Economic Life: The period of time during which a building, other [Improvement](#), or item of [Tangible Personal Property](#) is expected to contribute positively to the value of the total property. At the end of this period, Improvements are normally demolished, and Tangible Personal Property is usually discarded. This period is typically shorter than the actual physical life of the item or Improvement.

Economic Obsolescence: See [Obsolescence, Economic](#).

Economic Rent: See [Market Rent](#).

Economic Unit: In appraisal practice, when both [Contiguous](#) and [Noncontiguous Parcels](#) are collectively used for one economic purpose.

Effective Age: The age of a structure estimated according to its condition and utility as of the [Appraisal Date](#). Compare [Actual Age](#). See [Weighted Age](#).

Effective Date: In appraisal practice, the past, current, or future date as of which the value of a property is estimated in the [Appraisal Report](#). Compare [Date of Report](#). **Note:** The Effective Date establishes the context of the opinion of value, while the Date of Report indicates whether the perspective on market conditions and property use set forth in the Appraisal Report is retrospective, current, or prospective.

Effective Gross Income: With respect to the [Income Approach](#), the income remaining after subtracting vacancy and collection losses from the [Potential Gross Income](#) and adding back any [Miscellaneous Income](#); the income derived from the property before [Operating Expenses](#) are subtracted.

Effective Tax Rate: A component of the [Overall Capitalization Rate](#) reflecting the relationship between dollars of [Property Taxes](#) and dollars of [Market Value](#). See [Discount Rate](#) and [Recapture Rate](#).

Electric and Gas Utilities: Includes regulated, investor-owned electric utility properties; member-owned, rural electric cooperatives; and regulated, natural gas distribution companies. Electric and Gas Utilities are regulated by the Arizona Corporation Commission and the Federal Energy Regulatory Commission.

Enterprise Zone: An area established by statute and approved by the [Arizona Commerce Authority](#) where businesses receive incentives for hiring local workers. To qualify as an Enterprise Zone, the property location, poverty level of the area, employment level of the employees, investment requirements, and ownership status must qualify.

Environmental Assessment: A report showing the results of investigation into environmental [Contamination](#), often required by the Environmental Protection Agency (EPA) and other regulatory agencies to establish the extent of Contamination.

Environmental Equipment Cost: The acquisition or construction cost of equipment and fixtures designed and constructed solely for control, reduction, prevention and/or abatement of discharges or releases into the environment.

Equalization Order: An order issued by the Department to correct property valuations if the Department finds valuation inequalities between or within counties or between or within [Property Classes](#) or [classifications](#). A.R.S. [42-13252\(A\)](#). An Equalization Order must be issued no later than January 15 of the [Valuation Year](#) and applies to the Valuation Year in which the order is issued. A.R.S. [42-13254 \(A\) and \(B\)](#).

Equine: Horse, mule, burro, or ass. A.R.S. [3-1201\(4\)](#).

Equine Operation: [Land](#) and [Improvements](#) devoted to commercial [Equine](#) boarding, breeding, raising, or training, as well as to nonprofit [Equine](#) rescue facilities that must register annually with the Arizona Department of Agriculture (see A.R.S. [3-1350](#) and A.A.C. [R3-2-708](#)). There is no minimum acreage requirement for this agricultural property type.

Exempt(ion) (Property Tax): See [Property Tax Exemption](#).

Expected Life: The number of years ([Life Years](#)) that an item is expected to be retained in use with normal maintenance.

External Obsolescence: See [Obsolescence, Economic](#).

F

Factory Built Building: “[A] residential or nonresidential building, including a dwelling unit or habitable room of the building, that is either wholly or in substantial part manufactured at an off-site location to be assembled on site....” A.R.S. [33-2102\(5\)](#). Factory Built Buildings are constructed in accordance with the International Building Code and other building codes adopted in Arizona. A.A.C. [R4-34-102](#). The Factory Built Building category does not include any [Manufactured Home](#), [Mobile Home](#), or [Recreational Vehicle](#). A.R.S. [33-2102\(5\)](#).

Fallow Land: [Land](#) left idle due to the lack of water, prudent [Farm](#) management practices, or scheduled crop rotation. Fallow Land is valued in the same manner as [Cropland](#).

Farm: Any [Land](#) primarily used for agricultural production. A.R.S. [28-101\(33\)](#).

Feature: A representation of a real-world object on a map.

FEIN: Federal Employer Identification Number.

Fixture: An item of tangible property, the nature of which was originally [Personal Property](#) (movable), but which is [physically](#) or [constructively](#) annexed to [Real Property](#) with the intent that it remains annexed indefinitely; taxed as Personal Property in Arizona.

Fractional Interest: “[A]n undivided interest in improved or unimproved land, lots or parcels of any size created for the purpose of sale or lease and evidenced by any receipt, certificate, deed or other document conveying the interest.” A.R.S. [32-2101\(25\)](#). See [Fractional Ownership](#) and [Limited/Luxury Fractional](#).

Fractional Ownership: Ownership of a percentage of shares in an [Asset](#), usually a high-value Asset, such as luxury [Real Estate](#); typically held in fee simple (i.e., not a mere right to use), with the deed or title reflecting the proportional interest held by each owner. See A.R.S. [32-2101\(25\)](#). See [Fractional Interest](#) and [Limited/Luxury Fractional](#). Compare [Timeshare Interest](#) and [Timeshare Plan](#).

Front Foot: A [Unit of Comparison/Value](#) used when the frontage of a property significantly contributes to the value of the property.

Fruit or Vegetable Packing: 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 a reseller or ultimate consumer. Examples of acceptable activities include washing, grading, sorting, wrapping, and packing, but **not** cutting, chopping, coating, peeling, waxing, or other physical alteration that changes the fruits or vegetables from their natural condition as harvested. Use of [Land](#) and [Improvements](#) for Fruit or Vegetable Packing is considered [High Density Use](#).

Full Cash Value (FCV): “[T]he value determined as prescribed by statute. If a statutory method is not prescribed, full cash value is synonymous with [market value](#), which means the estimate of value that is derived annually by using [standard appraisal methods and techniques](#). Full cash value is the basis for assessing, fixing, determining and levying [primary](#) and [secondary property taxes](#) on property described in section 42-13304. Full cash value shall not be greater than market value regardless of the method prescribed to determine value for property tax purposes.” A.R.S. [42-11001\(6\)](#). Compare [Limited Property Value](#).

Functional Contribution: A positive economic benefit derived from the agricultural use of an individual [Parcel](#) of [Land](#) that is incorporated into an [Agricultural Operation](#). Parcels need not be [Contiguous](#), nor have the same ownership. One of several requirements for a property to be eligible for [Agricultural Classification](#).

Functional Obsolescence: See [Obsolescence, Functional](#).

G

GDP Price Deflator: A comprehensive price level index calculated and issued quarterly by the U.S. Department of Commerce, Bureau of Economic Analysis, that measures price changes for goods and services produced in the United States. Used in calculations related to school district budgets, [Property Tax Exemptions](#), and [Golf Course](#) valuation. See A.R.S. [15-901](#) et seq., A.R.S. [42-1111\(C\)](#), and A.R.S. [42-13152\(E\)](#). See also [Gross Domestic Product](#).

Generally Accepted Agricultural Practices: Activities and techniques used in an [Agricultural Operation](#), which are widely accepted and undertaken in conformity with federal, state, and local laws and regulations. One of several requirements for a property to be eligible for [Agricultural Classification](#), with exceptions found in A.R.S. [42-12152 \(A\)\(1\) and \(B\)](#).

Geocode: A code (usually numerical) used to locate or identify a point, such as the center of a [Parcel](#).

Geodetic: Relates to surveying and mapping, which takes into account the curvature of the Earth. This is in contrast to plane surveying, which focuses on small areas and assumes that the [Land](#) is flat.

Geographic Information System (GIS): Computer software for mapping and analyzing points, lines, and areas with associated attributes. GIS permits sophisticated overlay and proximity analysis, and displays, integrates, edits, and creates a wide variety of raster and vector data, permitting the creation of sophisticated maps.

Golf Course: “Substantially undeveloped land, including amenities such as landscaping, irrigation systems, paths and golf greens and tees, that may be used for golfing or golfing practice by the public or by members and guests of a private club.” A.R.S. [42-13151](#). A Golf Course does not include separate practice ranges or the clubhouse, pro shop, restaurant, etc. associated with the Golf Course. A.R.S. [42-13151](#).

Golf Course, Commercial: A privately owned [Golf Course](#) constructed or purchased for use by the public; may include cart rental, pro shop, and limited service restaurant and bar; may have membership provisions and special participation incentives.

Golf Course, Limited Use: A [Golf Course](#) owned by a business, industry, school, military or similar facility; maintained to provide golf facilities for a selected group and not intended to generate a profit; generally [exempt](#) from [Property Taxation](#).

Government Property Lease Excise Tax (GPLET): An annual excise tax levied on a prime lessee for the use or occupancy of a government property [Improvement](#) owned by a government lessor, meaning a city, town, county, or county stadium district; levied by the government lessor and collected by the county [Treasurer](#). A.R.S. [42-6201](#) et seq.

Grazing Land: [Land](#) used for grazing; categorized into two types, based upon differences in land management: [Pastureland](#) (or Irrigated Grazing Land) and [Rangeland](#) (or Natural Grazing Land).

Gross Acres (Agricultural): The total number of [Acres](#) in an [Agricultural Operation](#), including [Land](#) used for cultivation, [Pastureland](#) or [Rangeland](#), plus Land used for equipment storage, [homesites](#), ditches, access roads, or [Agricultural Wasteland](#).

Gross Domestic Product (GDP): A comprehensive measure of economic activity that quantifies the value of final goods and services produced in the United States.

Gross Income Multiplier (GIM): A multiplication factor used in the [Direct Capitalization](#) technique to express the relationship between the gross income and the value of a property; derived from comparable properties of similar size and location that have corresponding income-to-expense ratios, land-to-building ratios, and risk characteristics; determined by dividing the value or sale price by the annual [Potential Gross Income](#) or [Effective Gross Income](#) generated by the property.

Gross Leasable Area (GLA): The total floor area designed for a tenant's occupancy and exclusive use, including any basements, mezzanines, or upper floors; expressed in [Square Feet](#) and measured from the centerline of joint partitions and from outside wall faces.

Guest Ranch: Generally, a vacation resort offering activities typically found on western-style ranches; also known as a "dude ranch." In Arizona, a property must meet specific requirements and restrictions to be [classified](#) and valued as a Guest Ranch. A.R.S. [42-12002 \(1\)\(e\) and \(2\)\(e\)](#), [42-13551](#), and [42-13552](#). See also A.R.S. [41-867](#).

H

Headquarters Land: [Land](#) in an [Agricultural Operation](#) used for equipment storage and general [Farm](#) or [Ranch Improvements](#), such as barns, sheds, corrals, seasonal or

full-time [Agricultural Employee Housing](#), or similar types of Improvements; does not include [Homesite Land](#).

Held or Used for Profit: A term used in the Arizona Constitution and related [Property Tax Exemption](#) statutes that refers to property that has the potential for making a profit and is being held for future profit. Property Tax Exemption law excludes from exemption any property of a nonprofit owner that is Held or Used for Profit.

High Density Use: In an [Agricultural Operation](#), the intensive use of a relatively small area of [Land](#) for the production of high-yield crops or [Commodities](#) for which comparatively large amounts of labor and capital are required per unit of Land.

Highest and Best Use: The most reasonably probable use of property that is physically possible, legally permissible, financially feasible, and maximally productive (i.e., most profitable). In [Appraisal](#) practice, regardless of the [Current Use](#) of a property, its Highest and Best Use is determined both as if the property were vacant and as if it were developed. However, for purposes of [Property Taxation](#) in Arizona, property must be valued according to its Current Use, rather than the appraisal industry standard of Highest and Best Use. See A.R.S. [42-11054\(C\)\(1\)](#).

Historic Property: [Commercial](#) or noncommercial [Real Property](#) that is listed on the National Register of Historic Places and rehabilitated and maintained according to established standards. A.R.S. [42-12101](#) et seq. and A.A.C. [R12-8-301](#) et seq. Historic Property is certified by the [State Historic Preservation Office](#) and is [classified](#) as Historic Property by the [Assessor](#), which results in the application of a reduced [Assessment Ratio](#).

Historic Use (Affixed Property): The normal and continuing use of property that is [annexed](#) either indefinitely or temporarily. See [Use \(Affixed Property\)](#).

Historical Age: See [Actual Age](#).

Homesite Land: In an [Agricultural Operation](#), the [Land](#) and associated residential structures that are used for the residence of the owner's family.

HUD Code: A designation for the [Manufactured Home Construction and Safety Standards](#) (MHCSS), the national building code that applies to all [Manufactured Housing](#) constructed on or after June 15, 1976, and that is administered by the U.S. Department of Housing and Urban Development (HUD). See 24 Code of Federal Regulations (C.F.R.) part [3280](#) et seq.

I

Improvement: Anything done to [Land](#) with the intention of Increasing its value and utility, including [Improvements on the Land](#) and [Improvements to the Land](#).

Improvement(s) on Possessory Rights (IPR): A building, structure, or other [Improvement](#) located on [Land](#) that is not owned by the owner of the Improvement. But see [42-17154\(B\)](#).

Improvements on the Land: [Improvements](#) such as buildings, driveways, fences, parking surfaces, row crops, fruit/nut/ornamental trees, and vines (not of natural growth). Compare [Improvements to the Land](#).

Improvements to the Land: [Improvements](#) to make the [Land](#) usable and/or prepare the property for the construction of [Improvements on the Land](#). Improvements to the Land include enhancements such as backfill and compaction, berms and swales, drains and sewers, landscaping, leveling, retention walls, and sidewalks. Improvements to the Land are generally considered part of the Land and are not valued separately from the Land, but as an integral part of the Land, because they combine with the Land to make it viable for its [Current Use](#).

Improvements, Off-Site: [Improvements](#) made outside of the building site/[Parcel](#) boundary. Typical Off-Site Improvements include typical items such as streets and utilities, and in some instances may include a clubhouse, swimming pool, or tennis court. Those Improvements made to the building site/[Parcel](#) may include both [Improvements on the Land](#) as well as [Improvements to the Land](#).

Income Approach: One of the three [Approaches to Value](#), which uses [Income Capitalization](#) to convert the anticipated economic benefits of property ownership into an estimate of present value. Methods of the Income Approach include [Direct Capitalization](#), [Yield/Indirect Capitalization](#), and [Discounted Cash Flow Analysis](#). The Income Approach is primarily based upon the [Economic Principle of Anticipation](#).

Income Capitalization: The conversion of an [Income Stream](#) into an estimate of value.

Income Property: Property with the primary purpose of having the capacity to produce monetary income; value in the marketplace is based on quantity, quality, and durability of the estimated net [Income Stream](#) before debt service and after [Allowable Operating Expenses](#) are deducted.

Income Stream: The series of payments (typically net income payments) that an investment, such as an [Income Property](#), is capable of receiving over its [Economic Life](#) or over another time period, usually one year. The payments can be structured in any conceivable manner, but are normally either constant, increasing or decreasing, or combined with a single future payment.

Incurable Physical Deterioration: See [Physical Depreciation, Incurable](#).

Indemnification: Generally, to guaranty reimbursement for loss or damage. With respect to [Contaminated Property](#), bonds that are established to provide security against future costs that may be required to cure previously existing [Contamination](#); typically provided by the seller to facilitate the sale of Contaminated Property.

Indirect Capitalization: See [Yield/Indirect Capitalization](#).

Initial Full Cash Value: See [Subdivision Valuation](#).

Industrial Property: Property used for distribution, maintenance, manufacturing (assembly, processing, production), and warehousing purposes. Examples include an airplane hangar, airport, automobile manufacturing/salvage facility, cement/gravel plant, chemical/oil refinery, dairy/food-processing plant, data hosting facility, landfill, lumberyard, mill, mine, quarry, railroad yard, refrigeration/cold storage facility, self-storage facility, showroom, truck terminal, water treatment facility, wholesale bakery, etc. In most cases, Industrial Property in Arizona is typically included in [Property Class One](#). See A.R.S. [42-12001](#). See [Classification of Property](#).

Initial Point: An independent point of origin from which are initiated the [Principal Meridian](#) and [Base Line](#) that control the [Cadastral](#) survey of public lands within a given area.

Intangible Personal Property: See [Personal Property, Intangible](#).

Intent (Affixed Property): One of three characteristics (in addition to [Annexation](#) and [Use](#)) that are considered together to determine whether an item of [Personal Property](#) has been affixed to [Real Property](#) in such a way that it loses its character as Personal Property, and becomes Real Property for [Ad Valorem](#) purposes. See A.R.S. [47-9102\(41\)](#).

Interim Full Cash Value: See [Subdivision Valuation](#).

Interval Bonus Use: See [Timeshare Period Bonus Use](#).

Interval Timeshare Ownership: See [Timeshare Ownership, Period](#).

Inventory: Goods held for sale; “[s]tocks of raw or unfinished materials, unassembled parts, work in process or finished products...of a retailer, wholesaler or manufacturer that is located in this state and that is principally engaged in reselling the materials, parts or products....”; exempt from [Property Taxation](#). A.R.S. [42-11125](#).

Irrigated Grazing Land: See [Pastureland](#).

Irrigated Land: [Land](#) that has been cleared, leveled, and ditched for the artificial application of water and that is prepared or used for growing plants.

L

Land: The Earth’s surface, including Land and other natural resources in their original state, such as mineral deposits, wildlife, fish, timber, and water.

Land Abstraction Method: A method of [Land valuation](#) in which the [depreciated](#) replacement cost of the [Improvement](#) is subtracted from the sale price or appraised value of the whole property to yield a residual Land value estimate; typically employed when there is insufficient comparable Land sales data. See [Replacement Cost New Less Depreciation](#).

Land Allocation Method: A method of [Land valuation](#) in which a land-to-building ratio is developed for a particular market and then applied to an improved property to yield a Land value estimate; typically employed when there is insufficient Land sales data.

Land Lease Community: A residential community in which each homeowner leases the [Land](#) underneath their home (e.g., [Mobile Home](#) or [Manufactured Housing](#) park). Land lease communities often provide community infrastructure and amenities as well.

Land Residual Capitalization: A method of [Land valuation](#) that begins by estimating the net income earned by the total property, establishing the cost value of the building, and calculating the income attributable to the building; the remaining income is attributable to the Land and is [capitalized](#) to establish the value of the Land.

Land Residual Technique: One of three [Residual Techniques](#) of the [Income Approach](#) used when the building or [Improvement](#) value (and thus, its income potential) is known or can be reasonably ascertained from comparable sales. After subtracting the income potential of the building or Improvement from the net income potential of the total

property, the residual income attributable to the [Land](#) is capitalized to estimate the value of the Land.

Lease: A written document (i.e., a contract) in which rights to the use and/or occupancy of [Real Property](#) or [Personal Property](#) are transferred by the owner to another for a specified period of time in return for a specified amount of monetary rent.

Lease Purchase (Business Personal Property): A method of acquiring ownership of leased property during the term of the [Lease](#) or at its conclusion, usually with the Lease payments applied toward the purchase price.

Leasehold Improvements: [Improvements](#) or additions to leased property that have been made by the lessee; also referred to as “tenant improvements.”

Legal Description: A written statement, recognized by law, which describes the definite location of a tract of land by reference to a survey, recorded map, or adjoining property.

Level of Trade: The three levels of commerce (manufacturing, wholesale, retail) at which the taxpayer does business. Property typically increases in value as it moves from the manufacturing level to the retail level.

Lien Date: On January 1 of the current [Tax Year](#), a [Property Tax Lien](#) attaches to the property being taxed. A.R.S. [42-17153\(C\)\(1\)](#). Compare [Valuation Date](#).

Life Years: The number of years an item of [Personal Property](#) is typically retained for use with normal maintenance. See [Expected Life](#).

Limited/Luxury Fractional: A [Fractional Ownership](#) property (usually a high-value Asset such as luxury [Real Estate](#)) that is typically owned in fee simple (i.e., not merely as a right to use), with the deed or title usually reflecting as few as 4 and as many as 13 or more [Fractional Interests](#). If there are fewer than 12 Fractional Interests, the property cannot be valued using the statutory procedure for [Timeshare Property](#) found in A.R.S. [42-13451](#) et seq. See [Timeshare Interest](#) and [Timeshare Plan](#).

Limited Property Value (LPV): The value of property that is determined pursuant to A.R.S. [42-13301](#) or [42-13302](#) and used as the basis for determining levy limitations and computing [Primary Property Taxes](#) and [Secondary Property Taxes](#) on all property except [Personal Property](#) (other than [Manufactured Housing](#)) and certain [Centrally Valued Property](#). A.R.S. [42-11001\(7\)](#) and [42-13304](#). Limited Property Value is restrained in its annual growth and cannot exceed Full Cash Value. See Ariz. Const. art. IX, sec. [18\(3\)\(b\)](#) and A.R.S. [42-13301 \(A\) and \(B\)](#) and [42-13302](#). Compare [Full Cash Value](#).

Limited Use Golf Course: See [Golf Course, Limited Use](#).

Livestock: “[C]attle, equine, sheep, goats and swine, except feral pigs.” A.R.S. [3-1201\(5\)](#).

Livestock, Transient: Cattle, equine, sheep, goats, or swine that range, graze, or drift in counties other than the county in which the home ranch is located for any part of the calendar year; assessed as [Personal Property](#).

Loaded Capitalization Rate: A [Capitalization Rate](#) to which an [Effective Tax Rate](#) has been added in order to account for [Ad Valorem Taxes](#).

Locally Assessed Property: Property that is assessed by the assessor of the county in which the property is located; includes agricultural, commercial, residential, vacant land, and all other property not valued by the Department. Compare [Centrally Valued Property](#).

Lot: A plot of [Land](#), generally in a subdivision of a city, town, or village block, or some other distinct tract, represented and identified by a recorded [Plat](#). Lots in the shape of a square or rectangle, with only ninety degree angles, are described as regular in shape. Lots with curved [Boundary Lines](#), or with angles of less or more than ninety degrees, are described as irregular in shape.

LPV: [Limited Property Value](#).

LUST Trust Fund: The Leaking Underground Storage Tank (LUST) Trust Fund is a federal fund created in 1986 to address petroleum leaks from federally regulated underground storage tanks. This program was expanded in 2005 by the Energy Policy Act to include certain leak prevention activities.

Luxury Fractional: See [Limited/Luxury Fractional](#).

M

Manufactured Home: “[A] structure [built on or after June 15, 1976], transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation....” 42 U.S.C. [5402\(6\)](#). The

Manufactured Home category is subject to the [HUD Code](#) and does not include any self-propelled [Recreational Vehicle](#). 42 U.S.C. [5402\(6\)](#).

Manufactured Home Construction and Safety Standards (MHCSS): The national building code that applies to all [Manufactured Housing](#) constructed on or after June 15, 1976, and that is administered by the U.S. Department of Housing and Urban Development (HUD). See 24 C.F.R. part [3280](#) et seq. Commonly referred to as the [HUD Code](#).

Manufactured Housing: A general descriptor that refers to all types of fabricated housing described in Arizona statute, including, among others, [Mobile Homes](#), [Recreational Vehicles](#), and fabricated housing used for commercial purposes.

Map, Cadastral: A map showing the boundaries of subdivisions of land, usually with the bearings and lengths thereof, and the areas of the individual tracts or [Parcels](#), for the purposes of describing and recording ownership. A Cadastral Map may also show [Culture](#), drainage, and other [Features](#) relating to the value and use of the [Land](#).

Map, Contour: A [Topographic Map](#) that portrays relief by means of contour lines.

Map, Planimetric: A map that presents only the horizontal (x, y) positions of the natural and artificial [Features](#) of the [Land](#). A Planimetric Map is converted to a [Topographic Map](#) with the addition of the vertical (z) coordinate. Compare [Map, Topographic](#).

Map, Topographic: A map that presents the horizontal (x, y) and vertical (z) positions of the natural and artificial [Features](#) of the [Land](#). Compare [Map, Planimetric](#).

Market Area: A broad geographic area defined for purposes of market analysis.

Market Rent: The amount of rent for which a property could be leased in the current market; also referred to as “economic rent.” Compare [Contract Rent](#).

Market Value: In general, the most probable price, as of a specific date, expressed in terms of cash or comparable financial arrangements, that a property should bring if exposed for sale for a reasonable period of time in a competitive and open market in an arm’s-length transaction between a willing seller and a willing buyer, each acting prudently, knowledgeably, and in their own best interests, with neither party being under any duress.

In Arizona, Market Value is defined as “the estimate of value that is derived annually by using [standard appraisal methods and techniques](#).” A.R.S. [42-11001\(6\)](#). In addition, Market Value and [Full Cash Value](#) are considered synonymous, except where a

statutory valuation method is prescribed, such as with [Agricultural Real Property](#), [Golf Course](#) property, [Shopping Center](#) property, and [Centrally Valued Property](#). See A.R.S. [42-11001\(6\)](#).

Mass Appraisal: The [valuation](#) of a group of properties as of a given date using [Standard Appraisal Methods and Techniques](#), done in a manner that is based upon common data and that allows for statistical testing.

Meridian: An imaginary north-south line encircling the Earth that passes through the north and south poles; often used as synonymous with the term “longitude.” See [Principal Meridian](#). Contrast [Parallel](#).

Metes and Bounds: A survey system used to describe a [Parcel](#) of [Land](#) using angles and distances, accomplished by tracing the perimeter of the property from a known beginning and end point, usually a corner. Angles are described using points on a compass, distances are described using either feet or [Chains](#), and curves are described as arcs on a circle. Typically used to survey an irregularly shaped tract of Land that does not conform to the rectangular system of surveys used in the [Public Land Survey System](#).

MHCSS: [Manufactured Home Construction and Safety Standards](#). Commonly referred to as the [HUD Code](#).

Minimum Value, Personal Property: The absolute lowest value (2.5 percent good) that is applied to certain taxable [Business Personal Property](#) still in use, pursuant to A.R.S. [42-13054\(C\)\(2\)](#), [42-13055\(B\)](#), and [42-13353\(D\)](#).

Minimum Value, Real Property: The nominal value applied to certain taxable [Real Property](#), e.g., a \$500 value assigned to a [Parcel](#) containing a well, or to a nominally-sized Parcel that connects adjacent zones in a [Planned Unit Development](#) or that remains after a Parcel split. Examples found in statute include prescribed minimum values for [Golf Course](#) property per [Acre](#) (A.R.S. [42-13152\(C\)](#)) and for [Common Area](#) property per [Parcel](#) (A.R.S. [42-13403\(B\)](#)).

Mining Claim: See [Producing Mine](#).

Miscellaneous Income: With respect to the [Income Approach](#), the income from a property that is earned outside of contracted rental income, e.g., from parking fees, recreation or clubhouse fees, coin-operated laundry machines, food vending machines, etc.

Mixed Use Assessment: The proportional assessment of a property that is used simultaneously for more than one purpose, according to the appropriate [Property Class](#) for each use. See [Classification of Property](#) and [Current Use](#). Mixed Use Assessment is accomplished by determining an overall [Mixed Use Assessment Ratio](#) and applying it to the total value of the property.

Mixed Use Assessment Ratio: The overall [Assessment Ratio](#) applied to the total value of a property that is being used simultaneously for more than one purpose. This ratio reflects the proportion of property value devoted to each use. See [Classification of Property](#) and [Current Use](#).

Mixed Use Property: Property that is used simultaneously for more than one purpose. Mixed Use Property must be classified proportionally under the appropriate [Property Class](#) applicable to each use. See [Classification of Property](#) and [Current Use](#).

Mobile Home: “[A] structure [built prior to June 15, 1976] that is transportable in one or more sections...and that, when erected on site, is either of the following:

1. More than eight feet in body width, thirty-two feet or more in body length and built on a permanent chassis.
2. Regardless of the size, used as a single family dwelling or for commercial purposes with or without a permanent foundation.

A.R.S. [42-19151](#). The Mobile Home category is not subject to the [HUD Code](#) and does not include any [Factory Built Building](#) or [Recreational vehicle](#). See A.R.S. [33-2102 \(5\) and \(18\)](#).

Mobile Office: A structure built on a permanent chassis, capable of being transported in one or more sections, and designed to be used with or without a permanent foundation as an office or commercial space when connected to on-site utilities.

Modernization: The process of upgrading an [Improvement](#) to comply with modern styles and standards. Modernization is often used to eliminate curable [Functional Obsolescence](#) that may be present in an Improvement. It also tends to extend the remaining [Economic Life](#) of an Improvement, therefore decreasing the rate of [Depreciation](#). Examples of Modernization include upgrading the electrical service or plumbing system to meet current building code.

Modular Building: “[A] type of [[Factory Built Building](#)] built in a factory and transported in three-dimensional sections to an installation site.” A.A.C. [R4-34-101\(14\)](#). Modular

Buildings are constructed in accordance with the International Building Code and other building codes adopted in Arizona. A.A.C. [R4-34-102](#).

Mortgage: A written agreement that conditionally conveys the legal (not equitable) title of a property to a creditor as security for the payment of a debt or the performance of some other act. Alternatively, a loan secured by a written agreement or deed of trust or any lien interest in [Real Estate](#) created with the consent of the owner of the Real Estate.

Mortgage-Equity Capitalization Technique: A technique of the [Income Approach](#) used to develop a [Capitalization Rate](#) through an analysis of the [Mortgage](#) terms and equity structure proposed by the potential purchaser, i.e., the Capitalization Rate is a function of the demands of the Mortgage on the potential income and the expected return on equity. For example, given the following:

- **Mortgage / Equity:** 80% / 20%
- **Mortgage Return:** 10.483%
- **Equity Return:** 12.500%
- **Effective Tax Rate:** 3.000%

Mortgage Requirement		Equity Requirement		
0.80 x 10.483	+	0.20 x 12.500	=	10.886 percent
			+	3.000 (Effective Tax Rate)
			=	13.886 percent

Motor Home: See [Recreational Vehicle](#).

Multisite Timeshare Plan: See [Timeshare Plan, Multisite](#).

N

Natural Grazing Land: See [Rangeland](#).

Negative Easement: See [Easement, Negative](#).

Neighborhood Shopping Center: See [Shopping Center, Neighborhood](#).

Net Assessed Value (NAV): The [Assessed Value](#) of a property, minus any applicable exemptions. A.R.S. [42-11001\(8\)](#).

Net Cash Rental: With respect to the [Income Approach](#), the net amount of money a property owner receives after subtracting all [Allowable Operating Expenses](#) from the gross proceeds received from the rental of the property.

Net Leasable Area (NLA): The area (floor space) of a building or structure that may be leased by a tenant; generally does not include any of the common areas shared by other tenants, such as hallways, lobbies, restrooms, and utility areas.

Net Operating Income (NOI): With respect to the Income Approach, the annual net income of a property after Allowable Operating Expenses are subtracted from the Effective Gross Income. **Note:** For assessment purposes, Allowable Operating Expenses do not include debt service or [Property Taxes](#), among others. See [Capitalization Rate](#), [Loaded Capitalization Rate](#), [Effective Gross Income](#), [Income Approach](#), [Operating Expenses](#), and [Potential Gross Income](#).

No Further Action Letter: With respect to potentially [Contaminated Property](#), a letter to the property owner detailing an environmental site assessment, stating that the property currently meets environmental standards, and indicating that no further action is required. Issuance of such a letter does not necessarily mean the property is free of [Contamination](#), but that it is controlled or below threshold limits set by the environmental agency. See [Phase I Environmental Site Assessment](#), [Phase II Environmental Site Assessment](#), and [Phase III Environmental Site Assessment](#).

Nonconforming Agricultural Property: See [Agricultural Property, Nonconforming](#).

Noncontiguous: [Lots](#), [Parcels](#), or [Fractional Interests](#) that do not share a common [boundary](#) or point, or are separated by a barrier or by a road, street, or highway that has been continuously used by the public for at least the last five years. A.R.S. [32-2101\(17\)](#). Contrast [Contiguous](#).

Nonqualifying Agricultural Property: See [Agricultural Property, Nonqualifying](#).

Nonspecific Timeshare Interest: See [Timeshare Interest, Nonspecific](#).

Notice of Claim: See [Taxpayer Notice of Claim](#).

Notice of Value (NOV): The official notice of property [classification](#) and [valuation](#), as determined by the [Assessor](#), that must be mailed annually by the Assessor to the taxpayer. A.R.S. [42-15101\(A\)](#) and [42-19006\(A\) \(1\) and \(2\)](#).

O

Obsolescence: A cause of [Depreciation](#), which can be either economic (external) or functional (internal). The impairment of desirability and usefulness of a property brought about by elements such as new inventions, changes in design/materials, improvement in production equipment or processes, changes in market demands, or changes in zoning or relevant legislation. See [Obsolescence, Economic](#) and [Obsolescence, Functional](#).

Obsolescence, Economic: A type of [Depreciation](#) caused by factors outside of a property, e.g., infrastructure changes/projects, proximity to an airport, regulatory or zoning changes; generally considered incurable. Also known as “external obsolescence.”

Obsolescence, Functional: A type of [Depreciation](#) due to changes in construction style, consumer taste, technology, needs, or demands; impairment of functional capacity or efficiency due to excess capacity, inadequate architecture, outdated equipment, inappropriate floor plans, etc.; can be curable or incurable.

Off-Site Improvements: See [Improvements, Off-Site](#).

Open Space: Undeveloped land, a naturally landscaped area, or an artificially landscaped area set aside for green space, wildlife habitat, or recreation; may provide a connective link or a buffer between other resources; typically established formally through legislation and/or an [Easement](#); may encumber the [Land](#) in one of three ownership constructs: 1) private open space next to individually-owned residences for use by the residents, 2) public open space owned by a government entity for use by the public, and 3) common open space owned by a community association for use by community residents. See [Conservation Easement](#).

Operating Expenses: In relation to the [Income Approach](#), typical expenses paid by the landlord that are necessary to keep a rental property operational; must be directly related to the production of rental income from the property; usually categorized as fixed, variable, or [Reserves for Replacement](#), and further divided into [Allowable Operating Expenses](#) and [Unallowable Operating Expenses](#).

Operating Expenses, Allowable: In relation to the [Income Approach](#), [Operating Expenses](#) that can be subtracted from the [Effective Gross Income](#) to yield the [Net Operating Income](#), and which generally include expenses such as property insurance,

maintenance and repairs, [Reserves for Replacement](#), management, and utilities. Compare [Operating Expenses, Unallowable](#).

Operating Expenses, Unallowable: In relation to the [Income Approach](#), [Operating Expenses](#) that cannot be subtracted from the [Effective Gross Income](#) when calculating the [Net Operating Income](#), and which typically include expenses such as capital improvements, debt service, [Depreciation](#), income taxes, and [Property Taxes](#). Compare [Operating Expenses, Allowable](#).

Overall Capitalization Rate: A [Direct Capitalization](#) rate that is developed to estimate property value using the [Income Approach](#); expresses a direct relationship between the [Net Operating Income](#) of a property and the value of the property; most effectively developed using clusters of properties with highly similar property characteristics and for which there are a number of sales; for [Property Tax](#) purposes, comprised of a [Discount Rate](#), [Recapture Rate](#), and [Effective Tax Rate](#).

P

Parallel: An imaginary east-west line encircling the Earth, parallel to the equator; often used as synonymous with the term “latitude.” See [Base Line](#). Contrast [Meridian](#).

Parcel: An area of [Land](#) described in a [Legal Description](#) or as one of several [Lots](#) on a [Plat](#). A Parcel is separately owned and can be conveyed and [assessed](#).

Parcel Number: A unique number assigned to each [Real Property Parcel](#) by the [Assessor](#) for purposes of identification, [Assessment](#) and taxation, location (see [Map, Cadastral](#)), analysis, and abstraction of data for statistical reporting. Compare [Account Number](#).

Park Model: See [Recreational Vehicle](#).

Park Trailer: See [Recreational Vehicle](#).

Partially Damaged Property: When only a portion of a property is [damaged](#). If the damaged portion restricts use of the undamaged portion, the total property may be treated as damaged. See [Damaged Property](#).

Partially Destroyed Property: When only a portion of a property is [destroyed](#). If the destroyed portion renders the remaining portion nonfunctional for any use, the entire property may be treated as destroyed. See [Destroyed Property](#).

Pastureland/Irrigated Grazing Land: Cultivated [Grazing Land](#) that is intentionally seeded with both naturally occurring and introduced plant species to provide forage for [Livestock](#); intensively managed using agronomy and Livestock control practices. Compare [Rangeland](#).

PECFA: Petroleum Environmental Clean-Up Fund Act.

Percent Good: An estimate of property value expressed as a percentage of its replacement cost after all forms of [Depreciation](#) are deducted. For example, the value of an item of [Business Personal Property](#) can be said to be 60 percent good after having incurred 40 percent Depreciation. See [Replacement Cost New Less Depreciation](#).

Permanent Crops: See [Crops, Permanent](#).

Permanent Cropland: See [Cropland, Permanent](#).

Perpetual Right-to-Renew Timeshare Ownership: See [Timeshare Ownership, Perpetual Right-to-Renew](#).

Personal Property: All kinds of tangible and intangible property that is not included in the meaning of the term [Real Estate](#). A.R.S. [42-11001\(10\)](#).

Personal Property, Intangible: [Personal Property](#) that has no physical existence or extrinsic value beyond merely representational, where the property value is found in the rights conveyed, e.g., stocks, bonds, copyrights, patents, or business goodwill.

Personal Property, Tangible: [Personal Property](#) that can be seen, weighed, measured, felt, touched, or otherwise perceived by the senses, e.g., automobiles, jewelry, machinery and equipment. See A.R.S. [42-5001\(21\)](#).

Phase I Environmental Site Assessment: An assessment of property that identifies the likelihood of environmental [Contamination](#); includes historical information about the property and the neighborhood and a review of relevant government records to determine whether there are prior violations pertaining to hazardous wastes or substances; requires a physical inspection of the property.

Phase II Environmental Site Assessment: A second-level assessment of property that is conducted if potential problems are identified in the [Phase I Environmental Site Assessment](#). This follow-up assessment includes an in-depth study of groundwater, air, soils, and [Improvements](#) to identify the presence or absence of any hazardous substance or pollutant.

Phase III Environmental Site Assessment: A third-level assessment of property that is conducted if a hazardous substance or pollutant is found during the [Phase II Environmental Site Assessment](#). This third assessment is conducted to determine the extent of [Contamination](#) and to formulate a plan to mitigate the same.

Physical Depreciation: The long-term decline in property value caused by normal wear and tear on an [Improvement](#); the rate of decline is a function of the [Expected Life](#) of the Improvement, assuming normal maintenance; can be [curable](#) or [incurable](#).

Physical Depreciation, Curable (Deferred Maintenance): A decline in property value caused by physical deterioration of an [Improvement](#), which can be repaired or replaced at an economically feasible cost, such as the roof or floor; generally measured by the [Cost to Cure](#); usually reflected as a percentage adjustment in addition to any adjustment for normal [Depreciation](#).

Physical Depreciation, Incurable: A decline in property value caused by physical deterioration of an [Improvement](#), which is generally not economical to repair or replace; usually affects a physical component of a structure, such as the frame or foundation; could include short-lived items not currently economically correctable. See [Cost to Cure](#).

Planimetric Map: See [Map, Planimetric](#).

Planned Unit Development (PUD): A type of property development that groups complimentary [Land](#) uses together under a single master plan, e.g., a single development that includes areas zoned for housing, education, recreation, retail, office, and industrial uses.

Plat: A diagram drawn to scale showing all essential data pertaining to the boundaries and subdivisions of a tract of [Land](#), as determined by survey or protraction.

Plottage: The joining of adjacent [Parcels](#) of [Land](#) into a single unit under one ownership or use that results in an increase in value. Compare [Assemblage](#).

Pollution Abatement: A method of reducing the degree or intensity of pollution, or the use of such a method.

Possessory Improvement: A possessory right separately defined in statute to include buildings and other [Improvements](#) “located on federal, state, county or municipal property or the property of another political subdivision of this state that is owned by a nongovernmental possessor thereof.” A.R.S. [42-15301](#).

Possessory Interest: Possession of [Land](#), [Improvements](#), or [Personal Property](#), or any combination of such property, regardless of how the interest is identified in any document by which it is created, except by ownership of a freehold interest in the Land.

Possessory Right: The right to use [Land](#), [Improvements](#) or [Personal Property](#) that is owned by another entity.

Potential Gross Income: With respect to the [Income Approach](#), the maximum rental income that a property could produce if it were 100 percent occupied for an entire year; the rental income derived from a property before allowing for vacancy and collection losses.

Poultry: Any domesticated bird, living or dead, including chickens, turkeys, ducks, geese, guineas, [Ratites](#), and squabs. A.R.S. [3-1201\(7\)](#).

Power Retail Shopping Center: See [Shopping Center, Super Community](#).

Present Worth: The present value of expected future income after discounting both the income and expenses. An appraisal concept used to determine how much an investor would pay today for the right to receive a certain sum of money at the end of a specific period of time, e.g., the amount one would pay today to receive \$1,000 at the end of a specific number of years.

Primary Property Taxes: See [Property Taxes, Primary](#).

Primary Use: A requirement found in several [Property Tax](#) statutes that has been interpreted in Arizona caselaw to mean the first, principal, or fundamental use.¹

Principal Meridian: A survey line running due north and south on a [Meridian](#) of longitude through an [Initial Point](#) on a [Base Line](#) and from which [Range Lines](#) are established by a government survey. Contrast [Base Line](#).

Producing Mine: “[A] mine or mining claim from which coal or any other mineral or mineral substance, except for clay, sand, gravel, building stone or a mineral or mineral substance that is normally processed into artificial stone, has been extracted for commercial purposes at any time during a period of one year before the first Monday in January of the [valuation year](#).” A.R.S. [42-11001\(12\)](#); comprised of [Land](#) used for mining purposes together with the equipment, structures, and facilities necessary to sustain mining operations; typically included in [Property Class One](#). A.R.S. [42-12001\(1\)](#).

¹ See [Tucson Botanical Gardens, Inc. v. Pima County](#), 218 Ariz. 523, 527, 189 P.3d 1096, 1100 (App. 2008).

Property: An aggregate of all the rights associated with ownership of [Real Property](#) or [Personal Property](#).

Property Class: A group of properties segregated into a class for purposes of taxation. There are nine Property Classes and nine corresponding [Assessment Ratios](#) defined in statute. A.R.S. [42-12001](#) et seq. and [42-15001](#) et seq. See [Classification of Property](#).

The following table provides a **sample** of various Property Classes and their corresponding Assessment Ratios.

Class	Description	Ratio	Statutes
One	Commercial, Centrally Valued Property	0.17 ²	42-12001 and 42-15001
Two	Agricultural, Nonprofit, and Other (not in any other class)	0.15	42-12002 and 42-15002
Three	Primary Residential	0.10	42-12003 and 42-15003
Four	Other Residential	0.10	42-12004 and 42-15004
Five	Flight, private car, railroad	Mixed	42-12005 and 42-15005
Six	Special Valuation Properties	0.05	42-12006 and 42-15006
Seven	Commercial Historic	Mixed	42-12007 and 42-15007
Eight	Commercial Historic Rental	Mixed	42-12008 and 42-15008
Nine	Contractor Acquired, Leased to Certain Nonprofits	0.01	42-12009 and 42-15009

Property Classification: See [Classification of Property](#).

Property Residual Technique: One of three [Residual Techniques](#) of the [Income Approach](#) used when the [Land](#) and [Improvement](#) values are unknown. Total property value is estimated by determining the present values of both the anticipated income and the anticipated future sale price of the Land (i.e., the [Reversion](#) at the end of the [Economic Life](#) of the Improvement).

Property Tax: A tax that is imposed based upon ownership, possession, or control of property and that is measured by the actual or presumptive number of units or value of the property; generally, but not necessarily, a direct, proportional [Ad Valorem Tax](#). In Arizona, there are [Primary Property Taxes](#) and [Secondary Property Taxes](#).

² Property Class One assessment ratio will decrease incrementally through tax year 2027. A.R.S. [42-15001](#).

Property Tax Error: A certain factual error in the assessment of property or the collection of [Property Taxes](#). Examples of Property Tax Errors include imposing an improper [Tax Rate](#), incorrectly identifying property use, applying an erroneous [Assessment Ratio](#), misreporting or failing to report [Personal Property](#), and directly valuing a property based upon misentered data. A.R.S. [42-16251\(3\)](#). See [Taxpayer Notice of Claim](#).

Property Tax Exemption: A total or partial exclusion from [Property Taxation](#), without regard to property value and based upon specific qualifications. All property in Arizona is taxable unless specifically exempted under the laws of the United States or under the provisions of the Arizona Constitution and the related Arizona Revised Statutes. Ariz. Const. art. IX, sec. [2\(A\)](#). A.R.S. [42-11002](#). See Ariz. Const. art. [IX](#); A.R.S. [42-11101](#) et seq.

Property Tax Levy: See [Tax Levy](#).

Property Tax Lien: In general, (a) the legal right to hold or take the property of a debtor as payment or security for a debt; or (b) any legal claim or hold, by choice or by operation of law, that a creditor has on property owned by a person indebted to him. In Arizona, a lien for [Property Taxes](#) attaches to all taxable property on January 1 of the [Tax Year](#) and remains until all taxes, penalties, and other charges are paid. A.R.S. [42-17153\(C\) \(1\) and \(2\)\(a\)](#). See [Lien Date](#).

Property Taxes, Primary: [Property Taxes](#) used to pay for the basic maintenance and operation of a county, city, town, or school district. Primary Property Taxes are defined by exception to be “all [ad valorem taxes](#) except for secondary property taxes.” A.R.S. [42-11001\(11\)](#). Compare [Property Taxes, Secondary](#).

Property Taxes, Secondary: [Property Taxes](#) used to satisfy the bonded indebtedness of a local [Tax Authority](#); levied by special taxing districts and voter-approved overrides of statutory tax limits. A.R.S. [42-11001\(16\)](#). Compare [Property Taxes, Primary](#).

Property Use Code: A unique four-digit numeric code used to categorize and group similar property types and property uses for ease of identification.

Property Valuation Protection Option (Senior Freeze Program): A program that allows taxpayers who are qualified by age and income to have the valuation of their primary residence fixed (“frozen”) for a renewable period of three years. See Ariz. Const. art. IX, sec. [18 \(7\) through \(9\)](#); facilitated by the [Assessor](#) of the county in which the property is located.

Public Debts: Debts as evidenced by bonds of Arizona, its counties, municipalities, or other political subdivisions; exempt from taxation. A.R.S. [42-11103\(A\)](#).

Public Land Survey System (PLSS): A rectangular survey system established in the United States by the Land Ordinance of 1785 in order to identify and map out [Land](#). The basic survey unit is the six [Square Mile Township](#). Townships are located by reference to [Base Lines](#) and [Meridians](#) parallel to latitude and longitude lines, and are defined by reference to [Range Lines](#) running parallel (north-south) to Meridians and Township Lines running parallel (east-west) to Base Lines.

R

Ranch: An [Agricultural Operation](#) consisting primarily of [Grazing Land](#) ([Pastureland](#) or [Rangeland](#)) that must have “a minimum [carrying capacity](#) of forty [animal units](#) and [contain] an economically feasible number of animal units.” A.R.S. [42-12151\(3\)](#).

Ranching: The practice of managing [Grazing Land](#) ([Pastureland](#) or [Rangeland](#)) and the [Livestock](#) thereon.

Range Line: A survey line that runs due north and south at six mile intervals on both sides of the [Principal Meridian](#), and that is used to locate [Parcels](#) of [Land](#) for government survey. Contrast [Township Line](#).

Rangeland/Natural Grazing Land: Uncultivated [Grazing Land](#) upon which natural vegetation, and in some cases introduced plant species, provide forage for [Livestock](#). Compare [Pastureland](#).

Ratite: Generally, a group of large, flightless birds with small or simple wings and long legs. In Arizona, Ratite is defined to mean cassowaries, emus, ostriches, and rheas. A.R.S. [3-1201\(10\)](#).

Real Estate: Generally, a [Parcel](#) or tract of [Land](#), along with any [Improvements](#). In Arizona, Real Estate is defined as “the ownership of, claim to, possession of or right of possession to lands or patented mines.” A.R.S. [42-11001\(13\)](#).

Real Property: All the benefits, interests, and rights that are inherent in the ownership of [Real Estate](#) ([Land](#) and [Improvements](#)); also called “realty.”

Reasonable Expectation of Operating Profit: An expectation that the use of property for agricultural purposes will generate an operating profit, exclusive of the cost of the

Land. A.R.S. [42-12152\(A\)\(2\)](#). One of several requirements for a property to be eligible for [Agricultural Classification](#).

Recapture Rate: With respect to the [Income Approach](#), a component of the [Overall Capitalization Rate](#) that reflects the amount an investor anticipates receiving to recover an investment (return of investment) in [Real Estate](#). See [Discount Rate](#) and [Effective Tax Rate](#).

Reclamation: The process of restoring a property to be more suitable for use.

Recreational Vehicle: A motorized (self-propelled) or nonmotorized (towed or carried) vehicle, including any of the following: camping trailer, motor home, park model (or park trailer), travel trailer, or truck camper. A.R.S. [33-2102\(18\) \(a\) through \(e\)](#). The Recreational Vehicle category is subject to construction standards developed by the American National Standards Institute (ANSI) and does not include any [Manufactured Homes](#) or [Mobile Homes](#).

Regional Shopping Center: See [Shopping Center, Regional](#).

Rehabilitation: The restoration of a building or structure to a satisfactory condition without changing the plan, form, or style of the [Improvement](#); appropriate for a building or structure that has an [Effective Age](#) greater than its [Actual Age](#).

Remediation: The process of eliminating environmental [Contamination](#) to restore a property to an uncontaminated state. Remediation may require extensive structural changes to achieve the [Highest and Best Use](#) of an [Improvement](#). Examples could include removal of asbestos, remediation of black mold, and rehabilitation of property contaminated by a leaky storage tank.

Replacement Allowance: See [Reserves for Replacement/Replacement Allowance](#).

Replacement Cost New (RCN): The estimated cost, including material, labor, and overhead, that would be incurred to replace a property with a new one having the same utility as the original, without necessarily being a reproduction of the original.

Replacement Cost New Less Depreciation (RCNLD): The [Replacement Cost New](#) of a property, less all applicable forms of [Depreciation](#).

Reproduction Cost New (RCN): The estimated cost, including material, labor, and overhead, that would be incurred to newly reproduce a property using the same construction standards, design, materials, and quality of workmanship.

Reserves for Replacement/Replacement Allowance: With respect to valuation using the [Income Approach](#), an [Allowable Operating Expense](#) that covers the replacement costs of components that have a shorter [Expected Life](#) than the building as a whole, such as built-in appliances, elevators, floor coverings, heating and air-conditioning systems, roofing, and water heaters.

Residential Homesite: The area of land needed for normal usage as a single family residence and the amenities associated with a typical single family [Residential Property](#); usually limited to a maximum of one [Acre](#).

Residential Property: [Real Property](#), [Personal Property](#), and [Improvements](#) that are used for residential purposes. Examples include an apartment, duplex, condominium, loft, single-family home, townhouse, and multifamily housing. Residential Property in Arizona is typically included in [Property Class](#) Three or Four. See A.R.S. [42-12003](#) and [42-12004](#). See [Classification of Property](#).

Residential Property Tax Deferral Program: A program that allows taxpayers who meet certain age, residency, and income requirements to apply annually for the deferment of [Property Taxes](#) on a primary residence for the [Tax Year](#). A.R.S. [42-17301](#) et seq.

Residual: With reference to the [Direct Capitalization](#) method of the [Income Approach](#), the measurement of the net income of a property in excess of the minimum required rate of return. With reference to the [Residual Technique](#), the unknown income potential attributable to a property component (e.g., [Improvement](#)) that remains after subtracting the known income potential of another property component (e.g., [Land](#)) from the net income potential of the total property, which provides the information necessary to estimate the total property value using a Residual Technique.

Residual Technique: A valuation technique by which the unknown value (income potential) of one property component (or the total property) is extrapolated by reference to the known value of another property component (or the total property). A simple example would be subtracting a determinable [Land](#) value from a total property value to estimate the [Improvement](#) value.

Return Rate: See [Discount Rate](#).

Reversion: In general, the right to resume possession or ownership of a property after a period of time has elapsed, e.g., a landlord's interest in a leased property. With

reference to the [Income Approach](#), the anticipated future sale price of the subject property.

Right of Way: The legal right to cross the [Land](#) of another. Also used to indicate the strip of Land for a road, railroad, or power line. In regard to U.S. Bureau of Land Management (BLM) property, a permit or an [Easement](#) that authorizes the use of public lands for certain specified purposes, commonly for pipelines, roads, telephone lines, or power lines. Also, the Land covered by such an Easement or permit.

Right-to-Use or Non-Fee Timeshare Ownership: See [Timeshare Ownership, Right-to-Use or Non-Fee](#).

Roll: See [Assessment and Tax Roll](#).

S

Sales Affidavit: See [Affidavit of Property Value](#).

Sales Comparison Approach: One of the three [Approaches to Value](#), which estimates the value of property by reference to recent sales of comparable properties. This is accomplished by (a) selecting a sufficient number of recently-sold comparable properties, (b) comparing those properties to the subject property, and (c) adjusting the sale prices of the comparable properties to reflect any substantial differences between the comparable properties and the subject property. The Sales Comparison Approach is based on the [Economic Principle of Substitution](#).

Sales Ratio Study: A study that measures two primary aspects of mass appraisal: assessment level and assessment uniformity. Assessment level measures the degree to which assessments approximate [Market Value](#). Assessment uniformity measures the degree to which properties in the same groups (e.g., class, use, subdivision) are assessed at the same percentage of Market Value.

Salvage Structure: An uninhabitable, unusable, or condemned structure.

Salvage Value: Generally, the amount an item should bring if sold for scrap. With respect to a [Salvage Structure](#), the estimated value of the recoverable components, less the cost of demolition and recovery.

Scarcity: An inadequate or limited supply of property; may endow property value because the property yields or is expected to yield services that are scarce. Scarcity must be accompanied by [Utility](#) to endow property value.

Seasonal Crops: See [Crops, Seasonal](#).

Secondary Property Taxes: See [Property Taxes, Secondary](#).

Section: The unit of subdivision of a [Township](#), with boundaries that conform to the rectangular [Public Land Survey System](#). There are 36 Sections in each Township, with every Section consisting of one [Square Mile](#) containing 640 [Acres](#).

Segregation: See [Split/Segregation](#).

Senior Freeze Program: See [Property Valuation Protection Option](#).

September Notice of Change: See [Supplemental Notice of Value](#).

Servient Estate/Servient Tenement: The [Real Property](#) that is burdened by, or subject to, an [Easement](#) that benefits another property (the [Dominant Estate](#)).

Shape Adjustment: The value adjustment applied to oddly shaped [Lots](#) or Lots with atypical street frontage or depth. See [Front Foot](#). See also [Depth Table](#).

Shopping Center: “[A]n area that is comprised of three or more commercial establishments, the purpose of which is primarily retail sales, that has a combined gross leasable area of at least twenty-seven thousand square feet, that is owned or managed as a unit with at least one of the establishments having a gross leasable area of at least ten thousand square feet and that is either owner-occupied or subject to a lease that has a term of at least fifteen years.” A.R.S. [42-13201](#).

Shopping Center, Community: A [Shopping Center](#) in which the primary tenant is typically a junior department store, a discount department store, or a variety store, in addition to a supermarket; will normally include between 10 and 40 retail stores or service establishments.

Shopping Center, Neighborhood: A [Shopping Center](#) in which the primary tenant is generally a supermarket, drug store, or variety store.

Shopping Center, Regional: A [Shopping Center](#) in which the primary tenant(s) will be one or two full range department stores ranging between 50,000–100,000 [square feet](#); typical size may range between 250,000 to more than 900,000 square feet.

Shopping Center, Super Community: With the exception of mall conversions, generally consists of an open-air configuration containing 250,000 or more [square feet](#) of leasable area; anchored by at least three or more tenants that occupy 60 to 90 percent of the space; the number of specialty stores is typically kept to a minimum. Also known as a “power retail shopping center.”

Shopping Center, Super Regional: A [Shopping Center](#) in which the primary tenant(s) will be three or more major full range department stores; size may range from 500,000 to more than 1,500,000 [square feet](#).

Single Site Timeshare Plan: See [Timeshare Plan, Single Site](#).

Sinking Fund Method: With respect to the [Yield Capitalization](#) method of the [Income Approach](#), an alternative method of determining the [Discount Rate](#) (return on investment) and [Recapture Rate](#) (return of investment); assumes income will remain constant, return is received in equal periodic payments, and recapture is accomplished by periodic payments into a sinking fund invested at safe rate.

Site: [Land](#) that has been made ready to use for its intended purpose.

Situs: The physical location of a piece of property for the purposes of taxation.

Space Rental Park: See [Land Lease Community](#).

Special Tools: Tools that are designed for a particular purpose, such as tools used to produce a particular part for a one-time order and that will never be used again or will be used only when the product is reordered.

Specific Timeshare Interest: See [Timeshare Interest, Specific](#).

Split/Segregation: The division of a single [Parcel](#) into multiple Parcels, i.e., dividing one Parcel into two, two parcels into three, and so on. Contrast [Combination](#).

Square Foot: A unit of area in the shape of a square that is one foot in length on each side; a [Unit of Comparison/Value](#) that is used for properties that typically sell for a given price per Square Foot.

Square Mile: A unit of area in the shape of a square that is one mile long on each side; a [Unit of Comparison/Value](#) used for properties that typically sell for a given price per Square Mile. One Square Mile is composed of 640 [Acres](#).

Standard Appraisal Methods and Techniques: Appraisal methods and techniques employed for the [Valuation of Property](#) that is not subject to valuation by statutory prescription.

Statutory Depreciation: [Depreciation](#) that is calculated and applied as prescribed by statute, typically as a percentage of value and according to property type or [Property Class](#).

Stigma: Generally, an intangible, adverse perception. With respect to [Contaminated Property](#), a perception that the property value is negatively affected despite remediation of [Contamination](#) or due to proximity to Contamination.

Straight-Line Depreciation: See [Age-Life Method](#).

Straight Line Method (Valuation Method): With respect to [Yield Capitalization](#) (conversion of future benefits into present value), a valuation method applied when a declining income projection is applicable to the subject property; assumes the return on investment will decline over the [Economic Life](#) of the [Improvements](#), but that the amount required to recapture the original investment in Improvements will be constant and received in equal periodic amounts throughout the Economic Life of the Improvement.

Stratification: Generally, the division of a dataset into subsets according to certain criteria for the purpose of analysis. For example, clustering homogeneous properties according to area, zoning neighborhood, and subarea.

Subdivision Valuation: When valuing individual subdivision [Parcels](#), three conceptually distinct [Full Cash Values](#) are applied during three distinct valuation periods:

- **Initial Full Cash Value:** The value applicable when the subdivision has been approved by the State Real Estate Board, mapped, and assigned Parcel numbers by the [Assessor](#).
- **Interim Full Cash Value:** The value applicable when the subdivision has progressed beyond the initial valuation stage but is not yet to the point where the establishment of a Final Full Cash Value would be appropriate.
- **Final Full Cash Value:** The value applicable when planned off-site [Improvements](#) are completed and at least one recorded, arm's-length sale has occurred, warranting the establishment of an [Ad Valorem](#) value that directly reflects the [Market Value](#) of the lots.

Substitution, Economic Principle of: The economic principle stating that a buyer will not pay more for a property than the cost of acquiring or building a comparable substitute property.

Summation Approach: See [Cost Approach](#).

Superfund: See [Comprehensive Environmental Response, Compensation, and Liability Act \(CERCLA\)](#).

Super Community Shopping Center: See [Shopping Center, Super Community](#).

Super Regional Shopping Center: See [Shopping Center, Super Regional](#).

Supplemental Notice of Value/September Notice of Change: An official notice issued by the [Assessor](#) to revise the [valuation](#) or [classification](#) of property due to certain changes to the property or changes in use of the property “that occur after September 30 of the preceding year and before October 1 of the [valuation year](#)”. A.R.S. [42-15105](#).

Supplies: Items or materials used in connection with business, industry, manufacturing, or processing that are consumed during the normal course of business.

Supply and Demand: An economic principle stating that property value is determined by reference to the [Utility](#) of the property, the purchasing power of those interested in acquiring it, the [Scarcity](#) of the property, and the degree of difficulty involved in overcoming this Scarcity.

Supply Schedule: A cost schedule indicating quantities that producers will supply at different prices.

Surplus Productivity: Income remaining after the costs of labor, capital, and management have been paid from revenue.

T

Tangible Personal Property: See [Personal Property, Tangible](#).

Tax Area Codes: Numeric codes representing the various [Tax Areas](#) designated by each county.

Tax Areas: Geographic areas within each county where the various [Tax Jurisdictions](#) overlap in different combinations, creating unique composite [Tax Rates](#). Tax Areas are identified by [Tax Area Codes](#).

Tax Authority: A government entity authorized by law to impose [Ad Valorem Property Taxes](#) within a defined geographic area ([Tax Jurisdiction](#)). Tax Authority examples include counties, cities, towns, community colleges, schools, and special districts. See A.R.S. [42-17151](#).

Tax Authority Code: A numeric code used to identify a [Tax Authority](#).

Tax Jurisdiction: A defined geographic area that is subject to [Ad Valorem Property Tax](#) administered by a [Tax Authority](#).

Tax Levy: The amount of money that must be raised by [Property Taxes](#), which are levied by the governing body of each county, city, town, community college district, school district, or special taxing district. A.R.S. [42-17151\(A\)\(1\)](#) and [42-19101](#). The total property Tax Levy (plus all other revenue and unencumbered balances from the preceding fiscal year) must be equal to the total proposed budget for the current fiscal year. A.R.S. [42-17151\(A\)\(1\)](#).

Tax Rate: Generally, the rate applied to the [Assessment Roll](#) to compute the [Property Taxes](#) due for each [Parcel](#) and/or [Account](#). To compute the Tax Rate, the required [Tax Levy](#) is divided by the total assessed property value determined for the [Tax Jurisdiction](#). See A.R.S. [42-17151](#).

Tax Roll: See [Assessment and Tax Roll](#).

Tax Year: “[T]he calendar year in which the taxes are levied.” A.R.S. [42-11001\(17\)](#). Compare [Valuation Year](#).

Taxpayer Notice of Claim: A notice that may be filed by a property owner if the owner believes their property was assessed or taxed improperly due to a factual [Property Tax Error](#). A.R.S. [42-16251](#) et seq. **Note:** Correcting a factual Property Tax Error is an entirely separate process from filing an [Appeal](#) regarding the [classification](#) or [valuation](#) of property.

Tenant Improvements: See [Leasehold Improvements](#).

Timeshare Accommodation: “[A]ny apartment, [condominium](#) or cooperative unit, cabin, lodge, hotel or motel room or other private or commercial structure containing toilet facilities that is designed and available for use and occupancy as a residence by

one or more individuals and that is included in the offering of a [timeshare plan](#).” A.R.S. [42-13451\(1\)](#).

Timeshare Association: “[A]ny organized body consisting of the [purchasers of interests](#) in a [timeshare plan](#).” A.R.S. [42-13451\(2\)](#).

Timeshare Component Site: “[A] specific geographic location where [accommodations](#) that are part of a [multisite timeshare plan](#) are located. Separate phases of a single [timeshare property](#) in a specific geographic location and under common management are a single component site.” A.R.S. [32-2197\(5\)](#).

Timeshare Developer: As defined in A.R.S. [42-13451\(3\) \(a\) and \(b\)](#), a Timeshare Developer is either of the following:

- (a) Any person, corporation, partnership, limited liability company, trust or other entity, other than a sales agent, that creates a [timeshare plan](#) or is in the business of selling [timeshare interests](#) or employs sales agents to sell timeshare interests.
- (b) Any person or entity that succeeds to the interest of the developer by sale, lease, assignment, [mortgage](#) or other transfer if the person offers at least twelve [timeshare interests](#) in a particular [timeshare plan](#) and the person is in the business of selling timeshare interests or employs sales agents to sell timeshare interests.

Timeshare Estate (Fee): “[T]he right of occupancy in a [timeshare property](#) that is coupled with an estate in [real property](#).” A.R.S. [32-2197\(24\)](#). See [Timeshare Ownership, Fee Simple](#). Contrast [Timeshare Use \(Nonfee\)](#).

Timeshare Exchange Program: “[A]ny method, arrangement or procedure for the voluntary exchange of [timeshare interests](#) or other property interests.” A.R.S. [32-2197\(9\)](#).

Timeshare Interest: The right to occupy a [Timeshare Accommodation](#) pursuant to either a [Timeshare Estate \(Fee\)](#) or a [Timeshare Use \(Nonfee\)](#) agreement. A.R.S. [42-13451\(6\)](#). Can be a [Nonspecific Timeshare Interest](#) or a [Specific Timeshare Interest](#). Compare [Fractional Ownership](#) and [Limited/Luxury Fractional](#).

Timeshare Interest, Nonspecific: “[T]he right to use [accommodations](#) at more than one [component site](#) created by or acquired through the [timeshare plan](#)’s reservation system, but not including a specific right to use any particular accommodations.” A.R.S. [32-2197\(12\)](#).

Timeshare Interest, Specific: “[T]he right to use [accommodations](#) at a specific [timeshare property](#), together with use rights in accommodations at one or more other [component sites](#) created by or acquired through the [timeshare plan](#)’s reservation system.” A.R.S. [32-2197\(23\)](#).

Timeshare Interval: See [Timeshare Period](#).

Timeshare Managing Entity: “[T]he [association](#) or other person that undertakes the duties, responsibilities and obligations of the management of a [timeshare plan](#).” A.R.S. [42-13451\(4\)](#).

Timeshare Ownership, Fee Simple: This timeshare ownership type conveys a fee simple estate in the [Real Estate](#) in the form of an undivided interest (as a tenant-in-common along with the other [Timeshare Purchasers](#) of the [Timeshare Interests](#)) in a specific unit or [Timeshare Accommodation](#). The deed restrictions, or the declarations of the [Timeshare Plan](#), limit the specific time of use for each Timeshare Purchaser. See [Timeshare Estate \(Fee\)](#).

Timeshare Ownership, Period/Interval: This timeshare ownership type conveys a terminable fee tenancy for a specified time period with a vested remainder (as a tenant-in-common along with the other [Timeshare Purchasers](#) of the [Timeshare Interests](#)) in a specific unit or [Timeshare Accommodation](#). The deed restrictions, or the declarations of the [Timeshare Plan](#), limit the specific time of use for each Timeshare Purchaser. See [Timeshare Period](#).

Timeshare Ownership, Perpetual Right-to-Renew: Under this timeshare ownership type, the [Timeshare Developer](#) conveys a leasehold interest in a specific unit or [Timeshare Accommodation](#) to a [Timeshare Purchaser](#), while retaining the leased-fee estate in the [Real Estate](#) of the development. However, the Timeshare Purchaser’s leasehold interest is renewable for an unspecified, or perpetual, duration.

Timeshare Ownership, Right-to-Use or Nonfee: Under this timeshare ownership type, the [Timeshare Developer](#) conveys only a license to occupy or right to use a [Timeshare Accommodation](#) or unit. The Timeshare Developer retains ownership and control of the [Real Estate](#). Because the license to occupy or right-to-use agreement does not convey any interest or estate in the Real Estate to the [Timeshare Purchaser](#), it is effectively nothing more than a lease entitling the Timeshare Purchaser to use specified Real Estate for a defined time period ([Timeshare Period](#)). The license or agreement may not even specify the use of any particular unit or Timeshare Accommodation in the development. See [Timeshare Use \(Nonfee\)](#).

Timeshare Period/Interval: “[T]he period of time when the [purchaser](#) of a [timeshare plan](#) is afforded the opportunity to use the [accommodations](#) of a timeshare plan.” A.R.S. [32-2197\(27\)](#). A Timeshare Period typically lasts one week, but fractions or multiples of one-week intervals (i.e., six or fewer days, two or more weeks) may also be available.

Timeshare Period Bonus Use: The use of all or part of a [Timeshare Period](#) that is separate from and in addition to (“bonus”) the timeshare owner’s basic [Timeshare Interest](#) under a [Timeshare Plan](#). Such bonus use might be offered as part of a sales [promotion](#), [Timeshare Exchange Program](#), or sale of unused or unsold Timeshare Periods.

Timeshare Plan: “[A]ny arrangement, plan or similar device, other than an [exchange program](#), whether by membership agreement, sale, lease, deed, license or right-to-use agreement or by any other means, in which a [purchaser](#), in exchange for consideration, receives ownership rights in or the right to use [accommodations](#) for a [period](#) of time less than a full year during any given year, but not necessarily for consecutive years. A timeshare plan may be a [single site timeshare plan](#) or a [multisite timeshare plan](#).” A.R.S. [32-2197\(28\)](#). Contrast [Fractional Ownership](#) and [Limited/Luxury Fractional](#).

Timeshare Plan, Multisite: The right to use multiple [Timeshare Accommodations](#) pursuant to a [Specific Timeshare Interest](#) or a [Nonspecific Timeshare Interest](#). A.R.S. [32-2197\(11\)](#).

Timeshare Plan, Single Site: “[T]he right to use [accommodations](#) at a single [timeshare property](#).” A.R.S. [32-2197\(22\)](#).

Timeshare Points or Credits: Symbolic units of value that operate as a type of currency in many [Timeshare Plans](#) and that are used by the [Timeshare Purchaser](#) to obtain the use of a [Timeshare Accommodation](#) or some other benefit.

Timeshare Promotion: “[A] plan or device, including one involving the possibility of a prospective [purchaser](#) receiving a vacation, discount vacation, gift or prize, used by a [developer](#) or the developer’s employee, or on the developer’s behalf by an agent or the agent’s employee, an independent contractor or the independent contractor’s employee in connection with the offering and sale of [timeshare interests](#) in a [timeshare plan](#).” A.R.S. [42-13451\(5\)](#).

Timeshare Property: “[O]ne or more [accommodations](#) subject to the same timeshare instrument, together with any other property or rights to property appurtenant to those accommodations.” A.R.S. [42-13451\(7\)](#).

Timeshare Public Report: A comprehensive statement of the [Timeshare Plan](#), and a complete description of the total timeshare development's [Real Property](#) and [Personal Property](#), as approved by the [Arizona Department of Real Estate](#). The issuance of the Timeshare Public Report authorizes the sale or lease of [Timeshare Interests](#), pursuant to A.R.S. [32-2197.08](#). Information listed in the report includes the name of the [Timeshare Developer](#) (or declarant), what type of Timeshare Plan is being offered, a description of all [Timeshare Accommodations](#) and appurtenant amenities that are subject to the Timeshare Plan, the current annual budget of the development, all liens, and any other relevant disclosures.

Timeshare Purchaser: “[A]ny person, other than a [developer](#), who, by means of a voluntary transfer, acquires a legal or equitable interest in a [timeshare plan](#) other than a security for an obligation.” A.R.S. [32-2197\(17\)](#).

Timeshare Reservation System: “[T]he method, arrangement or procedure in which a [purchaser](#), in order to reserve the use or occupancy of any [accommodation](#) of a [multisite timeshare plan](#) for one or more [timeshare periods](#), is required to compete with other purchasers in the same multisite timeshare plan, regardless of whether the reservation system is operated and maintained by the multisite timeshare plan [managing entity](#), an exchange company or any other person. If a purchaser is required to use an [exchange program](#) as the purchaser’s principal means of obtaining the right to use and occupy accommodations, that arrangement is a reservation system. Reservation system does not include the use by an exchange company of a mechanism for the exchange or use of timeshare periods among members of an exchange program.” A.R.S. [32-2197\(20\)](#).

Timeshare Transient Occupant: “[A]ny person who occupies an [accommodation](#) in a [timeshare property](#) and provides rental income to the [developer](#) or [association](#) to occupy the accommodation. Transient occupant does not include any person who uses an accommodation as a [promotion](#), [timeshare interest](#) or [exchange program](#).” A.R.S. [42-13451\(8\)](#).

Timeshare Use (Nonfee): “[T]he right to occupy a [timeshare property](#) that is not coupled with an estate in [real property](#).” A.R.S. [32-2197\(30\)](#). See [Timeshare Ownership, Right-to-Use or Nonfee](#). Contrast [Timeshare Estate \(Fee\)](#).

Topographic Map: See [Map, Topographic](#).

Total Acquisition Cost: The cost of acquiring property, plus associated expenses such as costs for transportation and installation of the property and applicable transaction privilege tax or use tax. Compare [Acquisition Cost](#).

Township: A quadrangle, approximately six miles on a side, bounded on the east and west by two successive [Range Lines](#) and on the north and south by two successive [Township Lines](#), and containing 36 [Sections](#).

Township Line: A survey line that runs due east and west at six-mile intervals on both sides of a [Base Line](#), and that is used to locate [Parcels](#) of [Land](#) for government survey. Contrast [Range Line](#).

Transient: “[A]ny person who either at the person’s own expense or at the expense of another obtains lodging space or the use of lodging space on a daily or weekly basis, or on any other basis for less than thirty consecutive days.” A.R.S. [42-5070\(F\)](#).

Transient Livestock: See [Livestock, Transient](#).

Travel Club: An organization that offers travel-related discounts to its members for services or amenities such as airline tickets, cruise packages, hotels, rental cars, resorts, etc. A Travel Club does not own or develop property, and typically does not qualify to be considered a [Timeshare Plan](#), but rather a reservation or marketing system.

Travel Trailer: See [Recreational Vehicle](#).

Traverse: A method of surveying in which lengths and directions of lines between points on the Earth are obtained by or from field measurements.

Treasurer: The elected county official responsible for billing and collecting all real and personal [Property Taxes](#) and distributing those funds to each [Tax Authority](#). A.R.S. [11-493](#) and [42-18001](#) et seq.

Trending for Price Change (Trending): With respect to the valuation of [Business Personal Property](#), Trending for Price Change is the process used to account for market fluctuation of [Total Acquisition Costs](#) over the [Expected Life](#) of an [Asset](#). Trending applies a market factor to convert the Total Acquisition Cost into today’s dollars. Trending is applied to most items of Business Personal Property to reflect changes in the current [Replacement Cost New](#) of those items.

Truck Camper: See [Recreational Vehicle](#).

U

Unallowable Operating Expenses: See [Operating Expenses, Unallowable](#).

Undeveloped Land (Agricultural): See [Agricultural Undeveloped Land](#).

Unimpaired Value: The value of property, considering all restrictions on its use and all costs of ownership, other than those imposed by the presence of an environmental risk or [Contamination](#).

Uninhabitable Structure: A structure designed or intended to be used either for residential living, sleeping or eating purposes, or commercial or industrial uses, and that is no longer capable of providing the necessities for habitation.

Units Buildable: [Unit of Comparison](#) used when the market indicates that a [Parcel](#) is sold on a unit capacity basis; for example, apartment property.

Unit of Comparison/Value: Comparative unit values, expressed in dollars per unit, which are typically used in the local [Real Estate](#) market. Includes [Acre](#), [Front Foot](#), [Square Foot](#), etc.

Unusable Structure: A structure that is unsafe for occupancy, storage, public access, or any other useful purpose.

Urban or Market Influences (Agricultural): Generally, geographic and economic factors that affect the value of surrounding property. With respect to [Land](#) used for agricultural purposes, the same must be valued using only the statutorily-prescribed [Income Capitalization](#) procedure and without any allowance for Urban or Market Influences. A.R.S. [42-13101\(A\)](#). See [Agricultural Land Value](#).

Undeveloped Rural Land Influence: The influence on the value of undeveloped rural land that is caused by adjacent urban development.

Use (Affixed Property): One of three characteristics (in addition to [Annexation](#) and [Intent](#)) that are considered together to determine whether an item of [Personal Property](#) has been affixed to [Real Property](#) in such a way that it loses its character as Personal Property, and becomes Real Property for [Ad Valorem](#) purposes. See A.R.S. [47-9102\(41\)](#).

Utility: The capacity of a good or service to generate desire for its possession; the satisfaction provided by a good or service.

V

Valuation Date: For [Real Property](#) and [Centrally Valued Property](#), January 1 of the year preceding the year in which taxes are levied. A.R.S. [42-11001\(19\)](#). Compare [Lien Date](#).

Note: For [Locally Assessed Personal Property](#), the [Valuation Year](#) and the [Tax Year](#) are the same calendar year.

Valuation of Property: The process of estimating the value of [Real Property](#) or [Personal Property](#) as of a given date. A.R.S. [42-11001\(18\)](#). The estimated value could be [market](#), investment, insurance, or some other defined value.

Valuation Table: A table produced by the Department that contains valuation factors used to calculate the standard [Depreciation](#) and/or [Additional Statutory Depreciation](#) necessary to determine the [Full Cash Value](#) of a subject property.

Valuation Year: “(a) For [real property](#) and [property valued by the department](#), the calendar year preceding the year in which the taxes are levied. (b) For [personal property](#), the calendar year in which the taxes are levied.” A.R.S. [42-11001\(20\) \(a\) and \(b\)](#). Compare [Tax Year](#).

Value in Exchange: The value of a property based on its ability to command something else of value in trade. The amount that an informed buyer would be willing to pay for a property under given market conditions. See [Market Value](#).

Value in Use: The value of a property according to its [Current Use](#) and [Utility](#). The concept that holds that property that is in use has value to its owner.

Vehicle Mounted Equipment: Equipment affixed to a vehicle that is not typically included on a factory invoice, is not easily removable, and that creates a definite interior or exterior change to the vehicle. Examples include booms, concrete mixers, cranes, generator/welding units, satellite broadcasting units, water-well rigs, etc.

W

Wasteland (Agricultural): See [Agricultural Wasteland](#).

Weighted Age: A measure of the age of an [Improvement](#) that may be used when the Improvement is subject to two or more construction dates in order to account for the different ages of each section. Weighted Age can be based on the percentage of square

footage or the percentage of [Replacement Cost New](#) attributable to each construction date. Compare [Actual Age](#) and [Effective Age](#).

Wind Farm: A renewable energy generation facility that produces energy or fuel derived from wind. See A.R.S. [42-14155\(D\)\(5\)](#).

Wine Grape Processing: Includes washing, grading, sorting, packing, and extracting juice through the bulk fermentation process. Does **not** include bottling, retail sales, storage, wine tasting, or warehousing of finished products. The use of [Land](#) and [Improvements](#) for Wine Grape Processing is considered [High Density Use](#).

Y

Yield/Indirect Capitalization: A method of the [Income Approach](#) that estimates the value of property either by converting a series of future net benefits into present value using a proper [Discount Rate](#) (Yield Rate), or by developing an [Overall Capitalization Rate](#) that accounts for the income pattern, changes in value, and Discount Rate associated with the subject [Income Property](#). Compare [Direct Capitalization](#). See [Income Capitalization](#).

Yield Rate: See [Discount Rate](#).