



2024 Arizona Tax Conference

Centrally Valued Property (CVP)

What is Centrally Valued Property?

Centrally Valued Property AKA CVP

Properties that are valued by the state's Department of Revenue instead of local county assessors. This is because CVP properties are often located in more than one county and/or present unique appraisal problems.



CVP Property Statutes

A.R.S. 42 - Chapter 14 & Title 15 of the Arizona Administrative Code

- Mines, Mills, and Smelters
- Oil, Gas and Geothermal Gas, Water, Electric and Sewer, and Wastewater Utilities
- Pipelines
- Airlines
- Private Rail Car Companies
- Railroad Companies
- Telecommunications
- Airport Fuel Delivery



CVP Property Types and Industry Highlights

Mines, Mills, and Smelters (Freeport
McMoRan)

Gas, Electric, Oil, and Geothermal (Palo
Verde, Southpoint Energy, & Sun Run Solar)

Airline/Flight (Southwest)

Railroads (BNS&F)



CVP Property Types and Industry Highlights Continued

Private Rail Cars (Chevron USA)

Water Utility Companies (Mormon Lake Water Company)

Telecommunications (Cable One)

Pipelines (Transwestern)

Electric Coops (Arizona Electric Power)



CVP Value

Number of Taxpayers - Approximately 1,200

Tax Year 2024

FCV \$48,962,545,371 = NAV \$6,598,163,654

LPV \$48,309,440,617 = NAV \$6,520,571,455

A.R.S. 42-13304 - Full Cash Value used in lieu of Limited Property Value, except:

- Railroads (Class 5) – 0.68
- Environmental Tech Mines (Class 6.05) – 0.62
- Non-Producing Mines (Class 2) – 0.62

Railroads have their own ratio based on the 4R Act designed to create parity in tax assessment.



CVP Valuation Comparison

Multiple Similarities with Locally Assessed

- Two-year calendar - Except timelines within that calendar vary.
- Valued per statutory formula, but never more than market value.
- Appeals process.
- Error corrections.
- Tax roll corrections



CVP Valuation Comparison Continued

Multiple Differences from Locally Assessed

- Property is self reported based on original cost for buildings, structures and personal property
- Taxpayers can request filing extensions
- Notices of the primary full cash value mailing deadline is June 15th
- Taxpayer files a written application to hold an informal conference with a CVP appraiser
- No September Notice of Change



CVP Valuation Timeline

Valuation Timeline of Events

- ADOR tax forms sent to taxpayers in January.
- Taxpayers self report tax forms and original cost returns by April 1 unless 30-day extension request is made and has been granted.
- Values must be completed and mailed June 15.
- Informal Conferences - Deadline July 15.
- Final Value determination - August 31.



CVP Valuation Timeline Continued

- Appeal to State Board of Equalization (SBOE) filed by property owner by October 1, or within 15 days of final determination of value (whichever is later).
- SBOE Decision - no later than November 15.
- Tax Court - directly after final value or within 60 days of SBOE Decision.
- Allocation of overall value sent to the counties by Nov 30.

Exception: Flight and private rail car property taxes calculated by ADOR. Flight property payments go to ADOT aviation fund. Private rail car taxes go to the state's general fund.



Appeals Process and Error Correction

Error corrections statutes - A.R.S. 42-Chapter 16

Court Process

- Superior Court
- Court of Appeals
- Supreme Court - request to review

Note: Timelines of final decision can be long.

ADOR pays for defending the values.

- DOR appraisers.
- Expert Witnesses.
- Attorney General (AG) attorney - ISA.
- Transcription of depositions.
- Plaintiff's Attorney's Fees.

County the property is located and DOR named in the case. AG attorney stays in communication and working with County Attorneys.



Identification of CVP Property

ADOR CVP Team

4 full time CVP appraisers, CVP manager,
and Tax Policy Executive

News Articles

Taxpayer Inquiries and reporting

Collaboration between ADOR and County
Assessors



Tax Area Codes

Next, Boyd Larkin to talk about tax area codes.



**DEVELOPING & USING A GOOD
GIS TO MORE ACCURATELY
DISTRIBUTE PROPERTY TAX
REVENUE**

DEPARTMENT OF REVENUE



GIS Within the Property Tax Unit

Tax Area Codes (TACs) – Why are they so important?

- It's a standard by which roughly 1014 Centrally Valued Property (CVP) taxpayers are mandated to self report their property value to ADOR.
- Assist in distributing property tax revenue to the appropriate jurisdictions.

Development of TAC boundaries

- Counties on various levels.
- Goal to have all 15 counties mapped accurately.

Annexations – School Districts, Cities & Special Districts (Fire, Water, Sewer, Etc.)

- Cities & Districts required to send annexation documents to ADOR.

Auditing – Are CVP taxpayers reporting in the appropriate tax area codes?



Property Tax Unit

**Examples of CVP
Taxpayers that report
using tax area codes are:**



What Are Tax Area Codes?

Geographic areas whose boundaries are driven by:

- School District Boundaries
- City Boundaries
- Special District Boundaries (Fire, Water, Etc.)

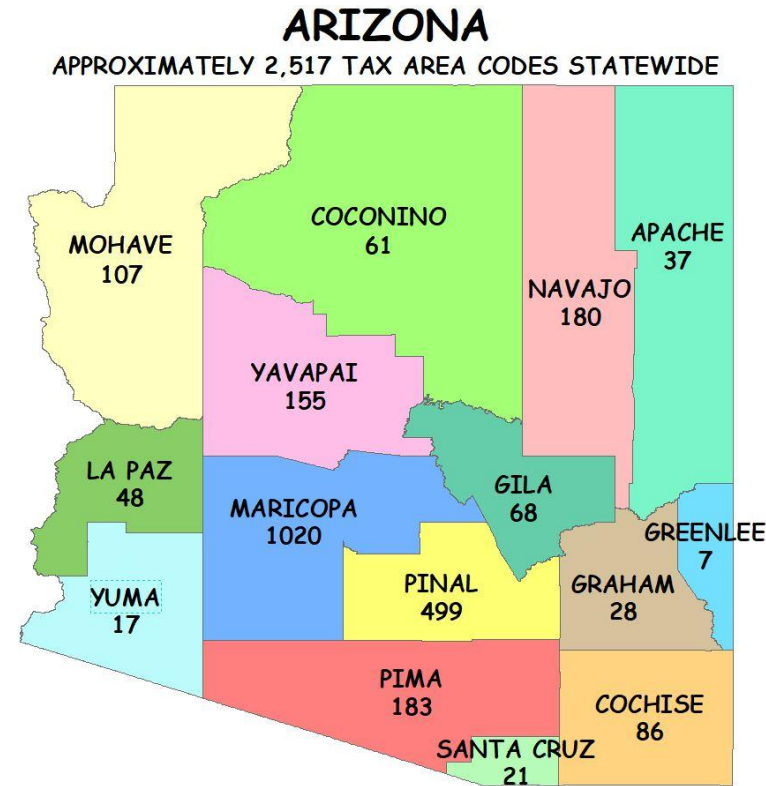
Tax area codes cover the whole state.

Wide range in size.

- Over 1,000 square miles versus one parcel in size.

Each tax area code has a 4 digit number & a unique set of districts.

- First two digits coincide with school district number.
- Only counties have authority to add & remove tax area codes.

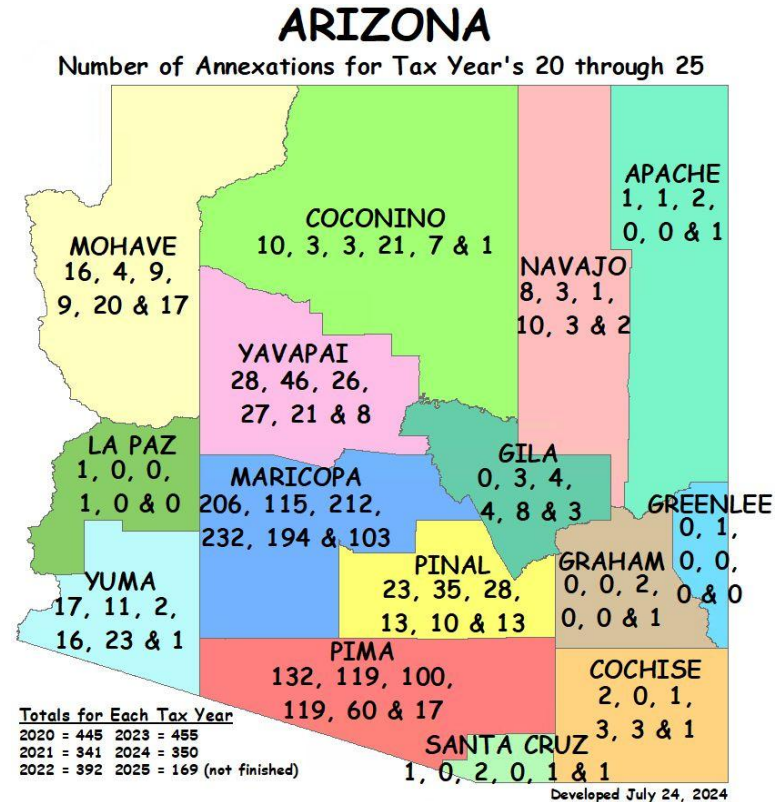


Tax Area Codes Are Dynamic - Annexations

Cities, school districts, fire districts and special districts are always annexing.

By law, districts must notify ADOR of any boundary changes.

ADOR required to notify CVP taxpayers of tax area code changes.

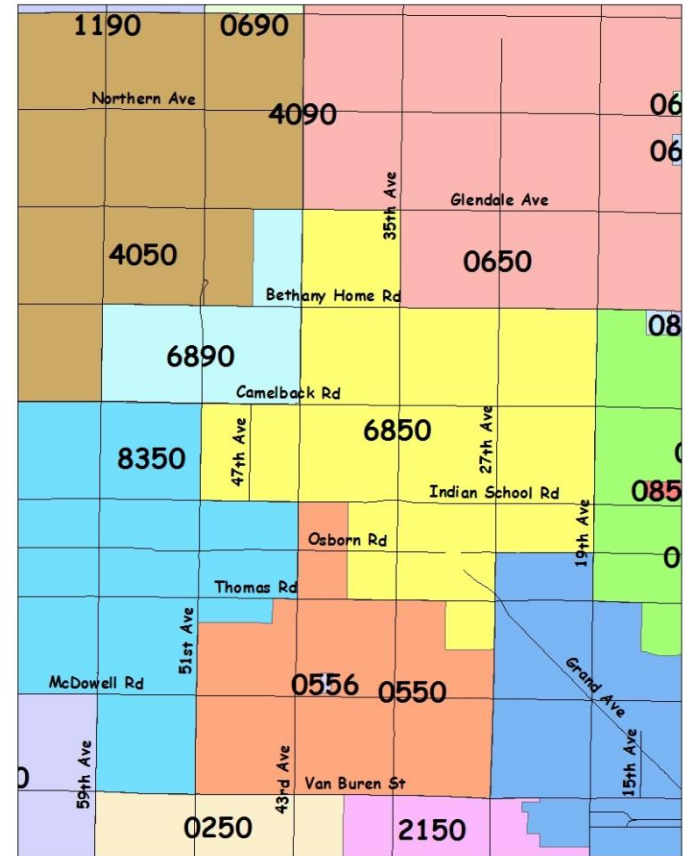


Tax Area Codes - Distributing The Information

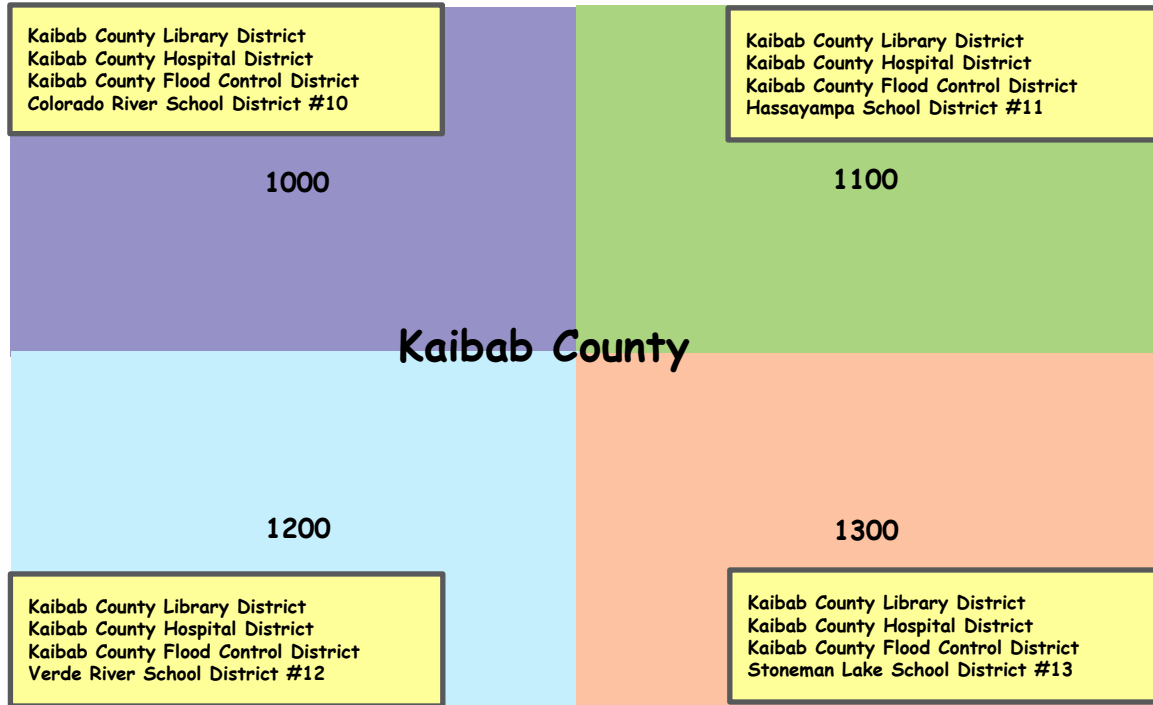
Distribute tax area code data in various ways

- In the past, hard copy map books.
- Now we disseminate GIS tax area code data to CVP. Taxpayers through AZGeo.
 - <https://azgeo-open-data-agis.hub.arcgis.com/datasets/azgeo::arizona-counties-tax-area-codes/about>

Sometimes CVP taxpayers share data with us.

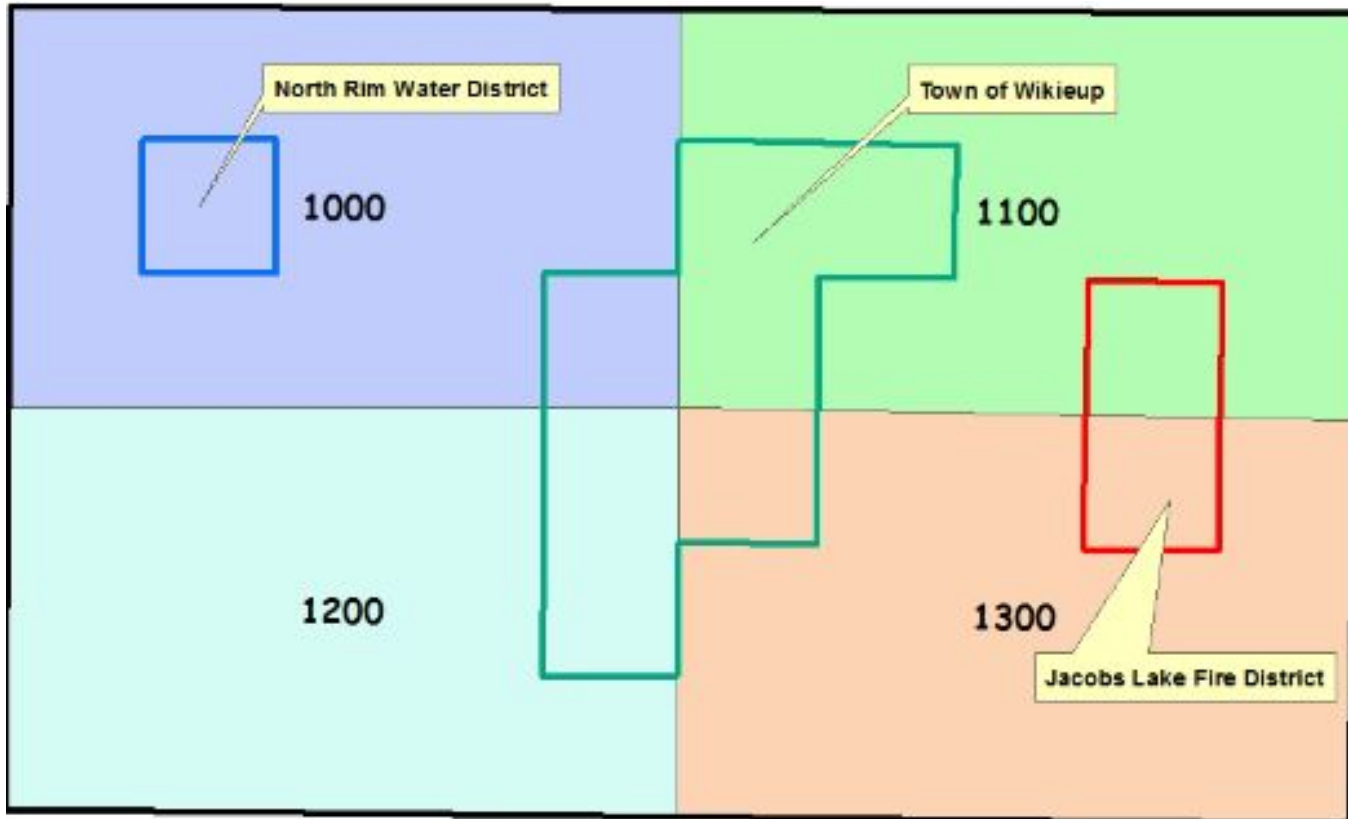


Tax Area Codes – How They Work

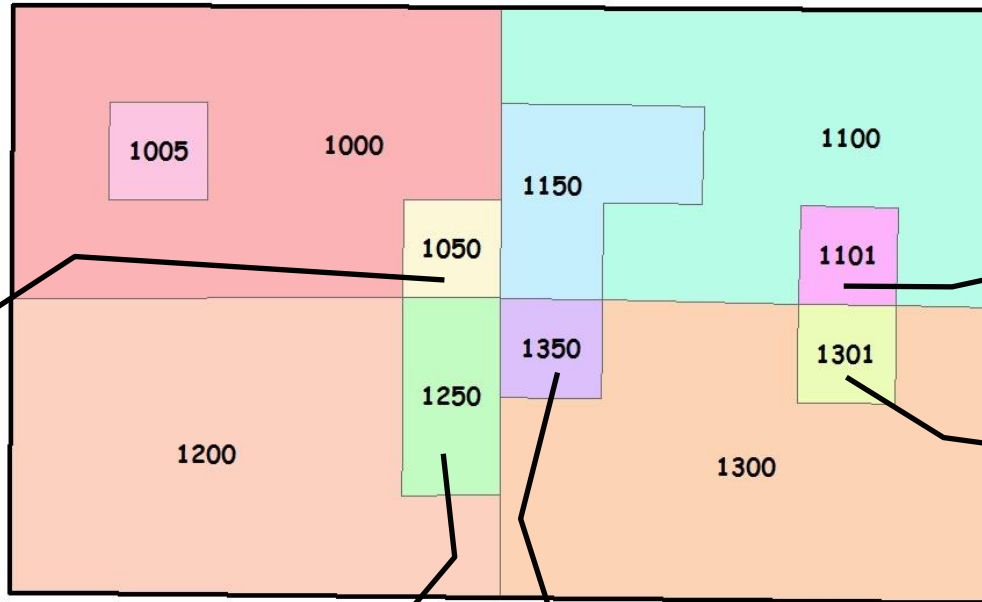


**Kaibab County Library District
Kaibab County Hospital District
Kaibab County Flood Control District**

Tax Area Codes – How They Work (Continued)



Tax Area Codes – How They Work (Continued)



Kaibab County Library District
 Kaibab County Hospital District
 Kaibab County Flood Control District
 Colorado River School District #10
 Town of Wikieup

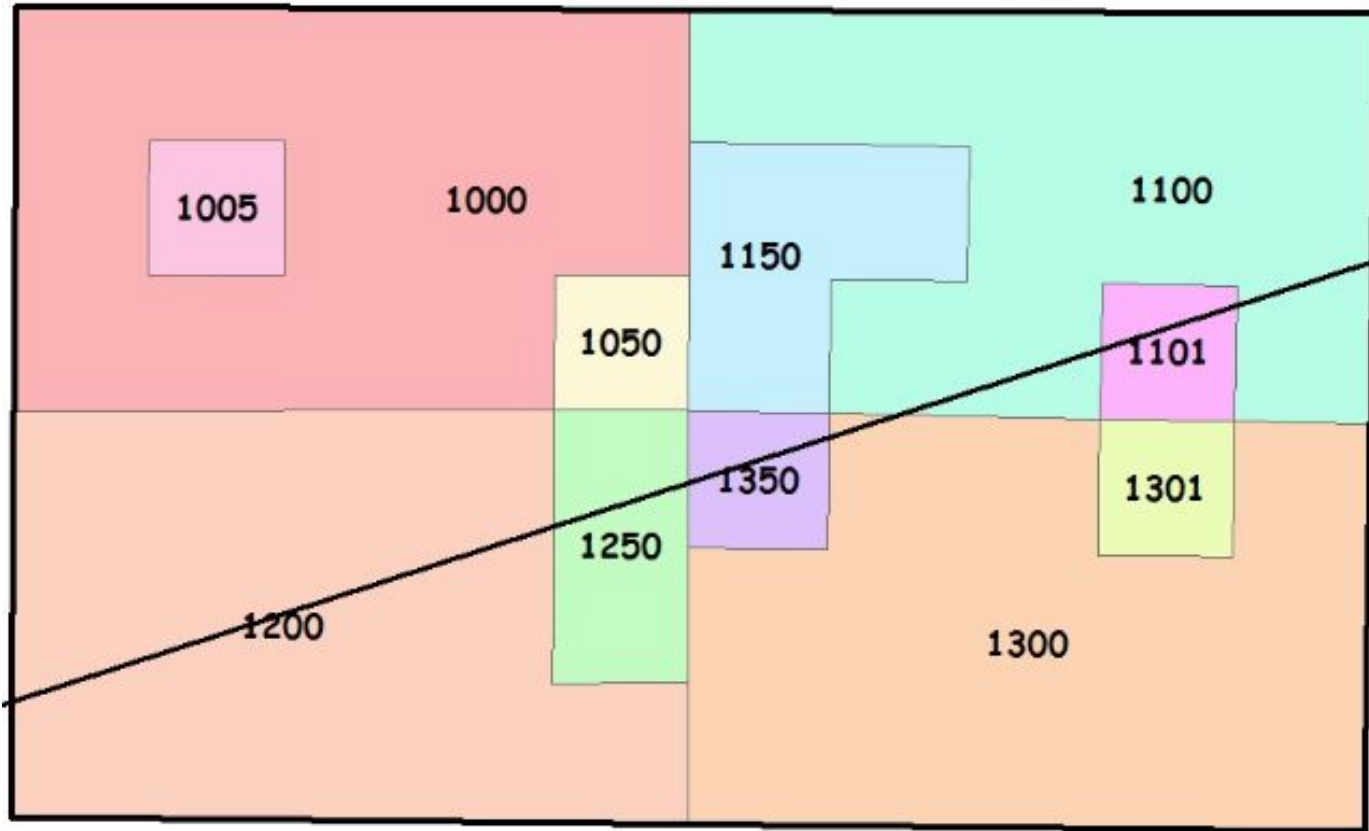
Kaibab County Library District
 Kaibab County Hospital District
 Kaibab County Flood Control District
 Hassayampa School District #11
 Jacobs Lake Fire District

Kaibab County Library District
 Kaibab County Hospital District
 Kaibab County Flood Control District
 Stoneman Lake School District #13
 Jacobs Lake Fire District

Kaibab County Library District
 Kaibab County Hospital District
 Kaibab County Flood Control District
 Verde River School District #12
 Town of Wikieup

Kaibab County Library District
 Kaibab County Hospital District
 Kaibab County Flood Control District
 Stoneman Lake School District #13
 Town of Wikieup

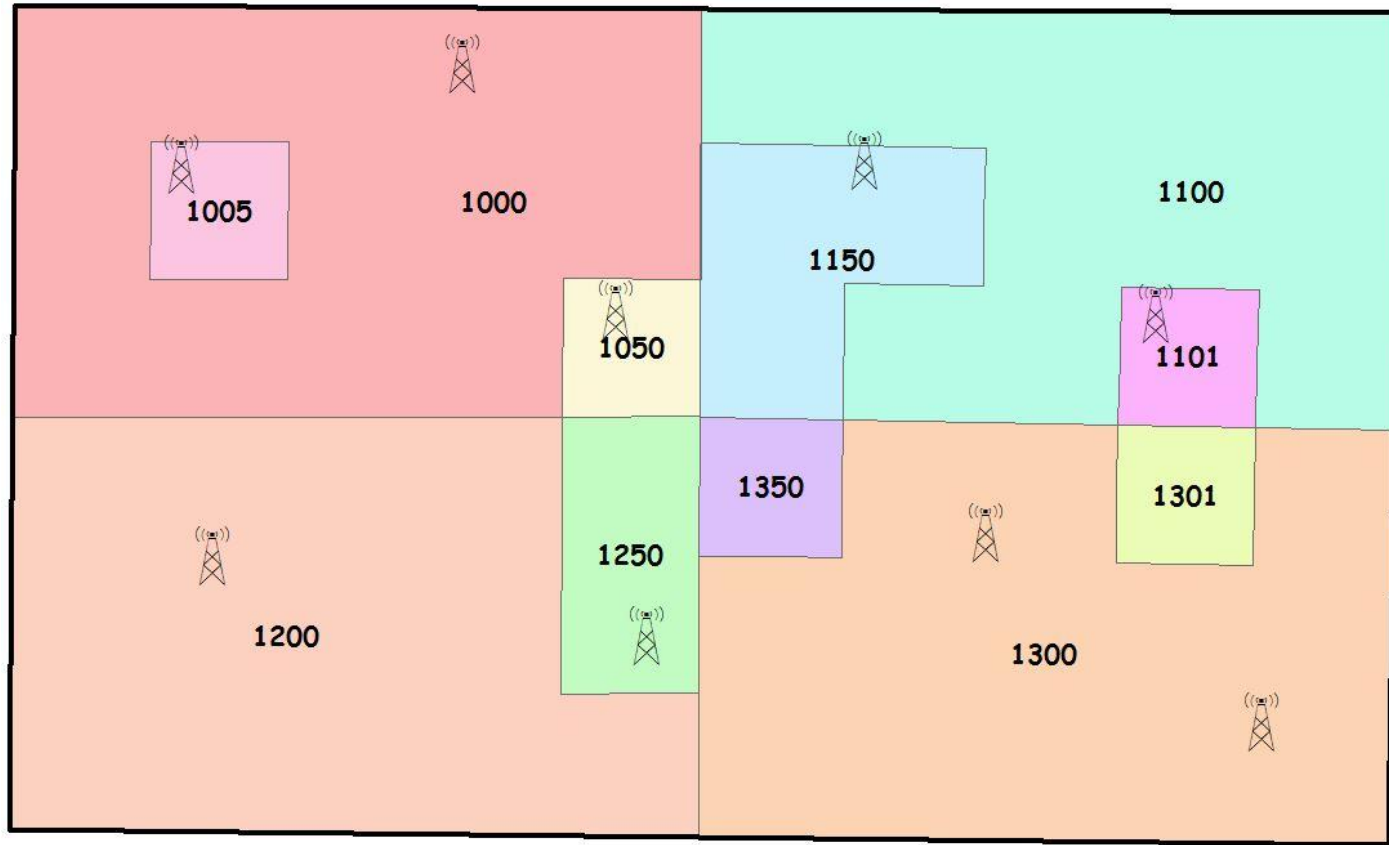
Assisting CVP Taxpayers



Assisting CVP Taxpayers – Telecommunication Companies

ID	NAME	LATITUDE	LONGITUDE
1	Hualapai Peak	33.3513	-112.0927
2	Table Top Mountain	33.4389	-111.4423
3	Second Mesa	33.8911	-111.9325
4	Mingus Mountain	33.5106	-112.1118
5	Saguaro Hill	33.1188	-111.0682
6	Escudilla Mountain	33.0064	-111.3338
7	Mount Graham	33.7703	-112.8882
8	Chiricahua Peak	33.0712	-111.7722
9	Black Mountain	33.3819	-112.4869

Assisting CVP Taxpayers – Telecommunication Companies



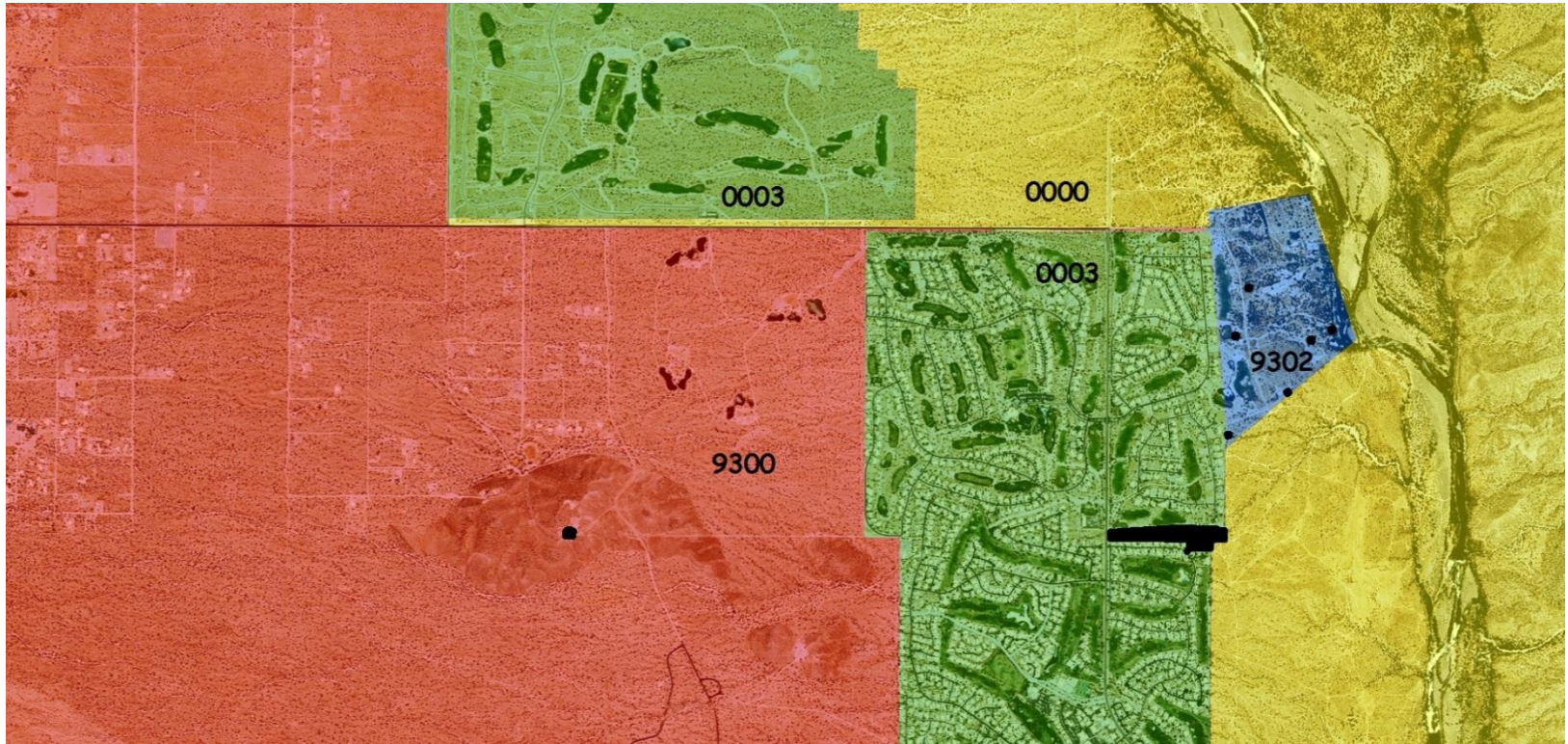
Assisting CVP Taxpayers – Telecommunication Companies

ID	NAME	LATITUDE	LONGITUD E	COUNTY	TAC
1	Hualapai Peak	33.3513	-112.0927	Kaibab	1300
2	Table Top Mountain	33.4389	-111.4423	Kaibab	1300
3	Second Mesa	33.8911	-111.9325	Kaibab	1150
4	Mingus Mountain	33.5106	-112.1118	Kaibab	1101
5	Saguaro Hill	33.1188	-111.0682	Kaibab	1200
6	Escudilla Mountain	33.0064	-111.3338	Kaibab	1250
7	Mount Graham	33.7703	-112.8882	Kaibab	1050
8	Chiricahua Peak	33.0712	-111.7722	Kaibab	1000
9	Black Mountain	33.3819	-112.4869	Kaibab	1005

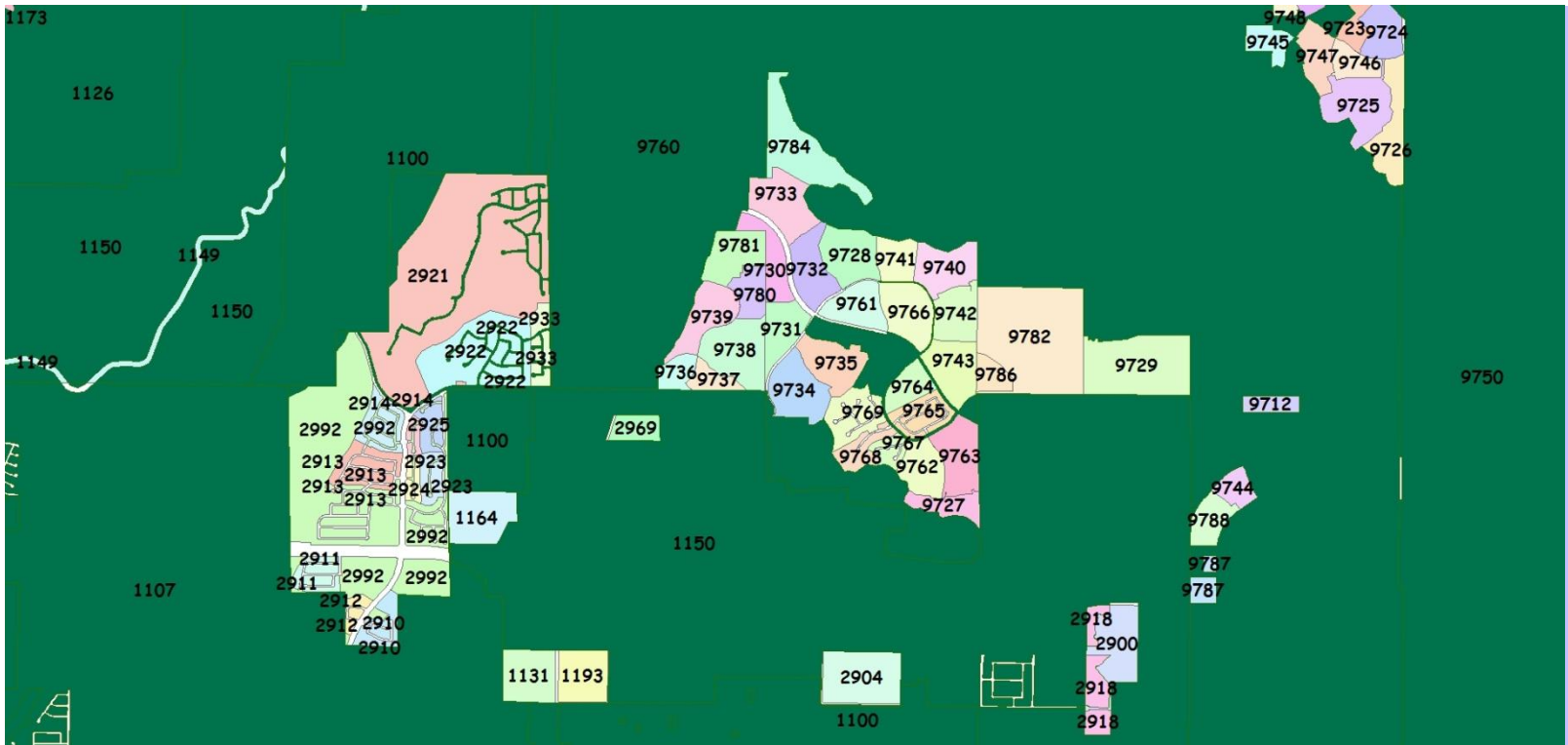
Auditing - CVP Taxpayers

Tax Year	Tax Area Code	Total FCV PY	Total FCV CY
2012	0000	2,416,000	2,295,000
2012	0003	237,000	237,000
2012	9302	220,000	220,000

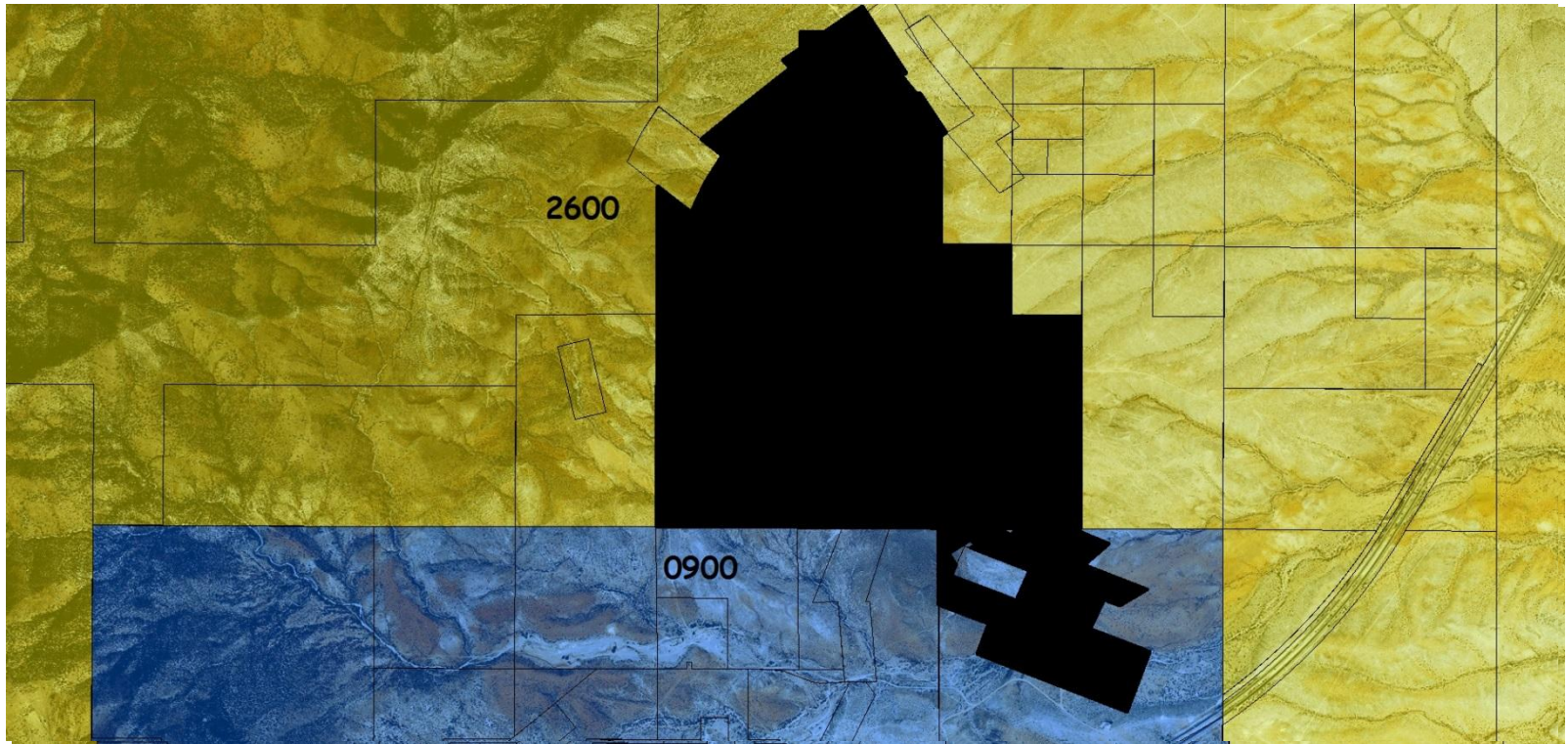
Auditing - CVP Taxpayers



Auditing - CVP Taxpayers



Auditing - CVP Taxpayers



Questions

