Property Tax Exemptions

Background

In Arizona, all real estate, all improvements to real estate, and all personal property items are taxable unless exempted by the Arizona Constitution, Article IX, Sections 2, 2.1, 2.2 and 2.3 and Arizona Revised Statutes (A.R.S.) Sections 42-11101 through 42-11133. The information in this chapter which is based upon these constitutional and statutory provisions is subject to modification by Arizona courts or by the state legislature.

Assessor's Responsibility

Arizona's county assessors are responsible for locating, identifying, classifying, valuing, and listing on the tax roll all of the locally assessable property that is subject to property taxation within their jurisdictions. The county assessor is responsible for processing and approving or disapproving the applications for various property tax exemptions, for monitoring exemptions that have been approved, and to discontinue any exemption if it is no longer warranted. The Department of Revenue is responsible for prescribing the various application forms that are required by statute.

Determination of Property Tax Exemption

Exemption from property taxation is granted automatically ***only*** to federal, state, county and municipal property; the exemption status of government-owned properties is not subject to any application provisions to obtain or maintain the exempt status. For nongovernment property, the local county assessor may, within the state's constitutional and statutory provisions, grant tax exemptions to private nonprofit organizations, institutions and associations that own and use the property for specified purposes. The assessor may also grant property tax exemptions to individual persons who provide satisfactory evidence of their eligibility.

Exemption from taxation of privately-owned property is not automatic. A.R.S. Article 4, Section 42-11152 describes the method for an individual or an organization to apply for and to maintain a property tax exempt status. In every case, a taxpayer must appear before, or file an application with, the local county assessor and provide the required information needed for the county assessor to make an exemption determination. In certain cases, only an initial exemption application is required from a taxpayer, i.e., no annual reapplication is required.

The county assessor's decision whether or not to approve an application for a property tax exemption may encompass a number of factors. Federal (501(c)(3) of the internal revenue code) and state non-profit income tax certification (A.R.S. Section 43-1201) are helpful to demonstrate that a particular organization is charitable and therefore *may* be eligible for a property tax exemption.

Exempt purposes of charitable and non-profit organizations listed in the Internal Revenue Code include: charitable, religious, educational, scientific, literary, fostering national or international amateur sports competition and preventing cruelty to children and animals. Under the IRC terminology, "charitable" encompasses a long list of social issues including relief of the poor, the distressed or the underprivileged, eliminating prejudice and discrimination, etc. (**See www.irs.gov/charities**).

The list of charitable organizations in A.R.S. 43-1201 is similar to those listed under IRC 501(c) (3), but also includes organizations such as labor, agricultural or horticultural and fraternal beneficiary societies or orders.

However, the fact that a property owner is recognized as a charitable or non-profit organization for income tax exemption purposes does not alone qualify the organization for an Arizona property tax exemption.

Key Arizona Property Tax Exemption Court Decisions

Both the ***ownership*** and the ***use*** of the property are to be considered when granting property tax exemption requests. The fact that the constitution excludes from the exempt category any property of charitable organizations 'used or held for profit' creates a **use** requirement in addition to the ownership requirement.

Kunes v. Samaritan Health Service, 121 Ariz. 413 (1979)

The use of the property for determination of eligibility for property tax exemption does not automatically fall to either the tenant or the owner. A.R.S. "§§ 42-11154 and 42-11152 specifically require us to consider the status of both owners and users of property in evaluating whether the property is 'being used or held for profit'."

Volunteer Center of Southern Arizona v. Staples, 214 Ariz. 36, 147 P.3d 1052 (2006)

'Not used or held for profit' is not an absolute, all-or-nothing benchmark for evaluating a property's charitable use tax exemption status. As long as the property owner *primarily* uses the property for the designated exempt purpose, the taxpayer is entitled to the exemption despite occasionally using the property for other purposes. "In interpreting and applying tax exemption statutes, our supreme court and this court have consistently recognized the taxpayer may claim the exemption despite some non-exempt use as long as the taxpayer is primarily using the property in the manner specified by the Legislature."

Tucson Botanical Gardens, Inc. v. Pima County, 189 P.3d 1096 (2008)

Arizona Constitutionally Authorized Property Tax Exemptions

Article 9. Public revenue, debt and taxation

Section 2. Property subject to taxation; exemptions

(1). There shall be exempt from taxation all federal, state, county, and municipal property.

(2) Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law.

(3) Public debts, as evidenced by the bonds of Arizona, its counties, municipalities or other subdivisions, shall also be exempt from taxation.

(4) All household goods owned by the user thereof and used solely for noncommercial purposes shall be exempt from taxation, and such person entitled to such exemption shall not be required to take any affirmative action to receive the benefit of such exemption.

(5) Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer, shall be exempt from taxation.

(6) The legislature may exempt personal property that is used for agricultural purposes or in a trade or business from taxation in a manner provided by law, except that the exemption does not apply to any amount of the full cash value of the personal property of a taxpayer that exceeds fifty thousand dollars. The legislature may provide by law to increase the exempt amount according to annual variations in a designated national inflation index.

(7) The legislature may exempt the property of cemeteries that are set apart and used to inter deceased human beings from taxation in a manner provided by law.

(8) There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, in the amount of:

(a) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.

(b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.

(c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.

(d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.

(e) No exemption if the total assessment of such person exceeds five thousand dollars.

No such exemption shall be made for such person unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars and shall have been a resident of this state prior to September 1, 1945.

(9) There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States veterans administration or its successor. No such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945 or unless such person shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows:

(a) If such person's service-connected disability as determined by the United States veterans administration or its successor is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person in the amount of:

(i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.

(ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.

(iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.

(iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.

(v) No exemption if the total assessment of such person exceeds five thousand dollars.

(b) If such person's service-connected disability as determined by the United States veteran's administration or its successor is more than sixty per cent, the property of such person exempt from taxation shall be in the amount of:

(i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.

(ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.

(iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.

(iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.

(v) No exemption if the total assessment of such person exceeds five thousand dollars.

(10) There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States veterans administration, or its successor, or such other certification as provided by law, in the amount of:

(a) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.

(b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.

(c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.

(d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.

(e) No exemption if the total assessment of such person exceeds five thousand dollars.

No such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I and shall have been a resident of this state prior to September 1, 1945.

(11) There shall be further exempt from taxation the property of each widow, resident of this state, in the amount of:

(a) One thousand five hundred dollars if the total assessment of such widow does not exceed three thousand five hundred dollars.

(b) One thousand dollars if the total assessment of such widow does not exceed four thousand dollars.

(c) Five hundred dollars if the total assessment of such widow does not exceed four thousand five hundred dollars.

(d) Two hundred fifty dollars if the total assessment of such widow does not exceed five thousand dollars.

(e) No exemption if the total assessment of such widow exceeds five thousand dollars.

In order to qualify for this exemption, the income from all sources of such widow, together with the income from all sources of all children of such widow residing with the widow in her residence in the year immediately preceding the year for which such widow applies for this exemption, shall not exceed:

1. Seven thousand dollars if none of the widow's children under the age of eighteen years resided with her in such widow's residence; or

2. Ten thousand dollars if one or more of the widow's children residing with her in such widow's residence was under the age of eighteen years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

Such widow shall have resided with her last spouse in this state at the time of the spouse's death if she was not a widow and a resident of this state prior to January 1, 1969.

(12) No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of subsections (8), (9), and (10) or (11) shall not exceed one thousand five hundred dollars. The provisions of this section shall be self-executing.

(13) All property in the state not exempt under the laws of the United States or under this constitution or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law.

2.1. Exemption from tax; property of widowers

Section 2.1. There shall be further exempt from taxation the property of each widower, resident of this state, in the amount of:

1. One thousand five hundred dollars if the total assessment of such widower does not exceed three thousand five hundred dollars.

2. One thousand dollars if the total assessment of such widower does not exceed four thousand dollars.

3. Five hundred dollars if the total assessment of such widower does not exceed four thousand five hundred dollars.

4. Two hundred fifty dollars if the total assessment of such widower does not exceed five thousand dollars.

5. No exemption if the total assessment of such widower exceeds five thousand dollars.

In order to qualify for this exemption, the income from all sources of such widower, together with the income from all sources of all children of such widower residing with the widower in his residence in the year immediately preceding the year for which such widower applies for this exemption, shall not exceed:

1. Seven thousand dollars if none of the widower's children under the age of eighteen years resided with him in such widower's residence; or

2. Ten thousand dollars if one or more of the widower's children residing with him in such widower's residence was under the age of eighteen years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

Such widower shall have resided with his last spouse in this state at the time of the spouse's death if he was not a widower and a resident of this state prior to January 1, 1969.

No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of this section shall not exceed one thousand five hundred dollars. This section shall be self-executing.

2.2. Exemption from tax; property of persons who are disabled

Section 2.2. A.

There shall be further exempt from taxation the property of each person who, after age seventeen, has been medically certified as totally and permanently disabled, in the amount of:

1. One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.

2. One thousand dollars if the total assessment of such person does not exceed four thousand dollars.

3. Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.

4. Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.

5. No exemption if the total assessment of such person exceeds five thousand dollars. The legislature may by law prescribe criteria for medical certification of such disability.

B. The income from all sources of the person who is disabled, the person's spouse and all of the person's children who reside in the person's residence in the year immediately preceding the year for which the person applies for this exemption shall not exceed:

1. Seven thousand dollars if none of the person's children under the age of eighteen years resided in the person's residence; or

2. Ten thousand dollars if one or more of the person's children residing in the residence was under the age of eighteen years or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

C. No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of this section shall not exceed one thousand five hundred dollars. This section shall be self-executing.

2.3. Exemption from tax; increase in amount of exemptions, assessments and income

Section 2.3. The legislature may by law increase the amount of the exemptions, the total permissible amount of assessments or the permissible amount of income from all sources prescribed in sections 2, 2.1 and 2.2 of this article.

Exemptions Promulgated by Arizona Revised Statutes

42-11102

A. Federal, state, county and municipal property is exempt from taxation, including:

1. Property that is owned by a nonprofit organization but is used by this state or a political subdivision during the entire tax year exclusively for a governmental activity.

2. Property that is the subject of a lease-purchase agreement that is authorized by law and in which this state or a political subdivision is the lessee-purchaser and the property is used by this state or a political subdivision during the entire taxable year exclusively for a governmental activity.

3. Improvements that are placed on public lands held under grazing permits, the title to which passes to the federal government.

B. Article 4 of this chapter does not apply to the exemption from taxation for federal, state, county and municipal property.

C. Notwithstanding subsection A relating to state property, property that is owned by the Arizona state retirement system, the corrections officer retirement plan, the public safety personnel retirement system or the elected officials' retirement plan, that is not used during the entire taxable year exclusively for a governmental activity and that is acquired either by foreclosure of an authorized investment or for the purposes of producing income for the system or plan is subject to either a government property lease tax under chapter 6, article 5 of this title or, if a government property lease tax is not paid or is not economically feasible, to voluntary contributions of money to the county, municipality, school district and community college district and any other special taxing district in which the property is located in lieu of taxes otherwise levied by those entities. The system or plan may not continue to hold title to the property as an authorized investment under title 38 unless a tax or voluntary contribution is paid pursuant to this subsection. On or before April 1 of each year the plan or system shall notify the county assessor of the county in which the property is located whether a government property lease tax or voluntary contribution will be paid. If a tax is not economically feasible, the county assessor may require the plan or system to pay voluntary contributions. If the system or plan pays a voluntary contribution:

1. The assessor shall determine the full cash value of the property at market value and shall transmit that determination to the board of supervisors on or before the third Monday in June.

2. On or before the third Friday in September the assessor shall compute the contribution to be made based on the determined valuation using the method of assessment applied in assessing ad valorem taxes of properties of similar character and devoted to the same use in the county for the current tax year.

3. The assessor shall:

(a) Submit the computation of the contribution to the board of supervisors at the same time that the assessor submits the assessment roll.

(b) Notify the county school superintendent of the amount of the contribution.

4. The plan or system shall pay one-half of the amount determined not later than the first Monday in November and the other one-half not later than the first Monday in May of the next year.

5. The county treasurer shall distribute the monies received to the various taxing jurisdictions in the same manner as property taxes are distributed.

6. Any person, public official or taxing entity that is not satisfied by a determination under this subsection has the same remedies provided by this title or may file a civil action to determine the correct amount due. In any such action the only issue shall be the correctness of the computation of the amount due.

42-11103. Exemption for government bonded indebtedness; application of procedural provisions

A. Public debts as evidenced by the bonds of this state, counties, municipalities and other political subdivisions are exempt from taxation.

B. Article 4 of this chapter does not apply to the exemption from taxation for public debts that are evidenced by bonds.

42-11104. Exemption for educational and library property

A. Libraries, colleges, school buildings and other buildings that are used for education, with their furniture, libraries and equipment and the land that is appurtenant to and used with them, are exempt from taxation if they are used for education and not used or held for profit.

B. Property and buildings are exempt from taxation if leased from:

1. A school district pursuant to a lease or lease-purchase agreement under section 15-342, paragraph 9 or 10.

2. A community college district pursuant to a lease or lease-purchase agreement under section 15-1444.

C. Property and buildings, including land, improvements, furniture and equipment, that are owned by a nonprofit organization that is recognized under section 501(c) (3) of the internal revenue code and that operates as:

1. A charter school pursuant to section 15-183 is exempt from taxation beginning on the date the nonprofit organization acquires ownership of the property and buildings if the property and buildings are used for education and are not used or held for profit.

2. A trap and skeet shooting club that teaches, trains, sponsors, coaches or hosts or sponsors clinics, shooting leagues, competitive tournaments or other events, including hunter and firearm safety classes, are exempt from taxation if the property and buildings are used for education purposes and not used or held for profit.

D. Within ten days after receiving an initial affidavit of eligibility submitted under section 42-11152 by a nonprofit organization described under subsection C of this section, the county assessor, on request, shall issue a receipt for the affidavit.

E. If the nonprofit organization described under subsection C of this section files with the assessor the organization's tax exempt status under section 501(c) (3) of the internal revenue code, the organization is exempt from the requirement of filing subsequent affidavits under section 42-11152 until all or part of the property is conveyed to a new owner or is no longer used for education. At that time the organization shall notify the assessor of the change in writing.

F. A nonprofit organization described under subsection C of this section that acquires ownership of property that was previously owned by another nonprofit organization and used primarily for education shall comply with the requirements of section 42-11152 to qualify and establish eligibility for exemption.

G. If a nonprofit organization described under subsection C of this section that holds title to property used primarily for education fails to file the affidavit required by section 42-11152 in a timely manner, but otherwise qualifies for exemption, the county board of supervisors, on petition by the organization, shall direct the county treasurer to:

1. Refund any property taxes paid by the organization for a tax year if the organization submits a claim for the refund to the county treasurer within one year after the date the taxes were paid. The county treasurer shall pay the claim within thirty days after it is submitted to the treasurer. The county treasurer is entitled to a credit for the refund in the next accounting period with each taxing jurisdiction to which the tax monies may have been transmitted.

2. Forgive and strike off from the tax roll any property taxes and accrued interest and penalties that are due but not paid.

42-11105. Exemption for health care property

A. Hospitals for the relief of the indigent or afflicted, appurtenant land and their fixtures and equipment are exempt from taxation if they are not used or held for profit.

B. Property that is used to operate a health care institution that provides medical, nursing or health related services for persons with disabilities or who are sixty-two years of age or older is exempt from taxation if the property is not used or held for profit.

C. Qualifying community health centers as defined in section 36-2907.06 and appurtenant land and their fixtures and equipment are exempt from taxation if they are not used or held for profit.

D. Property that is owned by a health care provider recognized under section 501(c)(3) of the internal revenue code and organized as a nonprofit corporation is exempt from taxation if the property is used to provide health care services and the property is not used or held for profit. An exemption under this subsection includes all buildings, appurtenant land, fixtures, equipment and other reasonably required property, including property used for the administration of services. For the purposes of this subsection, "health care provider" means a health care institution as defined in title 36 or an entity that provides health care services directly to patients through health care providers who are licensed pursuant to title 32.

42-11106. Exemption for apartments for elderly residents or residents with disabilities

Property that is used to operate a nonprofit residential apartment housing facility that is structured for persons with disabilities or persons who are sixty-two years of age or older is exempt from taxation if either of the following circumstances applies:

1. The property is located adjacent to property that is exempt from taxation under section 42-11105, subsection B and is owned and operated by the same person or association that owns that adjacent property.

2. The federal, state or local government or a nonprofit organization pays a subsidy and:

(a) The payment or subsidy is a substantial amount in relation either to the amount given or to the total annual operating expenses to pay for principal, interest and operating expenses.

(b) The nonprofit organization is not created or operated for the primary purpose of providing the subsidy or payment.

42-11107. Exemption for institutions for relief of indigent or afflicted

Property of charitable institutions for the relief of the indigent or afflicted, appurtenant land and their fixtures, equipment and other reasonably required property including property used for the administration of such relief, are exempt from taxation if the institutions and property are not used or held for profit.

42-11108. Exemption for grounds and buildings owned by agricultural societies

The grounds and buildings owned by agricultural societies are exempt from taxation if they are used only for those purposes and are not used or held for profit.

42-11109. Exemption for religious property; affidavit

A. Property or buildings that are used or held primarily for religious worship, including land, improvements, furniture and equipment, are exempt from taxation if the property is not used or held for profit.

B. Within ten days after receiving an initial affidavit of eligibility submitted under section 42-11152 by a nonprofit organization that owns property used primarily for religious worship, the county assessor, on request, shall issue a receipt for the affidavit.

C. If the organization files with the assessor evidence of the organization's tax exempt status under section 501(c)(3) of the internal revenue code, the organization is exempt from the requirement of filing subsequent affidavits under section 42-11152 until all or part of the property is conveyed to a new owner or is no longer used for religious worship. At that time the organization shall notify the assessor of the change in writing.

D. A nonprofit organization that obtains title to property that was previously owned by another nonprofit organization and used primarily for religious worship shall comply with the requirements of section 42-11152 to qualify and establish eligibility for exemption.

E. If a nonprofit organization that holds title to property used primarily for religious worship fails to file the affidavit required by section 42-11152 in a timely manner, but otherwise qualifies for exemption, the county board of supervisors, on petition by the organization, shall direct the county treasurer to:

1. Refund any property taxes paid by the organization for a tax year if the organization submits a claim for the refund to the county treasurer within one year after the date the taxes were paid. The county treasurer shall pay the claim within thirty days after it is submitted to the treasurer. The county treasurer is entitled to credit for the refund in the next accounting period with each taxing jurisdiction to which the tax monies may have been transmitted.

2. Forgive and strike off from the tax roll any property taxes and accrued interest and penalties that are due but not paid.

42-11110. Exemption for cemeteries

A. Cemeteries as defined in section 32-2101 that are set apart and used to inter deceased human beings and historic private burial sites and historic private cemeteries as defined in section 41-511.04 are exempt from taxation.

B. The owner of a cemetery, historic private burial site or historic private cemetery shall initially establish qualification for exemption under this section by filing an affidavit with the county assessor under section 42-11152. Thereafter, the owner is not required to file an affidavit under section 42-11152 unless:

1. Any part of the property is no longer, or will not be, used as a cemetery or has been rezoned, and the assessor shall sever that part of the property from the exempt parcel.

2. Any interest in the title to any part of the property is conveyed to a new owner.

42-11111. Exemption for property of widows and widowers and persons with disabilities

A. The property of widows, widowers and persons with disabilities who are residents of this state is exempt from taxation to the extent allowed by article IX, sections 2, 2.1, 2.2 and 2.3, Constitution of Arizona, and subject to the conditions and limitations prescribed by this section.

B. Pursuant to article IX, section 2.3, Constitution of Arizona, the exemptions from taxation under this section are allowed in the amount of:

1. Three thousand dollars if the person's total assessment does not exceed twenty thousand dollars.

2. No exemption if the person's total assessment exceeds twenty thousand dollars.

42-11111C. On or before December 31 of each year, the department shall increase the following amounts based on the average annual percentage increase, if any, in the GDP price deflator in the two most recent complete state fiscal years:

1. The total allowable exemption amount and the total assessment limitation amount under subsection B of this section.

2. The total income limitation amounts under subsection E, paragraphs 1 and 2 of this section.

For the purposes of this subsection, "GDP price deflator" means the average of the four implicit price deflators for the gross domestic product reported by the United States department of commerce or its successor for the four quarters of the state fiscal year.

→ ***See the Appendix A*** ←

D. For the purpose of determining the amount of the allowable exemption pursuant to subsection B of this section, the person's total assessment shall not include the value of any vehicle that is taxed under title 28, chapter 16, article 3.

E. Pursuant to article IX, section 2.3, Constitution of Arizona, to qualify for this exemption, the total income from all sources of the claimant and the claimant's spouse and the income from all sources of all of the claimant's children who resided with the claimant in the claimant's residence in the year immediately preceding the year for which the claimant applies for the exemption shall not exceed:

1. Twenty-five thousand dollars if none of the claimant's children under eighteen years of age resided with the claimant in the claimant's residence.

2. Thirty thousand dollars if one or more of the claimant's children residing with the claimant in the claimant's residence were either:

(a) Under eighteen years of age.

(b) Totally and permanently, physical or mental disabilities, as certified by competent medical authority as provided by law.

F. For the purposes of subsection E of this section, "income from all sources" means the sum of the following, but excluding the items listed in subsection G of this section:

1. Adjusted gross income as defined by the department.

2. The amount of capital gains excluded from adjusted gross income.

3. Nontaxable strike benefits.

4. Nontaxable interest that is received from the federal government or any of its instrumentalities.

5. Payments that are received from a retirement program and paid by:

(a) This state or any of its political subdivisions.

(b) The United States through any of its agencies, instrumentalities or programs, except as provided in subsection G of this section.

6. The gross amount of any pension or annuity that is not otherwise exempted.

G. Notwithstanding subsection F of this section, "income from all sources" does not include monies received from:

1. Cash public assistance and relief.

2. Railroad retirement benefits.

3. Payments under the federal social security act (49 Stat. 620).

4. Payments under the unemployment insurance laws of this state.

5. Payments from veterans disability pensions.

6. Workers' compensation payments.

7. "Loss of time" insurance.

8. Gifts from nongovernmental sources, surplus foods or other relief in kind supplied by a governmental agency.

H. A widow, widower or a person with a disability shall initially establish eligibility for exemption under this section by filing an affidavit with the county assessor under section 42-11152. Thereafter, the person is not required to file an affidavit under section 42-11152, but the person or the person's representative shall annually calculate income from the preceding year to ensure that the person still qualifies for the exemption and shall notify the county assessor in writing of any event that disqualifies the widow, widower or person with a disability from further exemption. Regardless of whether the person or representative notifies the assessor as required by this subsection, the property is subject to tax as provided by law from the date of disqualification, including interest, penalties and proceedings for tax delinquencies. Disqualifying events include:

1. The person's death.

2. The remarriage of a widow or widower.

3. The person's income from all sources exceeding the limits prescribed by subsection E of this section.

4. The conveyance of title to the property to another owner.

I. Any dollar amount of exemption that is unused in a tax year against the limited property value of property and improvements owned by the individual may be applied for the tax year against the value of personal property subject to special property taxes including the taxes collected pursuant to title 5, chapter 3, article 3 and title 28, chapter 16, article 3.

J. An individual is not entitled to property tax exemptions in the aggregate that exceed the maximum allowed to a widow, widower or person with a disability even if the person is eligible for an exemption in more than one category.

42-11112. Exemption for observatories

Observatories that are maintained for astronomical research and education for the public welfare and property that is used in the work or maintenance of observatories, including property held in trust, are exempt from taxation if the observatories and other property are used only for those purposes and are not used or held for profit.

42-11113. Exemption for land and buildings owned by animal control and humane societies

Land and buildings that are owned by societies to prevent cruelty to animals and to shelter care for and control animals are exempt from taxation if the land and buildings are used only for those purposes and are not used or held for profit.

42-11114. Exemption for property held for conveyance as parkland; recapture

A. Property that is held by a charitable organization, recognized under section 501(c)(3) of the internal revenue code or under section 43-1201, for transfer to this state or to a political subdivision of this state to be used as parkland is exempt from taxation if the charitable organization does not receive rent or valuable consideration.

B. If property that is exempt under this section is transferred to an entity other than this state or a political subdivision of this state or if the property is used or occupied by or for the benefit of any other person, the charitable organization is liable for all tax, interest and penalties that would be due if the property were not exempt from taxation.

42-11115. Exemption for property held to preserve or protect scientific resources

Property that is held by a charitable organization, recognized under section 501(c)(3) of the internal revenue code or under section 43-1201, to preserve and protect scientific, biological, geological, paleontological, natural or archaeological resources is exempt from taxation.

42-11116. Exemption for property of arts and science organizations

Property of musical, dramatic, dance and community arts groups, botanical gardens, museums and zoos, qualified as nonprofit charitable organizations under section 501(c)(3) of the internal revenue code or under section 43-1201, is exempt from taxation if the property is used for those purposes and not used or held for profit.

42-11117. Exemption for property of volunteer fire departments

The property of a volunteer fire department, recognized under section 501 of the internal revenue code or under section 43-1201, is exempt from taxation if the property is used exclusively for fire suppression and prevention activities and neither used nor occupied by or for the benefit of any person.

42-11118. Exemption for social welfare and quasi-governmental service property; qualifying activities

A. Property that is owned by a volunteer nonprofit organization that is recognized under section 501(c)(4) of the internal revenue code or under section 43-1201 and that is operated exclusively to promote social welfare and provide community quasi-governmental services in an unincorporated area of a county is exempt from taxation.

B. To qualify as providing quasi-governmental services under this section, the organization must provide at least six of the following services:

1. Public information and complaint office.

2. Voter registration.

3. Property tax assessment information.

4. Building permit distribution.

5. Resident assistance with deed restrictions and violations.

6. County planning and zoning review.

7. Water resources planning and management.

8. Public safety planning, oversight and maintenance.

9. Government liaison for regional planning activities.

42-11119. Exemption for property of volunteer roadway cleanup and beautification organizations

Property that is owned by a volunteer nonprofit organization is exempt from taxation if it meets all of the following requirements:

1. The property is used exclusively for the purpose of performing roadway cleanup and beautification on a gratuitous basis.

2. The property is not used or held for profit.

3. The property is not used or occupied by or for the benefit of any person.

42-11120. Exemption for property of veterans' organizations

Property that is owned by a United States veterans' organization that qualifies as a charitable organization and that is recognized under either section 501(c)(3) or 501(c)(19) of the internal revenue code is exempt from taxation if the property is used predominantly for those purposes and is not used or held for profit.

42-11121. Exemption for property of charitable community service organizations

Property that is not used or held for profit and that is owned by a community service organization the mission of which is to serve a population that includes persons who are indigent or afflicted, as defined in section 42-11101, and that qualifies as a charitable organization and is recognized under section 501(c)(3) of the internal revenue code is exempt from taxation if the community service organization is primarily engaged in delivering services on that property consisting of fitness programs, camping programs, health and recreation services, youth programs, child care, senior citizen programs, individual and family counseling, employment and training programs, services for individuals with disabilities, meals, feeding programs or disaster relief.

42-11122. Exemption for trading commodities

A commodity, as defined in 7 United States Code section 2, that is consigned for resale in a warehouse in this state in or from which the commodity is deliverable on a contract for future delivery subject to the rules of a commodity market regulated by the United States commodity futures trading commission is exempt from taxation.

42-11123. Exemption for animal and poultry feed

Animal and poultry feed, including salts, vitamins and other additives, for animal or poultry consumption is exempt from taxation.

42-11124. Exemption for possessory interests for educational or charitable activities

A possessory interest consisting of property or improvements pursuant to a lease from this state or a political subdivision of this state is exempt from taxation if it is used by an association or institution that meets all of the following requirements:

1. The purpose of the association or institution is educational or charitable activities.
2. Its annual gross revenues do not exceed fifty thousand dollars.
3. It is not operated for profit.
4. It is recognized under section 501(c) (3) of the internal revenue code or under section 43-1201.

42-11125. Exemption for inventory, materials and products

Stocks of raw or unfinished materials, unassembled parts, work in progress or finished products that constitute the inventory of a retailer, wholesaler or manufacturer that is located in this state and that is principally engaged in reselling the materials, parts or products are exempt from taxation.

42-11126. Exemption for production livestock and animals; definition

Livestock and poultry as defined in section 3-1201, aquatic animals as defined in section 3-2901 and colonies of bees are exempt from taxation as provided by article IX, section 13, Constitution of Arizona. For purposes of this section, "poultry" includes ratites.

42-11127. Exempt personal property

A. Pursuant to article IX, section 2, subsection (6), Constitution of Arizona, personal property that is class two property pursuant to section 42-12002, paragraph 2, subdivision (a) or (b) that is used for agricultural purposes or personal property that is class one property pursuant to section 42-12001 that is used in a trade or business as described in section 42-12001, paragraphs 8 through 11 or 13 is exempt from taxation up to a maximum amount of fifty thousand dollars of full cash value for each taxpayer.

B. On or before December 31 of each year, the department shall increase the maximum amount of the exemption for the following tax year based on the percentage increase, if any, in the employment cost index for total compensation for private industry workers in the two most recent complete state fiscal years. For the purposes of this subsection, "employment cost index" means the average of the employment cost indices reported by the bureau of labor statistics of the United States department of labor or its successor for the eight quarters of the two most recent state fiscal years.

42-11128. Exemption for personal property in transit; violation; classification

A. The following personal property has no situs in this state and is exempt from taxation:

1. Personal property moving through this state to a final destination outside this state.

2. Personal property consigned to a warehouse in this state from a point outside this state for storage or assembly in transit to a final destination outside this state.

B. Property that is claimed to have no situs in this state for the purposes of taxation shall be entered in the records of the warehouse in which it is located as property in transit or futures contract property. The record shall include:

1. The date of receipt.

2. The date of withdrawal.

3. The point of origin.

4. The point of ultimate destination, if known.

C. The record of property shall be open at all times to inspection by the department or the taxing authority of a political subdivision of this state.

D. A person who files a claim for exemption of property in transit shall do so on a form and in the manner the department prescribes and shall include a certificate of the operator of the warehouse in which the property is located stating that the property is entered in the warehouse records as property in transit.

E. The owner or operator of a warehouse in or from which commodities that are exempt under section 42-11122 are deliverable shall file an affidavit with the county assessor between the first Monday in January and March 1 of each year stating that the property in the warehouse is futures contract property. The assessor may require additional evidence of the facts stated by the affidavit, but when the assessor accepts the affidavit as complete and correct, the commodities that are stored or consigned in the warehouse are considered to be exempt from taxation for the tax year under section 42-11122.

F. A person who knowingly makes a false statement in any document submitted under this section to an officer who is charged with assessing property for tax purposes is guilty of a class 6 felony.

42-11129. Exemption for property of fraternal societies

Property that is owned by a fraternal society or organization that is recognized under section 501(c)(8) of the internal revenue code, if the net earnings of the fraternal society or organization are devoted exclusively to religious, charitable, scientific, literary, educational or fraternal purposes, or section 501(c)(10) of the internal revenue code is exempt from taxation if the property is used predominantly for educational, charitable or religious purposes and for the purposes authorized under section 501(c)(8) or 501(c)(10) of the internal revenue code and no portion of the property is used for the sale of food or beverage to the general public or the consumption of alcoholic beverages by nonmembers of the fraternal society or organization or is used or held for profit.

42-11130. Exemption for public library organizations

Property that is not used or held for profit, that is owned by an organization the mission of which is to provide supplemental financial support to public libraries and that qualifies as a charitable organization and is recognized under section 501(c) (3) of the internal revenue code is exempt from taxation if the property is used predominantly for those purposes.

42-11131. Exemption for low income Indian housing; definitions

A. Property owned and operated by a federally recognized Indian tribe or its tribally designated housing authority is exempt from taxation, subject to the following requirements:

1. The property must be used exclusively for the charitable purpose of providing low income rental housing and related facilities for the use of Indians.

2. The property may not be used, held or operated for profit.

3. No part of the net earnings of the housing authority, if any, may inure to the benefit of any private shareholder or individual.

4. The housing was designed and constructed, in whole or in part, using federal financial assistance pursuant to the Native American Housing assistance and self-determination act (P.L. 104-330; 25 United States Code chapter 43) or using tribal government monies.

B. To apply for an initial exemption under this section, an Indian tribe or tribal housing authority must submit the following documents to the county assessor:

1. Documents establishing the federal recognition of the Indian tribe.

2. Documents establishing that the housing authority, if any:

(a) Is formally designated by the tribe for the purposes of owning and operating rental housing facilities for Indians.

(b) Is recognized as a charitable institution pursuant to section 501(c) (3) of the internal revenue code.

3. Legally binding documents that establish a current agreement or other restriction that limits the property's use to low income rental housing and related facilities for Indians.

C. An Indian tribe or tribal housing authority that submits the documentation required by subsection B of this section for initial tax exempt status is exempt from the requirement of filing subsequent affidavits under section 42-11152 until the property is conveyed to a new owner or is no longer used for the qualifying purposes under subsection A, paragraph 1 of this section. If any part of the property is conveyed to a new owner or is no longer used for those qualifying purposes, or if any legal or equitable interest in any part of the property is conveyed to a new owner, the tribe or housing authority shall notify the assessor of the change in writing.

D. This section shall not be interpreted to prevent an Indian tribe or tribal housing authority from making voluntary payments in lieu of property taxes to a county, city, town, school district or other political subdivision for providing services, improvements or facilities for the benefit of a low income housing project owned and operated by the tribe or housing authority. Any payments in lieu of tax may not exceed the maximum amount permitted under applicable federal law, if any, or the estimated cost to the county, city, town, school district or other political subdivision of the services, improvements or facilities to be provided, whichever is less.

E. For the purposes of this section:

1. "Indian" has the same meaning prescribed in 25 United States Code section 4103.

2. "Indian tribe" has the same meaning prescribed in 25 United States Code section 4103.

3. "Low income rental housing" means housing for individuals or families having an income that does not exceed the income for a low income family, as defined in 25 United States Code section 4103.

4. "Related facilities" means nonhousing facilities that are located on the low income housing property and that are available for the use of Indian tenants in conjunction with their use of the housing facilities.

42-11132. Property leased to an educational institution

A. Property, buildings and fixtures that are leased to a not for profit charter school and that are used for educational instruction in any grade or program through grade twelve shall be classified as class nine property pursuant to section 42-12009. If only part of a parcel of real property or improvements to real property is leased for operation of a charter school, only the portion so leased qualifies as class nine property.

B. Property, buildings and fixtures that are owned by an educational, a religious or a charitable organization, institution or association and leased to a not for profit educational organization, institution or association are exempt from taxation if the property is used for educational instruction in any grade or program through grade twelve.

C. If the educational, religious or charitable organization, institution or association that owns the property files with the assessor evidence of the organization's tax exempt status under section 501(c)(3) of the internal revenue code and an affidavit by the educational organization, institution or association that it uses the property for educational instruction as described in subsection B of this section, the property qualifies for the tax exemption under this section and is exempt from the requirement of filing subsequent affidavits under section 42-11152 until all or part of the property is conveyed to a new owner or is no longer used for educational purposes. At that time the religious or charitable organization, institution or association must notify the assessor of the change in writing.

42-11132.01. Property leased to a church, religious assembly or religious institution

A. Property, buildings and fixtures that are leased to a nonprofit church, religious assembly or religious institution and that are primarily used for religious worship shall be classified as class nine property pursuant to section 42-12009. If only part of the parcel or improvements is leased to a nonprofit church, religious assembly or religious institution and primarily used or held for religious worship, only the portion so leased qualifies as class nine property. To qualify under this subsection, the church, religious assembly or institution must annually file with the assessor an affidavit that it:

1. Continues to use or hold the property primarily for religious worship.

2. Is the sole economic beneficiary of the classification of the property as class nine pursuant to section 42-12009, subsection A, paragraph 5.

B. Property, buildings and fixtures that are owned by an educational, religious or charitable organization, institution or association, that are leased to a nonprofit church, religious assembly or religious institution and that are primarily used for religious worship are exempt from taxation.

C. If the educational, religious or charitable organization, institution or association that owns the property files with the assessor evidence of the organization's tax exempt status under section 501(c)(3) of the internal revenue code and an affidavit by the nonprofit church, religious assembly or religious institution that it uses or holds the property primarily for religious worship as described in subsection B of this section, the property qualifies for the tax exemption under this section and is exempt from the requirement of filing subsequent affidavits under section 42-11152 until all or part of the property is conveyed to a new owner or is no longer primarily used or held by the church, assembly or institution. At that time the educational, religious or charitable organization, institution or association must notify the assessor of the change in writing.

42-11133. Exemption for low income housing projects

A. Property that is used exclusively for rental housing and related facilities is exempt from taxation if:

1. The property is not used or held for profit.

2. The property is owned and operated by, or is a wholly owned subsidiary of, a charitable fund, foundation or corporation, including a limited partnership in which the managing general partner is an eligible nonprofit corporation.

3. All of the following applies:

(a) The acquisition, rehabilitation, development or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds or is financed by local, state or federal loans or grants and the rents of the occupants do not exceed the rents that are prescribed by deed restrictions or by regulatory agreements pursuant to the financing or financial assistance terms.

(b) The owner of the property is eligible for and receives tax credits for low income residential housing established under section 42 of the internal revenue code.

(c) The property is used as an assisted living facility for low income elderly residents.

(d) The facility cannot exceed two hundred residents.

B. To qualify under this section, the owner of the property must:

1. For any claim that is filed in any fiscal year, certify and ensure, subject to paragraph 2 of this subsection, that there is an enforceable and verifiable agreement with a public agency, a recorded deed restriction or any other legal document that restricts the use of the property and requires that the rents do not exceed the terms that are prescribed by the financing or financial assistance terms. In the case of a limited partnership in which the managing general partner is an eligible nonprofit corporation, the requirements under this paragraph must be included in an enforceable and verifiable agreement with a public agency or in a recorded deed certified by the limited partnership.

2. Certify that the monies that would have been necessary to pay the property taxes are used to maintain the affordability of or otherwise reduce the rents of the units that are occupied by eligible low income households.

Qualifications for Individual Exemptions

Veteran

In *Benjamin v. Arizona Department of Revenue*, 163 Ariz. 182 (App. 1989), the Arizona Court of Appeals held that the Veteran's exemption was unconstitutional because it imposed an Arizona residency requirement that violated the fourteenth amendment to the United States Constitution. Nevertheless, a disabled veteran may qualify for an exemption as a "disabled person" according to A.R.S. § 42-11111.

Widow/Widower

The following criteria must be met to qualify for the widow/widower exemption:

1. The taxpayer must be a current resident of Arizona.

2. The taxpayer must have been a resident in Arizona with last spouse at the time of spouse's death, or a widow/widower and resident prior to January 1, 1969.

Disabled Person

The following criteria must be met to qualify for the disabled person exemption:

1. The claimant must be over seventeen years of age.

2.The claimant must have a certification of total permanent disability by a competent medical authority who holds a license in good standing to practice medicine, osteopathic medicine, psychology, osteopathy, or chiropractic. The disability of person may be physical or mental resulting in that person's inability to engage in any substantial gainful activity. The disability must be expected to last for a continuous period of not less than twelve months. The form for certification of disability is prescribed by the department.

Property Tax Exemption Qualifying Criteria

Widow/Widower/Disabled Person

Limit on assessed value of all real/personal property owned by claimant
The total property assessment value shall not exceed the qualification dollar limits set by the Department of Revenue for the previous calendar year [see the Appendix A]
Limit on allowable income if none of claimant's children under eighteen years of age resided with him/her during the previous calendar year
The total income from all sources of the claimant (and his/her spouse in the case of a disabled claimant) and all children over eighteen who resided with claimant shall not exceed the qualification dollar limits set by the Department of Revenue for the previous calendar year [see the Appendix A]
Limit on allowable income if at least one of the claimant's children who was under eighteen years of age or who was totally and permanently disabled and resided with the claimant during the previous calendar year.
The total income from all sources of the claimant, spouse and all children who resided with claimant shall not exceed the qualification dollar limits set by the Department of Revenue during the previous calendar year. [see the Appendix A]

Income Included
The term "income from all sources" (see A.R.S. § 42-11111(F)) includes:

1. Adjusted gross income [1] as defined by the Department.

2. The amount of capital gains excluded from adjusted gross income.

3. Nontaxable strike benefits.

[1] Defined in ARS 43-1001 as "...Arizona gross income subject to modifications specified in Sections 43-1021 and 43-1022." This information appears on Arizona State Individual Income Tax Forms 140 line 42 and line 8 Tax Form 140EZ.

4. Nontaxable interest received from the federal government of any of its instrumentalities.

5. Payments received from a retirement program paid by this state or any of its political subdivisions.

6. Payments received from a retirement program paid by the United States through any of its agencies, instrumentalities or program, except as provided in A.R.S. § 42-11111(G.)

7. The gross amount of any pension or annuity not otherwise exempted."

Income Excluded

Income from all sources does not include (see A.R.S. § 42-11111(G)) monies received from:

1. Cash public assistance and relief.

2. Railroad retirement benefits.

3. Payments under the federal social security act (49 Stat. 620).

4. Payments under the unemployment insurance laws of this state.

5. Payments from veterans disability pensions.

6. Workers' compensation payments.

7. "Loss of time" insurance.

8. Gifts from nongovernmental sources, surplus foods or other relief in kind supplied by a governmental agency.

The maximum allowable exemption is applied to the assessed value for the limited property value (LPV). With the passage of Proposition 117 (which became effective in 2015) both the primary taxes and secondary taxes are levied against the LPV. The combined primary and secondary tax levies constitute the total property tax levy on a specific property.

The value of all personal property subject to taxation must be included in the calculation of assessed value to determine the amount of exemption entitlement. When the amount of the exemption entitlement exceeds the LPV's assessed value of the real property, the remainder exempt entitlement can be applied toward the personal property value including the automobile lieu tax valuation. This does not apply to entitlement that exceeds the assessed value of real property in the FCV computation.

The following examples show exemptions applied independently to the secondary and the primary tax calculations for hypothetical properties. Taxes in the examples are calculated using a tax rate of $7.00 and $2.00 per $100 of assessed value for the primary and secondary tax rates, respectively. Taxes on the automobile are calculated using $4.00 per $100 assessed value.

Example 1: Tax Year 2016

Calculation of Taxes with Exemptions: SFR	Primary Taxes	Secondary Taxes
Real Property Full Cash Value (FCV): $300,000		
Real Property Limited Property Value (LPV)	$249,000	$249,000
Assessed Value (ten percent assessment ratio)	$24,900	$24,900
Exemption	$3,783	$3,783
Net Taxable Assessed Value	$21,117	$21,117
Tax Rate ($s/$100 of assessed value)	$7.00/$100	$2.00/$100
Tax Without Exemption	$1,743	$498
Tax With Exemption	$1,478	$422

Example 2:

Calculation of Taxes with Exemptions: MH & Autos	Primary Taxes	Secondary Taxes
Real Property Full Cash Value (FCV): $9,000		
Real Property Limited Property Value (LPV)	$7,000	$7,000
Assessed Value (ten percent Assessment Ratio)	$700	$700
Real Property Exemption	$700[2]	$700
Net Taxable Value - Real Property	$0	$0
Taxable Value of Vehicle: per License Registration	$1,000[1]	$0
Unused Real Property Exemption Applied to Vehicle Value	$1,000[3]	$0
Net Taxable Value - Personal Property	$0	$0
Tax Rate - $s/$100 of Assessed Value Real Property	$7.00/$100	$2.00/$100
Tax w/o Exemption - Real Property	$49	$14
Tax w/o Exemption - Vehicle ($4/$100 assessed value)	$40	
Tax with Exemption - Real Property	$0	$0
Tax with the Exemption - Vehicle	$0	

1 Vehicles <u>**cannot**</u> be used in the **value** calculation of the **exemption**. However, after subtracting the exemption from the assessed value, **if** there is a positive balance it can be applied against the vehicles' in lieu taxable value. The taxable value of vehicles can only be used one time, whereas the assessed value of real estate and of assessable personal property can be used in both the FCV and LPV calculations.

[2] An individual would be entitled to an exemption of $3,783, but the <u>amount</u> of the exemption (i.e., the tax dollar amount) cannot exceed the assessed value of the total amount of property to be exempted.

[3] Since the exemption exceeded the assessed value of the real estate, the balance can be applied against the vehicles' in lieu tax.

Affidavit

42-11152. Affidavit; false statements

A. Except as provided in sections 42-11104, 42-11109, 42-11110, 42-11111 and 42-11131 and except for property described in sections 42-11125, 42-11127, 42-11132 and 42-11132.01, a person who claims exemption from taxation under article IX, section 2, 2.1 or 2.2, Constitution of Arizona, shall:

1. When initially claiming the exemption, appear before the county assessor to make an affidavit as to the person's eligibility. If a personal appearance before the county assessor would create a severe hardship, the county assessor may arrange a mutually satisfactory meeting place to make an affidavit as to the person's eligibility.

2. When claiming the exemption in subsequent years, appear before the county assessor or a notary public to make an affidavit as to the person's eligibility.

3. Fully answer all questions on the eligibility form or otherwise required by the assessor for that purpose.

B. At the assessor's discretion, the assessor may require additional proof of the facts stated by the person before allowing an exemption.

C. A person who is in the United States military service and who is absent from this state or who is confined in a veterans' hospital or another licensed hospital may make the required affidavit in the presence of any officer who is authorized to administer oaths on a form obtained from the county assessor.

D. A false statement that is made or sworn to in the affidavit is perjury.

The exemption filing dates are from January 1st through the last working day of February

Appendix A

Qualifying Property Tax Exemption Calculations

Per Arizona Revised Statute section 42-11111, the Arizona Department of Revenue ("DOR") adjusts the total allowable exemption amount and the total assessment limitation amount under subsection B of 42-11111. The DOR also determines the total income limitation under subsection E of 42-11111.

The Department calculates changes in the exemption and qualifying income limitations based on the average annual increase, if any, in the GDP price deflator in the two most recent complete state fiscal years using data provided by the United States Department of commerce.

Upon completing the annual calculations, the DOR distributes a memorandum to Arizona's county assessors that notifies them of the individual exemption amounts for the upcoming tax year. The county assessors typically provide the information to their taxpayers through the assessors' websites.

Example:

Widow/Widower or Disabled Exemption Qualifying Criteria Tax Year 2016

Total assessed value of claimant property	$25,708
Total Income: all sources of claimant & children income (and income of a disabled claimant's spouse) if no minor aged children live with claimant.	$31,528
Total Income: all sources of claimant & children income (and income of a disabled claimant's spouse) if one or more of claimant's minor aged children reside with claimant in claimant's residence	$37,823
Maximum Allowable Exemption:	$ 3,783

Appendix B

Sample Exemption Application Prior to Proposition 117

Calculation of Taxes with Exemptions (2014 data)	Primary Taxes	Secondary Taxes
Real Property's Full Cash Value: $85,000		
Real Property's Limited Property Value:$76,000	$76,000	$85,000
Assessed Value (ten percent Assessment Ratio)	$7,600	$8,500
Exemption	$3,664	$3,664
Net Taxable Value - Real Property	$3,936	$4,836
Tax Rate: Per $100 of Assessed Property Value	$7.00/$100	$2.00/$100
Tax without the Exemption - Real Property	$532	$170
Tax with the Exemption - Real Property	$276	$97

Sample Exemption Application after Proposition 117

Calculation of Taxes with Exemptions (2016 data)	Primary Taxes	Secondary Taxes
Real Property's Full Cash Value: $85,000		
Real Property's Limited Property Value:	$76,000	$76,000
Assessed Value (ten percent Assessment Ratio)	$7,600	$7,600
Exemption	$3,783	$3,783
Net Taxable Value - Real Property	$3,936	$3,936
Tax Rate: Per $100 of Assessed Property Value	$7.00/$100	$2.00/$100
Tax without the Exemption - Real Property	$532	$152
Tax with the Exemption - Real Property	$267	$76