

Property Classification



Arizona's Property Classification

Key Terminology Relevant to this Assessment Procedure:

Property classification: The act or process of putting property into Arizona's nine statutorily-defined classes (e.g., "class one property") for purposes of taxation.

A 'property class' is one of the Arizona's nine statutorily-defined groups of properties identified by A.R.S. [42-12001 through A.R.S. 42-12009](#).

A.R.S. [42-12001 through 42-12009](#) identify the characteristics/categories of each **property class**.

A.R.S. [42-15001 through 42-15009](#) identify the assessment ratio assigned to each **property class**.

Background

Arizona's legislature has established a statutory classification system to identify, categorize, value, and tax real and personal property in Arizona. According to Arizona Revised Statutes (A.R.S.) [42-12010](#), the classes of property are established for "...the common treatment of property in each class for the purposes of the assignment of a common assessment percentage..." Certain property classes have two or more subclasses that allow further differentiation of the main categories of real and personal property.

Property Classification

Nine classes (each with one or more additional subclasses) of property are defined in A.R.S. [42-12001 through 42-12009](#). Current use or qualifying status is the basis for differentiating the main categories of real and personal property between the nine property classes.

Examples of unique qualifying status include historic property; real and personal property that are located within the area of an enterprise zone, a foreign trade zone or military reuse zone; or the reclassification of partially completed and vacant improvements.

Note: The words, “Legal” or “legal” are commonly paired together with the words “Classification”, “classification”, “Class”, or “class” in Arizona’s assessment manual documents and Arizona county assessors’ websites and written materials. In 1967, four property classes were established by A.R.S. 42-162 which subsequently evolved into the current nine classes set forth in A.R.S. 42-12001 through 42-12009. The words “Legal” or “legal” were never used in A.R.S. 42-162 and have never been in Arizona’s current property classification statutes or assessment ratio statutes, A.R.S. 42-15001 through 42-15009.

42-12001. Class one property

For purposes of taxation, class one is established consisting of the following subclasses:

1. Producing mines and mining claims, personal property used on mines and mining claims, improvements to mines and mining claims and mills and smelters operated in conjunction with mines and mining claims that are valued at full cash value pursuant to section [42-14053](#).
2. Standing timber that is valued at full cash value.
3. Real and personal property of gas distribution companies, electric transmission companies, electric distribution companies, combination gas and electric transmission and distribution companies, and companies engaged in the generation of electricity that are valued at full cash value pursuant to section [42-14151](#).
4. Real and personal property of airport fuel delivery companies that are valued pursuant to section [42-14503](#).
5. Real and personal property that is used by producing oil, gas and geothermal resource interests that are valued at full cash value pursuant to section [42-14102](#).
6. Real and personal property of water, sewer and wastewater utility companies that are valued at full cash value pursuant to section [42-14151](#).
7. Real and personal property of pipeline companies that are valued at full cash value pursuant to section [42-14201](#).

8. Real and personal property of shopping centers that are valued at full cash value or pursuant to chapter 13, article 5 of this title, as applicable, other than property that is included in class nine.
9. Real and personal property of golf courses that are valued at full cash value or pursuant to chapter 13, article 4 of this title.
10. All property, both real and personal, of manufacturers, assemblers or fabricators, other than property that is specifically included in another class described in this article, that is valued under this title.
11. Real and personal property that is used in communications transmission facilities and that provides public telephone or telecommunications exchange or interexchange access for compensation to effect two-way communication to, from, through or within this state.
12. Real property and improvements that are devoted to any other commercial or industrial use, other than property that is specifically included in another class described in this article, and that are valued at full cash value.
13. Personal property that is devoted to any other commercial or industrial use, other than property that is specifically included in another class described in this article, and that is valued at full cash value.
14. Real and personal property of electric cooperatives that are valued at full cash value pursuant to section [42-14159](#).

[42-12002](#). Class two property

(L16, Ch. 168, sec. 1. Eff. 1/1/17)

For purposes of taxation, class two is established consisting of three subclasses:

1. Class two (R) consists of:
 - (a) Real property and improvements to property that are used for agricultural purposes and that are valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.
 - (b) Real property and improvements to property that are primarily used for agricultural purposes to produce trees other than standing timber, vines,

rosebushes, ornamental plants or other horticultural crops, regardless of whether the crop is grown in containers, soil or any other medium, that are not included in class one, three, four, six, seven or eight and that are valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.

- (c) Real property and improvements to property that are owned and controlled by a nonprofit organization that is exempt from taxation under section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if the property is not used or intended for the financial benefit of members of the organization or any other individual or organization, unless the financial benefit is for charitable, religious, scientific, literary or educational purposes, and that are valued at full cash value.
 - (d) Real property of golf courses that is valued at full cash value or pursuant to chapter 13, article 4 of this title.
 - (e) All other real property and improvements to property, if any, that are not included in class one, three, four, six, seven or eight and that are valued at full cash value.
2. Class two (P) consists of:
- a) Personal property that is used for agricultural purposes and that is valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.
 - b) Personal property that is primarily used for agricultural purposes to produce trees other than standing timber, vines, rosebushes, ornamental plants or other horticultural crops, regardless of whether the crop is grown in containers, soil or any other medium, that is not included in class one, three, four, six, seven or eight and that is valued at full cash value or pursuant to chapter 13, article 3 of this title, as applicable.
 - c) Personal property that is owned and controlled by a nonprofit organization that is exempt from taxation under section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if the property is not used or intended for the financial benefit of members of the organization or any other individual or organization, unless the financial benefit is for charitable, religious, scientific, literary or educational purposes, and that is valued at full cash value.

- d) Personal property of golf courses that is valued at full cash value or pursuant to chapter 13, article 4 of this title.
 - e) All other personal property that is not included in class one, three, four, six, seven or eight and that is valued at full cash value.
3. Class two (C) consists of real property, and improvements to real property, that is burdened by a conservation easement that has been created and is currently in effect pursuant to title 33, chapter 2, article 4.

42-12003. Class three property; definition

(L16, Ch. 208, sec. 12. Eff. 1/1/17)

- A. For purposes of taxation, class three is established consisting of:
1. Real and personal property and improvements to the property that are used as the owner's primary residence, that are not otherwise included in class one, two, four, six, seven or eight and that are valued at full cash value.
 2. Real and personal property that is occupied by a relative of the owner, as provided by section [42-12053](#), and used as the relative's primary residence, that is not otherwise included in class one, two, four, six, seven or eight and that is valued at full cash value.
 3. Real and personal property that is owned and occupied as the primary residence of the owner who also uses the property for lease or rent to lodgers.
- B. For the purposes of this section, a homesite that is included in class three may include:
1. Up to ten acres on a single parcel of real property on which the residential improvement is located.
 2. More than ten, but not more than forty, acres on a single parcel of real property on which the residential improvement is located if it is zoned exclusively for residential purposes or contains legal restrictions or physical conditions that prevent the division of the parcel.

3. For the purposes of this section, "physical conditions" means topography, mountains, washes, rivers, roads or any other configuration that limits the residential usable land area.

42-12004. Class four property

(L16, Ch. 208, sec. 13. Eff. 1/1/17)

A. For purposes of taxation, class four is established consisting of:

1. Real and personal property and improvements to the property that are used for residential purposes, including residential property that is owned in foreclosure by a financial institution, that is not otherwise included in another classification and that is valued at full cash value. The homesite that is included in class four may include:
 - (a) Up to ten acres on a single parcel of real property on which the residential improvement is located.
 - (b) More than ten, but not more than forty, acres on a single parcel of real property on which the residential improvement is located if it is zoned exclusively for residential purposes or contains legal restrictions or physical conditions that prevent the division of the parcel. For the purposes of this subdivision, "physical conditions" means topography, mountains, washes, rivers, roads or any other configuration that limits the residential usable land area.
2. Real and personal property and improvements to the property that are used solely as leased or rented property for residential purposes, that are not included in class one, two, three, six, seven or eight and that are valued at full cash value.
3. Child care facilities that are licensed under title 36, chapter 7.1 and that are valued at full cash value.
4. Real and personal property and improvements to property that are used to operate nonprofit residential housing facilities that are structured to house or care for persons with disabilities or who are sixty-two years of age or older and that are valued at full cash value.

5. Real and personal property and improvements that are used to operate licensed residential care institutions or licensed nursing care institutions that provide medical services, nursing services or health related services and that are structured to house or care for persons with disabilities or who are sixty-two years of age or older and that are valued at full cash value.
 6. Real and personal property consisting of no more than eight rooms of residential property that are leased or rented to transient lodgers, together with furnishing no more than a breakfast meal, by the owner who resides on the property and that is valued at full cash value.
 7. Real 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, that is not included in class three and that is valued at full cash value. The land associated with these dwellings shall be valued as agricultural land pursuant to chapter 13, article 3 of this title.
 8. Real property and improvements to property constituting common areas that are valued pursuant to chapter 13, article 9 of this title.
 9. Real and personal property that is defined as timeshare property by section [32-2197](#) and valued pursuant to chapter 13, article 10 of this title, except for any property used for commercial, industrial or transient occupancy purposes and included in class one to the extent of that use.
 10. Real and personal property and improvements that are used for residential purposes, that are leased or rented to lodgers, except for:
 - (a) Property occupied by the owner of the property as the owner's primary residence and included in class three.
 - (b) Property used for commercial purposes and included in class one.
- B. Subsection A, paragraphs 4 and 5 of this section shall not be construed to limit eligibility for exemption from taxation under chapter 11, article 3 of this title.

42-12005. Class five property

For purposes of taxation, class five is established consisting of:

1. Real and personal property of railroad companies used in the continuous operation of railroads that are valued at full cash value under chapter 14, article 8 of this title.
2. Real and personal property used in the operation of private car companies that are valued at full cash value under chapter 14, article 7 of this title.
3. Flight property that is valued at full cash value under chapter 14, article 6 of this title.

42-12006. Class six property

For purposes of taxation, class six is established consisting of:

1. Noncommercial historic property as defined in section [42-12101](#) and valued at full cash value.
2. Real and personal property that is located within the area of a foreign trade zone or subzone established under 19 United States Code section 81 and title 44, chapter 18, that is activated for foreign trade zone use by the district director of the United States customs service pursuant to 19 Code of Federal Regulations section 146.6 and that is valued at full cash value. Property that is classified under this paragraph shall not thereafter be classified under paragraph 6 of this section.
3. Real and personal property and improvements that are located in a military reuse zone that is established under title 41, chapter 10, article 3 and that is devoted to providing aviation or aerospace services or to manufacturing, assembling or fabricating aviation or aerospace products, valued at full cash value and subject to the following terms and conditions:
 - (a) Property may not be classified under this paragraph for more than five tax years.
 - (b) Any new addition or improvement to property already classified under this paragraph qualifies separately for classification under this paragraph for not more than five tax years.

- (c) If a military reuse zone is terminated, the property in that zone that was previously classified under this paragraph shall be reclassified as prescribed by this article.
 - (d) Property that is classified under this paragraph shall not thereafter be classified under paragraph 6 of this section.
4. Real and personal property and improvements or a portion of such property comprising an environmental technology manufacturing, producing or processing facility that qualified under section [41-1514.02](#), valued at full cash value and subject to the following terms and conditions:
- (a) Property shall be classified under this paragraph for twenty tax years from the date placed in service.
 - (b) Any addition or improvement to property already classified under this paragraph qualifies separately for classification under this subdivision for an additional twenty tax years from the date placed in service.
 - (c) After revocation of certification under section [41-1514.02](#), property that was previously classified under this paragraph shall be reclassified as prescribed by this article.
 - (d) Property that is classified under this paragraph shall not thereafter be classified under paragraph 6 of this section.
5. That portion of real and personal property that is used on or after January 1, 1999 specifically and solely for remediation of the environment by an action that has been determined to be reasonable and necessary to respond to the release or threatened release of a hazardous substance by the department of environmental quality pursuant to section [49-282.06](#) or pursuant to its corrective action authority under rules adopted pursuant to section [49-922](#), subsection B, paragraph 4 or by the United States environmental protection agency pursuant to the national contingency plan (40 Code of Federal Regulations part 300) and that is valued at full cash value. Property that is not being used specifically and solely for the remediation objectives described in this paragraph shall not be classified under this paragraph. For the purposes of this paragraph, "remediation of the environment" means one or more of the following actions:
- a) Monitoring, assessing or evaluating the release or threatened release.

- b) Excavating, removing, transporting, treating and disposing of contaminated soil.
 - c) Pumping and treating contaminated water.
 - d) Treatment, containment or removal of contaminants in groundwater or soil.
6. Real and personal property and improvements constructed or installed from and after December 31, 2004 through December 31, 2024 and owned by a qualified business under section [41-1516](#) and used solely for the purpose of harvesting, transporting or processing qualifying forest products removed from qualifying projects as defined in section [41-1516](#). The classification under this paragraph is subject to the following terms and conditions:
- a) Property may be initially classified under this paragraph only in valuation years 2005 through 2024.
 - b) Property may not be classified under this paragraph for more than five years.
 - c) Any new addition or improvement constructed or installed from and after December 31, 2004 through December 31, 2024, to property already classified under this paragraph qualifies separately for classification and assessment under this paragraph for not more than five years.
 - d) Property that is classified under this paragraph shall not thereafter be classified under paragraph 2, 3 or 4 of this section.
7. Real and personal property and improvements to the property that are used specifically and solely to manufacture from and after December 31, 2006 through December 31, 2023 biodiesel fuel that is one hundred per cent biodiesel and its by-products or motor vehicle biofuel and its by-products and that are valued at full cash value. This paragraph applies only to the portion of property that is used specifically for manufacturing and processing one hundred per cent biodiesel fuel, or its related by-products, or motor vehicle biofuel, or its related by-products, from raw feedstock obtained from off-site sources, including necessary on-site storage facilities that are intrinsically associated with the manufacturing process. Any other commercial or industrial use disqualifies the entire property from classification under this paragraph. For the purposes of this paragraph, "motor vehicle biofuel" means a solid, liquid or gaseous fuel that is derived from biological material such as plant or animal matter, excluding organic material that has been transformed by geological

processes into substances such as coal or petroleum or derivatives thereof, and that:

- a) Contains fuel additives in compliance with federal and state law.
 - b) Is manufactured exclusively for use in a motor vehicle.
8. Real and personal property and improvements that are certified pursuant to section 41-1511, subsection C, paragraph 2 and that are used for renewable energy manufacturing or headquarters operations as provided by section [42-12057](#). This paragraph applies only to property that is used in manufacturing and headquarters operations of renewable energy companies, including necessary on-site research and development, testing and storage facilities that are associated with the manufacturing process. Up to ten per cent of the aggregate full cash value of the property may be derived from uses that are ancillary to and intrinsically associated with the manufacturing process or headquarters operation. Any additional ancillary property is not qualified for classification under this paragraph. No new properties may be classified pursuant to this paragraph from and after December 31, 2014. Classification under this paragraph is limited to the time periods determined by the Arizona commerce authority pursuant to section 41-1511, subsection C, paragraph 2, subdivision (a) or (b). Property that is classified under this paragraph shall not thereafter be classified under any other paragraph of this section.

[42-12007](#). Class seven property

For purposes of taxation, class seven is established consisting of real and personal property and improvements that meet the criteria for property included in class one, paragraphs 12 and 13 and also the criteria for commercial historic property as defined in section [42-12101](#).

[42-12008](#). Class eight property

For purposes of taxation, class eight is established consisting of real and personal property and improvements that meet the criteria for property included in class four and also the criteria for commercial historic property as defined in section [42-12101](#).

42-12009. Class nine property

A. For purposes of taxation, class nine is established consisting of:

1. Improvements that are located on federal, state, county or municipal property and owned by the lessee of the property if:
 - (a) The improvements are required to become the property of the federal, state, county or municipal owner of the property on termination of the leasehold interest in the property.
 - (b) Both the improvements and the property are used exclusively for convention activities or athletic, recreational, entertainment, artistic or cultural facilities.
2. Improvements that are located on federal, state, county or municipal property and owned by the lessee of the property if:
 - (a) The improvements are required to become the property of the federal, state, county or municipal owner of the property on termination of the leasehold interest in the property.
 - (b) Both the improvements and the property are:
 - (i) Used for or in connection with aviation, including hangars, tie-downs, aircraft maintenance, sales of aviation-related items, charter and rental activities, parking facilities and restaurants, stores and other services located in a terminal.
 - (ii) Located on a state, county, city or town airport or a public airport operating pursuant to sections [28-8423](#), [28-8424](#) and [28-8425](#).
3. Property that is defined as "contractor-acquired property" or "government-furnished property" in the federal acquisition regulations (48 Code of Federal Regulations, section 45.101) and that is leased to or acquired by the government and used to perform a government contract.
4. Property of a corporation that is organized by or at the direction of this state or a county, city or town to develop, construct, improve, repair, replace or own any property, improvement, building or other facility to be used for public purposes that the state, county, city or town pledges to lease or lease-purchase with

state, county or municipal special or general revenues and that is not otherwise exempt under chapter 11, article 3 of this title.

5. Real property and improvements, including land, buildings, furniture and equipment, regardless of ownership, that are leased for the entire valuation year to, and used exclusively by, a nonprofit organization that is recognized under section 501(c)(3) of the internal revenue code and that operates on the premises as a charter school pursuant to section [15-183](#) or that are leased for the entire valuation year to, and used exclusively by, a nonprofit church, religious assembly or religious institution. If only part of a parcel of real property or improvements to real property is leased for operation of a charter school or a church, religious assembly or religious institution as provided by this paragraph, only the portion so leased qualifies for classification under this section. A property owner who leases property to a charter school or a church, religious assembly or religious institution as provided by this paragraph shall file an affidavit with the county assessor stating that the charter school or church, religious assembly or religious institution shall be the sole beneficiary of the change in property tax classification pursuant to this section and that the lease rate that is charged to the charter school or church, religious assembly or religious institution is consistent with the lease rates that are charged to other tenants of the property or a fair market rate.
- B. Improvements that are located in an area defined as a research park pursuant to section [35-701](#) may not be classified under this section.
 - C. All property classified as class nine is subject to valuation at full cash value.

[42-12010](#). Purpose of classification of property

- A. The classes of property are established by this article for the common treatment of the property in each class for purposes of the assignment of a common assessment percentage under chapter 15, article 1 of this title and other purposes prescribed by statute, but the statutory classes under this article are not considered to constitute classes of property for purposes of article IX, section 1, Constitution of Arizona.

- B. The valuation of properties in individual subclasses established by this article shall be determined in the distinct manner prescribed by law for each subclass in compliance with article IX, section 1, Constitution of Arizona.

42-12051. Treatment of partially completed or vacant improvements; notification; exception

- A. For the purposes of classifying property under article 1 of this chapter, partially completed or vacant improvements on the land including improved common area tracts shall be classified according to their intended use as demonstrated by objective evidence.
- B. For property that is not valued by the department, an improvement on the land is considered to be partially completed when the foundation of the structure or structures to be located on the property is in place.
- C. The only portion affected by the reclassification is the improvement on the land and that portion of the land that is necessary to support the use of the structure or structures, except that common area tracts in residential developments associated with partially completed improvements shall receive the same classification as the partially completed improvements.
- D. Property that is not valued by the department, that does not have a structure or structures and that is actively used for commercial purposes shall be classified as prescribed by article 1 of this chapter.
- E. The department shall prescribe a form to be completed by the owner to notify the assessor that the requirements of this section have been completed. The form shall state the requirements for classification and shall provide the owner with information concerning the reclassification of property. Filing the notice is mandatory, but failing to notify the assessor does not prevent the reclassification of property if the requirements are completed.
- F. This section does not apply to property that is classified as agricultural pursuant to article 4 of this chapter.

Assessment Ratio by Property Classification

A.R.S. [42-15001 through 42-15009](#), inclusive, establish assessment ratios for the various statutory classes of property. The assessment ratio is a percentage that is multiplied by the full cash value and by the limited property value to arrive at assessed values. These assessed values are the amounts applied against the tax rate in order to calculate property taxes. Assessed value is determined as follows:

[42-15001](#). Assessed valuation of class one property

The assessed valuation of class one property described in section [42-12001](#) is the following percentage of its full cash value or limited valuation, as applicable:

1. Twenty-five per cent through December 31, 2005.
2. Twenty-four and one-half per cent beginning from and after December 31, 2005 through December 31, 2006.
3. Twenty-four per cent beginning from and after December 31, 2006 through December 31, 2007.
4. Twenty-three per cent beginning from and after December 31, 2007 through December 31, 2008.
5. Twenty-two per cent beginning from and after December 31, 2008 through December 31, 2009.
6. Twenty-one per cent beginning from and after December 31, 2009 through December 31, 2010.
7. Twenty per cent beginning from and after December 31, 2010 through December 31, 2012.
8. Nineteen and one-half per cent beginning from and after December 31, 2012 through December 31, 2013.
9. Nineteen per cent beginning from and after December 31, 2013 through December 31, 2014.

10. Eighteen and one-half per cent beginning from and after December 31, 2014 through December 31, 2015.
11. Eighteen per cent beginning from and after December 31, 2015.

[42-15002](#). Assessed valuation of class two property

(L16, Ch. 168, sec. 3. Eff. 1/1/17)

The following percentages apply to the full cash value or limited valuation, as applicable, as a basis for determining the assessed valuation of class two property described in section [42-12002](#):

1. Class two (R): sixteen percent through December 31, 2015 and fifteen percent beginning from and after December 31, 2015.
2. Class two (P): sixteen percent through December 31, 2015, and fifteen percent beginning from and after December 31, 2015, of the value exceeding the maximum amount of valuation of personal property that is exempt from taxation pursuant to section [42-11127](#).
3. Class two (C): fifteen percent.

[42-15003](#). Assessed valuation of class three property

The assessed valuation of class three property described in section [42-12003](#) is ten percent of its full cash value or limited valuation, as applicable.

[42-15004](#). Assessed valuation of class four property

The assessed valuation of class four property described in section [42-12004](#) is ten percent of its full cash value or limited valuation, as applicable.

[42-15005](#). Assessed valuation of class five property

The director shall annually determine percentages to apply as a basis for determining the assessed valuation of class five property described in section [42-12005](#) equal to the ratios that the total net assessed valuation of all taxable property for primary and

secondary tax purposes in class one and class six, paragraph 3 and personal property in class two bears to the total limited valuation used for primary tax purposes of such property, and that ratio shall be used for primary tax purposes as required by federal law.

[42-15006](#). Assessed valuation of class six property

The assessed valuation of class six property described in section [42-12006](#) is five per cent of the full cash value or limited valuation of class six property, as applicable.

[42-15007](#). Assessed valuation of class seven property

The assessed valuation of class seven property described in section [42-12007](#) is the percentage of value prescribed for class one property by section [42-15001](#), except that modifications intended to restore and rehabilitate the historic property as approved by the state historic preservation officer under section [42-12103](#) shall be assessed at one per cent for up to ten years.

[42-15008](#). Assessed valuation of class eight property

The assessed valuation of class eight property described in section [42-12008](#) is the percentage of value prescribed for class four property by section [42-15004](#), except that modifications intended to restore and rehabilitate the historic property as approved by the state historic preservation officer under section [42-12103](#) shall be assessed at one per cent for up to ten years.

[42-15009](#). Assessed valuation of class nine property

The assessed valuation of class nine property described in section [42-12009](#) is one per cent of its full cash value or limited valuation, as applicable.

42-15010. Applying assessment percentages

In preparing the tax rolls, the county assessor shall apply the appropriate percentage to the full cash value or limited property value of property, as applicable, to show the assessed valuation.

Summary of Assessment Ratios by Property Class

Property Class	Assessment Ratio
Class One	18%
Class Two	15%
Class Three	10%
Class Four	10%
Class Five	Determined by the DOR
Class Six	5%
Class Seven	18%
Class Eight	10%
Class Nine	1%

Discussion

All class 5 properties are valued by the Arizona Department of Revenue. These properties include railroad companies, private car companies and flight properties. The Department also values gas and electric utility companies, electric co-ops, airport fuel delivery companies, oil, gas and geothermal resources, producing mines, telecommunication properties, water, sewer and wastewater utility companies which are included in class 1, and nonproducing mines (for the first three years after production stops) which are included in class 2, and the environmental technology portion of producing mines which is included in class 6. These are referred to as centrally valued properties.

All other class 1, 2, 3, 4, 6, 7, 8, and 9 properties are valued by the county assessor. These are referred to as locally assessed properties.

Land utilized for ginning cotton shall be valued as high-density agricultural land. Cotton ginning equipment and buildings are considered agricultural property (class 2). However, any portion of a cotton gin site which is used to store (warehouse) cotton after it has been ginned for a time period in excess of the normal industry standard (21 days) should be classified as commercial (class 1). To the extent that a parcel contains a cotton gin and its necessary storage space (21 days maximum) as well as longer-term warehousing, a mixed use ratio should be applied.

All taxable real and personal property within Arizona will be listed in the appropriate statutory class or classes of property for assessment purposes. The appropriate class grouping for taxable property will be based primarily on the use of the property. If the property is being used for two or more purposes, each use will be reflected in a weighted assessment ratio. Refer to Part 3, chapter 2 of this manual, "Determining Mixed Use Percentages."