Personal Property Manual

Preface

Arizona law provides authority for the identification, classification, valuation, and assessment of personal property. These duties are administered jointly by the Arizona Department of Revenue (Department or DOR) and the 15 county assessors. The 2020 PERSONAL PROPERTY MANUAL contains information to assist these personnel to prepare annual valuations and assessments of **locally assessed** personal property. **This Manual is not intended for use in the valuation and assessment of centrally valued personal property.**

In 2018, the Department Manuals Team deployed a major project to update all manuals and guidelines produced by the Property Tax Unit of the Local Jurisdictions District. The following definitions were incorporated as intrinsic project elements:

> **Review:** Manual conforms to standard style and formatting. Legislative and other citations verified. No changes to content, methodology, policy, or practice.
>
> **Revision:** Includes all Review processes. Manual is newly edited. Nonsubstantive legislative changes incorporated. Addition or deletion of information that does not alter valuation methodology.
>
> **Rewrite:** Includes applicable Review processes. Major substantive changes made to any combination of content, valuation methodology, policy, and/or practice.

This Manual is a Revision of the 2019 PERSONAL PROPERTY MANUAL issued by the Department on January 1, 2019, and supersedes all previous personal property manuals issued by the Department. This Manual remains effective until revised or replaced. Additional information may be issued as an addendum to this Manual or as a separate guideline document. Due to varying county deadlines and policies, the Department recommends contacting your county assessor for detailed information regarding the personal property valuation and assessment process. Should any content in this Manual conflict with current law, the latter shall be controlling.

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

Arizona Department of Revenue
Local Jurisdictions District
Personal Property Unit
1600 West Monroe Street
Phoenix, AZ 85007-2650
Phone: 602-716-6843
Email: personalpropertyunit@azdor.gov

The 2020 PERSONAL PROPERTY MANUAL can be viewed on the Department's website at: **http://www.azdor.gov/sites/default/files/media/PROPERTY_pp-manual.pdf**

Quick Reference

Exemption and Assessment Ratios

2020 Business Personal Property Exemption	$185,811
2020 Assessment Ratio for Property Class One	18%
2020 Assessment Ratio for Property Class Two	15%
2020 Assessment Ratio for Property Class Six	5%

Legislative Changes to Arizona Revised Statutes (A.R.S.)

HB 2097	amends	A.R.S.	42-15053
HB 2493	amends	A.R.S.	42-11054
	adds	A.R.S.	42-13056
HB 2556	amends	A.R.S.	3-111, 11-812, and 42-12151
SB 1235	adds	A.R.S.	42-15301 through 42-15305
	repeals	A.R.S.	42-19116
SB 1248	amends	A.R.S.	42-13302

Table of Contents

Chapter 1

Personal Property Overview

Introduction

Two types of property are commonly recognized: real and personal. Under Arizona property tax law, the terms "real property" and "real estate" are synonymous.[1] The A.R.S. defines real estate as "the ownership of, claim to, possession of or right of possession to lands or patented mines" and includes all improvements on or to the land. A.R.S. 42-11001(13). Personal property is defined by exception as all types of tangible and intangible property **not** included in the term real estate. A.R.S. 42-11001(10). This Manual contains information specific to the valuation and assessment of locally assessed personal property.

Personal property includes property used for commercial, industrial, residential, and agricultural purposes. It also includes certain improvements on possessory rights and certain leasehold improvements. Personal property is subject to property tax, except for specifically exempted property such as inventory of a manufacturer, wholesaler, or retailer, as well as livestock, personal household goods, and certain other items. See, e.g., A.R.S. 42-11102, 42-11125 to 42-11128, and Ariz. Const. art. IX, sec. 2. Taxes levied on personal property are a lien against the property and a debt against the property owner. A.R.S. 42-17153, 42-19106, and 42-19117(A). It is important to note that the valuation year and the tax year are the same calendar year for locally assessed personal property. A.R.S. 42-11001(19)(b). A vehicle license tax is assessed in lieu of a property tax on motor vehicles. Most manufactured housing and mobile home[2] units are assessed

[1] Under general real property law, the terms are not synonymous. The following definitions are instructive:

> Real Estate — The physical parcel of land and all improvements permanently attached.
>
> Real Property — Consists of the interests, benefits, and rights inherent in the ownership of land plus anything permanently attached to the land or legally defined as immovable; the bundle of rights with which ownership of real estate is endowed. *To the extent that "real estate" commonly includes land and any permanent improvements, the two terms can be understood to have the same meaning*. Also called "realty."

International Association of Assessing Officers (IAAO), *Glossary for Property Appraisal and Assessment*, 2nd ed. (Kansas City: IAAO, 2013), 129, 138 (emphasis added) (hereinafter, IAAO Glossary).

[2] In this Manual, the term mobile home is used colloquially to refer to several types of manufactured housing.

as personal property. See **Chapter 3: Manufactured Housing and Mobile Homes** for a detailed discussion of mobile home valuation and assessment.

Classes of Property and Their Assessment Ratios

The A.R.S. establishes several classes of property. Each property class has a statutory assessment ratio. The classes of property and their corresponding assessment ratios are set forth in A.R.S. 42-12001 to 42-12009 and 42-15001 to 42-15009, respectively.

Most locally assessed business and agricultural personal property is identified in property class One, subclasses (8), (9), (10), and (13); in property class Two, subclass (P); and in property class Six, with the exception of subclass (1). Mobile homes are generally identified in property classes Three and Four. The information in this Manual is limited to these property classes and subclasses.

The classification of personal property is based, in most cases, on its current use. See A.R.S. 42-11001(4). If identical items of personal property are put to different uses by different owners, each item must be classified by its particular current use. For example, a tractor used by a farmer is classified as property class Two, subclass (P) (a) or (b) for its agricultural use. See A.R.S. 42-12002(2). However, an identical tractor used by a contractor would be classified as property class One, subclass (13) for its commercial use. See A.R.S. 42-12001(13).

The table on the following page provides a list of the most commonly used personal property classes and their corresponding assessment ratios. Refer to the A.R.S. and the Assessment Procedures Manual for information regarding all property classifications.

Property Class	Description	Statute	Time Limit	Ratio
1(8)	Shopping Centers	42-12001(8)	None	18 %
1(9)	Golf Courses (for profit)	42-12001(9)	None	18 %
1(10)	Manufacturers	42-2001(10)	None	18 %
1(13)	All Other Commercial	42-2001(13)	None	18 %
2 P	Agricultural, Non-Profit, Other	42-12002(2)	None	15 %
3	Residential Primary Residence Qualified Family Members Short-Term Lease/Rent to Lodgers	42-12003	None	10 %
4	Residential not in Class 3 Owned in Foreclosure Solely Leased or Rented Child Care Facility Nursing Care Facility Bed and Breakfast Agricultural Employee Housing Common Areas Timeshare Property Short-term Rental (**better term?)	42-12004	None	10 %
6(2)	Foreign Trade Zone	42-12006(2)	None	5 %
6(3)	Military Reuse Zone	42-12006(3)	5 Years	5 %
6(4)*	Environmental Technology	42-12006(4)	20 Years	5 %
6(5)	Environmental Remediation	42-12006(5)	None	5 %
6(6)*	Forest Product	42-12006(6)	5 Years	5 %
6(7)*	Biodiesel Manufacturer	42-12006(7)	Through 2023	5 %
6(8)*	Renewable Energy Manufacturing or Headquarters	42-12006(8)	Through 2024	5%
9*	Contractor Acquired Property Property Leased to Non-profit Charter School	42-12009	None	1%

* Statutory limitations apply. Contact the DOR for a complete property class summary.

Distinguishing Between Real and Personal Property

Property must be identified as either real or personal property in order to be correctly valued and assessed. In addition, distinguishing between real and personal property ensures that property is taxed only once, either on the real or the personal property tax roll. See A.R.S. 42-11003. This becomes especially important if associated real and personal property are separately owned. The need to make this determination usually arises when an item of personal property has assumed certain attributes of real property. Generally, personal property that has been affixed to real property in such a way as to lose its character as personal property becomes real property for ad valorem tax purposes. See A.R.S. 47-9102(41). Arizona law requires consideration of *all* relevant circumstances to determine whether property is real or personal.[3] Even so, three primary characteristics are informative, including the manner and extent of the property's **annexation** to land or improvements, the **use** of the property, and any **intent** that can be inferred regarding the property's annexation and use.

Consult Table 1.1 in the following section for a list of specific assets typically categorized as real or personal property. If doubt exists, carefully consider the following:

- The method and degree of permanence of attachment.
- The physical nature of the item.
- The use of the item.
- Whether damage would be caused by removal of the item.
- Whether the item is temporary in nature, movable, or used to augment other personal property.
- Whether the item that is attached to real property would still be usable after removal.

---

[3] Dept. of Rev. v. Outdoor Advertisers, 202 Ariz. 93, 99–100, 41 P.3d 631, 637–38 (App. 2002) (holding that billboards are personal property).

> Thus, the test for whether an item of personalty has become part of the realty would be stated as: Would a reasonable person, after considering all the relevant circumstances, assume that the item in question belongs to and is a part of the real estate on which it is located?

Annexation

Personal property may be considered actually, or physically, annexed to real property if the item is attached to, embedded in, or permanently rested upon land or improvements. If the item is attached by means normally used for permanent installation, or cannot be removed without substantial damage to it and/or the real property with which it is being used, it may also be considered physically annexed. With respect to annexation, permanent installation means for the economic life of the attached property, rather than forever.

Alternatively, property should not be considered annexed merely because it is attached to real property with “quick disconnect” attachments, such as simple wiring or conduit. In addition, attaching property to a floor or wall to provide stability does not necessarily cause the item to become real property.

An item of personal property that is not attached to real property as set forth above may still be considered constructively annexed to real property if the item is a necessary, integral, or working part of the real property. This may be determined by considering whether the item:

- Was designed and/or committed for use with specific real property.
- Is essential, such that the real property cannot perform its desired function without the nonattached item.

Use

If the sole purpose of an item of personal property is to augment or support the use of land, a building, or a structure, then it may be considered real property, regardless of how the item is attached. If the item is used only to augment or support a business activity conducted on the premises, then the item may be considered personal property. An assessor might ask, “Does the property support the business or the building?”

An example of this would be heating, ventilating, and air conditioning (HVAC) equipment. Equipment used to heat, ventilate, or air condition a structure may be considered real property. However, supplemental HVAC equipment added to accommodate manufacturing or computer equipment may be listed as personal property.

Intent

When considering whether an item of property is real or personal, intent should be considered in conjunction with, not separately from, annexation and use of the property. The appearance of an item may indicate it is intended to remain annexed indefinitely. Even the physical size and weight of an item, such that relocation or removal would be difficult, may indicate an intention of indefinite placement. Intent may also be determined by factors other than simple visual appearance, such as an agreement between parties or a contract between a lessor and a lessee. Historic usage of an item may also be considered to determine whether or not it is intended to remain annexed indefinitely.

Examples of Real and Personal Property

Table 1.1 lists items typically categorized as real or personal property. Some types of property (indicated with an asterisk) can be classified as either real or personal. Special attention is required to ensure property is listed on only one tax roll, not both. A.R.S. 42-11003.

Table 1.1
Examples of Typical Categories of Real and Personal Property

Description	Real Property	Personal Property
Air Conditioning, Built-In	X	
Air Conditioning, Window Unit		X
Air Rights	X	
Awning, Removable		X
Back Bar		X
Blast Furnace	X	
Blinds		X
Boiler, Built-In *	X	
Boiler, Used in Manufacturing Process		X
Booth, Restaurant *		X
Booth, Spray Paint *		X
Bowling Lane		X

Table 1.1 Examples of Typical Categories of Real and Personal Property		
Description	**Real Property**	**Personal Property**
Building, Affixed	X	
Cabinet, Built-In *	X	
Cage, Interior for Protection *		X
Canopy, Attached to Building or Free-Standing	X	
Canopy, Over Equipment, Used as Part of Operating Equipment *		X
Carpet, Wall-to-Wall	X	
Ceiling Fan *	X	
Check-Out Stand		X
Chimney Stack	X	
Clean Room *		X
Cold Storage Equipment		X
Compressor *		X
Computer *		X
Concrete Flat-work	X	
Control Room	X	
Control Room Equipment		X
Contoured Grounds	X	
Cooler, Storage or Vending, Built-In *	X	
Cooler, Storage or Vending, Prefabricated *		X
Counter, Bank		X
Counter, Restaurant		X
Crane, On Fixed or Portable Ways		X
Crane Rail, Fixed-in-Place	X	
Crane Rail, Portable		X
Dairy Barn Milking Equipment		X
Dam	X	
Ditch	X	
Dock and Dock Leveler *	X	
Dock, Boat		X
Door, Except Vault Door	X	
Drinking Fountain, Built-In *	X	
Duct	X	
Electrical Service, Used for Structure	X	

Table 1.1 Examples of Typical Categories of Real and Personal Property		
Description	**Real Property**	**Personal Property**
Electrical Service, Used for Manufacturing Equipment *		X
Electrical Transformer *		X
Elevator, Freight or Passenger	X	
Embankment	X	
Escalator	X	
Exhaust System, Built-In *	X	
Fence	X	
Fill Material	X	
Fire Protection, Water Sprinkler System *	X	
Fire Extinguisher *		X
Flag Pole	X	
Floor-covering, Hard Surface	X	
Foundation, Building	X	
Foundation, Equipment Mount		X
Fruit Tree	X	
Furnishing, Built-In *	X	
Graded Ground	X	
Grape Stake	X	
Grape Trellis	X	
Heating, Ventilating, Air Conditioning, For Building Use *	X	
Hoist		X
Ice Skating Rink		X
Kiln *		X
Kitchen Appliance, Built-In *	X	
Laboratory Equipment *		X
Landscaping	X	
Laundry Machine		X
Leveler, Loading Dock *	X	
Leveled Ground	X	
Lighting Fixture *	X	
Machinery		X
Mail Boxes and Chutes, Built-In *	X	
Minerals	X	

Table 1.1 Examples of Typical Categories of Real and Personal Property		
Description	**Real Property**	**Personal Property**
Mini-Kitchen Combination Range, Oven, Sink, and Refrigerator Units		X
Music System, Attached to Booth or Counter *		X
Nut Tree	X	
Organ, Pipe		X
Oven, Bake *		X
Partition, Permanent, Floor-to-Ceiling	X	
Partition, Movable or Detachable		X
Piling, For Support of Structure	X	
Piping, Used to Service Building	X	
Piping, Used in Conjunction with Machinery *		X
Plumbing, for Lavatory, Water Faucet, Sink, Drinking Fountain, Sewage Ejector, etc.	X	
Printing Press		X
Public Address System *		X
Pump, Irrigation	X	
Radiator, Steam	X	
Railroad Track, On Owner's Land *	X	
Railroad Track, Not on Owner's Land		X
Refrigerator, Built-In	X	
Restaurant Equipment, Built-In	X	
Restaurant Equipment, Free-Standing		X
Retaining Wall	X	
Road, Unpaved	X	
Road, Paved, Private Land	X	
Safe, Embedded	X	
Safe Deposit Box Unit		X
Scale, Truck		X
Scale, Other		X
Screen, Indoor Theater		X
Security System *		X
Septic Tank	X	
Sewer System	X	
Shelving, Attached *		X
Shelving, Free-Standing		X

Table 1.1 Examples of Typical Categories of Real and Personal Property		
Description	**Real Property**	**Personal Property**
Sink, Built-In *	X	
Sign		X
Skirting, For Mobile Home Not Permanently Affixed		X
Sprinkler System, Lawn	X	
Sprinkler System, Fire	X	
Sprinkler System, Agriculture, Field — Surface and Walking		X
Stairs, Railing, Fire Escape, Ladder, Attached	X	
Stove, Built-In *	X	
Tank, Buried *		X
Tank (Butane, Propane, Water Softener), Unburied, But Remains in Place		X
Teller Cage		X
Tower, Cooling *	X	
Tower, Radio and Television *		X
Vault Door *		X
Vault *	X	
Vines, Agricultural	X	
Walk-in Cooler and Freezer *		X
Walls and Partitions, Movable and Detachable *		X
Water Rights	X	
Water Recovery System, Industrial *		X
Well, Oil and Water	X	
Well Equipment *		X
Wet Bar, Built-In	X	

Chapter 2

Business Personal Property

Reporting Personal Property

Overview

Personal property in Arizona is subject to taxation unless specifically exempted. A.R.S. 42-11002. Each taxpayer that owns or has charge or control of taxable personal property is required to annually file a correct report, or statement, of the taxable personal property. A.R.S. 42-15053(A). The personal property statement must be filed with the assessor of the county in which the property is located on or before April 1 each year. Even so, upon written request and for good cause, the assessor may extend the time for filing the statement for up to 30 days. The statement must be filed under oath or affirmation by the person making the report. A.R.S. 42-15052(1).

All taxable personal property in the taxpayer's possession as of December 31 of the prior year must be reported. Taxpayers are not required to report new property until the year it is placed into service. See A.R.S. 42-13354(A) and 42-15065(A). However, proration is not allowed for property entering the tax rolls for the first time.

Failure by the taxpayer to timely return a personal property statement will result in the addition of penalties, which the assessor may abate if the statement is returned within 30 days of the due date. A.R.S. 42-15055 (C) and (D). A person who **knowingly** fails to file any report of taxable property or fails or refuses to provide required information or material to the assessor is guilty of a class two misdemeanor. A.R.S. 42-15055 (A) and (B).

Personal property statements are not open to public inspection, but may be used as evidence in any prosecution brought under A.R.S. 42-15055. A.R.S. 42-15053(G)(1). In addition, all personal property statements filed with the assessor may be subject to audit and all taxable personal property found to have been unreported or to have escaped taxation will be subject to penalty. ARS 42-15053(G)(2) and 42-15055 (C) to (E).

Reporting Exception

Pursuant to A.R.S. 42-15053 (B) and (D), the assessor shall not require a report of certain personal property that is property tax exempt according to the Arizona Constitution. See Ariz. Const. art. IX, sec. 2(6) and 13(2); and A.R.S. 42-11126 and 42-11127. In addition, the assessor may not require an application to qualify for the reporting exception. A.R.S. 42-15053(B). The reporting exception includes the following:

- Livestock owned by a person who is principally engaged in agricultural production.
- The full cash value up to $185,811 of property class One, subclasses (8), (9), (10), (11), and (13) that is used in a trade or business.
- The full cash value up to $185,811 of property class Two (P) that is used for agricultural purposes.

Reporting Forms

Personal property reporting forms and instructions are available from the assessor of the county in which property is located. See Appendix C: Sample Forms for examples. The first section of the form is provided for entry of new or updated taxpayer identification information. The second section lists personal property reported by the taxpayer for the previous year, if applicable. Newly reported personal property, or additions to and deletions from a previously reported statement, should be entered in the fourth section on the second page of the form.

Property information required on the statement includes a description of the property, its acquisition year, and its total acquisition cost. This information enables the county assessor to apply the appropriate valuation factors needed to calculate the current full cash value of the personal property. If space on the form is insufficient to list all taxable personal property, the taxpayer may attach supplemental documentation as necessary.

Additional property that must be also be reported in the supplemental documentation includes taxable animals, leased or rented property, un-owned property (e.g., vending machines), and certain improvements on possessory rights (see reporting form instructions for details.) Assessor personnel should cross reference all reported leased equipment with applicable leasing company accounts to ensure no escaped property exists. In addition, valuation notices (and tax bills) should be sent to the leasing company, as it retains ownership of the leased property.

Personal Property Discovery

The taxpayer has the primary responsibility to report taxable personal property to the county assessor. A.R.S. 42-15053(A). However, the assessor may also use other methods to discover personal property. For example, the assessor may demand a report of property from persons, firms, corporations, or associations owning, claiming, controlling, or possessing personal property. A.R.S. 42-15052. The assessor may also conduct investigations to ensure that all personal property subject to taxation in the county is properly included on the tax rolls. A.R.S. 42-15054 (B) and (C). As part of such investigations, the assessor might request information; examine books, invoices, maps, and papers; and summon witnesses. A.R.S. 42-15052 (2) to (4).

Other widely used methods of discovery include building permits, canvassing, certificates of occupancy, chamber of commerce membership lists, new business announcements, newspaper advertisements, transaction privilege tax license lists, and telephone directories.

Ultimately, if the taxpayer fails to provide an adequate statement of personal property, the assessor should issue a Notice of Value based on the best information available. This procedure is termed an "estimate of value." See A.R.S. 42-15053(E) and 42-15054. Regardless of how the property value is derived, all notices of value must be mailed on or before August 30 each year by the assessor to the owner or the person in possession of personal property. A.R.S. 42-19006(A).

Reporting Summary

Key points that apply to reporting both agricultural and business personal property are as follows:

1. On or before February 1, the county assessor shall annually mail a form, notice, or demand requesting a correct statement of taxable personal property. A.R.S. 42-15053(A).
2. On or before April 1, the taxpayer must annually provide a personal property statement to the county assessor. A.R.S. 42-15053(A).

3. The personal property statement must be completed as required and signed under oath or affirmation (A.R.S. 42-15052(1)) by the taxpayer or the taxpayer's authorized agent (A.R.S. 42-16001).
4. All taxable personal property, including fully depreciated property, under control of the taxpayer as of December 31 of the prior year must be reported, unless otherwise specified. See A.R.S. 42-11002 and 42-17153(C)(1).
5. The assessor cannot require a report of certain personal property that is exempt from property tax according to the Arizona Constitution. See Ariz. Const. art. IX, sec. 2(6) and 13(2); and A.R.S. 42-11126 and 42-11127.
6. A tax lien against the personal property attaches on January 1 of the tax year. A.R.S. 42-17153 (A) and (C)(1).
7. Information required in the personal property statement includes a description of the property, its acquisition year, and its total acquisition cost. See Appendix C: Sample Forms.
8. If applicable, the personal property statement must include supplemental documentation that contains a listing of, among other things, all leased or rented property. See Appendix C: Sample Forms.
9. Failure by the taxpayer to timely return the personal property statement shall result in the addition of a 10-percent penalty to the full cash value. A.R.S. 42-15055 (C) and (D).
10. The county assessor may extend the time for filing the personal property statement and abate all or part of the penalty if the statement is filed no later than 30 days after the due date. A.R.S. 42-15053(A) and 42-15055(D).
11. A person who knowingly fails to file any report of taxable property or fails or refuses to provide required information or material is guilty of a class two misdemeanor. A.R.S. 42-15055 (A) and (B).
12. Personal property statements are not open to public inspection, but may be used as evidence in any prosecution brought under A.R.S. 42-15055, including for failing to report taxable property or providing false or fraudulent information. A.R.S. 42-15053(G)(1).

13. Personal property statements may be subject to audit. A.R.S. 42-15053(G)(2).
14. An assessment of personal property can be made even though no request or demand for a statement was made by the county assessor or received by the taxpayer. A.R.S. 42-15053(E).

Valuation of Personal Property

Locally assessed personal property in Arizona is valued and assessed based on its full cash value. A.R.S. 42-12001 (2), (8), (9), (10), (13); 42-12002(2); and 42-12006. Unless otherwise prescribed by statute, full cash value is synonymous with market value, which is an estimate of value derived annually by using standard appraisal methods and techniques. A.R.S. 42-11001(6). The full cash value of personal property cannot be greater than its market value, regardless of the method used to determine its value. A.R.S. 42-11001(6) and 42-13054(A).

Of the three approaches to value (cost, market, and income), the cost approach is most commonly used in the valuation of personal property. This approach estimates market value by reducing the replacement cost new (RCN) of personal property by any loss in value that has occurred through all forms of depreciation, which yields the replacement cost new less depreciation (RCNLD).[4] See Depreciation below in this chapter. For most types of personal property, the RCN is determined by applying a market trending factor to the total acquisition cost of the property. The factor is derived by relating current trends of personal property costs to total acquisition costs. The resulting RCN is then depreciated to reflect the current age of the personal property, providing the market value estimate known as RCNLD.

In estimating the RCN of personal property, the level of trade at which the property is found may not be determinative. Three distinct levels of trade are generally recognized: manufacturing, wholesale, and retail.[5] Personal property in Arizona should be valued at

---

[4] IAAO, *Property Assessment Valuation*, 3d ed. (Kansas City: IAAO, 2010), 479-80 (hereinafter, IAAO Property Assessment).

[5] IAAO Property Assessment, 475-76.

the retail level of trade, regardless of the level of trade at which the property is found. This is because in most cases, the retail level of trade represents the most probable price found in the market, i.e., the market value. See A.R.S. 42-11001(6).

For example, if a manufacturer leases product directly to a consumer, the correct value of the leased product is its retail sales price, not the manufacturer's cost to produce the product. In addition, although liquidation sales often represent the only active resale market for many kinds of personal property, prices paid at such sales are not an adequate indicator of market value. The value of the item should remain its retail replacement cost minus the appropriate depreciation, not the price for which it could be sold at a liquidation sale.

Acquisition Cost

The starting point in the valuation of most personal property is its total acquisition cost, which includes the acquisition cost of the property plus related expenses, such as the cost of transporting the property to its present site, the cost of installing the property, and any transaction privilege tax or use tax paid on the property. See IAAO Glossary, 3. The installation cost may, for example, include electrical, plumbing, or related work necessary to make the personal property functional. If any structural support or foundation is required for the installation of a specific item of personal property, the cost of such structures also should be reported as part of the total acquisition cost.

Alternatively, costs for special foundations, wiring, plumbing, or related items included in the structures of real property **in anticipation** of installing personal property should be included in the value of the real property. When the personal property is subsequently installed, no adjustment is required for those costs already included in the value of the real property.

Any difference between the total acquisition cost of personal property as recorded on the taxpayer's books and records and the total acquisition cost reported to the county assessor may be subject to taxation as escaped property. A.R.S. 42-15055.

Trending for Price Change

The total acquisition cost for most items of personal property is adjusted, or trended, to reflect changes in the current RCN of those items. Changes in the total acquisition cost for items of personal property are measured from the year of acquisition to the current year. Cost data is provided in various comparative cost indexes published by Marshall & Swift. These indexes are used by the Department to prepare the valuation tables and trending factors provided below in **Chapter 6**. An example of trending is machine shop equipment originally acquired four years ago for $10,000. Assume the cost index multiplier is 1.146 for four-year-old equipment. When applied to the acquisition cost, the same property would cost $11,460 today (i.e., current RCN is $11,460 ($10,000 x 1.146)).

Life Years

Each category of personal property has an expected economic life associated with it. Expected economic life is the number of years, or life years, that personal property in each category is typically retained for use with normal maintenance. Recommended life years are identified in the **Valuation Tables Index found in **Chapter 6**, and have been established, for the most part, by the Internal Revenue Service or through special studies.

The life years recommended in **Chapter 6** are generally applicable to personal property in an industry grouping as a whole. There may be occasions where special studies, called lifing studies, are conducted on property found in limited segments of an industry to support either longer or shorter lives. There are two common types of lifing studies used in ad valorem property tax programs. An industry group study is concerned with unique equipment types used across a particular industry, such as 3D printers. An asset specific study pertains to certain asset types found in a variety of industries, such as phone or computer systems. Lifing studies should be considered for use in personal property valuation if they assist to more accurately reflect an industry-wide application of a longer or shorter life for a particular type of property.

A business or industry may request a lifing study from the Personal Property Unit of the Department. The request should be accompanied by fixed asset listings from a variety of companies for the most current seven years. The asset listings should include:

Acquisition date	Equipment location code
Acquisition cost	Equipment make
Asset description	Equipment serial number
Asset number	General ledger account number
Configuration	Model number
Discount price new	Sale price and date sold to end user

Additional information that may be submitted with a lifing study request might include maintenance records and/or property tax statements filed in other jurisdictions for similar time frames. Findings of the Department are dependent upon the availability of acceptable market data. The responsibility of submitting verifiable data rests solely with the entity requesting the lifing study. Any data submitted must be sufficient enough to be considered statistically representative of the industry.

The recommended life years found in **Chapter 6** may not apply in situations where there has been excessive use of equipment. See Adjustments for Excessive Depreciation below in this chapter for a discussion of valuation adjustments based on uses of equipment that differ from the norm.

Depreciation

Personal property is depreciated over its expected economic life. Depreciation is defined as the loss in value caused by normal use of an item over its economic life. The value of an item after depreciation has been accounted for is expressed as "percent good." Depreciation can be expressed as the loss of value at any given age, or as 100 percent minus the percent good. For example, if an item of personal property is regarded as 60-percent good, it has incurred 40-percent depreciation.

Depreciation is generally categorized into three types: physical deterioration (e.g., wear and tear), functional obsolescence (e.g., suboptimal design), and economic (or external) obsolescence (e.g., poor location or demand). IAAO Glossary, 49. The obsolescence category can relate to a single item or to an entire class of personal property, such as when new technology becomes outdated by newer technology. Changes in supply and demand, interest rates, and even legislation also may contribute to depreciation.

Valuation Factors

The valuation factors provided in **Chapter 6** simplify the calculation of RCNLD for personal property. Without the valuation factors, calculating RCNLD is a two-step process. The first step derives current RCN by trending the acquisition cost of the personal property to the current tax year. The second step yields current RCNLD by depreciating the RCN to adjust for the age of the property. By combining the trending factor and the depreciation factor into a single composite factor, calculation of the RCNLD is reduced to a single computation.

For example, assume a three-year-old item of property with an eight-year life has appreciated by eight percent since acquisition. The current RCN would therefore be 108 percent of the acquisition cost. Also assume the item is 75-percent good. The item would have a current RCNLD of 81 percent of the acquisition cost (108 % x 75 % = 81 %). The resulting current RCNLD factor thus includes both appreciation and depreciation components.

Acquisition Cost		**= $1,000**
Current RCN	$1,000 x 108%	= $1,080
Current RCNLD	$1,080 x 75%	= $ 810
RCNLD Factor (as percentage of acquisition cost)	$ 810 / $1,000	= 81 %

Minimum Value

The valuation tables in **Chapter 6** list minimum valuation factors. A minimum valuation factor is applied if personal property is still in use after the number of expected life years has passed. In contrast to depreciation under federal taxation, personal property still in use maintains a minimum value, never reaching zero, until it is scrapped or discarded.

For personal property in property class One, subclasses (8), (9), (10), and (13), and in property class Two, subclass (P), the minimum value will be reduced by 2.5-percent each year. A.R.S. 42-13055(A). However, the minimum value of taxable personal property still in use will not be reduced below 2.5 percent good, pursuant to A.R.S. 42-13055(B). See also A.R.S. 42-13054(C)(2) and 42-13353(D).

When property is no longer usable, or is being dismantled for spare parts, the assessor should determine its value based on the best available information. When an item of personal property is disposed of, it should be reported as a deletion on the statement of taxable personal property.

Adjustments for Excessive Depreciation

The routine use of personal property for its intended purpose creates loss in value. The personal property valuation system recognizes typical physical deterioration and conditions of obsolescence over the expected economic life of personal property. However, county assessors may need to consider valuation adjustments to account for excessive depreciation under extraordinary conditions of deterioration or obsolescence. Thus, if the actual depreciation of an item of personal property has been greater (or less) than normal, the valuation factor used to calculate the current RCNLD may be modified.

Even so, before the value of personal property is adjusted for excessive physical deterioration, or functional or economic obsolescence, the taxpayer must prove to the assessor that the property has incurred an excessive loss in value. The fact that a faster machine exists, or that external forces have affected a facility or its market, does not necessarily mean that the value of the personal property itself has been negatively impacted.

For example, excessive physical depreciation may apply to an item of personal property that is used two shifts, seven days per week, when typical use of that item is one shift, five days per week. If actual use exceeds what is typical for an item, an adjustment for excessive loss in value may be required. A valuation adjustment for excessive physical deterioration may also apply to a storage tank used to hold a chemical that is more corrosive than average. Utilization of the tank in this manner would limit its expected economic life. Under this circumstance, it may be appropriate for the county assessor to adjust the value of the tank to recognize the increased rate of depreciation.

Excessive functional obsolescence may also be a consideration when rapid technological changes affect the rate at which conditions of obsolescence apply. Certain types of personal property, especially in the electronics and computer industries, may be affected almost immediately by obsolescence due to rapid technological advancements.

For example, assume a business computer system is acquired with the expectation of producing complex word processing formats, spreadsheets, and high-speed mathematical data processing. After the computer is put into use, the owners discover that the production requirements of the job exceed the computer's capabilities. Expensive upgrades would improve the computer's ability to perform at the required level; however, the cost to cure the problem is approximately the same as the cost of a new and more technologically advanced machine. In this instance, the computer cannot adequately perform the required task and is adversely affected by conditions of functional obsolescence.

Economic obsolescence is a condition caused by factors external to personal property that negatively affect the value of the property. For instance, this type of obsolescence may apply to forms or jigs that are used to manufacture a specific product and do not have an alternative use. When that product is no longer in demand or being manufactured, the valuation of the machinery may be adjusted for excessive economic obsolescence.

To illustrate an adjustment for excessive depreciation, assume that a new item of personal property was purchased last year for $10,000, and has an expected economic life of 10 years. Due to heavy usage, the item now has an eight-year economic life. The assessor should identify the $10,000 total acquisition cost and the year of purchase, and then may adjust the expected life from 10 years to 8 years. Future calculations of the RCNLD should reflect this shorter life (i.e., faster depreciation). In summary, the county assessor may adjust for substantiated conditions of excessive depreciation. These adjustments should be fully documented in the assessor's records.

Additional Statutory Depreciation

In 1995, the Arizona Legislature adopted additional depreciation schedules to be used to value specific classes of personal property. Pursuant to A.R.S. 42-13054 and 42-13353, additional statutory depreciation, sometimes incorrectly referred to as "accelerated" depreciation, applies **only** to eligible personal property in property class One, subclasses (8), (9), (10), and (13); property class Two, subclass (P); and property class Six, subclasses (2) and (3). For property classes One and Two, additional depreciation applies to property that is initially assessed in Arizona during or after the 2012 tax year. A.R.S. 42-13054(B)(3). For class Six, additional depreciation applies to property initially assessed in Arizona during or after the 2018 tax year. A.R.S. 42-13054(B)(3).

Property qualifies for additional depreciation only during the first five years it is assessed in Arizona. Consider the following examples:

- New equipment assessed in Arizona for the first time.
- Used equipment purchased out of state and assessed in Arizona for the first time.

Personal property purchased, assessed, and taxed in one Arizona county, and subsequently moved to another Arizona county, does not qualify for a new round of additional depreciation. In this scenario, if the property was eligible for additional depreciation when it moved, it will remain eligible until the five years expire. As an example, consider property purchased and reported by a business located in Mohave County for seven years, then sold and relocated to a business in Yavapai County. The property does not qualify for additional depreciation in Yavapai County; it received the full benefit while in Mohave County. If however, the equipment was sold and moved after only two years, it would qualify to receive the remaining three years of additional depreciation in Yavapai County.

Additional statutory depreciation is applied to the full cash value of eligible personal property using the Department's valuation schedule as follows:

Year of Assessment	Percent of Scheduled Depreciated Value
First	25 %
Second	41 %
Third	57 %
Fourth	73 %
Fifth	89 %
Sixth	100 %

The additional depreciation prescribed above will not reduce the valuation of personal property below the minimum value prescribed by the Department for property in use. A.R.S. 42-13054(C)(2) and 42-13353(D). See Minimum Value above in this chapter. The Department valuation tables contain valuation factors for the calculation of **both** standard and additional depreciation. Nonshaded rows in the tables contain standard valuation factors that are used to calculate the full cash value of an asset. Shaded rows contain additional depreciation factors that should be applied only to qualified personal property.

Comprehensive Examples

The three examples shown on the following pages illustrate the proper use of the valuation information located in **Chapter 6**, and include samples of the valuation tables index, valuation tables, and valuation factors.

These sample valuation tables, and the corresponding valuation factors created for each example, are presented only for illustration purposes. To better understand these examples, refer to the Valuation Tables Index in **Chapter 6**, and compare the tables therein to the sample valuation tables provided in each example.

Example A

One-year-old personal computer equipment, acquired for $28,000, has a current RCNLD of $3,500. The county assessor classified this property as property class One, subclass (13). Use the index in **Chapter 6** and Sample Valuation Table 5, provided in this example.

STEP 1: In the Valuation Tables Index, locate the entry for "COMPUTERS and COMPUTER EQUIPMENT," noting the subgroup "Computer Operating Software and Related Peripheral Equipment." According to the index, personal computers are valued using Valuation Table 5 and have a four-year economic life.

STEP 2: For the purposes of this example, use the 4 Year Life column of Sample Valuation Table 5 to locate the 12.5-percent valuation factor (shaded row) for one-year-old computer equipment (age one). The additional statutory depreciation factor is used because the equipment age places it within its first five years of valuation in Arizona.

STEP 3: Multiply the $28,000 acquisition cost by the 12.5-percent valuation factor to calculate the RCNLD of $3,500. ($28,000 X 0.125 = $3,500).

SAMPLE VALUATION TABLES 2 and 5

Year Acquired	Age	TABLE 2		TABLE 5			
		5 Year Life		2 Year Life		4 Year Life	
		*Classes 1 & 2	All Other Classes	*Classes 1 & 2	All Other Classes	*Classes 1 & 2	All Other Classes
2015	1	55	55	30	30	50	50
*** 2015**	**1**	**13.8**		**7.5**		**12.5**	
2014	2	50	50	2.5	15	30	30
*** 2014**	**2**	**23.0**		**2.5**		**13.8**	
2013	3	30	30			20	20
*** 2013**	**3**	**18.6**				**12.4**	
2012	4	20	20			2.5	10
*** 2012**	**4**	**15.6**				**2.5**	
2011	5	2.5	10				

Example B

Five-year-old medical equipment, purchased for $40,000, has a current RCNLD of $20,680. Use the index in **Chapter 6** and Sample Valuation Table 1, provided in this example.

STEP 1: Under the "Medical" heading in the Valuation Tables Index, locate the "All other medical…equipment" category. The index references Valuation Table 1 and provides a 10-year economic life for medical equipment.

STEP 2: Refer to Sample Valuation Table 1. Locate the correct year from the Year Acquired column for age five years, and the corresponding valuation factor from the Life Years column for a 10-year life. The additional statutory depreciation factor (shaded row) is used because the equipment age places it within its first five years of valuation in Arizona.

STEP 3: Apply the 51.7-percent valuation factor to the medical equipment acquisition cost of $40,000 to arrive at the RCNLD of $20,680.
($40,000 X 0.517 = $20,680).

SAMPLE VALUATION TABLE 1

Year Acquired	**Age**	**LIFE YEARS**			
		8		**10**	
		***Classes 1 & 2**	**All Other Classes**	***Classes 1 & 2**	**All Other Classes**
2015	**1**	88	88	90	90
2015	**1**	**22.0**		**22.5**	
2014	**2**	77	77	83	83
2014	**2**	**35.4**		**38.2**	
2013	**3**	64	64	72	72
2013	**3**	**39.7**		**44.6**	
2012	**4**	53	53	63	63
2012	**4**	**41.3**		**49.1**	
2011	5	41	41	55	55
***2011**	**5**	**38.5**		**51.7**	
2010	6	29	29	46	46
2009	7	15	20	36	36
2008	8	2.5		26	26
2007	9			13	20
2006	10			2.5	

Example C

Six-year-old food vending equipment, acquired for $18,500, has a current RCNLD of $462.50. Use the index in **Chapter 6** and Sample Valuation Table 1, provided in this example.

STEP 1: Using the Valuation Tables Index, locate "Food vendors", a subgroup of the "VENDING EQUIPMENT" category. The index refers to Valuation Table 1, and a five-year life is provided for this type of equipment.

STEP 2: For this example, refer to Sample Valuation Table 1 to locate the corresponding valuation factor found at the intersection of the row for age six and the column for five life years. This example illustrates personal property that is still in use after its expected life of five years has passed. Therefore, valuation of six-year-old food vending equipment is based on a minimum valuation factor of 2.5 percent until it is scrapped or discarded.

STEP 3: Multiply the acquisition cost of $18,500 by the minimum valuation factor of 2.5 percent to calculate the RCNLD of $462.50. ($18,500 X 0.025 = $462.50).

SAMPLE VALUATION TABLE 1

Year Acquired	**Age**	**LIFE YEARS**					
		5		**6**		**7**	
		***Classes 1 & 2**	**All Other Classes**	***Classes 1 & 2**	**All Other Classes**	***Classes 1 & 2**	**All Other Classes**
2015	**1**	80	80	83	83	86	86
***2015**	**1**	**20.0**		**20.8**		**21.5**	
2014	**2**	62	62	69	69	74	74
***2014**	**2**	**28.5**		**31.7**		**34.0**	
2013	**3**	41	41	51	51	58	58
***2013**	**3**	**25.4**		**31.6**		**36.0**	
2012	**4**	21	21	35	35	45	45
***2012**	**4**	**16.4**		**27.3**		**35.1**	
2011	5	2.5	20	18	20	31	31
2011	**5**			**16.9**		**29.1**	
2010	6			2.5		16	20

Determining Assessed Value

Constitutional Exemption

The Arizona Constitution provides authority to the legislature to exempt certain personal property used for agricultural and commercial purposes. Ariz. Const. art. IX, sec. 2(6). The exemption is codified in A.R.S. 42-11127, which provides a personal property tax exemption for property in class One, subclasses (8), (9), (10), (11), and (13); and class Two, subclass (P) (a) and (b).

The exemption is applied against the full cash value of qualifying personal property up to a maximum amount that increases annually. The original maximum exemption amount was $50,000. On or before December 31 each year, the Department is required to annually adjust the maximum amount of the exemption for the following tax year to account for inflation. A.R.S. 42-11127(B). The inflation adjustment is based on the total biennial change in the U.S. Bureau of Labor Statistics Employment Cost Index for the two most recent complete state fiscal years.

The table below sets forth recent historical amounts of the personal property exemption:

Tax Year	Exempt Amount
2015	$146,973
2016	$152,926
2017	$159,498
2018	$167,130
2019	$176,003
2020	$185,811

Pursuant to legislation passed in 2019, the assessor cannot require a report of the personal property subject to this constitutional exemption, or of livestock owned by a person who is principally engaged in agricultural production. A.R.S. 42-15053 (B) and (D).

Assessment Ratio

The assessment process for personal property includes an assessed value calculation, which is derived by multiplying the full cash value by the assessment ratio for the specific class of property. Assessment ratios are defined by statute and are associated with groups of property classes. Descriptions of the property classifications established for property tax purposes and the types of properties included in each property class are provided in A.R.S. 42-12001 to 42-12010. The assessment ratios that are assigned to each property classification are outlined in A.R.S. 42-15001 to 42-15010. See the table in **Chapter 1** above for further information.

Special Properties

Certain types of personal property are subject to unique valuation or assessment procedures due to the nature of the property or to legislative adoption of special procedures. This section contains information pertaining to personal property in these categories.

Aircraft

Aircraft operating in Arizona, including balloons and gliders, must be registered with the Arizona Department of Transportation (ADOT), Aeronautics Division, and are subject to a license tax administered by that agency. A.R.S. 28-8322 and 28-8335. The license tax is collected in lieu of property tax on such aircraft. The license tax does not apply to aircraft operated by an airline company for the primary purpose of carrying persons or property for hire in interstate, intrastate, or international transportation. A.R.S. 28-8322(D)(1). Those aircraft are valued by the Centrally Valued Property Unit of the Department, pursuant to A.R.S. 42-14252. Personal property other than the aircraft of airline companies, such as ground support equipment, office and ticket counter equipment, and furniture, is subject to valuation by the assessor of the county in which the property is located. Unmanned aerial vehicle (drone) equipment that is used commercially must be registered with the FAA and is locally assessed.

Animals — Exempt

Livestock, poultry, aquatic animals, and honeybees "owned by a person who is principally engaged in agricultural production" are exempt from property taxation. Ariz. Const. art. IX, sec. 13 and A.R.S. 42-11126.

Animals — Taxable

All animals used for commercial purposes that are **not** held for sale in the normal course of business are taxable and are valued at market value. Refer to Valuation Table 8 to determine the value of certain types of animals (e.g., race horse, guard dog, etc.) if their market value is unknown.

The following two questions help determine the status of an animal as taxable or exempt:

1. Is the owner principally engaged in agricultural production? If so, all livestock, poultry, aquatic animals, and honeybees owned by that person are exempt.
2. If the animal is not exempt, as per question 1, is the animal used for commercial purposes? If so, the animal is subject to valuation and assessment for property tax purposes.

The following examples demonstrate these concepts:

- A greyhound dog that is actively used as a race dog is taxable, because the animal is used for a commercial purpose. However, when the animal is no longer used as a race dog and is adopted into a private home (i.e., becomes a pet), the dog is no longer considered taxable.
- A rancher breeds and raises horses. The raising and breeding of horses by the rancher is considered to be an agricultural activity, and therefore, the horses are property tax exempt. If the rancher sells a horse to a business that provides trail rides, or to a licensed hunting guide that provides pack animals, the horse then becomes taxable. However, if the rancher sells a horse to an individual who keeps the horse only for personal recreational use, the horse is not taxable.
- Animals owned by a circus or a private zoo are taxable. Animals owned by an exempt entity (e.g., The Phoenix Zoo) are tax exempt. It is important to understand

that zoos often lend or borrow animals. Animals on loan to private zoos are considered to be taxed in their home state.

Artwork

Commercially-owned artwork and decorative accessories, including items such as paintings, pictures, statues, vases, plants, and other decorations are valued according to Valuation Table 1, with a 10-year life. The owner must be engaged in art distribution in order to qualify for the inventory exemption. Fine art held for investment purposes is valued at 100 percent of cost.

Billboards

Billboards are valued according to Valuation Table 8. Additional statutory depreciation does not apply to billboards. The value of billboards does not include the value of the sites.

Cable Television

Cable television systems are valued using the same methods applied to other personal property. However, cable television companies may span a region that encompasses more than one tax area. Therefore, care must be taken to ensure that separate values are computed for property in each tax area. To accomplish this, an individual worksheet should be used for each tax area code.

The types of property valued and assessed for a typical cable television company include construction machinery and equipment, deferred system costs, distribution systems, head-end equipment and towers, leasehold improvements, materials and supplies, microwave equipment, office furniture and equipment, service and test equipment, studio and local origination equipment, and tools. Use Valuation Table 1, with an 8-year life for head-end equipment, a 10-year life for distribution systems, and a 12-year life for receiving antennas.

Many cable companies now offer VOIP phone service. If a cable company is discovered offering this service, the assessor should contact the Centrally Valued Property Unit at the Department to ensure proper equipment valuation.

Cell Towers

Cell tower valuation is determined by ownership. Towers owned by a telecommunications company are reported to the Department and valued as centrally valued property. Towers owned by a tower company are locally assessed and should be valued using Valuation Table 1, with a 20-year life.

Computer-Driven Equipment

Computer-driven equipment falls into two categories with separate valuation techniques:

1. **Computerized Equipment (External Computer)**

   This category includes machines controlled by computers that are sold as separate units and can perform multiple functions exclusive of the machine. The computer equipment has the same expected life as personal and general purpose computers, and the machinery has an expected life that is assigned to its specific industry. Examples that may meet the definition of computerized equipment are computerized machine lathes and computerized assembly machinery.

   This type of equipment should be valued in two components:

   a) The free-standing computer system, including operating software, is valued as a computer using the total acquisition cost of the computer and operating software.

   b) The equipment is valued using the total acquisition cost and the appropriate valuation table found in **Chapter 6**.

2. **Computerized Equipment (Internal Computer or CPU)**

   This category includes machines that are controlled by an internal computer or central processing unit (CPU). The machinery cannot operate without the computer, and the computer or CPU cannot perform functions separate from the machine. The machinery and computer are sold as a single unit, and the components of the system are an integral and structural part of the equipment itself. Computerized equipment with an internal computer or CPU has the same industry-specific life as other machinery used in the same industry.

Computers and Peripheral Equipment

Personal computers, general-purpose computers, peripheral equipment, and operating software that are used in a trade or business are valued as personal property. A.R.S. 42-19003.01 (A) and (B). However, application software is not valued as personal property. A.R.S. 42-19003.01(C). The following definitions apply to these items:

- **Personal Computers and General-Purpose Computers:** A programmable electronic device capable of accepting, processing, and supplying information according to prescribed processes either with or without human interaction. A computer usually consists of a CPU that includes extensive storage and carries out the prescribed processes by applying the arithmetic, control, logic, and other operations specified in its programming. This category includes personal computers, servers, mid-range computers, and main-frame computers.
- **Peripheral Equipment:** A device attached to a host computer to expand the computer's capability and usability, but that is not part of the host computer or its core architecture, and that depends upon the host computer for its primary functionality. Peripheral equipment includes, but is not limited to, keyboards, mice, mass storage hard drives (including cassette, solid state, tape, and thumb drives), monitors and other output video display devices, printers, projectors, and scanners.
- **Operating System Software:** The collection of software that directs computer operations, controls and schedules execution of application software, and manages communication, input, output, and storage resources. A.R.S 42-19003.01(D). It is the software necessary to operate and interact with a computer. Operating system software is valued as part of the computer in which it is installed. A.R.S. 42-19003.01(B). Examples of operating system software include Microsoft Windows, MacOS, and Linux.
- **Application Software:** Software designed to perform specific activities, functions, or tasks beyond the capability of operating system software. Application software, whether canned or customized, is not valued as personal property, so it is not included in the total acquisition cost or assessed value of a computer. A.R.S. 42-

19003.01(C). Examples of application software include application suites such as Microsoft Office, database management software such as Oracle, educational software, enterprise resource software such as PeopleSoft, and custom software designed for a specific user.

For valuation purposes, computers, operating system software, and peripheral equipment are assigned a four-year life per Valuation Table 5 in **Chapter 6**.

Computerized equipment that is incorporated into other equipment categories is not included in the terms "computer," "software," or "peripheral equipment." See Computer-Driven Equipment above. Duplicating and copying equipment, and equipment used primarily for amusement or entertainment, such as video or arcade games, is not included in the term "computer."

Construction Work in Progress

Construction Work in Progress (CWIP) is the amount spent and entered on taxpayer accounting records as of December 31 of the preceding year for ongoing personal property construction costs. A.R.S. 42-13354(B) and 42-15065(B). Such costs may include installation labor, materials, parts, and overhead expenditures for projects like facilities or machinery and equipment assembly and installation. CWIP is not assessed by the county assessor until the construction has progressed to a sufficient degree such that the personal property becomes useful for the purpose for which it was constructed. A.R.S. 42-13354(A) and 42-15065(A).

Disaster Recovery

Disaster recovery refers to activities and services performed in relation to infrastructure that has been damaged or destroyed by a declared disaster, such as business continuity services, data recovery, or facility repair and renovation. A.R.S. 42-1130(F)(3). An out-of-state employee or business that is temporarily in Arizona to perform disaster recovery after a declared disaster is not required to file, remit, or pay property tax on any property brought into the state for the disaster recovery period. A.R.S. 42-1130 (A) and (B)(3). Therefore, the assessor should not send a statement form or demand to such an employee or business.

Environmental Equipment

Environmental equipment includes equipment and fixtures designed and constructed solely for the abatement, control, prevention, and/or reduction of discharges or releases into the environment of gaseous, liquid, or solid substances; heat or noise; or any other adverse impact of an activity on the environment. A.R.S. 42-12006(5).

Environmental equipment generally assumes the same economic life as the property to which it is attached or with which it is associated. For example, if air scrubbers are installed as part of a ventilation system, the scrubbers assume the same economic life as the ventilation system. An exception to this principle may exist if the taxpayer can demonstrate that the environmental equipment has an economic life independent of the property to which it is attached.

High-Tech Dental Equipment

Most dental equipment is valued based on a 10-year life. New technologies, such as digital intraoral scanners and chair-side restoration equipment are commonplace. The assessor should be familiar with the technology behind the equipment in order to properly classify it. For example, some dental scanners use CT imaging, and could appropriately be classified as high-tech medical imaging equipment with a six-year life.

Improvements on Possessory Rights

Improvements on possessory rights (IPR/s) are buildings, structures, or other improvements located on land that is not owned by the owner of the improvements. IPRs may be situated on land that is taxable or nontaxable. IPRs located on taxable land are classified and valued according to current use. IPRs located on nontaxable land may be subject to the following statues.

- "Improvements that are located on federal, state, county or municipal property" and that also meet certain leasehold and property use requirements (e.g., aviation, education, nonprofit, recreation, research), may qualify as class Nine property (A.R.S. 42-12009(A)) that is "subject to valuation at full cash value" (A.R.S. 42-12009(C)).

- A "possessory improvement…located on federal, state, county or municipal property or the property of another political subdivision of this state that is owned by a nongovernmental possessor" (A.R.S. 42-15301):
  - Must be valued using standard appraisal methods and techniques. A.R.S. 42-15302.
  - Is subject to a limited property value (LPV) (i.e., "is not subject to the exemption [from LPV] for personal property"). A.R.S. 42-15303.
  - "[M]ay be placed on the real property roll." A.R.S. 42-15304(A).
  - "[S]hall be subject to procedures for delinquent taxes as real property". A.R.S. 42-15304(B).
- "Improvements, appurtenances, wells, stock tanks and any other fixed property that is located on unpatented land, a mining claim or state land not secured by patented real property…shall be valued as personal property." A.R.S. 42-19003(A)(1).

Leased Equipment

According to Generally Accepted Accounting Principles, there are two types of leases: finance (or capital) leases and operating leases. Under a finance lease, the lessee is considered to own the leased assets, which are financed with a loan from the lessor. Thus, finance leases are also referred to as "sales type" or "direct financing" leases. Under an operating lease, the lessee is considered to rent the leased assets from the lessor.

However, for property tax purposes, ownership is maintained by the lessor, so leased personal property should be assessed to the lessor (as owner of the property), regardless of the lease type or who is responsible to pay the property taxes under the lease terms. See A.R.S. 42-15053(A).

Equipment owned by a taxable leasing company and leased to an exempt entity, such as a government agency or exempt school, is **not** exempt. Whether leased equipment qualifies for exemption is determined by the status of the owner, the use of the property, and the taxable/exempt status of the lessor.

Leased Equipment at Centrally Assessed Locations

Based on Attorney General Opinion I80-110, issued June 24, 1980, personal property leased by a utility, mine, or railroad that is used as part of the operating property of the utility, mine, or railroad should be valued by the Department. According to this opinion, centrally assessed taxpayers are required to report all leased equipment used in the operation of their business to the Department for property tax purposes. Such property should not be valued by the assessor.

All information filed by taxpayers with the Department is confidential. A.R.S. 42-2001 to 42-2004. However, starting with the 1999 valuation year, centrally assessed taxpayers were requested to waive their confidentiality rights with respect to leased equipment. The Department shares this information with the county assessors to ensure that leased property is not assessed to both the lessee and the lessor.

Leased or Owned Equipment — Nonoperating Property

The property of a centrally assessed taxpayer that is not used as part of the operating property of the taxpayer, whether owned or leased, should **not** be valued by the Department, but should be locally assessed. The taxpayer must report this property to the assessor. This type of property is referred to as “nonoperating” or “other” property on the balance sheet of the centrally assessed taxpayer. Any questions concerning leased property or nonoperating property of a centrally assessed taxpayer should be directed to the Centrally Valued Property Unit of the Department.

Leasehold Improvements

Leasehold improvements, also referred to as tenant improvements, are fixed improvements to land or structures that are installed and paid for by a lessee or tenant. IAAO Glossary, 91. Such improvements might include a storefront, floor covering, dropped ceiling, lighting, or air conditioning. Leasehold improvements generally meet the definition of real property, i.e., property that is attached to such a degree that it cannot be removed without damaging it or the real property to which it is attached. See Distinguishing Between Real and Personal Property in **Chapter 1** above. In some situations it may be convenient for both the taxpayer and the county assessor to list leasehold improvements on the personal property tax roll.

If leasehold improvements are reported by the lessee, the assessor should determine whether or not the improvements have been included already in the reported value of the associated real property. Making this determination is necessary to avoid double taxation of the leasehold improvements by attributing them simultaneously to the lessee as personal property and to the lessor as real property.

When using the cost approach to value a building with leasehold improvements, it is important **not** to separately value the interior and the rest of the building. This is because depreciation tables are designed to value an entire building, not just its shell. Separately valuing the interior and the building would cause both to be undervalued.

If a new lessee occupies a building and remodels the interior, the standard interior set forth in the depreciation tables and used to value the building should not be changed. If the lessee adds leasehold improvements not included in the standard interior, or adds an above-standard interior, the additional structural items may be listed on the personal property tax roll and assessed to the lessee.

If the income approach is used to value the real property, the comparable rents used to establish market rent should include buildings with standard interiors. The same is true when using the sales comparison approach; only sales of similar properties with similar interiors should be used.

Libraries — Commercial

Commercial libraries, such as those of accountants, architects, broadcasters, engineers, entertainers, lawyers, medical professionals, and related occupations, are taxable. These libraries may consist of hard- and soft-cover books, CDs, microfilm, and microfiche. Commercial library contents are valued according to Valuation Table 1, with a 10-year life.

Rebuild or Refurbishment

After a period of use, equipment may need to be rebuilt or refurbished. Each rebuild situation is unique, and the extent and nature of the rebuild must be examined by the assessor to determine the effect, if any, on the value of the equipment. Some questions that must be answered in order to make a determination of value are:

1. Is this a repair or a rebuild?
2. Does the rebuild add to the economic life of the equipment?
3. Does the rebuild upgrade the equipment to do more than when it was new, or to perform a different function?

The total cost of the rebuild should also be considered to determine its potential effect on the value of the equipment. Generally, the cost of a rebuild is taxable if the life of the equipment is extended, or if the equipment is upgraded or enhanced. To arrive at a final value, the assessor may choose to remove a portion of the cost of the original equipment, if that portion can be specifically identified. The assessor also may choose to adjust the effective age of the equipment to reflect additional life that is added by the rebuild.

Equipment that is temporarily out of service while being rebuilt is **not** CWIP, and the equipment is taxable during the time it is being rebuilt.

Security Systems

Intrusion alarm security systems should be treated as personal property and valued using Valuation Table 1, with a five-year life.

Semiconductor Manufacturing Equipment — Integrated Circuit

The Department compiled a valuation schedule to apply to manufacturing equipment used for the production of integrated circuit semiconductor products. A single schedule was selected for all product lines within the industry, rather than establishing separate schedules. The schedule was developed to be representative of the most probable economic life of a wide variety of semiconductor manufacturing equipment.

The semiconductor schedule applies to all front-end (crystal growing, photo mask, and wafer manufacturing) and/or back-end (assembly, burning, die assembly, encapsulation, final test, and wire bonding) equipment. It also applies to specialized services dedicated to the manufacturing equipment, such as chemical and gas lines, clean rooms, deionized water plumbing, electrical services, product pilot-line equipment, and equipment used to produce new prototypes. An owner does not have to be engaged in both front-end and back-end production in order to utilize the schedule.

The semiconductor schedule should not be used for equipment that is not an integral part of a semiconductor manufacturing facility. Such equipment is not industry specific. For example, the schedule should not be applied to equipment used by an outside supplier to manufacture or combine chemicals, even though the chemicals may be sold to and used by a semiconductor manufacturer.

Change in technology is the primary factor leading to the decline of equipment value in the semiconductor manufacturing industry. Although manufacturers may utilize equipment with potentially different economic lives, a five-year life was established to be representative of all manufacturing equipment typically used in the industry. This includes equipment for depollution, research, development, and discrete process manufacturing. See five-year life on Valuation Table 1 and Valuation Table 2 in **Chapter 6**.

Signs (Other Than Billboards)

Signs are valued according to Valuation Table 1, with a 10-year life.

Solar Energy Devices

Photovoltaic systems are valued using Valuation Table 9, with a 10-year life.

Spare Parts

Spare parts acquired as part of an equipment package and included in the cost of that package should not be reported separately. The cost of the spare parts is included already in the total acquisition cost of the equipment. Spare parts acquired separately from related equipment are considered supplies and should be reported as taxable personal property.

Supplies

Supplies are items or materials consumed in the operation of a business and are valued at 100 percent of cost. Additional statutory depreciation does not apply to supplies. The presence of a name or logo on supplies does not diminish their value to the owner. All supplies on hand as of December 31 must be reported, even if they were reported in prior years. Alternatively, a taxpayer may report 1/12 of its annual supply budget.

Supplies include, but are not limited to, fertilizers, fuels, lubricants, office supplies and stationary, spare and replacement parts, and tires. Parts kept on hand to repair and maintain existing equipment are considered supplies only if their cost was not included in the acquisition cost of the equipment. Items consumed in processing, but which have a primary function other than that of the product or service with which they are used, are considered supplies. However, supplies consisting of animal and poultry feed, including salts, vitamins, and other additives, are exempt from taxation. A.R.S. 42-11123.

Supplies do not include raw materials or inventory, which are exempted from taxation. Ariz. Const. art. IX, sec. 13 and A.R.S. 42-11125. In contrast to supplies (consumable items used to operate a business), inventory consists of consumable items held for sale. For example, a retailer who sells office furniture and supplies will have office supplies that are used in the operation of its business (supplies) and office supplies that are held for sale (inventory).

Tools, Molds, Dies, and Jigs

To value tools, molds, dies, and jigs, the assessor may need to discover the average life of the equipment as used in production before applying the factor from Valuation Table 1. The assessor may obtain this, or other pertinent information, from the equipment manufacturer or the property owner. Such information is subject to verification by the county assessor.

Used Equipment

As a general rule, the value of used equipment is based on its acquisition cost to the current owner. In some cases, such as when the acquisition cost of used equipment does not represent an arm's-length transaction, other methods may be used to value the property.

Illustrations of techniques for the valuation of individual items of used equipment and the used equipment of an entire business are included below as guidelines.

Individual Items of Used Equipment

For individual items of used equipment, the following valuation methods are recommended for use with a CAMA or similar valuation system.

1. If the acquisition cost and acquisition date are known, the assessor should:
   a) Establish that the acquisition cost is consistent with the current RCNLD for similar equipment of the same age.
   b) Estimate the remaining economic life of the equipment, or determine that the condition of the property will permit depreciation as if new.
   c) Enter the purchase price as the acquisition cost.
   d) Enter the current owner's year of acquisition.
   e) Enter the estimated remaining economic life as the expected life.
   f) The system will override the date of acquisition and compute a value based on the acquisition cost and the estimated remaining economic life for the used equipment as if it were new.
2. If a new owner provides documentation supporting the acquisition cost and year acquired as reported by the former owner:
   a) Enter the original acquisition cost and year acquired.
   b) The system will compute a value based on the original acquisition cost and date in the same manner as for any other equipment.
3. If the reported acquisition cost for used equipment is inconsistent with the current RCNLD for similar equipment, and if the assessor knows the year of acquisition when the equipment was new, the following alternative method may be used to determine the value of the equipment:

a) Compute the acquisition cost new that would result in a current RCNLD if factored back to the original acquisition year.

b) Enter the calculated acquisition cost and known acquisition year when the equipment was new.

c) The system will compute a value, and the entered information should be used as the basis for continuing valuation of that equipment.

The last method should only be used when the other methods cannot reasonably be used.

Used Equipment Acquired With Business

For used equipment acquired as part of a business, the following methods are recommended for use with a CAMA or similar valuation system.

1. If the new owner reports the acquisition cost of the used equipment separately from other property in the transaction, the assessor should:
   a) Estimate the remaining economic life of the used equipment based on consideration of typical life years for the dominant categories of machinery and equipment acquired with the business.
   b) Enter the new owner's year of acquisition and the acquisition cost of the used equipment as a single lump sum.
   c) The system will compute a value, and the entered information should be used as the basis for continuing valuation of that equipment.
2. If the new owner provides documentation supporting the acquisition cost and year acquired as reported by the former owner, the new owner's reporting and valuation of the used equipment should continue as if there were no change in ownership.
3. If the acquisition cost of the used equipment cannot reliably be separated from the cost of acquiring the business, the assessor should determine if a field inventory is necessary to establish and value a current list of personal property.
4. If the acquisition cost of used equipment to the original owner is not known, and the acquisition cost to the current owner cannot reasonably be determined, the

assessor may establish a value based upon the current year of acquisition and the current appraised value.

Vaults and Vault Doors

Vaults and vault doors, including inner gates, are usually found in buildings occupied by banks and other financial institutions. Vaults are normally considered to be part of the building in which they are located and are usually classified as real property. Vault doors may be assessed as real or personal property, depending on their ownership. If the vault door is owned by the owner of the building in which the vault is located, the vault door will be assessed as part of the vault, which is real property. If the building is leased, and the vault door is owned by the lessee, the vault door will be assessed as personal property using Valuation Table 6, with a 50-year life.

Vehicle Mounted Equipment

Vehicle mounted equipment is equipment not typically included on a vehicle factory invoice, is not easily removable, and creates a definite interior or exterior change to the vehicle. Examples of vehicle mounted equipment include booms, concrete mixers, concrete pumpers with or without attachments, cranes, drilling exploration units on three or four axles, fuel tank haulers with service equipment for off-highway vehicles, generator/welding units, loaders, mobile MRI units, satellite broadcasting units, trash and sanitation truck equipment (except container haulers and telescopers), and water-well rigs (including rotary drilling).

Dealer modifications completed prior to the initial sale of a vehicle are generally assessed and taxed under the vehicle license tax (VLT) and should not be valued by the assessor. The assessor may request a copy of the vehicle registration to determine whether the vehicle mounted equipment is accounted for under the VLT. If not, the assessor should value the vehicle mounted equipment using the appropriate table.

Video Tapes, Games, DVDs — Rental

Rental media, such as video tapes, video games, and DVDs, are assigned an acquisition cost of $7.00 per item and are depreciated over a two-year life, according to Valuation

Table 5. Rental media included in property classes One, Two, and Six are eligible to receive additional statutory depreciation. A.R.S. 42-13054 and 42-13353. If the owner is reporting for the first time and owns rental media acquired in a year other than the preceding calendar year, the year of acquisition and number of items acquired in each prior year should be reported to maintain account accuracy. Rental media may be valued at minimum value if eligible.

Walk-in Coolers or Freezers

Walk-in coolers or freezers are appropriately classified as personal property, based on the following:

- Construction: Prefabricated panels, glass display doors, dedicated mechanical equipment.
- Ownership: Generally purchased for and/or by a lessee business owner, not by the building owner.
- Portability: When a business is remodeled or terminates operations, walk-in coolers and freezers are often remodeled, relocated, or disposed of by the business owner.

When a walk-in cooler or freezer is constructed as part of a building and is permanently annexed to the building, the unit should be classified as either real property or a leasehold improvement. See Distinguishing Between Real and Personal Property above in **Chapter 1**. Walk-in coolers and freezers assessed as personal property should be valued using Valuation Table 1, with a 10-year life.

Watercraft

Watercraft registered for operation in Arizona are exempt from property taxes, unless owned and operated for a commercial purpose. Ariz. Const. art. IX, sec. 16. Valuation information for taxable watercraft is normally provided by the owner. If the value of the watercraft is not known by the owner, NADA guides or another similar valuation guide can be used to establish a current value.

Processing Returns by County Assessor

On receipt of the completed personal property statement, the county assessor will process the information and prepare it for entry on the tax roll, as follows.

Existing Account

For an existing account, the county assessor should complete the following procedures:

1. Determine whether the personal property statement was timely received. Late returns are subject to a 10-percent penalty. 42-15055 (C) and (D). The assessor may abate all or part of the penalty if the statement is filed within 30 days after the due date. A.R.S. 42-15055(D)
2. Review the statement for changes in the address or other identification information.
3. Review the statement and any attachments for additions or deletions of personal property or for other new information, including items acquired in prior years that are being reported for the first time.
4. Determine whether any property has escaped taxation and should be valued and assessed for prior years.
5. Ensure the taxpayer or agent signed and dated the statement as a declaration it is true and complete.

New Account

For a new account, the county assessor should complete the following procedures:

1. Assign a taxpayer account number.
2. Assign a parcel number, if necessary, to aid in location of the personal property.
3. If a late filing penalty is required, mark the "10% Penalty" box on the statement.
4. Check the name, address, and location data for accuracy. This information is used to establish the mailing address of the taxpayer in the database.
5. Ensure the statement is complete and provides enough detail to select the proper valuation tables and economic lives.

6. Ensure the taxpayer or agent signed and dated the statement as a declaration it is true and complete.

Proration of Personal Property Taxes

Personal property taxes can be prorated only when the property is periodically leased or rented from the inventory of a retailer or wholesaler. A.R.S. 42-19103. Retailers or wholesalers who periodically lease inventory are required to report this activity using the Property Leased or Rented from Inventory form (DOR Form 82527). This form must be filed with the county assessor on or before the 10th day of each month to report activity of the preceding month. A.R.S. 42-19005(C). In accordance with A.R.S. 42-19103, the assessor will calculate the prorated full cash value using the following formula:

Full cash value	**x**	0.00274 (where 0.00274 = 1 ÷ 365)	**x**	number of days leased	**=**	Prorated full cash value

If the lease term extends beyond the end of the current year and into the subsequent year, separate assessments should be prepared to account for the actual number of days the item was leased in each year. Proration does not apply to personal property that is owned and held by persons primarily engaged in the business of renting personal property. A.R.S. 42-19005(D). Such property is taxable, whether or not it is rented.

Auditing

County assessors have authority to conduct investigations as necessary to ensure that all personal property subject to taxation in the county is properly included on the tax rolls. A.R.S. 42-15054(B). If the assessor believes a taxpayer has not reported a complete list of property in their possession or control, the assessor may investigate to ascertain the extent and value of the property. A.R.S. 42-15054(C). The assessor must conduct the investigation in a manner that would discover and correct errors in favor of the taxpayer as well as errors not in favor of the taxpayer. A.R.S. 42-15054(C). Additionally, while not open to public inspection, every statement filed with the county assessor may be used as evidence in any prosecution brought under A.R.S. 42-15055, and may be subject to audit. A.R.S. 42-15053(G). These statutes give authority to the county assessor and the

Department to audit any person's records in connection with personal property assessment.

The purpose of an audit is to ensure that all personal property and its acquisition costs are reported fully and accurately. An audit may be conducted at the property owner's place of business, the location where the owner keeps its books and records, or the county assessor's office. If possible, the auditor should view the subject property, even though it may be located at a site other than where the audit is conducted.

The IAAO lists three primary reasons for the existence of auditing programs:[6]

- Assessors are responsible for distributing the tax burden fairly and equitably.
- Auditing serves to encourage reporting compliance by taxpayers.
- Auditing may be used as a discovery tool for fixed assets.

County assessors are highly encouraged to implement compliance programs. These programs should focus on the goals of maintaining accuracy of assessor records and providing taxpayer education, before that of discovering assets. It is important that assessor staff employ public relations skills during an audit to facilitate taxpayer education regarding how and why they should file personal property statements.

Errors regarding personal property valuation or classification that are discovered during an audit may be corrected for the current tax year and the three preceding tax years. A.R.S. 42-16256. To address such errors, the assessor may file a Notice of Proposed Correction — Personal Property (DOR Form 82179P), or the taxpayer may file a Taxpayer Notice of Claim — Personal Property (DOR Form 82179PT). See **Chapter 5**: **Correction of Errors**, for more information.

[6] IAAO, *Course 501: Personal Property Auditing — Basic to Advanced*, (IAAO, 2016), 6-7.

Additional Charges

If an audit by the county assessor discovers personal property that was escaped, omitted, or under-reported, penalties may apply. The conditions under which additional taxes and charges are authorized by law include:

1. If the April 1 filing deadline is not met, the assessor shall impose a penalty of 10 percent of the full cash value of the property. The assessor may abate all or a portion of the penalty if the statement is received within 30 days of the deadline (May 1). A.R.S. 42-15055 (C) and (D).
2. If property is found to have escaped taxation, due to non-reporting or upon audit, a penalty in the amount of 10 percent of the taxes due on the escaped property will be assessed. A.R.S. 42-15053(G)(2).
3. If the property owner or agent knowingly concealed, removed, transferred, or misrepresented property to evade taxation, the property is liable for the amount of taxes due plus a penalty equal to the amount of taxes due for the year in which the discovery was made. A.R.S. 42-15055(E).

If a taxpayer reports a personal property assessment error to the appropriate taxing authority before receiving a Notice of Proposed Correction — Personal Property (DOR Form 82179P), no penalty may be imposed and the tax roll must be corrected to allow property taxes to be levied and collected for the period affected by the error. A.R.S. 42-16253.

Chapter 3

Manufactured Housing and Mobile Homes

Introduction

The term "mobile home" is commonly used to describe several types of manufactured structures. However, A.R.S. 42-19151 sets forth specific attributes that a structure must have to qualify as a mobile home. In addition, the National Manufactured Housing Construction and Safety Standards Act of 1974 (NMHA) became federal law on June 15, 1976, creating a national building code for all manufactured housing constructed after that date. 42 U.S.C. 5401 to 5426. Therefore, only manufactured housing that meets the definition in A.R.S. 42-19151 and/or was built prior to June 15, 1976, may technically be called a mobile home. However, in this Manual, the term mobile home is used colloquially to refer to several types of manufactured housing.

Types of Manufactured Housing and Mobile Homes

Manufactured Home

A structure built on or after June 15, 1976, that is 8 or more feet wide and 40 or more feet long; on a permanent chassis; transportable in one or more sections; equipped with complete electrical, HVAC, and plumbing systems from the factory; and designed to be used with or without a permanent foundation as a dwelling when connected to on-site utilities. 42 U.S.C. 5402(6). Manufactured housing is built in accordance with the NMHA (42 U.S.C. 5401 to 5426), and Title VI of the Housing and Community Development Act of 1974 (HCDA) (42 U.S.C. 5301 to 5321). Federal regulations control both the design and construction of all manufactured housing. See generally 24 CFR parts 3280, 3282, 3284, 3285, 3286, 3288, and 3800.

Mobile Home

A structure built prior to June 15, 1976, that is more than 8 feet wide; 32 or more feet long; on a permanent chassis; transportable in one or more sections; and equipped with electrical, HVAC, and plumbing systems; or, regardless of size, is used as a single-family dwelling or for commercial purposes with or without a permanent foundation. A.R.S. 42-19151. This category does not include recreational vehicles or factory-built buildings.

Mobile Office

A structure built on a permanent chassis, capable of being transported in one or more sections, and designed to be used with or without a permanent foundation as an office or commercial space when connected to on-site utilities. Mobile offices are further classified for valuation purposes as units eight feet wide and units more than eight feet wide.

Park Model

A structure built on a single chassis, currently or originally mounted on wheels, designed to be connected to utilities, and having a gross trailer area of not less than 320 square feet and not more than 400 square feet when set up. A.R.S. 33-2102(18)(c). This category does not include fifth-wheel trailers. Park models are further classified for valuation purposes as units eight feet wide and units more than eight feet wide.

Recreational Travel Trailer

A structure mounted on wheels that is designed to provide temporary living quarters for travel or recreation and that has a trailer area of less than 320 square feet. A.R.S. 33-2102(18)(d). This category includes fifth-wheel trailers. Most travel trailers are licensed and taxed in the same manner as other motor vehicles. However, a travel trailer is assessed as personal property if it is unlicensed, has an expired license, or is subject to a change in use.

Factory-Built Building

A factory-built building, also referred to as a "modular building," is a residential or nonresidential building that is either wholly or substantially manufactured at an off-site location. A.R.S. 33-2102(5) and 41-4001(15). This category does not include manufactured homes, mobile homes, or recreational vehicles. Factory-built buildings are constructed in accordance with the International Building Code (as opposed to manufactured homes, which are built in accordance with the HCDA). A factory-built building should be valued as a real property improvement using standard appraisal methods and techniques, and is not to be valued as a mobile home.

Mobile Home Location and Identification

Due to the portable nature of mobile homes, the location and identification of these properties can be difficult to discover. Identification of a taxable mobile home at a specific location can be accomplished by the county assessor in several ways. Some common methods are:

- **Business Personal Property Statement:** A mobile home is occasionally reported on a property statement. If a mobile home is listed on one of these forms, the county assessor should verify that the unit has been properly assessed.
- **Manufactured Housing, Mobile Home, and Mobile Office Acquisition and Sales Report (DOR Form** 82525): A dealer who acquires or sells a previously titled mobile home is required to report the transaction to the Department and the assessor of the county in which the dealer is located. A.R.S. 41-4040. The report contains data identifying the mobile home, its address of origin, its destination address, and facts concerning the transaction. Mobile home dealers are not required to report the acquisition or sale of new mobile homes, and private individuals are not required to use Form 82525 to report mobile home transactions. The Department maintains sales records of previously titled mobile homes in each county, based on information reported by dealers. Availability of specific information may vary by county.
- **Mobile Home Property Tax Clearance (DOR Form 82504):** A Mobile Home Property Tax Clearance is required prior to selling or moving a mobile home greater than eight feet wide. A.R.S. 28-1104(E) and 42-19155(A). The tax clearance is issued by the assessor of the county in which the mobile home is currently located and serves to confirm that all fees and property taxes applicable to the mobile home have been paid.
- **Mobile Home Park and Trailer Court Operator's Report to County Assessor (DOR Form** 82505): Mobile home park operators are required to maintain a register of mobile homes that are occupied for 30 or more days and to provide a copy of the register to the county assessor each month. A.R.S. 42-19154. Form

82505 is used to report changes in occupancy, identifying mobile homes that move into and out of the park.

- **Mobile Home and Travel Trailer Register (DOR Form** 82505A): Persons who permit mobile homes to be placed on land they own, possess, or control must keep a register of each mobile home that is occupied for 30 or more days and must provide a copy of the register to the county assessor each month. A.R.S. 42-19154. Form 82505A is the document used to gather information required for the register, including identification of the mobile home, the owner, and any lien holder. A.R.S. 33-1478(B).

- **Motor Vehicle Division of the Arizona Department of Transportation:** The Motor Vehicle Division (MVD) provides counties with a monthly report that lists applications for title and transfers of title for new and existing mobile homes and travel trailers in that county. Information from this report may be used to update ownership records.

- **Office of Manufactured Housing — Factory-Built / Manufactured Home Installation Permit:** Prior to installing or rehabilitating a mobile home, a properly licensed entity or person must apply for an installation permit from the Office of Manufactured Housing in the Arizona Department of Housing. Ariz. Admin. Code R4-34-801(A). Typically, zoning departments of county, city, or town governments provide county assessors with copies of installation permits.

- **Mobile Home Park Field Checks:** Assessors should periodically canvas mobile home and travel trailer parks to discover and list mobile homes that may not be on the tax roll. Field checks may also identify new improvements, such as carports, porches, and concrete slabs that have not previously been listed.

- **Real Property Field Checks:** In the course of field work related to real property, assessors may discover unreported mobile homes in use. In such a case, the assessor should obtain identifying information, such as size, make and model number, and vehicle identification number(s) (VIN) or serial number(s), to update county assessor records.

Exemptions

Arizona law authorizes several property tax exemptions applicable to mobile homes. This Manual describes only the exemptions related to Arizona residency status and the taxation of military personnel. Information pertaining to other exemptions may be found in the Department's Assessment Procedures Manual.

Arizona Residency Status

Property taxation generally applies to mobile homes owned by residents of Arizona, but does not apply to mobile homes licensed in other states and owned by tourists temporarily in Arizona. To determine whether a mobile home is owned by a resident, and is thus subject to Arizona tax and titling requirements, the assessor should consult A.R.S. 42-19153(3), which defines "resident" as follows:

(a) A person, except a tourist or out-of-state student, who owns, leases or rents a dwelling in this state and occupies it as a place of residence.

(b) A person who, regardless of domicile, remains in this state for a consecutive period of six months or more.

(c) A person who engages in a trade, profession or occupation in this state or who accepts employment in this state in other than seasonal agricultural work.

(d) A person who places a child in a public school without paying nonresident tuition.

(e) A person who declares that the person is a resident of this state for the purpose of obtaining or paying at resident rates a state license or tuition fees at an educational institution that is maintained by public monies.

(f) Any individual, partnership, company, firm, corporation or association that maintains a main office, a branch office or warehouse facilities in this state and that bases and operates motor vehicles in this state.

It should be noted that property taxation does not apply to any trailer that is 8 feet or less in width and 32 feet or less in length and that is not used as a residence or for commercial purposes (i.e., a travel trailer). A license tax is assessed on such trailers in the same manner as on other vehicles. A.R.S. 42-19153(2).

Servicemembers Civil Relief Act of 2003

The Servicemembers Civil Relief Act of 2003 (SCRA) establishes federal policy regarding taxation of military personnel on active duty in locations other than their state of domicile. 50 U.S.C. 3901 et seq. In most cases, the host state (Arizona) cannot impose personal property taxes on property owned by a servicemember if the servicemember is domiciled in another state, but is stationed in Arizona solely due to military orders. 50 U.S.C. 4001 (a)(1) and (d).. This is also true with respect to a nonmilitary spouse, as long as the spouse is in Arizona solely to be with the servicemember and maintains the same state of domicile as the servicemember. 50 U.S.C. 4001 (a)(2) and (d). However, there are three specific cases in which mobile homes, or other items of personal property, owned by servicemembers are subject to taxation in Arizona:

1. A mobile home owned by a servicemember and used in a trade or business is subject to taxation by the presiding jurisdiction. 50 U.S.C. 4001(d)(3). States and their political subdivisions are **not** prohibited from taxing business personal property owned by a servicemember residing in the state solely in compliance with military orders.
2. A mobile home owned by a servicemember is subject to property taxation if the servicemember is domiciled in Arizona upon entering military service, unless the servicemember later changes their domicile to another state within the meaning of the SCRA. 50 U.S.C. 4001 (a)(1) and (d)(2).
3. An affixed mobile home, which is assessed as real property, is subject to taxation even if it is owned by a servicemember that is present in Arizona solely in compliance with military orders. An affixed mobile home is a mobile home for which an Affidavit of Affixture has been recorded, which changes the assessment of that mobile home from personal property to real property. A.R.S. 42-15204. See Affidavit of Affixture — Land Owned by Homeowner below for more information.

If a servicemember is present in Arizona solely due to military orders, and later transfers to another post outside of Arizona, but elects to maintain their family and mobile home in Arizona, the mobile home is still considered exempt from property taxation.

The joint interest of a nonmilitary owner (except a spouse) who has part-ownership in a mobile home with a servicemember present in Arizona by reason of military orders, is taxable to the extent of the joint interest of the nonmilitary owner.

Valuation of Mobile Homes

Mobile homes are valued, whether as real or personal property, at market value using standard appraisal methods and techniques. Generally, market value is synonymous with full cash value. A.R.S. 42-11001(6). Even so, both full cash value and limited property value are calculated for all mobile homes. Ariz. Const. art. IX, sec. 18 (3)(b) and (6)(g) and A.R.S. 42-13304(1).

Limited property value is a statutorily prescribed value that forms the basis for property tax assessment. A.R.S. 42-11001(7). However, limited property value is **not** applicable to centrally valued property or to personal property, **except** mobile homes (A.R.S. 42-13304) and possessory improvements (A.R.S. 42-15303). Limited property value is defined as "the limited property value of the property in the preceding valuation year plus five percent of that value." A.R.S. 42-13301(A). However, under certain circumstances (erroneous omission from tax roll, change in use, modification, split, consolidation), the limited property value must be recalculated outside of the five percent limitation. A.R.S. 42-13302(A). Even so, limited property value cannot ever exceed full cash value. A.R.S. 42-13301(B).

All mobile homes, park models, and travel trailers are valued using information found on the title (year, make, size), including complete VIN(s) or serial number(s). Additional data should be collected as necessary to allow the assessor to accurately value the mobile home. Site improvements may be added from a data collection form. Since system requirements vary, office procedures specific to each county should be followed regarding the listing and valuation of improvements, such as room additions and decks or porches.

The Department provides two methods for the valuation of mobile homes in Arizona: the square foot method and the factory list price method. The square foot method is available for mobile homes in excess of 400 square feet. (Additional adjustments may be necessary when the square foot method is used for park models, travel trailers, or mobile offices.)

Square Foot Method

The square foot valuation method is based on building cost indexes published by Marshall & Swift. Key features of the square foot method include:

- RCNLD is derived, rather than historic cost less depreciation.
- Quality indicator and grade are based on the original quality of the mobile home.
- Separate depreciation schedules are used for single- and multi-section mobile homes.
- Depreciation tables are created using mobile home sales.

The RCN of a mobile home is calculated based on size, number of sections, and construction quality. With respect to size, only livable square footage should be included. The appropriate valuation factor is applied to the RCN to derive the RCNLD for each mobile home. The replacement cost will be adjusted annually to reflect changes in the manufacturing costs of new manufactured housing units. Valuation Table 15 in **Chapter 6** contains valuation factors for the square foot method.

Factory List Price Method

The factory list price method adjusts factory list price to current market value. The dealer calculates factory list price by subtracting the freight cost from the dealer invoice cost, multiplying the difference by an adjustment factor of 1.30, and adding back the freight cost to the product. The dealer invoice cost reflects only the wholesale cost of the mobile home. Application of this formula produces a trade-level adjustment from wholesale to retail.

Example:	dealer invoice cost	$26,785
	less freight	– 430
	subtotal:	$26,355
	multiply by 1.30 factor	x 1.30
	subtotal:	$34,262
	add back freight	+ 430
	factory list price	**$34,692**

The dealer enters the factory list price on each application for certificate of title and registration. The factory list price is applicable to the production model as it was delivered from the factory. The cost of dealer-installed optional accessories or household goods should not be added to the dealer invoice cost prior to calculating the factory list price.

The factory list price of a mobile home consisting of two or more sections should be divided equally and entered on each section's application for certificate of title and registration. When a dealer is not involved in a mobile home sales transaction, it is the seller's responsibility to furnish the factory list price on the application for certificate of title and registration. If the factory list price is not available from the seller, the alternative sources described below may be consulted.

For used mobile homes transported into Arizona to be titled for the first time in this state, an original factory list price may be obtained from the following sources:

- Original dealer or manufacturer invoice.
- Current retail price can be used to calculate an estimated factory list price by dividing the average retail value by the appropriate valuation factor from Valuation Table 14 in **Chapter 6** of this Manual.

Once the factory list price is determined, a valuation factor is applied to adjust the factory list price to current market value, producing a current full cash value. The valuation factors are adjusted annually by the Department based on mobile home sales reported each month. The annual adjustment is made after analyzing the relationship between mobile home factory list prices and current selling prices, categorized by mobile home type and age.

Valuation Table 14 in **Chapter 6** contains valuation factors for each of these six types of units:

Code 72	Manufactured Housing and Mobile Homes
Code 721	Recreational Travel Trailers: 8’ wide, 32’ long or less
Code 722	Mobile Offices: 8’ wide or less, 40’ long or less
Code 723	Mobile Offices: greater than 8’ wide, greater than 40’ long
Code 724	Park Models (not self-contained): 8’ wide, 33’–40’ long
Code 725	Park Models (not self-contained): greater than 8’ wide, 33’–40’ long

Improvements

All improvements to a mobile home are valued by the assessor using a CAMA system and are subsequently added to the value of the mobile home.

The following are examples of items generally not included in the factory list price or the square foot cost of manufactured housing. The items are valued using a building cost system. This list is illustrative only and not meant to be all inclusive.

Examples of Improvements Valued Using Marshall & Swift Building Cost Data:

Awning	Room addition
Carport	Skirting
Central air conditioning	Stem wall
Central evaporative cooling	Storage building (permanently installed)
Deck/Patio	Stucco (installed after delivery)
Foundation	Tile roofing (installed after delivery)
Garage	Window cooling unit (installed in wall)

Examples of Additional Improvements to Mobile Homes Located on Private Land:

Pavement (asphalt or concrete)	Site preparation
Septic tank	Water, gas, and sewer hookups

Examples of Household Personal Property (Exempt):

Furniture	Swimming pool (movable)
Storage shed (movable)	Window cooling unit

Additional Factors Affecting Valuation

The following are examples of additional factors that affect the value of a mobile home:

Excessive Depreciation

Excessive depreciation may exist when there is excessive wear and tear to the mobile home due to factors such as weather, deferred maintenance, or other circumstances. In these cases, the valuation tables provided herein may not truly reflect the actual condition of the mobile home. After a physical inspection is made, the county assessor may use discretion in applying the depreciation. Depending on system requirements, this may be accomplished through adjustments to effective age, obsolescence, or quality.

Assimilation

Assimilation may occur when the mobile home (usually a single section) is completely absorbed by surrounding additions to the point that the mobile home identity is lost. When a mobile home is completely assimilated into a larger structure and the owner either obtained a dismantling permit from ADOT, or recorded an Affidavit of Affixture, the mobile home should be valued as part of the structure and not as a mobile home. The county assessor should value the mobile home portion and the surrounding additions using standard appraisal methods and techniques that are applicable to any other conventionally constructed improvement. If the owner has not obtained a dismantling permit or has not recorded an Affidavit of Affixture, the structure (less the square footage of the mobile home) must be valued separately from the mobile home. In this instance, the mobile home must be assessed as personal property.

Modernization

Modernization of a mobile home tends to extend its remaining economic life. Modernization might include projects such as renovating the electrical service or plumbing system to meet current code requirements. Reroofing or painting fall under the category of normal maintenance, rather than modernization. Significant upgrades can be addressed by the assessor through an adjustment to either the quality (square foot method) or the effective age (factory list price method) of a mobile home.

Location

In some areas, homes may sell at a premium (for example, homes located on waterfront property or in resort areas). In other areas, the market may be depressed or the location may be undesirable for homebuyers. If sufficient data exists to calculate the effect of location on the value of a mobile home, the assessor may use discretion in applying location or market area adjustments to all similarly located homes.

If a mobile home is sold, and the sale price differs significantly from the valuation of the county assessor, market research is required to verify the valuation information. Recent sales data for comparable mobile homes should also be consulted. However, the valuation of the county assessor should **not** be adjusted if it is supported by information from these sources.

Data obtained through market research of comparable sales should always be examined carefully. For example, extra-market influences on a comparable sale price may result from a transaction that:

- Was not an arms-length transaction.
- Was a distressed or liquidation sale.
- Involved a trade-in.
- Included delivery and set up costs.
- Yielded the buyer a better bargain, or the seller a higher price, than is typical.
- Lowered the sale price as an inducement for the buyer to purchase a parcel of land.

Assessment of Mobile Homes

A mobile home becomes subject to property taxes, assessed as of January 1, on the day the mobile home enters the state. A.R.S. 42-17153(C)(1) and 42-19152(A). Pursuant to A.R.S. 28-2063, a mobile home kept in Arizona must be titled with ADOT, and the required fees paid, except for a mobile home that is:

1. Owned and held by a dealer solely for the purpose of sale.
2. Owned by the federal government, or the State of Arizona or its political subdivisions, and operated exclusively in the public service. (Such mobile homes are titled, but are not taxed.)
3. Subject to a recorded Affidavit of Affixture.

The assessor of the county in which the mobile home is located will list the mobile home on the personal property tax roll, whether or not it is titled, except in the three cases stated above. A.R.S. 42-15152(B). A mobile home located on land owned by the home owner, and for which an Affidavit of Affixture is recorded, will be assessed on the personal property tax roll until it can be relisted when the next real property tax roll is prepared. A.R.S. 42-15204. When listed on the real property tax roll, a mobile home will be assessed as an improvement on the land. A.R.S. 42-15204. If ownership of a mobile home is transferred after January 1, the owner of record on the third Monday in August is responsible for all current-year personal property taxes. A.R.S. 42-17151(A).

Selection of Property Class

In accordance with A.R.S. 42-12001 to 42-12010, a mobile home is assigned a property classification based on its current use. See the table in **Chapter 1** above for an abbreviated listing of property classes.

Mobile Homes in Property Classes One, Two, and Six

Additional Statutory Depreciation

A mobile home or mobile office used for agricultural or commercial purposes that qualify it as property class One, subclasses (8), (9), (10), or (13); property class Two, subclass

(P); or property class Six, subclasses (2) or (3), is eligible to receive additional statutory depreciation. A.R.S. 42-13054 and 42-13353.

Personal Property Tax Exemption

The full cash value of a qualified mobile home or mobile office must be included when applying the business personal property tax exemption allowed by A.R.S. 42-11127. Personal property records should be reviewed to determine if a taxpayer who owns a mobile home in the property classes set forth above also owns other personal property. If so, the full cash value of the mobile home and the full cash value of the other personal property must be combined. The sum of the full cash values from both sources constitutes the total full cash value, from which the exempt amount is deducted. A.R.S 42-11127. See Statutory Exempt Amount in **Chapter 2** above to view the current year maximum exemption.

Selection of Tax Roll

A mobile home is listed on either the real or personal property tax roll based on how the mobile home is titled. A mobile home titled through the MVD must be placed on the personal property tax roll. If a mobile home is titled under a recorded Affidavit of Affixture, it is placed on the appropriate tax roll based on how the associated real property is held.

Affidavit of Affixture — Land Owned By Homeowner

The owner of a mobile home may file an Affidavit of Affixture to permanently affix the mobile home to real property. This process allows the mobile home to be assessed as real property. A.R.S. 42-15202. To permanently affix a mobile home, it must be installed on real property that is also owned by the mobile home owner. A.R.S. 42-15201(2). Permanently affixed does **not** mean the mobile home is physically attached to the real property, and no physical changes to the mobile home are required to file an Affidavit of Affixture. The Affidavit of Affixture process is a legal procedure, not a physical one.

The Affidavit of Affixture must contain the information required by A.R.S.42-15203, including the VIN(s) or serial number(s) of the mobile home and the legal description of the real property to which the mobile home will be affixed. The Affidavit of Affixture is recorded in the same manner as a deed and replaces the mobile home title. Thus, once the Affidavit of Affixture is recorded, the mobile home owner must surrender the title or the Manufacturer's Statement of Origin to ADOT. A.R.S. 28-2063(A)(3) and 42-15203(A)(5). After the Affidavit of Affixture is recorded, the mobile home will remain on the personal property tax roll until it can be relisted when the next real property tax roll is prepared. A.R.S. 42-15204.

Affidavit of Affixture — Mobile Home Located on Leased Land

Under certain conditions, the owner of a mobile home located on leased land in a mobile home park may file an Affidavit of Affixture. A.R.S. 33-1501. Even so, a mobile home subject to these conditions will continue to be assessed as personal property, and will not be moved to the real property tax roll. A.R.S. 42-15203(K). See Appendix B for a complete list of requirements for this procedure.

Moving Mobile Homes

Mobile Home Property Tax Clearance (DOR Form 82504)

It is unlawful to knowingly move or sell a mobile home if applicable property taxes have not been paid and are delinquent. A.R.S. 28-1104(E) and 42-19155. Persons involved in the sale, transfer, or transport of a mobile home are required to obtain a Mobile Home Property Tax Clearance from the assessor of the county in which the mobile home is currently located. The tax clearance serves as evidence of payment of property taxes applicable to that mobile home. The application for a tax clearance must include the following information:

- Owner name (as listed on the title).
- Prior or current mailing address.
- Current location of mobile home.
- Mailing address for new location.
- Identification of mobile home park or real property at new location.
- County into which mobile home will be moved.
- Make, model, year, and complete VIN(s) or serial number(s).

- Length and width of mobile home.
- Factory list price of mobile home.
- Personal property account number, if applicable.
- Parcel number of real property on which mobile home is currently affixed, if applicable.
- Mover name.

Before issuing a Mobile Home Property Tax Clearance, the county assessor should consult the following resources to ensure that all property taxes applicable to the mobile home are paid in full:

1. Motor Vehicle Division: A mobile home for which property taxes are delinquent is designated by a “code 67” in MVD records. If a code 67 is indicated, the county assessor should note the county, tax roll number, and tax year of the delinquent taxes.
2. County Treasurer: The county treasurer maintains records of property tax payments and delinquencies. If a delinquency is discovered in MVD records, but has been cleared in treasurer records, a form MH-100 may be issued with the tax clearance to allow the MVD to issue a permit to move the mobile home.

If the assessor discovers there are no county records for the mobile home, the mobile home VIN(s) or serial number(s) should be reverified. If the mobile home was previously located in another county, the assessor should contact that county to confirm there are no delinquent property taxes applicable to the mobile home.

If approved, the county assessor issues the tax clearance and provides a copy to the applicant, who is typically the owner or mover. The applicant presents the tax clearance to ADOT as evidence of the property tax payment, and the MVD issues a permit to move the mobile home. An oversized-load permit is required to move mobile homes over 12 feet wide.

A tax clearance is required prior to the transportation of a previously affixed mobile home. It is not necessary to wait for issuance of a new title prior to issuing the tax clearance.

A tax clearance is not required for a new mobile home that is held as inventory. In that case, the mobile home is not titled, and personal property assessment and taxation are not applicable. This may occur when a new mobile home is transported from the factory to the dealer, from one dealer to another, or between two locations of the same dealer. However, a tax clearance is required to transport a used mobile home from one dealer to another.

Sale of Land and Affixed Mobile Home

A buyer who purchases an affixed mobile home and the land upon which the mobile home is located is not required to reapply for a mobile home title. In this instance, the ownership transfer is accomplished by recording a deed in the same manner as a real property transaction.

Sale and Relocation of an Affixed Mobile Home

An owner who intends to sell an affixed mobile home apart from the land, or to relocate an affixed mobile home, must reverse the process of affixture and retitle the mobile home with ADOT. After the owner submits the title application and other required documentation, the county assessor will reclassify the mobile home as personal property. Following is a list of requirements to unaffix and retitle a mobile home:

- Completed Application for Arizona Certificate of Title and Registration.
- Copy of the Affidavit of Affixture.
- Lien clearance, if applicable.
- Mobile Home Property Tax Clearance.
- Verified mobile home VIN(s) or serial number(s).
- Notarized Bill of Sale, if applicable.
- Written verification, such as an Affidavit of Removal of Affixed Mobile Home, that mobile home is no longer affixed to real property.
- Required fees.

The Mobile Home Relocation Fund

The mobile home relocation fund provides monetary assistance to a qualifying tenant of a mobile home park for the costs of relocating and rehabilitating a mobile home. A.R.S. 33-1476.01 to 33-1476.05. Refer to the Landlord Tenant Act for Mobile Home Owners for additional information. Circumstances that qualify a tenant for this assistance pertain to changes at a mobile home park that are beyond tenant control, including park redevelopment or change in use (A.R.S. 33-1476.01 and 33-2149) excessive increase in rent (A.R.S. 33-1476.04) or change in age restrictions (A.R.S. 33-1476.05 and 33-2150). In addition, if a tenant meets certain income requirements, the fund also may be used to rehabilitate a mobile home built prior to June 15, 1976. A.R.S. 41-4008.

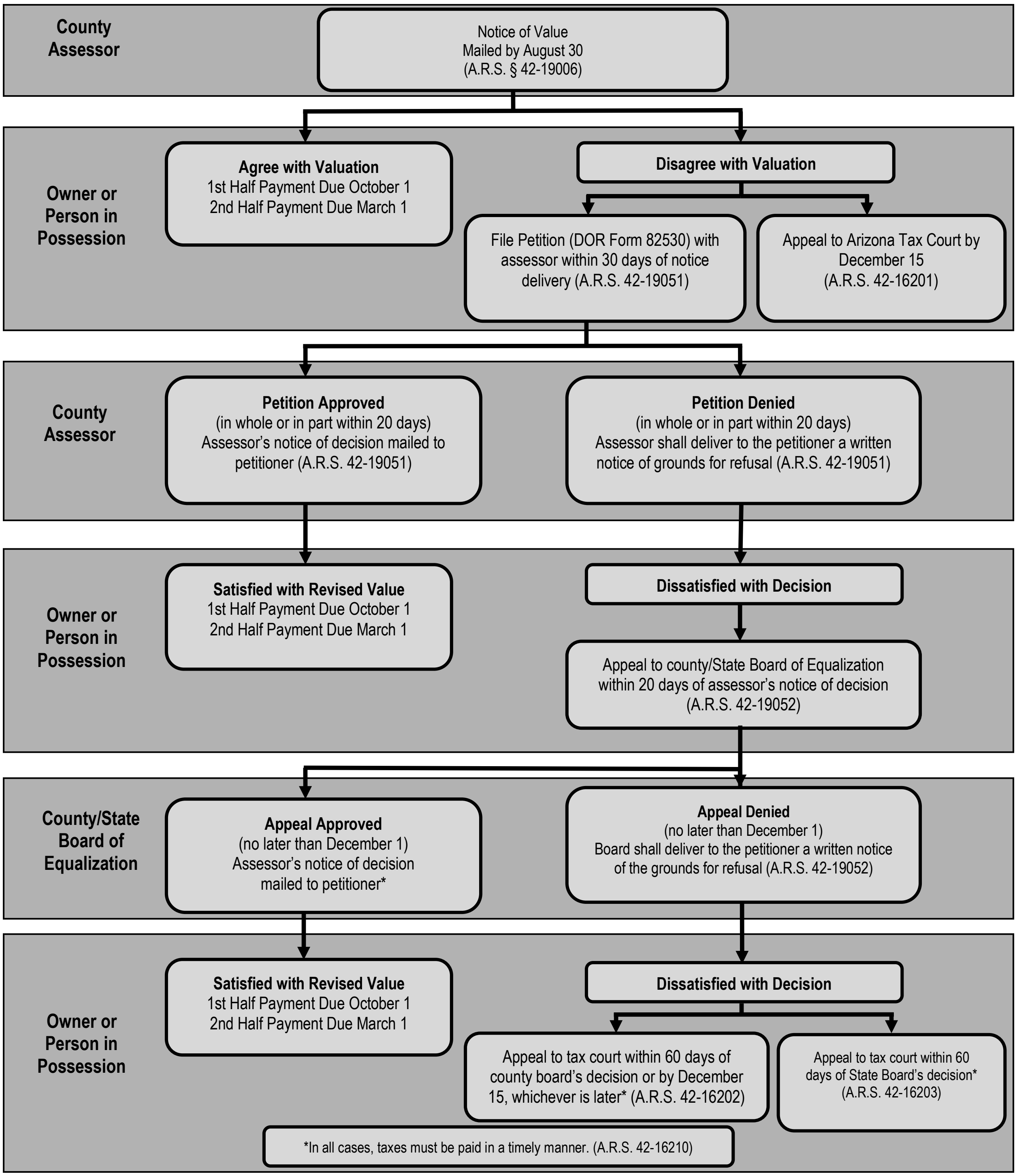
Mobile homes located in mobile home parks are subject to an assessment of 50 cents per 100 dollars of the assessed value to generate monies for the Mobile Home Relocation Fund (there is no assessment for any year that monies in the fund exceed eight million dollars). A.R.S. 33-1476.03 and 33-2151. The assessment is charged against the value of the mobile home only, not against additional improvements connected to the mobile home.

Chapter 4

Appeals Process

Appeals Process for Personal Property Valuation

The assessment and appeals procedure for personal property valuation is outlined below. This table is followed by a more in-depth discussion.



On or before August 30, the county assessor must mail a Notice of Valuation to the owner or person in possession of personal property. A.R.S. 42-19006. Property owners who are dissatisfied with the valuation or classification of their property, as determined by the assessor, may file either an administrative or judicial appeal.

Administrative Appeals

The administrative appeal process consists of two levels. Level one is heard by the county assessor and level two by either the county board of equalization or the State Board of Equalization. A.R.S. 42-16001 to 42-16169. County boards of equalization are established in counties with a population of less than 500,000, while the State Board of Equalization has jurisdiction over counties with a population of 500,000 or more. A.R.S. 42-16102 and 42-16153. No appeal may be filed with either board of equalization without first having been filed with the assessor. A.R.S. 42-16056(D).

Property owners may represent themselves or utilize an agent to act on their behalf in the administrative appeal process. A.R.S. 32-3651(3) and 42-16001. Property tax agents must be designated annually by filing an Agency Authorization or Agency Authorization Continuation (DOR Forms 82130AA and 82130AAA) with the county assessor. A.R.S. 42-16001(B). These forms are available from the Department or the assessor and must accompany all appeals. A.R.S. 42-16001(C). If an Agency Authorization Form is filed, the county assessor, county board of equalization, or State Board of Equalization must issue to the agent any notice relating to the appeal. A.R.S. 42-16001(C). Statutory requirements regarding property tax agents are found in A.R.S. 32-3651 to 32-3656.

Appeals to the County Assessor

Property owners, or their agents, may appeal a personal property valuation or classification by filing a Petition for Review of Personal Property (DOR Form 82530) with the county assessor. The petition must be filed within 30 days of the mailing date of the Notice of Value and must provide the owner's opinion of value or legal classification and substantial information to justify that opinion. A.R.S. 42-19051(A) (1) and (2).

The county assessor must rule on all petitions within 20 days after the filing date. A.R.S. 42-19051(B). If an appeal is denied in whole or in part, the assessor must deliver to the petitioner written notice of the grounds for refusal. A.R.S. 42-19051(D). A petitioner whose request is denied may appeal to the board of equalization with jurisdiction over that county. Such an appeal must be filed within 20 days after the date of the county assessor's notice of decision. A.R.S. 42-19052(A).

Appeals to the County Board of Equalization

The county board of equalization consists of the county board of supervisors sitting as a board of equalization. A.R.S. 42-16102(A). Currently, county boards of equalization are established in all counties except Maricopa and Pima Counties.

The county board of equalization may appoint a hearing officer to conduct hearings and make decisions regarding personal property valuation and classification appeals. A.R.S. 42-16103(A). The hearing officer must meet certain minimum qualifications to be appointed. A.R.S. 42-16103 (B) and (C). The board of supervisors may also contract with the State Board of Equalization to hear and issue decisions on administrative appeals. A.R.S. 42-16102(C).

Hearings may be held by one or more members of the board of equalization or by a hearing officer. A.R.S. 42-16104(A). Information presented during the hearing is subsequently reported to the full board of equalization for a decision on the petition. A.R.S. 42-16104(A). The board of equalization must complete the hearing and issue a decision on or before December 1. A.R.S. 42-16108(C).

A petitioner who is dissatisfied with the decision of the county board of equalization may file a judicial appeal within 60 days of the mailing date of that decision or by December 15, whichever is later. A.R.S. 42-16202(A). The county assessor or the Department may also file a judicial appeal in the same manner if the county board of equalization ordered a reduction in the valuation of any property. A.R.S. 42-16202(B).

Appeals to the State Board of Equalization

The State Board of Equalization consists of members appointed by the county board of supervisors and the governor. A.R.S. 42-16153(A). Currently, the State Board of Equalization has jurisdiction only in Maricopa and Pima Counties.

The State Board of Equalization may employ one or more hearing officers who meet certain qualifications to assist with personal property valuation and classification appeals. A.R.S. 42-16155(A).

Hearings before the State Board of Equalization are held in the county in which the subject property is located. A.R.S. 42-16161(C). Hearings that involve class Three property or property valued at $3,000,000 or less are heard by at least one member of the Board or by a hearing officer from the county in which the property is located. A.R.S. 42-16156(B)(2). All other appeals are heard by a panel of either three or five members of the Board, two of whom must be from the county in which the property is located, unless the Board chairman is representing the county. A.R.S. 42-16156(B)(3).

The State Board of Equalization must complete the hearing and issue a decision on or before December 1. A.R.S. 42-16165(3). The property owner, person in possession, county assessor, or Department may file a judicial appeal on the decision within 60 days of the mailing date of the decision. A.R.S. 42-16203.

Judicial Appeals

Notice of Appeal to the Tax Court

Personal property owners who are dissatisfied with the valuation or classification of property on the Notice of Valuation may choose to file a judicial appeal **at any time** on or before December 15, rather than file an administrative appeal. A.R.S. 42-16201(A).

Alternatively, if a property owner chooses to file an administrative appeal and is dissatisfied with the decision of the assessor, county board of equalization, or State Board of Equalization, the property owner may file a judicial appeal. A.R.S. 42-16201 to 42-16203. However, once an administrative appeal is commenced, a subsequent judicial appeal must be filed within 60 days after the mailing date of the most recent administrative decision relating to the subject petition. A.R.S. 42-16201(B).

All taxes levied and assessed against property on which a judicial appeal has been filed must be paid prior to the date the taxes become delinquent. A.R.S. 42-16210(A). If the taxes are not paid prior to becoming delinquent, the tax court will dismiss the appeal. A.R.S. 42-16210(B).

The Director of the Department may also file a judicial appeal in response to the decision of either board of equalization, but must do so in the same manner and by the same date as the property owner. A.R.S. 42-16206.

Small Claims Procedures in Tax Court

Personal property owners may elect to file a judicial appeal in small claims court if the full cash value of the personal property does not exceed $2,000,000, or the amount of taxes, interest, and penalties in dispute is less than $5,000. A.R.S. 12-172(A). A small claims procedure may be reclassified as a regular tax court case if these requirements are not met. A.R.S. 12-173(C). The property owner elects to use small claims procedures by indicating this intention in the caption of the complaint. A.R.S. 12-172(B). The property owner may appear on their own behalf, be represented by an attorney licensed to practice in Arizona, or be represented by any other person the court allows to participate in the hearing. A.R.S. 12-174(B).

Chapter 5

Correction of Errors

Correcting Property Tax Errors

Arizona law establishes procedures to correct certain errors in the assessment of property or collection of taxes. A.R.S. 42-16251 to 42-16259. Such corrections may be initiated by either the taxpayer or the tax officer, meaning the assessor, treasurer, or Department. A.R.S. 42-16251(4).

Error correction procedures are **not** substitutes for administrative or judicial appeals. An appeal is utilized when a property owner disagrees with the assessor's opinion of property valuation or classification, which requires discretion and judgment to formulate. A.R.S. 42-16051. In contrast, a correctible error must be exclusively factual, objectively verifiable, and supported by convincing evidence. A.R.S. 42-16251(3)(e). Although the procedures for appeal and error correction are entirely separate, if an administrative or judicial appeal is already pending, any alleged error must be adjudicated as part of the appeal. A.R.S. 42-16255(B).

When evaluating and correcting property tax errors, the reviewing body must use the same valuation and classification criteria that were in effect on the valuation date. A.R.S. 42-16257.

Definition of Error

As set forth in A.R.S. 42-16251(3), the term "error" includes mistakes in assessing or collecting property taxes that are caused by:

- Imposing an incorrect or illegal tax rate that results in excessive taxes.
- Incorrectly designating or describing the classification, occupancy, or use of property.
- Applying incorrect assessment ratio percentages.
- Misreporting or failing to report property as required by statute.
- Valuing or classifying property based on an error with respect to the following:
  - Description of the ownership, size, or use.
  - Mis-entered data that was directly used to establish valuation.

- Uncaptured construction, demolition, parcel split, or parcel consolidation.
- Existence or nonexistence of the property on the valuation date.
- Property that is destroyed after the lien date.
- Any other objectively verifiable error.

The following examples are **not** included in the meaning of the term “error”:

- Typical valuation and classification issues that involve the application of discretion, opinion, or judgment. Disagreements over such issues are addressed via the appeals process.
- Corrections due to a change in the law made effective by a nonappealable court ruling in a case that does not involve the property for which a correction is claimed.
- Failure to timely file for a more favorable tax status, such as agricultural or exempt status.

Time Limitations

There are limitations on the time period during which corrections of property tax assessment or collection errors can be made. Pursuant to A.R.S. 42-16256, such corrections are limited in application to:

- The time period during which the current owner holds title to the property, as long as the owner purchased the property in good faith and had no notice of the error.
- The current tax year and the three preceding tax years, except under certain circumstances.
- The date a court action or administrative correction action was filed, whichever is earlier, when a specific error is established by a nonappealable court ruling in favor of the party who brought the action. No assessment or refund for any time period before the applicable date is permitted.

Notice of Proposed Correction

The Notice of Proposed Correction — Personal Property is a notification provided by a tax officer to the owner of personal property if the tax officer determines the property was assessed improperly due to a property tax error. A.R.S. 42-16252(A). The notice must be sent to the last known mailing address of the owner, either by certified mail (return receipt requested) if the proposed correction results in a valuation increase or classification change, or by regular mail if the proposed correction does not result in a valuation increase. A.R.S. 42-16252(A) (1) and (2).

As prescribed in A.R.S. 42-16252(B), the Notice of Proposed Correction — Personal Property must:

- Be presented to the property owner on the prescribed form (DOR Form 82179P).
- Identify the subject property by tax parcel or tax roll number and the year(s) for which the correction is proposed.
- Explain the error, the reason(s) for the error, and the proposed correction.
- Inform the property owner of the procedure and deadlines for appealing the proposed correction before the tax roll is corrected.

Upon receipt of a Notice of Proposed Correction — Personal Property, the property owner may submit a written response to the tax officer within 30 days either to consent to the proposed correction, dispute the proposed correction, or request an extension of time to respond. A.R.S. 42-16252(C). If granted, the extension may not exceed 30 days. A.R.S. 42-16252(C).

Failure by the property owner to respond within 30 days or by the extended due date will constitute consent to the proposed correction. A.R.S. 42-16252(C). However, if the property owner timely files a written response disputing the proposed correction, or any valuation or classification issues arising from the same, the tax officer must meet with the property owner to discuss the proposed correction. A.R.S. 42-16252(F).

If the parties cannot agree to all or part of the proposed correction, the tax officer must deliver a notice by certified mail to the property owner within 30 days after the meeting to advise the owner that the tax roll will be corrected to the extent the parties agreed. A.R.S. 42-16252(G). To address issues not agreed upon, the property owner may file a Petition for Review of Proposed Correction — Personal Property (DOR Form 82179CP) with the board of equalization that has jurisdiction over the matter. A.R.S. 42-16252(G). The property owner may dispute all or part of the proposed correction and also appeal any valuation or classification issues that arise from the proposed correction. A.R.S. 42-16252(D). The petition must be filed within 30 days after the post-meeting notice is mailed, or the appeal is barred. A.R.S. 42-16252(G).

Within 30 days of receiving the petition, the respective board of equalization must hold a hearing and issue a written decision regarding the disputed issues. A.R.S. 42-16252(G). Any party not satisfied with the decision of the board may file an appeal with the tax court within 60 days after the board mails its decision. A.R.S. 42-16252(H).

For the court to retain jurisdiction over the appeal, any additional taxes determined to be due must be paid before becoming delinquent. A.R.S. 42-16252(H). Additional taxes assessed become delinquent if not paid within 90 days after a corrected bill is mailed to the property owner. A.R.S. 42-16259(B). If taxes were overpaid, they must be refunded with interest within 90 days after the tax roll is corrected. A.R.S. 42-16259(C).

Self-Reporting of Personal Property Tax Error

If a property owner discovers personal property taxes were assessed in error and reports the error to the taxing authority prior to receiving a Notice of Proposed Correction — Personal Property, no penalty may be applied. A.R.S. 42-16253. In addition, the tax roll must be corrected so that property taxes for the period affected by the error can be levied and collected. A.R.S. 42-16253.

Taxpayer Notice of Claim

The Taxpayer Notice of Claim — Personal Property is a notification filed by the owner of personal property if the owner believes the property was assessed improperly due to a property tax error. A.R.S. 42-16254(A). The notice must be filed in person or by certified mail with the county assessor if the alleged error pertains to the valuation or classification of the property, or with the county board of supervisors if the alleged error pertains to the imposition of a tax rate. A.R.S. 42-16254(A) (1) and (3).

As prescribed in A.R.S. 42-16254(B) (2) and (3), the Taxpayer Notice of Claim — Personal Property must:

- Be presented to the tax officer on the prescribed form (DOR Form 82179PT).
- Identify the subject property by tax parcel or tax roll number and the year(s) for which the correction is proposed.
- State the claim for the proposed correction and any evidence supporting the claim.

Upon receipt of the Taxpayer Notice of Claim — Personal Property, the tax officer may submit a written response to the property owner within 60 days either to consent to or dispute the claim and to provide grounds for disputing the claim. A.R.S. 42-16254(C). Failure by the tax officer to respond within 60 days will constitute consent to the claim, after which the board of supervisors must direct the county treasurer to correct the tax roll, based on the owner's written demand. This written demand must be accompanied by proof that the notice of claim was timely filed and that the tax officer failed to respond to the claim within the specified time period. A.R.S. 42-16254(C).

If the tax officer elects to dispute the claim, the officer must notify the property owner of the time and place for a meeting between them, or their representatives, to discuss the proposed correction. A.R.S. 42-16254(D).

Upon meeting, if the parties agree on all or part of the claim, the tax roll must be corrected to the extent the parties agree. A.R.S. 42-16254(E). Any taxes that were overpaid must be refunded with interest within 90 days after the tax roll is corrected. A.R.S. 42-16259(C). If the parties cannot agree on all or part of the claim, the property owner may file a Petition for Review of Taxpayer Notice of Claim — Personal Property (DOR Form 82179CP-1) with the board of equalization that has jurisdiction over the matter. A.R.S. 42-16254(F). The petition must be filed within 90 days after the meeting is held, or it is barred. A.R.S. 42-16254(F). The property owner must also send a copy of the petition by certified mail to the tax officer. A.R.S. 42-16254(F).

Within 30 days of receiving the petition, the respective board of equalization must hold a hearing and issue a written decision regarding the disputed issues in the claim. A.R.S.

42-16254(F). Any party not satisfied with the decision of the board may file an appeal with the tax court within 60 days after the board mails its decision. A.R.S. 42-16254(G).

For the court to retain jurisdiction over the appeal, and in order for the property owner to recover taxes overpaid in a preceding year due to the error, all current year taxes and any additional taxes determined to be due must be paid before becoming delinquent. A.R.S. 42-16254(G). Additional taxes assessed become delinquent if not paid within 90 days after the corrected bill is mailed to the property owner. A.R.S. 42-16259(B).

Evidence That May Be Considered at Hearings

At any hearing before a state or county board of equalization or the tax court, any party may present evidence regarding the property tax assessment or collection errors, regardless of whether such evidence was included in the original Notice of Proposed Correction or Taxpayer Notice of Claim. A.R.S. 42-16255(A). The respective board of equalization and the tax court have jurisdiction to correct all such errors. A.R.S. 42-16255(A). The statutes authorizing correction of property tax errors do not allow independent review of property valuation or classification that could have been appealed. However, if an administrative or judicial appeal is pending regarding the subject property, any alleged error in assessment or collection must be adjudicated as part of the administrative or judicial appeal for the affected tax year. A.R.S. 42-16255(B).

Chapter 6

Personal Property Calendar, Valuation Tables Index, and Valuation Tables

2020 Assessment Calendar

2020 Assessment Calendar	
A.R.S. Legal Date	
January 1	The property tax lien attaches on the first day of January of the current valuation/tax year **(2020)**. A.R.S. 42-17153(C)(1). **Note:** For locally assessed personal property, the valuation year and the tax year are the same calendar year.
January 1	January 1 is the valuation date for the current valuation/tax year **(2020)**. A.R.S. 42-11001(19)(b).
February 1	On or before February 1 of each year, the county assessor shall mail a form, notice, or demand to each person who owns or has charge or control of taxable personal property in the state. A.R.S. 42-15053(A).
March 1	The second one-half of taxes on all personal property for the prior valuation/tax year **(2019)** is due and payable on March 1. A.R.S. 42-18052(A).
April 1	Each person who owns or has charge or control of taxable personal property in the state shall prepare and deliver to the county assessor a correct report of that property on or before April 1 of each year. A.R.S. 42-15053(A).
May 1	The second one-half of taxes on all personal property for the prior valuation/tax year **(2019)** is delinquent after 5:00 p.m. on May 1. If May 1 is a Saturday, Sunday, or other legal holiday, the time of delinquency is 5:00 p.m. on the next business day. A.R.S. 42-18052 (B) and (D).
May 1	On written request and for good cause shown, the county assessor may extend for up to 30 days the time for filing the required report of taxable personal property. A.R.S. 42-15053(A).

2020 Assessment Calendar	
A.R.S. Legal Date	
August 25	On or before August 25 of each year, the county assessor shall transmit all personal property valuations to the county treasurer. A.R.S. 42-19007(A).
August 30	On or before August 30 of each year, the county assessor shall mail a Notice of Valuation to the owner or the person in possession of personal property. A.R.S. 42-19006(A).
September 29	An owner or person in possession of personal property may file an appeal of the value of the property within 30 days after the date the Notice of Value is delivered (i.e., the postmark date) by the county assessor. A.R.S. 42-19051(A).
October 1	The first one-half of taxes on all personal property for the current valuation/tax year **(2020)** is due and payable on October 1. A.R.S. 42-18052(A). If the total amount of taxes is $100 or less, the entire amount is due. A.R.S. 42-18052(C).
October 19	The county assessor shall rule on each administrative appeal petition filed within 20 days after the date it was filed. A.R.S. 42-19051(B).
November 1	The first one-half of taxes on all personal property for the current valuation/tax year **(2020)** is delinquent at 5:00 p.m. on November 1. If November 1 is a Saturday, Sunday, or other legal holiday, the time of delinquency is 5:00 p.m. the next business day. A.R.S. 42-18052 (B) and (C).

2020 Assessment Calendar	
A.R.S. Legal Date	
November 1 through December	After personal property taxes that are due become delinquent, the county treasurer shall make and deliver to the sheriff a tax bill directing the sheriff to seize and sell as much of the personal property as is necessary to pay the taxes, interest, and costs of seizure and sale. The county treasurer may issue the tax bill within 30 days after the first installment authorized by A.R.S. 42-18052(B) becomes delinquent. The county treasurer shall issue the tax bill within 30 days after the second installment becomes delinquent, or after the entire amount is delinquent if the entire amount is under $100. A.R.S. 42-19108(A).
November 8	A person who appeals a county assessor's decision must file the appeal with either the county board of equalization or the State Board of Equalization, as appropriate, within 20 days after the postmark date of the county assessor's Notice of Decision. A.R.S. 42-19052(A).
December 1	The Department is to prescribe depreciation tables for locally assessed personal property in classes One, Two, and Six. A.R.S. 42-13054.
	The Department shall adjust depreciation schedules used to value personal property. A.R.S. 42-13353. **Note:** December 1 is an internal Department Local Jurisdictions District "target" date. These actions are related to publishing this Manual.
December 1	All county boards of equalization and the State Board of Equalization must hold hearings relating to appeals of the personal property Notice of Value and must issue all appeal decisions on or before December 1 of each year. A.R.S. 42-16108(C) and 42-16165(3).

2020 Assessment Calendar	
A.R.S. Legal Date	
December 15	A property owner who is dissatisfied with the valuation or classification of their personal property by the county assessor may appeal directly to the tax court on or before December 15. A.R.S. 42-16201.
December 15	A property owner who is dissatisfied with the valuation or classification of their personal property by a county board of equalization may appeal to the tax court within 60 days of the mailing date of the county board of equalization's decision, or by December 15, whichever is later. A.R.S. 42-16202(A).
	A property owner who is dissatisfied with the valuation or classification of their personal property by the State Board of Equalization may appeal to the tax court within 60 days of the mailing date of the State Board of Equalization's decision. A.R.S. 42-16203(C). **Note:** This statute does not contain a December 15 deadline for decisions.
December 31	On or before December 31 of each year, the Department shall increase the maximum amount of the personal property tax exemption applicable in the subsequent year **(2021)** to commercial and agricultural property, which amount is based on the average annual percentage increase, if any, in the Employment Cost Index for the two most recent complete state fiscal years. A.R.S. 42-11127(B).

VALUATION TABLES INDEX

Category	Valuation Table	Life in Years
AGRICULTURAL		
Farm and Ranch (Machinery and Equipment)		
Dairy — milking and holding facility.	1	10
Drip irrigation system.	1	6
Laser sending and receiving equipment.	1	10
Machinery and equipment used in the production of crops and livestock and on-the-farm processing of feeds.	1	10
Sprinklers — walking and pivot.	1	6
Tractors, combines, cotton harvesters, hay balers, forage harvesters, etc.	1	6
AIR CONDITIONING EQUIPMENT		
Heat pumps — all sizes.	1	7
Large — 20 tons and over.	1	20
Medium and small — under 20 tons.	1	10
AIRCRAFT (See Aircraft in **Chapter 2** above.)	---	---
AIRCRAFT FLIGHT SIMULATOR	1	10
AIRPORT GROUND EQUIPMENT	1	10

VALUATION TABLES INDEX

Category	Valuation Table	Life in Years
(Includes unlicensed vehicles)		
AMUSEMENT and RECREATION EQUIPMENT		
Amusement rides.	1	5
Billiards and pool.	1	10
Boats. (See Watercraft in **Chapter 2** above.)	1	5
Boats, tour boats, excursion boats (over 30 feet in length).	1	20
Bowling alleys.	1	8
Coin operated electronic games (video games).	5	2
Dance studio.	1	10
Golf carts.	1	5
Gymnasium (fitness facilities).	1	10
Miniature golf courses.	1	10
Museum.	1	10
Personal watercraft.	1	5
Race track equipment.	1	10
Race track tote equipment.	5	4

Slot machines.	1	5
Video tape rentals. (See Video Tapes, Games, DVDs — Rental in **Chapter 2** above.)	5	2
Video rental tape player.	1	3
ANIMALS (Taxable) (See Animals — Taxable in **Chapter 2** above.)	---	---
APARTMENTS (Furnishings and Equipment)	1	8
ARTWORK and DECORATIVE ACCESSORIES (See Artwork in **Chapter 2** above.)	1	10
AUDIO EQUIPMENT (Office - Nonmanufacturing)		
VCRs, TVs, video cameras, digital cameras, and related test equipment.	1	5
AUTOMOTIVE EMISSION and TESTING	1	5
AUTOMOBILE REPAIR and SERVICE STATION EQUIPMENT		
Body shops.	1	10
Car wash — automatic.	1	5
Car wash — automatic (coin operated).	1	5
Diagnostic equipment — computerized.	1	5
Diagnostic equipment — mechanical.	1	7
Garages.	1	10

Portable service station equipment.	1	8
Recapping, retreading, and rebuilding tires.	1	8
Service station equipment.	1	8
Service station tanks and leak detection equipment.	1	8
BANKS, SAVINGS AND LOAN EQUIPMENT		
Automatic teller machines.	1	5
Closed-circuit TV with pneumatic system.	1	8
Currency lockers.	1	20
Drive-through windows.	1	10
Night depository.	1	10
Safe deposit boxes.	1	20
Teller lockers.	1	20
Teller service area.	1	10
Teller service system.	1	10
Vaults, vault doors, inner gates, vent fans, and additions. (See Vaults and Vault Doors in **Chapter 2** above.)	6	50
Visual pneumatic system.	1	8
BARBER SHOP EQUIPMENT	1	10
BEAUTY SHOP EQUIPMENT	1	8

BILLBOARDS		
(See Billboards in **Chapter 2** above.)	8	---
BOAT FABRICATION		
(Includes construction, repair, and conversion)	1	12
Molds for fiberglass boats.	1	3
BOAT DOCKS		
Metal.	1	20
Wood and foam.	1	5
BOTTLING (Plant Equipment)		
Manufacturing, bottling/canning soft drinks, fresh fruit drinks, mineral and distilled waters, carbonated beverages, etc.	1	12
BROADCASTING (Radio and TV Equipment)		
Studio broadcasting equipment.	1	6
Transmitting towers.	1	20
CABLE TELEVISION	---	---
(See Cable Television in Chapter 2 above.)		
CABLE TELEVISION EQUIPMENT		
Cable/Satellite receiver boxes, includes DVR.	1	5
Distribution systems.	1	10
Head-end equipment.	1	8
Receiving antennas.	1	12

COMPUTERS and COMPUTER EQUIPMENT		
Computer Numeric Controlled	---	---
(See Computer-Driven Equipment in **Chapter 2** above.)		
Computer Operating Software and Related Peripheral Equipment		
For manufacturer/lessor, the current retail selling price will be reported.	5	4
For non-manufacturer/lessor and/or private owner, the historical cost will be reported.	5	4
Test Computer		
Within computer manufacturing plants, there may be a number of computers used to test new, assembled computers.	5	4
CONSTRUCTION WORK IN PROGRESS (CWIP)	---	---
(See Construction Work in Progress in **Chapter 2** above.)		
CONTRACTOR'S EQUIPMENT		
Barricades and warning devices.	1	3
Cranes to 50 tons, shovels to 8 cubic yards.	1	10
Electronic controlled infrared/laser instruments.	1	5
General construction (highways, dams, etc.).	1	7
Portable asphalt batch plants.	1	7
Power sweepers.	1	7

CONVENIENCE STORES		
Equipment and fixtures.	1	8
Walk-in coolers and freezers.	1	10
(See Walk-in Coolers or Freezers in Chapter 2 above.)		
COTTON GINS and COTTON COMPRESSES		
Machinery for removing seeds from raw cotton and machinery for baling cotton after ginning.	1	12
DAY/CHILD CARE	1	8
DENTAL and DENTAL LABORATORY EQUIPMENT	1	10
(See High-Tech Dental Equipment in **Chapter 2** above.)		
DRILLING EQUIPMENT (Gas, Petroleum, and Water)		
Exploration and drilling equipment.	1	6
DRY CLEANING and LAUNDRY EQUIPMENT		
Coin-operated.	1	6
Commercial.	1	10
ENVIRONMENTAL EQUIPMENT	---	---
(See Environmental Equipment in **Chapter 2** above.)		
HOTEL, MOTEL, and RESORT EQUIPMENT	1	10
Computerized equipment.	1	5
Linens, glassware, silverware, and uniforms (not rented).	1	3
Televisions.	1	5

IMPROVEMENTS ON LEASED LAND	---	---
(See Improvements on Possessory Rights in **Chapter 2** above.)		
IMPROVEMENTS ON POSSESSORY RIGHTS (IPRs)		
Buildings and other improvements.	6	---
(See Improvements on Possessory Rights in **Chapter 2** above.)		
LEASED OFFICE BUSINESS MACHINES		
Excludes computer equipment and portable commercial equipment.	1	5
LIBRARIES — COMMERCIAL		
Includes accounting, architectural, engineering, law and medical libraries.	1	10
(See Libraries — Commercial in **Chapter 2** above.)		
LINENS and UNIFORMS (Rental)		
For leased and rented linens and uniforms, value is one-quarter of total purchases for the year.	1	3
LUMBERING		
Logging equipment.	1	8
Sawmill (portable).	1	6
Sawmill machinery and equipment (permanent mills).	1	10

MANUFACTURING	---	---
(See Manufacturing Index next section.)		
MEDICAL		
High-tech medical imaging equipment (includes CT, MRI, and PET).	1	6
High-tech medical/hospital equipment.	1	8
All other medical (hospital, clinic, lab, nursing home, etc.) equipment.	1	10
MINING, QUARRYING and PROCESSING (Metal and nonmetal)		
Cranes over 50 tons.	1	15
Cranes up to 50 tons.	1	10
Minerals, such as sand and gravel, ceramic clay, cinder, limestone, and stone.	1	10
Portable sand and gravel units.	1	8
MODEL HOME FURNISHINGS	1	3
MORTUARY and CEMETERY EQUIPMENT	1	10
MOTION PICTURE PRODUCTION	1	10
OFFICE FURNITURE, FIXTURES, MACHINES and EQUIPMENT	1	10
Duplicating and copying equipment.	1	5

PAPER and RELATED PRODUCTS		
Paper finishing and covering	1	12
Includes paper finishing and conversion into cartons, bags, envelopes, and similar products.		
Pulp and paper	1	15
Includes the manufacturing of pulp from wood, rags, and other fibers, and the manufacturing of paper and paperboard from pulp.		
PETROLEUM and GAS		
Gasoline/diesel terminal facilities.	1	15
Natural gas and helium production plants.	1	15
Oil and gas well production equipment (includes well head equipment, gathering pipelines, and related storage facilities).	1	15
Petroleum refining plants.	1	15
Petroleum storage facilities.	1	15
Propane gas tanks and distribution equipment.	1	15
PHOTOGRAPHIC		
Automatic film processing equipment, such as that used in fast, one-hour photo process.	1	5
PRINTING and PUBLISHING EQUIPMENT (Includes newspaper printing)		
Composing room.	1	10
Mail room delivery (stackers, strappers, conveyors).	1	5

Paper handling equipment (warehouse).	1	10
Plate making press.	1	5
Printing press.	1	12
PROFESSIONAL EQUIPMENT (Miscellaneous)		
Includes architectural, engineering, photographic studio, and laboratory equipment.	1	10
Electronic controlled infrared/laser instruments.	1	5
REFRIGERATION EQUIPMENT		
Vacuum cooling, portable (field-cooled vegetables).	1	8
Vacuum cooling, stationary (warehouse-cooled vegetables).	1	10
Walk-in coolers and freezers — convenience store.	1	10
(See Walk-in Coolers or Freezers in **Chapter 2** above.)		
RENTAL EQUIPMENT		
Outlets renting light equipment, such as hand tools, light portable gasoline equipment, mixers, and lawn mowers.	1	5
Rental fence.	5	2
Leased or rented heavy equipment.	---	---
(See Contractor's Equipment above.)		
Other rental equipment.	---	---
(See this Index for appropriate equipment category.)		

REPAIR SHOP EQUIPMENT (Miscellaneous)		
Electrical, watch, clock, jewelry, radio and TV, furniture and upholstery, household appliances, welding, locksmith, shoe, etc.	1	10
RESTAURANT, BAR, and SODA FOUNTAIN EQUIPMENT		
Includes all eating and drinking establishments selling prepared food and drinks.	1	10
Linens, glassware, silverware, and uniforms (not rented).	1	3
SCALES		
Less than 25 tons.	1	10
Portable.	1	10
Twenty-five to 100 tons.	1	20
SCHOOL EQUIPMENT	1	10
SCRAP METAL		
Equipment used in cutting, dismantling, or wrecking processes, and storing of scrap metals.	1	10
SECURITY SYSTEMS	1	5
SEMICONDUCTOR EQUIPMENT	---	---

(See Semiconductor Manufacturing Equipment (Integrated Circuit) in **Chapter 2** above. See also Electric and Electronic Equipment in this Chapter below.)		
SIGNS (all types)	1	10
(See Signs (Other Than Billboards) in **Chapter 2** above.)		
Solar Power Generation Equipment	9	10
STORE EQUIPMENT — Retail and Wholesale		
Carts.	1	3
Computer-controlled electronic cash registers.	5	4
Food, grocery, meat and fish, fruit and vegetable, candy, nuts, confectionery, dairy products, and miscellaneous food stores.	1	10
General merchandise stores, building materials, hardware, apparel and accessory stores, furniture, home furnishings, equipment and supply stores, drug, book, office supply, jewelry, miscellaneous retail, wholesale, and supply store equipment.	1	10
Safes.	1	20
SUPPLIES	---	---
(See Supplies in **Chapter 2** above.)		
SURVEILLANCE SYSTEMS (Video Camera Recorder)	1	3

TELEPHONE and INTERCOM SYSTEMS		
Paging systems.	1	3
Telephone equipment, cellular phones, telex, and facsimile.	1	5
THEATER EQUIPMENT	1	10
TOOLS, MOLDS, DIES, and JIGS	---	---
(See Tools, Molds, Dies, and Jigs in **Chapter 2** above.)		
USED EQUIPMENT		
(See Used Equipment in **Chapter 2** above.)		
VEHICLE MOUNTED EQUIPMENT		
(See Vehicle Mounted Equipment in **Chapter 2** above.)		
VENDING EQUIPMENT		
Amusement (bowlers, pinball, pool, rides, mechanical horses, etc.).	1	5
Cigarette vendors.	1	6
Food vendors (beverages, candy, hot and cold foods, popcorn, etc.).	1	5
Leased ice machines.	1	6
Miscellaneous (change makers, newspapers, photo, stamps, etc.).	1	6
Music machines.	1	6

VETERINARIAN EQUIPMENT	1	10
VETERINARIAN LABORATORY EQUIPMENT	1	10
VIDEO TAPES, GAMES, DVDs (Rental)	5	2
Use acquisition cost of $7.00 per item. (See Video Tapes, Games, DVDs — Rental in **Chapter 2** above.)		
WAREHOUSE MATERIALS HANDLING EQUIPMENT	1	10
Pallets.	5	2

WASTE CONTAINER — Commercial and Industrial		
Compactors.	1	10
Portable toilets.	1	5
Portable trash container.	1	5
WATERCRAFT	---	---
(See Watercraft in **Chapter 2** above.)		
WOODWORKING EQUIPMENT	1	10

The following Index sets forth recommended life years associated with various manufacturing process categories. These recommendations should NOT be used to value end products, but rather the machinery and equipment used to produce them. For example, consider the index listing for mobile homes:

Category	**Valuation Table**	**Life in Years**
Mobile Homes	1	10

This does not suggest a 10-year life for mobile homes, but refers to life of the equipment used in the production of mobile homes.

Category	Valuation Table	Life in Years
MANUFACTURING (All Manufacturing Processes)		
Aerospace		
Primarily engaged in the manufacture of aircraft, spacecraft, rockets, and missiles.	1	8
Research and development.	1	8
Air Bag Manufacturing		
Highly computerized production and computer numeric controlled equipment used exclusively in the manufacture of air bags. For non-computerized equipment, use the appropriate valuation table.	2	5
Automotive Manufacturing		
Equipment used primarily in the manufacture of motor vehicles, parts, and accessories, including custom-built automobiles, campers, motorcycles, and special truck bodies for specific uses (i.e., catering, garbage, etc.). Parts and accessories include brake shoes, shock absorbers, trailer hitches, etc.	1	10
Food, Beverage and Similar Products (Manufacturing, Packaging, and Processing)		
Baby food bottling equipment.	1	10

For Use in the Valuation of Equipment Used in Manufacturing Processes

Baby food canning equipment.	1	8
Bakery products — Retail (baking and selling).	1	10
Bakery products — Wholesale.	1	12
Brewery and distillery.	1	12
Canned or preserved fruits and vegetables.	1	12
Confectionery and related products.	1	12
Creamery and dairy products.	1	12
Grain mill products.	1	12
Grain tanks.	1	10
Meat products (processing and packaging).	1	12
Miscellaneous food preparations (honey, potato chips, etc.).	1	10
Sugar and sugar products.	1	20

Food, Beverage, and Similar Products (Manufacturing, Packaging, and Processing)

Tomato puree.	1	10
Vegetable oil products.	1	12

Cement, Concrete, Stone, and Clay		
Cement production — Equipment.	1	20
Cement products — Portable ready mix plants.	1	8
Cement — Quarry equipment.	1	10
Concrete products — Manufacturing (block, pipe, etc.).	1	12
Concrete products — Portable ready mix plants.	1	15
Stone and Clay products — Equipment used primarily in the manufacture of structural clay products, such as brick, tile, and pipe; pottery, and related products, such as vitreous china; plumbing fixtures; earthenware and ceramic insulating materials; concrete and asphalt building materials; gypsum and plaster products; cut and finished stone; and abrasive, asbestos, and miscellaneous nonmetallic mineral products. **Note:** Cement manufacturing plants have a combination of quarrying and manufacturing machinery which should be reported and appraised separately.	1	15
Chemical and Allied Products		
Establishments producing basic chemicals and establishments manufacturing products by predominantly chemical processes, such as industrial gases, drugs, pharmaceuticals, detergents, perfumes, cosmetics, cleaning preparations, paints, lacquers, varnishes, enamels, and similar items.	1	10
Compressed Gases — Includes equipment used primarily in the manufacture of compressed gases. “Compressed gas” means gas derived from petroleum or natural gas which is in	1	8

the gaseous state at normal atmospheric temperature and pressure, but which may be maintained in the liquid state at normal atmospheric temperature by suitable pressure. As used herein, the term shall be deemed to mean and include methane, ethane, propane, ethylene, propylene, butylenes, butane, isobutene, and any and all liquid flammable materials derived from petroleum or natural gas having a vapor pressure exceeding four pounds per square inch, absolute, at one hundred degrees Fahrenheit.

Computers		
Manufacturers who assemble computers.	1	8
Electric and Electronic Equipment		
Equipment used primarily in the manufacture of electrical household appliances, batteries, and machinery used in the generation and utilization of electric energy.	1	12
Circuit Boards.		
Equipment used primarily in the manufacture of computer circuit boards.	1	5
Equipment used primarily in the manufacture of production equipment.	1	5
Electronic Equipment.		
Includes the manufacture (50 percent or more) of electronic communication, detection, guidance control, radiation, computation, test, and navigation equipment.	1	8

Manufacturers engaged only in the purchase and assembly of electronic components.	1	12
Semiconductor Manufacturing (See Semiconductor Manufacturing Equipment (Integrated Circuit) in **Chapter 2** above.).	2	5
Electronic research and development equipment.	1	8
Semiconductor manufacturing — discrete process.	1	5
Semiconductor research and development.	2	5
Vapor depollution system.	1	5
Fabricated Metal Products		
Includes the manufacture of fabricated metal products, such as cans, tin ware, hardware, metal structural products, architectural and ornamental metal work, nuts, bolts, metal awnings, portable metal structures, etc.	1	10
Glass and Glass Products **(Excludes manufacture of lenses)**		
The manufacture of glassware (pressed or blown) and products from purchased glass, such as quartz and Pyrex laboratory apparatus; art glass; doors or windows made from purchased glass; glass containers; and plate, safety, and window glass.	1	15
Contact lenses.	1	8

Instruments (Professional, Scientific, Controlling, Photographic, Optical, Watches and Clocks, etc.)		
Includes the manufacture of scientific and research instruments, such as gas or liquid meters, tallying and measuring instruments, optical elements and assemblies, hearing aids, hearing test equipment, wheelchairs, prosthetic devices, photographic accessories, cameras, watches and clocks, etc.	1	12
Insulation Products (Foam and Fiber products)	1	12
Leather and Leather Products		
Includes the manufacture of finished leather products; tanning, currying and finishing of hides and skins; and the processing of fur pelts. Examples include footwear, handbags, saddles, harnesses, luggage, etc.	1	10
Leather apparel.	1	10
Machinery		
Includes the manufacture of machinery, such as engines and turbines, farm machinery, construction and mining machinery, food products machinery, paper industries machinery, compressors, pumps, ball and roller bearings, blowers, industrial patterns, process furnaces and ovens, office machines, and service industry machines and equipment. Excludes the manufacture of electrical machinery.	1	12

Metal Working Machinery — Manufacture of metal cutting, grinding, and forming machines; jigs; dies; fixtures; and accessories.	1	12
Miscellaneous		
Industries engaged in manufacturing items such as jewelry, silverware and plated ware, musical instruments, toys, sporting and athletic goods, pens, pencils, artist's materials, costume jewelry, notions, brooms, brushes, etc.	1	12
Mobile Homes	1	10
Plastic Products		
Includes the manufacture of processed, fabricated, and finished plastic products; and basic plastic materials, such as sand buggy bodies, plastic bottles, styrocups, Styrofoam packing materials, plastic pipe, tubing, plastic screen fiberglass, bathroom fixtures, etc.	1	8
Plastic window film manufacturing equipment.	1	6
Prerecorded Video Tape Production Equipment	1	5
Primary Metals		
Includes most hot-metal processes, such as the manufacture of foundry products, castings, forgings, sheet metal, pipe, tubing, structural shapes, and wire, etc.		
Copper foil.	1	5

Ferrous (iron).	1	20
Foil manufacturing.	1	10
Nonferrous (aluminum, copper, etc.).	1	15
Rubber Products		
Includes the manufacture of finished rubber products.	1	10
Recapping, retreading, and rebuilding of tires.	1	8
Rubber apparel.	1	10
Solar Power Generation Equipment		
Solar cells, photovoltaic cells.	1	5
All other generation equipment including panels, support structures, and components of large scale generation facilities.	1	8
Textile Mill Products		
Apparel and other finished products made from fabrics, fabricated textile, and similar materials.	1	10
Fabrics (knitwear and fur).	1	10
Manufacture of spun, woven, or processed yarns and fabrics from natural or synthetic fibers.	1	12
Miscellaneous textile products, such as draperies and canvas.	1	10
Textile finishing and dyeing.	1	12

For Use in the Valuation of Equipment Used in Manufacturing Processes

Wire Products		
Establishments primarily engaged in manufacturing nonferrous wire and cable.	1	15

2020 Valuation Tables

Application of Additional Depreciation

Personal Property in the following property classes and subclasses is to receive additional depreciation for 2020. For classes One and Two, additional depreciation applies to property that was initially assessed in Arizona during or after the 2012 tax year. A.R.S. 42-13054(B)(3) and 42-13353(C). For class Six, additional depreciation applies to property initially assessed in Arizona during or after the 2018 tax year. A.R.S. 42-13054(B)(3) and 42-13353(C). (Refer to Additional Statutory Depreciation in **Chapter 2** above for more information.)

Property Class One, Subclasses (8), (9), (10), and (13).

Property Class Two, Subclass (P) (a), (b), (c), (d), and (e).

Property Class Six, Subclasses (2) and (3).

The Department valuation tables contain valuation factors for the calculation of **both standard and additional depreciation**. Nonshaded rows in the tables contain standard valuation factors that are used to calculate the full cash value of an asset. Shaded rows contain additional depreciation factors for application to qualifying personal property.

Additional statutory depreciation will not reduce the valuation of personal property below the minimum value prescribed by the Department for property in use. A.R.S. 42-13054(C)(2) and 42-13353(D).

Application of Minimum Value

As set forth under **Minimum Value** in **Chapter 2** above, minimum value applies to personal property still in use after its number of expected life years has passed. Personal property in classes One and Two that qualifies for additional depreciation will receive a reduction in the minimum value of 2.5 percent each year beginning in 2000. A.R.S.

42-13055(A). However, the minimum value of taxable personal property still in use will not be reduced below 2.5 percent good. A.R.S. 42-13055(B).

Application of the Business Personal Property Exemption

For 2020, the first $185,811 of the full cash value of personal property will be exempt. A.R.S. 42-11127. Personal property in the following property classes and subclasses is eligible for this exemption.

Property Class One, Subclasses (8), (9), (10), (11), and (13).

Property Class Two, Subclass (P) (a) and (b).

Pursuant to A.R.S. 42-11127, the Department is required to annually adjust the maximum exemption amount for the following tax year to account for inflation. The inflation adjustment is based on the total biennial change in the U.S. Bureau of Labor Employment Cost Index for the two most recent complete state fiscal years.

Trending and Improvement Depreciation

Valuation Table 1 is trended for price changes in acquisition cost, based upon data from a comparative cost index published by Marshall & Swift.

Valuation Table 6 is designed to mirror depreciation applied to the real property rolls. It provides a way to depreciate what would normally be considered real property improvements on the personal property rolls. Alternatively, the same result can be obtained by determining a value for the improvement in question on the real property roll and then annually listing that amount on the personal property roll.

2020 VALUATION TABLE 1

Valuation Factors (Percent Good) for 2020

LIFE YEARS

		3			5		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	67	67	67	80	80	80
***2019**	**1**	**16.8**	**16.8**		**20.0**	**20.0**	
2018	2	35	35	35	62	62	62
***2018**	**2**	**14.4**	**14.4**		**25.4**	**25.4**	
2017	3	2.5	20	20	43	43	43
***2017**	**3**	**2.5**	**2.5**		**24.5**	**24.5**	
2016	4		20		22	22	22
***2016**	**4**				**16.1**	**-**	
2015	5				2.5	20	20
***2015**	**5**				**2.5**	**-**	
2014	6					20	
2013	7						
2012	8						
2011	9						
2010	10						
2009	11						
2008	12						
2007	13						
2006	14						
2005	15						
2004	16						
2003	17						
2002	18						
2001	19						
2000	20						
1999	21						

2020 VALUATION TABLE 1
Valuation Factors (Percent Good) for 2020

LIFE YEARS

		6			7		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	83	83	83	86	86	86
***2019**	**1**	**20.8**	**20.8**		**21.5**	**21.5**	
2018	2	69	69	69	74	74	74
***2018**	**2**	**28.3**	**28.3**		**30.3**	**30.3**	
2017	3	54	54	54	61	61	61
***2017**	**3**	**30.8**	**30.8**		**34.8**	**34.8**	
2016	4	36	36	36	47	47	47
***2016**	**4**	**26.3**	**-**		**34.3**	**-**	
2015	5	18	20	20	31	31	31
***2015**	**5**	**16.0**	**-**		**27.6**	**-**	
2014	6	2.5	20		16	20	20
2013	7				2.5		
2012	8						
2011	9						
2010	10						
2009	11						
2008	12						
2007	13						
2006	14						
2005	15						
2004	16						
2003	17						
2002	18						
2001	19						
2000	20						
1999	21						

2020 VALUATION TABLE 1
Valuation Factors (Percent Good) for 2020

LIFE YEARS

		8			10		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	88	88	88	90	90	90
***2019**	**1**	**22.0**	**22.0**		**22.5**	**22.5**	
2018	2	78	78	78	83	83	83
***2018**	**2**	**32.0**	**32.0**		**34.0**	**34.0**	
2017	3	67	67	67	75	75	75
***2017**	**3**	**38.2**	**38.2**		**42.8**	**42.8**	
2016	4	55	55	55	66	66	66
***2016**	**4**	**40.2**	**-**		**48.2**	**-**	
2015	5	41	41	41	54	54	54
***2015**	**5**	**36.5**	**-**		**48.1**	**-**	
2014	6	27	27	27	44	44	44
2013	7	14	20	20	33	33	33
2012	8	2.5			22	22	22
2011	9				11	20	20
2010	10				2.5		
2009	11						
2008	12						
2007	13						
2006	14						
2005	15						
2004	16						
2003	17						
2002	18						
2001	19						
2000	20						
1999	21						

2020 VALUATION TABLE 1
Valuation Factors (Percent Good) for 2020

LIFE YEARS

		12			15		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	92	92	92	93	93	93
***2019**	**1**	**23.0**	**23.0**		**23.3**	**23.3**	
2018	2	86	86	86	90	90	90
***2018**	**2**	**35.3**	**35.3**		**36.9**	**36.9**	
2017	3	80	80	80	86	86	86
***2017**	**3**	**45.6**	**45.6**		**49.0**	**49.0**	
2016	4	73	73	73	80	80	80
***2016**	**4**	**53.3**	**-**		**58.4**	**-**	
2015	5	63	63	63	72	72	72
***2015**	**5**	**56.1**	**-**		**64.1**	**-**	
2014	6	55	55	55	66	66	66
2013	7	46	46	46	59	59	59
2012	8	37	37	37	52	52	52
2011	9	29	29	29	46	46	46
2010	10	20	20	20	40	40	40
2009	11	10			31	31	31
2008	12	2.5			24	24	24
2007	13				17	20	20
2006	14				9		
2005	15				2.5		
2004	16						
2003	17						
2002	18						
2001	19						
2000	20						
1999	21						

2020 VALUATION TABLE 1
Valuation Factors (Percent Good) for 2020

LIFE YEARS

		20			30		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	95	95	95	97	97	97
***2019**	**1**	**23.8**	**23.8**		**24.3**	**24.3**	
2018	2	93	93	93	93	93	93
***2018**	**2**	**38.1**	**38.1**		**38.1**	**38.1**	
2017	3	91	91	91	90	90	90
***2017**	**3**	**51.9**	**51.9**		**51.3**	**51.3**	
2016	4	87	87	87	87	87	87
***2016**	**4**	**63.5**	**-**		**63.5**	**-**	
2015	5	81	81	81	83	83	83
***2015**	**5**	**72.1**	**-**		**73.9**	**-**	
2014	6	77	77	77	80	80	80
2013	7	72	72	72	77	77	77
2012	8	67	67	67	73	73	73
2011	9	63	63	63	70	70	70
2010	10	59	59	59	67	67	67
2009	11	53	53	53	63	63	63
2008	12	48	48	48	60	60	60
2007	13	44	44	44	57	57	57
2006	14	40	40	40	53	53	53
2005	15	35	35	35	50	50	50
2004	16	30	30	30	47	47	47
2003	17	23	23	23	43	43	43
2002	18	16	20	20	40	40	40
2001	19	8			37	37	37
2000	20	2.5			33	33	33
1999	21				30	30	30
1998	22				27	27	27
1997	23				23	23	23
1996	24				20	20	20
1995	25				17		
1994	26				13		
1993	27				10		
1992	28				7		
1991	29				3		
1990	30				2.5		

2020 VALUATION TABLE 2

Valuation Factors (Percent Good) for 2020

		Table 2		
		5 Year Life		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	55	55	55
***2019**	**1**	**13.8**	**13.8**	
2018	2	50	50	50
***2018**	**2**	**20.5**	**20.5**	
2017	3	30	30	30
***2017**	**3**	**17.1**	**17.1**	
2016	4	20	20	20
***2016**	**4**	**14.6**	-	
2015	5	2.5	10	10
***2015**	**5**	**2.5**	-	
2014	6			

2020 VALUATION TABLE 5

Valuation Factors (Percent Good) for 2020

		Table 5					
		2 Year Life			4 Year Life		
Year Acquired	**Age**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**	**Class 1 & 2**	**Class 6.2 & 6.3**	**All Other Classes**
2019	1	30	30	30	50	50	50
***2019**	**1**	**7.5**	**7.5**		**12.5**	**12.5**	
2018	2	15	15	15	30	30	30
***2018**	**2**	**2.5**	**2.5**		**12.3**	**12.3**	
2017	3				20	20	20
***2017**	**3**		**2.5**		**11.4**	**11.4**	
2016	4				2.5	10	10
***2016**	**4**				**2.5**	**-**	
2015	5						
***2015**	**5**						
2014	6						

2020 Valuation Table 6

Depreciation Tables used with Marshall & Swift Building Cost Systems
Percent Depreciated - Tax Year 2020
Expected Life in Years

Age	15	20	25	30	35	40	45	50	55	60	70	Age
1	4	1	1	1	1	1	1	0	0	0	0	**1**
2	8	3	2	1	1	1	1	1	1	1	0	**2**
3	12	5	3	2	2	1	1	1	1	1	0	**3**
4	16	7	4	3	2	2	2	2	1	1	1	**4**
5	20	10	6	3	3	3	2	2	2	1	1	**5**
6	24	14	8	5	4	4	3	3	2	2	1	**6**
7	28	18	11	6	5	5	4	4	3	2	1	**7**
8	32	23	14	7	6	6	5	5	3	2	1	**8**
9	36	28	17	9	8	7	6	5	4	3	2	**9**
10	40	33	20	11	10	8	7	6	4	3	2	**10**
11	44	38	24	13	12	10	8	7	5	4	2	**11**
12	48	43	28	16	14	12	9	8	6	4	2	**12**
13	52	47	32	20	16	14	10	9	6	5	2	**13**
14	56	51	37	24	18	16	11	10	7	5	3	**14**
15	60	54	42	28	21	18	12	11	8	6	3	**15**
16		56	46	31	24	20	13	12	9	7	3	**16**
17		57	49	34	27	22	14	13	10	7	4	**17**
18		58	51	37	30	24	16	14	11	8	4	**18**
19		59	53	40	33	26	18	16	12	9	4	**19**
20		60	55	43	36	28	19	17	13	9	5	**20**
21			56	46	39	30	21	18	14	10	5	**21**
22			57	48	42	33	23	20	15	11	6	**22**
23			58	50	45	35	25	21	16	12	6	**23**
24			59	52	47	38	27	23	17	13	7	**24**
25			60	54	50	40	29	25	19	14	7	**25**
26				56	52	42	31	27	20	15	8	**26**
27				57	53	44	33	28	21	16	9	**27**
28				58	55	46	35	30	23	17	9	**28**
29				59	56	47	37	32	24	18	10	**29**

30				60	57	49	40	34	26	20	11	**30**

2020 Valuation Table 6
Depreciation Tables used with Marshall & Swift Building Cost Systems
Percent Depreciated - Tax Year 2020

Expected Life in Years

Age	15	20	25	30	35	40	45	50	55	60	70	Age
31					57	50	42	36	28	21	12	**31**
32					58	52	44	38	30	22	13	**32**
33					58	53	46	41	32	24	14	**33**
34					59	54	49	44	34	25	15	**34**
35					60	55	51	46	36	27	16	**35**
36						56	52	48	38	28	17	**36**
37						57	54	50	40	30	18	**37**
38						58	55	52	42	32	19	**38**
39						59	57	53	44	34	20	**39**
40						60	57	54	45	35	21	**40**
41							58	54	46	37	23	**41**
42							58	55	48	38	25	**42**
43							59	56	49	40	27	**43**
44							59	56	51	41	28	**44**
45							60	57	52	43	30	**45**
46								58	54	44	31	**46**
47								58	55	46	33	**47**
48								59	56	47	34	**48**
49								59	56	49	36	**49**
50								60	57	50	38	**50**
51									58	52	39	**51**
52									58	53	41	**52**
53									59	54	42	**53**
54									59	55	44	**54**
55									60	56	45	**55**
56										57	47	**56**
57										58	48	**57**
58										59	49	**58**

2020 Valuation Table 6 Depreciation Tables used with Marshall & Swift Building Cost Systems Percent Depreciated - Tax Year 2020 Expected Life in Years												
Age	**15**	**20**	**25**	**30**	**35**	**40**	**45**	**50**	**55**	**60**	**70**	**Age**
61											53	**61**
62											54	**62**
63											55	**63**
64											56	**64**
65											57	**65**
66											58	**66**
67											58	**67**
68											59	**68**
69											59	**69**
70											60	**70**
59										59	50	**59**
60										60	52	**60**

2020 Valuation Table 8

Valuation Factors (Percent Good) for 2020

ITEM	VALUATION FACTORS	
	Class 1 and 2	All Other
Billboards	25 %	50 %
Taxable animals are to be valued at market. If no market value data is available, the following values may be used:		
	Code	Cash Value ($)
Race horses	8307	$6,000
Horses, other	8304	$1,500
Race greyhounds	7809	$2,500
Guard dogs	7830	$1,500

2020 Valuation Table 9

Valuation Factors
(Percent Good) for 2020

Table 9		
10 Year Life		
Year Acquired	**Age**	**% Good**
2019	1	2.7
2018	2	2.5
2017	3	2.5
2016	4	2.6
2015	5	2.7
2014	6	2.6
2013	7	2.6
2012	8	2.5
2011	9	2.6
2010	10	2.5
2009	11	2.5

2020 Valuation Table 14

This Table is to be used for 2020 Personal Property and 2021 Affixed Mobile Home Valuations.

Valuation Factors (Percent Good) for Manufactured Housing and Mobile Homes, Recreational Travel Trailers, Mobile Offices, and Park Models.

Definitions for the Codes used in Valuation Table 14:

Code 72 Manufactured Housing and Mobile Homes

Code 721 Recreational Travel Trailers — 8' wide, 32' long or less

Code 722 Mobile Offices — 8' wide or less, 40' long or less

Code 723 Mobile Offices — greater than 8' wide, greater than 40' long

Code 724 Park Models (not self-contained) — 8' wide, 33'–40' long

Code 725 Park Models (not self-contained) — greater than 8' wide, 33'–40' long

NOTES:

- If a Code 72, 721, 724, or 725 property is identified as being used for a commercial purpose, A.R.S. 42-13054 and 42-13353 should be consulted to determine whether additional depreciation should be applied.
- You **MUST** refer to Application of Additional Depreciation in this chapter to determine which property classes and subclasses of mobile homes, manufactured housing, and mobile offices receive additional depreciation. **Only the shaded rows** in the following Table reflect composite valuation factors that incorporate additional depreciation.

2020 Valuation Table 14

Model Year	Age	*Code 72 All	*Code 721 ALL	*Code 722 Class 1 &2	*Code 722 All Other	Age	Model Year
2021	0	98	65		99	0	2021
*2021	0			25		0	*2021
2020	0	98	65		99	0	2020
*2020	0			25		0	*2020
2019	1	93	65		99	1	2019
*2019	1			25		1	*2019
2018	2	85	65		99	2	2018
*2018	2			41		2	*2018
2017	3	85	65		95	3	2017
*2017	3			54		3	*2017
2016	4	84	65		93	4	2016
*2016	4			68		4	*2016
2015	5	83	65		90	5	2015
*2015	5			80		5	*2015
2014	6	82	60	89	89	6	2014
2013	7	80	55	87	87	7	2013
2012	8	72	50	85	85	8	2012
2011	9	70	45	83	83	9	2011
2010	10	67	42	81	81	10	2010
2009	11	66	35	77	77	11	2009
2008	12	66	35	73	73	12	2008
2007	13	65	30	70	70	13	2007
2006	14	65		68	68	14	2006
2005	15	65		62	62	15	2005
2004	16	65		57	57	16	2004
2003	17	65		56	56	17	2003
2002	18	65		54	54	18	2002

2020 Valuation Table 14 con't							
				*Code 722			
Model Year	Age	*Code 72 All	*Code 721 ALL	Class 1 &2	All Other	Age	Model Year
2001	19	65		51	51	19	2001
2000	20	65		50	50	20	2000
1999	21	65		49	49	21	1999
1998	22	65		48	48	22	1998
1997	23	64		47	47	23	1997
1996	24	63		46	46	24	1996
1995	25	62		44	44	25	1995
1994	26	61		43	43	26	1994
1993	27	60		41	41	27	1993
1992	28	59		39	40	28	1992
1991	29	58		36		29	1991
1990	30	57		33		30	1990
1989	31	56		30		31	1989
1988	32	55		25		32	1988
1987	33	54		20		33	1987
1986	34	53		18		34	1986
1985	35	52		15		35	1985
1984	36	51		10		36	1984
1983 & prior	37	50				37	1983 & prior

2020 Valuation Table 14							
		*Code 723		*Code 724	Code 725		
Model Year	Age	Class 1 &2	All Other	ALL	ALL	Age	Model Year
2021	0		99	65	92	0	2021
*2021	0	25				0	*2019
2020	0		99	65	90	0	2020
*2020	0	25				0	*2018
2019	1		99	65	90	1	2019
*2019	1	25				1	*2017
2018	2		99	65	90	2	2018
*2018	2	41				2	*2018
2017	3		95	65	90	3	2017
*2017	3	54				3	*2017
2016	4		93	65	90	4	2016
*2016	4	68				4	*2016
2015	5		90	65	88	5	2015
*2015	5	80				5	*2015
2014	6	89	89	60	86	6	2014
2013	7	87	87	55	85	7	2013
2012	8	85	85	50	84	8	2012
2011	9	83	83	45	82	9	2011
2010	10	81	81	42	80	10	2010
2009	11	77	77	35	79	11	2009
2008	12	73	73	35	76	12	2008
2007	13	70	70	30	73	13	2007
2006	14	68	68		70	14	2006
2005	15	62	62		66	15	2005
2004	16	57	57		62	16	2004
2003	17	56	56		57	17	2003
2002	18	54	54		54	18	2002

2020 Valuation Table 14 con't							
		*Code 723		*Code 724	Code 725		
Model Year	Age	Class 1 &2	All Other	ALL	ALL	Age	Model Year
2001	19	51	51		50	19	2001
2000	20	50	50		47	20	2000
1999	21	49	49		44	21	1999
1998	22	48	48		42	22	1998
1997	23	47	47		41	23	1997
1996	24	46	46		40	24	1996
1995	25	44	44			25	1995
1994	26	43	43			26	1994
1993	27	41	41			27	1993
1992	28	39	40			28	1992
1991	29	36				29	1991
1990	30	33				30	1990
1989	31	30				31	1989
1988	32	25				32	1988
1987	33	20				33	1987
1986	34	18				34	1986
1985	35	15				35	1985
1984	36					36	1984
1983 & prior	37					37	1983 & prior

2020 Valuation Table 15

The square foot valuation method is based on building cost indexes published by Marshall & Swift. Key features of the square foot method include:

- Use of RCNLD rather than historic cost less depreciation.
- Quality indicator and grade are based on the original quality of the mobile home.
- Different depreciation schedules are used for single- and multi-section mobile homes.

The RCN of the mobile home is calculated based on size, number of sections, and construction quality. It is important to understand the square foot method incorporates only livable square footage. The appropriate valuation factor is applied to the RCN to derive the RCNLD. The replacement cost is adjusted annually to reflect changes in the manufacturing costs of new manufactured housing units.

TABLE 15 (SQUARE FT) USE TO CALCULATE FCV 2020 personal/2021 affixed **SINGLE SECTION** mobile homes - Percent Good						
YEAR	AGE	Quality Indicator **2** & Below	Quality Indicator **3**	Quality Indicator **4** & Above	AGE	YEAR
2020/2021	0	98	98	98	0	2020/2021
2019	1	98	98	98	1	2019
2018	2	98	98	98	2	2018
2017	3	96	96	96	3	2017
2016	4	94	94	95	4	2016
2015	5	92	93	94	5	2015
2014	6	90	91	93	6	2014
2013	7	87	90	92	7	2013
2012	8	85	89	90	8	2012
2011	9	82	88	88	9	2011
2010	10	80	86	86	10	2010
2009	11	78	84	84	11	2009
2008	12	76	80	82	12	2008
2007	13	74	78	80	13	2007
2006	14	72	76	78	14	2006
2005	15	70	72	76	15	2005
2004	16	68	70	74	16	2004
2003	17	66	68	72	17	2003
2002	18	64	66	70	18	2002
2001	19	63	64	69	19	2001
2000	20	62	62	67	20	2000
1999	21	58	60	63	21	1999

TABLE 15 (SQUARE FT) USE TO CALCULATE FCV 2020 personal/2021 affixed **SINGLE SECTION** mobile homes - Percent Good						
YEAR	AGE	Quality Indicator **2** & Below	Quality Indicator **3**	Quality Indicator **4** & Above	AGE	YEAR
1998	22	55	58	62	22	1998
1997	23	52	58	60	23	1997
1996	24	50	55	58	24	1996
1995	25	48	52	57	25	1995
1994	26	44	49	55	26	1994
1993	27	42	48	54	27	1993
1992	28	42	46	53	28	1992
1991	29	42	44	50	29	1991
1990	30	40	42	48	30	1990
1989	31	38	40	46	31	1989
1988	32	36	38	44	32	1988
1987	33	34	34	42	33	1987
1986	34	30	32	40	34	1986
1985	35	28	29	36	35	1985
1984	36	26	27	34	36	1984
1983	37	24	25	32	37	1983
1982	38	20	23	27	38	1982
1981	39	18	21	23	39	1981
1980	40	16	19	19	40	1980
1979	41	15	17	17	41	1979
1978 & Prior	42	14	16	16	42	1978 & Prior

TABLE 15 (SQUARE FT) USE TO CALCULATE FCV 2020 personal/2021 affixed **MULTISECTION** mobile homes - Percent Good						
YEAR	AGE	Quality Indicator **2** & Below	Quality Indicator **3**	Quality Indicator **4** & Above	AGE	YEAR
2020/2021	0	98	98	98	0	2020/2021
2019	1	98	98	98	1	2019
2018	2	98	98	98	2	2018
2017	3	98	98	98	3	2017
2016	4	96	96	96	4	2016
2015	5	94	94	94	5	2015
2014	6	92	92	92	6	2014
2013	7	90	90	91	7	2013
2012	8	88	88	90	8	2012
2011	9	86	86	88	9	2011
2010	10	84	84	86	10	2010
2009	11	82	82	84	11	2009
2008	12	80	80	82	12	2008
2007	13	78	79	80	13	2007
2006	14	76	77	78	14	2006
2005	15	74	75	76	15	2005
2004	16	72	73	74	16	2004
2003	17	69	71	72	17	2003
2002	18	68	69	71	18	2002
2001	19	66	68	70	19	2001
2000	20	64	66	69	20	2000
1999	21	63	64	67	21	1999

TABLE 15 (SQUARE FT) USE TO CALCULATE FCV 2020 personal/2021affixed **MULTISECTION** mobile homes - Percent Good						
YEAR	AGE	Quality Indicator **2** & Below	Quality Indicator **3**	Quality Indicator **4** & Above	AGE	YEAR
1998	22	62	62	65	22	1998
1997	23	61	61	63	23	1997
1996	24	59	59	61	24	1996
1995	25	57	57	59	25	1995
1994	26	53	54	57	26	1994
1993	27	50	51	56	27	1993
1992	28	47	50	55	28	1992
1991	29	44	47	52	29	1991
1990	30	42	46	50	30	1990
1989	31	42	45	49	31	1989
1988	32	40	44	48	32	1988
1987	33	38	40	44	33	1987
1986	34	38	38	42	34	1986
1985	35	36	36	40	35	1985
1984	36	33	34	38	36	1984
1983	37	30	33	36	37	1983
1982	38	28	32	35	38	1982
1981	39	27	30	33	39	1981
1980	40	26	29	32	40	1980
1979	41	20	24	29	41	1979
1978 & Prior	42	18	20	24	42	1978 & Prior

Appendix A

Glossary

Definitions of selected terms, for the purposes of this Manual, are included to assist the reader understand their meanings and the context in which they are used. If there are any differences in the interpretation of any terms described in this Manual and those in the A.R.S., the language of the statutes will prevail.

Acquisition Cost: The cost of acquiring property. If associated costs are included, such as delivery and installation costs, the term “total acquisition cost” should be used.

Aquatic Animal: Cultured aquatic wildlife propagated or maintained in an aquaculture facility for distribution or sale. A.R.S. 3-2901(2). See also A.R.S. 42-11126.

Assessment: The process of discovering property, determining its market value, deriving its assessed value, recording the assessed value on the tax roll, and applying the appropriate tax rate to derive the tax due. Assessment also serves as official public notification that property has been valued and taxed. For most property types, an assessment notice must be provided to the property owner or legal entity responsible for payment of taxes. A.R.S. 42-15101. Assessment is not synonymous with valuation.

Asset: An owned physical object (tangible) or right (intangible) that has value; a source of wealth, usually expressed according to its cost or depreciated cost, or less frequently by some other value. IAAO Glossary, 15.

Audit: An examination of books, records, and property to verify information provided to the county assessor for assessment purposes.

Economic Life: The period of time during which an item of personal property is expected to contribute positively to the value of the total property. This period is typically shorter than the actual physical life of the item. IAAO Glossary, 57.

Factory-Built Building: A residential or nonresidential building that is either wholly or substantially manufactured at an off-site location. A.R.S. 41-4001(15). Sometimes referred to as a modular building. Constructed in accordance with the International Building Code. Valued as a real property improvement, not as a mobile home. This definition excludes manufactured homes, mobile homes, and recreational travel trailers. A.R.S. 41-4001(15). See Types of Manufactured Housing and Mobile Homes in **Chapter 3** above.

Full Cash Value: Unless otherwise prescribed by statute, full cash value is synonymous with market value, which is an estimate of value derived annually by using standard appraisal methods and techniques. A.R.S. 42-11001(6). The full cash value of personal property cannot be greater than its market value, regardless of the method used to determine its value. A.R.S. 42-11001(6) and 42-13054(A).

GDP Price Deflator: The comprehensive price level index compiled and issued quarterly by the U.S. Department of Commerce, Bureau of Economic Analysis, and associated with items comprising measures of Gross Domestic Product (GDP). The GDP Price Deflator is a measure of the level of prices of all new, domestically produced, final goods and services in an economy.

High-Tech Medical Equipment: Any electronic, electromechanical, or computer-based equipment used to screen, monitor, observe, diagnose, or treat patients in a laboratory, medical, or hospital environment.

Improvements: Anything done to land with the intention of increasing its value and utility, including:

1. Improvements **on** the land, such as buildings, parking surfaces, fences erected on or affixed to the land, row crops and fruit, nut bearing or ornamental trees, and vines (not of natural growth).
2. Improvements **to** the land, such as berms, swales, leveling, retention walls, backfill and compaction, sewers and drains, etc., which are considered to be part of the land.

Improvement on Possessory Rights (IPR): An improvement owned by someone other than the owner of the land on which the improvement is situated. An IPR may be situated on land that is owned by either a taxable or nontaxable entity. See Improvements on Possessory Rights in **Chapter 2** above.

Inventory: Stocks of raw or unfinished materials, unassembled parts, work in progress, or finished products of a retailer, wholesaler, or manufacturer located in Arizona and that is principally engaged in the resale of such materials, parts, or products. Such items are exempt from personal property taxation. A.R.S. 42-11125.

Leasehold Improvements: Improvements or additions to leased property that have been made by the lessee; also referred to as tenant improvements.

Level of Trade: The level of trade (manufacturing, wholesale, retail) at which the taxpayer does business. Property typically increases in value as it moves from the manufacturing level to the retail level. Personal property in Arizona is valued at the retail level of trade, regardless of the level of trade at which the property is found. This is because in most cases, the retail level of trade represents the most probable price found in the market, i.e., the market value. See A.R.S. 42-11001(6).

Life Years: The number of years an item of property is typically retained for use with normal maintenance.

Lifing Study: Special studies of property found in limited segments of an industry that are conducted to support either longer or shorter lives. There are two common types of lifing studies. An industry group study is concerned with unique equipment types used across a particular industry, such as 3D printers. An asset specific study pertains to certain asset types found in a variety of industries, such as phone or computer systems.

Limited Property Value: Limited property value is a statutorily prescribed value that forms the basis for property tax assessment. A.R.S. 42-11001(7). Limited property value is not applicable to personal property, except mobile homes. A.R.S. 42-13304. Limited property value is defined as “the limited property value of the property in the preceding valuation year plus five percent of that value.” A.R.S. 42-13301(A). Limited property value cannot exceed the full cash value. A.R.S. 42-13301(B).

Livestock: Cattle, horses, sheep, goats, and swine (except feral pigs). A.R.S. 3-1201(5).

Manufactured Home: A structure built on or after June 15, 1976, that is 8 or more feet wide and 40 or more feet long; has a permanent chassis; is transportable in one or more sections; is equipped with complete plumbing, heating, and electrical systems from the factory; and is designed to be used, with or without a permanent foundation, as a dwelling when connected to on-site utilities. U.S.C. 5402(6). This definition excludes recreational travel trailers. Manufactured housing is built in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974 (U.S.C. 5401 to 5426), and Title VI of the Housing and Community Development Act of 1974 (U.S.C. 5301 to 5321). Federal regulations control both the design and construction of all manufactured housing. See Types of Manufactured Housing and Mobile Homes in **Chapter 3** above. See generally 24 CFR parts 3280, 3282, 3284, 3285, 3286, 3288, and 3800.

Mobile Home: A structure built prior to June 15, 1976, that is transportable in one or more sections; equipped with electrical, HVAC, and plumbing systems; greater than 8 feet wide; 32 or more feet long; and built on a permanent chassis; or, regardless of size, is used as a single-family dwelling or for commercial purposes with or without a permanent foundation. A.R.S. 42-19151. See Types of Manufactured Housing and Mobile Homes in **Chapter 3** above.

Mobile Office: A structure built on a permanent chassis, capable of being transported in one or more sections, and designed to be used with or without a permanent foundation as an office or commercial space when connected to on-site utilities. Mobile offices are further classified for valuation purposes as units eight feet wide and units more than eight feet wide. Types of Manufactured Housing and Mobile Homes in **Chapter 3** above.

Park Model: A structure built on a single chassis, currently or originally mounted on wheels, designed to be connected to utilities, and having a gross trailer area of not less than 320 square feet and not more than 400 square feet when set up. A.R.S. 33-2102(18)(c). This category does not include fifth-wheel trailers. Park models, sometimes called park trailers, are further classified for valuation purposes as units eight feet wide and units more than eight feet wide. See Types of Manufactured Housing and Mobile Homes in **Chapter 3** above.

Percent Good: An estimate of property value expressed as a percentage of its replacement cost after all forms of depreciation are deducted. IAAO Glossary, 119.

Personal Property: All tangible and intangible property that is not included in the term real estate. A.R.S. 42-11001(10). Personal property may be used for commercial, industrial, residential, or agricultural purposes. It includes IPRs and leasehold improvements.

Personal Property Tax Roll: The official record of personal property and other types of property taxed as personal property, including but not limited to certain leasehold or tenant improvements and IPRs.

Possessory Right: For the purposes of this Manual, a possessory right is the right to use land, improvements, or personal property belonging to another entity.

Poultry: Any domesticated bird, living or dead, including chickens, turkeys, ducks, geese, guineas, ratites, and squabs. A.R.S. 3-1201(7). See also A.R.S. 42-11126.

Real Estate: "[T]he ownership of, claim to, possession of or right of possession to lands or patented mines." A.R.S. 42-11001(13).

Real Property: Under Arizona property tax law, the terms “real property” and “real estate” are synonymous. Under general real property law, the terms are not synonymous. The following IAAO definitions are instructive:

> Real Estate — The physical parcel of land and all improvements permanently attached. IAAO Glossary, 138.
>
> Real Property — Consists of the interests, benefits, and rights inherent in the ownership of land plus anything permanently attached to the land or legally defined as immovable; the bundle of rights with which ownership of real estate is endowed. To the extent that “real estate” commonly includes land and any permanent improvements, the two terms can be understood to have the same meaning. Also called “realty.” IAAO Glossary, 129.

Replacement Cost New (RCN): The cost (including material, labor, etc.) incurred to replace an item of property with a new one having the same utility as the original, without necessarily being a reproduction of the original. IAAO Glossary, 144.

Replacement Cost New Less Depreciation (RCNLD): The RCN of an item of property, less all applicable forms of depreciation. IAAO Glossary, 144.

Supplies: Items utilized in connection with business, industry, manufacturing, or processing that are consumed in the normal course of business. See Supplies in **Chapter 2** above.

Total Acquisition Cost: The cost of acquiring property, including costs for the property itself, transporting and installing the property, and applicable transaction privilege or use taxes.

Travel Trailer: A structure mounted on wheels that is designed to provide temporary living quarters for travel or recreation, may require a special highway movement permit when towed by a motorized vehicle, and has a trailer area of less than 320 square feet. A.R.S. 33-2102(18)(d). This category includes fifth-wheel trailers See Types of Manufactured Housing and Mobile Homes in **Chapter 3** above.

Valuation: Generally, the process of estimating the market value of property as of a given date. IAAO Glossary, 179. According to A.R.S. 42-11001(17), valuation "means the full cash value or limited property value that is determined for real or personal property, as applicable.

Appendix B

Affixture Statute for Mobile Homes within Rental Communities

Affixing a Mobile Home in a Mobile Home Park

Following is a summary of requirements found in A.R.S. 33-1501 that must be met to file an Affidavit of Affixture for a mobile home located on leased land in a mobile home park.

1. The mobile home must be installed on the leased space in compliance with applicable state and local installation standards, and the wheels and axles must be removed.
2. The leased space must be subject to a minimum 20-year lease, and the lease must specifically permit an Affidavit of Affixture to be recorded.
3. A memorandum of lease containing all of the following must be recorded:
    - Names and addresses of the landlord and tenant.
    - Duration of the primary lease term.
    - Conditions of any lease renewal provisions.
    - Make, year, size, manufacturer's list price, and VIN(s) or serial number(s) of the mobile home.
    - Legal description of the real property on which the mobile home is located.
    - Acknowledged signatures of both the landlord and the tenant.
4. The lease and memorandum of lease must both contain a legal description of the leased space on which the mobile home is located. The following are sufficient legal descriptions of a leased space:
    - Recorded subdivision plat that identifies individual lots in the community.
    - Recorded leasehold map that includes the mobile home park name, a legal description of the park, the location of all rental spaces with a unique number assigned to each, and a certification by the park owner that the leasehold map accurately shows the location and dimensions of all rental spaces.

- Metes and bounds description of the real property that is subject to the lease.
- Reference to a lot number in an unrecorded plat of the mobile home park, if a legible copy of the plat is attached to both the memorandum of lease and the Affidavit of Affixture, and each copy of the plat sets forth the exact dimensions and location of the mobile home lot.
- Reference to a lot number in a development plan approved by the county or municipal planning department that contains the name and date of the development plan, the designated lot number, and the actual or approximate approval date of the development plan.

5. The Affidavit of Affixture must contain all of the following:
    - Make, year, size, manufacturer’s list price, and VIN(s) or serial number(s) of the mobile home.
    - Legal description of the leased space.
    - Identity of the person to whom the last personal property tax bill for the mobile home was sent and its location when last taxed, or a statement that the mobile home has not been previously assessed or taxed.
    - Identity of the lien holders on the mobile home.
6. The certificate of title must be surrendered to the MVD and a receipt for the title must be filed with the county assessor.

Appendix C

Sample Forms

2020 ARIZONA BUSINESS PROPERTY STATEMENT

THIS STATEMENT IS CONFIDENTIAL AND IS SUBJECT TO AUDIT BY THE ASSESSOR. FAILURE TO COMPLETE AND RETURN BY THE REQUIRED DATE WILL RESULT IN A PENALTY OF TEN PERCENT OF THE AMOUNT OF TAXES DUE, PURSUANT TO A.R.S. § 42-15053(G)(2).

COMPLETE IN FULL AND RETURN TO ASSESSOR

BY:

MAILING DATE

ASSESSOR'S USE ONLY

TAXPAYER / ACCOUNT NUMBER | LOC | CK

☐ NEW TAXPAYER

AREA CODE

BOOK | MAP | PARCEL | SPL | CK

PRORATE | 10% PENALTY ☐ YES | AP

DO NOT MAKE CHANGES IN ADDRESS AREA - SEE SECTION 1 BELOW

IMPORTANT - READ FIRST! Before completing this form, please read the instructions for information on reporting requirements. Statutes have changed from prior years. The exemption amount this year is $185,811.

TAX YEAR: 2020

SECTION 1: COMPLETE THIS SECTION ONLY IF THIS IS A NEW BUSINESS OR IF THERE IS A CHANGE IN NAME AND / OR ADDRESS.

1. BUSINESS NAME ____________ C/O ____________
2. ADDRESS ____________ CITY ________ STATE ____ ZIP ______
3. PROPERTY LOCATION ADDRESS ____________ CITY ________ STATE AZ ZIP ______
4. BUSINESS TYPE (Manufacturing, Office, Restaurant, etc.) ____________ FEIN ________
5. DATE STARTED IN THIS COUNTY ________ CONTACT PERSON ____________ PHONE ________

SECTION 2: DO NOT MAKE CORRECTIONS IN THIS SECTION. MAKE ALL CHANGES, ADDITIONS OR DELETIONS TO PROPERTY COST LISTED BELOW IN SECTION 4. THE ACQUISITION COST OF PROPERTY REPORTED LAST YEAR IS LISTED BELOW BY SCHEDULE AND YEAR ACQUIRED.

SCHED.	YEAR	ACQUISITION COST	CLASS	CODE	SCHED.	YEAR	ACQUISITION COST	CLASS	CODE

DOR 82520 (REVISED 11/2019) **TAXPAYER: RETURN ORIGINAL FORM AND COPY BOTH SIDES FOR YOUR FILES**

2020 ARIZONA BUSINESS PROPERTY STATEMENT

SHADED AREAS FOR ASSESSOR'S USE ONLY

BUSINESS NAME ______________________________ TAXPAYER/ACCOUNT NUMBER ____________________

Taxpayer is not required to report the value of qualifying personal property that does not exceed the amount of the current year maximum exemption. However, submitting a complete and full report of all assets is advised as it will help to ensure the correct application of the exemption and accuracy of the assessor's valuation. In addition, all personal property statements filed with the assessor may be subject to audit, may be used as evidence in any prosecution brought under A.R.S. § 42-15055, and may be subject to penalty if property is found to have been underreported or to have escaped taxation. Accounts not subject to filing requirements may be audited. A.R.S. § 42-15052 through § 42-15055 and § 42-11002.

SECTION 3: ADDITIONS AND DELETIONS: ENTER YOUR PROPERTY DESCRIPTION, TOTAL ACQUISITION COST AND YEAR ACQUIRED OR DELETED.

ADDITIONS:

PROPERTY DESCRIPTION	YEAR ACQUIRED	ACQUISITION COST	QUALIFIED	TABLE/LIFE	SCHEDULE
example desk	*2019*	*200*	*Y*	*1-10*	*A*

DELETIONS:

PROPERTY DESCRIPTION	YEAR ACQUIRED	ACQUISITION COST	QUALIFIED	TABLE/LIFE	SCHEDULE
example desk	*1999*	*75*	*Y*	*1-10*	*A*

LEASEHOLD IMPROVEMENTS:

PROPERTY DESCRIPTION	YEAR ACQUIRED	ACQUISITION COST	QUALIFIED	TABLE/LIFE	SCHEDULE

SECTION 4: ADDITIONAL INFORMATION REQUIRED.

LEASED OR RENTED PROPERTY: Attach a list of all leased or rented property in your possession.
UNOWNED PROPERTY: Attach a list of property located at your place of business which you do not own, rent or lease.
GOVERNMENT OWNED LAND: If located on government property, attach a list providing the government owner's name and address.

SECTION 5: SELECTION OF EXEMPTION APPLICATION. (Check only one box)

☐ **OPTION 1** - I am providing a complete reporting of all property and am requesting the Assessor calculate and apply the 2020 business property Full Cash Value exemption of $185,811.

☐ **OPTION 2** - I am reporting only property in excess of the 2020 business property Full Cash Value exemption of $185,811.

By signing below, I hereby affirm that this is a full, true, and complete statement of property that is claimed by, or that is in the possession or control of the undersigned, and it is verifiable from records and files of the above named business.

______________________ Print Name of Property Owner or Authorized Agent

__________ Date

______________________ Email Address

______________________ Signature of Property Owner or Authorized Agent

__________ Phone

If claiming exemption in multiple counties, include list in Supplemental Information.

SUPPLEMENTAL INFORMATION ATTACHED? ☐ **YES** ☐ **NO**

TAXPAYER: RETURN ORIGINAL FORM AND COPY BOTH SIDES FOR YOUR FILES

–

2020 ARIZONA AGRICULTURAL BUSINESS PROPERTY STATEMENT

THIS STATEMENT IS CONFIDENTIAL AND IS SUBJECT TO AUDIT BY THE ASSESSOR. FAILURE TO COMPLETE AND RETURN BY THE REQUIRED DATE WILL RESULT IN A PENALTY OF TEN PERCENT OF THE AMOUNT OF TAXES DUE, PURSUANT TO A.R.S. § 42-15053(G)(2).

COMPLETE IN FULL AND RETURN TO ASSESSOR

BY:

MAILING DATE

ASSESSOR'S USE ONLY

TAXPAYER / ACCOUNT NUMBER | LOC | CK

☐ NEW TAXPAYER

AREA CODE

BOOK | MAP | PARCEL | SPL | CK

PRORATE | 10% PENALTY ☐ YES | AP

DO NOT MAKE CHANGES IN ADDRESS AREA - SEE SECTION 1 BELOW

IMPORTANT - READ FIRST! Before completing this form, please read the instructions for information on reporting requirements. Statutes have changed from prior years. The exemption amount this year is $185,811.

TAX YEAR: 2020

SECTION 1: COMPLETE THIS SECTION ONLY IF THIS IS A NEW BUSINESS OR IF THERE IS A CHANGE IN NAME AND/OR ADDRESS.

1. FARM OR RANCH NAME ________ C/O ________
2. ADDRESS ________ CITY ________ STATE ________ ZIP ________
3. PROPERTY LOCATION ADDRESS ________ CITY ________ STATE __AZ__ ZIP ________
4. TYPE OF AGRICULTURAL PRODUCTION ________ FEIN ________
5. DATE STARTED IN THIS COUNTY ________ CONTACT PERSON ________ PHONE ________

SECTION 2: DO NOT MAKE CORRECTIONS IN THIS SECTION. MAKE ALL CHANGES, ADDITIONS OR DELETIONS TO PROPERTY COST LISTED BELOW IN SECTION 4. THE ACQUISITION COST OF PROPERTY REPORTED LAST YEAR IS LISTED BELOW BY SCHEDULE AND YEAR ACQUIRED.

SCHED.	YEAR	ACQUISITION COST	CLASS	CODE	SCHED.	YEAR	ACQUISITION COST	CLASS	CODE

DOR 82520A (REVISED 11/2019) **TAXPAYER: RETURN ORIGINAL FORM AND COPY BOTH SIDES FOR YOUR FILES**

2020 ARIZONA AGRICULTURAL BUSINESS PROPERTY STATEMENT
SHADED AREAS FOR ASSESSOR'S USE ONLY

FARM OR RANCH NAME ______________________ TAXPAYER/ACCOUNT NUMBER ____________

Taxpayer is not required to report the value of qualifying personal property that does not exceed the amount of the current year maximum exemption. However, submitting a complete and full report of all assets is advised as it will help to ensure the correct application of the exemption and accuracy of the assessor's valuation. In addition, all personal property statements filed with the assessor may be subject to audit, may be used as evidence in any prosecution brought under A.R.S. § 42-15055, and may be subject to penalty if property is found to have been underreported or to have escaped taxation. Accounts not subject to filing requirements may be audited. A.R.S. § 42-15052 through § 42-15055 and § 42-11002.

SECTION 3: ADDITIONS AND DELETIONS: ENTER YOUR PROPERTY DESCRIPTION, TOTAL ACQUISITION COST AND YEAR ACQUIRED OR DELETED.

ADDITIONS:

PROPERTY DESCRIPTION	YEAR ACQUIRED	ACQUISITION COST	QUALIFIED	TABLE/LIFE	SCHEDULE
example desk	*2019*	*200*	*Y*	*1-10*	*A*

DELETIONS:

PROPERTY DESCRIPTION	YEAR ACQUIRED	ACQUISITION COST	QUALIFIED	TABLE/LIFE	SCHEDULE
example desk	*1999*	*75*	*Y*	*1-10*	*A*

LEASEHOLD IMPROVEMENTS:

PROPERTY DESCRIPTION	YEAR ACQUIRED	ACQUISITION COST	QUALIFIED	TABLE/LIFE	SCHEDULE

SECTION 4: ADDITIONAL INFORMATION REQUIRED.
LEASED OR RENTED PROPERTY: Attach a list of all leased or rented property in your possession.
UNOWNED PROPERTY: Attach a list of property located at your place of business which you do not own, rent or lease.
GOVERNMENT OWNED LAND: If located on government property, attach a list providing the government owner's name and address.

SECTION 5: SELECTION OF EXEMPTION APPLICATION. (Check only one box)

☐ **OPTION 1** - I am providing a complete reporting of all property and am requesting the Assessor calculate and apply the 2020 business property Full Cash Value exemption of $185,811.

☐ **OPTION 2** - I am reporting only property in excess of the 2020 business property Full Cash Value exemption of $185,811.

By signing below, I hereby affirm that this is a full, true, and complete statement of property that is claimed by, or that is in the possession or control of the undersigned, and it is verifiable from records and files of the above named business. I am reporting only property in excess of the 2020 business exemption amount of $185,811.

Print Name of Property Owner or Authorized Agent ____ Date ____ Email Address ____

Signature of Property Owner or Authorized Agent ____ Phone ____ If claiming exemption in multiple counties, include list in Supplemental Information.

SUPPLEMENTAL INFORMATION ATTACHED? YES ☐ **NO** ☐

TAXPAYER: RETURN ORIGINAL FORM AND COPY BOTH SIDES FOR YOUR FILES

Appendix D

Index