

# Real Property Assessment Arizona

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Jacqueline Minto  
Chief Deputy Assessor  
Pinal County

4/7/2011



# Outline

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- Pinal County Assessors Office
- Responsibilities
- Assessor Valuation Process
- Conclusion



Property values got you down?

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# Assessor's Values got you 'howling' mad?

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Let me try to explain.....

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# Assessors Office Mission

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*The Mission of the Pinal County Assessors Office is to: Locate, identify and appraise locally assessable property subject to ad valorem taxes; To process exemptions specified by law; Through fair administration, firm enforcement, and prompt and courteous service achieve fair & equitable property values and; To instill the highest degree of public confidence in our efficiency and integrity.*



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- Pinal County Assessors Office
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# Assessor's Office

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Assessor: L.Paul Larkin

Chief Deputy Assessor: Jacqueline Minto

6 Divisions – 56 employees

- Administration (5)
- Business/Personal Property (8)
- Drafting (10)
- R & E (4)
- Real Property Appraisal (25)
- Transfer Division(4)



# Outline

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# Responsibilities

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- Locate and identify taxable property
- Value property (three approaches to value)
- Classify property
- Apply exemptions and/or market adjustments
- List property & Maintain tax roll
- Notify property owners of proposed valuations
- Review petitions for changes in property valuation
- Defend opinions
- Post determinations on property tax appeals made by the County Board of Equalization or Court.



# Assessor Valuation Process

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- Locate
- Appraise /Value – Three Approaches
- Classify
- List
- Notify
- Review
- Defend



# Locate

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- Permits – certificates of occupancy, additions, remodels
- Canvas
- Public reports



# Assessor Valuation Process

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## Three approaches to value:

- Cost: Cost of reproduction or replacement less accrued depreciation
- Sales Comparison: Value indicated by recent sales of comparable properties, adjusting for age, condition and other characteristics
- Income: Investment value represented by net earning power of a property based on capitalization of the income stream



# Assessor Valuation Process

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## Improvement Value

- Cost model developed by the Arizona Dept of Revenue
- Based Marshall & Swift construction cost manual
- Field appraisals to determine quantity, quality, and special characteristics

## Land Value

- Land values are determined primarily by local sales analysis in conjunction with land sales ratio studies performed annually by AZ Dept of Revenue.



# Assessor Valuation Process

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**Land + Improvements = Full Cash Value**  
(aka Secondary value)



# Full Cash Value = Market Value

- Most probable price which a property should bring in a competitive and open market.
- Buyer and seller typically motivated, acting prudently and knowledgeably
- Assumes price not affected by undue stimulus.
- A reasonable time is allowed for exposure in the open market
- Payment is made in terms of cash in U.S. dollars or in terms of 'usual' financial arrangements
- Price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

# Full Cash/Secondary Value

## (Market Value)

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Applied to the secondary tax rate to fund:

- Bond issues
- Budget over-rides
- Special District Funding



# Sales Ratio Studies

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- Statistical measurements which attempt to monitor level and dispersion of property assessments within the state.
- Annual results to Assessors from AZDOR
- Sales ratio targets (81% & 82% statistical mean)
- Targets are for an entire population of properties (not individual or specific properties)



# Assessor Valuation Process

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## Valuation Dates

2011 values set in calendar year 2009 based on sales from January 1<sup>st</sup> 2008 to June 30<sup>th</sup> 2009

2012 values set in calendar year 2010 based on sales from January 1<sup>st</sup> 2009 to June 30<sup>th</sup> 2010



# Assessor Valuation Process

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## Market Adjustments

- Applied according to sales: Affidavit of Property Value
- 18 month sales window
- AZ Dept of Revenue annual time adjusted sales ratio reports.



# Limited Property Value ARSS42-13301

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The limited property value of property for primary property taxation purposes is the limited property value of the property in the preceding valuation year plus the greater of either:

- 10% of that value.
  - 25% of the difference between the full cash value of the parcel in the current valuation year and the limited value of the parcel in the preceding valuation year.
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- The current limited value of a parcel of property shall not exceed its current full cash value.
  - The limited property value of a parcel of property shall be determined and shown on notices and tax rolls as the total limited property value of the property. Separate determinations shall not be made for the limited property value of land and for the improvements on the land in reference to property parcels.



# Limited or Primary Value

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- Applied to primary tax rate to fund the maintenance and operation of budgets of state and local government entities.
- In most instances, primary tax rates represent the greater share of property taxes.



# Legal Classifications (excerpt- ARSS 42-11054)

LEGAL CLASS	PROPERTY TYPE	ASSESSMENT RATIO
1	CVP	.20
2	LAP / R ONLY	.16
3	LAP / R&P	.10
4	LAP / R&P	.10
5	CVP	FCV & LPV .18
6	LAP / R&P	.05
6.4	LAP / R&P	FCV .20 LPV .05
7.B	LAP / R&P	.20
7.H	LAP / R&P	.01
8.B	LAP / R&P	.10

CVP = Centrally Valued Property  
LAP = Locally Assessed Property  
R = Real Property  
P = Personal Property

PP = Personal Property  
FCV = Full Cash Value  
LPV = Limited Property Value

# Annual Notice of Full Cash Value

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- On any date before March 1<sup>st</sup> of each year the county assessor shall notify property owners as to the property's full cash value and the limited property value. [ARSS42-13254](#)



# Residential Notice of Value

## 2011 RESIDENTIAL NOTICE OF VALUE

THIS IS NOT A TAX BILL

- **APPEAL INSTRUCTIONS** are on the back side of this Notice. Appeal forms are available by phone by calling the County Assessor's Office at
- If the legal class shown for this property is Class 3 (owner-occupied) and the property is being rented, you must report the rental use to the County Assessor within 30 days of receipt of this Notice of Value. Failure to report the rental use may result in a civil penalty pursuant to A.R.S. § 42-12052.
- **FULL CASH VALUE (FCV)** is synonymous with market value if no statutory method is prescribed to determine the value. FCV is used to compute primary taxes earmarked for maintenance and operation of school districts, cities, counties, and community college districts. special budget override district taxes (fire, flood control, etc.)
- **LIMITED PROPERTY VALUE (LPV)** is calculated according to a statutory formula mandated by the Legislature and is used to compute primary taxes earmarked for maintenance and operation of school districts, cities, counties, and community college districts. By law, the LPV can not exceed the full cash value.

<b>PARCEL ID NUMBER:</b>				<b>NOTICE DATE:</b>				<b>APPEAL DEADLINE:</b>			
<b>FULL CASH VALUE</b>								<b>LIMITED PROPERTY VALUE</b>			
	Legal Class	Value	Assessment Ratio	Assessed value		Legal Class	Value	Assessment Ratio	Assessed value		
<b>2010</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		
<b>2011</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		
Legal Description:											

**SEPARATE ADDENDUM STATEMENT:** In accordance with House Bill 2221, enacted in the 2006 legislative session, the purpose of this addendum is to inform property owners of the following:

1. If the Property listed on this Notice of Value is used for residential rental purposes as defined in Arizona Revised Statute (A.R.S.) § 42-12004 and is currently classified as Legal class 3 (owner occupied), you must register the property as a rental (Legal class 4), with the County Assessor pursuant to A.R.S. 33-1902 of the Rental Residential Property law. Failure to do so may subject you to a penalty.
2. If you fail to register the rental property with the County Assessor after receipt of this Notice of Value, the city or town in which the property is located may impose a civil penalty in the amount of one hundred and fifty dollars (\$150) per day payable to the city or town for each day of violation, and the city or town may impose enhanced inspection and enforcement measures on your property.
3. Several Arizona cities and towns impose a "Transaction Privilege Tax" on persons engaged in the business of leasing or renting residential property. You can access the Model City Tax Code Section 445 for information on the cities and towns that impose the tax to determine if you are required to report the rental use. The web site for the model city tax code is [www.modelcitytaxcode.org](http://www.modelcitytaxcode.org). That site also contains a phone number for answers to questions regarding the applicable requirements for the Transaction Privilege Tax program.
4. Residential Rental Properties are required to comply with the Landlord Tenant Act pursuant to Title 33, Chapters 10 and 11.

# Petition for Review of Real Property Valuation

Form: DOR82130

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- File 60 days from postmark on of Notice of Valuation
  - State Method of valuation (market, cost, income)
  - One appeal per parcel
  - Retain a copy
  - Assessor required to respond no later than August 15
  - If petition denied, property owner may file appeal with County or State Board of Equalization within 25 days of Assessor decision postmark.
  - May appeal to Tax Court within 60 days of most recent administrative decision
  - May appeal directly to Tax Court on or before December 15 of valuation year.
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# Assessor Valuation Process

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# Taxpayer Notice of Claim Ars§42-16254

Form: DOR 82179B

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- Appraisal or administrative error
- Response within sixty days of receiving claim.
- Assessor may consent to or dispute the error.
- For disputed errors, property owner can meet with Assessor
- Within 150 days of filing claim, Property Owner may petition decisions at County Board of Equalization.
- Within 60 days of receiving decision, property owner can appeal to Tax Court.



# Resources

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- [Pinalcountyaz.gov](http://Pinalcountyaz.gov)
- [azdor.gov](http://azdor.gov)
- [azleg.gov](http://azleg.gov)
- [Sboe.stat.az.us](http://Sboe.stat.az.us)



Now that you know.....  
You can sleep better at night

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# Conclusion

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- The primary objective of the Assessor's Office is to meet the statutory requirements as set out by the Arizona Dept of Revenue and the Arizona Legislature.
- By following these guidelines to the best of our ability our goal is to achieve fair and equitable values for Pinal County Residents.

