



Roadmap to **ARIZONA PROPERTY TAXES**

General Assessment Overview

Proposed values in Arizona are issued between January 1 and March 31, and the assessor will revalue properties annually. Arizona properties are taxed based on Limited Property Value (LPV) only.

The Full Cash Value (FCV), or “secondary” assessed value, is calculated directly from the assessor’s appraised market value for a property as of January 1 of each year. Various assessment ratios, ranging from 15% to 18% depending on property type, are applied to the appraised market value to arrive at this FCV.

The second component of Arizona’s dual value system is the LPV, also called the “primary” assessed value. This is tied to the prior year’s primary value, and the amount by which it can be increased each year is limited by Proposition 117.

Proposition 117

Prior to Proposition 117’s implementation in 2015, the FCV and LPV were taxed separately with the smaller portion of the tax rate applied to the FCV, and the larger portion of the tax rate applied to the LPV. Under Prop 117, real estate taxes are calculated based solely on the LPV. To calculate taxes, the LPV is multiplied by the Total Tax Rate (a sum of the secondary and primary tax rate), and then divided by 100.

Prop 117 states that the LPV for stabilized properties can only increase by 5% each year. The 5% limitation applies only to the

LPV, not the tax rate. There is not a limitation on tax rate increases. Arizona assessors will continue to calculate and track the FCV. The FCV is the only value that can be appealed, and by statute, the LPV cannot exceed the FCV. If a reduction is achieved for the FCV that does not fall below the LPV, there will be no tax savings for that tax year, but when the appealed value is re-enrolled for the following year, the new LPV cannot exceed the previous year’s FCV. Owners should continue to monitor and appeal the FCV for this reason.

Property Tax Appeals

The deadline for appeal occurs 60 days after the date of mailing. In Arizona, there are three levels of appeal: the assessor, the State Board of Equalization, and the Arizona State Tax Court. The first level of appeal is to the assessor. The assessor will schedule informal conferences to discuss the proposed values and they have until August 15 to issue decision notices.

If a mutual agreement is made with the assessor’s office, no further appeals are permitted. If not, a petition may be filed with the State Board of Equalization within 25 days of the date the assessor’s decision notice was mailed. If property owners are still not satisfied with the State Board of Equalization’s decision, an appeal may be filed with the Arizona State Tax Court. The Tax Court filing must be within 60 days of the date the State Board of Equalization’s decision is mailed, but no later than December 15.

Personal Property

Personal property filings are required to be made to the appropriate jurisdictions by April 1 of each year. In Arizona, inventory that is held "for sale" is not taxable, and Maricopa County, the largest county, is currently exempting personal property taxes on apartments.

Personal property is valued on the basis of its current depreciated cost, or market value. As with real property, various assessment ratios are applied to this market value to obtain the taxable assessed value. Although personal property is part of the dual valuation system, in practice, the primary and the secondary values are always the same.

Valuation notices are mailed as the various tax rolls are completed, typically in July or August, and appeals must be made within 20 days of receipt of the tax notice. Personal property tax bills can be paid in two equal installments with the first half payment due October 1 and delinquent November 1, and the second half due March 1 and delinquent May 1.

Tax Bills

Beginning in tax year 2015 and going forward, real estate taxes are calculated based solely on the LPV, as shown in the example below.

Assessed Value	
LPV	\$450,000
Tax Rate	
Secondary	3.9523
Primary	9.5234
Total	13.4757
Total Tax Amount	
$(LPV \text{ Assessed} * \text{Total Rate}) / 100$	
	\$60,640.65

Annual tax bills are usually mailed mid-September.

Payment may be made in either a lump sum or in two equal payments. The first payment is due October 1 and delinquent November 2. The second half is due the following March 1 and delinquent May 2.

Arizona Tax Calendar

Real Estate

Assessment Date	Jan 1 (varies by jurisdiction)
Value Notices Issued	Jan - Feb (varies by jurisdiction)
Appeal Deadline	Mar - May (60 days after notice)
Tax Bills Issued	Sep
Tax Bills Due	Oct 1 (1 half installment) Mar 1 (2 half installment)

Personal Property

Assessment Date	Jan 1 (varies by jurisdiction)
Value Notices Issued	Jan - Feb (varies by jurisdiction)
Appeal Deadline	Mar - May (60 days after notice)
Tax Bills Issued	Sep
Tax Bills Due	Oct 1 (1 half installment) Mar 1 (2 half installment)