

ARIZONA PERSONAL PROPERTY TAX

This publication answers common questions about Arizona property taxes on personal property that is valued by the County Assessor. The personal property of utilities, railroads, pipelines, and mining properties is generally valued by the Arizona Department of Revenue. Questions about such property should be referred to the Department.

This brochure is for general information only. For complete details, refer to the Department's Personal Property Manual and the Arizona Revised Statutes. In case of inconsistency or omission in this publication or the Personal Property Manual, the language of the Arizona Revised Statutes will prevail. The Personal Property Manual is available on-line at www.revenue.state.az.us.

To acquire reporting forms or for further information, contact the County Assessor for the county in which the property is located. Addresses and telephone numbers are listed at the end of this publication.

What is Personal Property?

For property tax purposes in Arizona, personal property is defined as all types of property except real estate.

Taxable personal property includes property used for commercial, industrial, and agricultural purposes. Personal property is considered to be movable and not permanently attached to real estate. Although there are exceptions, personal property usually can be removed without causing damage to either the real estate from which it is removed or the item of property itself.

Manufactured housing (mobile homes) is also personal property unless the owners file an affidavit affixing the unit to their real estate.

Property taxes in Arizona are imposed on both real and personal property.

Is All Personal Property Taxed?

The Arizona Constitution and statutes offer several exemptions from personal property tax. Personal property used by the owner for private, domestic purposes is not subject to personal property taxation (except for manufactured housing). Household goods and furnishings, personal wardrobes and jewelry, or recreational possessions used in the owner's residence or for private activities are exempt from property taxation.

Governmental or charitable organizations defined in ARS §§ 42-11101 through 42-11129 may be exempted from property taxes with the approval of the County Assessor.

Business inventory, raw materials and merchandise held for resale, most livestock, and the first \$50,000 of full cash value for most taxpayers are exempt from property tax. The amount is adjusted, annually, based on the average annual percentage increase, if any, in the G.D.P. price deflator in the two most recent state fiscal years.

Vehicles licensed by the state for use on the public highways, waterways or air space are not reported as taxable personal property.

Most personal property leased or rented to others is taxable and the County Assessor should be consulted for specific filing and record keeping instructions.

Taxable Personal Property Examples

All Businesses

- Signs, office supplies
- Phone, facsimile, and other communication equipment
- Security systems
- Mobile homes or offices (non-affixed)
- Leasehold improvements (some exceptions)

Office Equipment

- Desks, chairs, bookcases, files
- Typewriters, office machines
- Computers, printers, copiers
- Technical and professional libraries

Retail Store Equipment

- Display cases, shelves, racks
- Cash registers, safes
- Counters, public address systems
- Shopping carts
- Food preparation equipment

Manufacturing Equipment

- Machines, tools, dies and jigs
- Storage shelves, bins, pallets
- Computer controlled equipment
- Fork lifts, cranes, hoists
- Testing equipment, scales, special tools

Ranch & Farm Equipment

- Planting, cultivation and harvesting equipment
- Construction and transport equipment
- Veterinary equipment and supplies
- Feeding, milking and training equipment
- Portable tanks and pumps

Hotel/Motel/Apartment Furnishings

- All furniture, curtains and linens
- Cleaning and laundry equipment
- Kitchen appliances, TV sets, radios
- Office equipment

How is Personal Property Valued?

Based on the original cost and age of all personal property in your possession as of December 31 of the prior year, the County Assessor will calculate the current replacement cost new less depreciation of each item. Assessed value is based on the full cash value after application of the \$50,000 exemption and the assessment ratio for the legal class of the property. The tax rates for the county and local governmental jurisdictions in which the business operates are applied to the assessed value.

The original cost of a personal property item includes the purchase price plus all freight and installation costs, as well as sales taxes.

How Do I Report Taxable Personal Property?

Personal property is reported on the *Business Property Statement* (DOR Form 82520) for commercial business property or the *Agricultural Business Property Statement* (DOR Form 82520A) for agricultural properties. These forms are available from your County Assessor. List

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property that has been acquired or disposed of during the year, and confirm property items still in your possession. A Personal Property Statement must be filed if a form, notice or demand has been sent by the County Assessor. It must be filed annually by April 1. A separate return must be filed for each business location.

Failure to complete and return the statement by the deadline may result in a 10% penalty. Any difference in acquisition cost as found on the taxpayer's books and records from that reported will be considered "escaped" property. Escaped property is subject to taxation, interest, and applicable penalties for a period of three years from the date the notice of escaped property was mailed by the Assessor.

If the Assessor does not mail a business personal property reporting form, it is the owner's responsibility to report his personal property to the Assessor. Failure to do so may result in tax liability and penalties for three tax years upon discovery of such property by the Assessor's office.

How Are My Personal Property Taxes Billed?

Personal property taxes are billed by the County Treasurer for the county in which the property is located. Contact the Treasurer's Office for further information on billing and due dates. Tax rates are set by the Board of Supervisors for the county in which the property is located. Real and personal property are taxed at the same rate.

Payment of Taxes

If the total amount of taxes is \$100 or less, the entire amount is due on October 1 and becomes delinquent after November 1. If the amount of taxes is over \$100, one-half of the amount is due and payable on October 1, and the remaining one-half of the taxes is due and payable on the following March 1. One-half of the amount of the taxes that are unpaid is delinquent after November 1, and the remaining half that is unpaid is delinquent after May 1.

Appealing Personal Property Valuation

Tax rates and the actual amounts of tax are not subject to appeal. A property owner may appeal the value of personal property, as determined by the Assessor, by filing a *Personal Property Petition for Review of Valuation* (DOR Form 82530) with the Assessor within 20 days of receiving a Notice of Valuation.

If the owner is dissatisfied with the assessor's decision, appeals on personal property valuation may continue through the Boards of Equalization or to the Arizona courts.

Correction of Errors

The property tax error correction procedure is not a substitute for the appeals process. Appeals are used when a property owner disagrees with the County Assessor's opinion of value or legal classification. An error must be exclusively factual in nature and be objectively verifiable without the exercise of discretion, opinion or judgment and must be demonstrated by clear and convincing evidence. A taxpayer may use the *Taxpayer Notice of Claim - Personal Property* (DOR Form 82179PT) to advise the tax officer of an error in the assessment of their property. That

form identifies the type of error and the proposed correction of the error. These notification forms allow for a response by the receiving party, who either consents to the proposed correction or disputes the proposed correction and requests a meeting with the notifying party.

Arizona County Assessors

Apache County Assessor

PO Box 770, St. Johns AZ 85936
(928) 337-7521

Cochise County Assessor

PO Box 168, Bisbee AZ 85603
(520) 432-8650

Coconino County Assessor

110 East Cherry Avenue, Flagstaff AZ 86001
(928) 779-6502

Gila County Assessor

1400 East Ash Street, Globe AZ 85501
(928) 425-3231

Graham County Assessor

921 Thatcher Blvd., Safford AZ 85546
(928) 428-2828

Greenlee County Assessor

PO Box 777, Clifton AZ 85533
(928) 865-5302

La Paz County Assessor

1112 Joshua Avenue, Suite 204, Parker AZ 85344
(928) 669-6165

Maricopa County Assessor

301 West Jefferson, Phoenix AZ 85003
(602) 506-3877

Mohave County Assessor

315 Oak Street
PO Box 7000, Kingman AZ 86402
(928) 753-0703

Navajo County Assessor

PO Box 668, Holbrook AZ 86025
(928) 524-4086

Pima County Assessor

115 North Church Avenue, Tucson AZ 85701
(520) 740-8630

Pinal County Assessor

PO Box 709, Florence AZ 85232
(520) 868-6961

Santa Cruz County Assessor

2150 North Congress Drive, Nogales AZ 85621
(520) 375-8030

Yavapai County Assessor

1015 Fair Street, Prescott AZ 86305
(928) 771-3220

Yuma County Assessor

410 South Maiden Lane, Yuma, AZ 85364
(928) 373-6040