

NOTICE OF VALUES FOR TAX YEAR 2016 REAL PROPERTY WILL BE MAILED JANUARY 30, 2015

Why did I receive this notice of valuation?

To notify you of any change in the full cash value, limited value or legal classification from last year.

What does it mean?

The 2016 valuation will be the basis for the property tax assessment and property tax bill to be sent out September 2016, in about 18 months. The full cash value is an estimate of the properties market value, and the legal classification shows how the property is used, residential, commercial, etc...

Does everyone get a notice?

Yes. Every property owner in the State of Arizona is required by law to be notified of their valuation annually. Notices are mailed to the current owner at the last known address on file at the Assessor's office.

Special Note:

In 2012 the voters of Arizona passed Proposition 117 which amended the Constitution of Arizona, Article IX, Section 18 relating to property tax assessed valuation. The proposition, which takes effect in tax year 2015, set a limit on the annual percentage increase in limited property value used to determine property taxes to no more than 5% above the previous year and established a single limited property value as the basis for determining all property taxes. However in certain circumstances, limited property value can increase by more than 5% as prescribed in Arizona Revised Statutes Title 42, Chapter 13, Article 7; Limitation on Valuation Increases. In accordance with A.R.S. §§ 42-15101 the County Assessor is required to notify the owner of record of property that is valued by the Assessor as to the property's full cash and limited property value to be used for assessment purposes. If the property owner disagrees with the value or legal classification they may file and appeal with the Assessor's Office. Only the Full Cash Value or Legal Class can be appealed.

What is the legal classification of property?

The legal classification of property defines the assessment ratio based on the properties use as defined by Arizona law. For example, a residence that is the primary residence for the owner is "legal class 3" Legal class 3 property is assessed at 10% of its value. A non-Primary residence is class 4.1 and Rental Residence is class 4.2. These properties also have a 10% assessment ratio. If a property is used for commercial purposes, it would be identified as "legal class 1.12" and is assessed at 18 % of its value in 2016. Vacant or other types of property is "legal class 2" and is assessed at 15% of its value in 2016.

An Affidavit-Owner Occupied Primary Residence form is available from the assessor to declare property status on a home.

Why are 2015 values being set now?

Arizona law was changed back in 1995 to define “valuation year” as the year prior to the “tax year”. This law requires the assessment roll be created in the year prior to the actual tax levy and collection. Due to this requirement, the assessor is required to set valuations for 2016 as of January 1, 2015, using a minimum of 18 months sales data. This dictates setting 2016 values using sales data from 2013 and the first half of 2014.

Why did the Full Cash Value go up?

The full cash value can increase for several reasons. New construction or remodeling of existing structures will increase values. Improvements which were not previously shown on the assessment records will increase values. Under normal market conditions an increase in the overall real estate market and selling prices of similar property in the area is the major cause for valuation increases.

Can the Limited Property Value go up and the Full Cash Value go down?

Yes. When there exists a large value spread between the full cash value and the limited property value, the limited property value will increase even though the current years full cash value dropped. In no case can the limited property value exceed the full cash value in any given year.

How can the Full Cash Value Increase In a depressed market?

The full cash value can increase in a declining market as long as it does not exceed the market value as of the valuation date. Note: the 2016 full cash value is based on the market value as of January 1, 2015 and is based on a minimum of 18 months of sales data. In the case of the 2016 valuation, sales data from year 2013 and the first half of 2014 were the basis for the valuation. Recent market changes of conditions existing after January 1, 2015 are not relevant to this assessment.

Did every property owner get the same increase/decrease?

No. The county is broken up into separate market areas. Each of the market areas are then broken up into smaller sub-market areas and sales data from within these sub-market areas are then the basis for setting valuation levels. Areas transitioning in use, new construction or other external factors affecting market values can impact the valuation set by the assessor in each area.

Why did the value go up when I have done nothing to the property?

This occurs generally due to the market factor adjustment which tracks the change in the real estate market through sales analysis. It may also occur when an annual land reappraisal is completed. A value can also increase when a new owner

purchases a property for which the prior owner had qualified for a Senior Property Valuation Freeze the prior year.

What can I do about the increase?

Every property owner has the legal ability to file an appeal with the County Assessor if the property owner believes the assessment is incorrect. Arizona law requires the assessor to value property at market value levels, but the assessor cannot value property over the actual market value of the property. There is no restriction or limit as to an increase in the full cash value, so in the case of an appeal, the property owner is required to demonstrate documentation as to the incorrectness of the assessment or valuation. An appeal must be filed with the assessor within 60 days of the mailing of the Notice of Valuation. Forms are available on line and from the assessor.

Are my taxes going up?

Unknown at this time! The value of the property is $\frac{1}{2}$ of the property tax equation. The other $\frac{1}{2}$ is the tax levy which will be set by the taxing jurisdictions in which your property is located. If your valuation is increased due to a specific change to your property, (added new construction etc.), your taxes will definitely increase. If your valuation increased due to a general area wide land reappraisal which increased the base assessed value for the whole taxing jurisdiction, your increase may be offset to some degree by a reduction in the tax rates due to the overall increase in net assessed valuation (provided the taxing jurisdictions reduce their tax rates.) If both your full cash value and limited property value decrease, and if your tax jurisdictions do not increase the tax levy rates, your property tax bill will go down!