REFERENCE TITLE: property tax; definitions

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1764

Introduced by
Senator Mesnard

AN ACT

AMENDING SECTION 42-11001, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 11, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-11010; RELATING TO PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-11001, Arizona Revised Statutes, is amended to read:

42-11001. Definitions

In THIS CHAPTER AND chapters ~~11~~ 12 through 19 of this title, unless the context otherwise requires:

1. "Assessed valuation" means the value derived by applying the applicable percentage prescribed by chapter 15, article 1 of this title to the full cash value or limited property value of the property, as applicable.

2. "Board" or "state board" means the state board of equalization.

3. "County board" means the county board of supervisors sitting as the county board of equalization.

~~4. "Current usage" means the use to which property is put at the time of valuation by the assessor or the department.~~

4. "CURRENT USE":

(a) MEANS THE PRIMARY USE OF THE PROPERTY AS OF THE DATE FOR WHICH THE VALUATION IS DETERMINED AS SHOWN BY OBJECTIVELY VERIFIABLE AND ECONOMICALLY SUBSTANTIVE CONDITIONS.

(b) DOES NOT INCLUDE TEMPORARY, INCIDENTAL, NOMINAL OR RELATED-PARTY ACTIVITIES OR ARRANGEMENTS BASED ONLY ON CONTRACTUAL OR INTANGIBLE RIGHTS WITHOUT CORRESPONDING PHYSICAL USE OR LEGALLY ENFORCEABLE RESTRICTIONS.

5. "Due date" means the next business day if a due date of any report, claim, return, statement, payment, deposit, petition, notice or other document or filing falls on Saturday, Sunday or a legal holiday.

6. "Full cash value" MEANS: ~~,~~

(a) For property tax purposes, ~~means~~ the value determined as prescribed by statute.

(b) If a statutory method is not prescribed, ~~full cash value is synonymous with~~ market value. ~~, which~~ FOR THE PURPOSES OF THIS SUBDIVISION, "MARKET VALUE" means the estimate of value that is derived annually by using standard appraisal methods and techniques. ~~Full cash value is the basis for assessing, fixing, determining and levying primary and secondary property taxes on property described in section 42-13304. Full cash value shall not be greater than market value regardless of the method prescribed to determine value for property tax purposes.~~

7. "Limited property value" means the value determined pursuant to section 42-13301. Limited property value is the basis for:

(a) Computing levy limitations for counties, cities, towns and community college districts.

(b) Assessing, fixing, determining and levying primary and secondary property taxes on all property except property described in section 42-13304.

8. "MARKET VALUE" MEANS THE ESTIMATE OF VALUE THAT IS DERIVED ANNUALLY BY USING STANDARD APPRAISAL METHODS AND TECHNIQUES.

~~8.~~ 9. "Net assessed value" means the assessed value minus any exempt property.

~~9.~~ 10. "Person" means a natural person, individual, proprietor, proprietorship, company, corporation, organization, association, joint venture, partner, partnership, trust, estate or limited liability company, the federal or state government, a political subdivision of a state or any other legal entity or combination of entities that owns, controls or has possession of real or personal property.

~~10.~~ 11. "Personal property" includes property of every kind, both tangible and intangible, that is not included as real estate.

~~11.~~ 12. "Primary property taxes" means all ad valorem taxes except for secondary property taxes.

~~12.~~ 13. "Producing mine" or "mining claim" means a mine or mining claim from which coal or any other mineral or mineral substance, except for clay, sand, gravel, building stone or a mineral or mineral substance that is normally processed into artificial stone, has been extracted for commercial purposes at any time during a period of one year before the first Monday in January of the valuation year.

~~13.~~ 14. "Real estate" includes the ownership of, claim to, possession of or right of possession to lands or patented mines.

~~14.~~ 15. "Residential treatment and education facility" means any residential facility that is subject to title 15, chapter 10, article 6.

~~15.~~ 16. "Roll" means the assessment and tax roll.

~~16.~~ 17. "Secondary property taxes" means:

(a) Ad valorem taxes or special property assessments that are used to pay the principal of and the interest and redemption charges on bonded indebtedness or other lawful long-term obligations that are issued or incurred for a specific capital purpose by a municipality, county or taxing district.

(b) Ad valorem taxes or assessments that are levied by or for special taxing districts and assessment districts other than school districts and community college districts.

(c) Amounts that are levied pursuant to an election to exceed a budget, expenditure or tax limitation.

~~17.~~ 18. "Tax year" for all property means the calendar year in which the taxes are levied.

~~18.~~ 19. "Valuation" means the full cash value or limited property value that is determined for real or personal property, as applicable.

~~19.~~ 20. "Valuation date", for the purposes of real property and property valued by the department: ~~,~~

(a) Means January 1 of the year preceding the year in which taxes are levied.

(b) INCLUDES ANY DATE REQUIRED FOR DETERMINING THE VALUE OF A PROPERTY IN A SUPPLEMENTAL NOTICE PROVIDED UNDER SECTION 42-15105, ANY DATE REQUIRED FOR AN ERROR CORRECTION UNDER SECTION 42-16253 OR ANY OTHER VALUATION PROCESS AUTHORIZED BY THIS CHAPTER AND CHAPTERS 12 THROUGH 19 OF THIS TITLE.

~~20.~~ 21. "Valuation year" means:

(a) For real property and property valued by the department, the calendar year preceding the year in which the taxes are levied.

(b) For personal property, the calendar year in which the taxes are levied.

Sec. 2. Title 42, chapter 11, article 1, Arizona Revised Statutes, is amended by adding section 42-11010, to read:

42-11010. Full cash value

A. FULL CASH VALUE IS THE BASIS FOR ASSESSING, FIXING, DETERMINING AND LEVYING PRIMARY AND SECONDARY PROPERTY TAXES ON PROPERTY DESCRIBED IN SECTION 42-13304.

B. FULL CASH VALUE MAY NOT BE GREATER THAN MARKET VALUE REGARDLESS OF THE METHOD PRESCRIBED TO DETERMINE VALUE FOR PROPERTY TAX PURPOSES.

C. FULL CASH VALUE SHALL BE DETERMINED BASED ON THE FEE SIMPLE INTEREST IN THE PROPERTY, ASSUMING UNENCUMBERED OWNERSHIP, UNLESS A DIFFERENT VALUATION INTEREST IS EXPRESSLY REQUIRED BY STATUTE.

D. THE COUNTY ASSESSOR SHALL:

1. DETERMINE A PROPERTY'S CURRENT USE FROM THE TOTALITY OF THE CIRCUMSTANCES, INCLUDING THE PROPERTY'S OBJECTIVELY VERIFIABLE CHARACTERISTICS, INFORMATION AND FUNCTIONS.

2. IDENTIFY A PROPERTY'S CURRENT USE BY, AND LIMIT IDENTIFICATION TO, THE GENERAL CATEGORIES OF AGRICULTURAL USE, RESIDENTIAL USE OR VACANT LAND AND THE SUBCATEGORIES OF THOSE USES AS DETERMINED BY THE COUNTY ASSESSOR.

E. IF A PROPERTY IS SUBJECT TO A STATUTORY VALUATION METHOD OR IS USED FOR RESIDENTIAL PURPOSES, A PROPERTY'S CURRENT USE SHALL BE DETERMINED WITHOUT REGARD TO ZONING, POTENTIAL FUTURE USE OR SPECULATIVE MARKET INFLUENCES.

F. FOR PROPERTY THAT IS NOT SUBJECT TO A STATUTORY VALUATION METHOD AND THAT IS NOT USED FOR RESIDENTIAL PURPOSES, THE COUNTY ASSESSOR MAY CONSIDER MARKET INFLUENCES THAT ARE CONSISTENT WITH THE PROPERTY'S CURRENT USE CLASSIFICATION AND APPLICABLE APPRAISAL STANDARDS.