ARIZONA AGRICULTURAL BUSINESS PROPERTY STATEMENT
TAX YEAR 2020 INSTRUCTIONS

GENERAL INFORMATION

All owners of personal property must file an Agricultural Business Property Statement if a form, notice, or demand has been sent by the Assessor. It must be filed annually by April 1. If April 1 falls on a Saturday, Sunday or legal holiday, the filing is due on the next business day. The term "Business Property" identifies property used for commercial, industrial, and agricultural purposes. It includes personal property improvements on possessory rights (I.P.R.'s), and certain leasehold improvements. Under Arizona law, all such property is subject to property taxes, except for certain goods and materials considered to be inventory and ultimately held for resale, and certain specified animals. Business property is valued at its full cash value as of the current year. Any difference in acquisition cost as found on the books and records from that reported will be considered escaped property. Escaped property may include under-reported or unreported 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 duplicate forms are received, contact the County Assessor. A separate return must be filed for each location. If the form is not addressed to the current business owner, return it to the Assessor's Office and request a corrected form.

- **EXEMPTION AMOUNT:** Pursuant to Arizona Revised Statute § 42-11127, for Tax Year 2020 the exemption for Commercial and Agricultural Business Personal Property is $185,811 of full cash value.
- **APPEAL PROCEDURES:** Any person who believes the valuation or property classification of agricultural business property to be erroneous or excessive may file an appeal with the Assessor. The Personal Property Petition for Review of Valuation Form (DOR 82530) is available at each County Assessor's Office.
- **PERSONAL PROPERTY MANUAL:** The Personal Property Manual and form DOR 82530 are both available on the Department of Revenue website at https://www.azdor.gov.

RCNLD: Acronym for Replacement Cost New Less Depreciation. RCNLD is calculated for each item or group of personal property. Once totaled, they become the Full Cash Value for the account.

CALCULATING RCNLD: Using the Valuation Table Index, found in chapter 6 of the Personal Property Manual, determine the appropriate Valuation Table and Life Year for each type, class or item of personal property. The valuation tables list percent good valuation factors by year acquired. Multiply acquisition cost by the percent good to apply depreciation. The result is the RCNLD. For detailed instructions on completing this calculation click here. It is also in the Personal Property Manual.

ACQUISITION COST x PERCENT GOOD = RCNLD

TOTAL ACQUISITION COST: Includes equipment cost plus costs such as freight and transaction privilege tax (sales/use tax). It also includes installation costs for such additional items as wiring, plumbing, air conditioning, or structural support required to accommodate the equipment. The report should include expensed and fully depreciated equipment remaining in your possession.

LIFE YEAR: Number of years that personal property in each category is typically retained for use with normal maintenance.

PERCENT GOOD: The value of an item, expressed a percentage of its replacement cost after depreciation of all kinds is deducted.

DEPRECIATION: For property tax appraisal purposes, depreciation is defined as a loss in value caused by normal use. It is not related to accounting depreciation which represents cost recovery.

ADDITIONAL DEPRECIATION: To determine the property's eligibility, it is necessary that it be identified as:

Qualified: **Agricultural Business property initially assessed in Arizona in 1995 OR LATER** qualifies for additional depreciation. This does not include property that escaped taxation which should have been initially assessed prior to 1995.

Non-Qualified: Examples include equipment transferred from another location in Arizona, and used equipment purchased in Arizona. Property acquired through the purchase of an existing business may qualify if original cost basis is used.

FCV: Acronym for Full Cash Value. FCV represents market value for property in most cases. This amount is the basis for tax bills. Pursuant to Arizona Revised Statute § 42-13304.1., the full cash value of personal property, other than mobile homes, shall be used for all purposes in lieu of limited property value.

NET FCV: Account value for taxation after any applicable exemption is applied.

VALUATION TABLES: Found in the Personal Property Manual, these tables list the recommended "percent good" for various property types.

FORM INSTRUCTIONS

SECTION 1: Do not make changes in the mailing address area. Use section 1 for changes to the owner's name or address or if this is a NEW BUSINESS REPORTING FOR THE FIRST TIME. If you are reporting a new business or new location, it is necessary to report your business property as of the date your business began operations. It is also necessary to report your business property as of December 31, which becomes the basis for the next year's valuation.

SECTION 2: DO NOT MAKE CORRECTIONS IN THIS SECTION. Make corrections in Section 3 **ONLY.**

> **NOTE: Enter your farm/ranch name and taxpayer/account number at the top of the reverse side of the DOR 82520A.**

SECTION 3: ADDITIONS AND DELETIONS

A complete asset list may be submitted in lieu of completing this section. The asset list should include items listed on the Fixed Asset listing, Federal Depreciation Schedules and Income/Expense Statements. Section 179 and fully depreciated assets still retained should be included. This list must clearly identify any items on the list as property acquired in earlier years but not reported on prior statements. By reporting such omissions, no penalty will be imposed.

FOR ADDITIONS: Enter a description, the year it was acquired and acquisition cost for each item or class of personal property acquired during the prior year which was owned, possessed or controlled as of December 31, 2019. Indicate if the property qualifies for additional depreciation by entering a Y or N.

For equipment acquired as part of a business purchase: You may continue to use the prior owner's cost basis if you have access to the books and records of the prior owner. THE ASSESSOR CANNOT PROVIDE THIS INFORMATION. If the records are not available, report the equipment as a non-qualified bulk purchase using your acquisition cost.

FOR DELETIONS: Enter a description of the disposed property, the year it was originally acquired and an acquisition cost.

SECTION 4: ADDITIONAL INFORMATION REQUIRED

LEASED OR RENTED PROPERTY. List ALL leased or rented business property. Include the name and address of the owner or lessor whether the property is an "Addition" or "Deletion," property description, lease number, date of lease, total cost, date acquired, and annual rent. Also indicate whether or not the property has been previously assessed in Arizona. A **"LEASE"** is a contract, usually in the form of a written agreement, giving the right to use the property for a certain length of time, usually by paying rent. The owner of the personal property is responsible for payment of the tax.

UNOWNED PROPERTY. Provide the name and address of the owner and a brief description of the property.

GOVERNMENT-OWNED LAND. If your business is located on government property, attach a list providing the name and address of the government agency.

SECTION 5: AFFIRMATION OF PROPERTY STATEMENT AND SELECTION OF EXEMPTION APPLICATION

The owner or agent must sign and date the DOR 82520A. Indicate whether this submission is a FULL listing or ONLY property in excess of the exemption amount. This document must be filed with the County Assessor by April 1. If April 1 falls on a Saturday, Sunday or legal holiday, the filing is due on the next business day. If it is not signed, it may be returned to you for completion.

NOTE: ATTACH ANY ADDITIONAL INFORMATION YOU FEEL THE ASSESSOR SHOULD CONSIDER IN THE VALUATION OF YOUR BUSINESS PROPERTY.