ARTICLE 1. PROPERTY VALUATION

Section
R15-4-101. Repealed
R15-4-102. Repealed
R15-4-103. Prorating Value for Classification Purposes
R15-4-104. Repealed
R15-4-105. Repealed
R15-4-106. Repealed
R15-4-107. Separately Owned Minerals and Mineral Rights
R15-4-108. Repealed
R15-4-109. Taxpayer Reports
R15-4-110. Repealed
R15-4-111. Repealed
R15-4-112. Repealed
R15-4-113. Repealed
R15-4-114. Repealed
R15-4-115. Repealed
R15-4-116. Exemption for Totally and Permanently Disabled Person
R15-4-117. Repealed
R15-4-118. Sales Screening and Processing
R15-4-119. Repealed
R15-4-120. Repealed
R15-4-121. Repealed
R15-4-122. Repealed
R15-4-123. Repealed

ARTICLE 2. VALUATION OF MINES

Article 2, consisting of Sections R15-4-201 through R15-4-206, adopted effective December 10, 1985.

Section
R15-4-201. Mine Valuation
R15-4-202. Definitions
R15-4-203. Income Approach Procedures for Mines
R15-4-204. Cost Approach Procedures for Mines
R15-4-205. Market Approach Procedures for Mines
R15-4-206. Determination of Value

ARTICLE 3. VALUATION OF AIRLINE PROPERTY

Article 3, consisting of Sections R15-4-301 through R15-4-303, adopted effective May 5, 1986.

Section
R15-4-301. Repealed
R15-4-302. Definitions
R15-4-303. Repealed

ARTICLE 4. CLASS SEVEN LIMITED VALUE AND ASSESSMENT RATIO

Article 4, consisting of Sections R15-4-401 and R15-4-402, adopted effective November 14, 1986.

Section
R15-4-401. Calculation of Class Seven Assessment Ratios
R15-4-402. Repealed

ARTICLE 5. VALUATION OF PIPELINE COMPANIES

Article 5, consisting of Sections R15-4-501 through R15-4-508, adopted effective August 6, 1986.
A. On or before the statutory deadline each year, mines, railroad companies, private car companies, pipelines, natural gas distribution companies, water companies, electric companies, sewer companies, airline companies, telecommunications companies, and oil, gas, and geothermal producers shall file property tax reports in a form prescribed by the Director. The form shall contain all the information necessary to identify the taxpayer and the property and to value the property according to prescribed statutory methods or standard appraisal methods and techniques contained in guidelines or manuals prescribed under A.R.S. § 42-11054. The Department shall not accept a form that does not contain all the necessary information.

B. A taxpayer may request that the Director grant an extension of time for filing a property tax report. The taxpayer shall submit the extension request to the Director or the Director’s designee in writing on or before the statutory due date.

R15-4-104. Repealed

**Historical Note**

R15-4-105. Repealed

**Historical Note**
Former Rule 5. Former Section R15-4-05 renumbered as Section R15-4-105 without change effective December 10, 1985 (Supp. 85-6). Repealed effective April 13, 1987 (Supp. 87-2).

R15-4-106. Repealed

**Historical Note**

R15-4-107. Separately Owned Minerals and Mineral Rights

A. If the ownership of minerals or mineral rights in land is different from the ownership of the surface rights, the assessor shall assess any minerals or mineral rights separately from the surface rights.

B. The assessor shall value separately owned minerals or mineral rights on a standard amount per acre that is annually determined by the Department unless:
   1. There are known mineral reserves,
   2. There is a current mineral lease on the property, or
   3. There is a reasonable basis for believing that the value of the mineral rights or the minerals located on the property exceeds the standard amount per acre determined by the Department.

**Historical Note**
Former Rule 7. Former Section R15-4-07 renumbered as Section R15-4-107 without change effective December 10, 1985 (Supp. 85-6). Amended by final rulemaking at 7 A.A.R. 657, effective January 11, 2001 (Supp. 01-1).

R15-4-108. Repealed

**Historical Note**
Former Rule 8. Former Section R15-4-08 renumbered as Section R15-4-108 without change effective December 10, 1985 (Supp. 85-6). Section repealed by final rulemaking at 7 A.A.R. 657, effective January 11, 2001 (Supp. 01-1).

R15-4-109. Taxpayer Reports

A. On or before the statutory deadline each year, mines, railroad companies, private car companies, pipelines, natural gas distribution companies, water companies, electric companies, sewer companies, airline companies, telecommunications companies, and oil, gas, and geothermal producers shall file property tax reports in a form prescribed by the Director. The form shall contain all the information necessary to identify the taxpayer and the property and to value the property according to prescribed statutory methods or standard appraisal methods and techniques contained in guidelines or manuals prescribed under A.R.S. § 42-11054. The Department shall not accept a form that does not contain all the necessary information.

B. A taxpayer may request that the Director grant an extension of time for filing a property tax report. The taxpayer shall submit the extension request to the Director or the Director’s designee in writing on or before the statutory due date.

**Historical Note**

R15-4-110. Repealed

**Historical Note**

R15-4-111. Repealed

**Historical Note**

R15-4-112. Repealed

**Historical Note**

R15-4-113. Repealed

**Historical Note**

R15-4-114. Repealed

**Historical Note**

R15-4-115. Repealed

**Historical Note**
Adopted effective May 13, 1980 (Supp. 80-3). Former Section R15-4-15 renumbered as Section R15-4-115 without change effective December 10, 1985 (Supp. 85-6). Section repealed by final rulemaking at 7 A.A.R. 657, effective January 11, 2001 (Supp. 01-1).

R15-4-116. Exemption for Totally and Permanently Disabled Person

A. For purposes of the property tax exemption in A.R.S. Const. Art. 9, § 2.2, a person is "totally and permanently disabled" if the person is unable to engage in any substantial gainful activity, for pay or profit, by reason of any physical or mental impairment that is expected to:
   1. Last for a continuous period of 12 months or more, or
   2. Result in death within 12 months.
B. To qualify for the exemption, a disabled person shall be certified as totally and permanently disabled by a person licensed under:
   1. A.R.S. Title 32, Chapter 8, 13, 14, 17, 19.1, or 29; or
   2. The laws of another state that are comparable to the laws governing persons qualifying under subsection (B)(1).

Historical Note
Adopted as an emergency effective June 20, 1980, pursuant to A.R.S. § 41-1003, valid for only 90 days (Supp. 80-3). Former emergency adoption now adopted effective October 30, 1980 (Supp. 80-5). Former Section R15-4-16 renumbered as Section R15-4-116 without change effective December 10, 1985 (Supp. 85-6). Amended by final rulemaking at 7 A.A.R. 657, effective January 11, 2001 (Supp. 01-1).

R15-4-117. Repealed

R15-4-118. Sales Screening and Processing
A. Except as provided in subsection (B), the Department’s sales-ratio studies shall be based upon sales data contained in property value affidavits that are screened by the county assessor and the Department.

B. In preparing sales-ratio studies, the Department may supplement the sales data contained in property value affidavits with an appraisal or other industry-standard market value information.

C. The Department shall maintain a list of validation codes to be used by the county assessor for the screening, editing, and processing of a property value affidavit. The county assessor shall assign a validation code from the Department’s list to each property value affidavit before transmittal to the Department. The county assessor shall transmit a property value affidavit to the Department as follows:
   1. For a sale that does not require a change in a parcel’s legal description, the assessor shall transmit the property value affidavit to the Department within 30 days of recording;
   2. For a sale that requires a change in a parcel’s legal description, the assessor shall transmit the property value affidavit to the Department by January 31 of the year following the calendar year of recording.

D. The Department may modify the validation code assigned to a property value affidavit. The Department shall notify the county assessor in writing of the modification within 30 days after the modification. The county assessor may request the Department to reconsider the modified validation code within 15 days after receiving notice of the Department’s modification.

E. If the validation code as assigned by the county assessor or as modified by the Department indicates that a sale does not represent the market value of the subject property, the Department shall exclude that sale from the Department’s sales-ratio studies.

F. If the validation code as assigned by the county assessor or as modified by the Department indicates that a sale represents the market value of the subject property, the Department shall:
   1. Compute the ratio of the full cash value of the property to the selling price of the property; and
   2. Include the ratio in the sales-ratio studies, unless the ratio:
      a. Is extremely high or extremely low;
      b. Relates to the sale of property that has substantially changed since the date of the sale and the assessor’s full cash value for the property reflects the change, or
      c. Relates to a sale that does not represent the market value of the property.

Historical Note
Adopted effective February 17, 1988 (Supp. 88-1). Amended by final rulemaking at 7 A.A.R. 657, effective January 11, 2001 (Supp. 01-1).

R15-4-119. Repealed

R15-4-120. Repealed

R15-4-121. Repealed

R15-4-122. Repealed

ARTICLE 2. VALUATION OF MINES

R15-4-201. Mine Valuation
A. For the purpose of determining the “full cash value”, the Department shall annually utilize standard appraisal methods and techniques, and the 3 approaches to value. Those approaches, as defined in R15-4-203, R15-4-204, and R15-4-205, are:
   1. The Income Approach,
   2. The Cost Approach, and

B. The Department shall prepare appraisal reports on mine properties with a full cash value greater than $1,000,000. The appraisal reports shall include a description of the subject property, the full cash value determined for the property, and detail of the methods and calculations employed in determining the full cash value of the property. Information extracted from:
   1. Recent field visits.
   2. Technical reports, and
   3. Engineering and financial studies for approved projects, shall be included, if available. No copies of any pages from such field visit and technical reports and engineering and financial studies shall be included in the appraisal report. Technical literature data shall be included.

C. The Department shall, upon written request, hold informal conferences with the taxpayer after preliminary worksheets are issued and before the final values are established. At the infor-
The Department shall annually prepare an appraisal manual.

At the request of the taxpayer, preliminary appraisal worksheets shall be made available to the taxpayer at least 7 calendar days before the informal conference on the preliminary determination of value. If a date sooner than 7 calendar days is mutually agreeable between the taxpayer and the Department, then the 7-day requirement is waived. The Department shall release final worksheets and the determination of value by June 15. The Department shall provide the taxpayer with a final appraisal report by July 25 upon request.

The Department shall annually prepare an appraisal manual for mines and natural resources. The manual shall include the guidelines necessary for the appraising of the properties subject to these rules. The manual shall contain, but not be limited to, appropriate schedules for the discount rate, ore reserve values, residual value factors, salvage value factors, reproduction cost new less depreciation and the effective income tax rate for valuation purposes. The Department shall annually hold a meeting for affected taxpayers concerning the manual prior to February 1 for the purpose of discussing changes the Department proposes to make in the manual for the current tax year. The Department shall make available any information which is not confidential in nature that is utilized in the determination of the schedules and other factors contained in the manual. Reporting forms and instructions shall be supplied to the taxpayers by February 1 of each year. The manual shall be made available to the taxpayer by March 15 of the tax year.

**Historical Note**

Adopted effective December 10, 1985 (Supp. 85-6). Amended subsection (B) effective May 24, 1989 (Supp. 89-2).

R15-4-202. Definitions

A. "Extracted for commercial purposes" means extraction on a commercial scale at an operating production rate, with a significant amount of the mineral becoming subject to the Arizona severance tax on a continuing basis. Public announcements shall be considered an indication of producing status. Extraction of mineral for assay, research or development purposes does not constitute extraction for commercial purposes.

B. "Mine" means a producing mine, nonproducing mine or mine unit and includes all taxable properties located within the state and operated in conjunction with or formerly used in a mine, including but not limited to, the following:

1. All facilities and equipment situated within the state used in, or formerly used in mine operations, including mine plants, mills, concentrators, smelters, refineries, chemical plants, electro-winning plants, and all related facilities which directly or indirectly contribute or contributed to the production of the mine revenues. Manufacturing facilities, such as a rod plant, incorporated railroads, utilities and custom facilities shall not be included in the mine. Custom smelters are those which are not operated as an integral part of the mine facilities and/or located at the mine site.

2. Land which is being used or formerly used for production. The outer boundary shall be 1 claim beyond the producing claims, or, in the case of a fee interest, 1500 feet beyond the boundary of the fee parcel. The mine unit includes land on which the items described in subsection (B)(2) are situated, all ore reserves, ultimate pit or subsid-
**Historical Note**

Adopted effective December 10, 1985 (Supp. 85-6).
Amended effective May 24, 1989 (Supp. 89-2).

**R15-4-203. Income Approach Procedures for Mines**

A. The income approach estimate of value for mine property shall be based on a discount of projected future cash flows to a present value at a discount rate adequate to justify current mine investments. Derivation of the cash flows shall be based on the use of a 5-year arithmetic average margin per unit of product multiplied by projected output of metal or mineral over the size of the ore reserve and the projected rate of production. Cash flow shall be based on an all-equity investment on a production basis, not a sales basis, assuming all production is sold in the year produced. Financing and interest charges shall not be considered.

B. Discount rates shall be developed annually by the Department. The discounting technique used by the Department shall be the single rate method. No adjustments shall be made for sales, product inventory, financing or interest charges.

C. To calculate the margin, the 5-year period shall be on a cents or dollars per unit of production basis and averaged to find the historic margin. The historic 5-year margin shall be calculated on the following basis:

1. Gross income, calculated by summing subsections (C)(1)(a) and (b) below:
   a. The gross value of production. The historic average selling price per unit of each mineral product should be computed by dividing the sales revenue of each mineral product by the units of that product which were sold. This quotient shall be multiplied by the quantity of mine output and the product shall be the historical gross value of production for the year.
   b. Miscellaneous revenue composed of the income or loss from power sales, water sales, miscellaneous sales, acid sales, as well as toll processing, the rentals of real and personal property, and hospital facilities if operated as part of the mine unit.

2. Expenses, calculated by deducting subsections (C)(2)(a), (b), and (c) below:
   a. All expenses associated with the production, administration, distribution, development and marketing functions of the operation on the basis of generally accepted accounting principles and the cash expenses associated with the miscellaneous revenue specified in subsection (C)(1)(b) above, if not already deducted. Income tax charges, depreciation and depletion, and amortization of fixed assets shall not be included as expenses. The expenses for smelting and/or refining will be calculated on a market basis if the material is processed out of state or at a location which is locally assessed and not includable in the producing mine unit from which the material was extracted. Intracompany charges between centrally assessed producing mine units within the state will be calculated at actual cost.
   b. Federal and Arizona income taxes shall be based upon general tax concepts, computed with respect to the mining property. Provisions contained in Federal and Arizona income tax statutes and regulations shall not be determinative. Due to their hypothetical nature all tax calculations shall be governed exclusively by the rules contained below.

i. Income taxes shall be calculated as if the producing mine were a separate taxable entity. The effective tax rate for mines shall be developed annually by the Department and included in the manual.

ii. Income taxes shall be calculated separately for each year of the 5-year historic margin period. In this respect, the following shall apply:
   (1) Negative as well as positive tax liabilities shall be determined, and
   (2) No provision is made for the carryback or carryover of losses or credits.

iii. Taxable income shall be determined by subtracting the expenses specified in rule R15-4-19(C)(2) from the gross income specified in rule R15-4-19(C)(1).

iv. Federal and Arizona income tax liabilities, both positive and negative liabilities, shall be determined by multiplying the effective tax rate by the final taxable income or loss determined in accordance with all provisions of subsection (C)(2)(b)(iii) above.

   c. All replacement and mandated capital expenditures incurred during the year. Capitalized lease payments for replacement and mandated items will be treated as capital expenditures. For the purposes of this subsection “capital expenditures” means allowable capital expenditures computed on an amortization or depreciation basis over 10 years, or the life of the mine, whichever is less.

   3. The historic margin shall be determined based on the 5 years preceding the current tax year, including loss years. Nonrepresentative years in which a drastic change or a prolonged shutdown occurs shall not be utilized. A drastic change or a prolonged shutdown must be one so significant that the 5-year average margin cannot be adjusted adequately to reflect current conditions.

D. Temporary suspension of operations due to strikes and losses resulting from operations during unfavorable market conditions shall be included in the 5-year historic margin. If the suspension is not likely to recur it shall not be included.

E. In instances where a particular property has not been taxed as a producing mine for 5 years preceding the tax year, the historic margin shall be determined based upon the number of years the property has been a producing mine.

F. The historic margin shall be applied to estimated future production to derive future cash flows. The taxpayer shall be required to report estimated future production and the factors used in the estimating procedure. The historic margin used in the cash flow computation shall be adjusted under certain circumstances to reflect changes in economic or operating conditions. Such adjustments shall not be made unless conditions exist that will have a significant impact on the future economic performance of the unit and are not reflected in the historic margin. Any adjustment made to the historic margin shall account for all reasonable operating and capital cost changes, shall be supported by documentation and field visit data, and shall include an income tax adjustment. The taxpayer’s estimates of future production shall be adjusted, where appropriate, by the appraiser. Other adjustments shall be made, provided such adjustments are not based on speculation or made for conditions already reflected in the historic margin.

**Historical Note**

Adopted effective December 10, 1985 (Supp. 85-6).
Amended effective May 24, 1989 (Supp. 89-2).
R15-4-204. Cost Approach Procedures for Mines
A. The cost approach estimate for mine property shall include a value for land, supplies inventory, ore reserves, construction work in progress, improvements and personal property. This value shall be based on the theory of reproduction cost new, less all applicable forms of depreciation for the property.

B. Ore reserve value is based on a representative value factor multiplied by units of recoverable metal or mineral that can be expected to be mined during the life of the mine. The value factors are based on an analysis of sales of comparable mineralized bodies in the United States and Canada. Values for land included within the producing unit are based on land values supplied by the county assessor and approved by the Department. Changes in ore reserve factors shall be made available, upon request, by the Department by March 1 of the tax year.

C. Supplies inventory for the mine shall be valued at cost less any appropriate depreciation. Shrinkage shall be considered if the taxpayer supplies quantitative data related to the amount warranted. Physical depreciation for supplies shall be limited to shelf life deterioration and shall not include wear and tear. Functional and/or economic obsolescence shall be considered where the amount of obsolescence was computed on the overall performance of the mine unit or utilizing the “unit concept”. Residual or salvage factors shall be applied to nonliquid supplies when residual or salvage values are determinative. Liquid supplies shall be valued at cost in every case except when the taxpayer can show cause for spoilage. Supplies which are totally obsolete shall be valued at salvage. The inventory amounts shall not include any value attributable to metals inventory or other production inventory held for sale.

D. Construction work in progress shall be discounted at the mine’s discount rate if completion is expected to be in excess of 1 year. Functional and/or economic obsolescence shall be considered where the amount of obsolescence was computed on the overall performance of the mine unit or utilizing the “unit concept”. Residual and salvage factors shall be applied if the residual and salvage values are determinative. Physical depreciation shall not be considered.

E. Improvements and personal property as reflected in the financial statements of the taxpayer shall be valued on a reproduction cost new less depreciation basis. The cost index for valuing mine property shall be derived from the Department’s manual unless actual market values are ascertainable. The basis for physical depreciation shall be straight line.

F. Depreciation schedules shall be included in the Department’s appraisal manual for mines. Residual value factors shall be applied to equipment still in service after the expiration of its depreciable life. Residual value factors shall be based on resale values for equipment where resale values are available. Appropriate obsolescence shall be applied to residual value. Salvage values for all improvements and personal property shall be derived by applying the Department’s factor to the original cost of the improvement or personal property unless actual salvage values are ascertainable. A summary of equipment lives, salvage factors, and an itemized listing of equipment categories shall be included in the manual. For purposes of this cost approach procedure there shall be at least 8 major classes of equipment and improvements:
1. Mining, small scale;
2. Mining, large scale;
3. Milling and leaching;
4. Smelting;
5. Office;
6. Environmental;
7. Shovels and drag lines; and

G. Depreciation in the form of functional or economic obsolescence shall be applied to improvements and personal property where warranted. These forms of obsolescence may be a result of a lack of necessary environmental facilities, technological changes, long-term production curtailments, production performance versus projected performance, or environmental regulations. The mine’s financial performance shall be considered as an indicator of obsolescence. Economic and/or functional obsolescence shall be considered on an individual basis for each property and may be related to the life of the ore reserve. Salvage value shall be the controlling limit of the maximum amount of depreciation that may be applied. Economic obsolescence shall be applied when appropriate.

Historical Note
Adopted effective December 10, 1985 (Supp. 85-6).
Amended effective May 24, 1989 (Supp. 89-2).

R15-4-205. Market Approach Procedures for Mines
A. The market approach to value shall be considered where the transaction is an arms-length sale between a willing buyer and a willing seller of the subject property, an undivided interest in the property, or a comparable property. The Department may require detailed information regarding the terms of the sale.

B. The market approach to value shall be used only where the following conditions exist:
1. An arms-length sale of more than 50% interest in the assets, such as mineral reserves, plant, equipment, and inventories, of a mine located wholly within the state of Arizona, or
2. The sale of more than 50% of the stocks, bonds, notes, convertible debentures, warrants, or other documents that represent a share in a corporation or a debt owed by a corporation. This sale is of limited use if the value of the corporation’s out-of-state assets is significant relative to its in-state assets subject to valuation under these rules.
3. Minority interest sales may be considered if the other indicators of value are less reliable and the sale price was derived from an analysis of a value for 100% of the mine unit.

Historical Note
Adopted effective December 10, 1985 (Supp. 85-6).
Amended effective May 24, 1989 (Supp. 89-2).

R15-4-206. Determination of Value
A. The income approach shall be the primary method for the determination of full cash value of mines and shall ordinarily be considered the best indicator of value. The cost and market approaches shall also be considered and correlated with the income approach where applicable.

B. The income approach shall be the primary method of valuation except when 1 or more of the following situations exist:
1. Ore reserves of the mine are wholly or predominantly located on nontaxable lands. The value indicated by the cost approach shall be determinative of the full cash value of the mine.
2. The mine property has recently commenced production, or has recently been added to the mine rolls.
3. The mine property is near the end of its economic life;
4. Operations of the mine have resulted in an overall loss, as determined by the historic margin. If estimates of future cash flow can reasonably be made, the income approach shall be utilized. If estimates of future cash flow cannot reasonably be made, the value of the mine shall approximate the property’s residual value with appropriate obsolescence applied.
5. Permanently shutdown mines shall be valued at salvage.

Historical Note
Adopted effective December 10, 1985 (Supp. 85-6).
Amended effective May 24, 1989 (Supp. 89-2).
6. A sale of the mine unit, or a sale as described in R15-4-205, has occurred within the preceding 12 months. In this case either the income or market approach may be the primary method of value. When the market approach is selected as the primary method of value, the income and cost approaches shall also be considered.

C. In situations (B)(2) and (B)(3) above, the value indicated by the cost approach shall be considered with the value indicated by the income approach with the relative weight to be applied as follows.
1. If estimates of future cash flow can reasonably be made, the income approach shall be weighted more heavily.
2. If estimates of future cash flow cannot reasonably be made, the cost approach, with appropriate obsolescence, shall be weighted more heavily.

D. Full cash value shall never be less than salvage value.

**Historical Note**
Adopted effective December 10, 1985 (Supp. 85-6).
Amended effective May 24, 1989 (Supp. 89-2).

**ARTICLE 3. VALUATION OF AIRLINE PROPERTY**

**R15-4-301. Repealed**

**Historical Note**

**R15-4-302. Definitions**
For purposes of valuation and taxation of airline companies under A.R.S. Title 42, Chapter 14, Article 6, the following definitions apply:
1. “Flight property” as defined in A.R.S. § 42-14251 includes both owned and leased aircraft.
2. “Permanently removed from operations” means aircraft that are entirely terminated from regularly scheduled operations by an airline company.
3. “Regularly scheduled” means the operation of aircraft that completed at least 120 landings or takeoffs within Arizona during the preceding calendar year, according to a plan of dates or times for landings and takeoffs, regardless of whether the plan is published for customer use.

**Historical Note**

**R15-4-303. Repealed**

**Historical Note**

**ARTICLE 4. CLASS SEVEN LIMITED VALUE AND ASSESSMENT RATIO**

**R15-4-401. Calculation of Class Seven Assessment Ratios**
A. The Department of Revenue shall calculate the assessment ratios for primary and secondary tax purposes for all Class Seven property in accordance with this Regulation. The Department shall transmit these assessment ratios to the counties on or before the third Monday in June of every tax year.

B. For the purpose of determining the Class Seven assessment ratio for secondary property tax purposes as defined in A.R.S. § 42-227, the Director shall calculate the total assessed valuation and total full cash value of all property in Classes One, Two and Three as follows: The assessed value and full cash value of all property valued by the Department in Classes One, Two, and Three shall be based upon the values determined by the Department on or before the first Monday in June. The assessed value and full cash value of all real property valued by the counties in Class Three shall be based upon the Notices of Value prepared by the county assessors pursuant to A.R.S. § 42-221. The assessed value and full cash value of all secured and unsecured personal property valued by the counties in Class Three shall be estimated based upon the full cash value of such property for the previous tax year. The full cash value of all property valued by the counties in Class Three shall be adjusted to market value, if necessary, based upon:
1. The weighted mean sales ratio reflected in the Department’s preliminary sales ratio reports for the tax year, and
2. The adjustment determined by the Director for cash equivalency, personal property, and sampling considerations. The sales ratio study shall be conducted in accordance with the statistical principles applicable to such studies.

C. For the purpose of calculating the Class Seven assessment ratio for primary property taxes as defined in A.R.S. § 42-227, the Director shall calculate the total assessed valuation and total limited valuation of all property in Classes One, Two and Three by using the same property values determined under subsection (B) of this rule, except as follows: The assessed value and limited property value of Class Three property valued by the Department shall be based upon the limited property value of such property as determined by the Department on or before the first Monday in June. The assessed value and limited property value of all real property valued by the counties in Class Three shall be based upon the Notices of Value prepared by the county assessors pursuant to A.R.S. § 42-221. The limited property value of all property valued by the counties in Class Three shall be adjusted by the same percentage as the adjustment made to the full cash value of such property under subsection (B) of this rule.

**Historical Note**
Adopted effective November 14, 1986 (Supp. 86-6).

**R15-4-402. Repealed**

**Historical Note**

**ARTICLE 5. VALUATION OF PIPELINE COMPANIES**

**R15-4-501. Repealed**

**Historical Note**
Adopted effective August 6, 1986 (Supp. 86-4). Amended subsections (A), (B) and (D) effective February 22, 1989 (Supp. 89-1). Section repealed by final rulemaking at 5 A.A.R. 2735, effective July 21, 1999 (Supp. 99-3).

**R15-4-502. Pipeline Companies**
For purposes of determining class 2 property under A.R.S. § 42-1202, “pipeline companies” are individuals, partnerships, or corporations that are engaged in the business of producing, storing, selling, or transporting within, through, into, or from the state through a pipeline system the following: oil, natural gas, processed gas, manufactured gas, petroleum products, coal, or other products.

**Historical Note**
R15-4-503. **Repealed**

**Historical Note**

R15-4-504. **Repealed**

**Historical Note**

R15-4-505. **Repealed**

**Historical Note**

R15-4-506. **Repealed**

**Historical Note**

R15-4-507. **Repealed**

**Historical Note**

R15-4-508. **Repealed**

**Historical Note**
Adopted effective August 6, 1986 (Supp. 86-4). Amended subsections (A) and (C) effective February 22, 1989 (Supp. 89-1). Section repealed by final rulemaking at 5 A.A.R. 2735, effective July 21, 1999 (Supp. 99-3).