

Maricopa County Assessor's Office Internal Policy and Procedures

Title: Limited Property Value ("LPV") Calculation per Title 42-13302

Number: ADEI-72520140545

Policy Category: **Determining when to recalculate LPV**

Date: 7/25/2014

Initiating Division: Appraisal Division

Revision:

Reviewed by: David Boisvert

Approved by: Timothy Boncoskey

Revision Date:

Purpose:

To provide an explanation and examples on the determining of when to recalculate the LPV based on the change in use of the property, new construction or the discovery that an omission had occurred on a property. This procedure is commonly known as the Rule B Calculation.

Policy:

Arizona law requires the assessor's office to identify that a change in use, or an addition or deletion of an improvement to a property, has occurred. The appraisal staff is required to determine what type of change has occurred and follow either a statutory methodology or a standard appraisal methodology to make the corrections to the property record. When the new calculation of the full cash value ("FCV") is greater than ten percent from the previous year's full cash value and/or the livable square footage of the improvements (for single family residential properties only) increases more than five percent, then this policy shall apply. If the Rule B calculation is required then the appraiser shall use the Rule B calculation which is defined as, "... the level or percentage of the full cash value that is comparable to that of other properties of the same or similar use or classification" ARS 42-13302(D)(1). The following scenarios require this policy to be applied to calculate the limited property value.

The first scenario would be the change in the use of the property such as a property changing from being utilized as a residence home to a commercial business use. There are a number of different usages that would require a calculation under this policy. These changes in use could be agricultural, commercial, raw land to a platted subdivision or a converted residential rental property.

The second scenario would include the appraisal staff identifying improvements that have been added to a property, or deleted from a property. This addition could be from the completing of a new structure to a partial completion of a new structure. The deletion could be from a partial deletion to the complete destruction of a structure.

There are a number of Rule B Codes that are utilized depending on which specific scenario has occurred. The appraisal staff should utilize the correct rule B to reflect what had occurred on the property.

The Codes are as follows:

- B1- New or previously escaped parcel – vacant
- B2- New or previously escaped parcel – improved
- B3 – Completed new improvement(s)
- B4 – Removed, destroyed or damaged improvement(s)

B5 – Partial Completion(s)

B6 – Completed (i.e., previously partial-complete) improvement(s)

B7 – Utilized under the qualifications of §42-13302. B.C.D (exceptions)

B8 – Physical Change to existing improvement(s)

B9 – Change in use

If the property does not meet the scenarios stated above, a different calculation procedure is utilized which is defined in Title 42-13301 of the Arizona Statutes. This procedure allows for a maximum increase of five percent from the preceding year to the current tax year for/on LPV. (Commonly referred to as the Rule A Calculation)

The Department of Revenue has provided guidelines for assisting the assessor's office. The guidelines are located in the Assessment Procedure Manual in Part 3-Chapter 3.