



## A Dash of SALT

### *This Year More than Ever Before, Successful Real Property Tax Appeals May Yield Savings for Years to Come*

*This month's state and local tax (SALT) column explains how real property owners can save money for years to come if they successfully appeal the value of their property this year.*

Although property owners always should keep an eye on the value assigned to their property for tax purposes, they should pay special attention to the value this year because the property values set in 2013 for tax year 2014 for locally assessed real properties establish the baseline for future value increases, which generally will be capped at five percent (5%) going forward.

The five percent (5%) annual cap will go into effect because Arizona voters approved Proposition 117 in the November, 2012 election. As a result, beginning with tax year 2015, the value of locally assessed real property and improvements will be the lesser of the full cash value of the property or an amount five percent (5%) greater than the value of the property determined in the prior year.

Given the five percent (5%) annual cap that goes into effect beginning with tax year 2015, real property owners can save money for many years to come if they successfully appeal the value of their property for tax year 2014. In fact, because the tax savings attributable to reductions in value achieved this year generally will be perpetuated into the foreseeable future, property owners who would not ordinarily take the time and/or spend the money necessary to appeal the value of their property should seriously consider appealing the value of their property this year because their tax savings should continue to compound over time.

However, property owners who wait until they receive their tax bill to consider filing an appeal generally miss out because most property tax appeals for tax year 2014 must be filed this year, in 2013.

Here's how Arizona's property tax calendar works: every year, on or before March 1, county assessors are required to notify property owners of the value that they assigned to their property for the following tax year. Thus, in the first quarter of this year, property owners received valuation notices for tax year 2014. Then, the first half payment for 2014 taxes is not due until October 1, 2014, which gives property owners time to appeal the value assigned to their property before they have to pay taxes based on that value. (But, if the appeal is not complete before the taxes are due, the owner still needs to pay the taxes as assessed before they become delinquent or their appeal must be dismissed.)

Property owners who believe that the value assigned to their property was excessive, or that their property was not classified properly, may file an appeal with the assessor's office within sixty (60) days from the time that the assessor mailed the notice of valuation. Then, property owners who are not satisfied with the result of their appeal to the assessor's office may appeal to the State Board of Equalization (for properties located in Maricopa or Pima County) or to their local County Board



of Equalization (for properties located in all other counties in Arizona) within twenty-five (25) days from the time that the assessor's decision was mailed.

Property owners who either did not file an appeal with the assessor's office, or who were not satisfied with the results of their appeal to the assessor's office and/or to the State or County Board of Equalization, may appeal to the Arizona Tax Court. Those who did appeal to the assessor's office must appeal to the Arizona Tax Court within sixty (60) days from the time that the assessor's office or the State Board of Equalization mailed their decision. Property owners who did not appeal to the assessor's office, and those who are not satisfied with the value determined by the County Board of Equalization, have until December 15, 2013 to appeal the value of their property for tax year 2014 directly to the Arizona Tax Court. (In addition, sometimes new property owners also have additional rights and extended deadlines to appeal the value and/or classification assigned to their property.)

While it is necessary to hire an attorney to represent owners of most properties valued at more than \$2 million, special small claims procedures permit owners to represent themselves or to hire somebody besides an attorney, like a CPA or a property tax consultant, to represent

them in the Arizona Tax Court for all owner-occupied residential properties and for any other property valued at less than \$2 million. Instructions and forms to use for small claims appeals are available on the Arizona Tax Court's website at: [https://www.superiorcourt.maricopa.gov/SuperiorCourt/Self-ServiceCenter/forms/PropertyTaxCases/tax\\_txsc1.asp](https://www.superiorcourt.maricopa.gov/SuperiorCourt/Self-ServiceCenter/forms/PropertyTaxCases/tax_txsc1.asp). **AZ CPA**

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