



Department of Revenue
Property Tax Division

AGRICULTURAL PROPERTY MANUAL

Chapter 3
Reporting Requirements,
Penalties and
Notification of Taxpayer
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CHAPTER 3

REPORTING REQUIREMENTS, PENALTIES AND NOTIFICATION OF TAXPAYER



TAXPAYER REPORTING REQUIREMENTS

Land cannot be classified by the local County Assessor as having a qualifying agricultural use unless the owner has filed a completed Agricultural Land Use Application form with the County Assessor, and that application has been approved. The nonagricultural full cash value for such land may exceed its agricultural use value when current market conditions and relevant urban or market influences are considered.

Qualified agricultural land use classification and valuation procedures are prescribed in A.R.S. §§ 42-12151 through 42-12158, and in A.R.S. §§ 42-13101 through 42-13102, respectively. After agricultural use classification has been granted, that land classification may be maintained until such time as all or part of the land ceases to qualify as agriculturally used. The owner must notify the Assessor within sixty days of any change in qualification status, pursuant to A.R.S. §§ 42-12156 and 42-12157.

Agricultural Land Use Application. To apply for agricultural classification, the owner or the owner's designated agent must obtain an Agricultural Land Use Application (DOR Form 82916) from the County Assessor, complete the form and return it for the Assessor's review. Failure to file the required application will result in the Assessor classifying and valuing the land for property tax purposes as nonagricultural land.

If the ownership of a property with an agricultural classification changes, the new owner or the owner's agent must file a new Agricultural Land Use Application form within sixty days of the sale date in order to maintain the agricultural use status on the land. The valuation can be appealed even if the new owner or owner's agent failed to file an application form. A.R.S. § 42-12153(B). A new application must also be filed on any new or additional parcels to be added to an agricultural operation for which agricultural classification is sought by any owner.



The following information (in addition to parcel identification) is required when filing the Agricultural Land Use Application (DOR Form 82916) pursuant to A.R.S. § 42-12153:

1. The total acreage of each parcel listed on the application.

Note: The gross acreage as determined by the Assessor should be listed as the parcel size.

2. The type of crops grown on the land.
3. The type and number of animal units raised on the land.
4. The number of acres leased for agricultural purposes.
5. A verification that the property meets the requirements that are prescribed in A.R.S. § 42-12152 that are necessary to receive agricultural classification.

Statement of Agricultural Land Lease. A.R.S. § 42-13102 requires that a Statement of Agricultural Land Lease (DOR Form 82917) must be completed by the owner or lessor and filed with the local County Assessor for each agricultural land lease entered into for a period of more than ninety days. The County Assessor will utilize the information contained in the statement in the valuation process for agricultural land, as prescribed by A.R.S. § 42-13101.

Pursuant to A.R.S. § 42-13102(A), the following information is required on the Statement of Agricultural Land Lease (DOR Form 82917), in addition to any other information prescribed by the Department of Revenue:

1. The name and address of the owner or lessor and tenant or lessee.
2. The complete legal description of the property.

Note: The Assessor Parcel Numbers (APN) may be substituted for the full legal description.

3. The situs address, if any, of the property.
4. The cash or cash equivalent of the lease payments.
5. The conditions of the lease, including the relationship, if any, of the parties.
6. The owner or lessor's expenses associated with the leasing of the land, excluding land cost, interest on land cost, income tax depreciation and capital improvements.



Either the Department or the County Assessor may request a copy of the lease or rental agreement and income statement, in addition to the completed form. Pursuant to A.R.S. § 42-13102(C) a new Statement of Agricultural Land Lease is to be filed with the County Assessor covering any change in ownership, lessor or lessee, or terms or conditions of the lease (including the time period covered by the lease).

Personal Property. Taxpayers are required to annually report on demand all of the agriculturally used personal property under their control. The report is sent to the local County Assessor in the county where the property is located. Agricultural personal property includes items such as machinery, equipment and unlicensed vehicles. These are reported on the Arizona Agricultural Business Personal Property Statement (DOR Form 82520A), which is also obtained from the County Assessor. For further information concerning the requirements for filing, and for information regarding the valuation of personal property, refer to the current version of the Department's Personal Property Manual or contact the County Assessor's office.

PENALTIES

If an owner fails to file the appropriate form(s), the property cannot be granted agricultural classification by the County Assessor, and must be valued at its nonagricultural full cash value. Pursuant to A.R.S. § 42-12157, if an owner of property, or the owner's designated agent, intentionally provides false information on an application form, or fails to provide the notice required under A.R.S. § 42-12156, the property shall immediately be classified as nonagricultural property and shall be valued at its nonagricultural full cash value. The owner is liable for the additional taxes for all of the tax years in which the property was classified as agricultural property based on the false information, along with a penalty equal to twenty-five per cent of these additional taxes. However, the Assessor may abate this penalty for good cause.



NOTIFICATION TO OWNER

After the owner or the owner's designated agent files an application for agricultural use classification, the local County Assessor shall notify the owner of approval or disapproval of the agricultural classification for those parcels included in the application. If the application for agricultural classification is not approved, the County Assessor shall notify the owner of the reasons for disapproval. Notice of approval or disapproval will be mailed on or before the date on which the Assessor next mails the notice of valuation for the land to the owner. A.R.S. § 42-12155(A).

Appeal of Assessor's Classification Decision. If the County Assessor does not grant agricultural classification to the property, the owner or the owner's designated agent may appeal pursuant to A.R.S. § 42-12155. Classification appeals shall be filed pursuant to A.R.S. § 42-15104 and §§ 42-16051 through 42-16056.