

COCHISE COUNTY ASSESSOR

2016

VALUATION



Cochise County Board of Equalization Hearing

PARCEL
206-23-088



County of Cochise
OFFICE OF THE COUNTY
ASSESSOR

PO Drawer 168 Bisbee, AZ 85603
(520) 432-8650 FAX (520) 432-8698
E-Mail: assessor@co.cochise.az.us

Philip S. Leiendecker
Assessor

Felix Dagnino
Chief Deputy Assessor

DATE: 8/19/2016

**ASSESSOR RECOMMENDATION TO
BOE**

Parcel #: 206-23-088 Owner's Name: Roy Markle

Original 2016 FCV: \$121,803 Original Class: 3
Year

LPV: \$121,803

Amended 2016 FCV: \$121,803 Amended Class: 3
Year

LPV: \$121,803

Assessor's 2016 Recommended
Year Class: 3

Recommendation: FCV: \$121,803

LPV: \$121,803

Basis:

On August 5th 2011, petitioner requested property value protection afforded to elderly Arizona citizens through Proposition 104. Petitioner successfully completed and submitted the required forms to have his property value remain at \$121,803 for tax years 2011, 2012 and 2013. Petitioner's request was approved and his property value remained at \$121,803.

On March 8th 2013, petitioner again successfully completed and submitted the required forms for Proposition 104 requesting that his property value continue to remain fixed at its current amount of \$121,803 for tax years 2014, 2015 and 2016. This request was also approved.

Basis Continued:

Pursuant to the Arizona State Constitution, Article 9, Section 18, § (7), [Proposition 104] the property value of a qualifying Arizona resident over the age of 65 "...shall remain fixed at the full cash value in effect during the year...the option is filed..." and upon successful re-application, remain unchanged for a period of three consecutive years.

Assessor recommends no change in value as the current value was established, at the owner's request on two consecutive application dates via Proposition 104, coupled with the fact that the County Assessor has no legal authority to supersede the limits and protections of the Arizona State Constitution.

206-23-088

PARCEL NUMBER

Markle, Roy

OWNER'S NAME

1842 N. Paint Pony Lane

Cochise, Arizona

SITUS ADDRESS

USE CODE: 0133	ASSESSMENT RATIO 10%
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VALUES	LAND	IMP'S/BLDG'S	TOTAL	LPV
ORIGINAL VALUE __2016__	\$20,000	\$101,803	\$121,803	\$121,803
AMENDED VALUE _2016_	\$20,000	\$101,803	\$121,803	\$121,803
OWNER'S ESTIMATE			\$85,000	\$85,000
RECOMMENDED TO BOE	\$20,000	\$101,803	\$121,803	\$121,803

COMPARABLE DATA

SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4
PROPERTY NAME				
	Noticed Value	Value w/o Freeze		
PARCEL #	206-23-088	206-23-088		
SALES PRICE PER/UN				
SALES DATE				
SIZE UNITS/SQ FEET	1884	1884		
TOTAL FCV	\$121,803	\$123,048		
LAND FCV	\$20,000	\$20,000		
IMP FCV	\$101,803	\$103,048		
IMP PER/SQ FT				
CONSTRUCTION YEAR	1990	1990		

CONCLUSION

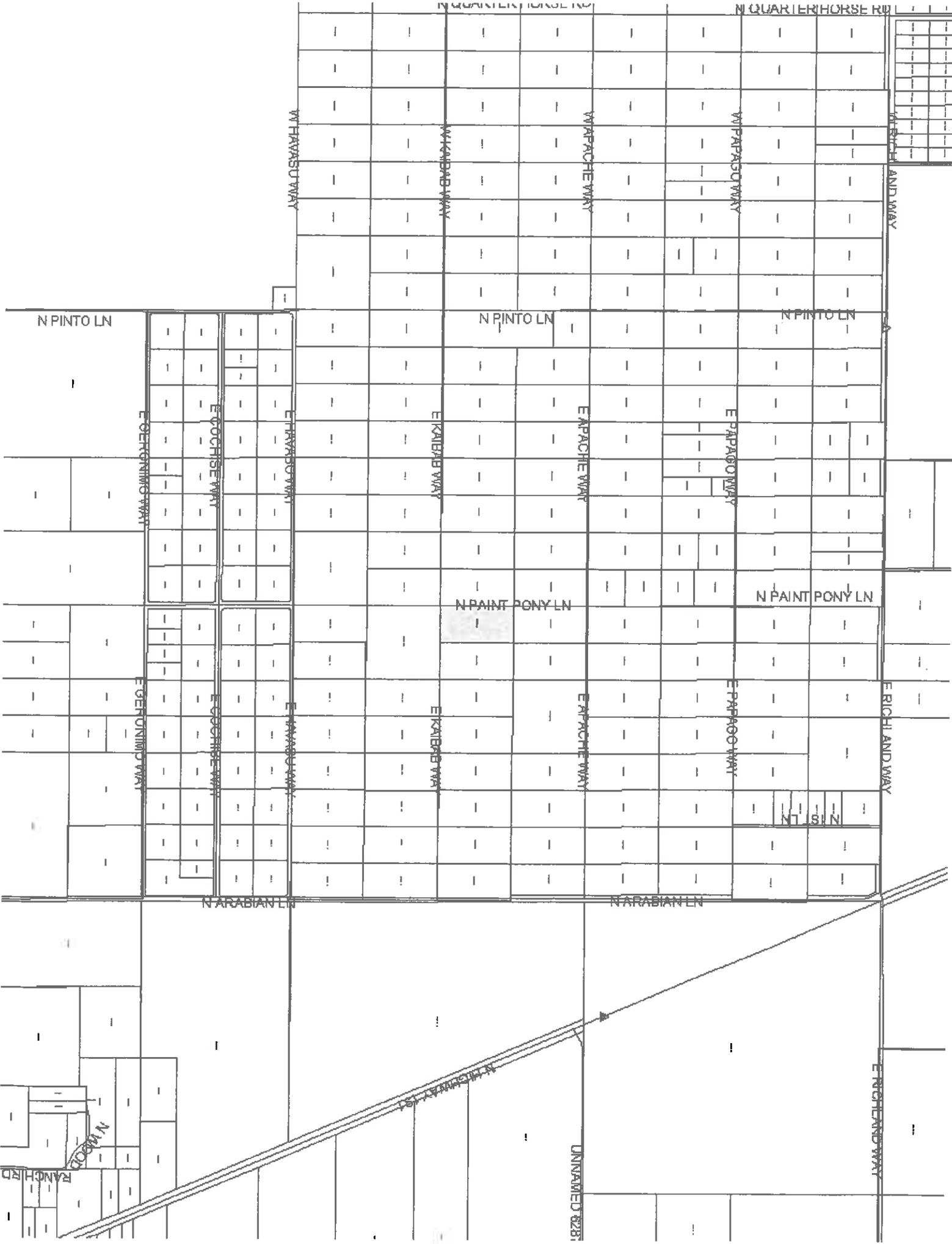
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CONCLUSION CONTINUED

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Pursuant to the Arizona State Constitution, Article 9, Section 18, § (7), [Proposition 104] the property value of a qualifying Arizona resident over the age of 65 "...shall remain fixed at the full cash value in effect during the year...the option is filed..." and upon successful re-application, remain unchanged for a period of three consecutive years.

Assessor recommends no change in value as the current value was established, at the owner's request on two consecutive application dates via Proposition 104, coupled with the fact that the County Assessor has no legal authority to supersede the limits and protections of the Arizona State Constitution.



RANCH RD
N 15th St



2000-03-15

**COCHISE COUNTY ASSESSOR PROPERTY PROFILE REPORT
TAX YEAR 2016**

Account #: R000086953

Parcel #: 206-23-088

Report Date: 08/13/2015

Initials: LWOLSLAGEL

Acct Type: Residential

of Imps: 2

Tax District: 2270

LEA: 0601

PUC: 0133

Status: A

Owner's Name and Address

MARKLE ROY
1842 N PAINT PONY LN
COCHISE, AZ 85606

Property Address

1842 N PAINT PONY LN
COCHISE, AZ 85606

Adjustments / Districts

Code	Units
8	0
A2 X	0

Sales Summary

Sale Date	Sale Price	Deed Type	Reception #	Book	Page	Grantor

Legal / Subdivision

RICHLAND RANCHETTES #4 LOT 456 6/01 LV SITE VAL

Land Valuation Summary

Land Type	Legal Class	Value By	# of Units	Measure	Value/Unit	FCV	Asmt %	Assessed Val
Residential	03L	Cost	0	Acres		\$20,000	10.0%	\$2,000
Land Subtotal:						\$20,000		\$2,000

Improvement Valuation Summary

Imp #	Property Type	Occupancy	Legal Class	FCV	Asmt %	Assessed Val
1	Residential	Single Family Residential	03I	\$96,713	10.0%	\$9,671
2	Residential	Residential Yard Improvements	03I	\$6,335	10.0%	\$633
Improvement Subtotal:				\$103,048		\$10,304

Total Property Value

FCV	\$123,047	Total FCV	\$121,803	Exempt	\$0	Asmt	10.0%	Net Assd Val	\$12,180
LPV	\$121,803	Total LPV	\$121,803	Exempt	\$0	Asmt	10.0%	Net Assd Val	\$12,180

2015 APPLICATION FOR SENIOR PROPERTY VALUATION PROTECTION OPTION

APPLICANT: Please read the Qualifying Guidelines and instruction sheet before submitting this form. If you qualify for the valuation freeze, complete the application and copy for your records before submitting it to the County Assessor.

Application Date ____/____/____ Book ____ Map ____ Parcel ____ Split ____

Applicants Name(s) _____

Property Address _____

Years lived in Primary Residence ____ **Must be a minimum of two (2) years. Primary residency as defined on Guideline Sheet**

Are you the sole owner? Yes ____ No ____ At least one of the Applicants must be 65 years old

Provide proof of age (birth certificate, driver's license, passport, etc.)

Did you file Federal Income Tax Returns for : 2012 2013 2014 (Please provide copies of returns filed) ____ Check if none

If your spouse passed away during the last three years, please state which year: _____

Qualified Owner(s) date(s) of birth ____/____/____ ____/____/____

Income Information: List total annual household income from all owners and all sources, taxable and non taxable. Provide gross income for the three years listed below for all residents of your primary residence.

INCOME FROM ALL SOURCES	DOCUMENTS REQUESTED	Year 2012	Year 2013	Year 2014
Wages, salaries & tips	W-2 Form(s)			
Social Security Benefits	Form 1099			
Interest	Schedule B & Form 1099			
Dividends	Schedule B & Form 1099			
Taxable refunds, credits etc.	Form 1099			
Alimony received	Form 1099			
Business Income	Schedule C or C EZ & Form 1099			
Capital Gains	Schedule D & Form 1099			
IRA Withdrawals	Form 1099			
Pensions and Annuities	Form 1099			
Rental income	Schedule E & form 1099			
AZ Unemployment Insurance	Annual year end statement			
Veteran's disability pension	Annual year end statement			
Workman's compensation	W-2 Form(s)			
Real estate sale	Schedule E & form 1099			
Welfare payments	Annual year end statement			
Railroad retirement benefits	RRB 1099			
Other income	Gambling etc. W-2 Form			
Total income for each year				

Three Year Total Annual Combined Income \$ _____ Three Year Average \$ _____

Documents verifying income listed above must be submitted along with this application. Applications not providing documents will be returned (see instruction sheet for more information). Deadline for submitting this application is SEPTEMBER 1, 2015

Under penalty of perjury, I hereby certify that all of the information contained in this application form is true and correct. I consent to the freezing of the full cash value of my primary residence for a three year period. (Please return original form with signature)

Print name _____ Phone _____

Signature _____ Date _____

COUNTY ASSESSOR USE ONLY

Residency/Age/Income Requirements Met? ____ Yes ____ No Valuation Freeze Approved ____ Yes ____ No Date _____

Three Year Average Income Verified \$ _____ Valuation Amt Frozen _____ Yr Frozen _____

Assessor Deputy _____ Date Entered _____ Letter Sent _____

Valuation Protection Option applied to valuation years _____, _____, and _____.

INSTRUCTIONS

SENIOR PROPERTY VALUATION PROTECTION OPTION

Arizona voters approved Proposition 104 in the November, 2000 General Election, and Proposition 102 in the November, 2002 General Election, thereby amending the Arizona Constitution. The Amendments provide for the "freezing" of the valuation of the primary residence of those seniors who meet all of the following requirements:

1. At least one of the owners must be sixty-five years of age at the time the application is filed. A copy of proof of age must be submitted.
2. The property must be the primary residence of the taxpayer. For purposes of this application "Primary Residence" is defined as the residence which is occupied by the taxpayer for an aggregate of nine months of the calendar year.
3. The owner must have resided in the primary residence for at least two years prior to applying for the option.
4. The owner(s) total income from all sources, including non taxable income, cannot exceed the amount specified by law.

For an initial valuation protection option application, if the owner meets all of these requirements and the County Assessor approves the application, the valuation of the primary residence will remain fixed for a three year period.

To remain eligible, the owner is required to renew the valuation protection option during the last six months of the three year period on receipt of a notice of reapplication from the County Assessor.

The freeze terminates if the owner sells the home or otherwise becomes ineligible. The property's valuation will revert to its current full cash value as determined by the County Assessor in the valuation year in which the sale is completed.

Please be aware that, while the **VALUATION** will be frozen for as long as the owner remains eligible, **TAXES** for the primary residence will **NOT** be frozen and will continue to be levied at the same rate that is applicable to all other properties in the taxing district.

COCHISE COUNTY ASSESSOR

2015 SENIOR VALUATION PROTECTION OPTION

Filing date March 1 to September 1, 2015

Applications may be submitted beginning March 1, 2015. The filing deadline will be September 1, 2015.

Please review the 2015 full cash value before submitting your application. If the 2015 full cash value is lower than the 2013 full cash value, it may not be to your benefit to file for your 2015 valuation.

INCOME LIMITS: \$35,184 AVERAGE 3 YEAR INCOME (ONE OWNER)
 \$43,980 AVERAGE 3 YEAR INCOME (MULTIPLE OWNERS)

Documents Required

- Driver's license, birth certificate or passport to verify date of birth. At least one owner must be 65 years of age.
- Federal income tax returns for 2012, 2013 and 2014 **if you filed**. Please include the following schedules **if they apply**: Schedule C, Schedule D, Schedule E, Schedule F, form 4797 and your year end Social Security Statements.
- 1099 statements for interest, dividends and all other income listed on the application for the years 2012, 2013 and 2014.
- All other non-taxable income earned for the years 2012, 2013 and 2014.
- Proof that you have lived in the residence for two years prior to applying, such as AZ driver's license, voter registration card, utility bill or tax return dated **2 years prior** which shows the physical address of property.

All documents verifying income, age and residency **MUST** be submitted along with the initial application. Please do not send originals. Each income source listed on the application must have documentation. **Applications not providing documentation will be returned.**

The deadline for submitting the application is September 1, 2015. You will be notified no later than December 1, 2015 on the decision of your application.

For Applications or questions regarding the application process, please call our office at 432-8650.

Mail Applications to:

Cochise County Assessor
Exemption/Senior Freeze Technician
P.O. Box 168
Bisbee, AZ 85603

Appendix D

The provisions of the Arizona Constitution related to the Property Tax

ARTICLE 9. Public revenue, debt, and taxation

1. Surrender of power of taxation; uniformity of taxes

Section 1.

The power of taxation shall never be surrendered, suspended or contracted away. Except as provided by section 18 of this article, all taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax, and shall be levied and collected for public purposes only.

2. Property subject to taxation; exemptions

Section 2.

- (1) There shall be exempt from taxation all federal, state, county and municipal property.
- (2) Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law.
- (3) Public debts, as evidenced by the bonds of Arizona, its counties, municipalities or other subdivisions, shall also be exempt from taxation.
- (4) All household goods owned by the user thereof and used solely for noncommercial purposes shall be exempt from taxation, and such person entitled to such exemption shall not be required to take any affirmative action to receive the benefit of such exemption.
- (5) Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer, shall be exempt from taxation.
- (6) The legislature may exempt personal property that is used for agricultural purposes or in a trade or business from taxation in a manner provided by law, except that the exemption does not apply to any amount of the full cash value of the personal property of a taxpayer that exceeds fifty thousand dollars. The legislature may provide by law to increase the exempt amount according to annual variations in a designated national inflation index.
- (7) The legislature may exempt the property of cemeteries that are set apart and used to inter deceased human beings from taxation in a manner provided by law.

- (8) There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, in the amount of:
- (a) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.
 - (b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.
 - (c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.
 - (d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.
 - (e) No exemption if the total assessment of such person exceeds five thousand dollars.

No such exemption shall be made for such person unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars and shall have been a resident of this state prior to September 1, 1945.

- (9) There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States veterans administration or its successor. No such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945 or unless such person shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows:
- (a) If such person's service-connected disability as determined by the United States veterans administration or its successor is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person in the amount of:
 - (i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.
 - (ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.
 - (iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.
 - (iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.

- (v) No exemption if the total assessment of such person exceeds five thousand dollars.
- (b) If such person's service-connected disability as determined by the United States veterans administration or its successor is more than sixty per cent, the property of such person exempt from taxation shall be in the amount of:
 - (i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.
 - (ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.
 - (iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.
 - (iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.
 - (v) No exemption if the total assessment of such person exceeds five thousand dollars.
- (10) There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States veterans administration, or its successor, or such other certification as provided by law, in the amount of:
 - (a) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.
 - (b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.
 - (c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.
 - (d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.
 - (e) No exemption if the total assessment of such person exceeds five thousand dollars.

No such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I and shall have been a resident of this state prior to September 1, 1945.
- (11) There shall be further exempt from taxation the property of each widow, resident of this state, in the amount of:
 - (a) One thousand five hundred dollars if the total assessment of such widow does not exceed three thousand five hundred dollars.
 - (b) One thousand dollars if the total assessment of such widow does not exceed four thousand dollars.

- (c) Five hundred dollars if the total assessment of such widow does not exceed four thousand five hundred dollars.
- (d) Two hundred fifty dollars if the total assessment of such widow does not exceed five thousand dollars.
- (e) No exemption if the total assessment of such widow exceeds five thousand dollars.

In order to qualify for this exemption, the income from all sources of such widow, together with the income from all sources of all children of such widow residing with the widow in her residence in the year immediately preceding the year for which such widow applies for this exemption, shall not exceed:

- 1. Seven thousand dollars if none of the widow's children under the age of eighteen years resided with her in such widow's residence; or
- 2. Ten thousand dollars if one or more of the widow's children residing with her in such widow's residence was under the age of eighteen years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

Such widow shall have resided with her last spouse in this state at the time of the spouse's death if she was not a widow and a resident of this state prior to January 1, 1969.

- (12) No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of subsections (8), (9), (10) or (11) shall not exceed one thousand five hundred dollars. The provisions of this section shall be self-executing.
- (13) All property in the state not exempt under the laws of the United States or under this constitution or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law.

2.1. Exemption from tax; property of widowers

Section 2.1.

There shall be further exempt from taxation the property of each widower, resident of this state, in the amount of:

- 1. One thousand five hundred dollars if the total assessment of such widower does not exceed three thousand five hundred dollars.
- 2. One thousand dollars if the total assessment of such widower does not exceed four thousand dollars.
- 3. Five hundred dollars if the total assessment of such widower does not exceed four thousand five hundred dollars.
- 4. Two hundred fifty dollars if the total assessment of such widower does not exceed five thousand dollars.
- 5. No exemption if the total assessment of such widower exceeds five thousand dollars.

In order to qualify for this exemption, the income from all sources of such widower, together with the income from all sources of all children of such widower residing with the widower in his residence in the year immediately preceding the year for which such widower applies for this exemption, shall not exceed:

1. Seven thousand dollars if none of the widower's children under the age of eighteen years resided with him in such widower's residence; or
2. Ten thousand dollars if one or more of the widower's children residing with him in such widower's residence was under the age of eighteen years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

Such widower shall have resided with his last spouse in this state at the time of the spouse's death if he was not a widower and a resident of this state prior to January 1, 1969.

No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of this section shall not exceed one thousand five hundred dollars. This section shall be self-executing.

2.2. Exemption from tax; property of persons who are disabled

Section 2.2.

- A. There shall be further exempt from taxation the property of each person who, after age seventeen, has been medically certified as totally and permanently disabled, in the amount of:
 1. One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.
 2. One thousand dollars if the total assessment of such person does not exceed four thousand dollars.
 3. Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.
 4. Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.
 5. No exemption if the total assessment of such person exceeds five thousand dollars. The legislature may by law prescribe criteria for medical certification of such disability.
- B. The income from all sources of the person who is disabled, the person's spouse and all of the person's children who reside in the person's residence in the year immediately preceding the year for which the person applies for this exemption shall not exceed:
 1. Seven thousand dollars if none of the person's children under the age of eighteen years resided in the person's residence; or
 2. Ten thousand dollars if one or more of the person's children residing in the residence was under the age of eighteen years or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

- C. No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of this section shall not exceed one thousand five hundred dollars. This section shall be self-executing.

2.3. Exemption from tax; increase in amount of exemptions, assessments and income

Section 2.3.

The legislature may by law increase the amount of the exemptions, the total permissible amount of assessments or the permissible amount of income from all sources prescribed in sections 2, 2.1 and 2.2 of this article.

6. Local assessments and taxes

Section 6.

Incorporated cities, towns, and villages may be vested by law with power to make local improvements by special assessments, or by special taxation of property benefited. For all corporate purposes, all municipal corporations may be vested with authority to assess and collect taxes.

8. Local debt limits; assent of taxpayers

Section 8.

- (1) No county, city, town, school district, or other municipal corporation shall for any purpose become indebted in any manner to an amount exceeding six per centum of the taxable property in such county, city, town, school district, or other municipal corporation, without the assent of a majority of the property taxpayers, who must also in all respects be qualified electors, therein voting at an election provided by law to be held for that purpose, the value of the taxable property therein to be ascertained by the last assessment for state and county purposes, previous to incurring such indebtedness; except, that in incorporated cities and towns assessments shall be taken from the last assessment for city or town purposes; provided, that under no circumstances shall any county or school district become indebted to an amount exceeding fifteen per centum of such taxable property, as shown by the last assessment roll thereof; and provided further, that any incorporated city or town, with such assent, may be allowed to become indebted to a larger amount, but not exceeding twenty per centum additional, for supplying such city or town with water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the incorporated city or town of land or interests therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.
- (2) The provisions of section 18, subsections (3), (4), (5) and (6) of this article shall not apply to this section.

8.1. Unified school district debt limit

Section 8.1.

- (1) Notwithstanding the provisions of section 8 of this article a unified school district may become indebted to an amount not exceeding thirty per cent of the taxable property of the school district, as shown by the last assessment roll thereof. For purposes of this section, a unified school district is a single school district which provides education to the area within the district for grades kindergarten through twelve and which area is not subject to taxation by any other common or high school district.
- (2) The provisions of section 18, subsections (3), (4), (5) and (6) of this article shall not apply to this section.

10. Aid of church, private or sectarian school, or public service corporation

Section 10.

No tax shall be laid or appropriation of public money made in aid of any church, or private or sectarian school, or any public service corporation.

13. Inventory, materials and products of manufacturers; production livestock and animals; tax exemption

Section 13.

No tax shall be levied on:

1. Raw or unfinished materials, unassembled parts, work in process or finished products, constituting the inventory of a manufacturer or manufacturing establishment located within the state and principally engaged in the fabrication, production and manufacture of products, wares and articles for use, from raw or prepared materials, imparting thereto new forms, qualities, properties and combinations, which materials, parts, work in process or finished products are not consigned or billed to any other party.
2. Livestock, poultry, aquatic animals and honeybees owned by a person who is principally engaged in agricultural production, subject to such conditions as may be prescribed by law.

17. Economic estimates commission; appropriation limitation; powers and duties of commission

Section 17.

- (1) The economic estimates commission shall be established by law, with a membership of not to exceed three members, and shall determine and publish prior to February 1 of each year the estimated total personal income for the following fiscal year. By April 1 of each year the commission shall determine and publish a final estimate of the total personal income for the following fiscal year, which estimate shall be used in computing the appropriations limit for the legislature. For the purposes of this section, "total personal income" means the dollar amount that will be reported as total income by persons for the state of Arizona by the U. S. department of commerce or its successor agency.

- (2) For purposes of this section, "state revenues":
- (a) Include all monies, revenues, fees, fines, penalties, funds, tuitions, property and receipts of any kind whatsoever received by or for the account of the state or any of its agencies, departments, offices, boards, commissions, authorities, councils and institutions except as provided in this subsection.
 - (b) Do not include:
 - (i) Any amounts or property received from the issuance or incurrence of bonds or other lawful long-term obligations issued or incurred for a specific purpose. For the purpose of this subdivision long-term obligations shall not include warrants issued in the ordinary course of operation or registered for payment by the state.
 - (ii) Any amounts or property received as payment of dividends or interest.
 - (iii) Any amounts or property received by the state in the capacity of trustee, custodian or agent.
 - (iv) Any amounts received from employers for deposit in the unemployment compensation fund or any successor fund.
 - (v) Any amounts collected by the state for distribution to counties, cities and towns without specific restrictions on the use of the funds other than the restrictions included in section 14 of this article.
 - (vi) Any amounts received as grants, aid, contributions or gifts of any type, except voluntary contributions or other contributions received directly or indirectly in lieu of taxes.
 - (vii) Any amounts received as the proceeds from the sale, lease or redemption of property or as consideration for services or the use of property.
 - (viii) Any amounts received pursuant to a transfer during a fiscal year from another agency, department, office, board, commission, authority, council or institution of the state which were included as state revenues for such fiscal year or which are excluded from state revenue under other provisions of this subsection.
 - (ix) Any amounts attributable to an increase in the rates of tax subsequent to July 1, 1979 on vehicle users, gasoline and diesel fuel which were levied on July 1, 1979.
 - (x) Any amounts received during a fiscal year as refunds, reimbursements or other recoveries of amounts appropriated which were applied against the appropriation limitation for such fiscal year or which were excluded from state revenues under other provisions of this subsection.
- (3) The legislature shall not appropriate for any fiscal year state revenues in excess of seven per cent of the total personal income of the state for that fiscal year as determined by the economic estimates commission. The limitation may be exceeded upon affirmative vote of two-thirds of the membership of each house of the legislature on each measure that appropriates amounts in excess of the

limitation. If the legislature authorizes a specific dollar amount of appropriation for more than one fiscal year, for the purpose of measuring such appropriation against the appropriation limitation, the entire amount appropriated shall be applied against the limitation in the first fiscal year during which any expenditures are authorized, and in no other fiscal year.

- (4) In order to permit the transference of governmental functions or funding responsibilities between the federal and state governments and between the state government and its political subdivisions without abridging the purpose of this section to limit state appropriations to a percentage of total personal income, the legislature shall provide for adjustments of the appropriation percentage limitation consistent with the following principles:
- (a) If the federal government assumes all or any part of the cost of providing a governmental function which the state previously funded in whole or in part, the appropriation limitation shall be commensurately decreased.
 - (b) If the federal government requires the state to assume all or any part of the cost of providing a governmental function the appropriation limitation shall be commensurately increased.
 - (c) If the state assumes all or any part of the cost of providing a governmental function and the state requires the political subdivision, which previously funded all or any part of the cost of the function to commensurately decrease its tax revenues, the appropriation percentage limitation shall be commensurately increased.
 - (d) If a political subdivision assumes all or any part of the cost of providing a governmental function previously funded in whole or in part by the state, the appropriation percentage limitation shall be commensurately decreased.

Any adjustments made pursuant to this subsection shall be made for the first fiscal year of the assumption of the cost. Such adjustment shall remain in effect for each subsequent fiscal year.

18. Residential ad valorem tax limits; limit on increase in values; definitions

Section 18.

- (1) The maximum amount of ad valorem taxes that may be collected from residential property in any tax year shall not exceed one per cent of the property's full cash value as limited by this section.
- (2) The limitation provided in subsection (1) does not apply to:
 - (a) Ad valorem taxes or special assessments levied to pay the principal of and interest and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific purpose.
 - (b) Ad valorem taxes or assessments levied by or for property improvement assessment districts, improvement districts and other special purpose districts other than counties, cities, towns, school districts and community college districts.
 - (c) Ad valorem taxes levied pursuant to an election to exceed a budget, expenditure or tax limitation.

- (3) Except as otherwise provided by subsections (5), (6) and (7) of this section the value of real property and improvements and the value of mobile homes used for all ad valorem taxes except those specified in subsection (2) shall be the lesser of the full cash value of the property or an amount ten per cent greater than the value of property determined pursuant to this subsection for the prior year or an amount equal to the value of property determined pursuant to this subsection for the prior year plus one-fourth of the difference between such value and the full cash value of the property for current tax year, whichever is greater.
- (4) The legislature shall by law provide a method of determining the value, subject to the provisions of subsection (3), of new property.
- (5) The limitation on increases in the value of property prescribed in subsection (3) does not apply to equalization orders that the legislature specifically exempts by law from such limitation.
- (6) Subsection (3) does not apply to:

 - (a) Property used in the business of patented or unpatented producing mines and the mills and the smelters operated in connection with the mines.
 - (b) Producing oil, gas and geothermal interests.
 - (c) Real property, improvements thereto and personal property used thereon used in the operation of telephone, telegraph, gas, water and electric utility companies.
 - (d) Aircraft that is regularly scheduled and operated by an airline company for the primary purpose of carrying persons or property for hire in interstate, intrastate or international transportation.
 - (e) Standing timber.
 - (f) Property used in the operation of pipelines.
 - (g) Personal property regardless of use except mobile homes.
- (7) A resident of this state who is sixty-five years of age or older may apply to the county assessor for a property valuation protection option on the person's primary residence, including not more than ten acres of undeveloped appurtenant land. To be eligible for the property valuation protection option, the resident shall make application and furnish documentation required by the assessor on or before September 1. If the resident fails to file the application on or before September 1, the assessor shall process the application for the subsequent year. If the resident files an application with the assessor on or before September 1, the assessor shall notify the resident whether the application is accepted or denied on or before December 1. The resident may apply for a property valuation protection option after residing in the primary residence for two years. If one person owns the property, the person's total income from all sources including nontaxable income shall not exceed four hundred per cent of the supplemental security income benefit rate established by section 1611(b)(1) of the social security act. If the property is owned by two or more persons, including a husband and wife, at least one of the owners must be sixty-five years of age or older and the owners' combined total income from all sources including nontaxable income shall not exceed five hundred per cent of

the supplemental security income benefit rate established by section 1611(b)(1) of the social security act. The assessor shall review the owner's income qualifications on a triennial basis and shall use the owner's average total income during the previous three years for the review. If the county assessor approves a property valuation protection option, the value of the primary residence shall remain fixed at the full cash value in effect during the year the property valuation protection option is filed and as long as the owner remains eligible. To remain eligible, the county assessor shall require a qualifying resident to reapply for the property valuation protection option every three years and shall send a notice of reapplication to qualifying residents six months before the three year reapplication requirement. If title to the property is conveyed to any person who does not qualify for the property valuation protection option, the property valuation protection option terminates, and the property shall revert to its current full cash value.

- (8) The legislature shall provide by law a system of property taxation consistent with the provisions of this section.
- (9) For the purposes of this section:
 - (a) "Owner" means the owner of record of the property and includes a person who owns the majority beneficial interest of a living trust.
 - (b) "Primary residence" means all owner occupied real property and improvements to that real property in this state that is a single family home, condominium, townhouse or an owner occupied mobile home and that is used for residential purposes.

Note: See also the "Senior Freeze" application form (DOR 82104) and its instructions.

19. Limitation on annual increases in local ad valorem tax levies; exceptions

Section 19.

- (1) The maximum amount of ad valorem taxes levied by any county, city, town or community college district shall not exceed an amount two per cent greater than the amount levied in the preceding year.
- (2) The limitation prescribed by subsection (1) does not apply to:
 - (a) Ad valorem taxes or special assessments levied to pay the principal of and the interest and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific purpose.
 - (b) Ad valorem taxes or assessments levied by or for property improvement assessment districts, improvement districts and other special purpose districts other than counties, cities, towns and community college districts.
 - (c) Ad valorem taxes levied by counties for support of school districts.
- (3) This section applies to all tax years beginning after December 31, 1981.
- (4) The limitation prescribed by subsection (1) shall be increased each year to the maximum permissible limit, whether or not the political subdivision actually levies ad valorem taxes to such amounts, except that beginning in 2007 the limitation prescribed by subsection (1) shall be computed from the actual tax levy of the county, city, town or community college district in 2005.



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

DATE: December 27, 2000 **AD-00-12-25**

TO: All County Assessors

FROM: Steve Partridge, Assistant Director, Property Tax Division

SUBJECT: Proposition 104; Valuation Freeze for the Elderly

House Concurrent Resolution 2028 was passed in the last legislative session under the auspices of "freezing" the full cash value of the primary residences for residents 65 years of age and older who meet certain eligibility requirements. This H.C.R became Proposition 104, which the voters approved at the general election in November. After making a careful review of the Proposition, we discovered that several important areas of concern were not addressed. In most cases of amendments to the Constitution, an H.C.R. or S.C.R. (Senate Concurrent Resolution) is usually accompanied by the necessary statutory amendments in the form of a House Bill or Senate Bill, which are made conditionally effective on the passage of the H.C.R or S.C.R. No such statutory amendment accompanied Proposition 104. Unfortunately, the progress of this bill through the legislature was such that the sheer number of sponsors provided a momentum to the bill that showed little sign of being abated by details which needed to be addressed.

Nevertheless, in an effort to expedite implementation of this Proposition until such time as the legislature chooses to enact statutory clarification, if ever, we are issuing the following procedures and definitions as a preliminary guideline. If the legislature makes statutory changes which are inconsistent with this guideline, to the effect that there is a conflict, the statutes will control. If that occurs, we will amend the guideline to be consistent with any legislative change as quickly as possible.

A copy of the form to be used for this option is attached to this guideline. A copy of this form will be posted on the Department's web site, www.revenue.state.az.us, in the near future. Since this is a single page form, you may make copies of it, as you deem appropriate.

When does this program begin?

This program will begin for the 2001 tax year. The value used for the 2001 tax year will be "frozen" for the 2001, 2002 and 2003 tax years. From that point forward, an application can be filed in any given tax year for the next three successive tax years.

When should the application be filed with the Assessor?

We are suggesting that the application be filed on or before March 1 of the first tax year in which the value will be frozen. This date was chosen to coincide with the date by which applications for exemption are required to be filed pursuant to A.R.S. § 42-11153.

How does a taxpayer demonstrate residence for two years?

Since this Proposition only applies to property owned by a taxpayer, the most logical proof is a Deed. Of course, this document only demonstrates ownership, not occupancy. If occupancy by the taxpayer is an issue, you may request copies of utility or telephone bills.

What is the "primary residence"?

Although Proposition 104 ostensibly includes a definition of "primary residence", unfortunately, it is not very helpful. It only deals with the issue of a residence, and does not define the word "primary". Drawing on a companion tax for assistance, the income tax statutes (Title 43) create a presumption that a "resident" is a person who "spends in the aggregate more than nine months of the taxable year within this state..." The Department interprets the term "primary residence" as follows:

A "primary residence" is that residence which is occupied by the taxpayer for an aggregate of nine months of the calendar year. For the purposes of this guideline, a taxpayer can have only one primary residence.

Can a mobile home be a primary residence?

Yes. The term of residency, outlined above, must still be met.

What happens if the property is sold?

If the "primary residence" itself is sold, the property loses its protection. The property reverts to its current full cash value in the valuation year in which the sale is completed. If the subsequent owner qualifies for this option, that owner will have to apply as set forth in this guideline.

What happens if a portion of the property is sold?

Proposition 104 includes as protected property up to ten acres of undeveloped land appurtenant to the "primary residence". If the owner sells a portion of the vacant land after the value is frozen, the Assessor may revalue both parcels. The taxpayer may reapply for this valuation protection option. The Assessor may place the sold portion on

the tax roll for its current full cash value, unless the purchaser applies and qualifies for the valuation protection option.

Can a taxpayer voluntarily terminate this option?

No. Once elected, the valuation protection option continues until the taxpayer fails to reapply or fails to meet the qualifications for this option.

What happens if the taxpayer makes major improvements to the property?

If a taxpayer makes major improvements to the taxpayer's primary residence, and the value of those improvements is greater than 10% of the current full cash value of the primary residence, the Assessor may revalue the property. The taxpayer may reapply for the valuation protection option, if the taxpayer continues to meet the requirements for this option.

Are the taxes frozen?

Absolutely not. The setting of tax rates has not changed. Accordingly, it is very possible that a taxpayer that has chosen this option can have a tax increase if the tax rates increase.

Is the limited value frozen?

Yes. The limited value is frozen, just as is the case with the full cash value.

What is the income threshold for qualification?

In order to qualify for this option, a taxpayer's income from all sources may not exceed certain amounts established by the Social Security Act. If there is only one owner, that person's total income cannot "exceed 400% of the Supplemental Security Income Benefit Rate established by section 1611 of the Social Security Act." (The more correct citation to this act is 42 U.S.C § 1382.) If there are more than two owners, the percentage increases to 500%. These rates are set by the Social Security Administration and increase annually. At this point, the rates for 2001 are \$530 per month for an individual and \$796 per month for a couple. Accordingly, the thresholds for qualification in 2001 are \$25,440 for an individual and \$47,760 for a couple. These amounts will probably increase for 2002, but the rates for 2002 have not been determined as of the date of this guideline.

What income is utilized?

The Proposition seems clearer on this point. Basically, it states that all income, both taxable and nontaxable, is included whether or not it is subject to the Arizona personal income tax. This means absolutely everything, from wages to sale of assets. Some other examples of income are itemized on the attached list.

What documents must be provided to the Assessor to prove income?

Those documents that the Assessor deems sufficient, in the Assessor's discretion, may satisfy the income requirement.

Does a tax return provide proof of income?

Not necessarily. The Assessor may ask for this document. However, since nontaxable income is included according to the Proposition, and since many low income taxpayers are not required to file income tax returns, the actual return is of very little value.

Will the Department verify income?

No. As was previously stated, taxable income is only a portion of the income to be analyzed by the Assessor. Additionally, A.R.S. § 42-2002 prohibits the disclosure of confidential taxpayer information, including the information contained on income tax returns. Accordingly, the determination of income levels is solely within the discretion of the Assessor.

Should the actual annual income be utilized or should it be averaged to determine eligibility?

The Proposition states that all income may not exceed a certain percentage of the Supplemental Security Income Benefit Rate established by Section 1611 of the Social Security Act. The Proposition also indicates that the Assessor should average the owner's total income during the previous three years. This apparent inconsistency can be resolved by using the average income over the three-year period. Therefore, during any one of these years, the owner's income may exceed the limit. However, it is only the three-year average that is to be used in making this determination.

What income must be considered in the first year of application?

The Proposition lacks clarity on this issue as well. It would be inconsistent and inequitable to require a taxpayer to provide three years' income information to continue the valuation protection option while only requiring one year's income information for the initial application. This inequity would only be compounded in a situation where an individual well past 65 in age applies for the first time. He would only have to provide a single year's income information, while his neighbor, who has participated in the program for several years, would have to provide a full three years' income information. Therefore, the only consistent interpretation is that the taxpayer must provide three years' income information for the initial application, as well as for each triennial review.

Must the owner reapply every three years?

Yes. However, it is incumbent on the Assessor to notify the owner at least six months before the three-year period expires.

How does the Assessor verify the taxpayer's age?

If there is a question as to the taxpayer's age, the Assessor can request a birth certificate, driver's license, or any other documentation verifying age.

EXAMPLES OF INCOME

- salaries, wages and tips
- dividend and interest income, including U.S. Government interest and bond interest from Arizona sources
- business and farm income
- rent and royalty income
- partnership, estate and trust income
- alimony
- pension and annuity income, including Arizona state and local retirement benefits, and U.S. Government pensions including civil service and military retirement benefits
- social security benefits
- railroad retirement benefits
- workmen's compensation
- Arizona unemployment insurance payments
- veterans' disability pensions
- welfare payments

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Section 18

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- Property subject to taxation; exemptions
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Section 19	Limitation on annual increases in local ad valorem tax levies; exceptions
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18. Residential ad valorem tax limits; limit on increase in values; definitions

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(2) The limitation provided in subsection (1) does not apply to:

(a) Ad valorem taxes or special assessments levied to pay the principal of and interest and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific purpose.

(b) Ad valorem taxes or assessments levied by or for property improvement assessment districts, improvement districts and other special purpose districts other than counties, cities, towns, school districts and community college districts.

(c) Ad valorem taxes levied pursuant to an election to exceed a budget, expenditure or tax limitation.

(3) Except as otherwise provided by subsections (5), (6) and (7) of this section:

(a) Through tax year 2014, the value of real property and improvements and the value of mobile homes used for all ad valorem taxes except those specified in subsection (2) shall be the lesser of the full cash value of the property or an amount ten per cent greater than the value of property determined pursuant to this subsection for the prior year or an amount equal to the value of property determined pursuant to this subsection for the prior year plus one-fourth of the difference between such value and the full cash value of the property for current tax year, whichever is greater.

(b) For the purposes of taxes levied beginning in tax year 2015, the value of real property and improvements, including mobile homes, used for all ad valorem taxes shall be the lesser of the full cash value of the property or an amount five per cent greater than the value of property determined pursuant to this subsection for the prior year.

(4) The legislature shall by law provide a method of determining the value, subject to the provisions of subsection (3), of new property.

(5) The limitation on increases in the value of property prescribed in subsection (3) does not apply to equalization orders that the legislature specifically exempts by law from such limitation.

(6) Subsection (3) does not apply to:

(a) Property used in the business of patented or unpatented producing mines and the mills and the smelters operated in connection with the mines.

(b) Producing oil, gas and geothermal interests.

(c) Real property, improvements thereto and personal property used thereon used in the operation of telephone, telegraph, gas, water and electric utility companies.

(d) Aircraft that is regularly scheduled and operated by an airline company for the primary purpose of carrying persons or property for hire in interstate, intrastate or international transportation.

(e) Standing timber.

(f) Property used in the operation of pipelines.

(g) Personal property regardless of use except mobile homes.

(7) A resident of this state who is sixty-five years of age or older may apply to the county assessor for a property valuation protection option on the person's primary residence, including not more than ten acres of undeveloped appurtenant land. To be eligible for the property valuation protection option, the resident shall make application and furnish documentation required by the assessor on or before September 1. If the resident fails to file the application on or before September 1, the assessor shall process the application for the subsequent year. If the resident files an application with the assessor on or before September 1, the assessor shall notify the resident whether the application is accepted or denied on or before December 1. The resident may apply for a property valuation protection option after residing in the primary residence for two years. If one person owns the property, the person's total income from all sources including nontaxable income shall not exceed four hundred per cent of the supplemental security income benefit rate established by section 1611(b)(1) of the social security act. If the property is owned by two or more persons, including a husband and wife, at least one of the owners must be sixty-five years of age or older and the owners' combined total income from all sources including nontaxable income shall not exceed five hundred per cent of the supplemental

security income benefit rate established by section 1611(b)(1) of the social security act. The assessor shall review the owner's income qualifications on a triennial basis and shall use the owner's average total income during the previous three years for the review. If the county assessor approves a property valuation protection option, the value of the primary residence shall remain fixed at the valuation determined pursuant to subsection (3) that is in effect during the year the property valuation protection option is filed and as long as the owner remains eligible. To remain eligible, the county assessor shall require a qualifying resident to reapply for the property valuation protection option every three years and shall send a notice of reapplication to qualifying residents six months before the three year reapplication requirement. If title to the property is conveyed to any person who does not qualify for the property valuation protection option, the property valuation protection option terminates, and the property shall revert to its current full cash value.

(8) The legislature shall provide by law a system of property taxation consistent with the provisions of this section.

(9) For the purposes of this section:

(a) "Owner" means the owner of record of the property and includes a person who owns the majority beneficial interest of a living trust.

(b) "Primary residence" means all owner occupied real property and improvements to that real property in this state that is a single family home, condominium or townhouse or an owner occupied mobile home and that is used for residential purposes.