

Maricopa County Assessor's Office Internal Policy and Procedures

Title: Senior Valuation Protection Qualification

Number: SS-4:00 121412

Policy Category: Income Determination

Date: December 14, 2012

Initiating Division: Support Services

Revision:

Reviewed by: Ken Young

Approved by: Tim Boncoskey

Revision Date:

Purpose: Senior Property Valuation Protection – Deductions for expenses, Business Losses or other situations.

Policy: After consultation with, and upon the advice of legal counsel, Maricopa County Assessor's Office takes the position that Arizona law does not permit the Assessor to include deductions, such as expenses or business losses, in the financial calculation to determine an applicant's eligibility for Senior Property Valuation Protection.

In 2000, voters amended the Arizona Constitution, Title IX, Article 18 to include subsection (7). Subsection 7 provides a property valuation protection option for residents who are sixty-five years of age or older who apply for the protection option on or before September 1, and provide a completed application and other documentation required by the Assessor. Several criteria must be met to be eligible for the Senior Property Valuation Protection benefit. One of those criteria requires the applicant's "total income from all sources including nontaxable income" to be less than a statutorily defined amount.

"Total income from all sources" is synonymous with "gross income." "Gross income" is commonly defined as "total income from all sources before deductions, exemptions, or other tax reductions." *Black's Law Dictionary*, 9th ed. p. 831 (2009) [emphasis added]. Arizona law states that gross income shall be defined from the Internal Revenue Code. A.R.S. §§ 43-301D, 43-308; 43-1001. The Internal Revenue Code defines "gross income" as "all income from whatever source derived, including (but not limited to) the following items: . . . (2) Gross Income derived from business." 26 U.S.C. §61.

Title IX, Article 18(7) neither instructs nor permits the Assessor to consider any deductions from the "total income." The "total income from all sources" calculation includes all taxable and non-taxable income, whether or not the income is subject to Federal or Arizona personal income tax. There is no requirement that the applicant file a Federal or Arizona personal income tax return in order to apply for Senior Property Valuation Protection.

Under Title IX, Article 18(7), the Assessor may identify what documents applicants must provide to the Assessor. If an applicant has filed Federal or Arizona personal income tax returns, the Maricopa County Assessor requires a copy of those tax returns. If no Federal or Arizona personal income tax returns were filed, the Assessor requires other proof of "total income" including but not limited to copies of social security, veteran's benefits, welfare and pension income documentation, or non-governmental income such as alimony, partnership estate or trust income, 1099's or other verified income documentation.