

Maricopa County Assessor's Office Internal Policy and Procedures

Title: DAMAGED, DESTROYED, SALVAGE PROPERTIES POLICY

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Policy Category: Valuation of Damaged, Destroyed, Salvage Properties

Date: September 1, 2018

Initiating Division: Appraisal Division

Revision:

Reviewed by: Tracy Johnston, Chief Appraiser

Approved by: Tim Boncoskey, Chief Deputy

Revision Date:

Purpose: To establish guidelines on how to treat salvage properties or properties that have been damaged or destroyed. This policy incorporates guidelines from the Department of Revenue.

Effective Date: This policy shall be effective for the 2020 tax year.

Definitions:

Salvage Property: Salvage properties are uninhabitable, unusable or condemned properties.

Destroyed Property (total demolition): property with a destroyed or ruined structure.

Damaged Property: property damaged to the extent that it cannot presently be used for its intended function, but for which the damage is curable. If a property is categorized as damaged, the damage to the property should be identifiable as having been caused by a specific, verifiable event/calamity (e.g., fire, flood, storm, etc.).

Policy & Procedure:

A. Salvage Properties:

1. In theory, the value of a salvage structure will be the estimated value of the recoverable components less the cost of demolition and recovery. Salvage improvements are improvements that have sustained significant damage. To qualify as salvage, the damaged improvements should be fenced and utility meters must be removed.
2. An improvement may be designated and classified as a salvage structure when one or more of the following conditions exist:
 - a. Uninhabitable – structure no longer capable of providing the needs for habitation.
 - b. Unusable –unsafe to live in, to store items in, to work in or to use for any useful purpose
 - c. Condemned – officially declared unsafe, unfit for occupancy or unfit for use. Usually initiated by local authorities.

3. Process:

- a. If the property is on cost, place a 90% factor in the obsolescence field. If damaged properties require a smaller or larger adjustment please consult with your supervisor. Comments must be made in the remarks field.
- b. If the property is on the residential roll, check the salvage box, CAMA will take the land to market and calculate a value for the improvement. Also a detailed parcel history indicating why the property is salvage must be made.
- c. Salvage properties also need to have the legal class changed to 2.R., and the PUC should change to 09xx. Note, however, if the salvage improvement(s) are only a small part of the total improvements on a parcel, the property should retain the current PUC and classification.
- d. Salvage properties should be reviewed annually.

B. Destroyed/Total Demolition:

1. The statute that governs destruction of property is ARS §42-15157. Destruction of property after rolls closed; proration of valuation and taxes.
2. If a property is destroyed after the Assessor closes the rolls, the property owner may file a Notice of Claim pursuant to section ARS §42-16254 to prorate the valuation of the property from the date of destruction. The Arizona Department of Revenue form to be filed is 82135C: "Taxpayer Notice of Claim – Damaged or Destroyed Property".
3. If the Assessor finds that the property was destroyed, the assessor shall prorate the value of the property from the lien date to the date of destruction.
4. Using DOR Form 82135C, the property owner should indicate the date of destruction and the cause of destruction. Property owner should also provide evidence of both.
5. The Assessor shall:
 - a. Verify and determine the date of demolition.
 - b. It is our policy to prorate from the nearest first of the month. Therefore, for proration purposes, divide by the months occupied by 12. The improvement value will be a proration and carry the same assessment ratio in effect before the demolition/destruction. The land will carry a mixed assessment ratio.
 - c. The following year, the property will be classified as vacant land with no improvements with a vacant land property use code and legal classification.
6. Exception: If an improvement was demolished to rebuild another improvement, the Assessor may use its discretion and maintain any slabs or site improvements, and apply the

appropriate property use code (PUC) and legal classification for the intended new improvement.

C. Damaged Property:

1. Designation of a property as damaged is intended to provide **temporary relief**. The damage should be readily identifiable and quantifiable, and must be due to a specific event/calamity. For example, this designation may apply if fire destroyed part of a home and the damaged areas are in the process of being repaired. Note: If property damage is not temporary/curable, the property should be categorized as salvage rather than damaged property.
2. Process:
 - a. The appraiser should verify the property condition and estimate the percent damaged.
 - b. The appraiser should take the property to a partial complete status.
 - c. The legal class should **not** be changed.
 - d. For properties listed in the cost system, a percent complete should be entered in the system. For properties listed in the RD market system, an entry of either 50% or 75% percent complete may be used. This does not prevent the appraiser to make a judgement call and override the value.
3. The properties will be reviewed annually to determine current status.