

Additional Depreciation

Provides an additional depreciation schedule to encourage new capital investment by reducing personal property tax liability. The additional depreciation schedule is applied to the first five years of the property assessment and accelerates depreciation by five percentage points per year for five years. In year one, the additional rate is 30%; in year two – 46%; in year three – 62%, and in year four –78%; in year five – 94% of the scheduled depreciated value. After the fifth year, taxable value continues to be determined using Arizona Department of Revenue (ADOR) schedules. The additional depreciation schedule is based on ADOR replacement cost new less straight-line depreciation schedules. This program applies to class 1 (commercial and industrial) personal property and class 2 (agricultural) personal property.