

## ARIZONA DEPARTMENT OF MINERAL RESOURCES

### Comparison of Taxes of the Six Mining Counties with Taxes of the Eight Agricultural Counties.

Recently the Arizona Department of Mineral Resources published a table comparing the direct State taxes paid by Primary Producing Industries. Now it has been suggested that the comparison of State taxes paid by the primary producing industries doesnot give a "sufficiently complete and accurate picture because it does not take into account the City, County and School levies". Therefore another compilation has been made to include these levies.

The suggestion was that the property tax levied by the State is small when compared with the City, County and School District levy. It was pointed out that in those districts and counties where the principal mines are located, this levy is generally very small. In areas where many farms and ranches are located these levies are substantial.

The new table, covering State, County, School and City taxes paid during the last ten years by three primary producing industries, shows that the Mining Industry has paid \$412.97 per \$10,000 product value, as compared with \$249.90 for the Agricultural Industry, and \$96.16 for the Livestock Industry. Disregarding the Sales (production) tax, the Mining Industry has paid \$329.87 per \$10,000 product value. This in spite of the fact that the total tax rate in the mining counties averaged approximately \$3.00 per \$100 valuation, as compared with almost \$5.00 per \$100 valuation in the other counties.

The chief purpose in showing the first comparison was to find a way to avoid the inequitable methods of evaluating state property which are inherent in the particular property assessed.

Mine evaluation by the Hoskold formula involves the uncertainty of the future price of metals, the future grade of ore to be mined, and the concentrating characteristics of the ore to be mined. These factors cannot be foretold with any degree of accuracy.

Evaluation of crop lands involves similar uncertainties of prices and yield.

Likewise, evaluation of livestock and animal products is beset with indeterminate factors, and in addition the accurate determination of the number of livestock on the ranges is practically impossible to ascertain.

Hence the thought that a production tax on these primary products would be based on the actual record of production, and it was believed such a tax would raise the required revenue for operating the State Government.

If it is still desired to keep the property tax on the State level in order to include much property that would not come under the proposed production tax, then, in addition to the proposed production tax on the primary producing industries, a property valuation on the buildings, equipment and materials used in these industries could be assessed on the state level. Such a

valuation could be made on a fair and equitable basis, whereas it is a difficult thing to accomplish when attempting to evaluate the future production capacities of mining claims, cattle ranches, and crop lands. For example, in the mining industry the County Assessors evaluate mining property other than claims or ore bodies, and in the last five years this proportion has been approximately 20 per cent of the total assessed valuation of all mining property. (See table "Final Valuation of all Property Assessed to Producing Mining Properties"). This property would be subject to the normal state property tax.

It seems reasonable to levy a production tax on the revenue of other industries besides mining, such as Agriculture, Livestock, Manufacturing, Railroads and Utilities. Such a tax would lower the property tax levied against all industries and would have the virtue of being equitable and not discriminatory. The mining industry now bears the brunt of the production tax, and in addition pays a property tax like all the rest.

TOTAL STATE, COUNTY, CITY AND SCHOOL TAXES FOR THE  
SIX MINING COUNTIES

(Greenlee, Gila, Pima, Pinal, Cochise & Yavapai)

Compiled by: Arizona Department of Mineral Resources  
from: State Tax Commission's Reports

<u>Year</u>	<u>Net County Valuation</u>	<u>Total State, County, City, &amp; School Taxes</u>	<u>Rate per \$100</u>
1941	\$ 209,304,586	\$ 6,873,204	\$ 3.28
1942	223,463,779	5,266,378	2.36
1943	287,071,716	5,734,481	2.00
1944	289,586,963	4,725,650	1.63
1945	280,300,124	6,249,782	2.23
1946	284,336,898	6,051,199	2.13
1947	316,774,769	9,541,899	3.01
1948	354,102,072	12,064,976	3.41
1949	388,142,810	15,849,817	4.08
1950	399,844,084	19,549,749	4.99
TOTAL	\$ 3,032,927,801	\$ 91,907,135	\$ 3.03
Average	\$ 303,292,780	\$ 9,190,714	\$ 3.03

TAXES PAID BY MINING INDUSTRY USING ABOVE RATES

	<u>Valuation All Mining Property</u>	<u>Tax Rate</u>	<u>Taxes Paid</u>	<u>Value of Product</u>	<u>Taxes Paid Per \$10,000 Value</u>
1941	95,271,849	3.28	3,124,917	97,638,000	320.05
1942	104,494,743	2.36	2,466,076	114,526,000	215.33
1943	155,758,225	2.00	3,115,165	121,213,000	257.00
1944	159,791,334	1.63	2,604,599	113,095,000	230.30
1945	147,641,656	2.23	3,292,409	95,963,000	343.09
1946	146,397,024	2.13	3,118,257	114,986,000	271.19
1947	168,093,603	3.01	5,059,617	182,753,000	276.86
1948	182,732,534	3.41	6,231,179	196,208,000	317.58
1949	195,070,613	4.08	7,958,881	177,894,000	447.39
1950	194,680,500	4.99	9,714,557	201,034,000	483.23
TOTAL	1,549,932,081	3.01	46,685,657	1,415,310,000	329.87
Average	154,993,208	3.01	4,668,566	141,531,000	329.87
Production (Sales) Tax Paid on Mining Products					83.10
Total Tax Paid by Mining Industry per \$10,000 value of Product					412.97

TOTAL STATE, COUNTY, CITY AND SCHOOL TAXES FOR THE  
EIGHT MAJOR AGRICULTURAL COUNTIES

(Apache, Coconino, Graham, Maricopa, Mohave, Navajo,  
Santa Cruz, and Yuma)

Compiled by: Arizona Department of Mineral Resources  
from: State Tax Commission's Reports.

<u>Year</u>	<u>Net County Valuation</u>	<u>Total State, County, City &amp; School Taxes</u>	<u>Rate per \$100</u>
1941	\$ 177,675,712	\$ 7,844,387	\$ 4.42
1942	182,748,428	6,906,554	3.78
1943	198,998,703	6,879,574	3.46
1944	210,043,560	6,168,050	2.94
1945	208,402,994	8,907,156	4.27
1946	220,173,504	10,121,053	4.60
1947	252,720,187	14,561,834	5.76
1948	313,585,924	17,025,478	5.43
1949	344,298,819	20,512,483	5.96
1950	355,985,667	22,999,026	6.46
TOTAL	\$ 2,464,633,498	\$ 121,925,595	\$ 4.95
Average	\$ 246,463,350	\$ 12,192,560	\$ 4.95

TAXES PAID BY AGRICULTURE USING ABOVE RATES

	<u>Valuation Lands &amp; Improvements</u>	<u>Tax Rate</u>	<u>Taxes Paid</u>	<u>Value of Products</u>	<u>Taxes paid per \$10,000 Value</u>
1941	\$ 50,500,243	\$ 4.42	\$ 2,232,111	\$ 43,839,000	\$ 509.16
1942	52,693,427	3.78	1,991,812	52,849,000	376.89
1943	54,097,737	3.46	1,871,782	83,163,000	225.07
1944	59,037,928	2.94	1,735,715	80,388,000	215.92
1945	59,968,525	4.27	2,560,656	89,648,000	285.63
1946	63,130,750	4.60	2,904,015	102,955,000	282.07
1947	68,140,507	5.76	3,924,893	112,192,000	349.84
1948	72,770,147	5.43	3,951,419	143,065,000	276.20
1949	82,420,716	5.96	4,912,275	177,276,000	277.10
1950	85,311,859	6.46	5,511,146	186,037,000	296.24
TOTAL	\$ 648,071,839	\$ 4.88	\$31,595,824	1,071,412,000	\$ 294.90
Average	\$ 64,807,184	\$ 4.88	\$ 3,159,582	\$ 107,141,200	\$ 294.90

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EIGHT MAJOR AGRICULTURAL COUNTIES

(Apache, Coconino, Graham, Maricopa, Mohave, Navajo,  
Santa Cruz, and Yuma)

Compiled by: Arizona Department of Mineral Resources  
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1948	313,585,924	17,025,478	5.43
1949	344,298,819	20,512,483	5.96
1950	355,985,667	22,999,026	6.46
TOTAL	\$ 2,464,633,498	\$ 121,925,595	\$ 4.95
Average	\$ 246,463,350	\$ 12,192,560	\$ 4.95

TAXES PAID BY LIVESTOCK INDUSTRY USING ABOVE RATES

	<u>Valuation Livestock Industry</u>	<u>Tax Rate</u>	<u>Taxes Paid</u>	<u>Value of Products</u>	<u>Taxes Paid per \$10,000 value</u>
1941	\$ 10,000,029	\$ 4.42	\$ 442,001	\$ 31,536,000	\$ 140.16
1942	12,085,604	3.78	456,836	44,338,000	103.03
1943	12,649,410	3.46	437,670	47,703,000	91.75
1944	13,087,921	2.94	384,785	44,602,000	86.27
1945	12,706,441	4.27	542,565	51,310,000	105.74
1946	12,620,638	4.60	580,549	58,796,000	98.74
1947	12,032,557	5.76	693,075	72,392,000	95.74
1948	12,539,222	5.43	680,880	81,229,000	83.82
1949	11,919,156	5.96	710,382	69,029,000	102.91
1950	11,643,522	6.46	752,172	89,858,000	83.71
TOTAL	\$ 121,284,500	\$ 4.68	\$ 5,680,915	\$ 590,793,000	\$ 96.16
Average	\$ 12,128,450	\$ 4.68	\$ 568,092	\$ 59,079,300	\$ 96.16



# FINAL VALUATION OF ALL PROPERTY ASSESSED TO PRODUCING MINING PROPERTIES

Compiled by: Arizona Department of Mineral Resources

County and Name of Mine	1946		1947		1948		1949		1950	
	Claims	All Other Property	Claims	All Other Property	Claims	All Other Property	Claims	All Other Property	Claims	All Other Property
<b>COCHISE</b>										
Coronado Copper Co.	\$ 5,000	\$ 94,080	\$ 5,000	\$ 103,905	\$ 5,000	\$ 105,106	\$ 25,000	\$ 105,106	\$ 25,000	\$ 127,332
Phelps Dodge Corp.(Cop. Queen Br)	15,960,000	3,690,502	15,960,000	3,719,304	15,960,000	3,802,389	9,960,000	4,219,133	4,500,000	2,947,478
Shattuck Denn Mng. Corp.(Denn Grp)	100,000	150,770	100,000	85,989	-	-	-	-	-	-
<b>GILA</b>										
Castle Dome Copper Co.	1,375,000	621,544	2,875,000	616,744	2,875,000	681,344	5,000,000	681,344	5,000,000	656,474
Christmas Copper Co.	25,000	57,000	25,000	44,165	25,000	39,575	55,000	10,000	55,000	10,000
Inspiration Copper Co.	14,550,000	2,789,571	11,600,000	2,826,956	13,600,000	3,128,456	13,600,000	3,304,496	13,600,000	3,323,071
Miami Copper Co.	4,500,000	1,114,988	7,500,000	1,181,943	7,500,000	1,269,482	7,500,000	1,269,422	7,500,000	1,231,364
Arizona Chrysotile Asbestos Co.	3,500	30,400	3,500	24,700	3,500	24,700	-	-	-	-
79 Lead Copper Co.	1,000	11,200	11,200	10,700	-	-	-	-	-	-
<b>GREENLEE</b>										
Phelps Dodge Corp.(Morenci Br.)	39,000,000	11,036,639	49,000,000	10,583,819	56,000,000	10,471,735	61,000,000	14,341,581	68,500,000	13,678,756
<b>MOHAVE</b>										
Tennessee Schuylkill Corp.	35,000	31,500	35,000	31,500	35,000	61,500	35,000	56,500	35,000	47,500
<b>PIMA</b>										
Eagle Picher(Empire Zinc Co.)	300,000	193,500	300,000	193,500	500,000	134,570	1,000,000	146,405	1,000,000	126,158
Phelps Dodge Corp(N. Cornelia Br.)	26,550,000	4,583,080	29,550,000	5,307,545	32,550,000	5,921,900	34,443,010	7,012,020	35,000,000	8,579,358
Control Mines	2,200	5,760	-	-	-	-	-	-	-	-
<b>PINAL</b>										
Kennecott Copper Ray Mines	8,800,000	1,078,313	11,800,000	663,780	12,300,000	679,780	14,000,000	913,780	14,000,000	1,000,505
Magma Copper Co.	3,500,000	1,208,538	4,100,000	1,421,237	4,100,000	2,557,463	4,100,000	3,043,998	4,100,000	2,283,394
St. Anthony Mng. & Dev. Co.	290,000	192,975	290,000	192,975	290,000	167,721	500,000	116,435	500,000	156,442
<b>SANTA CRUZ</b>										
Amer. Smelt'g & Ref. Co(Trench)	100,000	106,555	100,000	106,555	100,000	121,165	100,000	122,165	100,000	122,165
<b>YAVAPAI</b>										
Bagdad Copper Co.	700,000	349,706	700,000	598,750	1,000,000	534,750	1,000,000	649,425	1,000,000	760,050
Phelps Dodge Corp(U. Verde Br.)	721,422	2,418,170	1,300,000	2,213,771	1,700,000	2,039,087	1,700,000	1,971,107	850,000	1,360,007
Shattuck Denn (Iron King Mine	300,000	109,950	1,500,000	141,015	1,800,000	174,820	1,800,000	195,120	1,800,000	202,895
<b>TOTALS</b>	\$ 116,823,122	29,877,641	136,654,700	30,068,853	150,343,500	31,915,544	155,818,010	38,158,036	157,565,000	36,486,791

The Ore-body (claims) valuation amounts to 81.16% of the average total value for the last five years.

Source: Annual Reports of State Tax Commission

September, 1951

# ARIZONA'S ASSESSED NET PROPERTY VALUATION BY CLASSIFICATION

Compiled by: Arizona Department of Mineral Resources

Source: Annual Reports of State Tax Commission

<u>Year</u>	<u>Lands and Improvements</u>	<u>City Lots and Improvements</u>	<u>All Mining Property</u>	<u>Railroads</u>	<u>Public Utilities Including Tel &amp; Tel</u>	<u>Livestock</u>	<u>All Other Property</u>	<u>Grand Total Net</u>	<u>Tax Rate Per \$100</u>	<u>Mining Property % of Total</u>
1941	50,500,243	88,279,014	95,271,849	77,496,719	29,846,960	10,000,029	35,411,658	386,806,472	\$1.67	24.63
1942	52,693,427	90,333,454	104,494,743	77,514,860	30,807,469	12,085,604	38,324,127	406,253,674	1.26	25.72
1943	54,097,737	92,643,346	155,758,225	93,111,181	34,473,632	12,649,410	43,269,081	486,002,612	1.00	32.05
1944	59,037,928	94,878,314	159,791,334	92,689,992	34,639,697	13,087,921	45,539,953	499,665,139	.25	31.97
1945	59,968,525	97,770,274	147,641,656	92,577,616	33,627,052	12,706,441	45,043,111	489,334,675	.83	30.17
1946	63,130,750	106,909,824	146,397,024	92,350,836	34,834,116	12,620,638	49,930,012	506,173,200	.32	28.92
1947	68,140,507	118,797,469	168,093,603	92,336,479	34,735,578	12,032,557	78,071,253	572,207,446	1.00	29.38
1948	72,770,147	168,274,686	182,732,534	96,281,975	40,585,743	12,539,222	93,965,038	667,149,345	no rate	27.39
1949	82,420,716	190,374,592	195,070,613	105,652,360	50,731,403	11,919,156	96,749,020	732,917,861	.65	26.62
1950	85,311,859	207,454,386	194,680,500	105,712,511	59,197,685	11,643,522	92,218,777	756,219,540	1.55	25.74

September, 1951.