1956 ASSESSMENT OF MINING PROPERTY

The Arizona Department of Mineral Resources has compiled several tables showing the assessed valuation of mining and other State property, as reported by the Arizona State Board of Equalization.

A study of the 1956 Annual Report of the Arizona State Board of Equalization reveals an amazing increase in the valuation of productive mines in the State. The productive mining claims have been increased in value 63.57%, or from $157,515,000 in 1955 to $257,650,800 in 1956. Only one large producing mine (the San Manuel) was added to the preceding year's roster of big producers, and this property's mining claims were valued at $35,000,000. This means that all other mining claims, which had been depleted by a full year's production and had not developed new ore, were actually increased in value 41.35%, or from $157,515,000 in 1955 to $222,650,800 in 1956. All other property in the State was at the same time increased in value only 15.54%, or from $957,732,331 in 1955 to $1,106,588,404 in 1956.

The only explanation for this amazing increase in the valuation of mining claims would probably be the abnormal price of copper in 1955, which was 37.0 cents as compared with 29.5 cents in 1954, and which, at the time of assessment in the first half of 1956, ranged from 46.0 cents down to 40.0 cents. However, in calculating the present value of mining property, a special formula known as the "Hoskold Formula" is supposed to be used, and this formula has been approved by the State Supreme Court. This formula involves an estimated future price of copper over the period of the estimated life of the mine. The tonnage of ore developed, its grade (copper content), and the probable extraction, are also supposed to be estimated by expert mining engineers. Regarding the possible future price over a period of ten or twenty years, this is usually based upon the record of the past ten or twenty years. For example, the average price of copper over the last ten years was approximately 25 cents, and no reputable mining engineer would risk an estimate of much over this figure. To be sure, the actual price of copper during the next ten or twenty years might possibly be higher than the indicated 25 cents, but with leaner ores and higher costs of labor and supplies used in the production of this copper, the net profit per pound of copper would remain relatively stable. And in the Hoskold Formula the net profit is really the determining factor in calculating the present value of a mining property. As a matter of fact, for most years the cost of production has increased at a higher rate than the price of copper.

It is interesting to note that the present net value of a mining property obtained by the use of the "Hoskold Formula", gives one hundred percent or "full value" of the property. The owner of the property therefore does not enjoy the assessment of 20% to 30% of value as enjoyed by other property owners.

Arizona Department of Mineral Resources October, 1956

ASSESSED VALUATIONS OF EACH CLASS OF PROPERTY IN ARIZONA

For The Years 1955 and 1956

Compiled by Arizona Department of Mineral Resources From Annual Report of State Board of Equalization.

CITY AND TOWN LOTS:	1955	1956	% Increase In Gross Val.
City and Town Lots	$ 76,068,095	$ 78,794,762	3.58
Improvements	309,376,095	347,501,100	12.32
Total Gross Valuation	$385,444,190	$426,295,862	10.60
Less Exemptions	35,077,861	37,308,223	
Net Valuation	$350,366,329	$388,987,639	
MINING:			
Productive(Pat'd & Unpat'd)Min'g Claims	$157,515,000	$257,650,800	63.57
Improvements on Above	13,242,479	13,718,121	3.59
Non-Prod.(Pat'd & Unpat'd)Mining Claims	1,681,094	1,763,914	4.93
Improvements on Above	822,684	971,764	18.12
Smelters,Mills,Mchy.,& Supplies	26,334,515	31,189,151	18.43
Total Gross Valuation	$199,595,772	$305,293,750	52.95
Less Exemptions	93,388	84,674	
Net Valuation	$199,502,384	$305,209,076	
RAILROADS:			
Main Lines	$107,435,495	$112,730,381	4.93
Railroad Spurs	83,073	193,244	132.62
Gross & Net Valuations(No Exemptions)	$107,518,568	$112,923,625	5.03
ALL FARMS AND LIVESTOCK:			
FARMING:			
Irrigated Lands	$ 30,474,506	$ 32,348,248	6.15
Pump Lands	11,544,684	11,473,040	.62 De
Dry Farming Lands	947,850	1,066,658	12.53
Desert Lands	4,473,076	5,189,890	16.03
Other Lands	3,382,278	3,610,011	6.74
Improvements	59,885,940	65,919,201	10.07
Farm Machinery	9,978,908	10,191,225	2.13
Irrigation Pumping Plants	14,974,689	15,346,843	2.48

Continued

ALL FARMS AND LIVESTOCK: (Cont'd.)

FARMING: (Cont'd.)	1955	1956	%Increase In Gross Val.
Total Gross Valuation	$135,661,931	$145,145,116	6.99
Less Exemptions	10,552,935	11,348,830	
Net Valuation	$125,108,996	$133,796,286	
LIVESTOCK:			
All Grazing Lands	$ 6,722;596	$ 6,963,470	3.58
Livestock	14,419,074	13,961,128	3.18 De
Total Gross Valuation	$ 21,141;670	$ 20,924,598	1.03 De
Less Exemptions	970,788	1,023,061	
Net Valuation	$ 20,170,882	$ 19,901,537	
ALL FARMS & LIVESTOCK:			
Net Valuation	$145,279,878	$153,697,823	
UTILITIES:			
Gas, Electric Light and Power Plants	$ 57,660,506	$ 60,492,259	4.91
Transmission Lines	2,970,533	2,873,282	3.27 De
Water Works (Public Service)	4,365,804	5,291,638	21.21
Total Gross Valuation	$ 64,996,843	$ 68,657,179	5.63
Less Exemptions	465,634	460,962	
Net Valuation	$ 64,531,209	$ 68,196,217	
Pipe Lines (Gross & Net. Val.) No Exemptions	$ 51,879,453	$ 61,462,262	18.47
Telephone Lines (Gross & Net Val.)	$ 38,259,074	$ 45,513,822	18.96
Telegraph Lines (Gross & Net Val.)	$ 1,556,990	$ 602,795	213.15 De
Total Net Valuation of Utilities	$156,226,726	$175,775,096	
STOCKS OF MERCHANDISE: (Gross Val.)	$ 38,582,973	$ 41,332,402	7.13
HOUSEHOLD FURNITURE:	$ 24,396,273	$ 29,618,129	21.40
INDUSTRIAL PLANTS: (Exc. Mining & Saw-Mill Plants) (Gross Val.)	$ 15,388,391	$ 17,625,138	14.54
TIMBER & SAW-MILLS:			
Standing Timber	$ 638,973	$ 722,795	13.11
Lumber Mills	12,000	72,000	500.00
Saw-Mills & Mchy.	1,946,855	1,941,408	0.28 De
Gross Valuation	$ 2,597,828	$ 2,736,203	5.33

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	1955	1956	% Increase In Gross Val.
FURNITURE & FIXTURES: (Office & Store)			
Gross Valuation	$11,770,032	$ 12,704,111	7.94
AIRPLANES: (Gross Valuation)	$ 445,835	$ 510,345	14.47
ALL OTHER PROPERTY (Gross Val.)	$16,011,509	$ 40,368,709	152.12
EXEMPTIONS NOT LISTED ABOVE	$17,953,606	$ 26,550,612	
MANUFACTURERS' INVENTORY:			
Gross Valuation	$ -	$ 15,150,296	
Exemptions.	$ -	$ 14,316,712	
Net Valuation	$ -	$ 833,584	
GRAND TOTAL ALL PROPERTY:			
Gross Valuation	$1,115,247,331	$1,329,239,204	19.19
TOTAL EXEMPTIONS:			
Manufacturers' Inventory.	$ -	$ 14,316,712	
Non-Profit Organizations.	14,872,360	21,544,571	
Veterans.	35,191,796	39,701,250	
Widows.	15,050,057	15,530,541	
Total	$65,114,213	$ 91,093,074	
TOTAL NET VALUATION, ALL PROPERTY.	$1,050,133,118	$1,238,146,130	
STATE PROPERTY TAX RATE	$ 1.25	$ 1.00	

STATE PROPERTY TAXES PAID BY PRINCIPAL INDUSTRIES

Mining Industry	$ 2,493,780	$ 3,052,091
Agricultural Industry	$ 1,563,863	$ 1,337,963
Livestock Industry.	$ 252,136	$ 199,015
Utilities (Incl. Pipe Lines). . .	$ 1,952,834	$ 1,757,751
Railroads	$ 1,343,982	$ 1,129,236
Industrial Plants	$ 192,355	$ 176,251