

MINE TAXATION IN ARIZONA

STATISTICAL ANALYSIS FOR YEAR 1963

Source: Arizona State Tax Commission Reports

Compiled By Arizona Department of Mineral Resources

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MINE TAXATION IN ARIZONA

FOUR YEARS 1960-1963 INCL.

The Arizona Department of Mineral Resources has compiled a statistical analysis of mine taxation in Arizona (for the past four years). The source of the data was State Tax Commission reports.

As the assessed valuation of mining property is concentrated to the extent of over 99.0 percent in six counties (Cochise, Gila, Greenlee, Pima, Pinal and Yavapai), the average tax-rate for these six counties is applied against all mining property in the State, for comparison purposes.

Following is a summary of the 1963 net valuation taxes paid and tax-rate for all Arizona property, and for all Arizona mining property:

TABLE I

	<u>ALL PROPERTY</u>		<u>ALL MINING PROPERTY</u>	
	<u>Net Valuation</u>		<u>Net Valuation</u>	
	\$1,959,687,550		\$ 268,306,600	
	<u>Taxes Paid</u>	<u>Tax-Rate</u>	<u>Taxes Paid</u>	<u>Tax-Rate</u>
State Taxes	\$ 30,375,157	\$ 1.550	\$ 4,158,752	\$ 1.550
County Taxes	31,610,133	1.613	4,810,737	1.793
School Taxes	102,935,516	5.253	12,739,197	4.748
City-Fire Dist. Taxes	18,858,578	0.962	1,819,119	0.678
TOTAL PROPERTY TAXES	\$ 183,779,384	\$ 9.378	\$23,527,806	\$ 8.769
SEVERANCE (or Sales) Taxes on Mine Production *			\$ 3,912,014	\$ 1.458
50% Increased Taxes on Mine Production - (Education Excise Tax)*			1,956,007	0.729
TOTAL MINING PROPERTY AND SEVERANCE TAXES			\$29,445,827	\$ 10.956
Percent of total property ad valorem taxes			16.02%	

* This was in addition to regular sales taxes paid on mining company purchases.

Although over 99 percent of all Arizona mining property taxes have been paid in only six of the fourteen counties, a large proportion of the amount paid into the state general fund has been re-distributed to all the counties according to their average daily school attendance (at \$170 per pupil). Hence the mining companies have been contributing to the support of schools in all counties. Likewise the severance (or sales) tax paid by the mining companies has gone into the state general fund in the amount of 22.4 percent of collections. All the counties have received 33.6 percent; all the cities 25 percent; social welfare has received 15.0 percent; and 4 percent has been retained for administrative expense. Here again, even though the mining companies have helped to keep their own county tax-rate down, they have also

contributed to the support of the other counties, and especially to the city of Phoenix.

Senate Bill 36 enacted by the 24th Legislature in the First Regular Session in 1959, increased A.D.A. aid to schools from \$127.00 to \$170.00 per pupil, and reduced County aid from \$30.50 to \$10.00 per pupil; amounts to be paid on basis of current A.D.A. In addition, the counties are to provide \$20.00 per A.D.A. which is to be used as a school equalization fund within the county. This bill became effective July 1, 1959.

House Bill 68, also enacted in the same legislative session in 1959, increased the sales tax rate by 50%, and this included the mine production severance (or sales) tax-rate. The bill provided that all of the funds thus collected should be appropriated for educational purposes and go into the Education Excise Tax Fund. This bill also became effective July 1, 1959.

By a vote of the people in the November election of 1960, the regular sales taxes collected in the State are to be distributed after July 1, 1961 as follows:

Cities' proportion is raised from	10%	to	25%
State's proportion is reduced from	28.4%	to	22.4%
Counties' proportion is reduced from	42.6%	to	33.6%
Social Security proportion is unchanged at	15%		
Administrative proportion is unchanged at	4%		

The COUNTY share is based upon a combination of the assessed valuation of the County plus the sales taxes collected in the County.

The CITY share is based upon population.

The total amount of severance taxes collected under the guise of "sales" taxes, in Arizona, from July 1, 1933 to June 30, 1963, inclusive, has been calculated at \$57,398,000. For the last fiscal year, 1963, the severance tax on metal mining amounted to \$5,868,000.

TABLE II
FINAL VALUATION OF ALL PROPERTIES ASSESSED TO PRODUCING MINING COMPANIES

FOR THE YEAR 1962 - BY COUNTIES

As Reported by Arizona State Board of Equalization.

County and Name of Mine	Claims	1962 All Other Property	Total Net Valuation
<u>COCHISE:</u>			
Cyprus Mines Corp., Johnson Camp Div.	\$ 25,000	\$ 10,445	\$ 35,445
Phelps Dodge Corp. (Copper Queen Br.)			
Lavender Pit	7,500,000	3,202,095	10,702,095
Other than Lavender Pit	1,000,000	1,939,783	2,939,783
TOTAL	8,525,000	5,152,323	13,677,323
<u>COCONINO:</u>			
Western Equities Inc.	100,000	66,195	166,195
<u>GILA:</u>			
American Smelting & Ref. Co.	-	402,874	402,874
Inspiration Cons. Copper Co.	9,000,000	4,620,743	13,620,743
Castle Dome Unit, Tenn. Corp.	500,000	87,000	587,000
Copper Cities Unit, Tenn. Corp.	5,000,000	1,363,360	6,363,360
Miami Unit, Tenn. Corp.	500,000	571,335	1,071,335
Kennecott Copper Corp.	-	10,350,097	10,350,097
Total	15,000,000	17,395,409	32,395,409
<u>GREENLEE:</u>			
Phelps Dodge Corp. Morenci Br.	62,500,000	10,098,965	72,598,965
<u>MARICOPA:</u>			
Herald Mining Corp.	200,000	-	200,000
National Gypsum Co.	-	309,605	309,605
TOTAL	200,000	309,605	509,605
<u>MOHAVE:</u>			
International Minerals-Chem.Corp.	40,000	24,300	64,300
World Minerals	25,000	-	25,000
Arrolite Mining & Mfg.	50,000	30,340	80,340
TOTAL	115,000	54,640	169,640
<u>PIMA:</u>			
American Smelting & Ref. Co.			
Silver Bell Unit	9,000,000	4,086,553	13,086,553
Mission Unit	14,000,000	10,707,990	24,707,990
B.S. & K. Mining Co.	25,000	45,345	70,345
Banner Mining Co.	1,000,000	745,161	1,745,161
Duval Corporation	7,000,000	5,613,108	12,613,108
Phelps Dodge Corp. New Cornelia Br.	20,000,000	7,044,382	27,044,382
Pima Mining Co.	2,300,000	2,098,257	4,398,257
Cal. Portland Cement Co.(Ariz.Div.)	25,000	1,112,615	1,137,615
TOTAL	53,350,000	31,453,411	84,803,411

Cont'd

TABLE II (Continued)

County and Name of Mine	Claims	1962 All Other Property	Total Valuation
<u>PINAL:</u>			
Kennecott Corp.	\$21,500,000	\$ 2,308,295	\$23,808,295
Magma Copper, Superior Div.	600,000	1,187,340	1,787,340
Magma Copper, San Manuel Div.	24,000,000	7,302,551	31,302,551
National Gypsum Co.	100,000	10,000	110,000
Arizona Gypsum Co.	25,000	-	25,000
TOTAL	46,225,000	10,808,186	57,033,186
<u>YAVAPAI:</u>			
Bagdad Copper Corp.	500,000	2,605,565	3,105,565
Big Hole Mining Co.	50,000	11,160	61,160
Cyprus Mines Corp. Old Dick Div.	200,000	172,275	372,275
Shattuck Denn Mining Corp.	650,000	521,305	1,171,305
The Flintkote Co. U.S. Lime Prod. Div.	20,000	75,275	95,275
Verde Gypsum Corp.	25,000	20,085	45,085
Phoenix Cement Co.	21,000	1,667,705	1,688,705
TOTAL	1,466,000	5,073,370	6,539,370
STATE TOTAL	\$187,481,000	\$80,412,104	\$267,893,104

Note: The above valuations were the final net valuations fixed by the State Board of Equalization. Decreases had been allowed on the value of the claims from \$191,689,654 to \$187,655,654, a total decrease of \$4,034,000.

TABLE III

ASSESSED VALUATIONS OF EACH CLASS OF PROPERTY IN ARIZONA

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

<u>CITY AND TOWN LOTS:</u>	1963
City & Town Lots - Residential	102,649,553
Improvements - "	665,135,603
City & Town Lots, Business & Commercial	10,351,759
Improvements " "	53,254,012
Suburban Residential Property	17,263,491
Improvements " "	20,824,811
Totals on City & Town Lots and Imps. - Gross	869,479,229
Exemptions	57,277,725
Totals on City & Town Lots and Imps. - Net	812,201,504
<u>MINING:</u>	
Prod.(Pat'd & Unpat'd) Mining Claims	187,655,654
Improvements on Above	36,793,954
Non-Prod.(Pat'd & Unpat'd) Mining Claims and Millsites	1,815,551
Improvements on Above	2,053,288
Smelters, Concentrators & Min., Mchy., and Min. & Smelting Sup.	40,028,029
Totals on all Mining Property - Gross	268,346,476
Exemptions	39,876
Totals on all Mining Property - Net	268,306,600
<u>RAILROADS:</u>	
Main Line	117,184,211
Railroad Spurs	195,813
Total Valuation of Railroads - Gross & Net	117,380,024
<u>ALL FARMS AND LIVESTOCK:</u>	
<u>FARMING:</u>	
Irrigated Lands	34,895,537
Improvements on Irrigated Lands	77,828,580
Pump Lands	12,171,425
Improvements on Pump Lands	6,547,719
Dry Farming Lands	1,899,376
Improvements on Dry Farming Lands	4,357,894
Desert Lands	15,129,225
Improvements on Desert Lands	6,505,205
Other Lands	5,946,543
Improvements on Other Lands	16,461,920
Farm Machinery	9,184,980
Irrigation Pumping Plants	18,270,157
Total Gross Valuation (Farming)	209,198,561
Exemptions	10,901,644
Total Net Valuation (Farming)	198,296,917

TABLE III

Continued

<u>LIVESTOCK:</u>		1963
All Grazing Lands		\$ 6,981,092
Improvements on all Grazing Lands		3,310,780
All Livestock		14,020,969
Total All Livestock & Grazing Lands (Gross)		\$ 24,312,841
Exemptions		884,548
Total Livestock & Grazing Lands (Net)		\$ 23,428,293
<u>UTILITIES:</u>		
Gas, Electric & Power Plants		118,239,228
Transmission Lines		23,565,891
Water Works (Public Service)		5,123,229
Total Gross Valuation		146,928,348
Exemptions		91,670
Net Valuation		146,836,678
Pipe Lines (Gross & Net Valuation) No exemptions		94,466,809
Telephone Lines " " " "		107,758,595
Telegraph Lines " " " "		456,316
Total Net Valuation of Utilities		349,518,398
<u>STOCKS OF MERCHANDISE:</u> (Gross Val.)		44,346,786
<u>HOUSEHOLD FURNITURE:</u> (Gross Val.)		63,119,726
<u>INDUSTRIAL PLANTS:</u>		43,023,764
<u>TIMBER & SAWMILLS:</u>		
Standing Timber		121,033
Lumber at Mills		14,700
Saw Mills & Machinery		3,192,930
Gross Valuation		3,328,663
<u>FURNITURE and FIXTURES:</u> (Office & Store) (Gross Val.)		25,163,314
<u>AIRPLANES:</u> (Gross Val.)		1,301,998
<u>BOATS:</u> (Gross Val.)		38,145
<u>ALL OTHER PROPERTY:</u> (Gross Val.)		27,870,004
Total Gross Val. Above 10 Items		208,192,400
Exemptions " " "		18,850,705
Total Net Valuation " " "		189,341,695
<u>OIL AND GAS INTERESTS:</u> (Gross & Net Val.)		220,240
<u>MANUFACTURERS' INVENTORY:</u>		
Gross Valuation		26,358,265
Exemptions		25,364,386
Net Valuation		993,879
<u>TOTAL ALL PROPERTY:</u> (Gross Valuation)		2,073,098,104
<u>TOTAL EXEMPTIONS:</u>		
All Manufacturers' Inventory	25,364,386	
1,016 Non-Profit Organizations	15,133,987	
39,740 Veterans	45,502,821	
23,289 Widows	27,409,360	\$ 113,410,554
<u>TOTAL NET VALUATIONS</u>		\$ 1,959,687,550

TABLE IV
NET VALUATIONS OF ALL MINING PROPERTY IN ARIZONA

	Productive (Pat'd & Unpat'd)		Non-Productive (Pat'd & Unpat'd)		Smelters, Con- centrators, Mining Mch. & Supplies	Ex- emptions	Total Valuations All Mining Property	Value of Mining Production Preceding Yr.*
	Mining Claims	Improvements	Mining Claims	Improvements				
1960	\$178,635,080	\$21,541,600	\$1,763,257	\$3,717,249	\$42,168,177	\$118,702	\$247,706,661	\$ 282,977,000
1961	184,432,085	22,381,918	1,728,340	3,846,866	43,027,652	105,505	255,311,356	366,340,000
1962	190,713,085	30,925,924	1,803,571	1,802,729	45,531,691	111,686	270,665,314	370,101,000
1963	187,655,654	36,793,954	1,815,551	2,053,288	40,028,029	39,876	268,306,600	416,418,000

* Values are based on production of copper, lead, zinc, gold and silver during the preceding year.

NET VALUATIONS OF ALL ARIZONA MINING PROPERTY
By Counties - For Years 1960-1963 Incl.

<u>6 Major Mining Counties:</u>		<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
Cochise	\$	14,106,339	\$ 14,237,839	\$ 15,104,107	\$ 13,767,823
Gila		34,526,868	34,585,439	34,493,522	34,266,686
Greenlee		75,121,255	75,148,758	70,850,448	71,193,618
Pima		56,596,762	61,723,703	82,177,267	82,409,477
Pinal		58,007,292	59,628,663	59,703,290	57,196,901
Yavapai		7,985,570	8,702,098	6,416,415	6,929,451
<u>Other Counties:</u>					
Apache		194,685	185,911	206,911	255,167
Coconino		96,195	106,220	657,769	1,067,534
Graham		26,170	26,170	63,045	86,068
Maricopa		280,390	283,455	343,855	352,785
Mohave		400,685	377,575	411,705	534,875
Navajo		44,235	-	-	41,735
Santa Cruz		162,880	167,050	141,330	110,775
Yuma		157,335	138,475	95,650	93,705
<u>TOTALS</u>		<u>\$247,706,661</u>	<u>\$255,311,356</u>	<u>\$270,665,314</u>	<u>\$268,306,600</u>

TABLE V

NET VALUATIONS OF TOTAL ARIZONA PROPERTY AND OF THE SIX MAJOR MINING COUNTIES

TAX LEVIES AND RATES FOR SAME PERIODS

YEARS 1960 - 1963 INCLUSIVE

Source: State Tax Commission

TOTAL ARIZONA PROPERTY:		1960	1961	1962	1963
Valuation		\$1,599,816,242	\$1,743,331,643	\$1,862,616,291	\$1,959,687,550
Tax Levy		122,229,713	148,191,462	173,256,974	183,779,384
Tax Rate		\$7.640	\$8.500	\$9.302	\$9.378
SIX MAJOR MINING COUNTIES:					
Cochise	\$	72,404,154	\$ 75,110,610	\$ 75,006,948	\$ 77,060,624
Gila		46,549,163	47,073,733	47,032,796	47,155,644
Greenlee		81,625,444	81,733,029	77,311,395	77,790,410
Pima		302,144,640	331,369,721	370,192,948	394,450,660
Pinal		132,130,339	135,500,185	135,483,668	134,140,704
Yavapai		56,960,761	59,510,814	59,309,936	60,531,553
TOTAL VALUATIONS	\$	691,814,501	\$ 730,298,092	\$ 764,337,291	\$ 791,129,595
Tax Levy	\$	49,031,445	\$ 57,393,078	\$ 66,268,999	\$ 69,374,612
Tax Rate		\$7.088	\$7.859	\$8.671	\$8.769
ALL MINING PROPERTY: (Using Tax Rate of Six Major Mining Counties)					
Valuation	\$	247,706,661	\$ 255,311,356	\$ 270,665,314	\$ 268,306,600
Tax Levy		17,557,448	20,064,918	23,469,390	23,527,806
ALL MINING PROPERTY IN SIX MAJOR MINING COUNTIES:					
Valuation	\$	246,344,086	\$ 254,026,500	\$ 268,765,049	\$ 265,763,956
Tax Levy	\$	17,460,869	\$ 19,963,943	\$ 23,301,930	\$ 23,304,842

TABLE VI

ARIZONA PROPERTY TAX LEVIES
STATE, COUNTY, CITY AND SCHOOL

ALL COUNTIES	State Taxes	General Co. Taxes	School Dist. Taxes	City & Fire Dist. Taxes	Total Prop. Taxes
1960	\$21,117,574	\$17,383,250	\$68,721,903	\$15,006,986	\$122,229,713
1961	25,103,976	25,488,325	81,335,162	16,263,999	148,191,462
1962	33,527,093	27,479,083	94,431,794	17,819,004	173,256,974
1963	30,375,157	31,610,133	102,935,516	18,858,577	183,779,384
<u>SIX MAJOR MINING COUNTIES:</u>					
1960	9,131,951	9,055,346	26,195,575	4,648,571	49,031,445
1961	10,516,294	11,196,079	30,813,627	4,867,079	57,393,078
1962	13,758,071	12,212,198	35,159,729	5,139,001	66,268,999
1963	12,262,509	14,187,565	37,565,723	5,358,816	69,374,612

TABLE VII

ARIZONA PROPERTY TAX RATES
STATE, COUNTY, CITY AND SCHOOL

ALL COUNTIES	State Tax Rate	County Tax Rate	School Dist. Tax Rate	City & Fire Dist. Tax Rate	Total Prop. Tax Rate
1960	\$ 1.320	\$ 1.087	\$ 4.295	\$ 0.938	\$ 7.640
1961	1.440	1.462	4.665	0.933	8.500
1962	1.800	1.475	5.070	0.957	9.302
1963	1.550	1.613	5.253	0.962	9.378
<u>SIX MAJOR MINING COUNTIES:</u>					
1960	\$ 1.320	\$ 1.309	\$ 3.787	\$ 0.672	\$ 7.088
1961	1.440	1.533	4.219	0.667	7.859
1962	1.800	1.598	4.600	0.673	8.671
1963	1.550	1.793	4.748	0.678	8.769

TABLE VIII

ASSESSED VALUATIONS OF ALL ARIZONA PROPERTY, ALL MINING, FARMING & RANCHING PROPERTY

VALUE OF PRODUCTION OF MINES, FARMS AND RANCHES

	All Arizona Property	All Mining Property		All Farming Property		All Livestock and Grazing Lands		Value of Production	
		Valuation	% of Total Val.	Valuation	% of Total Val.	Valuation	% of Total Val.	Mining Products *	Farm & Live- stock Prod. *
1960	\$1,599,816,242	\$247,706,661	15.48	\$179,610,624	11.23	\$19,041,486	1.19	\$282,977,000	\$414,182,000
1961	1,743,331,643	255,311,356	14.65	193,028,496	11.07	19,677,266	1.13	366,340,000	439,570,000
1962	1,862,616,291	270,665,314	14.53	185,373,936	9.95	21,186,815	1.14	370,101,000	466,571,000
1963	1,959,687,550	268,306,600	13.69	198,296,917	10.12	23,428,293	1.20	416,418,000	494,204,000

* Production of copper, lead, zinc, gold and silver for preceding year.

* Value of products of farms & livestock for preceding year. Net Value.

TABLE IX

ARIZONA MINING PROPERTY AND SEVERANCE (Sales) TAXES COLLECTED

Total Mining Property and Production Tax Rates Compared with All Arizona Property Tax Rate.

	Mining Property Taxes Collected *		Mine Severance (Sales) Taxes Collected *		Total Mining Property and Severance Taxes Collected		All Arizona Property Tax Rate
	Amount	Per \$100 Valuation	Amount	Per \$100 Valuation	Amount	Per \$100 Valuation	
1960	\$ 17,557,448	\$ 7.088	\$3,902,233	\$ 1.575	\$ 21,459,681	\$ 8.663	\$ 7.640
1961	20,064,918	7.859	5,054,765	1.980	25,119,683	9.839	8.500
1962	23,469,390	8.671	5,491,800	2.029	28,961,190	10.700	9.302
1963	23,527,806	8.769	5,868,021	2.187	29,445,827	10.956	9.378

*Using Tax Rate of Six Major Mining Counties.

* Fiscal Years.

VALUATION OF ALL ARIZONA MINING CLAIMS AND OTHER MINING PROPERTY

	Value of All Mining Claims (Productive and Non-Productive)	Value of Improvements, Smelters, Concentrators, Mining Machy, & Supplies
1956	\$ 259,414,714	\$ 45,794,362
1957	193,842,225	52,078,715
1958	157,087,172	52,521,818
1959	184,874,991	57,323,724
1960	180,398,337	67,308,324
1961	186,160,425	69,150,931
1962	192,516,656	78,148,658
1963	189,471,205	78,835,395