Mohave County Short Term Rental Classification

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Agenda

1. Introduction to Short Term Rentals
2. Assessor Authority and Property Classification
3. Compliance and Key Takeaways

This presentation provides a broad, informational overview of Mohave County's short-term rental classification and is not intended to be a technically exhaustive explanation of Arizona property tax law.

Introduction to Short Term Rentals

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Introduction to Short Term Rentals

STR Policy Overview

Why this policy exists

- Explains how Mohave County identifies and evaluates STR rental activity for property classification purposes.
- Promotes consistent, transparent property classification decisions.

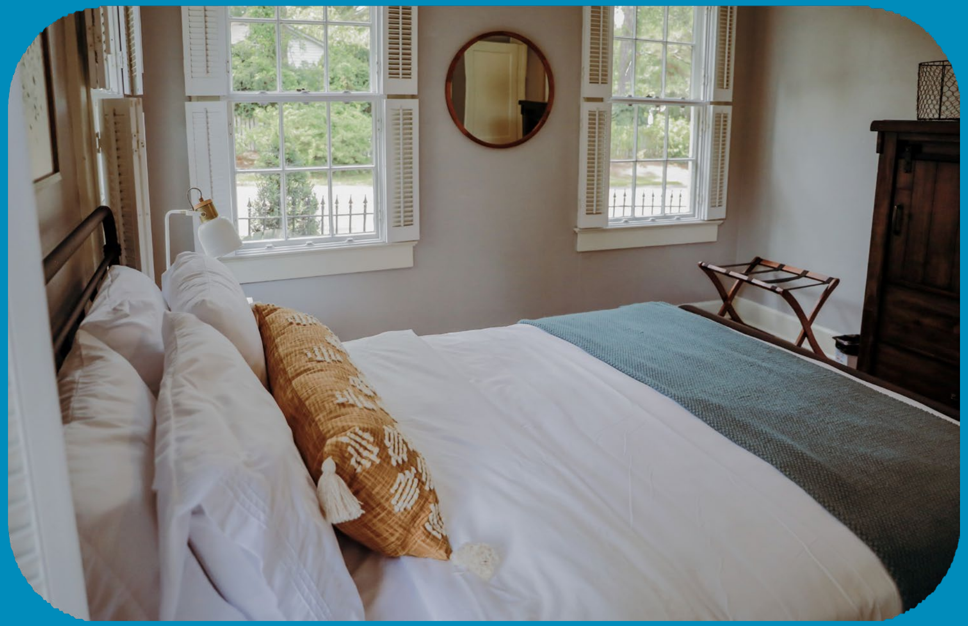
Assessor’s role

- Applies **ARS Title 42** and relevant court decisions.
- Determines property classification based on actual use and the applicable provisions for A.R.S Title 42.

Why class changes matter

- A move from Class 3 or 4 to **Class 1** can change taxes.
- Helps owners plan, comply, and avoid surprises.

What Is a Short Term Rental?



Plain-language definition

- A dwelling that offers short-term or transient lodging defined as a period of less than 30 days.
- A rental period of less than 30 days does not, by itself, determine property classification
- Often marketed nightly or weekly through online booking sites.

Typical STR uses

- Vacation, weekend and or single night lodging for visitors, families, and workers.
- Whole-home rentals, guesthouses, or spare rooms in a home.

How STR activity may differ from residential use.

- Frequent guest turnover, cleaning, and booking activity like a business.
- When supported by the totality of the available evidence, the primary use may shift from residential use to the operation of transient lodging.

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Assessor Authority and Property Classification

Assessor’s Authority

Authority to classify

- Assessor classifies property by primary use, not necessarily design and construction.
- Classification applies countywide using ARS Title 42 standards.

Statutes and case law

- ARS defines class criteria; Assessor applies facts to definitions.
- Arizona court decisions recognize the importance of actual or current use in applying property-tax statues.

Why accuracy matters

- Class drives assessment ratio; it affects tax distribution fairness.
- Correct class supports consistent treatment for similar properties.

ARS Title 42 Property Classes

Property Class	Statutory Reference	Key Statutory Concept
Class 3	A.R.S. § 42-12003(A)	Property “used for residential purposes” and qualifying as a primary residence
Class 4	A.R.S. § 42-12004(A)(10)(a)(b)	Property “used for residential purposes” and leased or rented to lodgers, except for: (a) Property occupied by the owner of the property as the owner's primary residence and included in class three. (b) Property used for commercial purposes and included in class one.
Class 1	A.R.S. § 42-12001(12)	Property “devoted to any other commercial or industrial use”

Class 3 vs 4 vs 1

Class 3: Primary residence

- Owner-occupied as the homeowner's main, permanent home.
- Not primarily held out for rent to others.

Class 4: Other residential

- Non-owner-occupied homes, including long-term rentals.
- Second homes or vacation homes when not a primary residence.
- Also used for transient lodging.

Class 1: Commercial use

- Property used to generate business income including short-term lodging.
- Short-term rental activity may indicate a **commercial** use.

When a Class Changes

Use changes drive class

- Classification follows primary use.
- Regular short-term lodging income-producing activity can shift residential to commercial.

Examples of Short-term rental indicators

- Advertising and taking bookings for stays under 30 days.
- Cleaning fees, turnover service, and or STR business license.

Common reclassification examples

- Whole-home STR operated primarily as a business.
- Multiple units managed as a portfolio with business systems.

When Classification Takes Effect

Property use and classification are determined during the valuation year and reflected on the applicable Notice of Value. For example, a classification reflected for valuation year 2026 generally affects taxes levied and billed for tax year 2027.

Property owners should review their Notice of Value and timely exercise their appeal rights if they disagree with the classification.

Assessor Authority and Property Classification

Law in Practice

Applying ARS to real use

- Classification follows primary use: residential vs income-producing lodging.
- STR-style turnover, marketing, and fees can indicate commercial use.

Case law guides decisions

- Courts emphasize actual use over labels like "vacation home."
- Similar facts should lead to consistent classifications countywide.

Evidence and documentation

- Common records: permits, listings, calendars, leases, and payment history.
- Owners can submit proof of primary residential use or long-term tenancy.

Fairness and transparency

- Not punitive; ensures correct class under statute for all taxpayers.
- Notice and appeal rights are available through the review process.

Compliance and Key Takeaways

Stay Informed & Compliant

Know your current class

- Check your Notice of Value and parcel record yearly.
- Confirm owner-occupancy, rental activity, and primary use.

Keep good documentation

- Maintain leases, STR listings, calendars, and revenue records.
- Save utility bills and residency proof for Class 3.

Use trusted resources

- Read ARS Title 42 class definitions and Assessor FAQs.
- Review appeal deadlines, forms, and evidence checklists.

Contact the Assessor for help

- Use official Assessor and State of AZ resources.
- File timely appeal after receiving Notice Of Value if you believe your property has been incorrectly classified.

Key Takeaways

Know your class

- Class affects assessment ratio and your overall property tax.
- Classification is based on primary use, not owner intent.

Short-term rental can reclassify

- Some STR properties may shift from Class 3 or Class 4 to Class 1 when the totality of available evidence demonstrates commercial use.
- Advertising, booking activity, transient guest turnover, owner occupancy, long-term tenancy, property management practices and other objective evidence may be considered.
- Mohave County does not categorically classify all short-term rentals as commercial. Each property is evaluated individually based on its actual use and the totality of available evidence.

Stay informed and ask early

- Keep records showing occupancy and how the home is used.
- Contact the Assessor's Office for guidance or to update use.

What this policy does not do

The policy does not automatically classify all STRs as commercial, establish a specific number of rental days that triggers Class 1, regulate or prohibit short-term rentals, or determine compliance with city ordinances, HOA restrictions, insurance requirements, or other non-property-tax matters.

Assessor Office Contacts

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