

Return To:

Shelley Blackmore  
Sunflower Livestock LLC  
HC 01 Box 3060  
Hillside, AZ 86321

*sent original  
to Shelley  
6/15/22*

**LEASE OF LAND FOR GRAZING**

**LEASE AGREEMENT**

Grazing lease agreement made, effective as of this 1st day of JUNE 2022

Between STEVEN C. DAUGHERTY & TERRI S. DAUGHERTY, the owner(s)  
of record of LOT(s) 56 **PHASE III OF SADDLE CREEK RANCH**, located in  
**Yavapai County**, Arizona, herein referred to as "lessor", and **SUNFLOWER LIVESTOCK**  
**LLC**, and Arizona Limited Liability company, herein referred to as "lessee" (collectively, the  
"parties").

Parcel # 202-18-001 M

**RECITALS**

The parties recite and declare:

- A. Lessee has certain livestock for which lessee desires to have certain grazing rights.
- B. Lessor owns the real property described above that would be appropriate for the grazing of lessee's livestock.

In consideration of the above recitals, the terms and covenants of this agreement, and other valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

**ARTICLE I  
PROPERTY AND TERM**

- A. Lessor leases to lessee the Grazing Rights to the real property located in the County of **Yavapai**, State of Arizona, herein referred to as the "premises" as described above.
- B. The initial term of this lease shall commence on the above-stated effective date and Expire on MAY 31, 2027 (FIVE YEARS from the effective date)

unless terminated by lessor fencing the premises to exclude lessee's livestock, or as provided elsewhere in this lease agreement.

C. Upon the expiration of the initial lease term, lessor may, at lessee's options renew this lease for subsequent, additional twelve months terms.

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## ARTICLE II LESSEE'S USE OF LAND

A. The premises shall be used by lessee solely and exclusively for the grazing of livestock as a cow/calf or stocker yearling operation.

B. Lessee shall not permit others to use the land for pasturage of grazing, nor permit lessee's livestock to graze or run at large over parcels that have been fenced for the purpose of excluding lessee's livestock.

C. Lessee reserves the right to use herbicides when needed to control noxious and harmful vegetation unless lessor notifies lessee, in writing, of lessor's disapproval.

## ARTICLE III RENTAL, INSURANCE & FILINGS

A. Lessee shall pay rental commencing on the date of this agreement, at the rate of ONE DOLLAR (\$1.00) per lease term or every twelve months, whichever is less, payable in one installment in advance, for the term of this lease agreement.

B. Lessee is aware the number of acres available for grazing on the premises may be reduced over a period of time if the premises is fenced in such a way as to exclude livestock from grazing pursuant to the Covenants, Conditions and Restrictions recorded against the premises or in the event of the subdivision and sale of the premises.

C. All past due lease payments payable hereunder shall bear an interest rate of fifteen percent (15%) per annum, from the due date until received.

## ARTICLE IV FENCES AND STRUCTURES

A. Lessee shall not build structures of any character upon the leased premises without the prior, express, and written consent of lessor, except as specifically provided for elsewhere within this agreement.

B. Lessee fully understands that lessor's successors, assigns or purchasers of the premises or a portion thereof (in the event of subdivision) shall have full, unfettered rights to fence their parcel

in such a way as to exclude lessee's livestock from grazing on their parcel, at which time lessee's grazing rights to said parcel shall terminate. Lessor, its successors, assigns or purchasers of the premises or a portion thereof, may also move existing ranch fences, however, the building or moving of any fences must be in strict conformance with the terms stated in the Declaration of Covenants, Conditions and Restrictions.

C. Lessor shall not be responsible for repairing or replacing any existing ranch fences used by lessee which are in need of repair or replacement.

D. Lessee shall not remove or relocate any fences that are on the lease premises at the commencement of this lease without the prior, express, and written consent of lessor.

## **ARTICLE V WATER RIGHTS**

A. The rights to "pre-existing" water wells, stock ponds, tanks, pipelines, etc. as identified on the recorded plat of the development have been retained by Arizona Land & Ranches, Inc., its successors and assigns, on behalf of itself and lessor. The premises may or may not contain such pre-existing waters. Under the terms of this lease, in the event the premises do contain reserved water sources, lessee shall have use of such surface waters and related facilities for the purpose of watering livestock.

B. In the development of the development, Arizona Land & Ranches, Inc., created easements to and around the identified pre-existing waters to allow for access of livestock and the maintenance and repair of any facilities located thereon by lessee. In the event the premises contain such water sources and easements, lessor may not prohibit livestock or lessee from entering the water easement area and may not fence off access to the area from lessee or lessee's livestock.

## **ARTICLE VI LABOR AND MATERIALS**

Lessee shall pay for all grazing related materials joined or affixed to the premises pursuant to this lease and p in full all persons who perform labor on the premises, and will not permit or suffer any mechanics' liens or material suppliers' liens of any kind or nature to be enforced against the premises for any work done or materials furnished on the premises at lessee's instance or request.

**ARTICLE VII  
INDEMNIFICATION**

Lessee shall indemnify lessor from and against any and all liability, cost, and expense for loss of or damage to property, and for injuries to or deaths of persons arising directly or indirectly from the use of the premises by lessee.

**ARTICLE VIII  
TERMINATION**

A. In spite of anything elsewhere contained in this lease agreement, this lease may be terminated by either party on sixty (60) days written notice delivered to the other party at the address of each party as listed below.

B. The failure by lessee to observe and perform any provision of this lease, shall constitute a breach of this lease by lessee. Upon such breach, lessor shall deliver to lessee written notice specifying the breach. Lessee shall have thirty (30) day from receipt of said notice to cure the breach. In the event the breach remains uncured, in addition to any other remedies available to lessor at law or equity, lessor shall have the immediate option to terminate this lease and all rights of lessee hereunder by delivering to lessee ten(10) days written notice to terminate this lease. Upon termination of this lease, the terms listed under Article XI of this lease shall apply.

LESSOR: STEVEN C. DAUGHERTY  
TERRI S. DAUGHERTY  
17629 N. 16<sup>TH</sup> STREET  
PHOENIX, AZ 85022

LESSEE: SUNFLOWER LIVESTOCK LLC  
HC 01 BOX 3060  
HILLSIDE AZ 86321

**ARTICLE IX  
ASSIGNMENT OR SUBLEASE**

This lease agreement shall inure to the benefit of and be binding upon the heirs, executors, successors, and assigns of the parties; provided, however, lessee shall not sublease all or any part of the leased premises, or assign this lease agreement, without the prior express, and written consent of lessor; and in the event that lessee does sublease the premises or part of the premises or assign this lease agreement, such sublease or assignment shall be void unless lessor has given its prior, express, and written consent.

**ARTICLE X  
ATTORNEY FEES**

In the event either lessor or lessee shall bring suit to compel performance of or to recover for breach of any covenant, agreement, or condition contained in this lease agreement, the prevailing party shall be entitled to recover from the other party costs and reasonable attorneys' fees.

**ARTICLE XI  
SURRENDER OF PREMISES**

If this lease is terminated under the terms of this agreement, the parties agree that it would be difficult and impracticable for lessor to restrict access of lessee's livestock from the premises unless lessor has fenced the premises to prohibit livestock's access. In the event lessor fences the livestock out (in accordance with the terms hereunder and those stated in the Declaration of Covenants, Conditions and Restrictions), lessee shall leave the demised premises free and clear of all lessee's rubbish and debris.

**ARTICLE XII  
NO WAIVER**

The failure of either party to this agreement to insist upon the performance of any of the terms and conditions of this agreement, or the waive of any breach of any of the terms and conditions of this agreement, shall not be construed as thereafter waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waive had occurred.

**ARTICLE XIII  
GOVERNING LAW**

It is agreed that this agreement shall be governed by, construed, and enforced in accordance with the laws of the State of **Arizona**.

**ARTICLE XIV  
EFFECT OF PARTIAL INVALIDITY**

The invalidity of any portion of this agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

ARTICLE XV  
ENTIRE AGREEMENT

This agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this agreement shall not be binding upon either party except to the extent incorporated in this agreement.

ARTICLE XVI  
MODIFICATION OF AGREEMENT

Any modification of this agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if placed in writing and signed by each party or any authorized representative of each party.

ARTICLE XVII  
PARAGRAPH HEADINGS

The titles to the paragraphs of this agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this agreement.

ARTICLE XVIII  
COUNTERPARTS & FACSIMILES

A. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

B. Signatures made through facsimiles may be used as originals of this lease agreement.

EXECUTED this 14 day of June 2022

LESSOR:

[Signature] 6/14/2022  
[Signature] 6/14/2022

LESSEE:

\_\_\_\_\_  
\_\_\_\_\_

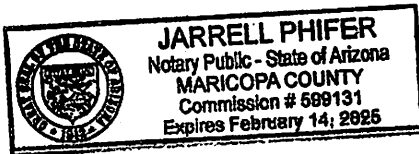
SIGN  
&  
DATE  
AS  
LESSOR

NOTARIES ON FOLLOWING PAGE

Your  
NOTARY  
TO  
SIGN

State of Arizona )  
 )ss

County of Maricopa )



This instrument was acknowledged before -  
me this 14 day of JUNE, 2022  
by \_\_\_\_\_

H2R2

[Signature]  
Notary Public

My commission will expire 2-14-25

State of \_\_\_\_\_ )  
 )ss  
County of \_\_\_\_\_ )

This instrument was acknowledged before  
me this \_\_\_\_ day of \_\_\_\_\_ 20\_\_  
by \_\_\_\_\_  
as \_\_\_\_\_ of  
**Sunflower Livestock LLC.**

\_\_\_\_\_  
Notary Public

My commssion will expire \_\_\_\_\_

**JUDD W. SIMMONS, ASSESSOR**

**ANNE D. SPIESS, CHIEF DEPUTY**

1015 FAIR STREET, PRESCOTT, AZ 86305 PHONE 928.771.3220 – FAX 928.771.3181

10 S. 6<sup>TH</sup> STREET, COTTONWOOD, AZ 86326 PHONE 928.639.8121 – FAX 928.639.8104



[WWW.YAVAPAI.AZ.GOV](http://WWW.YAVAPAI.AZ.GOV)

**May 3, 2022**

**Steven & Terri Daugherty**

**17629 N. 16<sup>th</sup> Street**

**Phoenix, AZ 85022-2101**

**RE: APN 202-18-001M**

Arizona State statutes require that we update all agricultural properties every four years. Therefore we need your assistance by completing the "**Agricultural Lease Abstract**" and "**Agricultural Land Use Application**" enclosed.

Our records indicated that your current lease expired **January 14, 2013**.

Please submit a new lease signed by yourself and a qualifying rancher and the enclosed applications, to our office before **June 1, 2022** in order to retain the Agricultural status of your property for the **2023 Tax Year**.

All documents can be scanned and sent via e-mail: [assessor.ag@yavapai.us](mailto:assessor.ag@yavapai.us) .

In order to complete the application process the following items will be necessary:

**1. Agricultural Land Use Application**

**2. Statement of Land Lease Abstract form,**

Please include the following information on the "Agricultural Land Lease Abstract"

- a) Annual Gross Rent
- b) The lessor expenses associated with the property, excluding land cost and Interest paid, income tax depreciation, and capital improvements.
- c) Water Costs

**3. A lease statement containing the following items:**

- a) The name and address of the lessor and lessee.
- b) The complete legal description of the property. ( Or parcel number)
- c) The situs address of the property. (if applicable)
- d) The cash or cash equivalent of the lease payments.
- e) The conditions and term of the lease.

Please give us a call if you have any questions.

Thank you,

**YAVAPAI COUNTY ASSESSOR'S OFFICE**

**AGRICULTURAL DEPARTMENT**

[AssessorAG@yavapai.us](mailto:AssessorAG@yavapai.us)

# Agricultural Land Use Application

## Information and Instructions

For property tax purposes, the determination of "full cash value" for agricultural land is prescribed by statute in A.R.S. § 42-13101. The valuation method applies only to property that has been approved for agricultural classification by meeting the statutory requirements and criteria set forth in A.R.S. Title 42, Chapter 12, Article 4. One such requirement is the submittal of a completed Agricultural Land Use Application form to the county assessor.

- Complete all the items on the form that apply. Sign the application and keep a copy for your records. Although not required, you are also encouraged to complete the Supplement Page, Form 82916-S, as this will facilitate the processing of your application.
- Submit the signed application to the assessor for the county in which the property is located. Also include any Agricultural Lease Abstract forms required by A.R.S. § 42-13102 (see the block at the bottom of this page).
- Along with the application, the assessor may request other pertinent information for review, such as the legal description of the property, copies of land leases, registered brand information, etc.

**Quick File Option:** If you are an owner-producer (i.e. the landowner and agricultural producer) and your application pertains to newly added property to your existing operation, you may choose to streamline your application under the following conditions:

- A. The new property is an addition to your existing agricultural operation, and
- B. The real property in your existing operation already has agricultural classification.

If conditions A & B are met, it is only necessary to list the newly added property on the application. Naturally, you may list all the land utilized in your operation, but it is not required.

**Animal Unit (AU):** Pursuant to A.R.S. § 37-285, "animal unit" means one weaned beef animal over six months of age, or one horse, or five goats, or five sheep, or the equivalent. A cow/calf pair (a cow and her calf) is considered equivalent to one animal unit.

**AUM - Animal Unit Month:** A.R.S. § 37-285 defines this as one animal unit grazing for one month. It is also known as the amount of forage required to sustain one animal unit for one month.

**Carrying Capacity:** Refers to the potential number of animal units that may be supported on an area of land for a given period of time based on forage potential. Please report the annual carrying capacity in the amount of animal unit months (AUM's). For example, consider a hypothetical 12,000 acre ranch property. If the forage potential can sustain 90 animal units grazing for ten months during the course of a year, the annual carrying capacity is 900 AUM's (90 animal units x 10 months). If 12 months, then 1,080 AUM's.

**Homesite Acreage:** If a portion of the parcel is used for a residence - typically the home of the owner's family - please report the approximate acreage for the site containing the home and its associated residential structures.

### Land Use (codes to identify agricultural land use)

- **GR** Natural Grazing - livestock grazing on uncultivated land, on which naturally occurring plants provide forage
- **PA** Pasture - livestock grazing on irrigated and prepared land, on which plants are grown for forage
- **FC** Field Crops (cotton, wheat, barley, alfalfa, etc)
- **PC** Permanent Crops (citrus, nuts, apples, etc)
- **HD** High Density (feedlot, dairy, cotton gin, processing wine grapes, etc)
- **EQ** Equine (commercial breeding, raising, boarding or training; or rescue facility)

### Important Awareness Items:

1. **Change of ownership.** If the ownership changes on a property that has agricultural classification, the new owner must file an application within sixty days after the ownership change to maintain the agricultural classification for the property.
2. **Notice of change in use.** Per A.R.S. § 42-12156, if all or part of the property ceases to qualify as agricultural property, the person who owns the property at the time of change must notify the assessor within sixty days after the change.
3. **A.R.S. § 42-12157.** This statute pertains to "Recapture and penalty for false information or failure to notify change in use".

**Land You Lease to a Tenant:** Per A.R.S. § 42-13102, an Agricultural Lease Abstract - DOR Form 82917 - is required for each agricultural land lease exceeding ninety days. This pertains to any deeded land and/or government land that you lease to a tenant, or sublease to a tenant.

Online source for statutes: <http://www.azleg.gov/ArizonaRevisedStatutes.asp>

# AGRICULTURAL LAND USE APPLICATION

File Date: 6/14/2022 County: Yavapai

|                                 |
|---------------------------------|
| ASSESSOR'S USE ONLY             |
| Agricultural Unit Number: _____ |

|                                         |
|-----------------------------------------|
| OWNER: NAME & ADDRESS - PLEASE PRINT    |
| <u>Steven C &amp; Terri S Daugherty</u> |
| <u>17629 N 16TH ST</u>                  |
| <u>Phoenix, AZ 85022</u>                |

☐ Check here if you are choosing the Quick File Option  
(See the Instructions)

|                                                          |
|----------------------------------------------------------|
| <b>Listing of Agricultural Land</b>                      |
| Use Continuation Page(s) (form DOR 82916-C) if necessary |

|                                                                   |
|-------------------------------------------------------------------|
| <b>Totals: Parts A, B &amp; C (combined)</b>                      |
| Agricultural Land - Total Acres                                   |
| Carrying Capacity - Annual AUM's                                  |
| See Instructions for carrying capacity pertaining to grazing land |

## A. Deeded Land You Own

| Item # | Land Parcels                | Land Use<br>(see codes) | Acres<br>(AG Land) | Homesite<br>Acreage | ASSESSOR'S USE ONLY |     |     |     |
|--------|-----------------------------|-------------------------|--------------------|---------------------|---------------------|-----|-----|-----|
|        | Assessor's Parcel ID Number |                         |                    |                     | Parcel Size         | App | Den | PUC |
| 1      | <u>202-18-001M</u>          | <u>GR</u>               | <u>40</u>          |                     |                     |     |     |     |
| 2      |                             |                         |                    |                     |                     |     |     |     |
| 3      |                             |                         |                    |                     |                     |     |     |     |
| 4      |                             |                         |                    |                     |                     |     |     |     |

## B. Deeded Land Leased to You

If located in a different county than  
the land in Part A, which county?

| Item # | Land Parcels                | Land Use<br>(see codes) | Acres<br>Leased | Lease Term Dates |     | Owner's Name |
|--------|-----------------------------|-------------------------|-----------------|------------------|-----|--------------|
|        | Assessor's Parcel ID Number |                         |                 | Begin            | End |              |
| 1      |                             |                         |                 |                  |     |              |
| 2      |                             |                         |                 |                  |     |              |
| 3      |                             |                         |                 |                  |     |              |

## C. Government Land Leased to You (or subleased to you)

| Item # | Gov't Agency e.g. BLM,<br>Forest Service, State Land Dept. | Lease ID e.g. Lease Number,<br>Permit #, Allotment # / Name | Lease Term Dates |     | Acres | Carrying<br>Capacity |
|--------|------------------------------------------------------------|-------------------------------------------------------------|------------------|-----|-------|----------------------|
|        |                                                            |                                                             | Begin            | End |       | Annual<br>AUM's      |
| 1      |                                                            |                                                             |                  |     |       |                      |
| 2      |                                                            |                                                             |                  |     |       |                      |
| 3      |                                                            |                                                             |                  |     |       |                      |

### Affirm and Attest

Before marking the checkboxes here, you are advised to read the Agricultural Property Classification statutes set forth in A.R.S. Title 42, Chapter 12, Article 4. Online source: [www.azleg.gov/ArizonaRevisedStatutes.asp](http://www.azleg.gov/ArizonaRevisedStatutes.asp) Note: If you leave any boxes unchecked, you must provide an explanation on a separate sheet of paper and attach it to your application.

- ☒ 1. I hereby affirm this is a true and complete statement, to the best of my knowledge, of the property that is owned, claimed by, or in possession or control of the undersigned.
- ☒ 2. I hereby affirm that the property meets the requirements prescribed in A.R.S. § 42-12162, "Criteria for classification of property used for agricultural purposes".
- ☒ 3. I affirm and attest that the property is in active production with an expectation of profit.

Signature of Owner or Representative: Terri S Daugherty Date: 6/14/2022 Print Name (and title, if applicable): Terri S Daugherty Telephone: 602-5774518

State Board of Appraisal # \_\_\_\_\_ (for Property Tax Agents only)

Include a current Agency Authorization (82130AA)

Email address: shaggydoghnb@gmail.com  
OR circled2@cox.net

## AGRICULTURAL LAND USE APPLICATION - Supplement Page

File Date: \_\_\_\_\_ County: \_\_\_\_\_ Key Parcel: \_\_\_\_\_

• First parcel listed on Application

OWNER: Name - Please Print \_\_\_\_\_

### Section 1

**Type of landowner:** For the purpose of this form, there are two terms to distinguish the type of landowner.

**Owner-Producer:** A landowner who is the agricultural producer utilizing the land in his/her agricultural operation. Also known as owner-user or owner-operator.

**Owner-Lessor:** A landowner who leases the land to either: 1) an end-user tenant for use in the tenant's agricultural operation, or 2) a sandwich leaseholder tenant who subleases the land to a subtenant agricultural user.

#### Which scenario fits your application?

The Agricultural application form has the flexibility to be used under the following scenarios. Please mark the appropriate checkbox. In the case of Scenario 3, #2 may also apply.

- ☐ 1. An owner-producer's application on a new agricultural property unit, i.e. all the land in the operation.
- ☐ 2. An owner-lesser's application on property used in a tenant's or subtenant's agricultural operation.
- ☐ 3. An application prompted by an ownership change on an existing agricultural property to maintain the agricultural classification.
- ☐ 4. An owner-producer's application on newly added property to his/her existing agricultural operation.

### Section 2

**Introduction:** Upon receiving an application, one of the assessor's foremost considerations is to examine whether a property meets the definition of "agricultural real property", as set forth in A.R.S. § 42-12151 for property tax purposes. This definition specifies eleven different agricultural property types, each pertaining to the entire real property unit or "the whole", meaning all of the land being utilized in a particular agricultural economic operation (i.e. a farm, ranch, or agri-business).

Thus, it is important for the assessor to know what the "whole" agricultural property unit is. As such, you are encouraged to complete a brief section pertaining to the entire operation overall. For an owner-producer, complete the *Owner's Agricultural Operation* block at the bottom of this page. For an owner-lesser, complete the *Tenant's Agricultural Operation* block on the Agricultural Lease Abstract form.

#### Whole or a Portion?

If the land listed on your application is a portion of an agricultural property unit, the information you provide pertaining to the "whole" property unit is imperative. Recognize that if the assessor is unable to gain sufficient knowledge of "the whole" in order to test whether it meets the definition of "agricultural real property", it then follows that a portion would not be approved for agricultural classification.

The following question pertains to all the land listed on your Application in Parts A, B & C:

Does this land represent the "whole" agricultural property unit, or a portion of the agricultural property unit? Check the appropriate box.

☐ Whole

☐ Portion

| Owner's Agricultural Operation (overall) - General Information                                                                             | To Be Completed By Owner-Producer |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Farm or Ranch Name: _____ Total Acreage: _____<br>(approximately)                                                                          |                                   |
| <u>Principal Agricultural Activity:</u>                                                                                                    |                                   |
| <input type="checkbox"/> Raising Livestock - Approximate # of Animal Units: _____ Type of Livestock: _____<br>(see Animal Unit definition) |                                   |
| <input type="checkbox"/> Raising Crops - Type of Crops: _____                                                                              |                                   |
| <input type="checkbox"/> Other - Describe: _____                                                                                           |                                   |

# AGRICULTURAL LEASE ABSTRACT - Page 1

This Document is Not Open to Public Inspection

File Date: 6/14/2022 County: Yavapai Key Parcel: 202-18-001M  
 • First parcel listed on Page 2

|                                                  |  |  |  |                                                   |  |  |  |
|--------------------------------------------------|--|--|--|---------------------------------------------------|--|--|--|
| <b>LESSOR: NAME &amp; ADDRESS - PLEASE PRINT</b> |  |  |  | <b>TENANT: NAME &amp; ADDRESS - PLEASE PRINT</b>  |  |  |  |
| NAME <u>Terri &amp; Steve Daugherty</u>          |  |  |  | NAME <u>Sunflower Livestock LLC</u>               |  |  |  |
| ADDRESS                                          |  |  |  | ADDRESS <u>HC 01 BOX 3060</u>                     |  |  |  |
| CITY STATE ZIP TELEPHONE                         |  |  |  | CITY STATE ZIP TELEPHONE <u>Hillside AZ 86321</u> |  |  |  |

Are the Lessor and the Tenant related? Yes ☐ No ☒  
 If Yes, state relationship: \_\_\_\_\_  
 (spouses, family members, related business entities, etc)

• NOTE: This is a two-page form. You must complete both pages.  
 • Refer to the Information & Instructions as you complete the form.

**LEASE TERM:** START DATE: 06/01/2022 END DATE: 05/31/2027

**LAND FOR THIS LEASE:** Summary of Land Listed on Page 2 and any Continuation Pages

Property Location: Saddle Creek Ranch Phase 111 Lot 56 (Address or Twp & Range)

Acres Leased to Tenant: 40 Land Use: GR (see codes)

Carrying Capacity -- Annual AUM's: \_\_\_\_\_ (applicable for grazing land - see instructions)

| Annual Rent                    | \$ | If rent is paid in a form other than cash, report the approx cash equivalent. Provide explanation in the box below. |
|--------------------------------|----|---------------------------------------------------------------------------------------------------------------------|
| Rent Per Acre                  | \$ |                                                                                                                     |
| For Grazing Land: Rent Per AUM | \$ |                                                                                                                     |

**LEASE CONDITIONS:** 1) Is the lease part of a sale/leaseback transaction? Yes ☐ No ☒  
 2) In addition to the rent, does the tenant pay the following items, either directly or by reimbursing the lessor?  
 • Property Tax ..... Yes ☐ No ☒  
 • Sales Tax (on the rent) ..... Yes ☐ No ☒  
 • Irrigation District Assessment ..... Yes ☐ No ☒  
 3) Other Conditions (rent increases, option to renew, residence included in the rent, etc) \_\_\_\_\_

**LESSOR EXPENSES:** Report anticipated annual costs paid by the lessor that are directly related to the production of the rent.  
 These may include items such as property tax, rental sales tax, irrigation district assessment, grazing fees plus surcharge for government land subleased to the tenant, property management, maintenance of wells and irrigation ditches, etc. Do not report items paid by the tenant. Do not report land cost, interest on land cost, cost of capital improvements, or income tax depreciation.

| Expense Item | Amount | Expense Item | Amount |
|--------------|--------|--------------|--------|
|              | \$     |              | \$     |
|              | \$     |              | \$     |
|              | \$     |              | \$     |

I hereby affirm that this is a true and complete statement, to the best of my knowledge, of the property that is owned, claimed by, or in the possession or control of the undersigned.

Signature of Lessor or Representative Terri S Daugherty Date 6/14/2022 Print Name and Title (if applicable) Shaggydogbnb@gmail.com Telephone 602-5774518  
 State Board of Appraisal # \_\_\_\_\_ (for tax consultants only) Include a current Agency Authorization (82130AA) Email address circled2@cox.net

## **Agricultural Lease Abstract**

### **Information and Instructions**

Pursuant to A.R.S. § 42-13102, each lease of agricultural land, or agreement to rent agricultural land, for a period of more than ninety days shall be reported on a lease abstract form. The owner or lessor, or an agent of the owner or lessor, shall file the lease abstract with the county assessor.

The assessor's collection of rental data by way of this form is essential to the valuation process for determining the "full cash value" of agricultural land for property tax purposes. As such, information on the form must be reported in a complete, clear, and accurate manner. Note that rental data reported for an individual property will not directly affect the assessment or taxes on that property.

The valuation process for agricultural land is prescribed by statute in A.R.S. § 42-13101, which specifies "using only the income approach to value without any allowance for urban or market influences". In short, this method is utilized to calculate value based on the potential typical rental income for agricultural land, referred to in the statute as "average annual net cash rental".

- 
- Complete all the items on the form that apply. **Note:** You must complete the brief section pertaining to the *Tenant's Agricultural Operation (overall)* at the bottom of Page 2.
  - Sign the form and keep a copy for your records. Submit the completed form to the assessor for the county in which the property is located.
  - Along with the lease abstract form, the assessor may request other pertinent information for review, such as a copy of the lease, the legal description of the property, registered brand information, etc.
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**Animal Unit (AU):** Pursuant to A.R.S. § 37-285, "animal unit" means one weaned beef animal over six months of age, or one horse, or five goats, or five sheep, or the equivalent. A cow/calf pair (a cow and her calf) is considered equivalent to one animal unit.

**AUM - Animal Unit Month:** A.R.S. § 37-285 defines this as one animal unit grazing for one month. It is also known as the amount of forage required to sustain one animal unit for one month.

**Carrying Capacity:** Refers to the potential number of animal units that may be supported on an area of land for a given period of time based on forage potential. Please report the annual carrying capacity in the amount of animal unit months (AUM's). For example, consider a hypothetical 12,000 acre ranch property. If the forage potential can sustain 90 animal units grazing for ten months during the course of a year, the annual carrying capacity is 900 AUM's (90 animal units x 10 months). If 12 months, then 1,080 AUM's.

**Rental Sales Tax:** In Arizona, the technical term for sales tax is transaction privilege tax. Some cities and counties impose this tax on the rental of real property. For information, see Arizona Dept of Revenue Publication 608 - Commercial Lease and Publication 622 - Business Basics. Online source: [www.azdor.gov](http://www.azdor.gov)

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#### **Land Use (codes to identify agricultural land use)**

- **GR** Natural Grazing - livestock grazing on uncultivated land, on which naturally occurring plants provide forage
  - **PA** Pasture - livestock grazing on irrigated and prepared land, on which plants are grown for forage
  - **FC** Field Crops (cotton, wheat, barley, alfalfa, etc)
  - **PC** Permanent Crops (citrus, nuts, apples, etc)
  - **HD** High Density (feedlot, dairy, cotton gin, processing wine grapes, etc)
  - **EQ** Equine (commercial breeding, raising, boarding or training; or rescue facility)
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#### **Important Awareness Items:**

**A new lease abstract form must be filed when a change occurs.**

Certain changes to a previously reported lease will prompt a requirement to submit a new lease abstract. These include a change in the ownership, the lessor, or the tenant; or a change to the rent, the land size, lease term, or lease conditions, etc. A new lease abstract form must be filed within three months after the change or before January 31, whichever is later.

**A.R.S. § 42-15052.** This statute pertains to the assessor's authority to request information and examine documents that bear on reporting or valuing taxable property.

**A.R.S. § 42-15055.** This statute pertains to the consequence and penalty for false information or failure to supply information required by the assessor.

**Online source for statutes:** <http://www.azleg.gov/ArizonaRevisedStatutes.asp>