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# MEMORANDUM

## Finance and Risk Management Department

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**Report of Review Officer  
Board of Supervisors Policy D22.10  
Appeal by Property Owner of Review Officer Recommendation  
Russell R. Murphy, Ltd. 401(k) Profit-Sharing Plan, Owner of Tax Parcel 108-12-5270  
February 18, 2014**

Russell R. Murphy, Ltd. 401(k) Profit-Sharing Plan, for the benefit of Russell R. Murphy, filed an appeal under Arizona Revised Statutes §42-12052 and the provisions of Board of Supervisors Policy D22.10 to change the classification of tax parcel number 108-12-5270 to Legal Class 3 for Tax Year 2014. The Pima County Assessor had changed the classification on the Parcel from Class 3, residential property owned as a primary residence, to Class 4, residential property that is not owned as a primary residence. The impact of the classification change by the Assessor from Class 3 to Class 4 is to make the property owner ineligible for the State Aid to Education subsidy on the property tax levied, which in this situation would be approximately \$600 reduction in tax liability.

Under the provisions of Board Policy D22.10, I reviewed the appeal of the property owner and denied the appellant's request to have the property classification changed to Class 3, primary residence, and agreed with the Assessor's determination. The property owner appealed that recommendation. The matter has therefore been set as a hearing for the Board of Supervisors to determine the classification of the property.

The Russell R. Murphy, Ltd. 401(k) Profit-Sharing Plan for the benefit of Russell R. Murphy, with Russell R. Murphy serving as trustee, is the legal owner of the property. In the appeal, Mr. Murphy states that his step-daughter lives in the property, and he argues that qualifies the property as a "primary residence" under A.R.S. §42-12053, which permits primary residence classification for a property occupied by a member of the owner's family, who must be:

1. The owner's natural or adopted child or a descendant of the owner's child.
2. The owner's parent or an ancestor of the owner's parent.
3. The owner's stepchild or stepparent.
4. The owner's child-in-law or parent-in-law.
5. The owner's natural or adopted sibling.

Although it appears the property would qualify as a primary residence if Mr. Murphy himself were the owner of the parcel, he is not the owner. The property is owned by Mr. Murphy as Trustee of the Russell B. Murphy, Ltd. 401(k) Profit-Sharing Plan, which is an entity established by Mr. Murphy's employer, Russell R. Murphy, Ltd., a professional corporation established in 1985 that engages in the business of accounting. A 401(k) plan is established by an employer to offer eligible employees a tax-favored way to save for retirement; both the employees and the employer may make contributions to the employee's account. In order for the 401(k) plan to qualify for tax deferral under Section 401(a) of the Internal Revenue Code, it must be a trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries.

Report of Review Office

**Russell R. Murphy, Ltd. 401(k) Profit-Sharing Plan, Owner of Tax Parcel 108-12-5270**

February 18, 2014

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In my review, I recommended that the parcel be treated as Class 4, residential property other than a primary residence, because the property is owned by a business entity.

The question for the Board to consider is whether a residence occupied by the step-daughter of a beneficiary and trustee of an employer-sponsored profit-sharing plan should be considered a primary residence of the owner and be given a Class 3 designation.

After my review of the facts and circumstances, I recommend that the Board deny the appeal to have the property designated as Class 3 and uphold the Assessor's decision to change the classification to Class 4.

Respectfully submitted,



Thomas E. Burke

Finance and Risk Management Director

Review Officer under Board of Supervisors Policy D22.10

Attachments

# **AFFIDAVIT OF PROPERTY VALUE**

## 1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(S)

Primary Parcel: 188-12-5270

BOOK MAP PARCEL SPLIT

Does this sale include any parcels that are being split / divided?

Check one: Yes ☐ No ☒

How many parcels, other than the Primary Parcel, are included in this sale? 0

Please list the additional parcels below (attach list if necessary):

(1) \_\_\_\_\_ (2) \_\_\_\_\_  
(3) \_\_\_\_\_ (4) \_\_\_\_\_

## 2. SELLER'S NAME AND ADDRESS:

Jerry Craig Jackson and Martene Fern Jackson

7203 N. Cloud Canyon Pl.

Tucson, AZ 85718

## 3. (a) BUYER'S NAME AND ADDRESS:

Russell R. Murphy as Trustee of The Russell R. Murphy, Ltd.

401(k) Profit Sharing Plan for Russell R. Murphy

4011 East Camino Montecillo

Tucson, AZ 85718

(b) Are the Buyer and Seller related? Yes ☐ No ☒

If Yes, state relationship:

## 4. ADDRESS OF PROPERTY:

5194 N. Flecha Palero

Tucson, AZ 85718

## 5. MAIL TAX BILL TO:

Russell R. Murphy as Trustee of The Russell R. Murphy, Ltd. 401(k)

Profit Sharing Plan for Russell R. Murphy

4011 E. Camino Montecillo

Tucson, AZ 85718

## 6. PROPERTY TYPE (for Primary Parcel): NOTE: Check Only One Box

- |  |   |
|--|---|
| a. <input type="checkbox"/> Vacant Land                        | f. <input type="checkbox"/> Commercial or Industrial Use                |
| b. <input checked="" type="checkbox"/> Single Family Residence | g. <input type="checkbox"/> Agricultural                                |
| c. <input type="checkbox"/> Condo or Townhouse                 | h. <input type="checkbox"/> Mobile or Manufactured Home                 |
| d. <input type="checkbox"/> 2-4 Plex                           | <input type="checkbox"/> Attached <input type="checkbox"/> Not Attached |
| e. <input type="checkbox"/> Apartment Building                 | i. <input type="checkbox"/> Other Use; Specify                          |

## 7. RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in Item 6 above, please check one of the following:

- ☐ To be used as a primary residence ☒ Owner occupied, not a primary residence.
- ☐ To be rented to someone other than a "family member."

See reverse side for definition of a "primary residence" or "family member."

## 8. If you checked e or f in Item 6 above, indicate the number of units:

For Apartments, Motels / Hotels, Mobile Home / RV Parks, etc.

## 9. TYPE OF DEED OR INSTRUMENT (Check Only One Box)

- |  |   |
|--|---|
| a. <input checked="" type="checkbox"/> Warranty Deed | d. <input type="checkbox"/> Conveyance or Release |
| b. <input type="checkbox"/> Special Warranty Deed    | e. <input type="checkbox"/> Quitclaim             |
| c. <input type="checkbox"/> Joint Tenancy Deed       | f. <input type="checkbox"/> Other                 |

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Signature of Seller/Agent

State of Arizona, County of Pima

Subscribed and sworn to before me this 9th day of May, 2013

Notary Public

Notary Expiration Date 10/31/14

(a) County of Recordation: PIMA

(b) Date of Recording: 5/10/2013

(c) Fee/Recording Number: 20131300458



10. SALE PRICE \$ 644000 00

11. DATE OF SALE (Numeric Digits): 04/2013

Month / Year

12. DOWN PAYMENT \$ 644000 00

## 13. METHOD OF FINANCING

- |  |  |
|--|--|
| a. <input checked="" type="checkbox"/> Cash (100% of Sale Price) | e. <input type="checkbox"/> New loan(s) from financial institution |
| b. <input type="checkbox"/> Barter or trade                      | (1) <input type="checkbox"/> Conventional                          |
| c. <input type="checkbox"/> Assumption of existing loan(s)       | (2) <input type="checkbox"/> VA                                    |
| d. <input type="checkbox"/> Seller Loan (Carryback)              | (3) <input type="checkbox"/> FHA                                   |
|  | f. <input type="checkbox"/> Other financing; Specify:              |

## 14. PERSONAL PROPERTY (see reverse side for definition):

(a) Did the Sale Price in Item 10 include Personal Property that impacted the Sale Price by 5 percent or more? Yes ☐ No ☒

(b) If Yes, provide the dollar amount of the Personal Property:

\$ 00 AND

briefly describe the Personal Property:

## 15. PARTIAL INTEREST: If only a partial ownership interest is being sold, briefly describe the partial interest:

## 16. SOLAR / ENERGY EFFICIENT COMPONENTS:

(a) Did the Sale Price in Item 10 include solar energy devices, energy efficient building components, renewable energy equipment or combined heat and power systems that impacted the Sale Price by 5 percent or more? Yes ☐ No ☒

If Yes, briefly describe the solar / energy efficient components:

## 17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone Number):

Title Security Agency of Arizona

4051 E. Sunrise Drive, Suite 155

Tucson, AZ 85718

## 18. LEGAL DESCRIPTION (attach copy if necessary):

See Exhibit "A" attached hereto and made a part hereof.

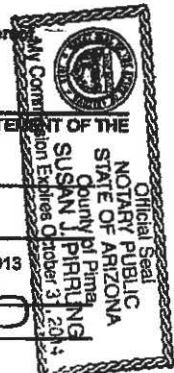
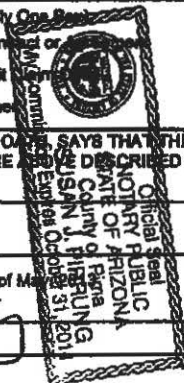
Signature of Buyer/Agent

State of Arizona, County of Pima

Subscribed and sworn to before me this 9th day of May, 2013

Notary Public

Notary Expiration Date 10/31/14





SEQUENCE: 20131300458  
No. Pages: 3  
5/10/2013 3:08 PM

F. ANN RODRIGUEZ, RECORDER  
Recorded By: JSH (e-recording)



RECORDING REQUESTED BY:  
Signature Title Agency of Arizona, LLC  
AND WHEN RECORDED MAIL TO:  
The Russell R. Murphy, Ltd. 401(k)  
Profit Sharing Plan fbo Russell R.  
Murphy  
4011 East Camino Montecillo  
Tucson, AZ 85718

ESCROW NO.: 500-11472-SJP  
800-01013

SPACE ABOVE THIS LINE FOR RECORDER'S USE

### WARRANTY DEED

For the consideration of Ten Dollars, and other valuable considerations, I or we,

Jerry Craig Jackson and Marlene Fern Jackson, husband and wife

do/does hereby convey to

Russell R. Murphy as Trustee of The Russell R. Murphy, Ltd. 401(k) Profit Sharing Plan fbo Russell R. Murphy

the following real property situated in Pima County, State of Arizona:

See Exhibit "A" attached hereto and made a part hereof.

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

And I or we do warrant the title against all persons whomsoever, subject to the matters set forth above.

Dated: May 8, 2013

Grantors:

Jerry Craig Jackson  
  
Marlene Fern Jackson

Escrow No.: 500-11472-SJP

State of Arizona            )ss:  
County of Pima

On this 17<sup>th</sup> day of May, 2013, before me,  
The Undersigned  
a Notary Public in and for said County and State, personally  
appeared  
Jerry Craig Jackson and Marlene Fern Jackson, husband and  
wife  
personally known to me (or proved to me on the basis of  
satisfactory evidence) to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized  
capacity(ies), and that by his/her/their signature(s) on the  
instrument the person(s), or the entity upon behalf of which the  
person(s) acted, executed the instrument  
WITNESS my hand and official seal.

Notary Public: [Signature]

My Commission Expires: 10/31/14

FOR NOTARY SEAL OR STAMP



Escrow No.: 500-11472-SJP

**EXHIBIT "A"**

Lot 27 of LA PALOMA, BLOCK 21, a subdivision of Pima County, Arizona, according to the plat of record in the office of the Pima County Recorder in Book 56 of Maps and Plats at page 89.

A handwritten signature in black ink, featuring a stylized, cursive script. To the left of the signature, there are two 'X' marks, one above the other.



# Pima County Clerk of the Board

Robin Brigode

Mary Jo Furphy  
Deputy Clerk

Administration Division  
130 W. Congress, 5<sup>th</sup> Floor  
Tucson, AZ 85701  
Phone: (520) 724-8449 • Fax: (520) 222-0448

Document and Micrographics Mgt. Division  
1640 East Benson Highway  
Tucson, Arizona 85714  
Phone: (520) 351-8454 • Fax: (520) 351-8456

January 30, 2014

MURPHY RUSSELL R 401K PROFIT SHARING  
PLAN FBO MURPHY RUSSELL R  
4011 E. CAMINO MONTECILLO  
TUCSON, AZ 85718

RE: Appeal of the Review Officer's Decision regarding Parcel No. 108125270

Dear Mr. Murphy:

Please be advised that in accordance with Board of Supervisors Policy D 22.10, the attached request to appeal the decision of the Review Officer has been scheduled for a hearing before the Pima County Board of Supervisors on Tuesday, February 18, 2014, at 9:00 a.m. or thereafter, at the following location:

Pima County Administration Building  
Board of Supervisors Hearing Room  
130 West Congress, 1st Floor  
Tucson, AZ 85701

If you have any questions regarding this hearing, please contact this office at 724-8449.

Sincerely,

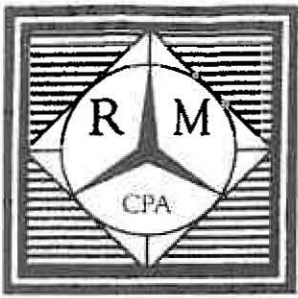
A handwritten signature in cursive script that reads "Robin Brigode".

Robin Brigode  
Clerk of the Board

Attachment

c: Thomas Burke, Finance and Risk Management Director (Review Officer)  
Bill Staples, Pima County Assessor





# Russell R. Murphy, Ltd.

Certified Public Accountant  
AICPA Personal Financial Specialist  
Certified Financial Planner  
Certified Specialist In Estate Planning  
Certified Specialist In Retirement Planning

Member  
American Institute  
of  
Certified Public  
Accountants



4011 East Camino Montecillo  
Tucson, Arizona 85718-3437

Telephone: (520) 577-6400  
Facsimile: (520) 577-8400  
Email: [rmcpa@comcast.net](mailto:rmcpa@comcast.net)

January 24, 2014

Pima County Clerk of the Board  
Mail Stop DT-AB5-130  
130 West Congress Street  
Tucson, Arizona 85701

Re: Parcel 108125270  
Address: 6194 Placita Pajaro

Ladies and Gentlemen

I wish to request a hearing before the Board of Supervisors to appeal the legal classification of the above property.

The property in question is the primary personal residence of my stepdaughter, her husband and their children. It is my understanding that a property that is used as the primary personal residence of a "qualified family member" qualifies for legal class 3 as opposed to legal class 4. It is also my understanding that a property owned by individual's retirement account for the benefit of that individual is deemed to be owned by that individual for the purpose establishing the legal class of such property.

I am attaching the review officer's decision on reclassification, my affidavit for primary residence classification for the subject property and the 2014 Notice of Change.

If you need any further information to schedule the hearing date please let me know.

Very truly yours,

Russell R. Murphy

Enclosures



AFFIDAVIT FOR PRIMARY RESIDENCE CLASSIFICATION

Parcel No. 108-12-5270  
Book Map Parcel Split Letter  
Property Address: 6194 PLACITA PAJARO  
Owner(s): RUSSELL B. MURPHY, LTD 401(K) PROFIT SHARING PLAN  
FBO RUSSELL B. MURPHY, RUSSELL B. MURPHY, TRUSTEE  
Mail address: 4011 EAST CAMINO MONTECILLO  
TUCSON, ARIZONA 85718

=====

To ensure proper classification is assigned to your residential property, this office requires additional verification of property use. As of July 1, 2011 the definition of owner occupancy has changed and is now referred to as PRIMARY RESIDENCE. This application will verify that the correct classification is assigned to your property and if reclassification of this property is required.

PRIMARY RESIDENCE DEFINITION:

Primary Residence is your one and only main residence where you or a qualified family member resides. You can have only one primary residence no matter how many homes you own. If the property listed is used as a vacation home, leased or rented to a non-qualified family member or if you claim a home in another state as your primary residence, the listed home cannot qualify as a primary residence.

If you have questions concerning this matter, please contact our office at (520) 724-8630

=====

Please check the item(s) below which most accurately defines the status of your property, sign the application and return it to our office.

1. This property is my Primary Residence as of \_\_\_\_\_ and is not used as a secondary residence or a vacation home.
2. This property is the Primary Residence of a Qualified Family member, as indicated below, as of 05-16-13

☒ a natural or adopted child or grandchild  
☒ a stepson or stepdaughter  
☐ the father or mother of the owner, grandparent or great-grandparent  
☐ a stepfather or stepmother  
☐ a son-in-law, daughter-in-law, father-in-law or mother-in-law  
☐ a natural or adopted brother or sister

=====

The Undersigned states or declares under penalty of perjury that the foregoing information is a true and correct statement of the facts pertaining to the use of the above property.

Signature: Russell B. Murphy Date: October 01, 2013  
Telephone Number: 520-577-6400



**PIMA COUNTY  
DEPARTMENT OF FINANCE AND RISK MANAGEMENT**

Thomas E. Burke, Director

1/22/2014

MURPHY RUSSELL R 401K PROFIT  
SHARING PLAN FBO MURPHY RUSSELL R  
4011 E CAMINO MONTECILLO  
TUCSON AZ 85718

**NOTICE OF REVIEW OFFICER'S DECISION  
ON RECLASSIFICATION OF RESIDENTIAL PROPERTY**

Re: Parcel: 108125270  
Situated Address: 6194 N PLACITA PAJARO

Based on the information you have provided for review, your request for reclassification of the above referenced parcel to Legal Class 3, Primary Residence for Tax Year(s) 2014 is Denied.

Within twenty days of the mailing date above, the property owner, the Arizona Department of Revenue and/or the Pima County Assessor have the right to request a hearing before the Board of Supervisors to appeal this decision. Appeals should be submitted in writing to the Pima County Clerk of the Board, Mail Stop: DT-AB5-130, 130 W. Congress St., Tucson, AZ 85701. All parties will be notified of the hearing schedule.

If an appeal is not filed within the deadline, the assessment rolls for the tax year(s) above will be corrected and the information will be forwarded to the Pima County Treasurer. The Treasurer will make adjustments to the taxes for these years.

If you require additional information, please contact Kevin Frakes at (520) 724-8069 or Craig Horn at (520) 724-4278.

Thomas E. Burke  
Finance & Risk Management Director  
Review Officer

c: Pima County Assessor  
Pima County Treasurer  
Department of Revenue Property Tax Division  
Pima County Clerk of the Board of Supervisors

**Bill Staples**

Pima County Assessor  
115 N Church Ave  
Tucson AZ 85701-1199  
[www.asr.pima.gov](http://www.asr.pima.gov)

# NOTICE OF CHANGE 2014



Property located in PIMA COUNTY(10)

THIS IS NOT A TAX BILL

4678 T16 P1 \*\*\*\*\*AUTO\*\*5-DIGIT 85718  
MURPHY RUSSELL R 401K PROFIT SHARING PLAN  
FBO MURPHY RUSSELL R  
4011 E CAMINO MONTECILLO  
TUCSON AZ 85718-3437

ATTENTION:  
PLEASE DO NOT DISREGARD  
THIS IS AN OFFICIAL NOTICE OF VALUE



**APPEAL INSTRUCTIONS:** If you believe that this property has been improperly valued or erroneously listed, you may petition the State Board of Equalization based on the total full cash value (FCV) shown in the "amended 2014 value" area below. A "Petition for Review of Notice of Change" (form DOR 82130NC) may be obtained from the Assessor's Office or downloaded from the Assessor's website. Additional information may be obtained from the State Board of Equalization at [www.sboe.state.az.us](http://www.sboe.state.az.us)

Petitions for review must be filed with the State Board of Equalization by 10/08/2013 the APPEAL DEADLINE.

**Parcel ID:** Book-Map-Parcel  
108-12-5270

**Tax Year:**  
2014

**Notice Date:**  
09/13/2013

**Appeal Deadline:**  
10/08/2013

ORIGINAL 2014 VALUE					AMENDED 2014 VALUE			
	LEGAL CLASS	VALUE	ASMT RATIO	ASSESSED VALUE	LEGAL CLASS	VALUE	ASMT RATIO	ASSESSED VALUE
TOTAL FCV	3	542,860	10.0	54,286	4	542,860	10.0	54,286
LIMITED VALUE	3	542,860	10.0	54,286	4	542,860	10.0	54,286

Description: LA PALOMA BLOCK 21 LOT 27

Property Address: 6194 N PLACITA PAJARO  
Use Code: 0141 - SFR GRADE 010-4 URBAN SUBDIVIDED

### PROPERTY CHARACTERISTICS

Please visit our website or call **(520) 724-3055** for additional information or questions regarding Property Characteristics.

Property Type: SINGLE FAMILY RESIDENCE	Building Class: 4	Area ID: ED 6-080124-16-4
Livable Area: 3638	Effective Age: 2004	Garage Type: GARAGE-3
Cooling: REFRIGERATION	Heating: FORCED	Pool: NO

### Pursuant to AZ Revised Statutes (A.R.S.) 42-15103:

- If you own a parcel of property that is used for residential/ rental purposes, that parcel must be listed on the notice of value as legal class four. If your rental residential property is not so listed you must register the property with the County Assessor pursuant to section 33-1902 or you may be subject to a penalty. Out-of-State owners are required to assign a statutory agent who resides in Arizona and will accept legal documentation on behalf of the owner.
- If you do not register the rental property with the County Assessor after you receive this notice, the city or town in which your property is located may impose a civil penalty payable to the city or town in the amount of one hundred fifty dollars per day for each day of violation, and the city or town may impose enhanced inspection and enforcement measures on the property.
- Many Arizona cities and towns impose a municipal privilege tax on persons engaged in the business of leasing or renting residential real property. If the city or town in which your rental property is located taxes residential rentals, your failure to pay the tax could result in a penalty or fine by the city or town. See Model City Tax Code Section 445 and applicable model option pages to determine whether you are subject to the tax and must be licensed by the city or town in which your rental property is located. The website for the Model City Tax Code is [www.modelcitytaxcode.az.gov](http://www.modelcitytaxcode.az.gov)
- Residential rental properties are also required to comply with the landlord tenant law pursuant to Title 33, Chapters 10 and 11.

OVER