

# Highlights of the DOR Revaluation Manual



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# Resources...

*DOR Website [dor.wa.gov](http://dor.wa.gov)*

*PTRC (Property Tax Resource Center)  
[propertytax.dor.wa.gov](http://propertytax.dor.wa.gov)*

## *Specialists:*

*Marilyn O'Connell – Valuation*

*Jeri Lux – Current Use/Education*

*Rikki Bland – Boards of Equalization*

*Dianne Locke - Levies*

# Revaluation Manual

*Covers duties of the assessor and DOR with regards to revaluation:*

*Revaluation Plans and other reports*

*Property Inspections*

*Listing Property – new construction, improvements to property, omitted property*

*Mass Appraisal*

*Handling Appeals from the assessor's perspective*

*Customer Service*

*Laws, Rules, AGO opinions, Special Notices, etc.*

# Duties of the Assessor with Regard to Revaluation

- 1. Discover and list all taxable real and personal property located within the county for equitable distribution of tax liabilities*
- 2. Physically inspect taxable real property at least once every six years*
- 3. Value all taxable real and personal property every year*



# Duties of the Assessor with Regard to Revaluation

4. Prepare the assessment roll
5. Notify taxpayers of their annual value if there has been a change in valuation
6. Defend valuation methods



# Duties of DOR Property Tax with Regard to Revaluation

## I. Review and approve revaluation plans

### REVALUATION PLAN PARCEL COUNT & WORKLOAD

1. Complete the table by providing the information for your revaluation plan workload. The purpose of this report is to accurately reflect your revaluation plan workload and resources. The plan should include listed property -- taxable and exempt parcels. If a parcel represents property that will be inspected and appraised then count it as one listed parcel.
- Assessment years in proposed plan.
  - Physical Inspections: number of parcels to inspect and appraise each year.
  - Percent of countywide total to inspect and appraise.
  - Number of parcels to statistically update.
  - Percent of parcels to statistically update.

Cycle	(a) Assess Year	Cyclical & Annual Counties				Annual Counties Only			(e) Percent of Total
		(b) Parcels to Inspect and Appraise			(c) Percent of Total	(d) Parcels to Statistically Update			
		Taxable	Exempt	Total		Taxable	Exempt	Total	
1	2009	30,639	816	31,455	19	130,556	4,415	134,971	81
2	2010	26,107	1,059	27,166	16	135,088	4,172	139,260	84
3	2011	27,471	790	28,261	17	133,724	4,441	138,165	83
4	2012	19,821	1,074	20,895	13	141,374	4,157	145,531	87
5	2013	24,405	751	25,156	15	136,790	4,480	141,270	85
6	2014	32,752	741	33,493	20	128,443	4,490	132,933	80
	<b>TOTAL</b>	161,195	5,231	166,426	100				

Note: Statutory and case law requires that revaluation areas be defined as containing a substantially equal amount of parcels.  
See WAC 458-07-015 and 458-07-020 and Dore v. Kinnear, 79 Wn.2d 755.

# Duties of DOR Property Tax with Regard to Revaluation

2. Monitor annual progress in each county on completing their revaluation plan

Annual Revaluation					
Section 1- Current Inspection Area					
Physical Inspection & Appraisal	Number of Parcels Scheduled	Number of Parcels Completed	Percent Completed	No. of Parcels with a Change in Total Market Value	Parcels with Market Value Change as Percent of Scheduled
<i>Real Property</i>					
<i>Residential Properties</i>	2,383	2,383	100.0%	2,383	100.0%
<i>Com. &amp; Ind. Properties</i>	75	75	100.0%	75	100.0%
<i>Other</i>	5,376	5,376	100.0%	5,376	100.0%
<i>Exempt*</i>	318	318	100.0%	0	0.0%
<b>Total Real Property</b>	8,152	8,152	100.0%	7,834	96.0%
<i>Improvements on Leased Land (listed as PP accounts)</i>	0	0		0	
Section 2- Non-Current Inspection Areas					
Statistically Analyzed Parcels	Number of Parcels Scheduled	Number of Parcels Completed	Percent Completed	No. of Parcels with a Change in Total Market Value	Parcels with Market Value Change as Percent of Scheduled
<i>Real Property</i>					
<i>Residential Properties</i>	15,227	15,227	100.0%	2,805	18.4%
<i>Com. &amp; Ind. Properties</i>	1,006	1,006	100.0%	23	2.2%
<i>Other</i>	15,803	15,803	100.0%	176	1.1%
<i>Exempt*</i>	666	666	100.0%	0	0.0%
<b>Total Real Property</b>	32,702	32,702	100.0%	3,004	9.1%
<i>Improvements on Leased Land (listed as PP accounts)</i>	0	0			

# Duties of DOR Property Tax with Regard to Revaluation

3. Provide guidance on procedures for value changes as provided by law in specific situations





# Duties of DOR Property Tax with Regard to Revaluation

## 4. Publish the Comparison of County Assessor Statistics annually

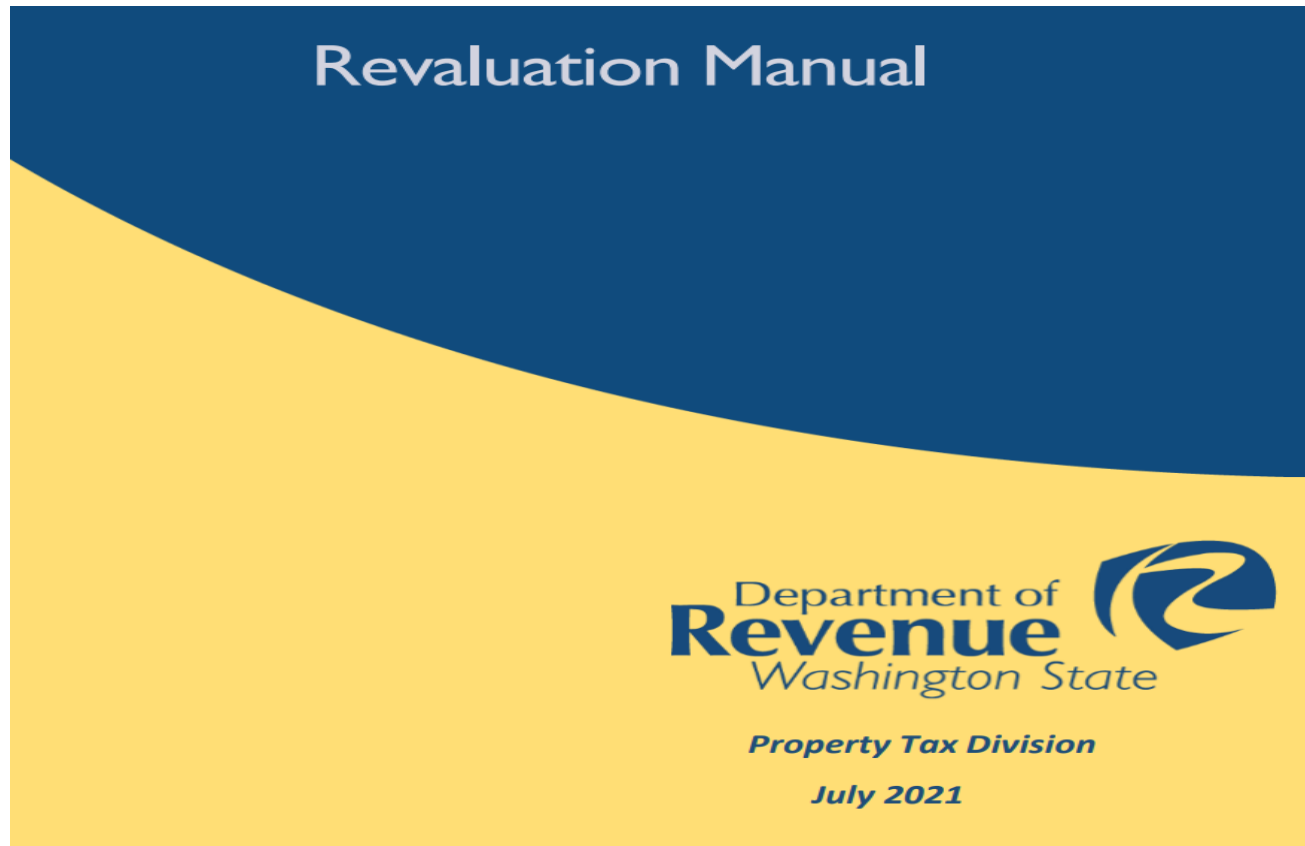


# Duties of DOR Property Tax with Regard to Revaluation

## 5. Provide training



# Duties of DOR Property Tax with Regard to Revaluation



# Part I

## Revaluation of Real Property



# Revaluation of Real Property

- All property must be valued consistent with the principle of uniformity
- Assessor must value all taxable real property on a regular, systematic, and continuous basis
- Plan must be submitted to DOR and followed
- Annual valuation required since 2014 – improves uniformity
  - Easier to reflect current market value, changes to property, and updating of mass appraisal methodologies

# Revaluation Plan



# Transition to Annual Valuation



# Why Annual Revaluation?





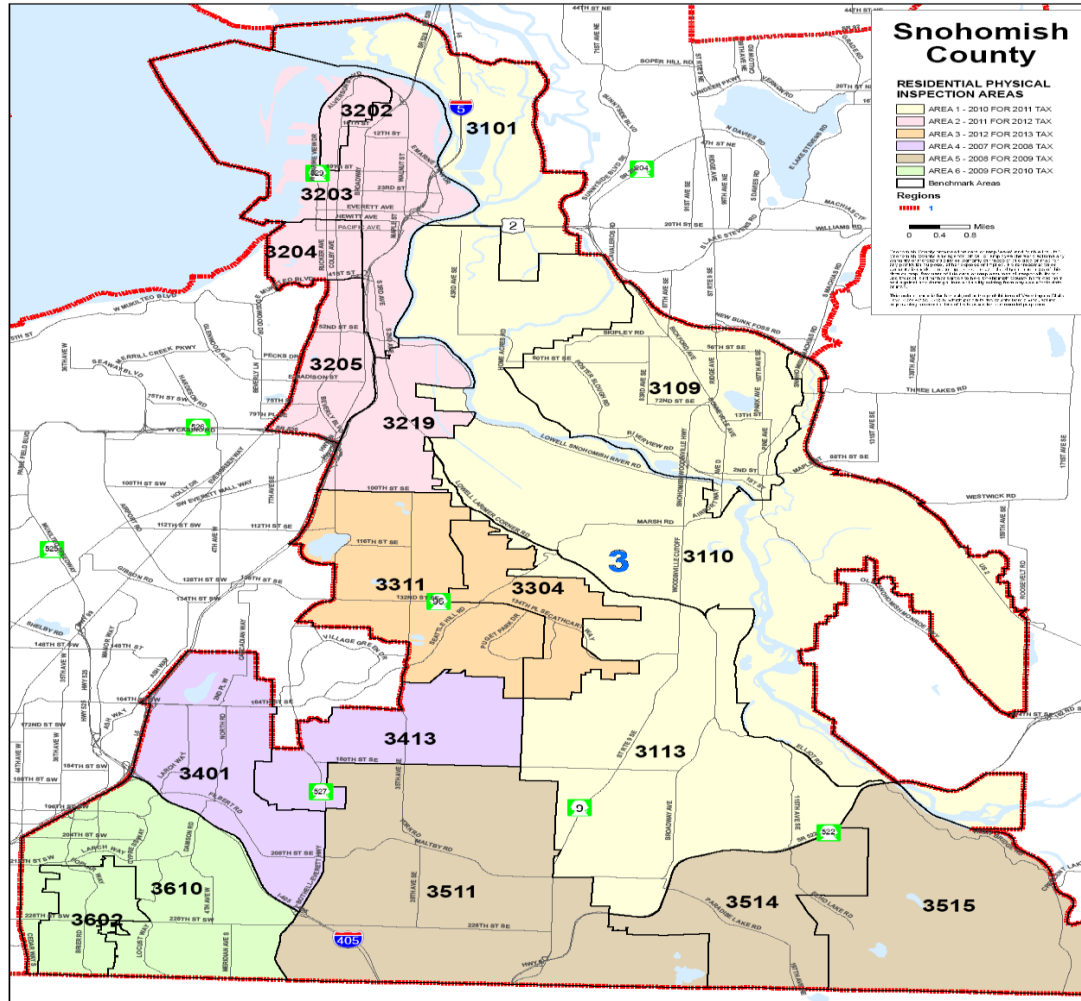
# Revaluation Plan

- Number of parcels in county and property type
- Map showing inspection area
- Which parcels will be inspected each year of the plan
- Methodology for valuation, update of characteristics, and new value
- Current budget and staffing information
- Estimate of time needed to perform inspection work
- Special circumstances that might affect the completion of work

# Revaluation Area



# Physical Inspection Areas



# Revaluation Tracking



# Part 2

## Listing Property



# Listing Property

- Listing of Real Property should contain:
  - Parcel number
  - Legal description
  - Number of acres and lots or parts of lots
  - Value of land
  - Value of improvements
  - Total value
  - When valuation has been changed, the equalized (BOE) value should be shown

# Listing Property.....

## Assessment Roll

- This roll contains the official record of real and personal property in the county
- The assessment roll contains:
  - Parcel number
  - Value of parcel as of January 1
  - Owner name
  - Address of property owner
- Property listing and supporting documents must be available to the public (except for confidential income data)

# Listing Property

- Exempt property should still be listed and valued annually
  - Non-profit exempt
  - Tribal property
  - Property owned by foreign nationals
  - Exception – Publicly owned property no longer needs to be valued - Includes federal, state, county, and municipal regardless of use
  - ✓ If property transfer into private ownership, the property is valued as of the date of transfer.



# Listing Property

- Timing for listing new property
  - Should be listed and valued as soon as possible so valuation notices and tax statements go to the current owner
  - Creation of new parcels depends on timing:
  - Listing new parcels before close of the assessment roll (certification of the roll to the BOE) – child parcels should be created and new parcels valued at a new market value for the current AY.
  - Listing new parcels after close of the assessment roll (certification of the roll to the BOE) – Parent parcel total value should be allocated to the new parcels. (The total AV will not change for

# Listing Property

- Personal property
  - Owner must list personal property and include year of acquisition and total original cost for each category of items
  - Improvements on publicly owned land may be listed in the same manner as real property
  - Listings must be received by April 30 and valued by the assessor as of May 31
- Omitted property
  - Includes pre-existing property and new property that was omitted from the roll
  - Based on value that should have been added in

# Part 3

## Property Inspections

### *CHECKLIST*



# Property Inspections

- Purpose is to update parcel to the most current characteristics
- Most counties do revaluation inspections once every six years. A few counties update every four years
- Inspections done by the current revaluation plan are done on a continuous, consistent basis
- There are several other types of property inspections which can be done outside of the inspection cycle

# Property Inspections.....outside of scheduled inspection area

- Validating sales
- Reconciling inconsistent valuation results
- Calibrating statistical models
- Valuing unique or non-homogenous properties
- Administering appeals or taxpayer reviews
- Documenting digital images – 2021 legislation
- To maintain accurate characteristics – new construction, new plats, destroyed property

# Property Inspections...after values have been certified



# Property Inspections.....improve data accuracy

- Market Data
  - Sales, income, and cost data
  - Neighborhood trends
  - Grouping properties by market influences
    - ✓ Influences reflected on market area level



# Property Inspections

- Property Inspection Best Practices
  - Train appraisers on consistent methods – review work
  - Take photos
  - Encourage taxpayers to notify office of incorrect details
  - Code parcels correctly for land use, highest and best use, inspection area, market area or neighborhood ) ensures analysis is accurate



# Property Inspections

- Property Inspections Best Practices (con't)
  - Ensure appraisers are familiar with different inspection areas
  - Correct errors regardless of whether it affects value and notify analysts (mass appraisers) of inconsistencies in application of building characteristics (such as building style, quality grade, etc) that might affect mass appraisal model
  - Review market as a group prior to starting the year's inspections to discuss trends, quality grading, current building styles, effective age.

# Property Inspections...prior to inspection

- Maps
- Parcel layers such as wetlands or topography
- Current property record and/or previous inspection
  - ✓ Sales/appeals
  - ✓ Sketches
  - ✓ Site and building characteristics including quality and condition
  - ✓ Photos / aerial imagery
  - ✓ Neighborhood and market information

# Property Inspections

- Important things to remember
  - Be consistent
  - Be thorough
  - Be professional



# Texas Longhorn

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# Part 4

## New Construction



# New Construction

- Add new construction or alterations at true and fair market value as of July 3, to be valued by August 31 (real property and improvements on leased land
  - Whether or not a permit was issued or should have been issued – must be inspected w/in 12 mos. from date of permit issue
    - ✓ Jurisdiction are required to provide permits form values of \$500 – assessor must track
  - Non-permitted construction is challenging
  - Add value regardless of percentage of completion
    - ✓ No minimum percentage of completion

# Guidelines

- Guidelines for inspecting new construction:
  - Inspect throughout the year so that you can comply with 12 month inspection requirement
  - Develop plan to discover non-permitted construction
  - Compare plans to physical measurements to ensure correct dimensions and characteristics are on file (pre-draw plans)
    - ✓ Try to see inside the NC – it may be the only time you do
    - ✓ Do detailed inspection

# Guidelines

- Guidelines for inspecting new construction:
  - Use percent complete table to estimate
  - Flag NC value in CAMA system so it is available as new value for levy purposes
  - Double check that all NC has been addressed:
    - ✓ Vacant lots and incompletes from last year
    - ✓ Make sure land use codes are changed from vacant to improved and reconcile those
  - Notify taxpayer of NC value added



# Part 5

## Tracking New Property Value for Levy Calculations



# Tracking New Property Value

- Important because it increases the tax base and highest lawful levy for the county and taxing districts
  - 1. New construction
  - 2. Improvements to property
  - 3. Increase in the AV of state-assessed property
  - 4. Increases in the AV due to construction of wind turbines, solar, biomass, and geothermal facilities and they generate electricity and value is not included elsewhere (real or personal)
  - 5. Local TIF area value

# Tracking New Property Value

- 1. New construction
  - Must be added to the assessment roll as of July 31
  - If not completed, percent is added and checked next year
  - Should be flagged in the system
- 2. Improvements to property – levy term, includes NC
  - Defined as any valuable change in or addition to RP, including the subdivision or segregation or merger or RP

# Improvements to Property

- Examples of Improvements to Property include:
  - New value from subdivision, segregation, or merger
  - New value from improvements to land such as well or city water, septic or sewer, power, etc.
  - New subdivision infrastructure
  - Landscaping
  - Machinery and equipment that is RP

# Tracking New Property Value

- 3. Increase in assessed value of state-assessed property, such as:
  - Railroads
  - Airlines
  - Gas Pipelines
  - Electricity
  - Telecommunications



# Tracking New Property Value

- 4. Increases in the AV due to construction of wind turbines, solar, biomass, and geothermal facilities and they generate electricity and value is not included elsewhere (real or personal)



# Tracking New Property Value

- 5. Local TIF area
  - 2021 ESHB 1189, effective July 25, 2021 - authorizes local governments to establish Local Tax Increment Finance (LTIF) areas or “increment areas” to fund public improvements.
  - Increment areas - area where regular property taxes are apportioned to pay public improvement costs. A local government may designate up to two increment areas and use resulting tax revenues to pay for public improvement costs.
  - Local governments must adopt an ordinance designating a specific increment area within its boundaries, and specify the public improvements that are going to be financed with the use of LTIF

# Part 6

## Change of Value Notices



STEVEN J. DREW  
Thurston County Assessor  
2000 Lakeridge Drive SW  
Olympia WA 98502-6045

OFFICIAL VALUATION CHANGE NOTICE  
2021 Assessment for Property Taxes Due in 2022

Presorted First Class  
U.S. Postage  
**PAID**  
The Master's Touch, LLC

Parcel Number: **12717310103**



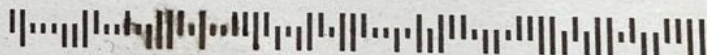
Property Location: 17-17-2W NE-SW COM X SE LY LN LITTLE ROCK RD & S LN N694

Property Address: 8910 LITTLE ROCK RD SW  
OLYMPIA WA 98512

**Appeal Deadline: 10/22/2021**

Market Value as of January 1				Open Space Current Use Values	
	2019	2020	2021	Prior Value	New Value
Land	97,100	116,100	111,000		
Structures	386,300	383,200	486,400		
<b>TOTAL VALUE</b>	<b>483,400</b>	<b>499,300</b>	<b>597,400</b>		
<b>For Taxes Due in</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>		
Senior Citizen/Disabled Persons Exemption Frozen Value:					

If information on this notice is inaccurate, or if you believe your new property valuation is based on incorrect property data (age, size, etc.), please contact us prior to appealing to the Board of Equalization by emailing our office at [ValueInquiry@co.thurston.wa.us](mailto:ValueInquiry@co.thurston.wa.us) OR contact our Customer Service Monday through Friday 8AM to 5PM



DENNIS O CONNELL  
8910 LITTLE ROCK RD SW  
OLYMPIA WA 98512-8534



# Change of Value Notices

- Must be sent to taxpayers within 30 days of completed appraisal
- No notice has to be sent in there is no change in value
- Failure to send notice does not invalidate the assessment as long as it is valued and listed by the county

# Must contain the following:

1. Name and address of the taxpayer
2. A description of the real property that is the subject of the revaluation notice
3. The previous and new true and fair values, stating separately land and improvement values
4. A statement that the assessed value is one hundred percent of the true and fair value
5. If the property is classified under current use, the previous and new current use value of the property, stating separately land and improvement values

# Must contain con't:

6. A statement informing taxpayers how to get additional information on how their property was valued for tax purposes and how their property taxes will be determined
7. A statement that land used for farm and agricultural purposes, to preserve open space, or for the commercial growth and harvesting of forest crops, may be eligible for assessment based on the land's current use rather than its highest and best use. This statement must also provide information on the method of making application and the availability of additional information on the current use classifications.

# COV Notices Must Contain:

6. A statement informing taxpayers how to get additional information on how their property was valued for tax purposes and how their property taxes will be determined
7. A statement that land used for farm and agricultural purposes, to preserve open space, or for the commercial growth and harvesting of forest crops, may be eligible for assessment based on the land's current use rather than its highest and best use. This statement must also provide information on the method of making application and the availability of additional information on the current use classifications.

# Must contain con't:

8. A statement informing taxpayers they may be eligible to receive a property tax exemption if:

1. They own and live in a residence in the county, including mobile home;

2. Are now or will be 61 years of age by December 31 of the current year, are retired because of a physical disability, or is a veteran of the armed forces of the United States entitled to and receiving compensation from the United States Department of Veterans Affairs at a total disability rating for a service-connected disability; and

3. Their combined disposable income is under the limits provided in RCW 84.36.381 A statement informing taxpayers how to get additional information on how their property was valued for tax purposes and how their

# Suggestions to include:

- Information on the senior / disabled program
- Information on how to file and appeal to the county BOE
- Information on the review period to discuss valuation or other issues with the assessor

# Part 7

## Certification of Values



# Certification of Values

- Indicates revaluation work has been completed – inspections and valuations – target 7/15 or 8/15 for 60-day counties
- Provides permanent record of all real property subject to taxation – pp is reported as total value only.
- Real property categories: forest land, CU land, Improvements on CU land, Taxable senior freeze property, real property
- New construction – separate certification – target 9/15



# What it indicates:

- Inspection and valuation work in the inspection area has been completed.
- Valuations in non-inspected areas has been completed
- Change of value notices have been sent to taxpayers
- Review period (30-60 days) has ended
- Appeals to the BOE have been filed

# Certification of Values

- Corrections to the assessment roll may be done by the assessor during the review period but before certification
  - Any data may be corrected – avoids need for appeal
- If error is found after certification has been sent to BOE and DOR, a new report should not be filed.

This interrupts the work of the BOE.

# Certification of Values

- Stipulations are corrections to valuations under these circumstances:
  - Certification has been completed
  - Taxpayer has filed appeal
  - The BOE has not yet held a hearing
  - The assessor and taxpayer have reached mutual agreements on the valuation of the taxpayer's parcel
- Only corrections allowed after certification – notify BOE

# Exceptions on roll corrections:

- Change in tax status due to a sale to or by a public entity
- Senior/Disabled exemption status change
- Current use classification change
- Forestland designation change
- Reduction of value due to destroyed property (RCW 84.70.010 and RCW 84.70.040)
- Special valuation assessment change, such as historic property or multi-unit properties in urban centers (RCW 84.14 and RCW 84.26)

# Exceptions on roll corrections:

- Exemption status change for physical improvements to a single-family dwelling (RCW 84.36.400)
- Exemption status change for property determined to be exempt by the Department
- Exemption status change for installation of a sprinkler system in a nightclub (RCW 84.36.660)
- Status change for value reduction after government restriction (RCW 84.40.039)
- Manifest error correction (RCW 84.48.065)
- When a property has been subdivided or merged

# Certification of Values.....

- Changes that require use of appraisal judgement:
  - If requested by a property owner, when a notice of decision pertaining to the value of real property is received under RCW 36.70B.130
  - When the owner or person responsible for payment of taxes on any real property petitions the assessor for a reduction in the assessed value in accordance with RCW 84.40.039, within three years of adoption of a restriction by a government entity;
  - When there has been a "definitive change of land use designation" by an authorized land use authority, and the revaluation is in accordance with RCW 84.48.065;

# Certification of Values.....

- Changes requiring appraisal judgement, con't
  - When a bona fide mistake has been made by the assessor in a prior valuation made within the current valuation cycle. The change in property valuation is not retroactive to the prior year;
  - When property has been destroyed, in whole or in part, and is entitled to a reduction in value in accordance with chapter 84.70 RCW; or
  - When property has been subdivided or merged.

# Things to remember

- Certification of values prior to completion of inspections
  - Not following reval plan – taking parcels out of equity
  - DOR must be notified
- Certification of values prior to completion of review period
  - No adjustments to value without appeal filed
  - Stipulations avoid appeal hearing



# Certification of Values.....

## Late Certification May Delay:

- Scheduling of county board of equalization hearings.
- Completion of the Department's Ratio Study.
- Distribution of centrally assessed values to counties by the Department.
- Preparation of taxing district budgets.

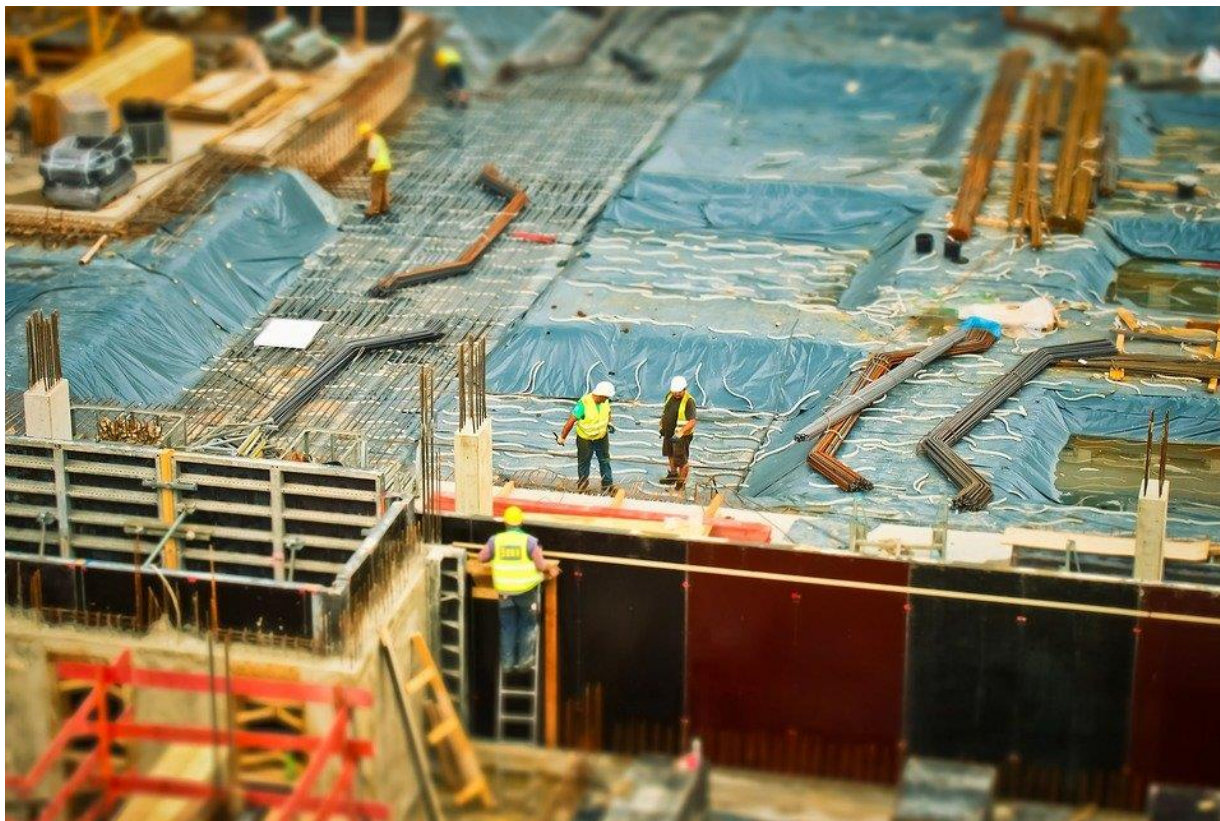
# Certification of Values.....

## Late Certification May Delay:

- Completion of the levy process.
- Neighboring counties with joint taxing districts that require certified values to proceed with their work.
- Completion of county reports required by the Department for calculating the state school levy.
- Additionally, late certification in one year usually results in a late start beginning work for the next year.

# Part 8

## Guidelines for Correcting and Updating Property Characteristics



# Guidelines for Correcting and Updating Property Characteristics

- Having accurate property records contributes to good uniformity
- Assessors may update characteristics outside the scheduled inspection area:
  - If characteristics are listed in error
  - If characteristics have changed since last inspection – may affect the individual parcel or a group of parcels

# Guidelines for Correcting and Updating Property Characteristics

- When to make a change to property characteristics depends on what type of correction needs to be made:
  - Changing objective characteristics
    - ✓ Usually affects one property
    - ✓ Correction done on quantifiable characteristic, such as garage size, number of fixtures, or finished area

# Guidelines for Correcting and Updating Property Characteristics

- Changing subjective characteristics
  - ✓ Qualitative change required, such as quality grade, condition, or view quality
  - ✓ Should be evaluated in the context of uniform treatment with similar properties in the market area
  - ✓ May require changes to multiple parcels to be consistent

# Guidelines for Correcting and Updating Property Characteristics

- Sales Verification
  - Important to have accurate records – use sales in ratio studies
  - Should have sales database with frozen record
  - May need to review other parcels for qualitative changes to sales record
  - Changes should not be made to “get to the sales price” – sales chasing

# Guidelines for Correcting and Updating Property Characteristics

- Timing for updating characteristics:
  - If a change of value notice has been sent to a taxpayer, but the roll has not been certified, changes can be made
    - ✓ Requires new COV notice and ability to appeal
  - If the assessment roll has been certified, no changes can be made unless an appeal has been filed (stipulation),



# Guidelines for Correcting and Updating Property Characteristics

- Roll corrections required by statute:
  - Change in tax status due to sale to or by public entity
  - Senior/disabled exemption status change
  - Current use classification change
  - Forestland designation change
  - Destroyed property
  - Special valuation assessment change...historic property or multi-unit in urban centers

# Guidelines for Correcting and Updating Property Characteristics

- Exemption status change for physical improvements to SFR
- Exemptions status change for property determined to be exempt by DOR
- Exemption status change for installation of a sprinkler system in a nightclub
- Status change for value reduction after gov't restriction
- Manifest error correction
- When a property has been subdivided or merged

# Guidelines for Correcting and Updating Property Characteristics

- Out of cycle inspections:
  - Validating sales
  - Reconciling inconsistent valuation results
  - Calibrating statistical models
  - Valuing unique or non-homogeneous property
  - Administering appeals or taxpayer reviews
  - Documenting digital images
  - To maintain accurate records/uniformity

# Part 9

# Fundamentals of Mass Appraisal



# Single Property Appraisal Skills are Necessary for Mass Appraisal

## Uniform Residential Appraisal Report

1076646  
File # 126-17

There are	3	comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 109,900				to \$ 329,900															
There are	68	comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 165,000				to \$ 345,000															
	FEATURE	SUBJECT			COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3										
Address	310 X St SW Tumwater, WA 98501			1005 Lake Terrace Dr SW Tumwater, WA 98512			230 Z St SE Tumwater, WA 98501			3229 Maringo Rd SE Olympia, WA 98501											
Proximity to Subject				0.95 miles NW			0.35 miles SE			1.94 miles NE											
Sale Price	\$	0			\$	279,900			\$	267,000			\$	330,000							
Sale Price/Gross Liv. Area	\$	sq.ft.			\$	172.88 sq.ft.			\$	111.06 sq.ft.			\$	193.10 sq.ft.							
Data Source(s)				NWMLS# 1033125;DOM 4			NWMLS# 1016773;DOM 3			NWMLS# 1012111;DOM 75											
Verification Source(s)				COUNTY REC/NWMLS/VISUAL			COUNTY REC/NWMLS/VISUAL			COUNTY REC/NWMLS/VISUAL											
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION			+(-) \$ Adjustment			DESCRIPTION			+(-) \$ Adjustment										
Sales or Financing Concessions		ArmLth FHA;0						ArmLth VA;0			ArmLth Conv;0										
Date of Sale/Time		s10/16;c09/16						s10/16;c08/16			s12/16;c10/16										
Location	N;Res;	N;Res;						N;Res;			N;Res;										
Leasehold/Fee Simple	FEE SIMPLE	FEE SIMPLE						FEE SIMPLE			FEE SIMPLE										
Site	8328 sf	12960 sf			0			8546 sf			0 6049 sf			0							
View	N;Res;	N;Res;						N;Res;			N;Res;										
Design (Style)	DT1.5;Traditiona	DT1.0;Traditiona			0			DT1.0;Traditiona			0 DT1.5;Traditiona										
Quality of Construction	Q5	Q5						Q5			Q5										
Actual Age	62	55			0			63			0 77			+10,800							
Condition	C3	C3						C3			C3										
Above Grade	Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths	Total	Bdms.	Baths									
Room Count	7	3	2.0	7	3	2.0	7	4	2.0	7	3	2.0									
Gross Living Area	1,959 sq.ft.			1,619 sq.ft.			+14,300			2,404 sq.ft.			-18,700			1,709 sq.ft.			+10,500		
Basement & Finished Rooms Below Grade	Os	sf						Os			sf			747sf0sfwu			-13,400				
Functional Utility	GOOD			GOOD						GOOD			GOOD								
Heating/Cooling	WFA / NO			WFA / HP			-1,500			WFA / AC			-1,500			WFA / NO					
Energy Efficient Items	INS WINDOWS			INS WINDOWS						INS WINDOWS			INS WINDOWS								
Garage/Carport	1ga3dw			2ga4dw			-5,000			1gd4dw			0			1ga3dw					
Porch/Patio/Deck	PORCH/PATIO			PORCH/PATIO						PORCH/PATIO			PORCH/PATIO								
AMENITIES	1 FPL			1 FPL						1 FPL			1 FPL								
AMENITIES	REAR FENCE			REAR FENCE						REAR FENCE			REAR FENCE								
RECORDING # \$	0			4531117			0			4526806			0			4538914			0		
Net Adjustment (Total)				☒ + ☐ - \$			7,800			☐ + ☒ - \$			-27,700			☒ + ☐ - \$			7,900		
Adjusted Sale Price of Comparables				Net Adj. 2.8 %						Net Adj. 10.4 %						Net Adj. 2.4 %					
				Gross Adj. 7.4 %			\$ 287,700			Gross Adj. 10.4 %			\$ 239,300			Gross Adj. 10.5 %			\$ 337,900		

# Mass Appraisal Definition

Mass appraisal is an estimate of value for many properties using standard procedures and statistical testing. So because we aren't doing an individual appraisal on each property we use statistics to test whether our valuations are accurate.



# Assessor's Objectives Do Not Change



Assessor's Objectives Do Not Change

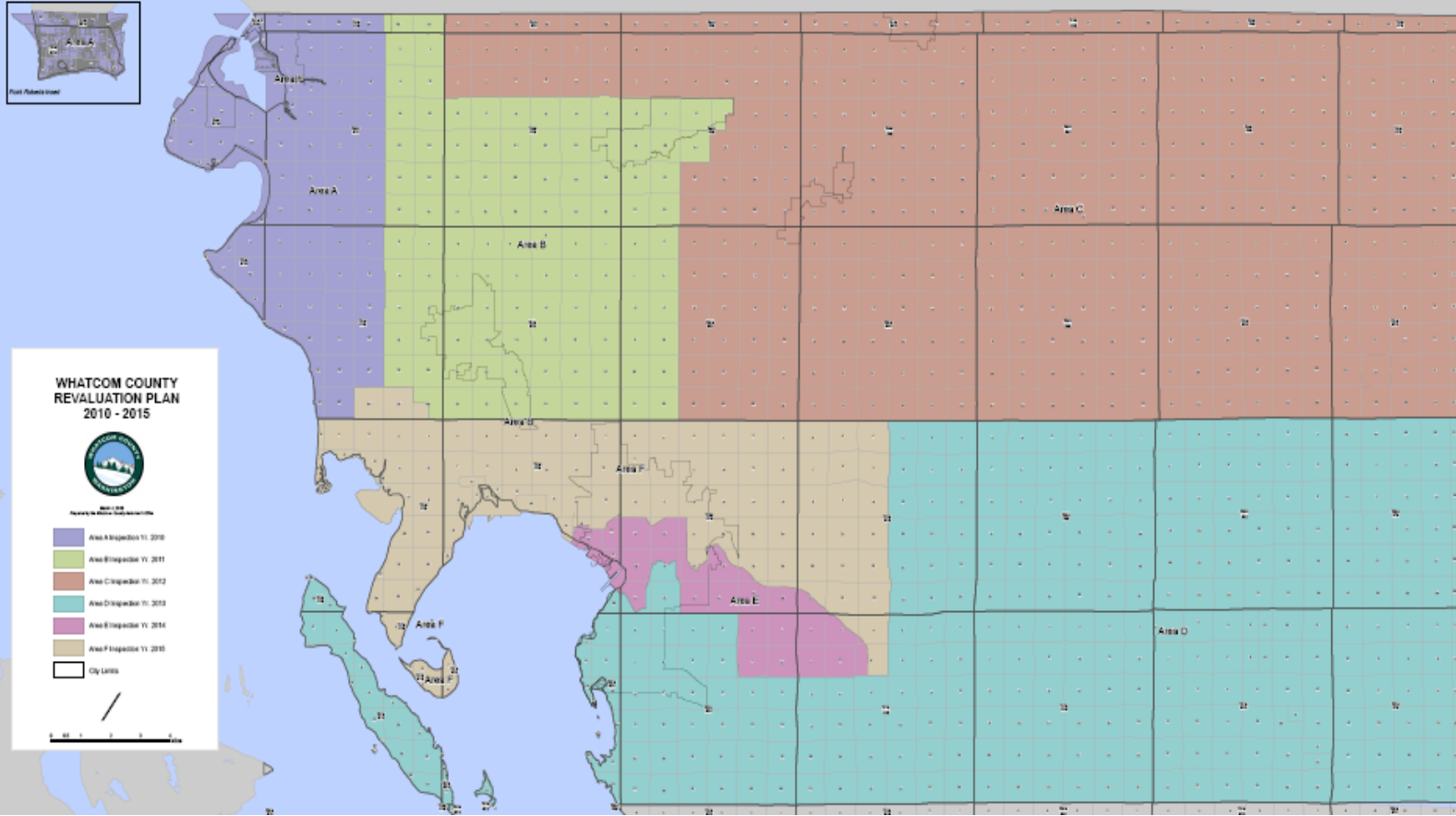
# Why Mass Appraisal?





# Mass Appraisal Procedures

# Physical Inspection Area



# Mass Appraisal Requires:

- Identify Market areas
- Accurate, complete data - inspections
- Sales validation and verification
- Sales Analysis
- Mass appraisal models
- Reporting results

# Identify Market Areas



## Geographical Areas

“Defined for some useful purpose.”  
ex. A group of properties that are homogeneous and share important locational characteristics for the purpose of modeling.

- Areas of complementary land uses in which all properties are similarly influenced by the four forces affecting property values:

**ENVIRONMENTAL**  
**GOVERNMENTAL**  
**SOCIAL**  
**ECONOMIC**



# Environmental Forces

Access to shopping



Proximity to parks

# Governmental Forces

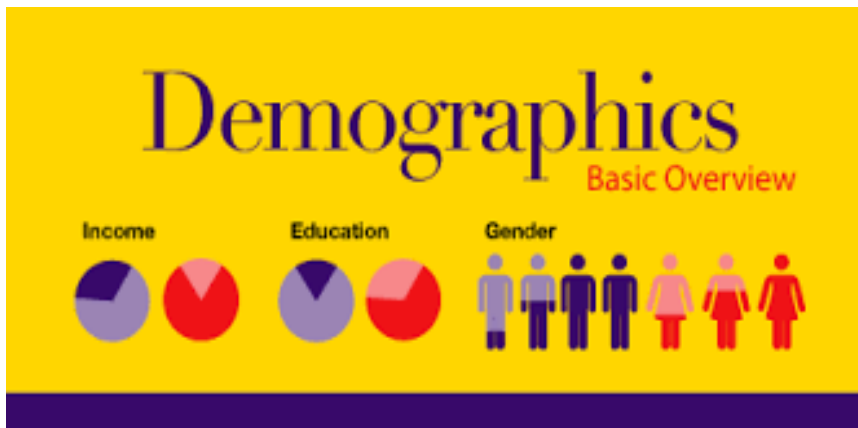
Zoning



Building  
restrictions

# Social Forces

Population  
growth



Neighborhood  
demographics

# Economic Forces

The cost of money



Construction costs



# Identify Market Areas

Those four forces also have a direct effect on the life cycle of a Market Area :

- Growth cycle – construction and development
- Stability – where supply and demand are equal
- Decline – diminishing demand or diminishing desirability
- Revitalization – desirability increasing again

# Identify Market Areas

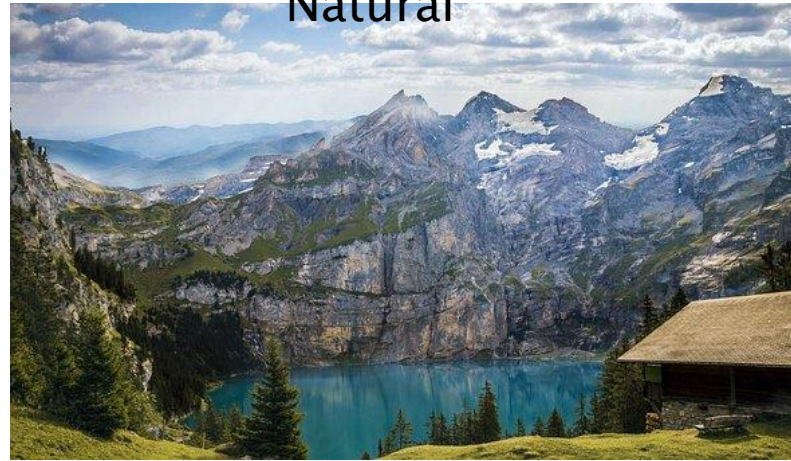
- Geographic area breakdown:
  - Start with Regions – define broad geographic area
  - Divide Region in Districts
    - ✓ Ex. School district, town, city limits, business area, etc.
  - Further refine Districts into smaller Neighborhoods
    - ✓ As Market dictates or sales allow: Subdivision, downtown, on the lake, etc.

# Identify Market Areas

Political



Natural



Man-made

# Man-Made Boundary



# Political Boundary



# Natural Boundary



# Identify Market Areas

- Property classifications include:
  - Residential property
  - Commercial property
  - Industrial property
  - Rural property
  - Agricultural property

These properties can be selected for analysis by using land use codes.

# Identify Market Areas

- Examples of characteristics that can be used:
  - Lot size / urban or rural
  - Waterfront vs. interior lots
  - View vs. non-view lots
  - Building style
  - Building quality
  - Type of commercial improvement

These properties can be selected for analysis in multiple neighborhoods, if needed.



# Identify Market Areas

Things to Consider:

1. How many regions are needed to capture broad locational differences within your county?

2. What districts and/or neighborhoods would be required within each region to capture market differences?

3. Are there any property classifications that need to be analyzed globally due to lack of sales data?  
(Industrial properties or high quality residential properties)

# Identify Market Areas

4. How can GIS be used to help determine either natural or man made borders?

5. Do I have enough sales in my neighborhood to perform a statistical analysis or do I need to expand my database for analysis purposes?

Combine homogeneous neighborhoods

Move up to district/region level for analysis

Developing areas usually have adequate sales

# Highest and Best Use

- IAAO definition: A concept in appraisal and in assessment law requiring that each property be appraised as though it were being put to its most profitable use, given probable legal, physical, and financial constraints

# Highest and Best Use

It is the most probable use of land or an improved property that is:

Legally permissible

Physically possible

Financially feasible from the market

Use results in maximum profitability  
or productivity

# Highest and Best Use

Analysis of highest and best use involves 2 considerations:

1. The most likely and profitable use of the site “as if vacant” with regard to the 4 tests
2. If a property is already improved, the use should maximize value, profit or rate of return. Should existing use continue or be modified?

# Accurate, Complete, and Consistent Data



# Accurate, Complete, and Consistent Data

- Property Inspections for Revaluation:
  - Systematic and continuous
  - Exterior observation to determine changes in physical characteristics
  - Documentation very important
    - ✓ Take photos/explain changes

# Accurate, Complete, and Consistent Data

- Property Inspections outside of areas scheduled for physical inspection:
  - Verifying sales
  - Reconciling inconsistent valuation results
  - Calibrating statistical models
  - Valuing unique or non-homogenous properties



# Accurate, Complete, and Consistent Data

- Property Inspections outside of areas scheduled for physical inspection:
  - Appeals or taxpayer reviews
  - Taking photos
  - For other purposes as necessary to maintain accurate property characteristics and uniform assessments.

WAC 458-07-015

# Accurate, Complete, and Consistent Data

- Procedures Manual
  - Include photo examples
  - Include data entry explanation
  - Customize to your county and CAMA system
  - Update yearly with appraisers

# Accurate, Complete, and Consistent Data

- Residential Procedures Manual
  - Building Style
  - Construction Quality
  - Outbuildings and Detached Structures
  - Condition Ratings
  - Land Data – Misc Characteristics
  - Examples of View

# Sales Validation & Verification



# Validation of Sales



# Verification of Sales



# Verification of Sales



660 sq. ft., sold for \$300,000

BEFORE.....

# Verification of Sales



**3,640 square feet, assessed at  
\$1,396,000**

**After....**

Source: Google Street View



# Verification of Sales

Sales data is used for:

Building and adjusting valuation models  
(specification and calibration)

Developing sales ratio studies

The sales comparison approach and the market  
adjusted cost approach

Determining adjustments for individual property  
characteristics and trend factors

To help achieve uniformity and equity

# Verification of Sales

Accurate mass appraisal depends on both the **QUALITY** and **QUANTITY** of sales data

Accurate land and improvement characteristics at the time of the sale should be recorded and kept in a separate database.

Sales should be analyzed to determine what they are telling you about the market – outliers can be very helpful

Sales should be time adjusted, if necessary

# Sales Analysis

- Group sales
- Compute and A/S ratio and graph them
- Look at outliers to see if they are telling you something about the market:
  - Determine common thread
  - Check for miscoding of property type or improvement
  - Multi-parcel sale
  - Really not a market transaction

Is your assessment record or sales record incorrect? Inspect sales if at all possible

# Sales Analysis

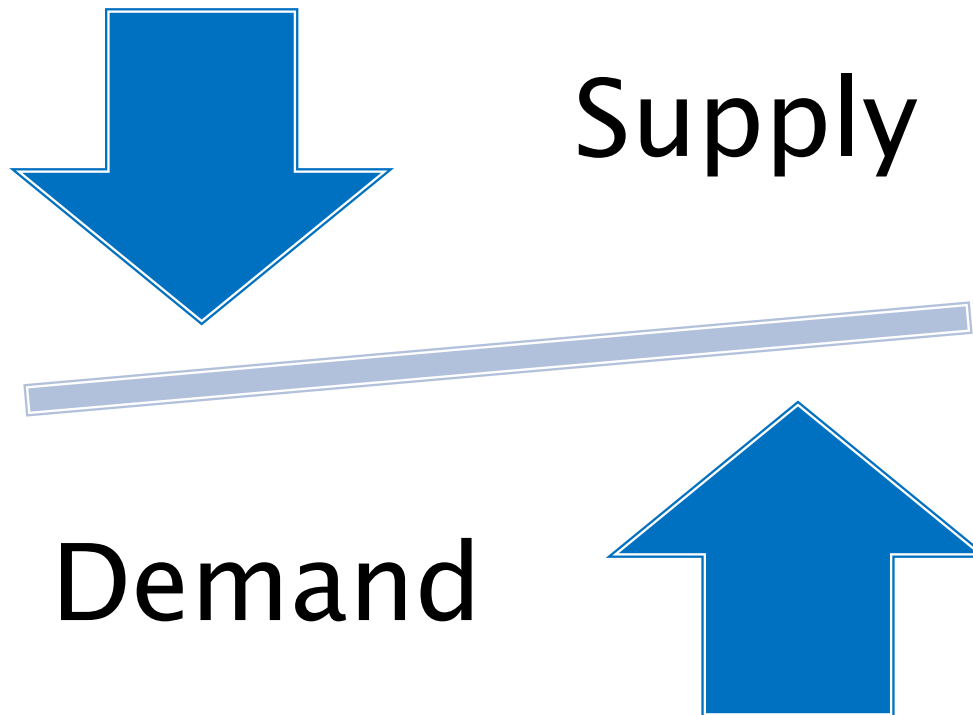
GIS/mapping can be used for:

- Sales locations and amounts
- Land values
- Properties with certain characteristics
- Outliers
- Looking at overlays of topography, wetlands, etc.

# Use of Mass Appraisal Models



# A model is a representation of how something works



# Valuation Models



# Developing the Valuation Model



**Specification**



**Calibration**



# Specification

- ✓ Making a hypothesis – expectations and assumptions as to what are the major factors contributing to value in your market
- ✓ Data collection
- ✓ Analysis of the market
- ✓ Construction of the model
- ✓ Testing the model
- ✓ Refinement of the model
- ✓ This is a critical first step and the initial model should be reviewed continually as you are doing your calibration

# Specification of Improvement Model



# Specification of Improvement Model



Size of  
Improvement



# Specification of Improvement Model



Condition



# Specification of Land Model



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## Location

# Specification of Land Model



Waterfront

View



# Negative or positive view?



# Calibration

## **Determining the dollar value/ percentage of each characteristic (variable)**

- ✓ Initial year: determine coefficient values
- ✓ Perform annual market analysis and testing of the model
- ✓ Refine and adjust model as needed
- ✓ Test model adjustments



# The Mass Appraisal Models



# Three Approaches to Value



Market



Cost



Income

# Income Approach



$$\text{Income} / \text{Rate} = \text{Property Value}$$



# Income Approach

- Based on Principle of Anticipation
- Value equals the present worth of future benefits that come from ownership
- The benefits are the future income stream the property will generate
- Must consider the quantity, quality, & duration of potential income stream

# Income Approach

## Data Needed

- Subject income & expense data
- Economic (market) income & expense data
- Appropriate rate to apply

# Income Approach

- Unit of Comparison (Rent)
  - per sq. ft.
  - per unit (storage, rental, hotel room)
- Market Rent vs. Contract Rent
- Vacancy and Collection Loss (From the Market)
- Expenses (Market, Market, Market)
  - Fixed and Variable Expenses
  - Typical for property type; replacement reserves, utilities, property management, insurance

# Income Approach

Potential Gross Income

Less Vacancy and Collection Loss

= Effective Gross Income

Less Operating Expenses

= **Net Operating Income (NOI)**

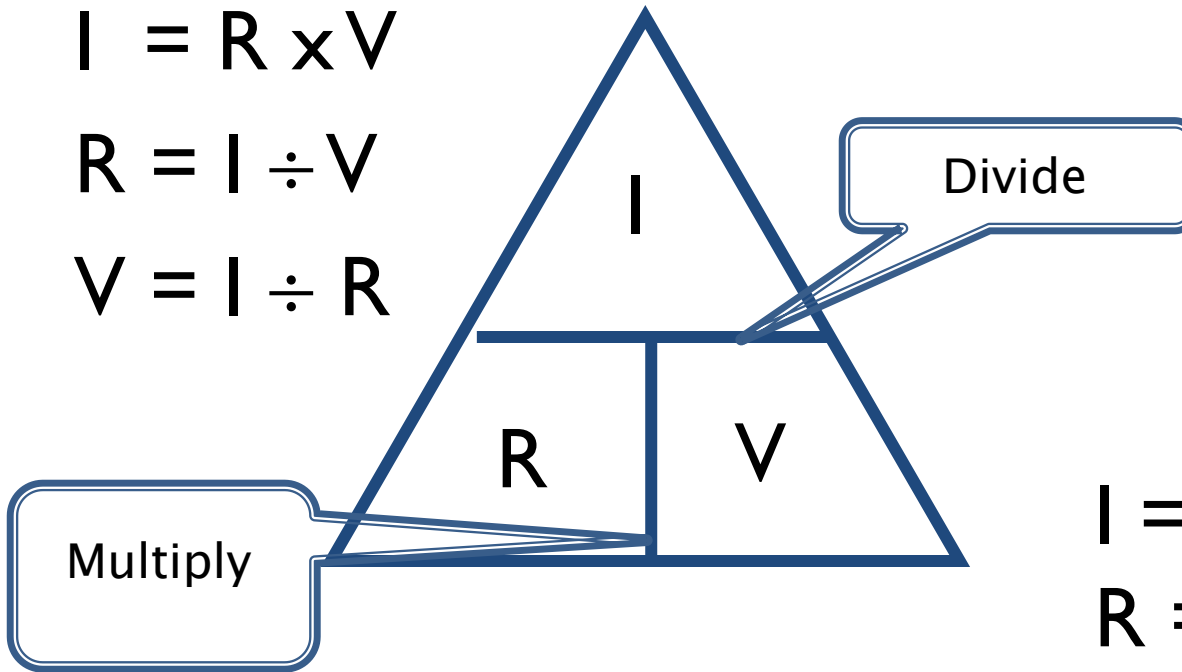
# Income Approach

## The “IRV” Equation

$$I = R \times V$$

$$R = I \div V$$

$$V = I \div R$$



I = Income

R = Rate

V = Value



# Income Approach

**Net Operating Income  
(NOI)**

**Divided By**

**Capitalization Rate**

**= Overall Property Value  
via the Income Approach**

$$\$40,000 \div 0.1 =$$

**\$ 400,000 (Market) Value**

# Income Approach

## Advantages

- Generally most reliable for commercial / income producing properties
- Market data available from investors who buy & sell on the basis of a property's income capabilities

## Disadvantages

- Limited use for valuation of residential properties or some types of special use properties
- Availability of income data available to Assessors

# Cost Approach



Improvement Cost New – Depreciation + Land Value = Property Value



# Cost Approach

- Based on Principle of Substitution
- Cost doesn't always equal value - but can be a valid determinant of value
- The cost approach can be applied to most classes of property
- Requires analysis of characteristics
  - Design, Construction Type, Quality, Square Footage, Age, etc

# Cost Approach

## Reproduction Cost

Cost to construct a duplicate building using:

- Identical materials
- Identical construction

# Reproduction Cost



# Replacement Cost

## Replacement Cost

Cost to construct a building with same utility using:

- Current prices and standards & material
- Typically used by Assessors

# Replacement Cost





# Replacement Cost



# Cost Approach

Replacement Cost New Less Depreciation  
(RCNLD)

Indicates

*Improvement Value*

RCN	\$150,000
Less Depreciation	<u>\$ 50,000</u>
RCNLD (Improvement Value)	\$100,000

# Cost Approach

## Types of Cost Estimates

- Quantity Survey
- Unit-in Place
- Square Foot - most widely used -
  - Derive a cost per square foot to build from market or published manuals, i.e. Marshall and Swift

# Cost Approach

## Depreciation

### Appraisal

Process of measuring the loss in value of an asset or group of assets.

### Accounting

Process of allocating the cost of tangible assets to expense in a systematic and rational manner to those periods to benefit from the use of the asset.

# Cost Approach

## Depreciation – Three Types

- Physical Deterioration - Results from wear & tear, use & abuse, inadequate repair, etc.
- Functional Obsolescence - Results from poor layout or design, under/over improvement, change in tastes, nonconforming style.
- External Obsolescence (AKA Economic Obsolescence) - Results from forces outside of the property, i.e. heavy traffic, excessive noise, unpleasant odors, physical hazards, etc.

# Physical Deterioration



# Functional Obsolescence



660 sq. ft., sold for \$300,000

BEFORE.....

# External Obsolescence





# Cost Approach

## Example of a Cost Model

$\$40,000 + (\$50.00 \times \text{SQFT}) + (\$7,000 \times \text{QUAL}) - (\$600 \times \text{COND}) + \$6,000 \text{ Magnolia.}$

SQFT = 1200 square feet of living area \$50/sq. ft.

QUAL = Average construction quality Factor is 1.0 (\$7000)

Factors are: poor = .70 / Average = 1.0 / Good = 1.25

COND = Poor condition = .5 (\$600 x .5 yrs.)

Factors are: poor = .70 / Average = 1.0 / Good = 1.5

Magnolia – Yes - (\$6000) If in Magnolia – yes, Not in Magnolia - No

Value =  $40,000 + (50 \times 1,200) + (7,000 \times 1) - (600 \times .5) + (6000 \times 1)$

=  $40,000 + 60,000 + 7,000 - 300 + 6000 = \$113,300$

# Cost Approach

## Advantages

- Sometimes the only approach for special purpose properties
- Universal application
- Well adapted and easily applied under a mass appraisal system

## Disadvantages

- Difficulty in estimating depreciation especially in older structures

# Sales Comparison Approach

Sales Price + Adjustments – Adjustments

= Improvement Value



# Sales Comparison Approach

- Based on principles of Substitution & Contribution
- Value tends to be set by the cost of acquiring a substitute property
- Generally reflects market behavior

# Sales Comparison Approach

## Data Needed:

- Subject characteristics
  - Design, Construction Type, Quality, Square Footage, Age, etc
  
- Comparable sales data & characteristics
  - Valid Sale
  - Invalid Sale

# Sales Comparison Approach

- A comparable sale is a property similar to a subject
  - Similar in physical, economic, or operating characteristics
  - Sales need to be recent and similar in use, utility & function
  - Sales need to be “Arms-length Transactions”
- Compares sold properties to a subject property

# Sales Comparison Approach

- Differences between subject and sales adjusted
- Comparability is greatest when both sale and subject properties are influenced by same physical, economic, legal and social factors
- Four major types of adjustments:
  - time, location, physical condition, contributory value of components

# Sales Comparison Approach

## Advantages

- Widely recognized as a reliable valuation approach
- Processed directly from market actions of buyers and sellers
- Easily understood

## Disadvantages

- Instances when sufficient sales data is unavailable
- Difficult when subject property is unique



# Land



# Total Value of a Property



Value of improvement

Plus

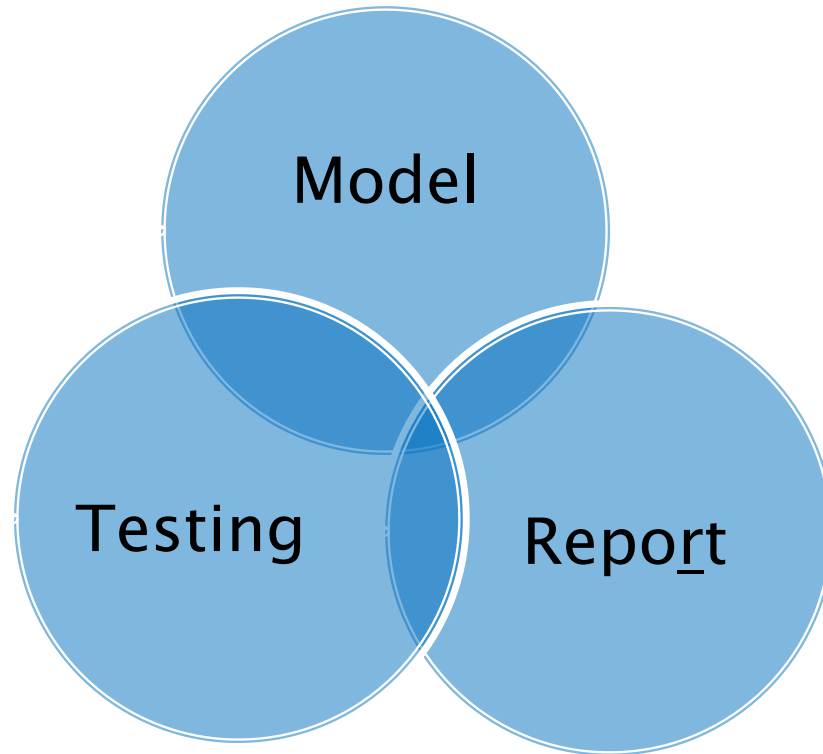


Land Value

# Challenges in Developing Models



# Process for properties in a valuation area or neighborhood.

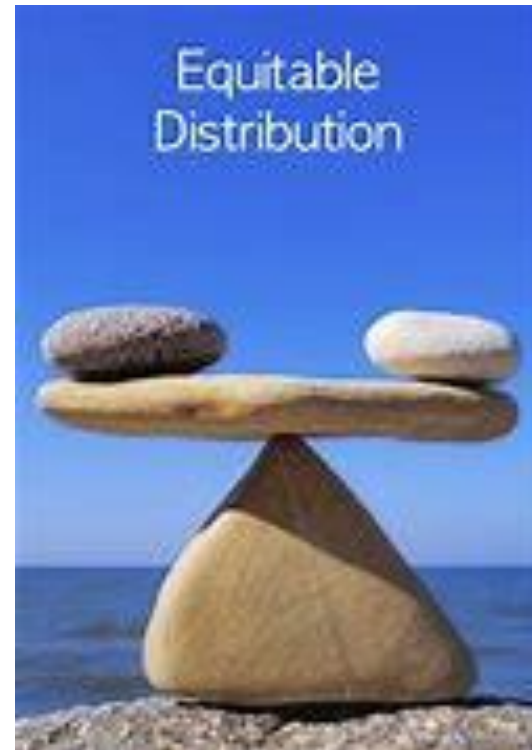


# Testing the Model

## General Statistics

- Median AS Ratio – level of assessment
- COD – Coefficient of Dispersion - uniformity
- PRD – price related differential – measures uniformity between low and high value properties
- Range
- Quartiles

# Uniformity and Level of Assessment



# Ratio Studies

AS Ratio – Assessment/Sale Ratio

Median, Mean, COD, PRD



# Mass Appraisal Reports





# Mass Appraisal Reports

## Table of Contents

### Scope

- Scope of Work
- Client & Intended Users
- Intended Use
- Effective Date
- Identification of Property

### Assessment Process Overview

### Analysis & Valuations

- Analysis & Valuation Overview
- Submarkets, Stratifications and Characteristics Adjustments
- General Reconciliation & Conclusions Summary

### Statements and Definitions

- Type and Definition of Value (Interest Being Appraised)
- Highest and Best use Definition
- Statement of Assumptions and Limiting Conditions
- Certification Statement

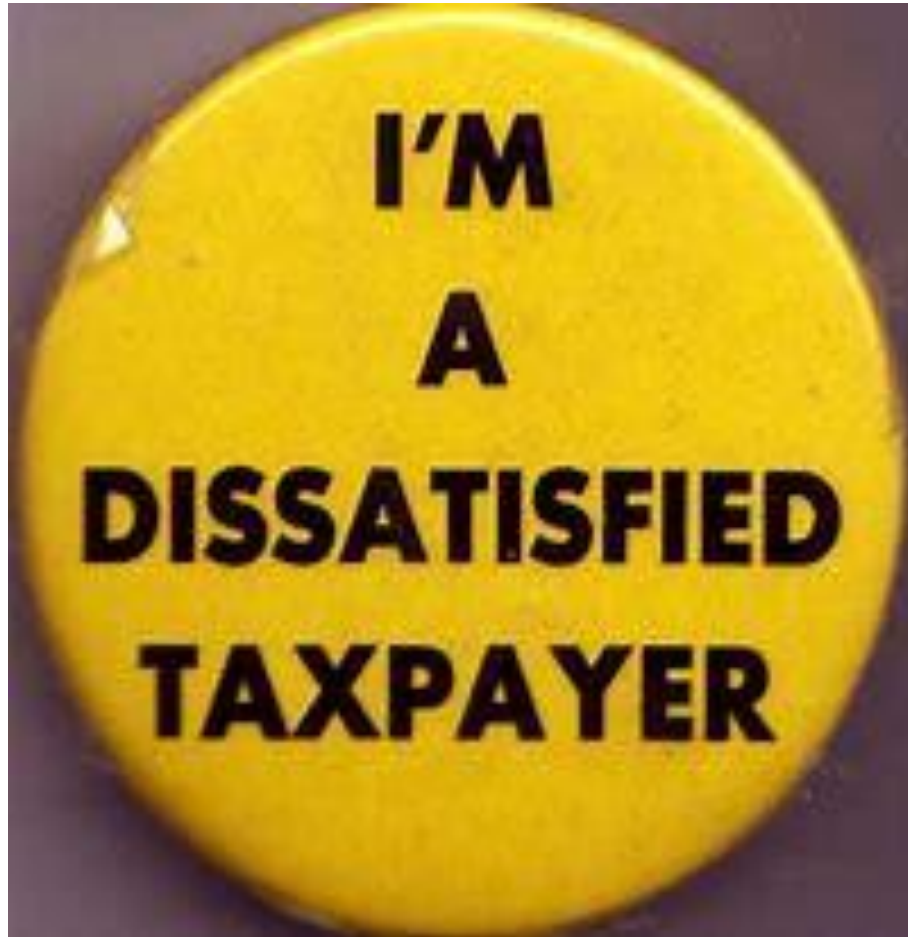
### Supporting Data, Documentation & Reports

### Addendums

# Mass Appraisal Reports



# Mass Appraisal Reports



# Tools in Excel



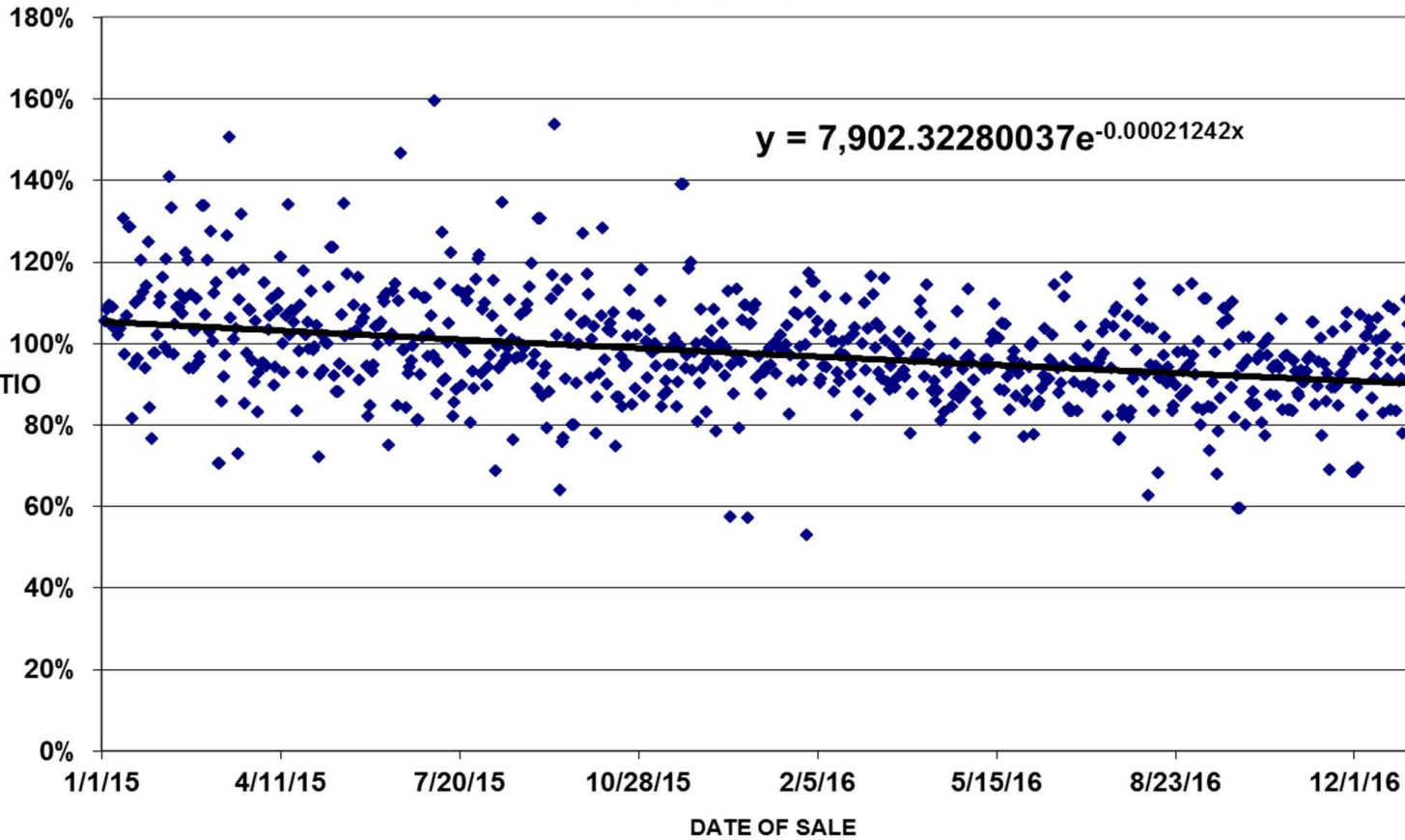
# Time Adjustments



# Time Adjustments

## UNADJUSTED SALES RATIOS

729 SALES



◆ RAW A/S RATIOS    — Expon. (RAW A/S RATIOS)

# TIME ADJ. CALCULATOR

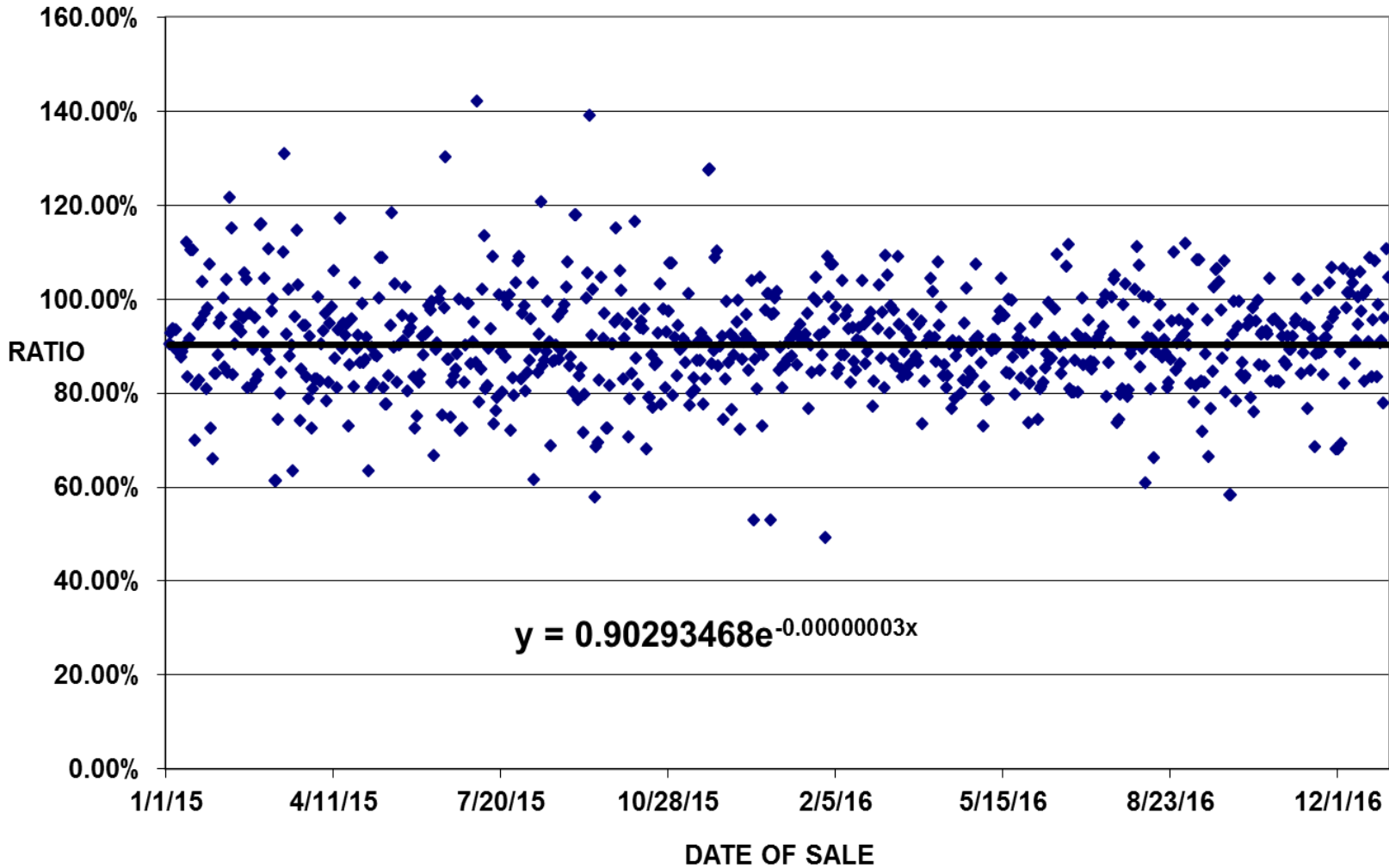
Another fine product from OSA Labs®!!!

A/S	DATE	A/S FORM:	LINEAR MODEL FACTORS:
BEGIN	1/1/2014	0.97416246	COEFFICIENT: -0.00001845
END	10/1/2017	0.94890441	CONSTANT: 1.74242046
DIFF	1369	0.02525805	
<b>% CHANGE</b>	<b>DATE</b>	<b>% FORM</b>	
BEGIN	1/1/2014	0.97416246	
END	10/1/2017	0.94890441	
% CHANGE		2.66%	
	<b>RATES</b>	<b>DECIMALS</b>	
DAILY RATE:	0.0019%	0.000019	
MTH RATE:	0.0584%	0.000584	
ANN RATE:	0.7029%	0.007029	
CHECK	1/1/2014	0.974162	
TIME ADJ	10/1/2017	1.000093	
TIME ADJ		2.66%	
DIFFERENCE		0.00%	

# Time Adjustments

## ADJUSTED SALES RATIOS

729 Sales Adjusted at 0.6481% Per Month



◆ ADJ SALES RATIOS — Expon. (ADJ SALES RATIOS)





# Land Model Calibrator

## **MUNI MODEL MAXIMIZER ©**

*ANOTHER FINE PRODUCT FROM C-T LABS®*

CALP ZONE:		R3	CALP NBHD:		13A50		
Stage	Min Size	Min. Value	Max. Size	Max Value	Base \$/S.F.	Incr. \$/S.F.	Model #
Catch-All	1,000	\$27,000	3,999	\$39,996	\$27.00	\$4.33	650
1st Leg	4,000	\$40,000	5,999	\$50,000	\$10.00	\$5.00	651
2nd Leg	6,000	\$50,000	12,999	\$100,000	\$8.33	\$7.14	652
3rd Leg	13,000	\$100,000	23,999	\$130,000	\$7.69	\$2.73	653
4th Leg	24,000	\$130,000	49,999	\$240,000	\$5.42	\$4.23	654
5th Leg	50,000	\$240,000	99,999	\$1,000,000	\$4.80	\$15.20	655
6th Leg	100,000	\$1,000,000	199,999	\$1,600,000	\$10.00	\$6.00	656
7th Leg	200,000	\$1,600,000	519,999	\$2,200,000	\$8.00	\$1.88	657
8th Leg	520,000	\$2,200,000	1,040,000	\$4,400,000	\$4.23	\$4.23	658
9th Leg							
10th Leg							

**NOTES:**

Extend at \$2.25 per square foot



# Auto Ratio Study

## Sample Ratio Study

Property Type:											
Sale No.	Property ID	Sales Excluded	Date	Assessed Value	Sales Price	A/S Ratio	Abs. Dev. (Median)	Dev. Sq. (Mean)	Sale Exclusion Notes	Ratio Results	
1	OSA1	Yes	01/01/14	\$ 196,500	\$ 198,000				Foreclosure	Number of Excluded Sales:	4
2	OSA2	Yes	01/02/14	\$ 16,400	\$ 20,000				Estate Sale	Number of Used Sales:	13
3	OSA3	Trim	01/03/14	\$ 94,200	\$ 99,500				Trimmed	Sum of Assessed Values:	\$1,785,300
4	OSA4		01/04/14	\$ 33,500	\$ 35,000	0.9571	0.0264	0.0008		Sum of Sales Prices:	\$1,808,800
5	OSA5		01/05/14	\$ 192,000	\$ 187,000	1.0267	0.0432	0.0016		Mean A/S Ratio:	0.9862
6	OSA6		01/06/14	\$ 145,900	\$ 148,000	0.9858	0.0023	0.0000		Median A/S Ratio:	0.9835
7	OSA7		01/07/14	\$ 75,400	\$ 79,500	0.9484	0.0351	0.0014		Weighted Mean:	0.9870
8	OSA8		01/08/14	\$ 136,700	\$ 140,000	0.9764	0.0071	0.0001		Price Related Differential (PRD):	0.9992
9	OSA9		01/09/14	\$ 140,800	\$ 142,000	0.9915	0.0080	0.0000		COV (Mean):	2.3628
10	OSA10		01/10/14	\$ 73,500	\$ 72,000	1.0208	0.0373	0.0012		COD (Median):	1.7073
11	OSA11		01/11/14	\$ 186,200	\$ 190,000	0.9800	0.0035	0.0000		Avg. Abs. Deviation:	0.0168
12	OSA12		01/12/14	\$ 83,200	\$ 82,000	1.0146	0.0311	0.0008		Standard Deviation:	0.0233
13	OSA13		01/13/14	\$ 184,500	\$ 188,000	0.9814	0.0021	0.0000		Low Ratio	0.9484
14	OSA14		01/14/14	\$ 192,100	\$ 198,800	0.9663	0.0172	0.0004		High Ratio	1.0267
15	OSA15		01/15/14	\$ 196,700	\$ 200,000	0.9835	0.0000	0.0000			
16	OSA16		01/16/14	\$ 144,800	\$ 146,500	0.9884	0.0049	0.0000			
17	OSA17	Trim	01/17/14	\$ 175,800	\$ 179,000				Trimmed		

# Part 10

## Guidelines and Best Practices for Uniformity in Mass Appraisal



# Guidelines and Best Practices for Uniformity in Mass Appraisal

- Factors we consider for prioritizing reviews:
  - Counties with reval plans that are expiring
  - Counties with potential uniformity issues
  - Counties with multiple years of low ratios, late work, etc

# Guidelines and Best Practices for Uniformity in Mass Appraisal

- Things we consider:
  - Recurring low level of assessment
  - Targeted level of assessment
  - Different levels of assessment for different property types or areas
  - Mass appraisal performance measures are outside IAAO recommended ranges
  - A repeating pattern of poor statistical measures with no sign of incremental improvement

# Guidelines and Best Practices for Uniformity in Mass Appraisal

- Washington State law requires uniformity and assessment at 100% of true and fair value
- What DOR does:
  - Indirect equalization through ratio studies to determine county overall weighted mean ratio state school levy calculation
  - Direct equalization of state appraised utility and transportation companies to be in equity with locally appraised property.

# Guidelines and Best Practices for Uniformity in Mass Appraisal

- Other DOR studies using IAAO standards for evaluating the level and uniformity of assessments:
  - Ratio study calculations of overall weighted mean ratio and breakdown by stratum
  - Valid sales study – on 3 year cycle – tests to determine if appraisers are valuing sold and non-sold property in the same manner
- Both of these are shared with the counties

# Guidelines and Best Practices for Uniformity in Mass Appraisal

- DOR reports – use these for consultations and reviews
  - Measuring Real Property Appraisal Performance  
Washington's Property Tax System - thru 2017
    - ✓ Uses IAAO recommended statistical measures
    - ✓ Focuses on median ratio
    - ✓ Statistics include ratios (residential and non-residential), horizontal equity (COD) and vertical equity (PRD and sales by quintiles)



# Guidelines and Best Practices for Uniformity in Mass Appraisal

- Real Property Ratio Summary Statistics - thru 2018
  - ✓ Can help identify property types that may need further analysis - can be affected by limited or unverified sales
    - Includes statistics by county by property type
    - Vertical Equity Index – based on quintiles
    - Histogram

Uniformity in taxation

Overview of mass appraisal

Mass appraisal best processes and practices

Using ratio studies and statistics to measure appraisal performance

DOR Property Tax Administrative Review

Challenges – A County Perspective

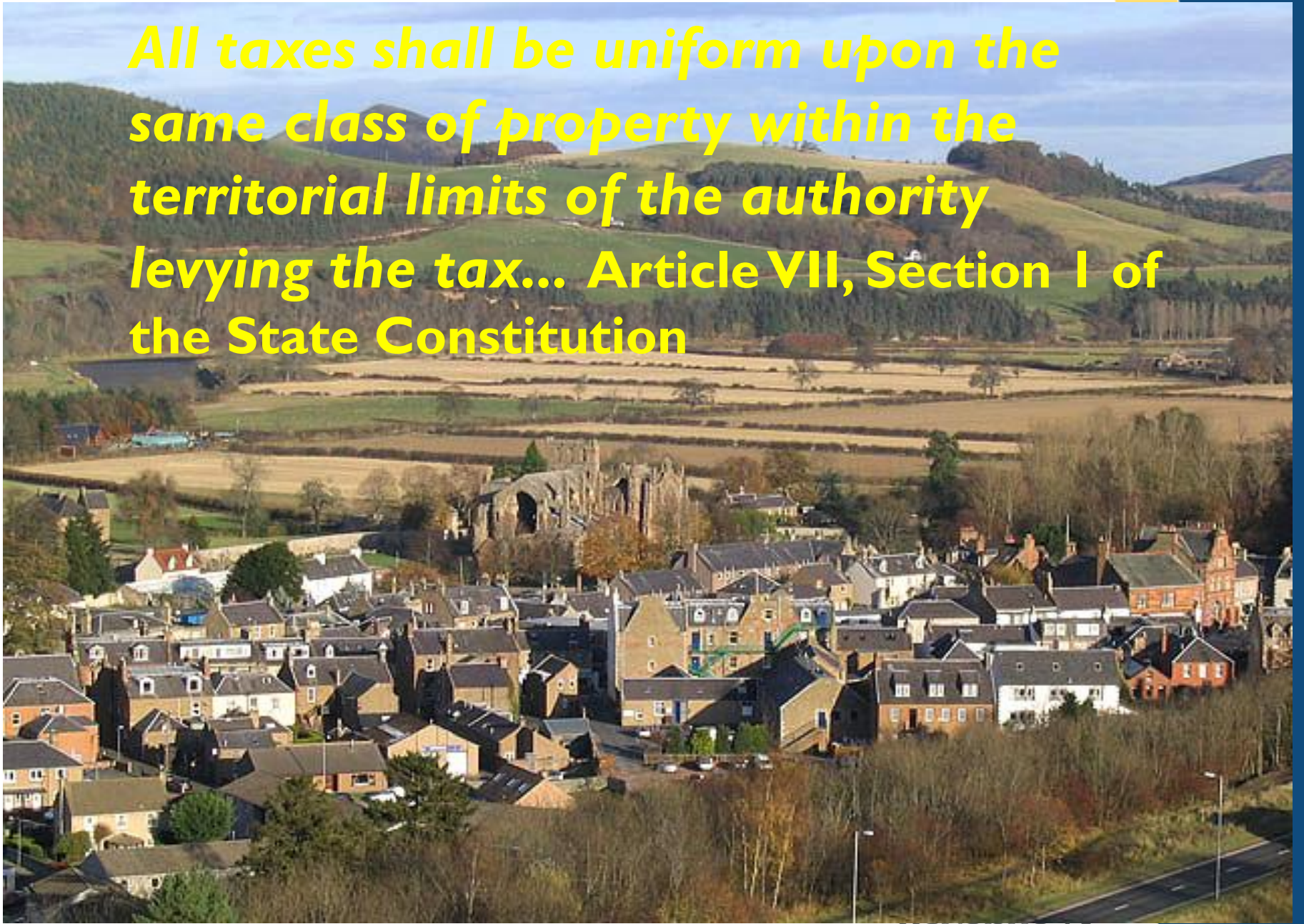
Useful tools



Department of  
**Revenue**  
Washington State



***All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax... Article VII, Section I of the State Constitution***



# True and Fair Market Value

- All property must be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless provided otherwise by law. (RCW 84.40.030 portion only)

# Highest and Best Use

- Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. (WAC 458-07-015 portion only)

# Washington State Case Law

*“tax uniformity is the highest and most important requirement applicable to state and local property taxation...”*

Inter Island Tel. Co. v. San Juan County, 125 Wn.2d 332, 883 P.2d

*“Absolute uniformity in taxation is a chimera which this court has never sought and which we do not require.”*

Sator v. State Dep't of Revenue, 89 Wn.2d 338, 572 P.2d 1094, (1977). 1380, (1994)

# Proper Appraisal Methods & Standards

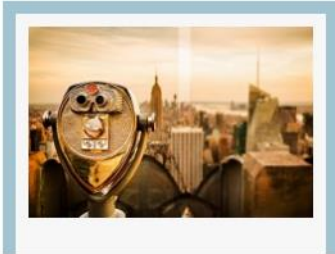
- Revaluation (WAC 458-07-010)
- Accreditation (WAC 458-10-060)
- Uniform Standards of Professional Appraisal Practice (USPAP)



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2018-2019 EDITION

# 2018-2019

## Uniform Standards of Professional Appraisal Practice (USPAP)

Effective January 1, 2018 through December 31, 2019

### PLUS

Guidance from the Appraisal Standards Board  
• USPAP ADVISORY OPINIONS  
• USPAP FREQUENTLY ASKED QUESTIONS (FAQ)

APPRAISAL STANDARDS BOARD



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications*



Home » Resources » Technical Standards

# Technical Standards

New

Research Library

Publications

Body of Knowledge

Technical Standards

Professional Consulting Services (Tech Assist)

Public Resources

IAAO Surveys

IAAO Industry Partners

Academic Partnership

## IAAO Technical Standards



Global Guidance on Mass Appraisal and Related Tax Policy

**Guidance on International Mass Appraisal and Related Tax Policy**  
(approved January 2014)

**Online page-flipping version** (approved January 2014)

The PDF document can best be viewed by downloading to your desktop and opening in Adobe Reader. The downloaded version has enhanced links that allow you to easily

**Guide to Assessment Administration Standards**  
(posted June 2016)

**IAAO Technical Standards**

**Standard on Assessment Appeal**  
(approved July 2016)

**Standard on Automated Valuation Models (AVMs)**  
(approved July 2018)



# A simple property tax calculation

## Method 1

7.88426 (levy \$ per \$1000 in assessed value)

X \$300 (\$300,000 assessed value / 1,000)

= \$2,365 Property Tax

## Method 2

0.00788426 Levy X \$300,000 AV = \$2,365

PT

# Components for Uniformity in Taxation

## Levy

Each taxing district applies the same tax levy or rate to the assessed values of properties within that taxing district.

## Assessed Value

All the properties in the taxing district have assessed values that reflect a similar level of market value. Ideally that is 100% of market value.

# Authorities that can levy tax

## State Levy for Schools

### Local Levies

Counties

Hospital Districts

Cities

Park Districts

Schools

Public Utility Districts

Ports

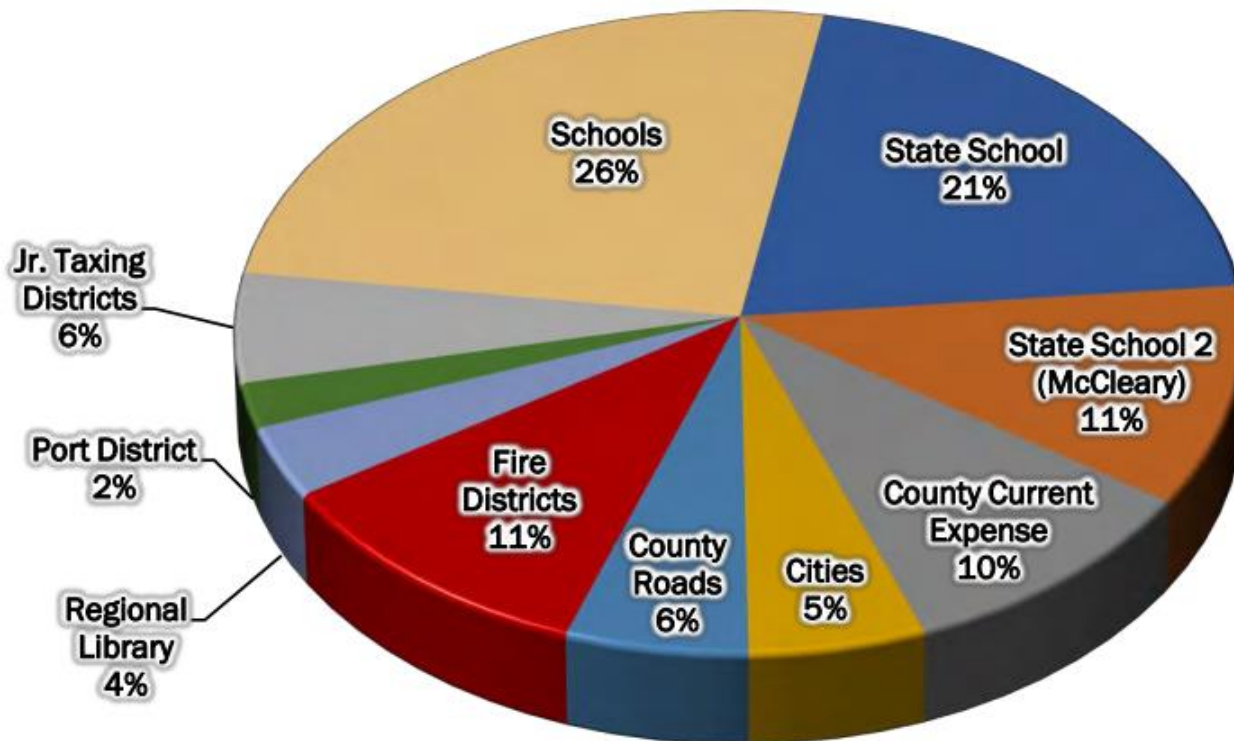
Cemetery District

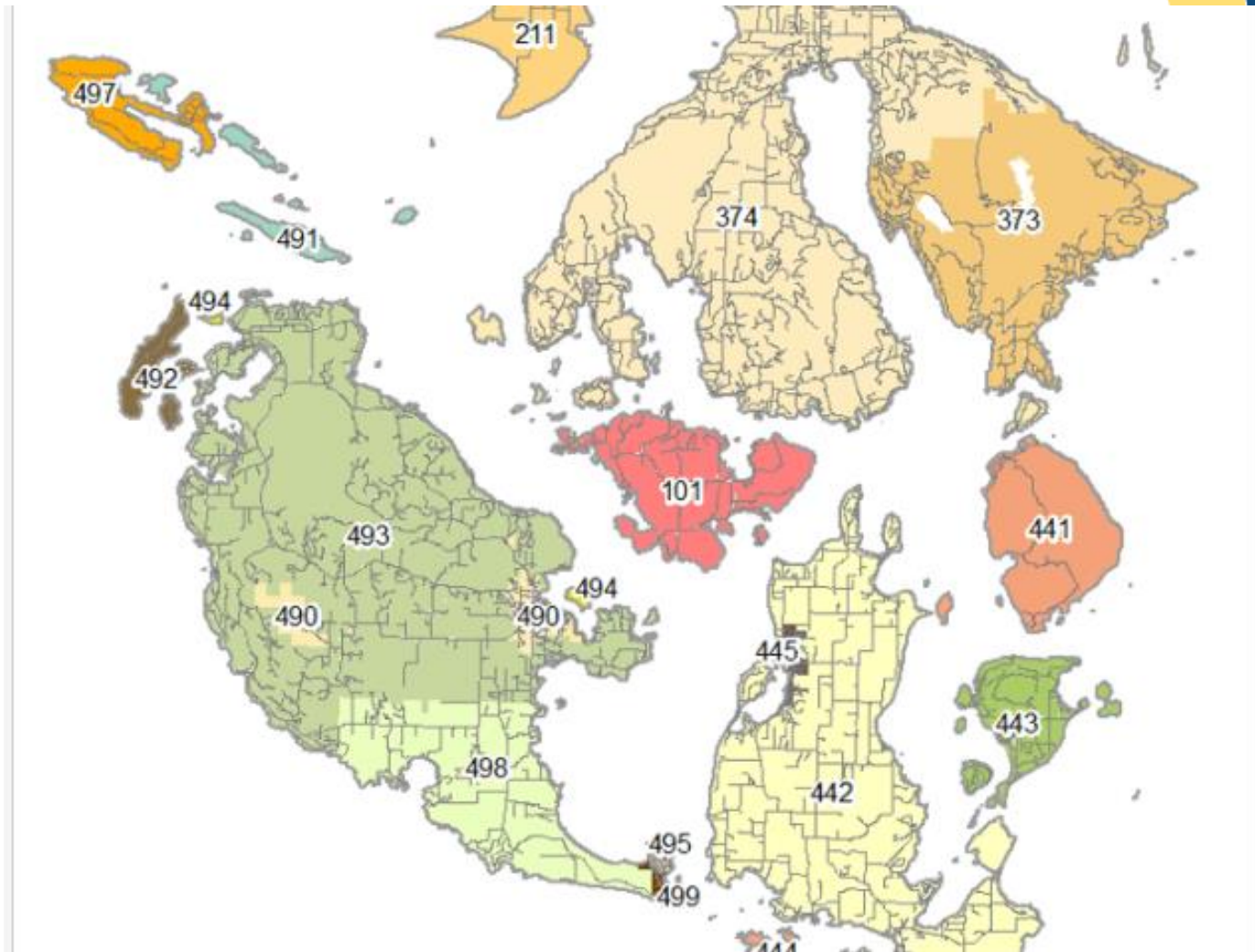
Fire Districts

Other types of  
Districts

# Where Do Our Property Taxes Go?

## 2022 Chelan County Tax Distribution

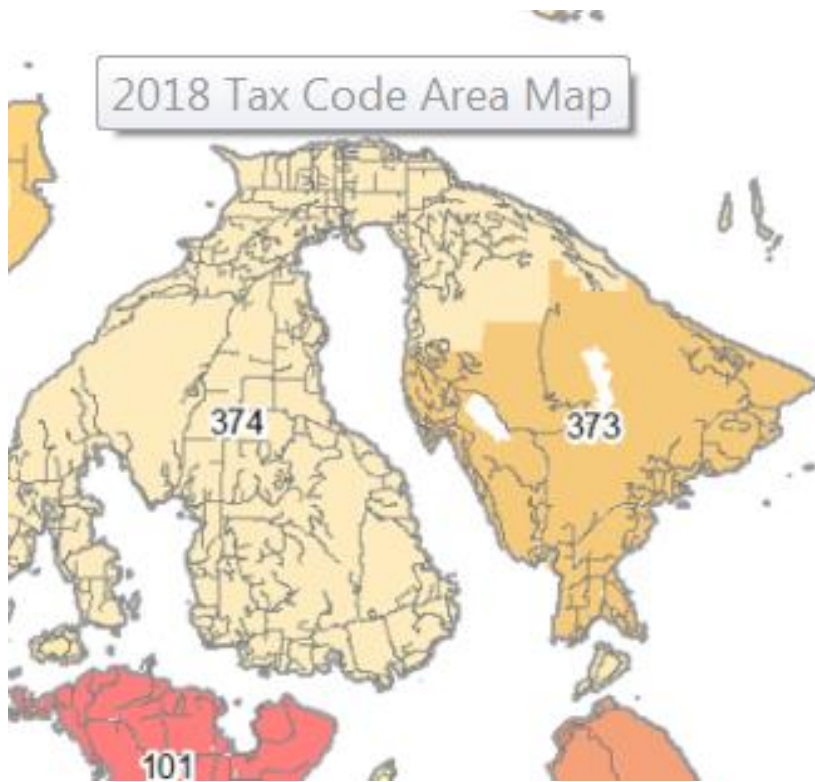




## Tax Code Area Map - San Juan County



# Tax Code Area 373 - Orcus



- State School Levies
- Local School M&O/Bond
- County Current
- Conservation Futures
- County Roads
- Fire, Port, Library Districts
- Parks & Rec District

# Example of Tax Levy Summary

San Juan County  
2018 Tax Levies by Tax Code Area and Taxing District

Tax Code Area	Location	State Levy	Excise State Levy	Local School N&O	Local School Bond/Cap Prnt	County Current	Conservation Futures	County Roads or Tunn	Fire District	Park District	Cemetery District	Library District	Park & Rec District	SJI Hospital & EMS	Lupex Hospital	Solid Waste Disposal	TOTAL RATE	Senior Citizen Rate
181	SHAW	1.8815578832	1.8294892428			0.8191824197	0.8448785672	0.7492782498	0.8883642792								5.351255	4.327815
211	WALBROOM	1.8815578832	1.8294892428	0.8374118162	0.8488885287	0.8191824197	0.8448785672	0.7492782498	0.7492782498								6.225558	3.458889
372	ORCAS ISLANDS	1.8815578832	1.8294892428	0.8374118162	0.8488885287	0.8191824197	0.8448785672	0.7492782498									6.225558	3.458889
373	ORCAS	1.8815578832	1.8294892428	0.8374118162	0.8488885287	0.8191824197	0.8448785672	0.7492782498	0.38812748188	0.4127388888	0.4472867458	0.4384952356					7.884158	5.116644
374	ORCAS CEH	1.8815578832	1.8294892428	0.8374118162	0.8488885287	0.8191824197	0.8448785672	0.7492782498	0.38812748188	0.4127388888	0.4472867458	0.4384952356					7.884158	5.116644
441	BLAKELY	1.8815578832	1.8294892428	0.8374118162	0.8488885287	0.8191824197	0.8448785672	0.7492782498									6.225558	3.458889
442	LOPEZ	1.8815578832	1.8294892428	0.7578273283	0.8228162886	0.8191824197	0.8448785672	0.7492782498	0.8283768688	0.8847854145		0.3556185646		0.758888	0.8353943664		8.246127	5.167558
443	DECATUR	1.8815578832	1.8294892428	0.7578273283	0.8228162886	0.8191824197	0.8448785672	0.7492782498									6.852144	3.458889
444	LOPEZ ISLANDS	1.8815578832	1.8294892428	0.7578273283	0.8228162886	0.8191824197	0.8448785672	0.7492782498									6.852144	3.458889
445	LOPEZ SEWER	1.8815578832	1.8294892428	0.7578273283	0.8228162886	0.8191824197	0.8448785672	0.7492782498	0.8283768688	0.8847854145		0.3556185646		0.758888	0.8353943664		8.246127	5.167558
458	FRIDAY HARBOR	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498	0.1638882826	0.8288887868	0.4618858819	0.3568884195		0.8712883568			7.742225	5.255116
459	JOHNS SPIEDER	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498									6.489244	4.398819
492	SAN JUAN ISLANDS	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498									6.489244	4.398819
493	SAN JUAN	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498	0.5485232328	0.1638882826	0.8288887868	0.4618858819	0.3568884195				8.838729	5.873155
494	PEHEL-FRIDAY	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498	0.5485232328								7.837781	4.878161
495	CAPLE SAN JUAN	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498	0.5485232328	0.1638882826	0.8288887868	0.4618858819	0.3568884195				8.838729	5.873155
497	STUART CEH	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498									6.489244	4.398819
498	SAN JUAN SOUTH	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498	0.5485232328	0.1638882826	0.8288887868	0.4618858819	0.3568884195				8.838729	5.873155
499	CATTLE POINT	1.8815578832	1.8294892428	0.7227254582	0.4884738837	0.8191824197	0.8448785672	0.7492782498	0.5485232328	0.1638882826	0.8288887868	0.4618858819	0.3568884195				8.838729	5.873155

Not included in the Senior Citizens and Disabled Persons Tax Rate

	A	B	C	D
1				
2	<b>Tax Code Area</b>	<b>Location</b>	<b>TOTAL RATE</b>	
3				
4				
5	101	SHAW	5.35125	
6	211	WALDRON	6.22650	
7	372	ORCAS ISLANDS	6.22650	
8	373	ORCAS	7.88426	
9	374	ORCAS CEM	7.89647	
10	441	BLAKELY	6.22650	
11	442	LOPEZ	8.21617	
12	443	DECATUR	6.06214	
13	444	LOPEZ ISLANDS	6.06214	
14	445	LOPEZ SEWER	8.21617	
15	490	FRIDAY HARBOR	7.71225	
16	491	JOHNS-SPIEDEN	6.48924	
17	492	SAN JUAN ISLANDS	6.48924	
18	493	SAN JUAN	8.03879	
19	494	PEARL-FRIDAY	7.03781	
20	495	CAPE SAN JUAN	8.03879	
21	497	STUART CEM	6.48924	
22	498	SAN JUAN SOUTH	8.03879	
23	499	CATTLE POINT	8.03879	
24				

# Components for Uniformity in Taxation

## Levy

- Each taxing district applies the same levy rate to the assessed values of properties within that taxing district.



## Assessed Value

- Assessed values of all the properties in the taxing district are at a similar level of assessment level.

# Level of Assessment

The ratio of assessed values to market values (sales prices or appraisals) for a group of properties.



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE

November 29, 2017

The Honorable  
County Assessor  
Post Office Box  
Washington

**Final Real Property Ratio**

Dear ,

As provided for in RCW 84.48.075(3), the Department of Revenue hereby certifies the 2017 real property ratio for your county as 92.3 percent.

Should you need any information other than that which was previously supplied, please let me know.

Sincerely,

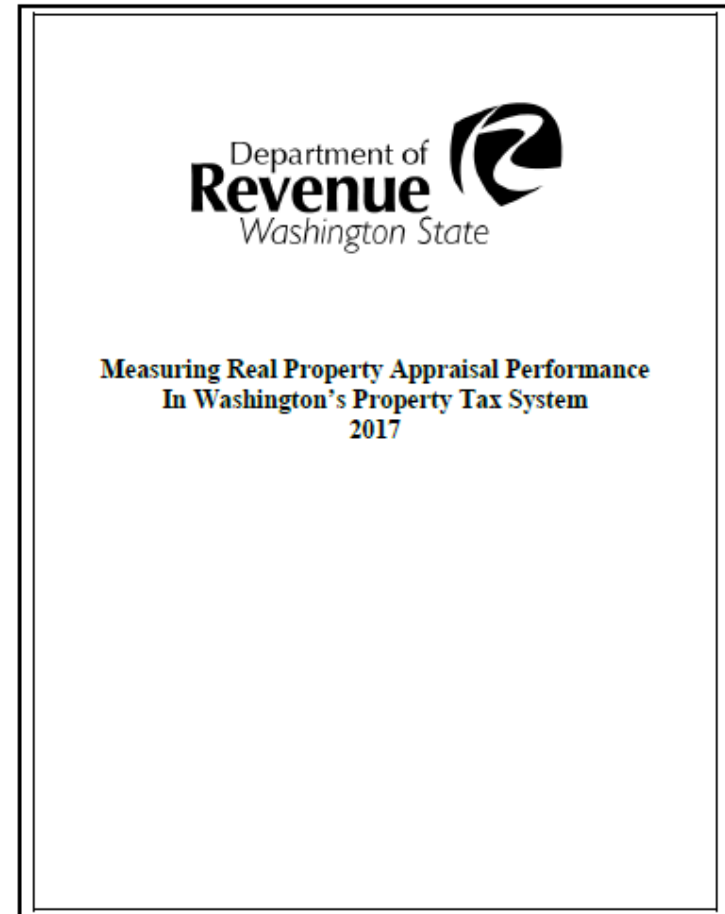
A handwritten signature in black ink, appearing to read "Mark Studer".

Mark Studer  
Ratio Supervisor  
Property Tax Division

Property Tax Division  
PO Box 47471 • Olympia WA 98504-7471 • (360) 534-1406 • Fax (360) 534-1380

# Uniformity of Assessments

Assessed value of all the properties in the county are at a **similar level of assessment.**



1

# Similar assessment level?



## Sales ratio for a single property

- Refers to the percentage of market value (sale price) represented by the assessed value.
- A/S Ratio (assessed value / sale price)

\$380,000 Assessed Value / \$450,000 Sale  
Price = 0.84 or 84%



# Ratio Study Steps

1. Group properties
2. Calculate AV/SP Ratio for each sold property
3. Calculate central tendency measures (mean, median, weighted)
4. Evaluate level of assessment
5. Evaluate assessment uniformity

# Group Properties

Area	Property Type	Other
County	Residential	Values (high vs low)
Market Area	Commercial	Special Characteristics
Neighborhood	Agricultural	Size (lg vs small)

# Measures of Central Tendency

- The **mean** is the average ratio found by summing the ratios and dividing by the total number of ratios.
- The **median** is the midpoint and results by arraying the ratios in numerical sequence and then finding the middle occurring ratio.
- The **weighted mean** results by individually summing both the assessed values and the market values (sales prices) for the entire data set. Then dividing the total assessed value by the total market value.

<b>Sale</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>AV/SP Ratio</b>
1	\$264,400	\$286,000	92.4%
2	\$161,450	\$179,900	89.7%
3	\$241,800	\$245,000	98.7%
4	\$199,000	\$242,500	82.1%
5	\$169,500	\$262,350	64.6%
6	\$160,000	\$150,000	106.7%
7	\$164,000	\$165,000	99.4%
sum of ratios			633.6%

divide by number ratios (7)

**Mean = 90.5%**

Sale	Assessed Value	Sale Price	AV/SP Ratio
5	\$169,500	\$262,350	64.6%
4	\$199,000	\$242,500	82.1%
2	\$161,450	\$179,900	89.7%
<b>1</b>	<b>\$264,400</b>	<b>\$286,000</b>	<b>92.4%</b>
3	\$241,800	\$245,000	98.7%
7	\$164,000	\$165,000	99.4%
6	\$160,000	\$150,000	106.7%

**Median = 92.4%**

Sale	Assessed Value	Sale Price	AV/SP Ratio
1	\$264,400	\$286,000	92.4%
2	\$161,450	\$179,900	89.7%
3	\$241,800	\$245,000	98.7%
4	\$199,000	\$242,500	82.1%
5	\$169,500	\$262,350	64.6%
6	\$160,000	\$150,000	106.7%
7	\$164,000	\$165,000	99.4%
Totals	\$1,360,150	\$1,530,750	

Total AV / Total SP =

**Weighted Mean = 90.5%**

# Using ratio studies to evaluate appraisal performance

- Compare assessed values to market values (sales prices or appraisals) for a group of properties.
- Counties conduct internal studies as part of revaluation work.
- DOR annually conducts ratio studies for equalization.

# Area Report

## Area 43

### Green Lake/ Wallingford

Download a PDF report of the area's current valuation



*Photo credit: picfly.com*

Area 043 Sales Used for Analysis – Green Lake/  
Wallingford



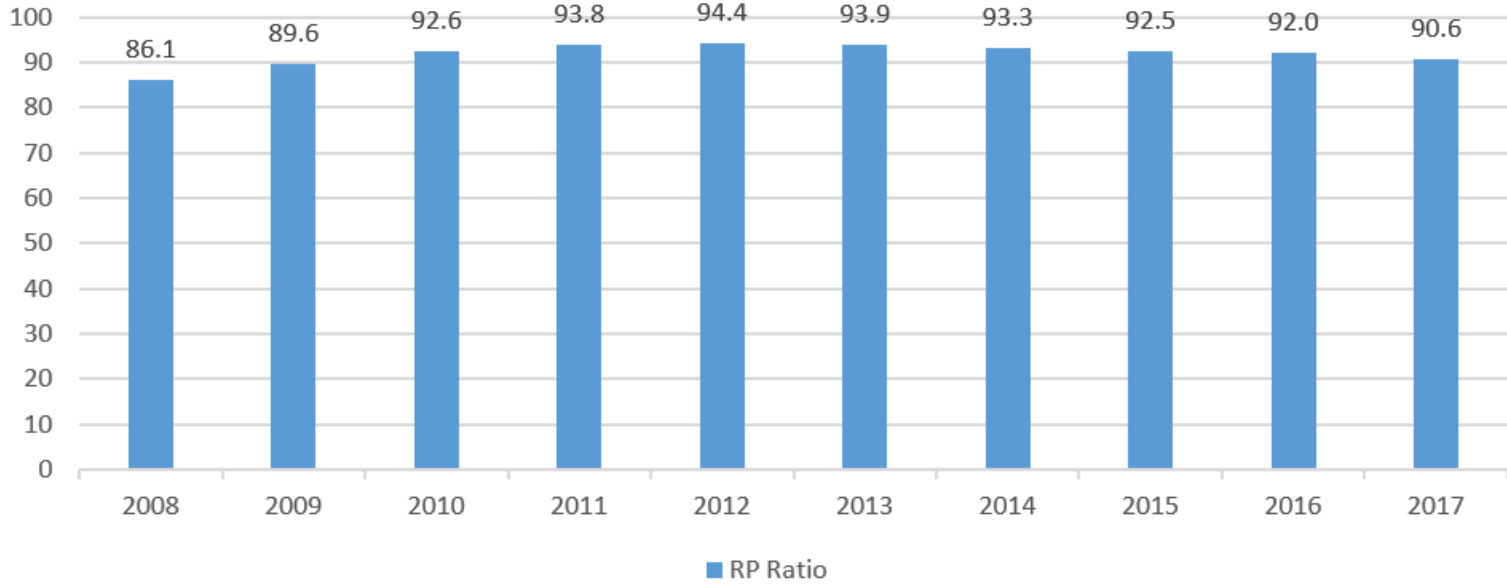
# DOR Property Tax Ratio Study

- Required by law for equalization
  - Direct equalization – state appraised utility & transportation companies
  - Indirect equalization – state school levy rates
- Indicated Real Property Ratio (weighted mean)

## Property Tax Ratios By County 2017 For 2018 Taxes

County	Real Property 2017	Personal Property 2017	Indicated Combined Ratio 2017
Adams	82.2	98.2	83.8
Asotin	91.8	84.4	91.5
Benton	83.4	96.0	83.9
Chelan	85.0	94.5	85.2
Clallam	89.3	88.9	89.3
Clark	92.8	92.1	92.8
Columbia	98.3	96.4	97.3
Cowlitz	91.7	99.2	92.5
Douglas	94.2	98.0	94.8
Ferry	93.8	99.1	94.4
Franklin	91.7	85.6	91.4
Garfield	96.8	93.8	95.2
Grant	84.6	93.5	86.0
Grays Harbor	94.7	98.7	94.9
Island	93.6	97.1	93.6
Jefferson	91.1	91.9	91.1
King	92.6	99.5	92.8
Kitsap	89.0	96.5	89.1
Kittitas	81.8	99.1	83.3
Klickitat	90.0	100.0	93.3
Lewis	92.9	96.3	93.3
Lincoln	88.5	92.4	89.0
Mason	98.0	89.7	97.8
Okanogan	83.7	89.3	83.9
Pacific	91.5	96.0	91.6
Pend Oreille	90.9	91.6	90.9
Pierce	92.1	95.7	92.2
San Juan	92.3	96.4	92.4
Skagit	92.5	97.3	92.8
Skamania	88.3	98.7	89.1
Snohomish	93.9	99.0	94.1
Spokane	96.1	95.9	96.1
Stevens	91.1	88.8	90.9
Thurston	95.5	95.2	95.5
Wahkiakum	88.3	96.2	88.6
Walla Walla	90.4	95.0	90.8
Whatcom	83.5	96.3	84.0
Whitman	87.0	80.2	86.0
Yakima	86.9	94.6	87.6
<b>STATEWIDE</b>			<b>92.2</b>

# Statewide Real Property Ratio





**Measuring Real Property Appraisal Performance  
In Washington's Property Tax System  
2017**

# Level of Assessment

- 100% True & Fair Market Value (State Law)
- Within ten percent of the legal level (90-110 percent). (IAAO Ratio Standard)
- The calculated ratio in each stratum of properties should be within five percent of the overall assessment ratio (IAAO Ratio Standard)

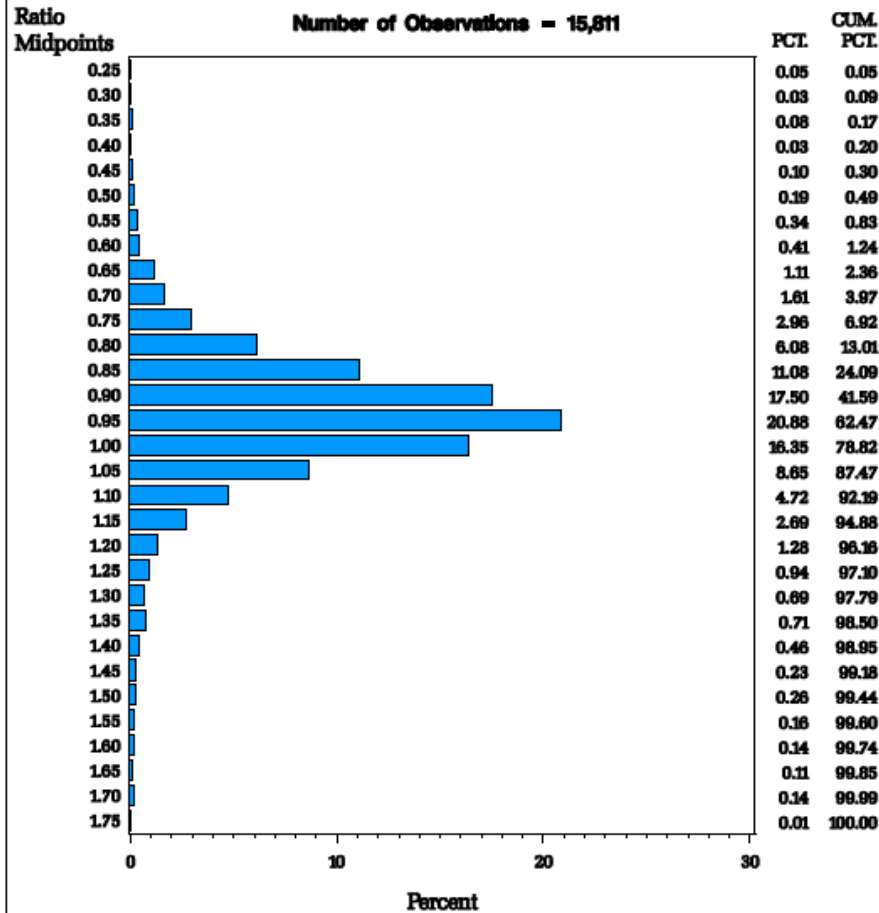
Table 1

Measuring Real Property Appraisal Performance 2017								
County	Level of Assessment			Uniformity of Assessment				
	Overall County Assessment Ratio Between 0.90 to 1.10	Residential Property Assessment Ratio Between 0.90 to 1.10	Nonresidential Property Assessment Ratio Between 0.90 to 1.10	Residential Property within 5% of County Median	Nonresidential Property within 5% of County Median	Coefficient of Dispersion for Residential Property Between 5-15%	Coefficient of Dispersion for Nonresidential Property Between 5-20%	Price Related Differential Between 0.90 and 1.00
Adams	X	X	X	X	X	X		X
Asotin	X	X	X	X	X			X
Benton			X	X	X	X	X	X
Chelan			X	X	X	X	X	X
Clallam	X	X	X	X	X	X		X
Clark	X	X	X	X	X	X	X	X
Columbia	X	X	X	X	X	X	†	X
Cowlitz	X	X	X	X	X		X	X
Douglas	X	X	X	X	X	X		X
Ferry	X	X		X	X		X	
Franklin	X	X		X	X	X	X	X
Garfield	X	X	X	X	X	X	X	X
Grant				X	X	X		X
Grays Harbor	X	X	X	X	X	X	X	X
Island	X	X	X	X	X	X		X
Jefferson	X	X	X	X	X	X	X	X
King	X	X	X	X	X	X	X	X
Kitsap	X	X	X	X	X	X	X	X
Kittitas				X	X			X
Klickitat	X	X		X	X	X	X	X
Lewis	X	X	X	X	X		X	X
Lincoln		X	X	X	X			X
Mason	X	X	X	X	X			X
Okanogan				X	X			
Pacific	X	X	X	X	X	X	X	
Pend Oreille	X	X	X	X	X			X
Pierce	X	X	X	X	X	X	X	X
San Juan	X	X	X	X	X	X	X	X
Skagot	X	X	X	X	X	X	X	X
Skiamaia	X	X	X	X	X	X	X	
Snohomish	X	X	X	X	X	X	X	X
Spokane	X	X	X	X	X	X	X	X
Stevens	X	X	X	X	X	X	X	
Thurston	X	X	X	X	X	X	X	X
Wahkiakum	X	X	X	X	X		X	
Walla Walla	X	X	X	X	X	X	X	X
Whatcom				X	X	X	X	X
Whitman			X	X			X	X
Yakima				X	X	X		X
	30	31	30	39	37	28	27	33
* Indicates CODs below 5. CODs below 5 could be an indication that selling properties are not being treated similarly to non-selling properties.								
A county is assumed to satisfy the IAAC standard for level of assessment unless there is a smaller than 5% chance that the county satisfies the standard.								
	9	8	9	0	2	11	12	6

# Table 1

Measuring Real Property Appraisal Performance								
2017								
County	Level of Assessment			Uniformity of Assessment				
	Overall County Assessment Ratio Between 0.90 to 1.10	Residential Property Assessment Ratio Between 0.90 to 1.10	Nonresidential Property Assessment Ratio Between 0.90 to 1.10	Residential Property within 5% of County Median	Nonresidential Property within 5% of County Median	Coefficient of Dispersion for Residential Property Between 5-15%	Coefficient of Dispersion for Nonresidential Property Between 5-20%	Price Related Differential Between 0.98 and 1.03
	30	31	30	39	37	28	27	33

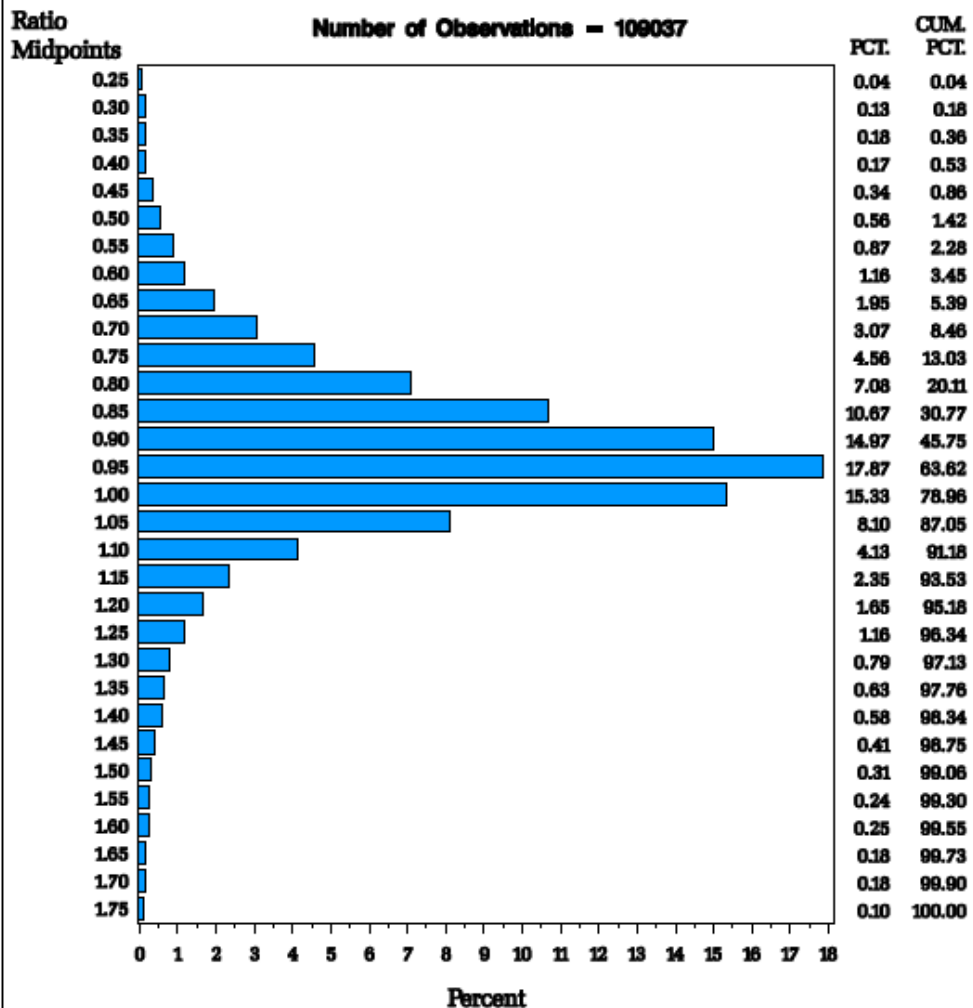
**2017 Assessment Year**  
**Frequency Distribution of Ratio of Assessed Value to Sales Value**  
**Distribution for Pierce County**



The horizontal axis shows the percent of properties that fall within the interval. The vertical axis is divided into intervals. The vertical axis is labeled with the midpoint of each interval - each interval is .05 wide. For example, the interval labeled .90 contains the range 0.875 to 0.925.



**2017 Assessment Year**  
**Frequency Distribution of Ratio of Assessed Value to Sales Value**  
**Distribution for the State**



# Uniformity of Assessments

- Horizontal Equity - Coefficient of Dispersion (COD)
  - It measures, on average, how far each individual ratio is from the median ratio.
  - A smaller COD indicates more uniform assessment.

# Coefficient of Dispersion – IAAO Ratio Standard Recommendations

- Coefficient of Dispersion (COD)

Table 1

Type of Property - General	Type of Property - Specific	COD Range**
Single-family residential (including residential condos)	Newer or more homogeneous areas	5.0 to 10.0
Single-family residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2-4 unit family housing	5.0 to 20.0
Income-producing property	Larger areas represented by large samples	5.0 to 15.0
Income-producing property	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant land		5.0 to 25.0
Other real and personal property		Varies with local conditions

*These types of property are provided for guidance only and may not represent jurisdictional requirements.*

# Coefficient of Dispersion – IAAO Ratio Standard Recommendations

Table 2

General Property Class	Jurisdiction Size/Profile/Market Activity	COD Range
Residential improved (single family dwellings, condos, manuf. housing, 2-4 family)	Very large jurisdictions/densely populated/newer properties/active markets	5.0 to 10.0
	Large to mid-sized jurisdictions / older & newer properties / less active markets	5.0 to 15.0
	Rural or small jurisdictions / older properties / depressed market areas	5.0 to 20.0
Income-producing properties (commercial, industrial, apartments,)	Very large jurisdictions/densely populated/newer properties/active markets	5.0 to 15.0
	Large to mid-sized jurisdictions / older & newer properties / less active markets	5.0 to 20.0
	Rural or small jurisdictions / older properties / depressed market areas	5.0 to 25.0
Residential vacant land	Very large jurisdictions / rapid development / active markets	5.0 to 15.0
	Large to mid-sized jurisdictions / slower development / less active markets	5.0 to 20.0
	Rural or small jurisdictions / little development / depressed markets	5.0 to 25.0
Other (non-agricultural) vacant land	Very large jurisdictions / rapid development / active markets	5.0 to 20.0
	Large to mid-sized jurisdictions / slower development / less active markets	5.0 to 25.0
	Rural or small jurisdictions / little development / depressed markets	5.0 to 30.0

*These types of property are provided for guidance only and may not represent jurisdictional requirements.*

# Uniformity of Assessments

- Vertical equity is the treatment of properties of different values.
- High value property assessment level is similar to low value property assessment level.

# Vertical Equity

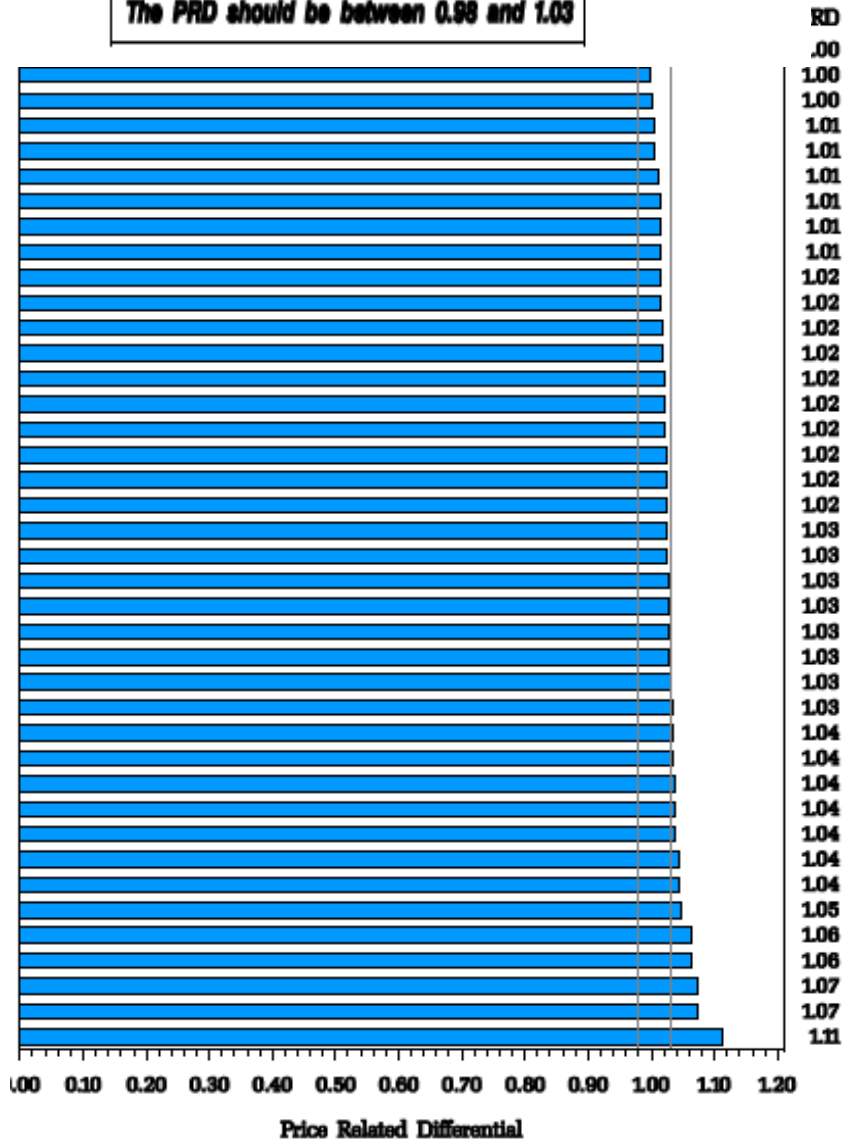
- Price Related Differential (PRD)
- Price Related Bias (PRB)
- Median Ratio by Sales Price Quintile
- Quintile Mean Ratio (QMR)
- Vertical Equity Index (VEI)

# Vertical Equity - PRD

- The price-related differential (PRD) is a statistic used to measure whether high-value properties and low-value properties are assessed at the same ratio to market value.
- The IAAO Standard on Ratio Studies suggests that the PRD should fall between 0.98 and 1.03.

**CHART 10**  
**2017 Price-Related Differential**

*The PRD should be between 0.98 and 1.03*





# Vertical Equity – Sales Value Quintiles

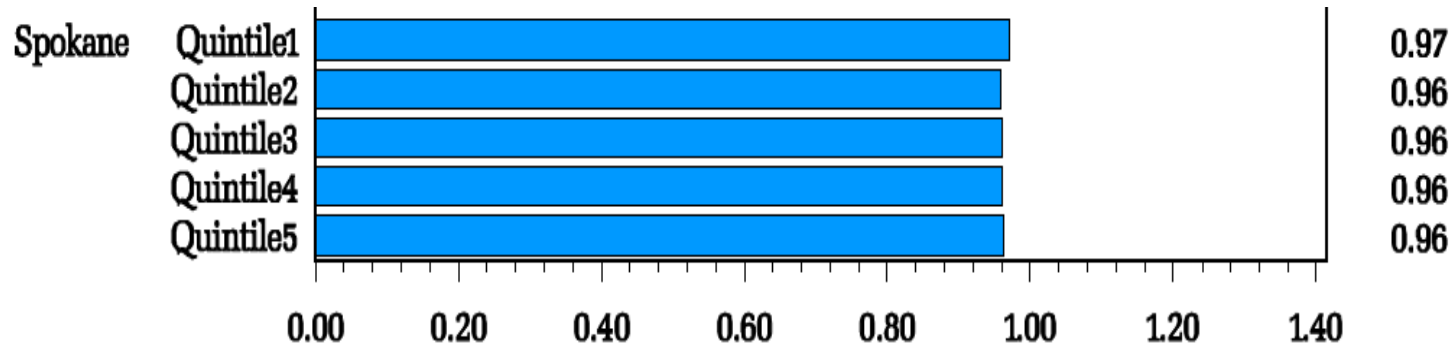
- Median and Mean Ratio by Value Quintile look at whether lower value properties and higher value properties are assessed at the same ratio to market value.
- The closer the quintile ratios are to one another the better the uniformity.

# Vertical Equity – Sales Value Quintiles

## CHART 9

2017

Median Ratios of  
Properties divided into Sales Value Quintiles



Median Ratio by Value Group



## 2017 Real Property Ratio Summary Statistics Report



# Statistics by County and Property Type

	Frequency	Adj Sale Price	Assessed	Ratio	Weighted Mean	Ratio		
County	N	SUM	SUM	MEAN	MEAN	Median	PRD	COD
	554	\$235,262,313	\$216,500,510	95.22	92.03	94.38	1.03	15.40

	Frequency	Adj. Sale Price	Assessed	Ratio	Ratio		
Property Type	N	SUM	SUM	MEAN	Median	PRD	COD
Ag/Other	46	\$11,213,117	\$9,926,820	94.21	94.76	1.06	16.66
Comm/Mfg	15	\$6,430,545	\$5,890,170	97.31	103.22	1.06	13.12
Multi Family	5	\$3,831,300	\$3,089,540	88.60	96.81	1.10	16.27
SFR	488	\$213,787,351	\$197,593,980	95.32	94.05	1.03	15.26
	554	\$235,262,313	\$216,500,510	95.22	94.38		

# Statistics by County and Property Type Example

	Frequency	Adj Sale Price	Assessed	Ratio	Weighted Mean	Ratio		
County	N	SUM	SUM	MEAN	MEAN	Median	PRD	COD
	347	\$66,619,757	\$61,038,500	92.43	91.62	90.75	1.01	16.35

	Frequency	Adj. Sale Price	Assessed	Ratio	Ratio		
Property Type	N	SUM	SUM	MEAN	Median	PRD	COD
AG/Other	15	\$1,238,589	\$639,900	68.86	73.70	1.33	27.03
Comm/Mfg	15	\$2,361,085	\$1,687,100	102.76	88.49	1.44	37.39
MFR	2	\$366,300	\$314,800	85.94	85.94	1.00	0.00
SFR	194	\$29,417,573	\$26,612,100	93.14	91.71	1.03	13.65
	<b>226</b>	<b>\$33,383,547</b>	<b>\$29,253,900</b>	<b>92.11</b>	<b>90.33</b>		

# Quintile Mean Ratio

- QMR is calculated by first arraying the data in order (lowest to highest) by market value.
- The data is divided into five equal groups (quintiles).
- An average ratio is calculated for each quintile.

# Vertical Equity Index

- VEI is a method of scoring the QMR results, as a guideline,
  - below 3.5 indicating excellent vertical equity
  - below 7.0 indicate good vertical equity
  - between 4.0 and 7.0 indicate acceptable vertical equity
  - above 14.0 indicate vertical inequity

# Vertical Equity – Quintile Mean Ratio

## 2017 Real Property Quintile Ratio and VEI

County=Spokane Property Class=Residential	
Quintile	Mean
Quintile_1	99.24
Quintile_2	95.87
Quintile_3	95.78
Quintile_4	96.03
Quintile_5	96.26
<b>VEI (Vertical Equity Index)</b>	<b>3.58</b>

County=Spokane Property Class=Non-Residential	
Quintile	Mean
Quintile_1	98.41
Quintile_2	96.28
Quintile_3	95.27
Quintile_4	95.49
Quintile_5	92.48
<b>VEI (Vertical Equity Index)</b>	<b>6.20</b>



# Vertical Equity – Quintile Mean Ratio

## 2017 Real Property Quintile Ratio and VEI

Residential		Non-Residential	
Quintile_1	96.50	Quintile_1	105.94
Quintile_2	95.53	Quintile_2	115.86
Quintile_3	94.34	Quintile_3	101.24
Quintile_4	95.77	Quintile_4	88.22
Quintile_5	93.65	Quintile_5	84.37
<b>VEI (Vertical Equity Index)</b>	<b>3.00</b>	<b>VEI (Vertical Equity Index)</b>	<b>31.77</b>

How does a non-uniform  
assessment level affect taxpayers?



# Example I

## Tax on Parcels with Non-uniform Levels of Assessment

(Same assessed value but different market values)

Parcel	Appraiser	Location	Type	Assessed Value (AV)	*County Levy Rate	Tax (AV x Rate)	Market Value (MV)	Ratio (AV/MV)
1	Marilyn	PI 3	MF	150,000	1.25603	\$188.40	150,000	100%
2	Marc	PI 6	Res	150,000	1.25603	\$188.40	166,666	90%
3	Cindy	PI 1	Comm	150,000	1.25603	\$188.40	176,470	85%
Totals				450,000		\$565.21	493,136	

\*Levy Rate (dollars per \$1,000 of assessed value)

# Example 2

## Tax on Same Parcels with Uniform Levels of Assessment

(Assessed value equals market value)

Parcel	Appraiser	Location	Type	Assessed Value (AV)	*County Levy Rate	Tax (AV x Rate)	Market Value (MV)	Ratio (AV/MV)
1	Marilyn	PI 3	MF	150,000	1.14615	\$171.92	150,000	100%
2	Marc	PI 6	Res	166,666	1.14615	\$191.03	166,666	100%
3	Cindy	PI 1	Comm	176,470	1.14615	\$202.26	176,470	100%
Totals				493,136		\$565.21	493,136	

Notes: To illustrate the effect on taxpayers we assume the total tax to be collected is the same for each example.

As the taxable value increased, the rate decreased.

\* Levy Rate =  $(565.21/493,136) * 1000 = 1.14615$  (dollars per \$1,000 of assessed value)

# Summary of Examples 1 & 2

Comparison of Tax for Non Uniform and Uniform Levels of Assessment

Parcel	Appr	Non-Uniform Level of Assessment				Uniform Level of Assessment			
		Assessed Value (AV)	Level of Assmt	Levy	Tax Non-Uniform Assessm't	Market Value (MV)	Level of Assmt	Levy	Tax Uniform Assessm't
1	Marilyn	\$ 150,000	100%	1.25603	\$188.40	150,000	100%	0.01462	\$171.92
2	Marc	\$ 150,000	90%	1.25603	\$188.40	166,666	100%	0.01462	\$191.03
3	Cindy	\$ 150,000	85%	1.25603	\$188.40	176,470	100%	0.01462	\$202.26
Totals		\$ 450,000			\$565.21	493,136			\$565.21

# Example 3

## Tax on Same Parcels with Uniform Levels of Assessment at 90%

Parcel	Appraiser	Location	Type	Assessed Value (AV)	Market Value (MV)	Ratio (AV/MV)	*County Levy Rate	Tax AV x Rate)
1	Marilyn	PI 3	MF	\$135,000	\$150,000	90%	1.14615	\$171.92
2	Marc	PI 6	Res	\$149,999	\$166,666	90%	1.14615	\$191.03
3	Cindy	PI 1	Comm	\$158,823	\$176,470	90%	1.14615	\$202.26
Totals					\$493,136			\$565.21

Notes: To illustrate the effect on taxpayers we assume the total tax to be collected is the same for each example.  
 As the taxable value increased, the rate decreased.

\* Levy Rate =  $(565.21/493,136) * 1000 = 1.14615$  (dollars per \$1,000 of assessed value)



Department of Revenue  
Washington State

*"Working together to fund Washington's future"*

**Property Tax Resource Center**  
*A resource for County Assessors and County Treasurers in Washington State*

  [CONTACT US](#)

- Home
- > Property Tax Programs
- > Revaluation
- > Appraiser Accreditation
- > Education
- > Forms & Publications
- County Reports
- > Valuation Topics
- > Laws, Rules & PTAs
- Special Notices
- > Legislation
- News & Communication
- Q & A
- Statistics
- > Commercial Sales
- County Contacts

**I NEED TO...**

- [Get Home for the Aging Income Limits \(RCW 84.36.041\)](#)
- [Get a form and/or publication](#)
- [Look for a County Report](#)
- [Reference a law, rule or Property Tax Advisory](#)
- [See what classes are being offered](#)
- [Contact the Department of Revenue Property Tax Division](#)
- [Search for a county contacts](#)
- [Check my accreditation status](#)

**SCHOOL FUNDING BILL (EHB 2242)**

[LEGISLATIVE UPDATE FOR ASSESSORS & TREASURERS](#)

**2018 PASSED PROPERTY TAX LEGISLATION**

[PROPERTY TAX BILLS PASSED IN 2018 REGULAR SESSION](#)

**Important Information**

**[Nonprofit & Tribal Property Tax Exemption Search](#)**

This database allows users to search for properties currently receiving a property tax exemption under chapter 84.36 RCW based on qualifying use by a nonprofit organization or tribal government.

**Upcoming Deadlines**

November 30

**What's New**

• [Disaster Relief Resources Available Here](#)

- Home
- > Property Tax Programs
- > Revaluation
- > Appraiser Accreditation
- > Education
- > Forms & Publications
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- > Valuation Topics
- > Laws, Rules & PTAs
- Special Notices
- > Legislation
- News & Communication
- Q & A
- Statistics**
- > Commercial Sales
- County Contacts

## Statistics

### [Interactive Data](#)

Use interactive data graphics to explore and analyze data, ask questions and find answers. Interactive features let you drill down into maps and charts for more details, and immediately see the data change.

### [Annual Ratio Study Results](#)

These tables show the results of the Department of Revenue's annual ratio study by county for both real and personal property. The ratio study is a statistical study that is performed annually by the Department. The assessment or indicated ratio is the total assessed value of property in the county divided by the total true and fair value.

### [Comparative State and Local Taxes](#)

These tables show Washington's relative tax position among the other states in three categories: (1) Taxes Per \$1,000 Personal Income, (2) Taxes Per Capita, and (3) Other Interstate and Historical Tax Comparisons.

### [Comparison of County Assessor Statistics Report](#)

Provides various statistics related to county assessment office operations including: county characteristics, assessor staffing levels, workload comparisons, assessor budgets and budget comparisons, ratios and appeals, and historical comparisons. Published annually.

### [Local Taxing District Levy Detail](#)

These tables present property tax levy information for all taxing districts levying a tax in a given year. Each district has its own nine-digit code. An explanation of the codes is included, as is an explanation of the data in each column of the table. Information will be posted annually.

### [Property Tax Statistical Reports](#)

Provides levy and collection data obtained from county assessors and treasurers for all taxing districts imposing an ad valorem property tax. Published annually.

### [State-Assessed Utility Valuations](#)

These tables present calendar year values determined by the Department of Revenue for utility companies that operate on an intercounty basis in Washington State. Prior to 2000, this data was included in our Tax Statistics publication in Section IV. Published annually.

### [Tax Statistics](#)

A historical record of tax collections and related statistics in Washington including: state excise tax statistics, property tax levies and collections, and property valuations and assessment ratios. Published annually.

### [Measuring Real Property Appraisal Performance in Washington's Property Tax System](#)

These reports are an evaluation of the performance of the property tax appraisal system in Washington. They are fairly technical in nature. They use statistics related to assessed values and market values. The report uses charts of these statistics to illustrate how well the appraisal system is working in Washington

### [Real Property Ratio Summary Statistics Report](#)

These reports use all valid sales in each county to show several statistical measure of uniformity and level of assessment. These reports state the results as they are, with no consideration given to the number of observations and with no trimming of outliers. For these reports no binomial tests or bootstrap analysis were complete to determine the level of confidence in the results. In many cases, due to the limited number of observation, it cannot be said with certainty that the statistical standard has been met or not.

[2017 Real Property Ratio Summary Statistics Report](#)

[2016 Real Property Ratio Summary Statistics Report](#)

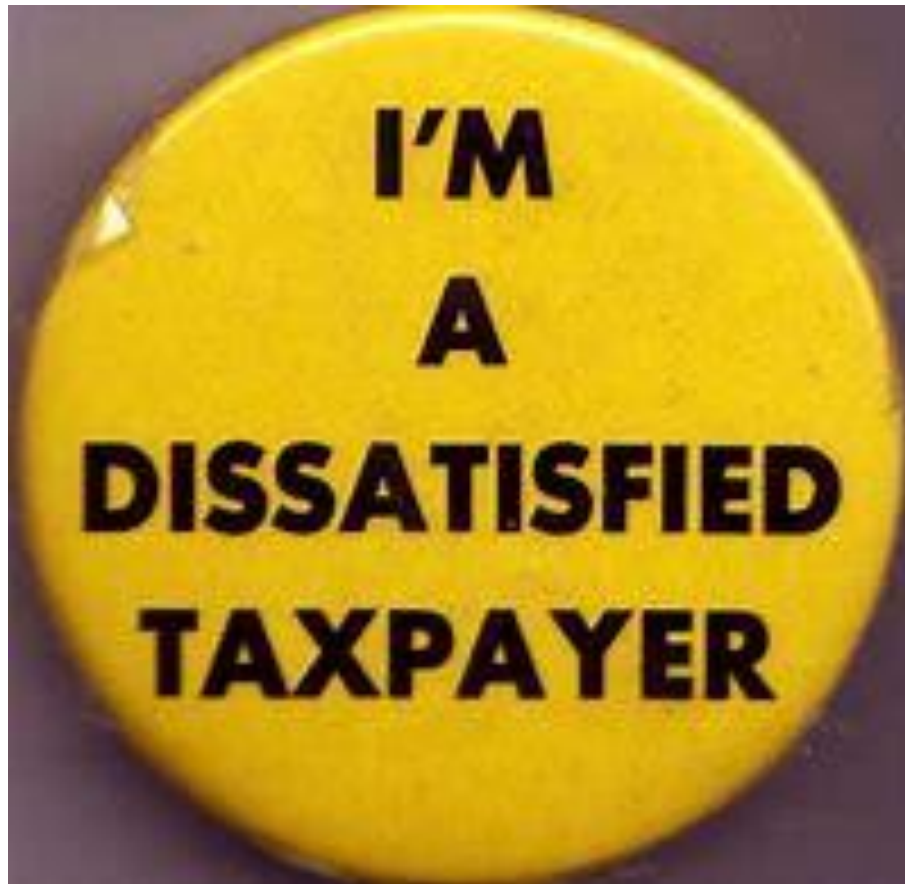
[2015 Real Property Ratio Summary Statistics Report](#)

### [Annual State Levy Worksheets](#)



# Part II

## Strategies for Handling Appeals



# Strategies for Handling Appeals

- Suggestions for efficient handling of appeals / taxpayer inquiries - nothing to do with laws and procedures for BOE appeals
- Purpose of this is to address taxpayer concerns, such as:
  - The information in the assessor's records
  - A unique property that may not fit current valuation model
  - A taxpayer who disagrees with sales used to value his property or lack of sales
- This is an excellent opportunity for the assessor's office to show his transparency and interest in good

# Strategies for Handling Appeals

- Before an appeal is filed:
  - Make a good first impression – train front office staff to be professional – refer to appraisal staff, if necessary (policy should address referral)
  - Listen to taxpayers concerns and keep an open mind
  - Make sure the taxpayer receives all of the pertinent information they need
  - Admit errors, if appropriate

# Strategies for Handling Appeals

- Before an appeal is filed (con't)
  - Try to provide taxpayer with understanding of processes and how their property is valued in comparison to other similar properties and that it is a fair process
  - Assist taxpayers in the process for filing an appeal – walk through the necessary procedures – however, this does not include helping the taxpayer build his case against you
  - Provide helpful information on the county website regarding property information, sales, market information, and appeal information.

# Strategies for Handling Appeals

- Appeal tracking system
  - Who is assigned each appeal and what are deadlines
  - What date is the appeal scheduled for hearing
  - Has appeal case been reviewed by a supervisor for accuracy
- Appeal template for each category of appeal
- Review with appellant prior to formal response to try and resolve issue without a hearing – could result in stipulation or withdrawal

# Strategies for Handling Appeals...preparing your case

- Address the taxpayer's issue directly – most important
- Explain valuation and compare to other similar property
- Make information as simple as possible, use layman's terms
- Present case professionally – avoid confrontation
- Organize written documentation – summarize at beginning

# Strategies for Handling Appeals...

- Usefulness of the appeal process:
  - May provide quality control in testing models and characteristics as they relate to value
  - May indicate a unique property type that may need new model or different methodology
  - Professional handling contributes to good will with taxpayers

# Part 12

## Destroyed Property





# Destroyed Property

- Destroyed Property is any real or personal property improvement that has lost value due to the impact of a natural disaster or voluntary destruction.
- It is real or personal property that has been destroyed, in whole or in part, or is in an area that has been declared a disaster area by the governor or county legislative authority and has lost more than twenty percent of its value due to a natural disaster.
- Properties are eligible for a property tax abatement. The true and fair value of the property is reduced by the difference between the value before destruction and the value after destruction

# Destroyed Property

- The abatement does not apply to property damaged or destroyed voluntarily.
- No reduction or abatement can be made more than three years after the date of destruction or reduction in value.
- Either the assessor or the property owner can initiate a claim for destroyed property. Usually, the assessor performs an inspection to determine the amount of destruction or damage that has occurred.
- In a disaster area, the assessor should inspect the property as soon as it is safe and practical to do so and before the taxpayer starts the repair process.



# Destroyed Property

- If the destroyed property is replaced as new construction or there is an initial placement of a mobile home prior to the valuation for that assessment year, value cannot exceed the value as of that date.
- The assessor must notify the taxpayer of the amount of reduction in value that they have determined. This value can be appealed to the local county Board of Equalization.
- Per RCW 84.70.040, no property tax relief will be given to anyone convicted of arson with regard to the property seeking the property tax abatement.

# Destroyed Property.. ESB 5454

- Three-year exemption for physical improvement value added to single family dwellings as a result of property destroyed by a qualifying natural disaster.
- The reduction in value must exceed 20% of the assessed value and must have occurred on or after August 31, 2020.
- The amount of the exemption cannot exceed the amount of the destroyed property claim which has been filed on the property.
- Applications must be submitted to the county assessor prior to starting construction on new improvements. No applications can be approved after June 30, 2026.

# Part 13

## Promoting Good Customer Service



# Promoting Good Customer Service

- **Benefits of Good Customer Service:**
  - Decrease the number of phone calls and office visits.
  - Decrease the number of appeals filed.
  - Lessen the need for follow up by handling the issue correctly the first time.
  - Decrease internal staff time handling customer issues.
  - Increase taxpayer understanding and compliance.
  - Increase awareness of the importance of property tax in funding local government services.
  - Promote good will with stakeholders, including county officials who might be more receptive to assessor requests.

# Promoting Good Customer Service

- **Ways to Improve Customer Service:**
  - Transparency
  - Public Relations
  - Informative website
  - Train staff on customer service

# Promoting Good Customer Service

- In addition, other helpful information might include:
- An explanation of the valuation process
- Mass appraisal reports for the current year
- Contact information for staff and their area of responsibility
- An explanation of the inspection process, inspection areas/cycles, and inspection schedule with map