

EQUALIZATION CYCLE 2017

Iowa Department of Revenue

ICA Summer Seminar 2016

EQUALIZATION CYCLE 2017

- Equalization Section
- Appraisal Section
- DOV

Equalization Timeline

- **February 15** (approx.) Ag productivity values-Prelim.
- **February 15** (approx.) Ag factor
- **April 20** Ag productivity values-Final

Equalization Timeline

- **May** **1-5** Sales comments-Final 2016
(45 days to respond)
- **May** **31** Last day to request extended BOR
session
- **July** **1** Abstract/Reconciliation Reports due
- **July** **15** Last day for BOR extended session

Equalization Timeline

- **August 1** Abstract/Reconciliation Reports due
(if BOR extended to July 15)
- **August 15** Equalization orders issued-Tentative
- **August 16-25** Equalization appeal and/or oral hearing requests to Property Tax Administrator
- **August 16-Oct. 8** Apply for use of alternative method
(if desired)
- **August 26-Sept.** Equalization oral appeal hearings held

Equalization Timeline

- **September 28** Equalization orders issued-Final
- **September 29-Oct. 8** Equalization appeals to Director of IDR

- **October 8** Equalization orders published by auditors
- **October 9-31** BOR accepts protests
- **October 9-Nov.4** BOR accepts protests if alternative method approved

Equalization Timeline

- **October 10-Nov. 15** BOR equalization special session
- **October 10-Nov. 30** BOR equalization special session if alternative method approved
- **November 1** Assessment Limitations issued
- **November 30** Property Valuation Report published

Alternative Method

- **What?** Apply eq. order in a specific manner instead of across-the-board to land and buildings.
- **Law-**Iowa Code Chapter 441.49 permits use of alt. method based upon IDR approval.
- **Why?** Assessor may utilize to implement final eq. orders for internal eq. purposes.

Example: An eq. order requires an aggregate increase in ag. values of 10%. Could implement by applying increase on ag. land only rather than ag. land and structures.

Alternative Method Requirements

- Written request to IDR required by October 8, 2017.
- Information to include in request:
 - ❑ Facts indicating need for an alternative method.
 - ❑ Exact method of implementing the requested alternative method including resulting aggregate values.
 - ❑ Specific method of notifying property owners of the value change.
- Alternative methods must result in equivalent aggregate values required by the final eq. order.

Alternative Method

EXAMPLE 1: 10% Increase to Agricultural Land and Structures

Alternative Method – Increase land only

Step 1 – Determine equalized aggregate value with + 10% eq. order

Land	A. \$ 80,000,000	B. \$100,000,000	C. \$100,000,000
Structures	<u>20,000,000</u>	<u>X</u> .10	<u>+10,000,000</u>
Total	\$100,000,000	\$ 10,000,000	\$ 110,000,000
			Eq. Aggregate Value

Alternative Method

Step 2 – Determine percent land is to be adjusted.

$$\begin{array}{r} \$ \text{ 10,000,000 Dollar value equalization order} \\ 80,000,000 \text{ Land value only} \end{array} = .125$$

Step 3 – Apply calculated percent to land value.

\$ 80,000,000	\$ 80,000,000
<u>X</u> .125	<u>10,000,000</u>
\$ 10,000,000	\$ 90,000,000
	Equalized Land Value

Alternative Method

Step 4 – Determine aggregated is at correct level.

Land equalized value	\$ 90,000,000
Structures	<u>20,000,000</u>
Total	\$110,000,000

**Equalized Aggregate Value
(See Step 1 C.)**

How do I calculate alt. method on both land and structures?

Alternative Method

Example 2: 10% Increase to Ag. Land & Structures

Alternative Method – Increase Structures 5% &
Determine Increase to Land

Step 1 – Determine equalized aggregate value with + 10% eq. order.

Land	A. \$ 80,000,000	B. \$100,000,000	C. \$100,000,000
Structures	<u>20,000,000</u>	<u>X .10</u>	<u>10,000,000</u>
Total	\$100,000,000	\$ 10,000,000	\$110,000,000

Equalized Aggregate Value

Alternative Method

Step 2 – Determine dollar value of 5% adjustment to structures.

$$\begin{array}{r} \text{Structures} \quad \$ 20,000,000 \\ \quad \quad \quad \times \quad \quad \quad .05 \\ \hline \quad \quad \quad \$ 1,000,000 \end{array}$$

Step 3 – Determine dollar value of adjustment to be made to land only.

$$\begin{array}{r} \$ 10,000,000 \text{ Total equalization order} \\ \underline{- 1,000,000} \text{ Structure adjustment} \\ \$ 9,000,000 \text{ Increase to land} \end{array}$$

Step 4 - Determine percent of adjustment to land.

$$\begin{array}{r} \$ \underline{9,000,000} \text{ Equalized increase} \\ 80,000,000 \text{ Land value} \end{array} = .1125$$

Alternative Method

Step 5 – Determine equalized aggregate value.

Land	\$ 80,000,000	Before equalization
	<u>9,000,000</u>	.1125 alternative adjustment
	89,000,000	
Structures	20,000,000	Before equalization
	<u>1,000,000</u>	5% adjustment
	\$ 110,000,000 Equalized Aggregate Value	
	(See Step 1 C.)	



QUESTIONS???

Appraisal Equalization Cycle 2017

Appraisal Process Timeline

- **February 2015** Selection process begins.
(starts with determining which counties)
 - (1) based on previous sales history #'s
 - (2) sales ratios
 - (3) have not had a recent reappraisal(obtain selected counties commercial abstracts)
- **March 2015 -** Field work begins for 2017 cycle.
October 2016 (measuring and listing phase) &
(pricing and sketching appraisals in VCS)

Appraisal Process Timeline

- **June 2015 - October 2016** On-site review of all subject properties and completion % monitoring (review appraiser duties)
- **October 2016** Field work completed.
- **August 2016- October 2016** Commercial sales review and analysis / Selection Appeal process for assessor's start.

Appraisal Process Timeline

- **November - 2016** Finalizing values & Final appraiser review is conducted.
December (logic /accuracy /& supporting data)
- **December 2016** Appraisal values / copies sent to Assessor's and assessment values returned to IDR. (all via e-mail)
- **January 2017** Final review with Assessor's.
(phone review)

Appraisal Process Timeline

- **January 2017** Assessor's combine equalization appraisals & sales together to approximately determine a median ratio.
- **August 15** Equalization orders issued-
(Tentative)
- **Sept. 28** Equalization orders issued-
(Final)

Selection Procedure

- **Located:** Iowa Administrative Code
 701 - chapter 71.12 (4) c
- **Why ?** Commercial properties to be appraised by IDOR for use in supplementing the assessment/ sales ratio study.

Selection Procedure

1. From the 2015 **Abstract of Assessment**, the total number of improved commercial units will be determined. **(which includes urban and rural commercials)**

Selection Procedure

2. The incorporated cities, any unincorporated cities, and townships where commercial properties are located will be **randomly listed** and their respective number of commercial properties will be **recorded**.

Selection Procedure

3. An **interval number** will be determined by dividing the total number of commercial units by the predetermined number of commercials to be appraised (12). The interval will be **rounded down** to the nearest whole number.
(Commercial units ./ . # Appraisals)

Selection Procedure

4. The first property will be determined by randomly selecting any number from a series of numbers from one (1) through the determined interval number.
(Computer Macro)

Selection Procedure

5. The **balance** of the properties will be determined by adding the interval number to the first selected property to determine the second, to the second to determine the third, etc. until the necessary number of properties is selected. (12)

Sample County Commercial improved units/appraisals = Interval

(Starting # 13)

$$397 / 12 = 33$$

<u>City or Twps.</u>	<u># of Improved Units</u>	<u>Code #'s</u>	<u>Selected Code #'s</u>
Franklin Twp.	4	1-4	
Pleasant View	60	5-64	(1) 13 (2) 46
Jackson Twp.	9	65-73	
Johnson	100	74-173	(3)79 (4)112 (5)145
Polk Twp.	10	174-183	(6) 178
Washington Twp.	14	184-197	
Maryville	106	198-303	(7)211 (8) 244 (9)277
Camden Twp.	10	304-313	(10) 310
Salem	<u>84</u>	314-397	(11) 343 (12) 376
• Total =	397		

Selection Procedure

6. Each property will be reviewed to determine if it is **eligible for appraisal**. Properties will not be appraised if they are deemed **ineligible**.

Not Eligible

- A. Vacant buildings
- B. Current year sale (normal deed sales take precedence over appraisals)
- C. Partial assessment
- D. Prior year equalization cycle appraisal
- E. Tax exempt (totally or partially)

Not Eligible

- F. Only one portion of a total property unit
(unless can be combined / & contiguous)
- G. Buildings on leased land
- H. If the value is not more than \$10,000
- I. Having a value established by court action

What if ?

- If for the previous reasons a property is deemed ineligible for appraisal, the next selected code # will be used, and so on and so on until all of the code #'s going forward are used. If that happens you must go back to the original code # and count backwards until an eligible property is found.

What if ?

- After exhausting all of the code #'s in the original city or twp. You must go forward to the next town or twp. on the selection list, and start with the first (1) code # there.

Selection Procedure

7. At least one alternate property will be selected for each property identified for appraisal.

Selection Procedure

8. Each property selected will be documented including identification by parcel #, owners name, legal description, and site address if available. Properties selected but not eligible to be appraised will also be documented to identify ineligible conditions.

Measure & Listing Phase

- 1 - Locate selected properties
- 2 - Make contact / get permission to inspect
(from owner or tenant)
- 3 - Make interior & exterior inspection
- 4 - Acquire / record all pertinent property data
- 5 - Measure exterior (for sq. foot calculations)
(draw & label outline sketch of property)
- 6 - Acquire comm. land sales & do analysis

Declarations of Value Equalization Cycle 2017

DOV Timeline

January through April

- Submit no later than 60 days from the end of the quarter.
- Each month review sales lists and submit comments the first week of the month.

May

- Submit no later than 60 days from the end of the quarter.
- Review final sales list and submit comments within 45 days.

June through December

- Submit no later than 60 days from the end of the quarter.
- Each month review sales lists and submit comments the first week of the month.

Declarations of Value

- Mailing Address: DOV Processing, IA Dept. of Revenue, P. O . Box 10469, Des Moines, IA 50306-0469
- Assessed Values
 - Values must be entered for all dovs
 - Class box must be completed
- DOV Due Date
 - You can submit DOVs as often as you like
 - By statute they must be received no later than 60 days from the end of each quarter

- NUTC
 - Enter only one NUTC
 - Enter obvious abnormal sales conditions over any other NUTC
 - NUTC 16 must list improvements and when they occurred, NUTC 35 for commercial sales must list how long the property has been vacant.
 - NUTC 50 is to be used only for unusual circumstances – do not code 50 if there is a NUTC 1 -48 that applies to the sale
- Date of Instrument
 - Must be entered – if isn't may not end up on the appropriate sales list

- Deed/Contract
 - Must be entered – if it isn't may not end up on the appropriate sales list
- Book and Page/Instrument number
- Corrections
- Sales Comments
- Equalization Orders

QUESTIONS???

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