

Thursday, May 24, 2007

Equalization Committee

Dale Hyman, Cary Halfpop, Karen Cooper, Jim Moyle, Linda Falleson, Dan Nauman, Bruce Hovden

AGENDA

Purpose

To review guidelines and methodologies used in state equalization and recommend changes that would make the property tax system more fair and equitable.

Overview of current methodology.

- Sales used
- Appraisals introduced
- Reasons for normal and abnormal

Review of IAAO Standards

Recommendations for change

Meeting notes

The Department of Revenue would like to reduce the number of equalization orders. Goals that have been set:

- On-line sale's information
 - Automation of DOV process
 - Attaching Revenue's sale's research information to the sale
 - On-line report generator to provide up current status of sales for equalization purposes for individual counties
- Appraisals of commercial properties-earlier delivery of appraisals to assessors.
 - Should appraisals be done in larger jurisdictions

There was a general discussion about the current equalization process and results that have been produced historically.

Policies the committee suggested be reviewed:

- That townhouse and condominium sales be considered normal
- The two years of sales be considered in the equalization analysis.
- Whether 1031 Exchange sales should continue to be considered abnormal.
- Whether relocation sales should be considered abnormal.
- Should creative financing be considered for an adjustment to the sale price?
- Should contract sales be adjusted and used in the analysis.
- Should vacancy be considered as a factor in the elimination of sales.
- When and how should personal property be adjusted if it is not listed on the DOV.

- Further clarification of improvements after the assessment date and before the date of sale, would a guideline that improvement cost be greater than 25% of the assessment of improvements be advisable.
- .Should the minimum sale price be increased to \$10,000.

The committee will be reviewing the *IAAO Standard on Ratio Studies*.

Linda, Dana and Bruce will be responsible for representing the views of the ISAA on equalization.

The changes that are being considered will impact the management of 2007 sales. Revenue would like to have procedures in place by July 1st for 2007 and 2008 sales. Changing policies mid-stream creates inequities or extra work in applying the standards uniformly.