



Wyoming Department of Revenue

# Residential Taxation - 101

In Partnership with Wyoming Taxpayers Association

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# Department of Revenue Rules Pertaining to Property Taxation

- Chapter 1 ~ General Procedures
- Chapter 9 ~ Property Tax Valuation Methodology and Assessment
- Chapter 10 ~ Designation, Classification and Valuation of Agricultural Lands
- Chapter 13 ~ Assessor and Property Tax Appraiser Education
- Chapter 14 ~ Property Tax Exemptions
- Chapter 21 ~ Tax District Mapping

<https://revenue.wyo.gov/about-us/rules-and-regulations>

# DOR Rules

## Chapter 9 Highlights

- Section 3 ~ Duties of the County Assessors
  - (a) Assessor shall value and assess all property and the DOR shall monitor the work . DOR shall not set or change values.
  - (c) County Assessors shall physically inspect all real properties at least once every six years.
    - (i) Alternative to on-site inspection....Aerial imagery.
- Section 4 ~ Provides definitions
- Section 5 ~ Appraisal Methods
  - (b) General Appraisal Methods and Reconciliation
  - (c) Methods for Special Purpose Property
    - (i) Personal Property
    - (ii) Present Worth Appraisal of Vacant Land within a Platted Subdivision
    - (iii) Land and Personal Property Subject to Gross Production Tax
    - (iv) Low Income Housing Tax Credit (LIHTC) Appraisal

# DOR Rules

## Chapter 9 Highlights

- Section 6 ~ Statistical Analysis and Standards....
- Section 7 ~ Computer Assisted Mass Appraisal (CAMA) RealWare system is the only system adopted and approved for valuation and shall be used for all real and personal property, except property for which narrative appraisal or other recognized supplemental appraisals are used. The assessor shall maintain a name and address file in RealWare.
- Section 8 ~ Monitoring – Annually the Department conducts audits on each County Assessor’s Office.
  - Utilization of the CAMA system
  - Compliance with all Department directives and orders with regard to appraisal methods and valuation methodologies.
- Section 9 ~ Written Explanation to Taxpayer. Notice of Value.
- Section 10 ~ Responsibilities for Cadastral Mapping.
  - The Assessor has the responsibility of creating ownership maps.
  - The Property Tax Division has the responsibility of creating Tax District maps.

# Chapter 9 Section 6

## Statistical Analysis and Standards

- What do we mean by statistical Analysis and Standards?
  - In mass appraisal we are appraising a universe of properties.
  - We use statistical measures to check for appraisal uniformity, quality and the level of appraisal.
- The assessor performs statistical testing during the valuation process to make sure they are in compliance with the Department of Revenue Rules.

# Chapter 9 Section 6

## Statistical Analysis and Standards

- Once the assessor determines value on all properties the appraised value is compared to the sales prices. This is called a “Sales Ratio Study”.
- Sales Ratio is the Appraised Value divided by the Sales Price
  - $\$100,000 \text{ AV} / \$120,000 \text{ SP} = \text{Sales Ratio of } 0.8333$
- The median sales ratio for each strata, either a Land Economic Area (LEA) or Neighborhood (NBHD), must be between 0.90 - 1.10

# Chapter 9 Section 6

## Statistical Analysis and Standards

<u>Account #</u>	<u>Appraised Value</u>	<u>Sales Price</u>	<u>Sales Ratio</u>
R32665	\$255,225	\$432,500	0.59
R25260	\$175,500	\$200,000	0.88
R12967	\$214,325	\$225,000	0.95
R02546	\$195,000	\$198,500	0.98
R01568	\$200,000	\$203,000	0.99
R25526	\$225,000	\$227,250	0.99
R17589	\$205,000	\$204,000	1.00
R19856	\$197,500	\$195,000	1.01
R25525	\$235,250	\$221,500	1.06

Median Ratio = 0.99

Average Ratio = 0.94

# Chapter 9 Section 6

## Statistical Analysis and Standards

The minimum sample size shall be 5 for any stratum.

What if there is less than 5 current sales in the LEA or NBHD?

Four ways to increase the sample size –

1. Restratification – Broader strata creating larger sample size. Combining similar areas or grouping those areas.
2. Extending the time period – Including sales from previous years and adjusting the sales price for time.
3. Using sales that were previously deemed invalid. For example, last year there was a sale that indicated a vacant parcel. This year a house was built on the property. Obviously the current appraised value would be far above the sales price as when vacant. This is now deemed invalid in the CAMA system for compliance purposes, but the sale at the time it was vacant can still be used for land valuation.
4. Imputing appraisal performance – Using values from other areas to set value in an area with no sales.



# Chapter 9 Section 6

## Statistical Analysis and Standards

Statistical measures stipulated in Chapter 9 DOR rules are specific to individual groupings such as LEAS or NBHD's.

Overall level of appraisal and statistical measures by property class are measured by the State Board of Equalization.

Jordan Martin with the SBOE will go over this area.

THANK YOU!