

STATE BOARD OF EQUALIZATION

Overview of Equalization Process

Jordan Martin, SBOE Principal Statistician

Jordan.Martin@wyo.gov

307-777-5285

State Board of Equalization

- Board Website: <http://taxappeals.state.wy.us/>
- Here you can find the statutory and constitutional duties of the Board.
- The Board's rules are found in the "Information" tab.
- The Board serves both an appellate court for appealing local or state assessments and as the constitutional oversight of assessment of residential and commercial property.
- Chapter 5 covers the constitutional oversight portion of its duties.

State Board of Equalization

- Two key objectives: “Full value” and “Uniformity”
- WY Constitution Article 15, Sections 9-11
- Section 11: “All property, except as in this constitution otherwise provided, shall be **uniformly** valued at its **full value**...”

Chapter 5

- Abstract Review (Section 4)
- Statistical Studies (Section 5)
- Appraisal Standards and Compliance (Section 6)
- Procedures for Implementing Action Taken by the Board (Section 7)

Abstract Review

- At the end of the appeal period, each assessor submits their assessment roll to the Board, along with their sales data.
- In order for counties to proceed with levying taxes, locally assessed valuation must be approved by the Board.
- Before the Board certifies the locally assessed valuation, it must assess the uniformity and level of appraisal.

Statistical Studies

- The Board (i.e. the Board's statistician) conducts an analysis for 4 classes of property.
 - Residential Improved
 - Residential Vacant
 - Commercial Improved
 - Commercial Vacant.

Appraisal Standards and Compliance

- "... employing recognized principles of statistics." (IAAO)
- Level of Appraisal
- Coefficient of Dispersion
- Price Related Differential
- Sold/Unsold Aggregate Change Difference

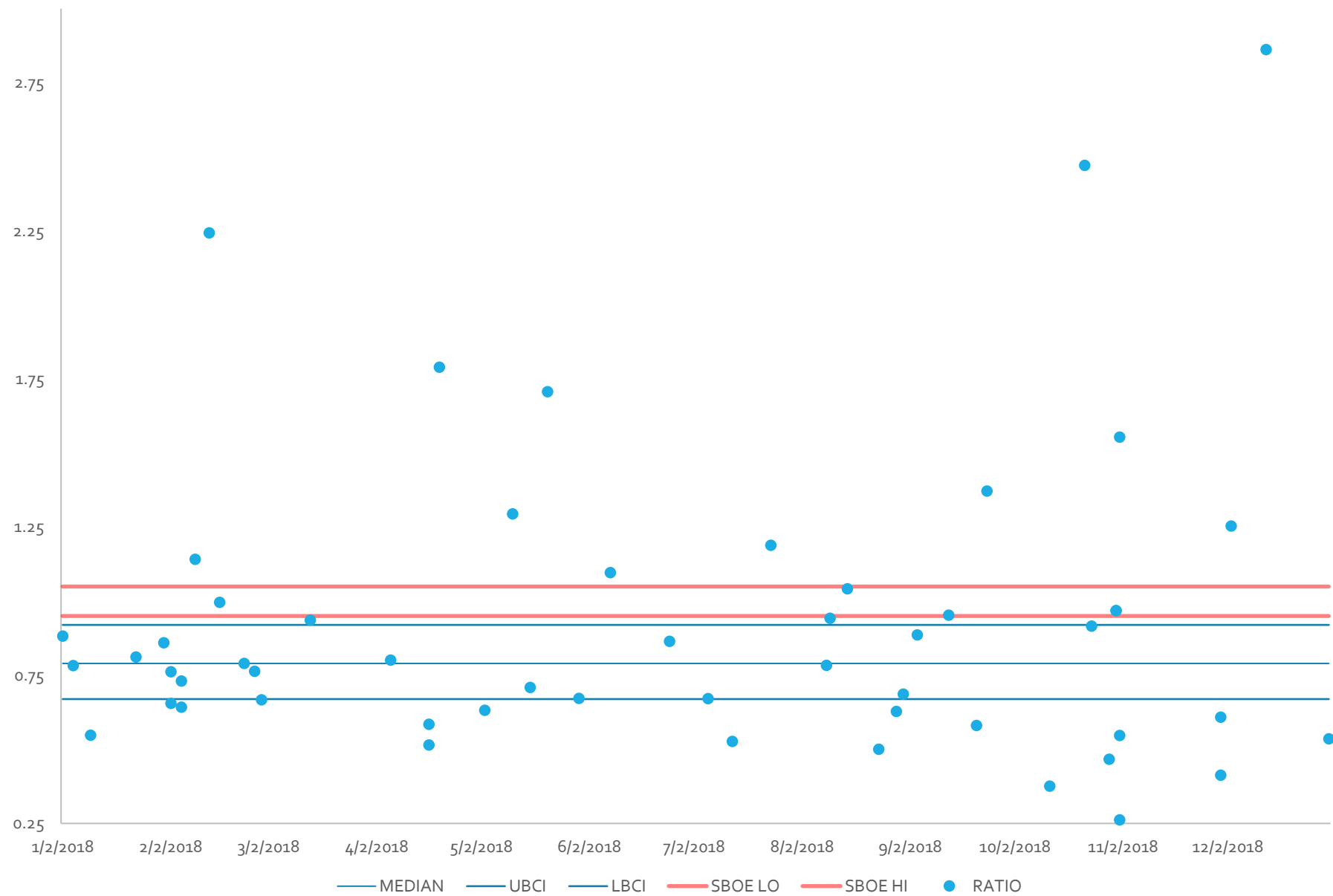
Level of Appraisal

- Sales ratio = Appraised Value / Sale Price
- Median
- SBOE Range = (.95, 1.05)
- Confidence interval must overlap SBOE range.
- Sample vs. Population

Confidence Interval vs. SBOE Range (Compliant)



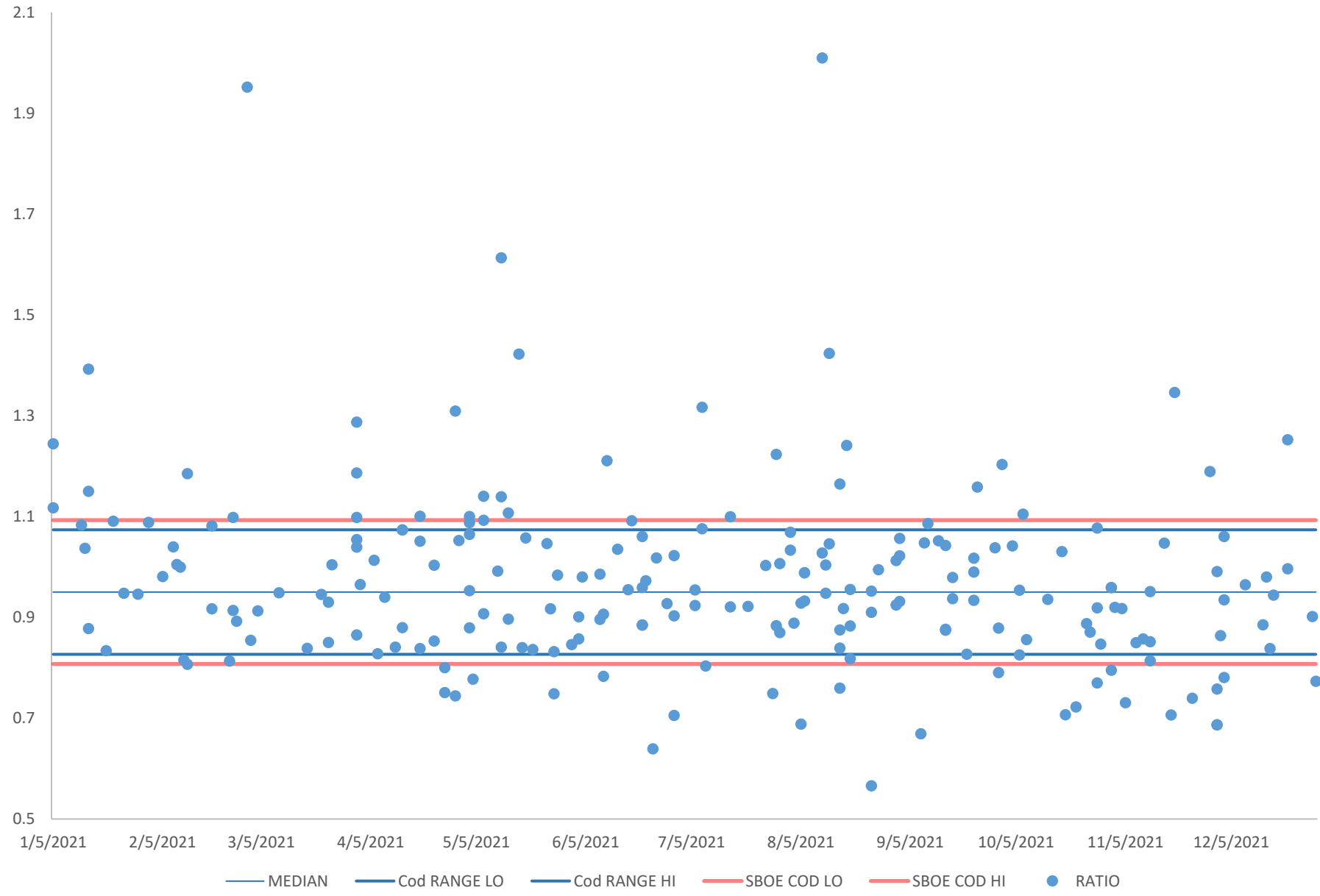
CI vs. SBOE Range (Noncompliant)



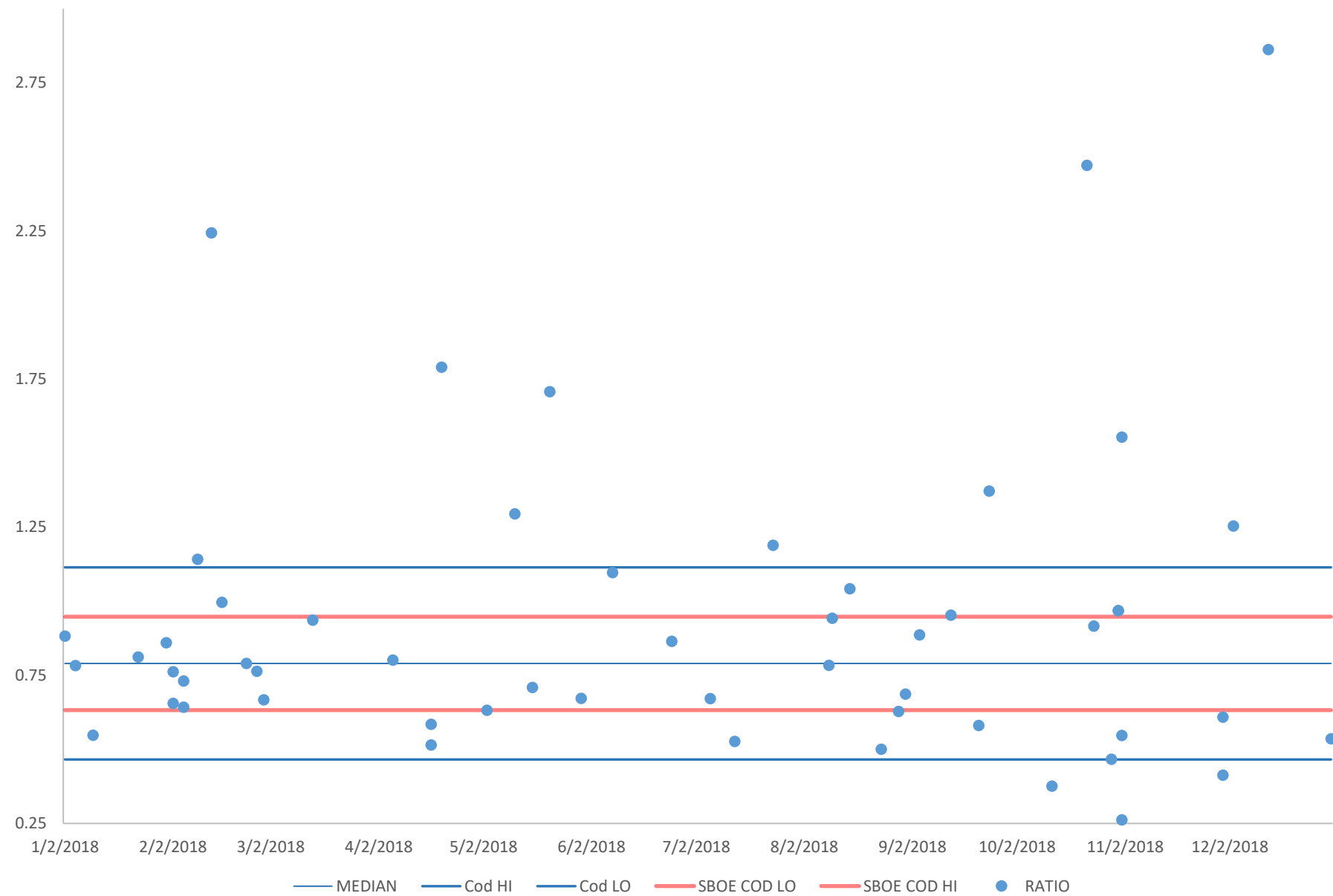
Coefficient of Dispersion

- In layman's terms, COD is the average deviation from the median.
- SBOE Standards:
 - .15 for Residential Improved
 - .20 for all other classes

Compliant COD



Noncompliant COD



Price Related Differential

- $PRD = \text{Mean Ratio} / \text{Weighted Mean}$
- SBOE range: (.98, 1.03)
- Regressivity: Under-appraising higher value property relative to lower value property.
- Progressivity: Over-appraising higher value property relative to lower value property.
- Lower value property has inherently less variance, making “vertical bias” difficult to “correct.”
- A noncompliant PRD is usually accompanied by a non compliant COD.

Sold/Unsold Aggregate Change Difference

- $\text{Total Valuation for Current Tax Year} / \text{Total Valuation Previous Tax Year}$
- This is calculated for both sold and unsold properties.
- Difference must be less than 5%
- What is sales chasing?
- Non-compliance is not proof of anything without further investigation.

Procedures for Implementing Action Taken By Board

- Letter
- Work Plan
 - Example: Several years ago, it had been discovered that a county had properties that had not been reviewed in over a decade. The work plan included sending the Board a regular progress report of what properties had been reviewed. The work plan lasted several years, until the Board was confident all properties would be reviewed every six years.
- Work Order
 - Teton County 2017
 - <http://taxappeals.state.wy.us/images/Order%202017-01.pdf>
 - Natrona County 2019
 - <http://taxappeals.state.wy.us/images/Natrona%20Order%202019-01.pdf>
- Equalization
 - Example: One neighborhood was equalized in Natrona County in the early 2000's. The Board set a new market adjustment for that neighborhood.
 - Equalization is the "Nuclear Option"