

Research on Property Tax Administration and Valuation Best Practices

A Summary of Recommendations



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- Assessment Advisor with the International Association of Assessing Officers (IAAO)
- Works to further IAAO's mission of promoting fair and equitable property assessments.
- Former Kansas County Appraiser
- Bachelor of Science in Economics from Kansas State University
- Assessment Administration Specialist (AAS) Designation IAAO.
- Kansas Registered Mass Appraiser (RMA)
- Over 19 Years of Assessment Experience



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Introduction

Professional Consulting Services of IAAO, LLC (PCSIAAO) was contracted to provide comprehensive research on best practices within assessment offices across the United States covering reappraisals, appeal structures, property data, capacity building, and considerations for equity and anti-bias measures.



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International Association of Assessing Officers (IAAO)

- Founded in 1934
- Over 8,000 members around the world
- 38 IAAO Chapters Internationally
- 15 Standards on Assessment Best Practices
- 16 Assessment Courses
- 23 Workshops
- Assessment Conference
- GIS/Valuation Technology Conference
- International Valuation Symposium
- Mass Appraisal Valuation Symposium (Virtual)



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Three Major Data Sources

1. Vermont Stakeholder Surveys and Interviews
2. Surveyed Other State Oversight Agencies
3. IAAO Standards on Best Practices



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Reappraisal Cycle Length



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Definition

- **Reappraisal Cycle** – Time needed, taken, or permitted for a jurisdiction to reappraise all properties of a specified class or classes, as may be mandated by law or rule.



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Other State Oversight Question

“How often are properties reappraised in your state?”



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Other State Oversight Responses

Reappraisal Cycle Frequency by State including IAAO's 2023 PTPA Survey Results

Reappraisal Frequency	Occurrences	Percentage	State
Annual	11	37.93%	FL, HI, DC, ID, KS, MN, SD, UT, WY, MA, TX
Two Years	4	13.79%	CO, IA, MT, MO
Three Years	2	6.90%	MD, OH
Four Years	4	13.79%	AR, IL, IN, LA
Five Years	4	13.79%	CT, MI, NH, SC
Eight Years	1	3.45%	NC
Not Mandated	3	10.34%	ME, OR, PA
Total	29	100%	



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IAAO Standard

IAAO's Standard on Property Tax Policy published in 2020 states:

“5.1 FUNDAMENTALS: CURRENT MARKET VALUE THE BASIS FOR TAXATION

To best reflect the changes inherent in a dynamic economy and to maximize fairness and ease of understanding, assessments should be based on the current market value of property.”

“Current market value implies annual assessment of all property.”

(Underline added for emphasis.)



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PCSIAAO Recommendation

- Start with a 6-year valuation cycle.
- Future plans should include working to an annual valuation cycle.



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Reinspection Cycle Length

Data Collection



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Definitions

- **Reinspection** – Also know as a data collection update. Could include exterior inspections, interior inspections, inspections based on digital imagery or a variation or combination of the three. These typically happen on a cyclical basis and could be in conjunction with a reassessment or on a different cycle. This could consist of listers, assessors or contractors updating data on properties.



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Other State Oversight Question

“How often does your state require reinspections?”
(Data Collection)



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Other State Oversight Response

Other States Reinspection Cycles

Reinspection Frequency	Occurrences	Percentage	State
Three Years	2	8.00%	DC, MD
Four Years	4	16.00%	IL, IN, ME, MN
Five Years	5	20.00%	FL, ID, MI, SC, UT
Six Years	4	16.00%	KS, MT, OH, WY
Ten Years	2	8.00%	CT, MA
Not Mandated	8	32.00%	CO, HI, IA, NC, NH, OR, PA, SD
Total	25	100%	



IAAO Standard

IAAO's Standard on Property Tax Policy 2020 states:

“Ongoing valuation systems require maintenance and updating of property characteristics data.

Physical review, including on-site verification, is recommended every 4–6 years. Digital imaging technology tools may be used to supplement field

reinspections with a computer-assisted office review (IAAO 2017, Section 3.3.5).” (Underline added for emphasis.)



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PCSIAAO Recommendations

- Property characteristics should be verified every 4 to 6 years at a minimum.



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Appeal Structure



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Other State Oversight Question

“At what political or jurisdictional levels are appeals held in your state?”



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Other State Oversight Responses

Assessment Jurisdiction Initial Appeal Level

First Appeal Level	Occurrences	Percentage	State
County / Parish	20	80.00%	AR, AZ, CO, FL, HI, IA, ID, IL, IN, KS, LA, MD, MT, NC, OH, OR, PA, SC, SD, UT, WY
Municipal	4	16.00%	CT, ME, MI, NH
State	1	4.00%	MT
Total	25	100.00%	



IAAO Standard

IAAO's Guidance on Developing Mass Appraisal and Related Tax Policy 2023,

“9.3 Appeal Systems

An appeals system may have numerous levels. At each of these levels, the appeal body should publish and make available deadlines, operating procedures, rules, and regulations, so that all parties understand what is required of them and how the appeal will be conducted.

For all assessed property, the appeals process should be conducted at the following levels:

- *Informal review by the assessor, including an on-site inspection of the property if practicable*
- *Formal review by appeals board (local, state, provincial, or national)*
- *Formal judicial review*

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IAAO Standard

(Continued)

The process should include the following features:

- *Reasonable fees and filing costs based on some measure of appeal complexity*
- *Notification of hearing procedures and results at each decision level, including reason for decision*
- *Hearings*
- *Public relations*

Appeals boards must be knowledgeable and competent to hear appraisal-related appeals. An independent or supervisory agency should provide training for hearing officers. Board members should not have conflicts of interest that may bias their decisions. After the informal review, all formal proceedings should be open to the public and transcripts made available. Notification of the hearing time and place should include the time to be allotted to the case and a brief explanation of procedures and rules of evidence. (Underline added for emphasis)



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PCSIAAO Recommendations

- First Level:

Informal level with the lister, assessor or contractor that originally set the value so that questions can be answered, and simple issues can be resolved.

- Second Level:

A local board of review with educated and qualified board members.

- Third Level:

State Board of Assessment or Tax Appeals



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Should Vermont have a Single CAMA System?



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Vermont Stakeholder Question

“Would you be in favor of having a statewide Computer Assisted Mass Appraisal (CAMA) software system?”



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Vermont Stakeholder Response

Should a Statewide CAMA System be Implemented?

Answer	Occurrences	Percentage
Yes	122	69.71%
No	53	30.29%
Total	175	100.00%



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Other State Oversight Question

“Does every jurisdiction in the state use the same CAMA (Computer Assisted Mass Appraisal) system?”



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Other State Oversight Response

Is a Single CAMA System Used in Other States?

Answer	Occurrences	Percentage	State
Yes	5	21.74%	HI, KS, MD, MT, WY
No	18	78.26%	AR, CO, CT, FL, ID, IL, IN, ME, NC, NH, OH, OR, PA, SC, SD, UT
Total	23	100.00%	

Washington D.C. was excluded from this count, as they only have one jurisdiction for their small district. It should also be noted that the state of Utah is planning to have all counties on the same system by 2026. Also, Iowa and Michigan stated 99% of their jurisdictions are on one system. Recent news also reported South Dakota is converting to a single system.



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IAAO Standard

IAAO standards don't dictate that a single CAMA system should be used, nor do they dictate that multiple CAMA systems should be used. IAAO standards do include recommendations regarding CAMA systems and their specifications.

IAAO's Standard on Oversight Agency Responsibilities 2020 states:

“13.3 Technical Support and Assistance

Oversight agencies should be equipped to provide a CAMA system and all vital support functions to every primary assessor who cannot afford to purchase a system of its own.”



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PCSIAAO Recommendation

- No definitive recommendation.



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Physical Reinspection vs. Alternative Reinspection Techniques



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Vermont Stakeholder Question

“What alternative inspection techniques would you suggest be used or allowed?”



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Vermont Stakeholder Responses

- Drones
- Satellite imagery
- MLS listing Information
- Live remote video tours
- Surveys sent by mail
- Surveys sent by email
- Google imagery
- Industry standards
- Virtual inspections
- Facetime
- Zoom
- Outside only reinspections
- Request property owners send photos
- Self reinspections
- IAAO standards
- Lidar
- Change detection software
- AI tools
- No changes in process
- Aerial imagery
- Drive-by exterior inspections only



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Other State Oversight Question

“Does your state require “boots on the ground” reinspections or does it allow for alternate reinspection techniques?”



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Other State Oversight Response

Boots on the Ground Reinspections or Alternative Reinspections

Answer	Occurrences	Percentage	State
Boots on the Ground	12	50.00%	AR, DC, ID, IL, ME, MI, MN, NH, OH, OR, SC, SD
Alternate Reinspection Techniques	12	50.00%	CO, CT, FL, HI, IN, KS, MD, MT, NC, PA, UT, WY
Total	24	100.00%	



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IAAO Standards

IAAO's Guidance on Developing Mass Appraisal and Related Tax Policy 2023 states:

“6.4 Alternative to Periodic On-Site Inspections

Provided that an initial physical inspection has been completed — and the requirements of a well-maintained data collection and quality-management program have been achieved — jurisdictions may employ a set of digital imaging technology tools to supplement field inspections with a computer-assisted office review. These imaging tools can include the following:

- Current high-resolution street-view images that enable quality grade and physical condition to be verified*
- Orthophoto images updated at least every two years in rapid-growth areas, or at least every five years in slow-growth areas to identify new buildings or alterations*
- Oblique aerial photographic images capable of being used for measurement verification, up-dated at least every two years in rapid-growth areas, or five years in slow-growth areas.*
- A review of on-line market listing websites with current photographs to verify interior layouts or conditions or show where improvements may have been made.*

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IAAO Standards

Continued

Some systems rely on well-designed taxpayer declarations, greatly reducing the need to send inspectors into the field.

Effective tool sets validate CAMA data and incorporate change detection techniques that compare building dimension data (footprints) in the CAMA system to geo-referenced imagery or remote sensing data and identify potential CAMA sketch discrepancies for further investigation.

If feasible, valuers should visit assigned areas on an annual basis to observe changes in neighborhood condition, trends, and property characteristics. An onsite physical review is recommended when significant construction changes are detected, a property is sold, or an area is affected by catastrophic damage. Building permits should be regularly monitored, and affected properties that have significant change should be inspected when work is complete.”

(Underline added for emphasis)



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PCSIAAO Recommendations

- Vermont should move to exterior only reinspection's with allowance for alternate reinspection techniques for properties where property data has been properly maintained per IAAO standards.



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Capacity Building



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Vermont Stakeholder Question

“Does the State of Vermont have the appropriate amount of assessment talent or staffing to complete current legal requirements of local jurisdictions?”



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Vermont Stakeholder Answer

Does the State of Vermont have Adequate Assessment Talent?

Answer	Occurrences	Percentage
Yes	17	11.97%
No	125	88.03%
Total	142	100.00%



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PCSIAAO Recommendations

- Creating a system that enables full-time employment and a career in assessment will help to build capacity in the industry.
- Policies that will encourage individuals to select the assessment industry as their profession could include:
 - Regular reassessment cycles
 - Consistency
 - Condensed assessment jurisdictions
 - Creates better opportunities for a full-time position.



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Equity and Anti-Bias Measures



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Vermont Stakeholder Question

“What antibiotics or equity improvement measures do you think could be added to Vermont's property tax system to help ensure equity for all?”



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Vermont Stakeholder Responses

The following is a summary of applicable answers given:

- Appeal assistance for low-income property owners
- Avoid language such as rich, poor, trailer park, ect.
- Techniques to ensure rural areas are treated the same as urban areas
- DEI
- Adequate education to value all property equitably
- Additional transparency
- Single CAMA system statewide
- Appraisers that don't know the property owners would help
- Require training and education
- Keep politics out of assessments
- Treat second homes the same as first homes
- Add PRD as a trigger for reassessments to guard against vertical inequity
- No interior inspections



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Other State Oversight Question

“Please list any equity or antibias measures used to ensure equal treatment of property owners in your state.”



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Other State Oversight Responses

The following were the most popular answers given:

- Sale Ratio Analysis
- Coefficient of Dispersion (COD) Analysis
- Price Related Differential (PRD) Analysis
- Price Related Bias (PRB) Analysis
- Equalization Study
- Checking for Errors
- Adoption of IAAO Standard on Ratio Studies



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IAAO Standards

“IAAO’s Mission Statement - IAAO is a global community of diverse mass appraisal professionals advancing fair and equitable property appraisal, assessment administration, and property tax policy through professional development, research, standards, and technical assistance.”

Fair and equal treatment of all is at the core of everything IAAO stands for and as such all 15 IAAO standards contribute to more fair and equitable property values.



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PCSIAAO Recommendations

- Remove interior inspection requirements.
- Require all jurisdictions to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation. Require assessment staff to take the USPAP course and update courses.
- Require that assessment jurisdictions comply with IAAO sales ratio standards. These include sales ratio, COD and PRD requirements.



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Thank you!

PCSIAAO would like to thank the Vermont House Committee on Ways and Means, PVR, Listers, Assessors, Clerks, Treasurers, Selectboards, City Councilors, Village Managers, Town Managers, Town Administrators, VCGI, and Assessment Contractors, for their work to make assessments more fair and equitable.



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Conclusion

Conforming to IAAO standards and industry best practices helps to ensure fair and equal treatment of all property taxpayers.



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