

PROPERTY REAPPRAISALS UNDERWAY

By Dusty Rhodes, County Auditor

Next year (2011) will see the full state-mandated appraisal of all property in the county. This process takes place once every six years with a triennial trending update three years into the term. Our office has been working on the 2011 reappraisal since 2009.

It is important to understand the critical differences between a “mass appraisal” and a “fee appraisal”.

Our office does a mass appraisal of the approximately 349,000 residential, commercial, industrial and exempt parcels in the county. We visit every property, verify characteristics and condition for any recent changes, take a street level picture of each parcel, and correct and update our information with another visit if needed.

We also review recent sales information of nearby and similar properties. We are required by state law to set values to current market. There is no better indicator of the market than a valid arms length sale.

In addition to our real estate staff we contract with an experienced mass appraisal firm to assist us. Our contract with them is for about \$6 million. The total cost of our mass appraisal runs from \$15 to \$20 a parcel or slightly more.

There was a recent criticism of our reappraisal work as being somehow inadequate and cursory. While no specific alternative was offered there was some suggestion that a more thorough reappraisal should be done, perhaps even to the extent of fee appraisals of every property.

A fee appraisal would involve a more detailed review. including but not limited to, visiting each property and doing an interior inspection. It is possible in some cases a fee appraisal, while subjective, might be more accurate.

However, the cost would be way beyond our resources. Considering that residential fee appraisals cost an average \$300 per parcel that figure alone would put the cost at \$104,700,000 for the entire county. Commercial/Industrial fee appraisals can run into the thousands of dollars on a parcel basis. And that doesn't include the costs of additional staff.

Is it worth an additional \$98,700,000 or more to obtain what might be a marginally more accurate reappraisal? Probably not. But the question is purely

academic because we don't have an extra \$98 million to spend on a project of this magnitude.

The real problem with setting values today is that we are in a fast changing market. What might be right today can be wrong tomorrow. That is why there is a Board of Revision (BOR) for owners to challenge our values.

State law requires us to value property as of January 1, 2011 for the tax bills mailed in January, 2012. That puts us a year behind the market from the start.

For all the drawbacks of a system that requires us to set values "as of" a specific date, our work has been generally good. We always strive to be better within the limitations of our resources.

In spite of recent criticisms the reality is that never once – in twenty years – has the State Tax Commissioner, as the final authority on values, questioned our appraisals or required us to make changes after the work was completed. That is the real test of a mass reappraisal.

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