Actions for Effectively Structured Assessment Systems

CHAPTER 2

This chapter describes goals for the structural arrangement of property assessment systems and some actions needed to reach those goals. The goals and actions provide a framework for identifying best practices in assessment systems; they offer a general guide to desirable assessment practices. We believe the goals and actions apply to assessment jurisdictions of all sizes and in all regions of the state.

We use the goals and actions to help define what is and is not a best practice. However, particular practices may be more appropriate in some jurisdictions than others. Not every practice will necessarily make sense for every assessment district. Nonetheless, we describe some of the effective practices that Minnesota local governments now use. Chapter 4 provides examples of select counties, cities, and townships where specific practices are in use and the circumstances under which they have been effective. In this chapter we ask:

- **What are the main goals for the structural arrangement of assessment systems?**
- **What actions need to be taken to reach those goals?**
- **What are some practices now in use that reflect these actions?**

When discussing the structure of Minnesota's assessment systems, we mean the degree of centralization within the systems. Counties where the county assessor's office assesses all or most of the parcels have centralized structures; counties where local assessors assess most of the parcels are decentralized.

Assessment systems should estimate property values cost effectively and uniformly at market value.

We identified two fundamental goals for effectively structured assessment systems. We based the goals on state laws, information from our surveys and interviews, and assessment literature. The goals are simple yet fundamental to the structure of assessment systems. The two goals are:

- **The assessment system should estimate property values at market value in a cost-effective manner.**
- **The assessment system should estimate property values uniformly in a cost-effective manner.**

The first goal means that assessors' estimates should be as close as possible to market value, as measured by the selling prices of properties on the open market. The second goal means that assessors' individual estimates should be equitable. Both goals recognize the limitations of time, personnel, and financial resources. They reflect the need to achieve equitable assessments without undue expenditures.

We also identified two actions that help reach the goals. We predicated

the actions on survey research and on established standards in the assessment profession. Assessment systems that take these actions are more likely to meet the goals of providing cost effective and uniform estimates of market value. The two actions are:

1. **Maintain adequate personnel and equipment to produce assessments accurately and efficiently.**

2. **Communicate understandable assessment information to property owners and others interested in the assessment.**

These actions, and the practices related to them, are essential yet do not cover the full range of actions that mark effective structural arrangements. The limited scope of our review prevented us from looking at all actions that would contribute to reaching the two goals. We had to forego studying other actions, such as attaining the optimal degrees of detail in recording property characteristics or collecting and verifying sales data for valuation models, that would also help reach the goals.

Because we studied only some of the actions in an effective structural arrangement, when we compare the actions among the different ways assessment services are structured, we cannot conclude that a given structure is the single or even a primary cause of efficiency and effectiveness. We did not examine with enough detail the various techniques assessors use to estimate value, or whether these techniques vary by type of structure, to reach such a conclusion. Instead, we describe the two actions we studied and how well they characterize the different structural arrangements in Minnesota.

In this chapter, we look at how these actions — maintaining adequate personnel and equipment and communicating effectively — differ by type of assessment structure in Minnesota. We also list some of the practices now in use that are related to the actions. These practices help illustrate the meaning and value of the two actions. We then examine how well the actions and related practices apply to each of the structural arrangements. By doing this, we determine whether any of the effective practices are more likely to be found in one structure over another.

In Chapter 4, we describe specific, concrete examples of local governments using the best practices. We begin with a description of current structural arrangements in Minnesota's assessment system and their overall cost effectiveness.

COST EFFECTIVENESS BY STRUCTURE OF ASSESSMENT SYSTEM

Throughout this chapter, we discuss three structures typical of assessment systems in different Minnesota counties:

(1) countywide assessment (23 counties),

(2) systems that are largely county assessed, that is, where the county assessor's office assesses at least half of the parcels (26 counties), and

(3) systems that are largely locally assessed, that is, where the county assessor assesses less than half of the parcels while local assessors assess the majority (37 counties). [1]

We first looked at cost effectiveness for each of the county structural types. Cost effectiveness describes costs of a service in light of its actual results. We can measure how well jurisdictions estimate properties at market value, and the uniformity of the assessment, with the assessment/sales ratio study. For example, 89 percent of all counties met the state's standard for the median sales ratio on residential property in 1994, indicating a good level of assessment. Counties from all three organizational structures were likely to produce acceptable assessments on residential property.

1 One of the 87 counties did not report sufficient data to be included in the analysis. We did not analyze separately the group of counties in which all communities rely on local assessors because it seemed inappropriate to compare counties with no local assessors to counties with all local assessors, given the differences in the scope of their responsibilities.

Measuring the Level and Quality of the Assessment

The assessment/sales ratio study, a comparison of the estimated market values to the sales prices of a set of properties, offers a number of statistical tools to evaluate property assessments. The median sales ratio is one measure that shows the central tendency of the ratio, that is, how close assessment value is to the market value. Assessments should have median sales ratios between 90 and 110 percent, according to standards set by the International Association of Assessing Officers. In Minnesota, the Department of Revenue uses a range between 90 and 105 percent.

Other statistics measure the uniformity of the assessment. The coefficient of dispersion (average absolute deviation of the individual ratios from the median, divided by the median ratio and converted to a percentage) measures the tightness of the individual ratios around the median sales ratio. Low coefficients indicate acceptable uniformity among assessments; high coefficients indicate inconsistent assessments. For uniformity among single-family residential properties, a coefficient of 15 or less is considered acceptable; among income-producing properties, a coefficient of 20 or less is acceptable.

The price-related differential, sometimes called the index of regressivity, is the mean divided by the weighted mean. It measures whether assessments are regressive, that is, whether appraisals are higher on lower-valued homes than they are on homes of greater value. A price-related differential of 1 indicates no bias between lower- and higher-valued properties. Assessments with price-related differentials greater than one are considered regressive, while those less than one are considered progressive. The range of acceptable price-related differentials is between 98 and 103 percent.

Source: International Association of Assessing Officers, *Standard on Ratio Studies* (Chicago: IAAO, 1990), 23-25.

Because we were primarily interested in the goal of estimating property at market value, we defined as effective those jurisdictions with property assessments that met the standard for median sales ratios on residential, agricultural, commercial industrial, and seasonal-residential recreational properties.[2] When disaggregated by organizational structure, about 48 percent each of counties with countywide assessment and counties largely locally assessed, and about 27 percent of counties largely county assessed, had effective median sales ratios on these four property classes.

Then we looked at total assessment costs per parcel in counties that had effective sales ratios. We included in this total both the county's assessment costs and those of local assessors.[3] The median total assessment cost among all counties was $14 per parcel. As shown in Table 2.1, we found that:

- **Cost effectiveness did not vary significantly by structure of assessment system in 1994.**

This finding may seem surprising because contract assessors typically charge relatively low rates per parcel and communities do not directly pay the costs of the contractors' benefits or insurance. However, it is likely that the fees paid to contract assessors do not represent the full cost of the assessment for those communities. A majority of the assessors in these smaller jurisdictions are Certified Minnesota Assessors, who are not trained to assess income-producing properties. Other assessors with

2 When counties had fewer than six sales in a class of property, we assumed they had effective sales ratios because the statistical measures could not reliably confirm or deny effectiveness with that low number of property sales. We also looked at counties with coefficients of dispersion below 20 percent and price-related differentials between 98 and 103 percent for these 4 property classes, however, for this cost-effectiveness analysis we focused exclusively on median sales ratios.

3 We calculated total assessment cost for a county as the sum of (1) total expenditures by the county assessor's office, (2) total expenditures by cities with their own assessment staff, and (3) estimated expenditures for cities and townships that contracted with local assessors, based on our sample of contract assessors. To estimate local contract assessors' expenditures, we calculated ratios of costs to parcels for four regions of the state and multiplied the ratios by the number of parcels assessed by local contract assessors for counties in each region. Appendix K depicts the four regions. We did not include costs for assessors in the cities of Duluth, Minneapolis, and St. Cloud in their respective counties' total costs because these three offices have the powers and duties of a county assessor.

Table 2.1: Cost Effectiveness by Structural Type, 1994

	Median Cost Per Parcel		
	Countywide	Largely County Assessed	Largely Locally Assessed
Counties with median sales ratios between 90 and 105%[a]	$14 n = 11	$12 n = 7	$14 n = 16
Counties without median sales ratios between 90 and 105%[a]	$13 n = 11	$15 n = 19	$14 n = 18

Note: Costs are the sum of county assessors' office expenditures, city assessors' office expenditures, and an estimate of local expenditures for contract assessors. Costs exclude expenditures for Duluth, Minneapolis, and St. Cloud, where city assessors have the duties of a county assessor. This table excludes five counties that did not report cost data.

[a]For residential, agricultural, commercial-industrial, and seasonal-residential recreational property.

Source: Legislative Auditor's Office Survey of Assessors, 1995, and Minnesota Department of Revenue.

the appropriate skill level, usually from the county assessor's office, provide those assessments. Other aspects of the assessment, such as mailing the valuation notice and the county assessor review of local assessments, are typically not included in the contractors' fees. However, taxpayers pay for these services in another way — as part of the county property tax levy for the county assessor's office. In addition, it is possible that counties in countywide systems and those largely county assessed gain efficiencies with computerized assessment and fewer total staff, characteristics we explore later in this chapter.

Counties that were effective by our definition had similar expenditures per parcel in 1994 to counties where sales ratios did not meet the 90 to 105 percent criterion. The median costs per parcel for counties with effective sales ratios for residential, agricultural, commercial-industrial, and seasonal-recreational property were approximately the same as costs for counties without effective median sales ratios on these four property classes, as Table 2.1 illustrates.

Because cost effectiveness per parcel did not vary much by type of assessment structure, we look at other indicators of effectiveness and efficiency in the remainder of this chapter. For each of the two main actions — maintaining adequate personnel and equipment and communicating information clearly — we list related practices that assessment offices use and illustrate how these practices differ by type of assessment structure.

MAINTAIN ADEQUATE PERSONNEL AND EQUIPMENT

The first action is maintaining adequate personnel and equipment to produce cost-effective assessments. Assessors need sufficient levels of personnel to estimate market values accurately and efficiently. To perform successfully, assessors also need basic equipment, such as maps and computers, and access to ongoing training. Without these necessities, assessors' offices cannot expect to produce high quality property valuations at low cost.[4]

In addition, to be effective, these resources have to be well managed, something we did not measure in this review.

4 International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property* (Chicago: IAAO, 1984), 5-12. The IAAO is a non-profit educational association that offers courses and seminars, and conducts research, in the field of property assessment.

Best Practices Related to Adequate Personnel and Equipment

Some of the best practices related to this action are: managing effective staff-to-parcel ratios, annually adjusting all parcels' value, conducting a high percentage of interior inspections, having a complete set of maps, using computers fully, and providing adequate staff training and office equipment. Chapter 4 presents specific, detailed examples of local governments where assessors use these practices.

Manage Effective Staff-to-Parcel Ratios

One standard for staff ratios developed by the International Association of Assessing Officers (IAAO) suggests that a successful mass appraisal program would have a ratio no greater than 5,000 parcels per appraiser.[5] This is equivalent to 2 appraisers per 10,000 parcels, the unit of measure we used in our analysis. Jurisdictions with more parcels per appraiser could be cause for concern, according to the IAAO standard.[6]

In Minnesota counties, the median ratio of county assessors and their assessment staff was 3.6 per 10,000 parcels in 1994, which is within the standard set by the IAAO.[7] However, to better compare personnel efficiencies by county assessment structure, we looked at the total number of assessors in each county, including both county assessment staff and local assessors.[8] As shown in Table 2.2:

- **The ratio of total assessors to parcels in 1994 indicated that the median number of assessors in counties with countywide assessment was slightly more efficient than that in counties that are largely county assessed.**

However, counties that were largely locally assessed had less efficient ratios of assessors to parcels than the other two structural types. Counties that are entirely or largely county assessed seem to benefit from the economies of scale inherent with a

Table 2.2: Personnel Ratios by Structural Type, 1994

	Median Assessors/ 10,000 Parcels	Median Assessors Plus Other FTE Staff/ 10,000 Parcels
Countywide	2.5	3.8
Largely County Assessed	3.8	5.0
Largely Assessed by Local Assessors	8.4	9.9

Notes: Number of personnel includes those in county assessors' offices, those in city assessors' offices with their own staff, and an estimate of local contract assessors. "Other FTE Staff" means administrative, data processing, mapping, clerical, and other support-services staff.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

5 *Ibid.*, 10. This ratio is a benchmark. Assessors' offices may still produce effective assessments with a smaller ratio if they have sufficient computer capabilities, support staff, and other necessary equipment.

6 Regarding total employees, that is, appraisers plus other staff, the IAAO standard ranges from one employee for 1,500 parcels in small assessment districts to one employee per 3,500 parcels in very large districts. The equivalent ratios based on the units of measure we used are 6.7 employees per 10,000 parcels in small districts and 2.9 employees per 10,000 parcels in very large districts.

7 Assessors' offices in seven counties did not meet the equivalent IAAO standard because they had too few assessors for the existing number of parcels.

8 To calculate total assessors by county, we added the number of assessors from the county assessor's office to the number of assessors from local assessors' offices with their own staff (excluding the cities of Duluth, Minneapolis, and St. Cloud). To that sum we added an estimate of the number of local contract assessors based on those we surveyed. We calculated a ratio of contract assessors to parcels for each of four regions in the state and applied that ratio to the parcels in each county estimated to be assessed by contract assessors.

centralized county function.[9] We saw similar results when looking at total full-time equivalent staff, which included data processing, mapping, clerical, and other support-services staff.

We also looked specifically at city and township assessment systems. We divided cities and townships with local assessors between (1) those with their own assessors on staff and (2) those that contract with a local assessor to see any potential differences in the two arrangements. We found variation in staffing ratios of local assessors' offices. In cities and townships combined, the median ratio was 3.3 assessors per 10,000 parcels.[10] However, in cities with their own assessment staff, the median ratio was relatively low at 3.1 assessors per 10,000 parcels, while the median for cities and townships with contract assessors was higher at 5.3 assessors per 10,000 parcels. Cities with their own staff tended to be the larger cities and their size likely provided economies of scale that helped make them more efficient.[11]

Adjust All Parcels' Values Annually

Ideally, assessors should update the values of parcels in their jurisdiction each year to capture annual changes in the market.[12] Although statutes require assessors to determine the market value of parcels at least once each four years, in most Minnesota counties and cities the assessors adjust the value of all parcels annually.[13] We found that:

- **Assessors in 80 of the 87 counties adjusted all parcels' values each year. Among assessors for cities and townships, 92 percent reported adjusting all parcels' values annually.**

We noted no significant differences in the frequency of adjusting values among the different structural types. Very high percentages of assessors' offices from all types of assessment systems reported annual valuation adjustments.

Conduct a High Percentage of Interior Inspections

In many jurisdictions, assessors visit about one-quarter of the developed properties each year, enabling them to view all parcels over a four-year time span. Inspecting the inside of developed properties provides assessors with more information to estimate values. Interior inspections allow assessors to verify or update existing data related to the condition, amenities, and other structural features not apparent from the outside of the properties. Some of the items obtained from an interior inspection include: type of heating/cooling systems, remodeling, number of rooms and bedrooms, degree of basement and attic finish, condition of living space, fireplace, and other features. Consequently, the details provided from interior inspections permit more precise analyses for estimating values and matching comparable properties.

We do not suggest that it is realistic or necessary for assessors to inspect the interior of every property they visit. In some cases, assessors may find it virtually impossible to do so. For instance, in areas with high concentrations of cabin property, assessors may find it difficult to inspect the interiors of properties that are occupied primarily on weekends

9 Many assessors who contract with local jurisdications work on a part-time basis. To distinguish between full- and part-time assessors, we asked assessors in our sample to report how many full-time equivalent (FTE) assessors worked in the jurisdiction. Although some local contract assessors reported themselves as less than full time, others reported themselves as one FTE assessor. If some in this latter group were in fact part-time assessors, the range in assessors per parcel would be smaller than what our data indicate. However, even if all the local contract assessors worked on a half-time basis, the median number of assessors per 10,000 parcels in counties that are largely locally assessed would still be more than twice the median number in counties with countywide assessment.

10 Four cities have fewer assessors per 10,000 parcels than needed to meet the IAAO standard; all four were larger cities (with populations above 5,000) and had their own assessment staff.

11 All but two of the cities with their own assessment staff had populations above 5,000. No townships had their own assessment staff.

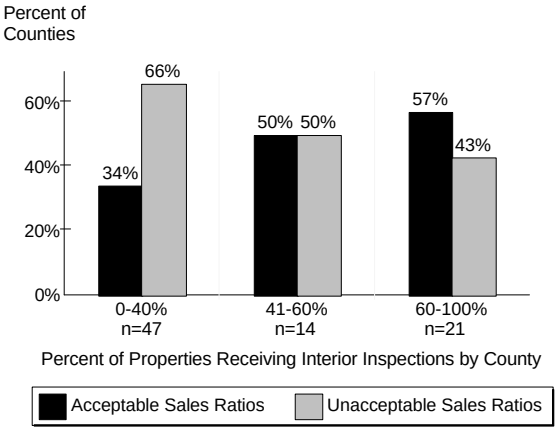
12 Joseph K. Eckert, editor, *Property Appraisal and Assessment Administration* (Chicago: IAAO, 1990), 9-10.

13 This does not mean that assessors visit each parcel every year; rather, they adjust the value of these parcels based on property sales, costs, and other market conditions.

during limited months of the year. In addition, some homeowners resist having the assessor inside their home. Nonetheless, we found that more assessors who conducted high percentages of interior inspections tended to be in counties with acceptable sales ratios in 1994 than assessors who conducted fewer interior inspections.[14] As Figure 2.1 shows,

- **About 57 percent of county assessors who inspected the interiors of a high percentage (at least 60 percent) of the properties they viewed in 1994 were in counties with satisfactory sales ratios, while only 34 percent of assessors inspecting a low percentage (below 40 percent) of properties' interiors were in counties with acceptable sales ratios.**

Figure 2.1: Effectiveness of Interior Inspections



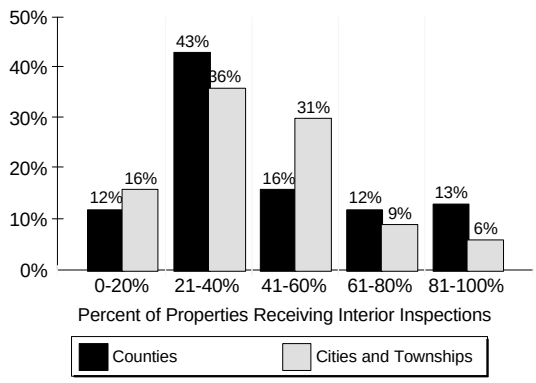
Note: Acceptable assessment/sales ratios were those with medians between 90 and 105 percent on residential, agricultural, commercial-industrial, and seasonal-recreational residential property. Five counties did not respond to this question.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

We also looked at the percentage of properties that received interior inspections from among the improved land and buildings viewed by assessors' offices in 1994. As illustrated in Figure 2.2,

- **Assessors in 24 percent of the counties and 15 percent of cities and townships reported that they inspected the interiors of at least 60 percent of the properties they visited in 1994.**

Figure 2.2: Percent of Improved Properties Viewed that Received Interior Inspections, 1994



Note: Percentages do not add to 100 because some jurisdictions did not respond to this survey question.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

We noted no significant differences in the percent of interior inspections by type of assessment structure among counties. Approximately equal percentages of counties in each of the three structural types conducted interior inspections in at least 60 percent of the properties they viewed. Among local assessors, however, assessors in cities with their own assessment staff were more likely to conduct high percentages of interior inspections than assessors on contract. According to our survey:

- **Assessors in about 27 percent of the cities with their own assessment staff conducted interior inspections in at least 60 percent of the parcels assessors visited in 1994, compared to 8 percent of contract assessors.**

14 We included sales ratios for residential, agricultural, commercial-industrial, and seasonal-residential recreational properties when looking at acceptable sales ratios.

Have a Complete Set of Maps

Because assessors have to locate and inventory all property in their jurisdiction, a complete set of maps is essential to performing their job well. Maps are necessary for locating the properties and determining the size and shape of the parcels. Maps also allow assessors to analyze property values in the context of the geographic features that can affect value.

Assessors generally need several different types of maps and map overlays to make optimal use of their parcel information.[15] Different types of maps serve different purposes for the assessor. For instance, "cadastral maps" show subdivision boundaries, dimensions of individual tracts, parcel numbers, and surrounding land uses. As shown in Table 2.3, according to our survey:

- **About 38 percent of county assessors and 64 percent of local assessors said they had a complete set of maps showing the size, shape, and location of parcels in 1994.**

Assessors in counties with a countywide assessment system were more likely to have a complete set of maps than those in counties largely assessed by either the county or local assessors. We found that:

- **Assessors in about 48 percent of the counties with countywide systems had complete sets of maps, compared to 31 percent of assessors in counties largely county assessed and 38 percent of assessors in counties largely assessed by local assessors.**

Among local assessors in cities and townships, more of the cities with their own assessment staff had complete sets of maps compared to communities with contract assessors. According to our survey:

- **About 80 percent of the city assessors with their own staff had complete sets of maps, but only 54 percent of contract assessors had complete maps.**

Use Computers Fully

Computers can dramatically improve the efficiency and accuracy of work required in assessing property values.[16] At a minimum, computers can greatly increase the efficiency of routine tasks, such as producing the assessment roll. Particularly where assessors are valuing numerous parcels at a time (mass appraisals), computers allow assessors to readily and quickly adjust the estimated values of property based on recent data regarding building

Table 2.3: Assessment Jurisdictions with Maps, 1994

	No Set		Incomplete Set		Nearly Complete Set		Complete Set	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Counties (n = 87)	10	12%	25	29%	19	22%	33	38%
Cities and Townships (n = 80)	16	20	4	5	9	11	51	64

Source: Legislative Auditor's Office Survey of Assessors, 1995.

15 International Association of Assessing Officers, *Standard on Cadastral Maps and Parcel Identifiers* (Chicago: IAAO, 1988), 5.

16 International Association of Assessing Officers, *Standard on Facilities, Computers, Equipment, and Supplies* (Chicago: IAAO, 1989), 6.

characteristics and market conditions. Accurate, current data are essential to the uniform valuation of property, and computers expand the range of analyses assessors can readily perform to improve the uniformity of their assessments. Computers can also reduce the time needed to perform such analyses. According to our survey:

- **All Minnesota county assessors' offices used computers for at least some of their work in 1994.**

Most counties belonged to one of three computer consortiums in the state, which provide access to data processing, software, and support services on a cooperative basis, thus spreading out the costs. The computer consortiums offer counties programming and software packages that some might not otherwise be able to afford on their own.

However, not all county assessors' offices were at the same level of sophistication in their use of computers. Less than half used computer-assisted mass appraisal (CAMA), for instance. CAMA systems allow assessors to readily enter and update inventory data collected about the properties, maintain data on property sales and perform analyses based on those sales, and automate methods for calculating the cost, sales, and income approaches to estimating property values. CAMA systems have varying degrees of sophistication to accommodate jurisdictions with different levels of commercial property and market activity. Table 2.4 shows that:

- **Assessors in 44 percent of the counties, and in 48 percent of cities and townships, reported using some form of CAMA in 1994.**

Another level of computerization is geographic information systems (GIS). GIS is a tool that blends computerized mapping with various pieces of land-based information gathered from numerous sources. The use of electronic base maps and map overlays allows assessors to continuously incorporate changes into the system, thereby keeping the maps as current as possible. Typically, points on the map are precisely defined using latitudinal and longitudinal coordinates. GIS enables assessors to immediately highlight properties with inequitable assessments that require adjustments.

Because of the cost, coordination, time, and technological skills required for successful GIS, relatively few jurisdictions were using it in 1994. According to our survey:

- **Assessors in 12 counties said they used GIS in 1994, with another 20 county assessors in some stage of GIS development. Local assessors in 16 communities said they used GIS, with another 16 local assessors in the process of developing it.**

However, those using GIS were far more likely to have a quality level and uniformity of assessment for residential property. According to our survey,

Table 2.4: Jurisdictions Using Computer-Assisted Mass Appraisal (CAMA), 1994

	Use CAMA		CAMA Under Development		Do Not Use CAMA	
	Number	Percent	Number	Percent	Number	Percent
Counties (n = 87)	38	44%	28	32%	21	24%
Cities and Townships (n = 79)	38	48	10	13	31	39

Source: Legislative Auditor's Office Survey of Assessors, 1995.

two-thirds of assessors in counties using GIS had acceptable assessment/sales ratios, coefficients of dispersion, and price-related differentials for their residential property in 1994, compared to 22 percent of those without GIS.

Assessors in counties with countywide assessment were more likely to use CAMA and GIS computer applications in 1994 than in other counties. This was also true for local assessors in cities with their own assessment staff when compared to communities with contract assessors. We found that:

- **About 61 percent of assessors with countywide assessment systems used CAMA in 1994, compared to about 38 percent of assessors in all other counties. About 66 percent of assessors in cities with their own staff, compared to 38 percent of contract assessors, used CAMA.**

About 22 percent of assessors with countywide assessment systems used GIS in 1994, while only 15 percent of assessors in counties largely county assessed and 8 percent of those in counties largely locally assessed did. Among local assessors, 27 percent of staff assessors and 17 percent of contract assessors reported using GIS.

Provide Adequate Staff Training and Office Equipment

Ongoing assessor training is considered essential for effective assessments, given the complexity of the job and its changing nature.[17] In Minnesota, the State Board of Assessors requires assessors at each of four levels of licensure to attain continuing education credits over each four-year period. Because assessors have to be well versed in land economics, appraisal techniques, market analysis, construction materials and types, and income and expense analysis, they need ongoing education. Training adds to the professionalism of assessors and helps ensure that assessors are qualified to perform the tasks at hand. Many, but not all, county and local assessors reported that they received adequate training. (See Table 2.5.)

Certain equipment is also essential to the assessor's job. Besides mapping and computer equipment, assessors' offices need field appraisal equipment, such as measuring instruments and motor vehicles, as well as standard office equipment.[18] Nearly equal shares of assessors from counties in the three structural arrangements reported having adequate training and adequate equipment. Among local assessors, high percentages of both staff assessors and contract assessors reported adequate staff training

Table 2.5: Adequacy of Training and Equipment, 1994

	Adequate Equipment and Training		Adequate Equipment But Inadequate Training		Inadequate Equipment But Adequate Training		Inadequate Equipment and Training	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Counties (n = 86)	63	73%	1	1%	18	21%	4	5%
Cities and Townships (n = 81)	74	91	1	1	5	6	1	1

Source: Legislative Auditor's Office Survey of Assessors, 1995.

17 International Association of Assessing Officers, *Standard on Education and Training for Assessing Officers* (Chicago: IAAO, 1989), 5.

18 International Association of Assessing Officers, *Standard on Facilities, Computers, Equipment, and Supplies* (Chicago: IAAO, 1989), 5-6.

and equipment in 1994; however, the share of contract assessors was larger than staff assessors.

COMMUNICATE UNDERSTANDABLE ASSESSMENT INFORMATION

The second action needed to reach the goals of cost effectively estimating property uniformly and at market value is effective communication. Promoting public understanding of assessors' work and how and why they conduct their assessments is an important task for assessors' offices.[19] This is especially true because many assessors come into direct contact with a broad cross section of the public and their work affects an evocative topic — what property taxes people will pay. Generating a cooperative, helpful atmosphere for taxpayers and enhancing taxpayers' awareness of assessing helps develop a positive image of the assessment office and in turn assists assessors do their job. Here we focus on communications with property owners at the times assessors (1) notify property owners of estimated market values and (2) conduct their field work.

Best Practices Related to Effective Communication

Among practices used by assessors to communicate effectively are: providing complete and clear property valuation notices and other information, notifying property owners in advance of visiting properties to prepare homeowners for upcoming visits, and preparing for conducting field visits. Chapter 4 describes examples of specific counties and cities where assessors use these best practices.

Provide Complete and Understandable Property Valuation Notices and Other Information

The notice of property value is typically the first, and sometimes the only, communication that property owners receive from assessors each year. Consequently, it is important that the information on the notice is complete and stated clearly. Well written value notices can also help the assessor by allowing property owners to spot and report inventory or valuation errors. Some assessors' offices supplement the valuation notice with brochures or leaflets to help explain the complexities and processes involved with property assessment. Because many property owners are generally not familiar with assessment work, and may not understand the terminology that assessors use daily, assessors have to take care to use language that is not so technical as to be misunderstood.

Although statutes require valuation notices to contain certain information, many assessors' offices provided additional types of information in 1994 to help property owners understand their assessment. (See Figure 2.3.) Besides providing information on procedures for appealing estimated market values, some county assessors' offices summarized assessment methods, defined uncommon terms, and explained how the notice differs from and relates to the tax bill.

However, we noted no pattern in the kind of information provided by type of assessment structure. Assessors from counties with countywide systems tended to include some types of information, such as distinguishing the valuation notice from the tax statement, while assessors from counties with other structural types tended to provide other kinds of information, such as contact phone numbers.

Notify Property Owners Before Visiting

Advance notification before inspecting properties contributes to good public relations.[20] The notification can explain the purpose of the appraisals and the importance of current, accurate data collection. Because the notices alert property owners to expect the assessors' visit, they may help assuage some of the security or other concerns that some property owners have about interior inspections. Although our data did not allow us to measure the cost effec-

19 International Association of Assessing Officers,*Standard on Public Relations* (Chicago: IAAO, 1988), 5-8.

20 Joseph J. Eckert, editor,*Property Appraisal and Assessment Administration* (Chicago: IAAO, 1990), 121-122.

Figure 2.3: Additional Information Counties Provided on Valuation Notices, 1994

	Number	Percent
Procedures for appealing assessment with boards of equalization	83	95%
Procedures for appealing to local boards	82	94
Procedures for appealing to tax court	81	93
Procedures for appealing assessment with the assessor	72	83
Contact phone numbers	67	77
Non-technical summary of assessment methods	23	26
Definitions of uncommon terms	20	23
Distinction between tax statement and value notice	15	17
Explanation of how value is related to tax bill	14	16
Description of how tax bills are calculated	3	3
Miscellaneous (Amounts of new construction value, "Green Acres" deferments, etc.)	4	5

Note: Percentages do not total 100 because survey respondents could select more than one option.

Source: Legislative Auditor's Office Survey of Assessors, 1995.

tiveness of advance notices on a statewide basis, Chapter 4 describes several assessors' offices that have found the advantages of advance notices to outweigh their costs. We found that:

- **About 27 percent of county assessors, and 35 percent of local assessors, notified property owners in advance of assessors' visits either by mail, phone, or other means in 1994.**

Assessors from countywide assessment systems were more likely than assessors from other counties to notify property owners prior to their visits. Similarly, assessors from cities with their own staff assessors were more likely than contract assessors to provide advance notification. According to our survey:

- **About 39 percent of assessors from countywide assessment systems notified property owners in advance of the assessors' visits, compared to 31 percent from counties largely county assessed and 17 percent from counties largely locally assessed.**

Among local assessors, half of staff assessors and 26 percent of contract assessors provided advance notification.

Prepare to Conduct Field Visits

Usually each assessor's office has its own guidelines for how assessors are to conduct property visits in the field. Here we discuss some of the more common practices. Assessors have found that presenting proper visible identification, such as a picture identification badge and identifying insignia on automobiles, helps the property owner confirm that the assessors are indeed from the assessor's office and are visiting for legitimate business purposes. Once at a property, assessors who identify themselves immediately and state the purpose of the visit present a professional image and get started on the right foot. If the property owner is not home, assessors have found it useful to use eye-catching, preprinted door hangers. The door hangers provide information and a telephone number to increase the likelihood that the owner will call for an appointment. Assessors who are refused entry have sometimes found that leaving written material describing the need for an interior inspection and providing an opportunity for the owner to make an appointment improves receptivity.

SUMMARY

Two goals fundamental to guiding the structural arrangements of assessment systems are estimating property values at market value in a cost effective manner and estimating property values uniformly in a cost effective manner. Many actions can help jurisdictions reach these goals, not all of which are covered in this review. Two of the important actions, however, are (1) maintaining adequate personnel and equipment to produce assessments accurately and efficiently and (2) communicating understandable assessment information.

We used these goals and actions to help identify some best practices. Assessors' offices around the state use some of these practices, but to varying degrees. When we looked at how well the actions and practices characterized the three structures, we noted some differences. For some practices, we saw no differences among counties that have countywide assessment, counties that are largely county assessed, and counties that are largely assessed by local assessors. These were typically the more common and widely used practices, such as adjusting parcels' value annually. For other practices, however, counties that had all or high percentages of parcels county assessed tended to dominate; typically these were the less widely used practices, such as use of computer-assisted mass appraisal.

A similar pattern was apparent among local assessors' offices. The practices that were effective but less widely used tended to characterize larger shares of assessors from cities with their own assessment staff than contract assessors.