## Table of Contents

### Section VI.I

**General Information**  
- Purpose  
- Scope  
- Constitutional and Legislative Authority  
- The Valuation Process  

**Definitions**

- Ad Valorem Tax  
- Analysis Assignment  
- Appraisal  
- Appraisal Report  
- Arm’s Length Sale  
- Assemblage  
- Associated Parcels  
- Bracketing Technique  
- Certified Appraisal Report  
- Certified Appraiser  
- Coefficient of Dispersion  
- Confidential Proprietary Information  
- Consulting  
- Division of Real Estate  
- Elements of Comparison  
- Escalations  
- Escaped Property  
- Excess Land  
- FAA  
- Factor Order  
- Fair Market Value  
- Farmland Assessment Act (FAA)  
- Fee Simple Interest  
- Greenbelt  
- IAAO
<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements</td>
<td>4</td>
</tr>
<tr>
<td>Land</td>
<td>4</td>
</tr>
<tr>
<td>Leased Fee Estate</td>
<td>5</td>
</tr>
<tr>
<td>Lien Date</td>
<td>5</td>
</tr>
<tr>
<td>Local Cost-New Modifier</td>
<td>5</td>
</tr>
<tr>
<td>Manufactured Home</td>
<td>5</td>
</tr>
<tr>
<td>Market Rent</td>
<td>5</td>
</tr>
<tr>
<td>Market Value</td>
<td>5</td>
</tr>
<tr>
<td>Mobile Home</td>
<td>5</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>5</td>
</tr>
<tr>
<td>Parcel</td>
<td>6</td>
</tr>
<tr>
<td>Plottage</td>
<td>6</td>
</tr>
<tr>
<td>Primary Residential</td>
<td>6</td>
</tr>
<tr>
<td>Privilege Tax</td>
<td>6</td>
</tr>
<tr>
<td>RCNLD</td>
<td>6</td>
</tr>
<tr>
<td>Real Estate</td>
<td>6</td>
</tr>
<tr>
<td>Real Property</td>
<td>6</td>
</tr>
<tr>
<td>Reappraisal Order</td>
<td>6</td>
</tr>
<tr>
<td>Regression Models</td>
<td>6</td>
</tr>
<tr>
<td>Relative Value Type</td>
<td>6</td>
</tr>
<tr>
<td>Review Assignment</td>
<td>7</td>
</tr>
<tr>
<td>Secondary Residential</td>
<td>7</td>
</tr>
<tr>
<td>Segregation</td>
<td>7</td>
</tr>
<tr>
<td>Situs</td>
<td>7</td>
</tr>
<tr>
<td>State-Certified General Appraiser</td>
<td>7</td>
</tr>
<tr>
<td>State-Certified Residential Appraiser</td>
<td>7</td>
</tr>
<tr>
<td>State-Licensed Appraiser</td>
<td>7</td>
</tr>
<tr>
<td>Submarket Area</td>
<td>7</td>
</tr>
<tr>
<td>Submarket Factor</td>
<td>7</td>
</tr>
<tr>
<td>Surplus Land</td>
<td>7</td>
</tr>
<tr>
<td>Tax Area</td>
<td>7</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>8</td>
</tr>
<tr>
<td>Taxing Entity</td>
<td>8</td>
</tr>
<tr>
<td>Tenant Appeal</td>
<td>8</td>
</tr>
<tr>
<td>Unit of Comparison</td>
<td>8</td>
</tr>
<tr>
<td>Valuation Appraisal</td>
<td>8</td>
</tr>
</tbody>
</table>

**Section VI.II**

9
Standards of Practice

Standard 6.1  Cyclical Appraisal
  6.1.0 Cyclical Appraisal
  6.1.1 May 22 Deadline
  6.1.2 Five-Year Plan
  6.1.3 USPAP Compliance
  6.1.4 Assessment Level and Uniformity Standards

Standard 6.2  Scope of Assessment Valuation
  6.2.0 Scope of Assessment Valuation
  6.2.1 Property Rights Appraised
  6.2.2 Date of Appraisal
  6.2.3 Purpose of Appraisal
  6.2.4 Definition of Value

Standard 6.3  Identification of Properties to be Appraised
  6.3.0 Identification of Properties to be Appraised
  6.3.1 Legal Descriptions
  6.3.2 Plat Maps
  6.3.3 Property Identification Numbers
  6.3.4 Tax Area Code
  6.3.5 Property Address
  6.3.6 Names of Owners
  6.3.7 Special Identification Considerations

Standard 6.4  Discovery of Real Property
  6.4.0 Discovery of Real Property
  6.4.1 Recorder Reporting & Parcel Segregation
  6.4.2 Building Permits
  6.4.3 Physical Inspections
  6.4.4 Owner Statements
  6.4.5 Information from the Appeal Process
  6.4.6 Aerial Photographs
  6.4.7 Escaped Property
  6.4.7 Abandonment of Roads

Standard 6.5  Planning Appraisal Programs
  6.5.0 Planning Appraisal Programs
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5.1</td>
<td>Inventory of Properties</td>
<td>14</td>
</tr>
<tr>
<td>6.5.2</td>
<td>Inventory of Data Items to Be Collected</td>
<td>14</td>
</tr>
<tr>
<td>6.5.3</td>
<td>Special Data Collection Considerations</td>
<td>14</td>
</tr>
<tr>
<td>6.5.4</td>
<td>Data Collection Forms</td>
<td>15</td>
</tr>
<tr>
<td>6.5.5</td>
<td>Allocation of Time and Resources</td>
<td>16</td>
</tr>
<tr>
<td>6.5.6</td>
<td>Appraiser Qualifications</td>
<td>16</td>
</tr>
<tr>
<td>6.5.7</td>
<td>Appraiser Training</td>
<td>16</td>
</tr>
<tr>
<td>6.5.8</td>
<td>Technical Assistance to Counties</td>
<td>17</td>
</tr>
<tr>
<td>6.5.9</td>
<td>Contracting Appraisal Services</td>
<td>17</td>
</tr>
<tr>
<td>6.5.10</td>
<td>Computer Systems</td>
<td>17</td>
</tr>
<tr>
<td>6.5.11</td>
<td>Appraisal Manual</td>
<td>18</td>
</tr>
<tr>
<td>6.5.12</td>
<td>Production Controls and Program Evaluation</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td><strong>Standard 6.6 Data Collection</strong></td>
<td>18</td>
</tr>
<tr>
<td>6.6.0</td>
<td>Data Collection</td>
<td>18</td>
</tr>
<tr>
<td>6.6.1</td>
<td>General Data</td>
<td>18</td>
</tr>
<tr>
<td>6.6.2</td>
<td>Comparative Data</td>
<td>20</td>
</tr>
<tr>
<td>6.6.3</td>
<td>Current Comparative Data</td>
<td>21</td>
</tr>
<tr>
<td>6.6.4</td>
<td>Units of Comparison</td>
<td>21</td>
</tr>
<tr>
<td>6.6.5</td>
<td>Cost Data</td>
<td>21</td>
</tr>
<tr>
<td>6.6.6</td>
<td>Sales Data</td>
<td>21</td>
</tr>
<tr>
<td>6.6.7</td>
<td>Income and Expense Data</td>
<td>22</td>
</tr>
<tr>
<td>6.6.8</td>
<td>Specific Data</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td><strong>Standard 6.7 Data Analysis</strong></td>
<td>25</td>
</tr>
<tr>
<td>6.7.0</td>
<td>Data Analysis</td>
<td>25</td>
</tr>
<tr>
<td>6.7.1</td>
<td>Defining Neighborhoods</td>
<td>25</td>
</tr>
<tr>
<td>6.7.2</td>
<td>Comparative Data Analysis</td>
<td>26</td>
</tr>
<tr>
<td>6.7.3</td>
<td>Valuation Guidelines</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td><strong>Standard 6.8 Three Approaches to Value</strong></td>
<td>29</td>
</tr>
<tr>
<td>6.8.0</td>
<td>Three Approaches to Value</td>
<td>29</td>
</tr>
<tr>
<td>6.8.1</td>
<td>Land Value</td>
<td>29</td>
</tr>
<tr>
<td>6.8.2</td>
<td>Construction Work in Progress</td>
<td>30</td>
</tr>
<tr>
<td>6.8.3</td>
<td>Cost Approach</td>
<td>30</td>
</tr>
<tr>
<td>6.8.4</td>
<td>Comparative Sales Approach</td>
<td>30</td>
</tr>
<tr>
<td>6.8.5</td>
<td>Income Approach</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td><strong>Standard 6.9 Final Value</strong></td>
<td>31</td>
</tr>
</tbody>
</table>
6.9.0 Final Value 31
6.9.1 Assessment/Sales Ratio Studies 31
6.9.2 Responsibility for Appraisal 31

Standard 6.10 Listing Properties 31
6.10.0 Listing Properties 31
6.10.1 Assessment Roll 32
6.10.2 Appraisal Record 32

Standard 6.11 Record Keeping 32
6.11.0 Record Keeping 32
6.11.1 Documentation 32
6.11.2 Confidential Records 32

Appendix 6A 33
Diagram of the Valuation Process 33

Appendix 6B 34
Overview of the Valuation Process 34

Appendix 6C 36
Reappraisal 36

Appendix 6D 38
Tax Area Description 38

Appendix 6E 40
Referenced Forms 40

Appendix 6F 41
Property Use Classifications 41

Appendix 6G 44
Appraiser Registration and Certification 44

Appendix 6H 46
Ad Valorem Appraiser Designation 46
<table>
<thead>
<tr>
<th>Appendix</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6I</td>
<td>48</td>
</tr>
<tr>
<td>Income and Expense Questionnaire Samples</td>
<td>48</td>
</tr>
<tr>
<td>6J</td>
<td>49</td>
</tr>
<tr>
<td>Cost Manual Verification/Local Cost-New Modifier Development</td>
<td>49</td>
</tr>
<tr>
<td>6K</td>
<td>50</td>
</tr>
<tr>
<td>Residential Construction Work in Progress</td>
<td>50</td>
</tr>
<tr>
<td>6L</td>
<td>51</td>
</tr>
<tr>
<td>Commercial Work in Progress</td>
<td>51</td>
</tr>
</tbody>
</table>
Section VI.I
General Information

Purpose

Conformity to standard practices and procedures ensures uniform and equal taxation. County offices should use these standards as a guide to achieve equity and uniformity in the administration of real property assessment.

NOTE: Forms associated with these standards are listed in Appendix 6E – Referenced Forms and can be found at the following location http://propertytax.utah.gov/index.php/information/forms/standards-of-practice-forms.

Scope

The intent of these standards is not to instruct in the details of appraising, but rather the emphasis is on those particular aspects of valuation that pertain to assessing in Utah. Detailed instruction in appraisal theory and practice is provided through appropriate registration and certification course work.

Much of the language in these standards is common to other assessment publications as well as other disciplines; however, its use here is restricted to the definitions provided in the “General Information Section”. This section provides an extensive list of standard definitions used by the Utah State Tax Commission (Commission) and by local assessment personnel in real property valuation and assessment administration.

Additional appendices are compiled at the end of these standards to provide further insight on particular topics. The reader is directed to these at the point where the corresponding topics are discussed.

Constitutional and Legislative Authority

The majority of the authority and direction for real property valuation is contained in the following constitution and code sections:

- Utah State Constitution, Article XIII
- Utah Code Annotated (U.C.A.) Title 59, Chapters 2
- Utah Administrative Code (State Tax Commission Rule) R884-24P

The Valuation Process

The textbook approach to the valuation process consists of six basic phases. They are not discussed directly in these standards, but are diagramed in Appendix 6A. A detailed, textbook-style outline of the process is also presented for reference in Appendix 6B.

For purposes of assessment and taxation, the six phases of the valuation process are: (1) identify/discover property; (2) plan the appraisal program; (3) collect the data; (4) analyze the data; (5) correlate the three approaches to value; and (6) list the final values. The standards of practice that govern the process are outlined in this section.
Definitions

Ad Valorem Tax
The tax levied on real property in proportion to its value.

Analysis Assignment
A term defined in Section 61-2b-2(1) as “an analysis, opinion, or conclusion prepared by a real estate appraiser that relates to the nature, quality, or utility of identified real estate or . . . real property.” It also corresponds to the term “consulting,” defined as “the act or process of providing information, analysis of real estate data, and recommendations or conclusions on diversified problems in real estate, other than estimating value.” [The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (1998), p. I-9]

Appraisal
“The act or process of estimating value; an estimate of value.” [The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (1990), p. I-9] It corresponds to the term “valuation appraisal,” defined in Section 61-2b-2(1) as “an unbiased analysis, opinion, or conclusion that estimates the value of an identified parcel of real estate or real property at a particular point in time.”

Appraisal Report
“Any communication, written or oral, of an appraisal.” It includes the testimony of an appraiser. [Section 61-2b-2(3)] [See “report,” as defined by The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (1998), p. I-8]

Arm’s Length Sale
“A sale between two unrelated parties, both seeking to maximize their positions from the transaction.” [IAAO, Property Appraisal and Assessment Administration (1990), p. 633] It does not include a real property transfer between relatives, affiliated companies, or their officers; and generally does not involve any church, fraternal, educational, or governmental organization.

Assemblage
The act of acquiring and combining two or more adjacent parcels into common ownership. The potential results of assemblage include increased utility and increased overall value. (See “Plottage”)

Associated Parcels
Parcels with a common characteristic affecting value as in adjacent parcels with a common owner, a single building on several parcels, or a common area associated with separate condominium units.

Bracketing Technique
A valuation technique used where sales of properties closely comparable to the subject are unavailable, but sales of superior and inferior properties are available. Superior and inferior properties create the upper and lower limit for valuing the property. The subject’s position or value relative to the upper and lower limit is then estimated.
Certified Appraisal Report

“A written or oral appraisal report that is certified as such by a state-certified general appraiser or a state-certified residential appraiser.” [Section 61-2b-2(5)]

Certified Appraiser

See State-Certified General Appraiser” and “State-Certified Residential Appraiser.” [Section 61-2b-2 (15)(16)]

Coefficient of Dispersion

A statistical measure that indicates “how consistently property is being assessed within a specific county. . . . [It] is an important indicator of the quality of a mass appraisal system.” [Tax Commission, The 1991 Utah Assessment/Sales Ratio Study (1992), pp. 1-2 (emphasis added)] The technical definition is “the average percentage deviation from the median ratio.” [IAAO, Property Appraisal and Assessment Administration (1990), p. 637]

Confidential Proprietary Information

Information that, if released, would create a significant competitive disadvantage for the taxpayer. [Section 59-2-206(1)] This consists of sales, income, and expense information.

Consulting

See “Analysis assignment”.

Division of Real Estate

The division within the State Department of Commerce authorized to regulate real property appraisers in the State of Utah.

Elements of Comparison

The six components of a sales transaction for which adjustments are made in the sales comparison approach to value. They are property rights sold, financing, terms of sale, date of sale (market conditions), location of sold property, and physical characteristics of sold property.

Escalations

Future projected rent/lease increases written into a rent/lease contract.

Escaped Property

Land or improvements that are subject to taxation but have escaped assessment because they were: (1) inadvertently omitted from the tax rolls; (2) assigned to the wrong parcel; (3) assessed to the wrong taxpayer; (4) undervalued or omitted from the tax rolls because the taxpayer failed to report information required by statute; or (5) undervalued because the taxpayer furnished incomplete or erroneous information. Property that is undervalued “because of the use of a different valuation methodology or because of a different application of the same valuation methodology” is not “escaped property.” [Section 59-2-102(10) (It does not include mistakes made by the county)]

Excess Land

With regard to an improved site, this is the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, excess land is
the land not needed to accommodate the site's primary highest and best use. Such land may have its own highest and best use or may allow for future expansion of the existing or anticipated improvement.

**FAA**
See “Farmland Assessment Act”

**Factor Order**
An order issued by the Commission for a county to adjust its assessment roll by a specific factor if that county’s assessment/sales ratio is more than ten percent above or below the legal assessment level, or the 95 percent confidence interval of the measure of central tendency does not contain the legal level of assessment. [R884-24P-27(B)]

**Fair Market Value**
The amount which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. [Section 59-2-102(11)] (See “Market value” and “Taxable value”)

**Farmland Assessment Act (FAA)**
Set forth in Sections 59-2-501 through 59-2-515 of the Utah Code Annotated. It provides that the assessment of qualifying land is based on agricultural productivity rather than upon fair market value.

**Fee Simple Interest**
The greatest possible degree of ownership, free and clear of all encumbrances, including easements, rights of way, liens, and so forth. In other words, it is the ownership of all legal rights.

**Greenbelt**
Land valued under the provisions of the Farmland Assessment Act.

**IAAO**
International Association of Assessing Officers.

**Improvements**
Includes “all buildings, structures, fixtures, fences, and improvements erected upon or affixed to the land, whether the title has been acquired to the land or not.” [Section 59-2-102(15)]

**Land**
Has different meanings in different contexts. From an economic perspective, land is one of the four factors of production (along with labor, capital and management). In a physical sense, land is the earth’s surface and anything naturally attached such as timber or mineral reserves. In this physical context, the definition of land differs from “site,” which includes improvements (external or interior) to prepare the land for a different use, or “real estate,” which is defined as land and attached improvements, including buildings. Land is generally considered the surface of the earth and everything under, on or attached to it, including water, minerals, buildings, but legally may be restricted to the solid surface on the earth, as distinguished from water. (See the Dictionary of Real Estate Appraisal, Appraisal Institute and Property Appraisal and Assessment Administration (IAAO, page 101)
Leased Fee Estate
The rights to possess and occupy real property on a tenancy basis.

Lien Date
January 1, the date on which claim to an interest in real property is attached by the appropriate taxing entity to secure payment of property taxes for that year. All real and personal property is appraised according to its value as of that date.

Local Cost-New Modifier
The factor developed by a county assessor to adjust cost-new figures in a national cost manual to local market conditions.

Manufactured Home
A transportable factory built housing unit constructed on or after June 15, 1976, according to the Federal Home Construction and Safety Standards Act of 1974 (HUD Code), in one or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or when erected on site, is 400 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems. [Section 59-2-601(1)]

Market Rent
“The rent currently prevailing in the market for properties comparable to the subject property. Market rent is capitalized into an estimate of value in the income approach.” [IAAO, Property Appraisal and Assessment Administration (1990), p. 651].

Market Value
The most probable selling price of a property in terms of cash or comparable to cash if: (1) it were sold in a competitive and open market; (2) reasonable time were allowed for exposure in the open market; (3) both buyer and seller were well informed or reasonably knowledgeable and acting prudently and in their own best interests; and (4) both buyer and seller were typically motivated, willing, and under no undue pressure or compulsion to buy or sell.” Implied in the definition is the notion that the transaction must be “arm’s-length.” [IAAO, Property Appraisal and Assessment Administration (1990), p. 651; The Appraisal Foundation, Section 59-2-102(9)] (See “Arm’s Length sale”)

Mobile Home
A transportable factory built housing unit built prior to June 15, 1976, in accordance with a state mobile home code which existed prior to the Federal Manufactured Housing and Safety Standards Act (HUD Code). [Section 59-2-601(2)] Formerly meaning “A structure transportable in one or more sections with the plumbing, heating, and electrical systems contained intact within the structure.”

Neighborhood
“The environment of a subject property that has a direct and immediate effect on value.” [IAAO, Property Appraisal and Assessment Administration (1990), p. 654] Neighborhood is synonymous with “submarket area,” whose boundaries encompass properties similar in physical, governmental, economic, and social characteristics.
Parcel
“A contiguous area of land described in a single description or as one of a number of lots on a plat; separately owned, either publicly or privately; and capable of being separately conveyed.” [IAAO, *Property Appraisal and Assessment Administration* (1990), p. 655]

Plottage
Assembling two or more adjacent parcels of land into common ownership resulting in a value exceeding that of the sum of the individual parcels’ values. [IAAO, *Property Appraisal and Assessment Administration* (1990) p.657]

Primary Residential
The principal place where one actually lives as distinguished from a place of temporary sojourn. Determining evidence of a primary residence includes voting record, length of continuous residency, and vehicle, income tax and driver license addresses of record. Condominiums used in rental pools and transient residential use is not considered primary residential. [Section 59-2-102 and R884-24P-52.]

Privilege Tax
A tax levied in proportion to the value of leased interests in a property. It is generally levied on the leasehold interests of private corporations leasing tax exempt real estate.

RCNLD
Replacement-cost-new-less-depreciation.

Real Estate

Real Property

Reappraisal Order
An order issued by the Tax Commission requiring a county to reappraise some or all property within its jurisdiction based upon unacceptable coefficients of dispersion and other relevant data.” [R884-24P-27(B)].

Regression Models
Statistical models created for valuing property using regression analysis.

Relative Value Type
The subclassification of a property within its particular highest and best use based upon physical characteristics affecting its value such as street access or buildable topography. Designation as “primary” indicates the highest value for a given use and neighborhood, “secondary” indicates a lesser value within the same use and neighborhood, and “residual” indicates minimum value.
Review Assignment

“An analysis, opinion, or conclusion prepared by a real estate appraiser that forms an opinion as to the adequacy and appropriateness of a valuation appraisal or an analysis assignment.” [Section 61-2b-2(1)]. It also corresponds to the term “review,” which is defined as “the act or process of critically studying a report prepared by another.” [The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (1990), p. I-8]

Secondary Residential
The assessment classification of residential property not qualifying for the residential exemption. (See “Primary residential”).

Segregation
The division of a parcel of land and the accompanying change of property boundaries as recorded by the county recorder.

Situs
The tax area jurisdiction in which a parcel of real property is located. [Section 59-2-104(1)]

State-Certified General Appraiser
As defined in Section 61-2b-2(15) of the Utah Code Annotated, this means a person who holds a current, valid certification as a state-certified general appraiser issued under the provisions of Title 61, Chapter 2b.

State-Certified Residential Appraiser
As defined in Section 61-2b-2(16) of the Utah Code, this means a person who holds a current, valid certification as a state-certified residential real estate appraiser issued under the provisions of Title 61, Chapter 2b.

State-Licensed Appraiser
As defined in Section 61-2b-2(17) of the Utah Code Annotated, this means a person who holds a current, valid license as a state-licensed appraiser issued under the provisions of Title 61, Chapter 2b.

Submarket Area
See “Neighborhood”.

Submarket Factor
The factor developed by a county assessor to adjust replacement-cost-new-less-depreciation (RCNLD) figures to actual local market conditions.

Surplus Land
Land that does not serve or support the existing improvement, but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use.

Tax Area
A unique geographic area created by the overlap of one or more taxing entities.
Taxable Value

“Fair market value less any applicable reduction allowed for residential property under Section 59-2-103.” [Section 59-2-102 (29) (emphasis added)].

Taxing Entity

A taxing district, any county, city, town, school district, or any other political subdivision of the State with the authority to levy property taxes. [Section 51-2-102(31)]

Tenant Appeal

The subjective quality of a property reflected by its ability to attract quality tenants.

Unit of Comparison

The standard of measurement used to indicate the quantity of the real property in question. Improvements are measured in square feet, linear feet, cubic feet, units, etc. Land is measured in front feet, square feet, acres, sections, lots, units buildable, etc.

Valuation Appraisal

See “Appraisal.”
Section VI.II
Standards of Practice

Standard 6.1 Cyclical Appraisal

6.1.0 Cyclical Appraisal
Every year the assessor must value each parcel of real property in the county, excluding those assessed by the Commission. This shall be accomplished by: 1) annually updating values based on current market data and; 2) physically inspecting each property at least once every five years. [Section 59-2-301, 59-2-303.1(1)]

6.1.1 May 22 Deadline
All valuations must be completed prior to May 22 of the current tax year. (Section 59-2-303)

6.1.2 Five-Year Plan
The assessor must outline the scope and timing of the physical inspection of real property parcels. The plan shall ensure that all parcels are visited within the five year requirement. The plan shall be a simple, written document kept current in the assessor’s office and available for public inspection. [Section 59-2-303.1(2)]

6.1.3 USPAP Compliance
All valuations must comply with the most recent edition of the Uniform Standards of Professional Appraisal Practice published by the Appraisal Foundation.

6.1.4 Assessment Level and Uniformity Standards
Annual valuations must comply with the standards set forth in Administrative Rule R884-24P-27. In general, overall valuations (both countywide and within smaller market categories), must be within 10% above or 10% below market value, as indicated by sales data. In addition, they must exhibit a high degree of uniformity so that all properties are assessed on a fair and equal basis.

Standard 6.2 Scope of Assessment Valuation

6.2.0 Scope of Assessment Valuation
Although the scope of valuation for assessment differs from that of private or fee appraisal, the following items must be defined for any appraisal project: (1) the property rights to be appraised; (2) the effective date of the appraisal; (3) the purpose of the appraisal; and (4) the definition of value sought. For assessment purposes, however, these definitions are unique as discussed below.

6.2.1 Property Rights Appraised
For ad valorem tax purposes, properties are generally appraised as if all ownership rights and interests are attached, i.e., fee simple interest.

Although property rights appraised for ad valorem tax purposes are generally fee simple, other types of property rights may need to be assessed. Examples are divided interests, undivided interests, air rights, mining claims, etc. Divided and undivided interests are not appraised as such for assessment purposes; rather, the entire bundle of rights of a property is appraised, then the overall value is divided among the several owners in a prorated fashion for

6.2.2 Date of Appraisal

All real property is assessed according to its value on January 1 of the tax year. [Section 59-2-103(1)]

6.2.3 Purpose of Appraisal

The purpose of assessment valuations is to estimate the fair market value of real property as the basis for property taxation. (Section 59-2-103)

6.2.4 Definition of Value

Fair market value is defined by the Utah State Tax Code Section 59-2-102 as “the amount at which property would change hands (1) between a willing buyer and a willing seller; (2) neither being under any compulsion to buy or sell; and, (3) both having reasonable knowledge of the relevant facts.”

The definition of fair market value is consistent with the definition of market value set forth in the glossary of the Uniform Standards of Professional Appraisal Practice (USPAP). In its definition, USPAP further clarifies a market sale as requiring (4) a reasonable time for exposure in a competitive and open market; and, (5) that payment be expressed in terms of cash or its equivalent.

“Taxable Value” means “fair market value” less the residential exemption of 45%, if a property qualifies. If a property does not qualify for the residential exemption, then “taxable value” equals “fair market value.” (Section 59-2-102 and the Exemptions Standards of Practice)

If the property qualifies for FAA, the value in agricultural use (greenbelt value) equals the taxable value.

Standard 6.3 Identification of Properties to be Appraised

6.3.0 Identification of Properties to be Appraised

To avoid erroneous taxation, properties should be carefully identified using legal descriptions, plat maps, parcel identification numbers, tax area codes, property addresses and names of owners.

6.3.1 Legal Descriptions

Legal descriptions are a required part of the permanent appraisal record. By January 15 of each year, the recorder must provide the assessor with updated legal descriptions of all real property. (Section 17-21-22)

6.3.2 Plat Maps

Plat maps should be used to correctly identify parcels and to help determine location, size, shape, and geographic relationships that affect property value. Section 59-2-312 requires assessors to keep their own book of plats for all properties in the county. Section 17-21-22 requires recorders to transmit copies of ownership plats to the assessor each year by January 15. For additional information see the Mapping and Parcel Identification Standards of Practice.
6.3.3 Property Identification Numbers
Maps are linked to legal descriptions by property identification numbers. Each property should have its own unique parcel identifier; it is required for the permanent appraisal record. (R884-24P-37) Assignment of property identification numbers should be in compliance with the Mapping and Parcel Identification Standards of Practice.

6.3.4 Tax Area Code
The tax area code indicates the tax area in which a property is located. A tax area is a unique geographic area created by the overlap of a group of taxing entities. Refer to the “Tax Area Description” diagram in Appendix 6D. Since each taxing entity levies a separate tax rate, the tax area code determines the unique combination of tax rates to be levied against a property.

6.3.5 Property Address
When available, the property address should be included in appraisal records.

6.3.6 Names of Owners
Assessors must “identify for each parcel the name of the person to whom it is assessed.” (Section 59-2-312) Property is assessed to the recorded owner as of 12:00 noon, January 1 of the tax year unless a change of ownership is recorded by the county recorder more than fourteen days before tax notices are sent. If such a change does occur, the new owner may be assessed. [Section 59-2-303(1)]

County recorders are responsible to furnish the assessor with change of ownership information on a regular basis. (Section 17-21-22) The owner’s name and address if available should be part of the permanent appraisal record. (R884-24P-37) Property may be assessed to agents, trustees, bailees, executors, or administrators where legally designated. The designation must be added to the name. In the case of a bankruptcy, the property is assessed to the court clerk or receiver. (Section 59-2-308)

6.3.7 Special Identification Considerations
The following items represent special problems in the identification of real property:

Multiple Taxing Entities
If a property straddles the border of two or more tax entities within a county, each portion must be identified separately even though the property is valued as a whole. Separate identification is necessary since each entity has its own tax rate and is authorized to collect taxes only on the portion that is within its boundaries. The system of identification should be designed to accommodate this.

Divided Interest
When land and improvements have separate owners, they must be identified and assessed separately.

Undivided Interest
An undivided interest in a property consists of ownership of only a percentage of the property, yet without a physical division of that property. For example, if two brothers inherit a single house, rather than physically cut the house into two pieces, each will likely inherit a percent ownership of the entire house. The identification system should clearly indicate partial ownership in order to limit possible confusion.
Common area parcels on a Plat

A parcel designated as common area on a plat may not be separately owned or conveyed independent of the other parcels created by the plat. For purposes of assessment, the ownership interest is to be divided equally among all parcels created by the plat, unless a different division of interest is indicated on the plat or an accompanying document. The ownership interest is considered to be included in the description of each instrument describing a parcel on the plat by its identifying plat number, even if the common area interest is not explicitly stated in the instrument. (Section 10-9-806.5)

Other Special Considerations

Other special considerations to be identified include air rights, mining claims, and privilege tax properties. Assessors and recorders should develop the identification system so as to clearly distinguish such variations.

Standard 6.4 Discovery of Real Property

6.4.0 Discovery of Real Property

Assessors must assess “all property” located within their county. (Section 59-2-301) New taxable property is continually being created through parcel segregation or combination, new construction, remodeling, and expansion. Discovery of taxable property is therefore a continuing task. For purposes of discovering real property, the assessor is empowered to access various sources, including recordation reports, building permits, physical inspections, owner statements, information supplied during the appeals process, and aerial photography comparisons. Assessors should have an ongoing program of discovery, utilizing several of these sources. (Section 63-2-206 of GRAMA Act, and Section 76-8-406.)

6.4.1 Recorder Reporting & Parcel Segregation

The recorder is required by Section 17-21-22 to provide the assessor with information regarding any legal description and property boundary changes that are recorded. This information is often referred to as a “segregation list.” Property boundary changes signal a change in value due to a change in the size or configuration of the land. They are also often accompanied by new construction. For these reasons, all such properties must be physically inspected during the current tax year.

6.4.2 Building Permits

Discovery of new construction is easiest with the aid of building permits. Through the GRAMA Act, the assessor is empowered to access this information, and a formalized agreement should be made with city and county building inspectors wherein the assessor is informed of all new construction and building alteration permits issued. Such an agreement should be written and provide for timely reporting of all changes. See Standard 6.4.0 above, Section 63-2-206 of GRAMA Act, and Section 76-8-406.)

6.4.3 Physical Inspections

Remodeling, expansion, and renovation projects are often completed without building permits. Various other changes can also occur to land and improvements which may not be detected without an actual on-site inspection of the property. Therefore, state law requires that all property be physically reinspected at least once every five years. [Section 59-2-303.1(1)]
6.4.4 Owner Statements
Statement forms sent out as questionnaires represent another possible method of discovering new property. Assessors are empowered by the Utah Legislature to request a signed statement from any person setting forth all the assessable real property that the taxpayer owns or manages. [Section 59-2-306(1)] Refusal to file a signed statement subjects the taxpayer to penalties and further action by the assessor as outlined in Section 59-2-307. Often these can be sent with other information-gathering forms such as real property transfer surveys (see Appendix 6I). Also, when a property is physically inspected but complete access is not attained, a mailer may be left at the property. A sample mailer is included as Appendix 6E.

6.4.5 Information from the Appeal Process
Assessors should carefully review the information supplied by appellants during the appeal process. When information presented on the subject as well as the comparable properties is compared to the property records, changes to the property records may be in order. Significant differences should be verified through a physical inspection.

6.4.6 Aerial Photographs
Where feasible, regular updates of aerial photographs provide an excellent means of discovery new structures and developments can be readily detected when the new photographs are compared to the old. In addition, aerial photographs may make it possible to inspect areas of the county that are otherwise inaccessible.

6.4.7 Escaped Property
The discovery process may reveal properties that have escaped assessment. Property qualifying as “escaped property,” as defined by Section 59-2-102, may be assessed for the years it escaped assessment, as far back as five years. (Section 59-2-309 )

6.4.7 Abandonment of Roads
When a highway, street or road is abandoned, the county recorder’s office, upon an order executed by the proper authority, is to vest title to the vacated or abandoned highway, street or road to the adjoining record owners; on half of the width of the highway, street or road is to be assigned to each of the adjoining owners. [Section 72-5-105(2)]

- If a property description of an owner of record extends into the vacated or abandoned road, that portion is to be vested to the record owner as well as the additional property up to ½ of the width of the road.
- If a property description of an owner of record extends beyond ½ of the width of the road, that portion is to be vested to the recorded owner, with the remainder of the road vested to the other adjoining owner.

This information is to be provided by the county recorder to the county assessor for property assessment purposes. (Section 17-21-22)

Standard 6.5 Planning Appraisal Programs

6.5.0 Planning Appraisal Programs
Assessors must plan for two types of appraisal programs: annual update and reappraisal. Within each program are several projects. Annual update involves physical inspections of boundary changes (segregation list), new construction (building permits), a portion of the appealed properties (those with discrepancies in the evidence presented) and revisits of prior
year physical inspections with incomplete status (such as construction-in-progress). It also involves in-office updates of non-inspected properties. Reappraisal involves physical inspection of at least one fifth of the county’s property inventory each year.

6.5.1 Inventory of Properties

Assessors must maintain an inventory of all real property in the county. Most counties have a complete countywide property inventory in file drawers or in computer databases. Each property must be classified by its use. The actual system of classification may vary by county. A simple use classification code in the appraisal record constitutes a preliminary estimation of a property’s highest and best use. A sample use classification system is presented in Appendix 6F.

From the master property inventory, assessors must be able to easily access and compile smaller inventory lists specific to each appraisal project. They must be able to easily assemble parcel counts by project in order to plan the allocation of time and resources.

6.5.2 Inventory of Data Items to Be Collected

After compiling an inventory of properties by use, the types of data pertinent to each property classification should be outlined. Some of the data may already be on record and therefore need only be verified, then transferred to current forms and data bases. Additional data items will need to be physically collected.

An inventory should be made of the specific data items to be collected on each property. (See Standard 6.6.8, “Specific Data”) In addition, an inventory should also be made of general data items (See Standard 6.6.1, “General Data”) and comparative data items (See Standard 6.6.2, “Comparative Data”) to be collected.

6.5.3 Special Data Collection Considerations

Some types of property require special consideration at this point in the planning process. A few examples are properties with exempt status, greenbelt properties, and properties under construction as of the lien date.

Exempt Property

The identifying information found in Standard 6.3, "Identification of Properties to be Appraised," is required for all exempt properties. However, since these properties are not taxable, resources should not be expended on detailed appraisal information. A simple statement as to property use is sufficient. If, at a later date, the property becomes taxable or subject to the privilege tax, additional appraisal information can be collected as detailed in this standard.

Greenbelt Property

Greenbelt properties are those assessed under the Farmland Assessment Act (FAA). Two values are estimated for greenbelt properties: market value and FAA value. The assessor estimates market value and the Commission provides the FAA value, also known as the agricultural use value or taxable value.

The Commission's FAA values are applied to greenbelt properties by the assessor based on FAA land classifications. The assessor classifies greenbelt land according to its productive capability. To do so, specialized data items must be collected for those properties:

- soil type
- topography
- elevation
- tillable or non-tillable
- availability of irrigation water
- annual precipitation
- frost-free period (growing season)
- vegetative condition (range sites)

The FAA land classifications are:
- Irrigated I Tillable Cropland
- Irrigated II Tillable Cropland
- Irrigated III Tillable Cropland
- Irrigated IV Tillable Cropland
- Irrigated Orchard
- Meadow IV Irrigated
- Dryland III Tillable Cropland
- Dryland IV Tillable Cropland
- Grazing Land I
- Grazing Land II
- Grazing Land III
- Grazing Land IV
- Non-productive

FAA land classification guidelines are found in the Farmland Assessment Act Standards of Practice. They are also presented in Commission-sponsored FAA valuation seminars. Administration of the FAA is addressed in the Farmland Assessment Act Standards of Practice.

**Construction Work in Progress**

Since all real property is assessed according to its value as of the lien date, assessors must have methods to accurately determine the state of completion of improvements as of January 1. Properties known to be under construction should be physically inspected as close to January 1 as possible. Properties under construction and discovered at another time of year may require reinspection close to the next lien date. These considerations must be included in the preliminary planning. Further discussion of construction work in progress is found in Standard 6.8.2, “Construction Work in Progress.”

**6.5.4 Data Collection Forms**

Standardized forms should be developed to assist in the collection of appropriate data items. They should be designed for efficient use and complement any computer assistance that may be available. For counties implementing new computer-assisted mass appraisal systems, forms should not be developed until after such a system has been selected. The type of system dictates the format and the amount of data that can be collected and stored. The forms must provide for the collecting of all items listed in Standard 6.6.8, “Specific Data.” For residential
properties, the “Uniform Residential Appraisal Report” provides a standardized form that may be adapted to a specific assessment application.

### 6.5.5 Allocation of Time and Resources

The inventory of properties by use classification and the inventory of data items to be collected determine the time and resource needs for the appraisal program. Among those needs are batching parcel records, discovering new property, collecting, storing, and analyzing data, applying the three approaches to value, reviewing values, accommodating taxpayer inquiries, and providing representation at board of equalization hearings.

Assessors should carefully allocate available time and resources to the needs of the program. In doing so, several factors to consider are calendar and time frame, annual operating budget, available staff, level of staff training, available computer systems, and availability of other equipment and materials.

#### Calendar

The program must be based on statutory dates. (See the annual “Property Tax Calendar,” available from the Property Tax Division.) The most crucial dates in the assessment of real property are January 1, the date of appraisal, and May 22, the date the county assessor must complete the assessment book and deliver it to the county auditor. (Section 59-2-311)

#### Personnel

Assessment of real property must “be performed in a professional manner by competent personnel, meeting specified professional qualifications.” [Section 59-2-702(2)] For selection of appraisal and office support personnel, the following factors should be considered: (1) the feasibility of contracting versus hiring; (2) the amount of training to be provided versus the expertise a candidate for employment should bring to the job; and (3) the need for computer literacy or expertise.

The number of full-time appraisers needed for a program varies by county, depending on the number, types, and accessibility of parcels. The IAAO, the Commission, and the Multi-County Appraisal Trust recommend that more than five thousand parcels per appraiser be viewed as excessive. [IAAO, *Standard on Mass Appraisal of Real Property* (1984), p.10]

### 6.5.6 Appraiser Qualifications

County and state appraisers are required to: (1) be licensed or certified through the Division of Real Estate, and (2) hold an ad valorem appraiser designation from the Commission. After May 3, 2001, the registered category of appraisers will no longer exist except as provided in Section 61-2b-6(2). Appraiser trainees who are not registered and do not hold a designation may appraise under the direction of a licensed or certified Tax Commission designated appraiser for up to 36 months after the date of hire or appointment as an appraiser trainee. [Section 59-2-701(1) and R884-24P-19] Assessors are required to be licensed or certified within 36 months of taking office or the office is automatically vacant. If vacant, the county governing body must fill the vacancy in the manner provided by Section 17-53-104 and 20A-1-508 or contract with a state licensed or certified appraiser to fill the remainder of the term. (Section 17-17-2)

The requirements for licensed and certified status are summarized in Appendix 6G. The ad valorem appraisal designation program is outlined in Appendix 6H.

### 6.5.7 Appraiser Training

The Tax Commission provides the training required for registration, licensing, certification, and ad valorem designation, including course work to satisfy the continuing education requirements.
Course offerings and schedules are published in the Commission’s *Appraiser/Auditor Training Course Catalogue*. The Commission also sponsors various other workshops and seminars designed to promote professional competence in assessment administration and valuation.

### 6.5.8 Technical Assistance to Counties

Upon request, the Commission shall provide technical assistance to county assessors. The majority of the assistance, provided at no charge, will be indirect consulting services, such as:

- Identifying problems and solutions
- Planning assessment/appraisal procedures and techniques
- On-the-job training of assessors and staff
- Quality control and review
- Development of appraisal tools and information

The Commission will primarily be limited to consulting and planning rather than the actual performance of the appraisal work. The Commission will not be directly involved in appraisal or reappraisal work except under certain rare situations, such as:

- Review appraisal work if no qualified appraiser is available in the county
- Unique, one-of-a-kind, or difficult individual appraisal projects.

These direct appraisal activities will be billed to the counties at the rate provided in Section 59-2-703. Other appraisal and reappraisal activities will be referred to the Utah Multi-county Appraisal Trust.

### 6.5.9 Contracting Appraisal Services

During initial planning, particularly for reappraisal projects, it may become apparent that contracting services is more cost effective than hiring and training additional staff. All appraisers, contract or not, must be registered, licensed or certified, with the Utah State Division of Real Estate. Also, all appraisal work by registered appraisers or unclassified individuals must be reviewed by a certified appraiser who holds the appropriate Commission appraisal designation. Employees hired strictly for data collection need not be state registered, licensed or certified appraisers.

### 6.5.10 Computer Systems

The potential advantages of computers in mass appraisal include the capacity to handle large quantities of information, easy update of data records and property valuations, reduction of paper and hard-copy files, speed in the application of mass appraisal techniques, and reduction in the number of personnel required to perform appraisals. Computer-assisted mass appraisal systems have been employed in assessment programs throughout the nation for many years. The systems on the market are continually becoming more efficient and capable.

However, purchasing such systems can be very costly, and in some cases, the costs could exceed the benefit. Also, since computer technology changes so rapidly, care must be taken to provide for updating the system to keep it compatible with future technology as well as future assessment needs. For these reasons, great care should be used when considering the appropriateness of a computer application in the valuation process.
Whether to use computer systems in real property valuation, and which systems to use, are decisions that can only be determined at the local level. The most basic computer needs may be met for a few thousand dollars, while more complex applications can cost much, much more.

The following capabilities are essential to a mass appraisal computer system, regardless of its size or complexity: (1) each property record can be accessed separately, and (2) an entire class of property can be stored and manipulated at one time. Where feasible, the additional capability of performing functions of the three approaches to value should be considered. Specific direction for the selection and use of computer-assisted mass appraisal systems is found in the IAAO publication, *Standard on Facilities, Computers, Equipment, and Supplies* (1989).

**6.5.11 Appraisal Manual**

The county assessor should prepare an appraisal manual specific to the county. The manual is a tool for use by all appraisal personnel and should include the valuation guidelines addressed in *Standard 6.7.3, “Valuation Guidelines.”*

**6.5.12 Production Controls and Program Evaluation**

Each appraisal project should have production controls to ensure that goals are met according to plan. Some examples of production controls are quotas for staff members, daily production level monitoring, regular reviews of project progress, computer edits to flag outliers, and slack time in the plan to allow for unforeseen difficulties. Some examples of program evaluation are random appraisal reviews and in-house assessment/sales ratio studies. Assessors should develop written guidelines for controlling the quantity and quality of the appraisal program.

**Standard 6.6 Data Collection**

**6.6.0 Data Collection**

To meet the requirements of annual valuation updates and reappraisal at least once every five years, county assessors are required to become fully acquainted with all property in their counties. [Section 59-2-303(2)] To fulfill these requirements, general data, comparative data, and specific data must be collected. Every reasonable and cost-effective effort must be made to obtain reliable, up-to-date data.

**6.6.1 General Data**

Each assessment jurisdiction should assemble files of data indicating national, regional, and neighborhood trends. Of particular interest are trends in the economy, industry, finance, banking, construction, or other pertinent trends identified by local assessing officers.

**National Data**

Not all of the data elements presented here are essential to every county; an assessor’s judgment must be used. National data files might include the following:

- gross national product
- trade deficit
- stock market indicators (e.g., Dow-Jones)
- prime rate
- consumer price index
• price levels
• housing starts
• employment rates
• population shifts
• real estate sales statistics
• construction costs

Regional Data
Regional data generally consists of information reflecting countywide or even statewide trends. Regional data files should include as many of the following items as are available and applicable:

• geological and environmental factors
• social stratification
• population shifts
• expected growth rates
• employment rates
• price levels
• new construction levels
• construction costs
• land development costs
• real estate sales statistics
• typical capitalization rates
• typical occupancy rates
• typical expense ratios
• tax levels

Neighborhood Data
Neighborhood data files are the basis for defining submarket areas or neighborhoods within a county. Since location is a key element of comparison in the valuation of properties, defining neighborhoods is a crucial step. Natural, man-made, and political boundaries should be identified initially using various types of maps.

Maps
Maps are the key to much of the neighborhood data that can be found. Some of the maps assessors should have on hand are:

• ownership plats
• zoning maps
• taxing entity boundary maps
Data Items

Neighborhoods must be physically inspected in order to identify as many of the following data items as are apparent and applicable:

- state of development
- predominant property uses
- parcel sizes
- conformity of improvements
- appearance and appeal
- street patterns
- proximity to support facilities
- available utilities
- business climate
- crime
- population shifts
- standard of living
- ownership/tenancy ratio
- schools
- topography
- drainage and soil
- irrigation
- geological hazards
- environmental hazards
- view

As neighborhood data is gathered, it should be marked on copies of plats and maps. Through this process, initial neighborhood patterns will become apparent. The actual definition of the neighborhood boundaries is discussed in Standard 6.7.1, “Defining Neighborhoods.”

6.6.2 Comparative Data

Essential to an accurate valuation program are sales, cost, and income data. Every reasonable, cost effective effort should be made to obtain such data from each neighborhood of a jurisdiction. The ongoing effort should include interviews and questionnaires, review of data submitted during the appeals process, and subscription to appropriate publications. Data from each of these sources must be carefully verified to ensure the information gathered represents true market transactions and local conditions.
6.6.3 Current Comparative Data

Comparative data should be current. Counties with ample data should consider transactions that occurred within one year of the lien date. For counties with less data available, the use of older data may be necessary.

Cost schedules, sales files, and rent/lease files must be updated at least annually. In some instances current data simply will not be available, as is often the case with special use properties and with properties in rural counties. After every effort has been made to collect and use all available current data, appraisers should then turn to the use of older data.

6.6.4 Units of Comparison

All comparative data should be collected and presented in a form that is consistent with the local market. The most common units by which properties sell or lease are as follows:

- prime commercial frontage = front foot
- other prime commercial land = square foot
- other commercial land = acre
- prime industrial land = square foot
- industrial parks = lot
- other industrial land = acre
- developed residential land = lot
- undeveloped residential land = acre
- agricultural land = acre
- commercial/industrial improvements = square foot
- multiple residential improvements = room, unit
- other residential improvements = square foot

Variations to these examples may be found in local markets. The units of comparison used to value property should be the same as those used to sell or lease similar property on the local market.

6.6.5 Cost Data

Construction cost information is required for all appraisal programs. Such information can be obtained from commercially-produced construction cost manuals such as those published by Marshall and Swift. However, rates and factors presented in nationally or regionally published manuals must be locally verified, perhaps even adjusted to local markets as discussed in Standard 6.7.2, “Comparative Data Analysis.”

6.6.6 Sales Data

Vacant land sales and improved property sales are the meat of an appraisal program. Assessors should exhaust all possible sources of sales information including the following: interviews with buyers and sellers; questionnaires sent to buyers and sellers of newly recorded deeds (see Appendix 6I for examples); data supplied by appellants in county board of equalization hearings; multiple listing service sold books; and newspaper reports.
Sales data obtained from assessment/sales ratio studies may only be used as part of a systematic reappraisal program whereby all similar properties are given equitable and uniform treatment. Such data may not be used for an isolated reappraisal of a sold property, a practice commonly known as sales chasing. (R884-24P-34)

**Listings**

Listings of properties for sale may be useful in establishing the upper limit of a value range and should be included as a separate part of the sales file, particularly in counties with few sales transactions.

**Sales Data Items**

The specific sales data elements to be collected are:

- price paid (or asking price)
- date of sale (or date of listing)
- seller
- buyer
- terms of sale and seller concessions
- type of financing
- reasons for buying/selling
- property identification (address where available) and parcel number
- property characteristics (See Standard 6.6.8, “Specific Data”)

Similar data should be collected for listings.

**Sales File**

Sales should be assembled into an easily accessible sales file, according to neighborhood, use classification, etc. Listings should be similarly filed, though separate from the sales.

**6.6.7 Income and Expense Data**

Income and expense data are required for all appraisal programs. Assessors should exhaust all possible sources of income and expense information including the following: interviews with the owner, the tenant, bankers, brokers, and attorneys; questionnaires sent to owners and tenants (see Appendix 6J for examples); data supplied by appellants in county board of equalization hearings and newspaper reports.

**Income and Expense Data Items**

The specific income and expense data elements to be collected are:

- rent amount (or asking rent)
- date of lease (or date of asking)
- term (length) of lease
- rent concessions
- escalations
- options
• miscellaneous income
• actual vacancy
• owner
• tenant
• expenses paid by owner
• expenses paid by tenant
• location
• property characteristics (See Standard 6.6.8, “Specific Data”)

Income and Expense File
Income and expense data should be assembled into an easily accessible file, according to neighborhood, use classification, etc.

6.6.8 Specific Data
Specific data must be collected on each property in a county. This must be accomplished initially through on-site physical inspections, which are generally coordinated through the program of discovery discussed in Standard 6.4.0, “Discovery of Real Property.” Physical re-inspections of each parcel would ideally be performed each year, but because that is rarely possible, a periodic reinspection cycle must be tailored to the specific needs and abilities of the particular county. The county assessor will annually update property values as provided in Section 59-2-301 based on a systematic review of current market data. In addition, the county assessor shall complete a detailed review of characteristics for each property at least once in every five years. [Section 59-2-303.1(1)]

Before any inspection is performed, the appraisal record should already contain some of the data addressed in Standard 6.3,”Identification of Properties to be Appraised,” which includes: legal description, property identification number, name of owner(s), and address. These should be verified during a physical inspection of the property.

Collection of the following data is required:

For all property
• legal description
• property identification number
• name of owner(s)
• address
• taxable status (exempt or non-exempt)
• assessment classification (primary residential, secondary, etc.)
• date of inspection
• whether complete inspection or partial
• source of information
• appraiser identification
For the site

- neighborhood designation
- zoning
- associated parcels
- actual use classification (Appendix 6F)
- highest and best use classification (Appendix 6F)
- relative value type (prime, secondary, excess land, residual, etc.)
- size (frontage, depth, square feet, acres, number of lots or units)
- available utilities (electricity, gas, water, sewer)
- site improvements such as utility stub-ins, curb, gutter, parking, driveway, etc.
- street access and road characteristics
- shape
- topography
- drainage and soil
- geological hazards
- environmental hazards
- traffic, view, or other locational or economic influence
- easements or restrictions
- view

For improvements

- actual building use classification
- highest and best use of improvements (actual contribution or detriment to the site)
- construction type
- style/architecture/appeal
- construction quality
- foundation
- exterior wall cover
- roofing
- number of stories
- story height
- perimeter sketch and measurements
- floor area
- year built
• effective age
• condition rating
• heating/cooling, insulation
• wiring and plumbing
• elevator
• fire sprinklers
• miscellaneous features and components
• percent complete (See Standard 6.8.2, “Construction Work in Progress”) physical
deterioration/depreciation
• functional obsolescence
• economic obsolescence
• detached structures

**Exclusive for residential**
• room finish and detail
• bathroom details
• kitchen details
• basement details
• fireplaces
• garage/carport
• decks, porches, patios

**Exclusive for commercial**
• net rentable floor area

The data collection forms discussed in Standard 6.6, “Data Collection,” should accommodate
the above items.

**Standard 6.7 Data Analysis**

**6.7.0 Data Analysis**

General and comparative data are analyzed to produce valuation guidelines. Each county
should have its own set of guidelines for the valuation of land, residential improvements, and
commercial improvements. Since the guidelines are based around submarket areas called
neighborhoods, the neighborhoods must be defined prior to the development of any guidelines.

**6.7.1 Defining Neighborhoods**

The key word in defining a given neighborhood is “homogeneous." Boundaries should be drawn
to encompass properties similar in physical, governmental, economic, and social characteristics.
These are visually apparent in the patterns of use and development in an area.
As an assessor gathers and marks neighborhood data on copies of plats and maps (as outlined in Standard 6.6.1, “General Data”), initial neighborhood patterns will become apparent. Boundaries should only be sketched-in at this point. Comparative data must be analyzed and plotted on the neighborhood maps before neighborhood boundaries can be finalized.

6.7.2 Comparative Data Analysis

Cost data, sales data, and income/expense data must be verified. Adjustments may also be warranted. Valid comparative data should be plotted on preliminary neighborhood maps (Standard 6.7.1, “Defining Neighborhoods”), then the neighborhood boundaries may be finalized.

Cost Verification and Modifiers

Rates and factors presented in nationally or regionally published cost estimation manuals should be locally verified. Where appropriate they should also be modified to reflect local building costs. Procedures for local verification and for development of a “local cost-new modifier” are presented in Appendix 6K.

Sales Verification and Adjustment

First, each element of a sales transaction must be verified. This should be done through interviews with the seller, buyer, listing agent, broker, banker, or attorney. Additional methods of verification include questionnaires and title searches. Verification of sales data should also include a physical inspection. Perhaps the most crucial step in the verification process is to determine the state of the property at the time of the sale. Any improvements, modifications, maintenance, damage, or obsolescence occurring after the date of sale must not be included in the sold property description.

Next, a determination must be made as to whether or not the sale is valid as defined by “market value” in Standard 6.2.4, “Definition of Value,” and whether or not any adjustments are warranted. Only valid sales—those sales that meet the criteria set forth in the definition of “market value”—may be used in the property valuation process.

Sales are generally invalid if they are not “arm’s length.”

Examples

- Sales between relatives, affiliated companies, or their officers
- Sales involving church, fraternal, educational, or governmental organizations

Sales are generally invalid if they are of a compulsory nature.

Examples

- Foreclosure sales
- Divorce sales
- Court-ordered sales
- Condemnation sales
- Probate sales

Sales prices may require adjustment for:

- Partial interest sold
- Personal property included in the sale
- Property traded or exchanged in the transaction

Sales prices generally require adjustment for seller concessions, such as:
- Seller-paid points
- Seller-paid closing costs (if other than traditional or customary)

Sales prices generally require adjustment for unusual financing, such as:
- Seller financing (contracts)
- Assumption of an existing mortgage
- Other financing with non-market rates

It is important that assessors annually compile a listing of sold property information for use in appraisals, sales/assessment ratio studies and, where appropriate, boards of equalization. Sources for sales information include appeal documentation, multiple listing services and sales/assessment ratio questionnaires.

**Income and Expense Verification**

Each income and expense data element must be verified through interviews with the owner, tenant, broker, banker, or attorney. Questionnaires are often used to collect information.

Appraisers should consider whether or not the monthly rental figure requires adjustment due to atypical lease contract terms. This adjustment should be made according to generally accepted professional appraisal practices. [Refer to the lease section in IAAO, *Property Appraisal and Assessment Administration* (1990), pp. 259-261]

6.7.3 **Valuation Guidelines**

Valuation guidelines are the products of data collection and analysis. They are the basis for applying the three approaches to value. They consist of rates and adjustment factors arranged according to neighborhood, property use classification, and other variables.

Each county should develop three major guidelines: a land valuation guideline, a residential valuation guideline, and a commercial valuation guideline. The data and methods used to develop each guideline should either be included as part of the guideline or maintained in a readily accessible file.

**Land Valuation Guideline**

Every appraisal program must have a written local land valuation guideline. This is a set of land valuation rates for each individual neighborhood, based on use classification, relative value type, size, frontage, or any other appropriate characteristic. It should also include adjustment factors for physical characteristics such as depth, shape, drainage and soil, street access, traffic, utilities, topography, or any other characteristics for which an adjustment factor can be reasonably supported by available market data.

Where computer-assisted mass appraisal systems are employed, software documentation should be included in the guideline.

The essential steps in developing a land valuation guideline are:

1. Assemble maps according to Standard 6.6.1, “General Data;”
2. Collect all pertinent neighborhood data and mark maps as outlined in Standard 6.6.1, “General Data;”
3. Collect, verify, and analyze land sales as discussed in Standards 6.6.6, “Sales Data;” and 6.7.2, “Comparative Data Analysis;”

4. Locate and mark all valid land sales on the maps using the appropriate units of comparison as discussed in Standard 6.6.4, “Units of Comparison;”

5. Finalize neighborhood boundaries based on the marked sales;

6. Designate a rate for each highest and best use classification and relative value type within each neighborhood in terms of dollars per the appropriate unit(s) of comparison (acre, square foot, front foot, lot, or unit buildable);

7. Include a schedule of adjustment factors for physical characteristics based on paired-sales analysis, if possible, or based on the “bracketing technique.” Such characteristics may include depth, shape, drainage and soil, street access, traffic, utilities, topography, or any other for which an adjustment factor can be reasonably supported by available market data.

Development of a land valuation guideline is taught in the Commission’s Property Tax Course C.

**Residential Valuation Guideline**

A residential valuation guideline should be developed in three sections: cost, sales comparison, and income. The purpose of the guideline is to direct the application of the three approaches to valuation within a county.

Many Utah counties lack sufficient sales and income data to apply all three approaches to value. In such cases the focus of the residential guideline should be on the cost approach. As sales and income data do become available, the sales comparison and income sections of the guideline should be developed. Though probably the least used, the income approach uses rents and sale prices to arrive at gross rent multipliers.

The basic components of each section are as follows:

**Cost:**

1. A “local cost-new modifier” should be developed where applicable to reflect local building costs. See Standard 6.7.2, “Comparative Data Analysis”.

2. A “submarket factor” should be developed for each neighborhood. A “submarket factor” calibrates the cost manual’s replacement-cost-new-less-depreciation (RCNLD) value to actual local market value. It accounts for neighborhood-wide or countywide economic obsolescence.

3. Software documentation should be included in the guideline if the cost approach is performed by a computer-assisted mass appraisal system.

**Sales Comparison:**

1. Benchmarks or sale models should be developed for each neighborhood along with procedures for application, if such a program is used by a county.

2. Multiple regression analysis models should be documented for each neighborhood along with procedures for application, if such a program is used by a county.

3. Market adjustments should be developed for elements of comparison based on paired-sales analysis, including property rights appraised, financing, conditions of sale, time,
location, and physical characteristics. These adjustments are used in the appraisal of individual properties.

4. Software documentation should be included in the guideline where the sales comparison approach is performed by a computer-assisted mass appraisal system.

Income:

1. Gross rent multipliers should be developed for single family residences based on neighborhood and improvement characteristics.

2. Gross rent multipliers should be developed for duplexes and small apartment complexes, such as four-plexes, based on neighborhood and improvement characteristics.

Commercial Valuation Guideline

The commercial valuation guideline should include cost, sales comparison, and income approach sections similar to those in the residential valuation guideline. In addition, the income section should include a set of typical market income and expense schedules based on neighborhood, building use classification, construction type and quality, tenant appeal, etc. It should include lease rates, stabilized vacancy rates, typical collection allowances, typical operating expense ratios, gross rent multipliers, overall capitalization rates, and various other adjustment factors, tables, and ratios as needed (story height, floor number, etc.).

Standard 6.8 Three Approaches to Value

6.8.0 Three Approaches to Value

Ideally, each improved property should be valued using all three approaches to value: (1) the cost approach, (2) the comparative sales approach, and (3) the income approach. Then, after all three approaches have been applied and the three resulting values have been examined, they are correlated to arrive at a single value estimate. Emphasis on one of the three resulting values is based on the inherent strengths and weaknesses of each approach to value, the relevance of each to the subject property, and the amount and reliability of data available for each approach.

In counties where comparative data is limited, all three approaches may not be possible. Also, in mass appraisal it is common to pre-select one approach to value as most appropriate for an entire class of property, sometimes even prior to any data collection. This is permissible as long as all three approaches are considered, and the selection is based on the three criteria set forth in this standard.

When any of the usual approaches to value are excluded from an appraisal, the appraiser must “explain and support” the exclusion. [The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (1990), p. II-7] All methods used must represent currently accepted practices of the appraisal profession.

6.8.1 Land Value

The Commission requires that “real property appraisal records . . . show separately the value of the land and the value of any improvements.” [R884-24P-37(B)]

Land is valued directly from the land valuation guideline. (see Standard 6.7.3,”Valuation Guidelines”) First, the appropriate rate is located in the guideline based on the property’s neighborhood designation, highest and best use classification (residential, commercial, etc.), and relative value type (prime, secondary, excess, residual, etc.). Second, the initial value is
calculated. Finally, the initial value is adjusted for any special characteristics using the adjustment tables in the land valuation guideline.

6.8.2 Construction Work in Progress

The procedures for determining the fair market value of improvements under construction as of the lien date are outlined in R884-24P-20. In effect, the rule states that projects under construction are assessed based on their percent complete as of January 1. For residential projects, the rule includes a table by which the percent complete is determined. The residential percent complete table is reprinted in Appendix 6L.

Percent complete of commercial properties under construction is determined by the appraiser. It is generally based on the costs that have been expended on a project as of the lien date. The administrative rule cited above requires that those costs be discounted from the future date of completion in order to reflect a value for the project as of the lien date. The discount rate is set by the Commission. An example problem is presented in Appendix 6M.

In addition, the rule allows a taxpayer to request an adjustment for preconstruction costs on commercial projects. “Preconstruction costs . . . may be allocated to the value of the project in relation to the relative amount of total expenditures made on the project by the lien date.” [R884-24P-20(D)(1)] Such requests are uncommon; nevertheless, a second example problem is provided in Appendix 6M to illustrate how to make that calculation.

6.8.3 Cost Approach

In the cost approach, improvements are most effectively valued using a commercially published cost estimation manual. First, the cost manual rates and factors are applied to the subject property, including depreciation. Second, any functional and economic obsolescence unique to a particular property is applied. Third, for residential properties, the “submarket factor” is applied from the residential guideline. Finally, the adjusted RCNLD value is added to the land value.

6.8.4 Comparative Sales Approach

In the comparative sales approach, properties are valued using the residential or commercial valuation guideline. Assessors determine when benchmark sale models, multiple regression analysis models, or sales comparison adjustment grids are appropriate. Any benchmark and regression models are applied directly from the residential or commercial guideline.

Mass appraisal requires some departure from the typical sales comparison appraisal methods. This is appropriate as long as the departure is in accordance with the standards set forth in the IAAO’s Uniform Standards of Professional Appraisal Practice (1990). For example, multiple regression analysis is not currently an accepted method in the field of private fee appraisal, yet it has earned acceptance in the mass appraisal field.

For sales comparison adjustment grids, sold properties are first selected from the sold catalogue (see Standard 6.7.2, “Comparative Data Analysis”), based on comparability to the subject. Then, adjustments are applied from the guideline. For residential properties, the Uniform Residential Appraisal Report provides a standardized sales comparison adjustment grid which may be used “as is” or adapted to specific assessment application. Finally, the indicated values are correlated, and the final value is selected.

After a total value is derived through the sales comparison approach, the land value is subtracted from the total value to arrive at an improvement value.

“Comparability is a measure of similarity between a sale and a subject. Sale and subject should be similar with respect to date of sale (relative to the lien date), economic conditions, physical
attributes, and competitiveness in the same market. Of these, the most important is competitiveness. If the comparable and subject do not compete in the same market, they do not face the same supply and demand forces, so value inferences from comparable to subject may be misleading.” [IAAO, *Property Appraisal and Assessment Administration* (1990), p.154]

**6.8.5 Income Approach**

The income approach is performed using the residential or commercial valuation guideline. After a total value is derived through the income approach, the land value is subtracted from the total value to arrive at an improvement value.

**Standard 6.9 Final Value**

**6.9.0 Final Value**

The final value represents an estimate of “market value” as defined in *Standard 6.2.4, “Definition of Value.”* It should be reviewed for accuracy.

**6.9.1 Assessment/Sales Ratio Studies**

Final value must comply with the standards set forth in the Sales Ratio Standards of Practice. The review process should include assessment/sales ratio studies for individual classes of property as well as for the entire county. Assessment/sales ratio studies assist in attaining an equitable and accurate appraisal program. They should be performed in compliance with the *Sales Ratio Standards of Practice*.

**6.9.2 Responsibility for Appraisal**

Assessors and appraisers must accept full responsibility for the contents of their appraisals. Standard Rule 2-3 from the Uniform Standards of Professional Appraisal Practice requires appraisers to certify that the information in an appraisal report is true, correct, and unbiased. Additionally, Standard Rule 2-5 states that any appraiser signing an appraisal report prepared by another, even in a review capacity, assumes the same responsibility. [IAAO, *Uniform Standards of Professional Practice* (1990), pp. II-8, II-9]

**Standard 6.10 Listing Properties**

**6.10.0 Listing Properties**

“The county assessor shall list all property in each taxing entity in the county by identifier and fair market value. The Commission may prescribe procedures and formats, after consultation with affected state agencies and county assessors, which will provide reasonable uniformity and reduced costs in listing property.” (Section 59-2-305) In listing properties, the assessor is required to create and maintain two separate, permanent records: the assessment roll [Section 59-2-213(1)], and the appraisal record [R884-24P-37(A)]. They have the following elements in common:

- Property identification number
- Name and address of owner
- Address or location of property
- Land value
- Improvement value

(R884-24P-37 and Assessment Roll Standards of Practice)
6.10.1 Assessment Roll
In addition to the items in Standard 6.10.0, "Listing Properties," the assessment roll also contains an apportionment of values into categories such as residential or commercial, primary or secondary, FAA or non-FAA. For more information, refer to the Assessment Roll Standards of Practice.

6.10.2 Appraisal Record
In addition to the items in Standard 6.10.0, “Listing Properties,” the appraisal record also contains detailed property descriptions used in the actual valuation process. [R884-24P-37(A)(3)] They include the specific data items listed in Standard 6.6.8, “Specific Data.”

Standard 6.11 Record Keeping

6.11.0 Record Keeping
The system used for data storage should be designed for easy access of individual property records as well as entire classifications of property. Some of these considerations are discussed in Standard 6.5.10, “Computer Systems.”

6.11.1 Documentation
Data used in valuing property should be stored and maintained in accordance with the “Ethics Provision” in The Appraisal Foundation’s Uniform Standards of Professional Appraisal Practice (1990). The provision states that an appraiser or assessor must prepare written records of appraisal, analysis, and review assignments, including oral testimony and reports, and retain such records for a period of at least five years after preparation. The period to keep records may be longer if testimony in a hearing is involved. In that case records must also be kept for two years after the hearing is final. [The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (1990), p. I-3]

6.11.2 Confidential Records
Officers and employees of the Commission and counties are forbidden from releasing any “confidential proprietary information” about a taxpayer that could create a competitive disadvantage for that taxpayer. Violation constitutes a Class A misdemeanor. Anyone who violates this requirement shall be dismissed from county or Commission office or employment and disqualified from holding county or Commission office or employment for a period of five years. (Section 59-2-206) The key to determining whether information is “confidential proprietary” is if an agent of the county or Tax Commission “knows, or has reason to believe, that release of the information would create a significant competitive disadvantage for the taxpayer.” [Section 59-2-206(1)] As a general rule, all sales, income, and expense information must be kept confidential.
Appendix 6A

Diagram of the Valuation Process

Definition of the Problem

Preliminary Survey & Planning

Data Collection & Analysis
(Including Highest & Best Use Analysis)

General Data
Comparative Data
Specific Data

Application of the Three Approaches

Cost Approach
Sales Comparison Approach
Income Capitalization Approach

Correlation of Indicated Values

Final Value Estimate
Appendix 6B
Overview of the Valuation Process

Based on: IAAO, Property Appraisal and Assessment Administration, © 1990; and IAAO, Property Assessment Valuation, © 1977

1. Definition of the problem
   a. Identification of property(ies) being appraised
   b. Property rights being appraised
   c. Effective date of appraisal
   d. Purpose and function of appraisal
   e. Definition of value being sought

2. Preliminary planning and survey
   a. Preliminary estimation of highest and best use
   b. Inventory of data items to be collected
   c. Allocation of time and resources

3. Data collection
   a. General data
      i. National and regional
      ii. Neighborhood
   b. Comparative data cost
      i. Sales
      ii. Income and expense
   c. Specific data site
      i. Improvement
         (1) Residential
         (2) Commercial and industrial

4. Application of data
   a. Cost approach
      i. Land by sales comparison
      ii. Reproduction/replacement-cost-new (RCN)
      iii. Depreciation
         (1) Physical deterioration
         (2) Functional obsolescence
         (3) Economic obsolescence
      iv. Replacement-cost-new-less-depreciation (RCNLD)
   b. Comparative sales approach
      i. Methods
         (1) Direct sales comparison
         (2) Gross rent multiplier
         (3) Multiple regression analysis
         (4) Sales ratio trending
      ii. Units of comparison
      iii. Market adjustments (or regression modeling)
   c. Income approach
      i. Potential gross income
      ii. Vacancy and collection loss
      iii. Effective gross income
      iv. Operating expense analysis
      v. Net operating income
vi. Capitalization

(1) Direct capitalization
   (a) Overall capitalization rate
   (b) Income multipliers

(2) Yield capitalization
   (a) Rate development
      (i) Discount rate development
         1) Build-up method
         2) Band of investment method
         3) Market comparison method
      (ii) Recapture rate development
         1) Straight-line method
         2) Annuity method
      (iii) Effective tax rate
   (b) Discounted cash flow analysis
      (i) Annuity capitalization
      (ii) Split rates
   (c) Net present value (NPV)
   (d) Internal rate of return (IRR)
      (i) Modified internal rate (MIR)
      (ii) Financial management rate of return (FMRR)
   (e) Mortgage-equity capitalization techniques
      (i) Conventional
      (ii) Ellwood
   (3) Residual capitalization techniques
      (a) Building residual
      (b) Land residual
      (c) Property residual

5. Correlation of indicated values
   a. Amount and reliability of data from each approach to value
   b. Inherent strengths and weaknesses of each approach
   c. Relevance of each approach to the subject property

6. Final value estimate
Appendix 6C
Reappraisal

Standard Procedures Set Forth in Rule R884-24P-17 of the Utah Administrative Code

A. The following standards shall be followed in sequence when performing a reappraisal of all classes of locally-assessed real property within a county.

1. Conduct a preliminary survey and plan.
   a) Compile a list of properties to be appraised by property class.
   b) Assemble a complete current set of ownership plats.
   c) Estimate personnel and resource requirements.
   d) Construct a control chart to outline the process.

2. Select a computer-assisted appraisal system and have the system approved by the Property Tax Division.

3. Obtain a copy of all probable transactions from the recorder’s office for the three-year period ending on the effective date of reappraisal.

4. Perform a use valuation on agricultural parcels using the most recent set of aerial photographs covering the jurisdiction.
   a) Perform a field review of all agricultural land, dividing up the land by agricultural land class.
   b) Transfer data from the aerial photographs to the current ownership plats, and compute acreage by class on a per parcel basis.
   c) Enter land class information and the calculated agricultural land use value on the appraisal form.

5. Develop a land valuation guideline.

6. Perform an appraisal on improved sold properties considering the three approaches to value.

7. Develop depreciation schedules and time-location modifiers by comparing the appraised value with the sale price of sold properties.

8. Organize appraisal forms by proximity to each other and by geographical area.
   Insert sold property information into the appropriate batches.

9. Collect data on all nonsold properties.

10. Develop capitalization rates and gross rent multipliers.

11. Estimate the value of income-producing properties using the appropriate capitalization method.

12. Input the data into the automated system and generate preliminary values.

13. Review the preliminary figures and refine the estimate based on the applicable approaches to value.

14. Develop an outlier analysis program to identify and correct clerical or judgment errors.
15. Perform an assessment/sales ratio study. Include any new sale information.

16. Make a final review based on the ratio study including an analysis of variations in ratios. Make appropriate adjustments.

17. Calculate the final values and place them on the assessment role.

18. Develop and publish a sold properties catalog.

19. Establish the local Board of Equalization procedure.

20. Prepare and file documentation of the reappraisal program with the local Board of Equalization and Property Tax Division.

B. The Tax Commission shall provide procedural guidelines for implementing the above requirements.
The tax area numbers below refer to the numbers in the above illustration.

**Tax Area 1**
Taxing Entity A: County

**Tax Area 2**
Taxing Entity A: County
+ Taxing Entity B: School District

**Tax Area 3**
Taxing Entity A: County
+ Taxing Entity C: Mosquito Abatement

**Tax Area 4**
Taxing Entity A: County
+ Taxing Entity D: Special Services District

**Tax Area 5**
Taxing Entity A: County
+ Taxing Entity B: School District
+ Taxing Entity C: Mosquito Abatement

**Tax Area 6**
Taxing Entity A: County
+ Taxing Entity B: School District
+ Taxing Entity C: Mosquito Abatement
+ Taxing Entity D: Special Services District
Tax Area 7
Taxing Entity A: County
   + Taxing Entity B: School District
   + Taxing Entity D: Special Service District

Tax Area 8
Taxing Entity A: County
   + Taxing Entity C: Mosquito Abatement
   + Taxing Entity D: Special Services District
Appendix 6E

Referenced Forms

Forms referenced in this document can be viewed by clicking on the form titles listed below or by visiting [http://propertytax.utah.gov/generalinformation/forms/standards-of-practice-forms](http://propertytax.utah.gov/generalinformation/forms/standards-of-practice-forms).

- PT-060 Residential Property Valuation Standard Questionnaire-Letter
- PT-060 Residential Property Valuation Standard Questionnaire-Form
- TC-221 Real Property Transfer Survey
- PT-061 Commercial/Rental Property Standard Questionnaire
Appendix 6F

Property Use Classifications

<table>
<thead>
<tr>
<th>General Use</th>
<th>Code</th>
<th>Specific Use</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Improv.</td>
<td>111</td>
<td>Single Family</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>112</td>
<td>Duplex</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>116</td>
<td>Condominium</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>117</td>
<td>Cabin</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>118</td>
<td>Mobile Home</td>
<td>1</td>
</tr>
<tr>
<td>Multi-tenant Improv.</td>
<td>113</td>
<td>Triplex</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>114</td>
<td>Multi 4-9 units</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>115</td>
<td>Multi 10 + units</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>120</td>
<td>Student housing 1-3 units</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>121</td>
<td>Student housing 4-9 units</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>122</td>
<td>Student housing 10+ units</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>123</td>
<td>Dormitory</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>124</td>
<td>Retirement/Nursing homes</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>140</td>
<td>Mobile home park</td>
<td>2</td>
</tr>
<tr>
<td>Mixed Use Res.</td>
<td>119</td>
<td>Single or multi-residential w/ mixed use</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>129</td>
<td>Student housing w/ mixed use</td>
<td>6</td>
</tr>
<tr>
<td>Commercial Improv.</td>
<td>150</td>
<td>Motel/lodging</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>Manufacturing</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>460</td>
<td>Parking lot</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>500</td>
<td>Retail</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>553</td>
<td>Gasoline service/convenience store</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>580</td>
<td>Restaurant/lounge/fast food</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>600</td>
<td>Office</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>611</td>
<td>Bank</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>637</td>
<td>Warehouse</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>640</td>
<td>Repair service garage</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>651</td>
<td>Medical office/clinic</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>720</td>
<td>Assembly hall/auditorium/theater</td>
<td>2</td>
</tr>
<tr>
<td>Mixed Use comm.</td>
<td>799</td>
<td>Commercial w/mixed use</td>
<td>6</td>
</tr>
<tr>
<td>Agricultural Improv.</td>
<td>810</td>
<td>Agricultural operation (improved)</td>
<td>2</td>
</tr>
<tr>
<td>Vacant</td>
<td>816</td>
<td>Farmland</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>901</td>
<td>Residential Acres</td>
<td>3</td>
</tr>
<tr>
<td>Number</td>
<td>Description</td>
<td>Value</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>902</td>
<td>Commercial acres</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>910</td>
<td>Backage/remote acres</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>911</td>
<td>Residential buildable lot</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>917</td>
<td>Recreational buildable lot</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Exempt</td>
<td>Road</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>788</td>
<td>Exempt building</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>930</td>
<td>Water</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>988</td>
<td>Exempt land</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Code</td>
<td>Property Classification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>111</td>
<td>Single-family Residence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>112</td>
<td>Duplex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>113</td>
<td>Triplex and Fourplex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>114</td>
<td>Multi-unit Residential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>117</td>
<td>Secondary Recreational Residential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>118</td>
<td>Real Property Mobile Home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>119</td>
<td>Residential Lot</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>Commercial Trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501</td>
<td>Banks/Office Building</td>
<td></td>
<td></td>
</tr>
<tr>
<td>502</td>
<td>Convenience Markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>503</td>
<td>Fast Food Restaurants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>504</td>
<td>Industrial/Warehouse/Equipment Shed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>505</td>
<td>Motel/hotel/Restaurant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>506</td>
<td>Service Garage/Auto Showroom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>507</td>
<td>Trailer Courts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>508</td>
<td>Retail Store/Service-oriented Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>810</td>
<td>Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>900</td>
<td>Undeveloped Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>905</td>
<td>Vacant Commercial Lot</td>
<td></td>
<td></td>
</tr>
<tr>
<td>911</td>
<td>Vacant Recreational Lot</td>
<td></td>
<td></td>
</tr>
<tr>
<td>950</td>
<td>Under Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>960</td>
<td>Building on Property; Value in Land</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 6G
Appraiser Registration and Certification

Summary of Requirements Set Forth in Title 61, Chapter 2b of the Utah Code and Rules R162-101 through -109 of the Utah Administrative Code

State-Registered Appraiser

- 75 classroom hours of approved course work¹ (including a course in the Uniform Standards of Professional Appraisal Practice).
- Fee payment²
- Renewal Fee payment every 2 years². After Jan 1, 1998, 28 classroom hours of continuing education are required.
- No new state-registered appraisers will be approved after May 3, 1999 and the category of state-registered appraiser will be eliminated after May 3, 2001.

State-Licensed Appraiser

- 90 classroom hours of approved course work¹ (including a course in the Uniform Standards of Professional Appraisal Practice)
- Approximately 2 years of approved experience³
- Payment of fee²
- Payment of renewal fee every 2 years²
- 28 hours of continuing education are required
- A course in the Uniform Standards of Professional Appraisal Practice every third renewal period (6 years)

State-Certified Residential Appraiser

- 120 classroom hours of approved course work¹ (including a course in the Uniform Standards of Professional Appraisal Practice).
- Approx. 2 years of approved experience³. After Jan. 1, 1998, 2,500 hours of experience.
- Renewal Fee payment every 2 years².
- 28 classroom hours of approved continuing education course work¹ each 2 year renewal period.
- A course in the Uniform Standards of Professional Appraisal Practice every 3 renewal periods (6 years).

State-Certified General Appraiser

- 180 classroom hours of approved course work¹ (including a course in the Uniform Standards of Professional Appraisal Practice).
- Approximately 2 years of approved experience³. After Jan 1, 1998, 3,000 hours of experience are needed.
- Fee payment²
• Renewal Fee payment every 2 years².
• 8 classroom hours of approved continuing education course work¹ each 2 year renewal period.
• A course in the Uniform Standards of Professional Appraisal Practice every 3rd renewal period (6 years).

1. Course work is approved by the Education Committee of the Utah Real Estate Appraiser Registration and Certification Board in Cooperation with the Division of Real Estate.
2. Fees are established and collected by the Division of Real Estate.
3. Experience is approved by the Experience Committee of the Utah Real Estate Appraiser Registration and Certification Board in cooperation with the Division of Real Estate under guidelines described in administrative rule R162-104
Appendix 6H

Ad Valorem Appraiser Designation

NOTE: Administrative Rule R884-24P-19 is currently being revised to comply with legislation passed in the 1999 General Session of the Utah Legislature (HB 149).

Utah Administrative Code, July 1992


A. “State-Certified Residential Appraiser” and “State-Registered Appraiser” are defined in Section 61-2b-2(16) and (17).

B. The ad valorem training and designation program consists of several courses and practicums.

1. Certain courses must be sanctioned by either the International Association of Assessing Officers (IAAO) or the Western States Association of Tax Administrators (WSATA).

2. Most courses are one week in duration, with an examination held on the final day. The courses comprising the basic designation program are:

   a) Course 501 - Assessment Practice in Utah;
   b) Course B - Fundamentals of Real Property Appraisal (IAAO);
   c) Course 502 - Mass Appraisal of Land;
   d) Course D - Building Analysis and Valuation;
   e) Course E - Income Approach to Valuation (IAAO);
   f) Course F - Assessment of Personal Property (IAAO);
   g) Course 503 - Development and Use of Personal Property Schedules; and
   h) Course H - Appraisal of Public Utilities and Railroads (WSATA)

C. There are four recognized ad valorem designations: Ad Valorem Residential Appraiser, Ad Valorem General Real Property Appraiser, Ad Valorem Personal Property Auditor/Appraiser, and Ad Valorem Centrally Assessed Valuation Analyst. The designations are granted only to individuals working as appraisers, review appraisers, valuation auditors, or analysts / administrators providing oversight and direction to appraisers and auditors.

1. Ad Valorem Residential Appraiser:
   a) Requires the successful completion of Courses A, B, C, D, and a comprehensive residential field practicum, and attainment of state registered or certified appraiser status.
   b) Upon designation, the appraiser may value residential, vacant, and agricultural property for ad valorem taxation purposes.

2. Ad Valorem General Real Property Appraiser:
   a) Requires the successful completion of Courses A, B, C, D, and E and a comprehensive field practicum including both residential and commercial properties, and attainment of state registered or certified appraiser status.
b) Upon designation, the appraiser may value all types of real property for ad
valorem taxation purposes.

3. Ad Valorem Personal Property Auditor/Appraiser:
   a) Requires the successful completion of Courses A, B, F, and G, and a
      comprehensive auditing practicum.
   b) Upon designation, the auditor/appraiser may value personal property for ad
      valorem taxation purposes.

4. Ad Valorem Centrally Assessed Valuation Analyst:
   a) Requires the successful completion of Courses A, B, E, and H, and a
      comprehensive valuation practicum, and attainment of state registered or
      certified appraiser status.
   b) Upon designation, the analyst may value centrally assessed property for ad
      valorem taxation purposes.

D. Successful candidates must pass the final examination for each course with a grade of 70
points or more.

E. If a candidate fails to receive a passing grade on a final examination, one re-examination
is allowed. If the re-examination is not successful, the individual must retake the failed
course. The cost to retake the failed course will not be borne by the Tax Commission.

F. A practicum involves the appraisal or audit of selected properties. The candidate’s
supervisor must formally request that the Property Tax Division administer a practicum.
   1. Emphasis is placed on those types of properties the candidate will most likely encounter
      on the job.
   2. A trainer, assigned by the Tax Commission, will oversee and administer the practicum.

G. An individual holding a specified designation can qualify for other designations by meeting
the additional requirements outlined above.

H. Maintaining designated status requires completion of 20 hours of Tax Commission
approved classroom work every two years.

I. Upon termination of employment from any Utah assessment jurisdiction, or if the individual
is no longer working primarily as an appraiser, review appraiser, valuation auditor, or
analyst/administrator in appraisal matters, designation is automatically revoked.
   1. Ad valorem designation status may be reinstated if the individual secures employment
      in any Utah assessment jurisdiction within four years from the prior termination.
   2. If more than four years elapse between termination and rehire, and:
      a) the individual has been employed in a closely allied field, then the individual may
         challenge the course examinations. Upon successfully challenging all required
         course examinations, prior designation status will be reinstated; or
      b) if the individual has not been employed in real estate valuation or a closely allied
         field, the individual must retake all required courses and pass the final
         examinations with a score of 70 or more.
Appendix 6I

Income and Expense Questionnaire Samples

Commercial Property Owner or Lessor

The following letter and questionnaire can be used to assist in the valuation of commercial property.

Current Date

Dear Commercial Property Owner or Lessor:

Present economic conditions in ________________ County have necessitated an updating and equalization of values for commercial properties in the ________________ City area. The ________________ County Assessor’s Office is updating commercial property records to provide a more accurate and realistic value relating to the local economic conditions. To accomplish this, we are soliciting your help and cooperation in providing the requested information on the enclosed forms.

Sales and rental information will greatly enhance our ability to analyze and interpret the local commercial real estate market. Your cooperation is greatly appreciated. It is vital that we all participate in making government less costly and property taxation fair and equitable. Your response to the questionnaire will achieve these goals.

Please fill out the form and return it to the ________________ County Assessor’s Office in the return envelop provided, by _________________. If there are any further questions or information needed please contact the Assessor’s Office at __________. We thank you and appreciate your cooperation.

Sincerely,

Name of Assessor

______________ County Assessor
Appendix 6J

Cost Manual Verification/Local Cost-New Modifier Development

1. Randomly select some sample categories and sample items from the published cost manual.

2. Conduct a survey of local rates for each of the items in step 1. Determine whether the cost manual includes indirect cost of its rates; if so, include them in the survey. For indirect cost, including architecture, engineering, permits, title, legal work, taxes, appropriate local professionals, contractors, and developers. For direct costs, including labor and materials, contact local contractors and material suppliers.

3. If the local rates surveyed are in line with the samples chosen from the published cost manual, assume that the balance of the manual is valid for the local market. If not, adjustment factors can derived as follows:

\[
\text{average local rate surveyed} \quad \frac{\text{= local cost-new modifier}}{\text{cost manual rate}}
\]

Either create one overall adjustment factor for use with all cost manual rates, or create a separate factor for each category.

4. Apply the factors as follows:

\[
\text{cost manual rate} \times \text{local cost-new modifier} = \text{actual cost-new rate}
\]

Example

Category description: Average quality residence, one story, 1,200 sq. ft., wood frame, masonry veneer

Marshall and Swift Manual: $44.82 sq. ft.

Derive adjustment factor:

\[
\frac{$40.00 \text{ (rate surveyed)}}{$44.82 \text{ (manual rate)}} = .89 \text{ (local cost-new modifier)}
\]

Apply adjustment factors:

\[
$44.82 \times .89 = $33.89 \text{ (rounded to $40.00)}
\]
## Appendix 6K

### Residential Construction Work in Progress

Use the following as guidelines for percentage of completion, as set forth in Rule R884-24P-20 or Utah Administrative Code.

<table>
<thead>
<tr>
<th>Completed Work</th>
<th>Percentage Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excavation Foundation</td>
<td>10%</td>
</tr>
<tr>
<td>Rough lumber Rough labor</td>
<td>30%</td>
</tr>
<tr>
<td>Roofing Rough Plumbing Rough electrical Heating</td>
<td>50%</td>
</tr>
<tr>
<td>Insulation Drywall Exterior</td>
<td>65%</td>
</tr>
<tr>
<td>Finish lumber Finish labor Painting</td>
<td>75%</td>
</tr>
<tr>
<td>Cabinets Cabinet tops Tile Finish plumbing Finish electrical</td>
<td>90%</td>
</tr>
<tr>
<td>Floor covering Appliances Exterior concrete Miscellaneous</td>
<td>100%</td>
</tr>
</tbody>
</table>
# Appendix 6L

## Commercial Work in Progress

### Example 1 Discounted Costs as of Lien Date

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Lien date</td>
</tr>
<tr>
<td>2.</td>
<td>Expected completion date</td>
</tr>
<tr>
<td>3.</td>
<td>Actual costs as of lien date</td>
</tr>
<tr>
<td>4.</td>
<td>Discounted cost as of lien date</td>
</tr>
<tr>
<td></td>
<td>a. Future value of those costs</td>
</tr>
<tr>
<td></td>
<td>b. Term (Line 2 – Line 1)</td>
</tr>
<tr>
<td></td>
<td>c. Discount rate (set by the Tax Commission)</td>
</tr>
<tr>
<td></td>
<td>d. Present value of those costs =</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$779,000 = Market Value as of the lien date</td>
</tr>
</tbody>
</table>

### Example 2 Allocation of Preconstruction Costs

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Lien date</td>
</tr>
<tr>
<td>2.</td>
<td>Expected completion date</td>
</tr>
<tr>
<td>3.</td>
<td>Actual Costs as of lien date</td>
</tr>
<tr>
<td>4.</td>
<td>Preconstruction portion</td>
</tr>
<tr>
<td>5.</td>
<td>Less preconstruction</td>
</tr>
<tr>
<td>6.</td>
<td>Expected value when complete</td>
</tr>
<tr>
<td>7.</td>
<td>Less preconstruction</td>
</tr>
<tr>
<td>8.</td>
<td>Percent complete as of lien date</td>
</tr>
<tr>
<td>9.</td>
<td>Allocation of preconstruction costs</td>
</tr>
<tr>
<td>10.</td>
<td>Adjusted costs as of lien date</td>
</tr>
<tr>
<td>11.</td>
<td>Discounted costs as of lien date:</td>
</tr>
<tr>
<td></td>
<td>a. Future value of costs</td>
</tr>
<tr>
<td></td>
<td>b. Term (Line 2 – Line 1)</td>
</tr>
<tr>
<td></td>
<td>c. Discount rate (set by Tax Commission)</td>
</tr>
<tr>
<td></td>
<td>d. Present value of those costs =</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$701,600 = Market Value as of the lien date</td>
</tr>
</tbody>
</table>