

**VIRGINIA DEPARTMENT OF TAXATION**

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**Board of Equalization**

**Manual**

VIRGINIA DEPARTMENT OF TAXATION  
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# BOARD OF EQUALIZATION MANUAL

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## USER GUIDE – BOARD MEMBERS AND LOCAL SUPPORT STAFF

### Mandated Training

*Code of Virginia, § 58.1-206. Continuing education program for assessing officers and boards of equalization*

*There shall be established within the Department a program of continuing education for county, city and town officers responsible for the assessment of real estate, and for members and prospective members of boards of assessors and boards of equalization. Such program shall be composed of basic courses embodying the fundamental instruction essential for the equitable assessment of real estate or tangible personal property and an advanced course designed basically to meet the requirements for full certification by the International Association of Assessing Officers. Such assessing officers and board members attending shall be reimbursed for the actual expenses incurred by their attendance at such program.*

*Code of Virginia, § 58.1-3374. Qualifications of members; vacancies (Boards of Equalization)*

*In order to be eligible for appointment, each prospective member of such board shall attend and participate in the basic course of instruction given by the Department of Taxation under § 58.1-206. In addition, at least once in every four years of service on a board of equalization, each member of a board of equalization shall take continuing education instruction provided by the Tax Commissioner pursuant to § 58.1-206.*

\*\*\*\*\*

In accordance with Code of Virginia mandate, the Department of Taxation Property Tax Unit (PTU) and office of Learning Support developed a Board of Equalization (BOE) training program. The program includes a comprehensive Manual, a web-based Learning Management Systems (LMS) Training Lesson that draws on material in the Manual, and an online, interactive WebEx Review Session to discuss the material covered and to have questions answered.

Although localities may request on-site training, the Department has transitioned to remote, internet-based training programs. The Department will review requests for on-site training on a case-by-case basis.

The program allows participants to complete training from their home or office using their personal or work computer and a phone line. If a BOE member does not have the necessary computer hardware, software, or internet connection, the local BOE coordinator should arrange for the necessary access to training from the government offices. Upon completion of the Training Lesson and Review Session, the Department will certify BOE members to their appointing body as having completed the required training.

Completion of the LMS Training Lesson and participation in a WebEx Review Session are required for Board members. Thought not required, local BOE support staff is also encouraged to study the Manual and participate in the Review Session.

## Summary of BOE Selection and Training

- Qualified local citizens are selected by local officials to serve on the BOE
- Prospective Board members are to be provided the introduction to Virginia Conflict of Interest and Freedom of Information statutes by the locality<sup>1</sup>, and a copy of the Department of Taxation BOE Manual for study
- PTU will register prospective BOE members for the LMS Training Lesson
- Prospective BOE members complete LMS Training Lesson
- PTU will register prospective BOE members in the required WebEx Review Session
- Upon completion of the lesson and review, the PTU will certify prospective BOE members to their appointing body as having met the training requirements
- BOE members will be sworn in by the local Presiding Judge to serve for the prescribed term
- BOE members will meet to elect a Chairman and Secretary and to attend to administrative matters
- Once in every four years of service BOE members are to receive follow up training

### Note:

1. BOE members must be familiar with Virginia Conflict of Interest and Freedom of Information laws. The local public body's administrator, or in the case of the Freedom of Information Act, either the public body's administrator or legal counsel is required to provide copies of the statutes to BOE members within two weeks of appointment or reappointment. It is in the best interests of the localities and the BOE that the localities comply with the provisions of the statutes. Both sets of statutes are found in Title §2.2, Administration of Government, of the *Code of Virginia*: Chapter 31 - State and Local Government Conflict of Interests Act, and Chapter 37 - Virginia Freedom of Information Act.

## Board Member Training

Training is primarily self-administered. Prospective BOE members are expected to study the Manual and complete the Training Lesson before registering for the Review Session. Assistance with the program is available from local government support staff and is provided by the Department of Taxation.

The Department developed this Manual to make available instructional and reference material regarding the formation, support, and work of the local BOE. Study of the BOE Manual is a necessary part of the training.

The PTU will coordinate with the local BOE coordinator to register participants in the program. The names and contact information for each participant are required to establish user access to the Lesson. Once registered user names and passwords will be provided to participants who should complete the Training Lesson as soon as possible.

When all participants complete the Lesson, a separate process will provide access to the Review Session. Participants will receive an email from the PTU with access instructions, and the date and time for the Review Session. It is best that both new and returning members participate in the Review Session. In this way, new members can benefit from the experiences of returning members.

Every effort will be made to accommodate participant schedules.

### **Local Government Guide to the Formation and Support of Boards of Equalization**

The *Code of Virginia* provides for the local formation and support of Boards of Equalization (see Title 58.1, Chapter 32, Article 14, *Code of Virginia*). Under law, local governments compensate BOE members, and provide, with the approval of the local governing body, clerical support, other assistants or advisors, and legal counsel. In addition, local government is responsible for BOE adherence to Virginia Conflict of Interest and Freedom of Information law (see Chapter 4).

Upon completion of a reassessment, local officials will recruit prospective members for a BOE. Once selected, local support staff typically assists prospective BOE members. Support personnel will often schedule the required training for the BOE members, and then the formal oath of office administered by the Presiding Judge of the Circuit Court. The required training should precede the oath of office.

Responsibility for administering the mandated training program is assigned to the Department of Taxation PTU. The program consists of the Manual, a web-based Learning Management Systems (LMS) Training Lesson that draws on material in the Manual, and an online, interactive WebEx Review Session with a PAC to discuss the material covered with BOE members and to have questions answered. Although not required, local support staff is encouraged to participate in the training.

Local on-site training may be requested, but the Department has transitioned to remote, online, computer-based training programs. Requests for on-site training are to be reviewed on a case-by-case basis.

The Property Tax Section will provide instructions for access to and enrollment in the required online training program to local staff support and/or BOE members through direct communication.

Other support functions often include:

- Distribution of the Board of Equalization Manual to prospective BOE members
- Assisting the BOE with administrative functions
- Securing of meeting facilities
- Posting of public notice of scheduled meetings and hearing dates
- Scheduling of appellants for BOE hearings
- Assembling of documents for the BOE members to use in hearings  
(Property Record cards, appellant applications, etc)
- Recording of minutes of BOE hearings and meetings
- Completion and distribution of BOE notifications and reports
- Storing of all pertinent documents in accordance with state record retention requirements

Samples of notifications, forms and documents used by a BOE are included in the Appendices, and may be useful to BOE members and local support staff. Appendix P is a Board of Equalization Timeline Checklist, with reference to the applicable statutes. The Checklist has been included to aid Boards and local support staffs understand and comply with their responsibilities and duties in a timely manner. Additional assistance is available from the Department of Taxation, Property Tax Section.

**Please note:** the Department of Taxation does not have jurisdiction over the work of Boards of Equalization, nor does it police their actions. Boards are subject to the authority of their local appointing body.

The revision date is on the cover page of the manual. Periodically check the Department of Taxation website for the most current version of this manual.

## INTRODUCTION

Historically, the Commonwealth relied upon its citizens to develop real estate assessment values. This system worked well enough when real estate markets were relatively static and where properties were generally similar in nature.

Recent decades have witnessed rapid changes in real estate markets, both in terms of activity and complexity. Additionally, the growth of local government and a rise in local funding needs have focused the public's attention on property tax to an extent heretofore unknown. The time-honored system of assessments made by lay citizens has proved to be unworkable and very likely to produce inaccurate and inequitable assessments.

In order to satisfy Virginia's constitutional mandate requiring fair market value assessments, localities have found it beneficial to employ professional appraisers/assessors either to assume legal responsibility for conducting reassessments or to act as technical assistants. Since 1976, the Department of Taxation has offered basic and advanced courses for improving appraisal knowledge and job skills.

The principle of citizen participation in the assessment process is still observed. In all localities citizens are organized as Boards of Equalization (also as Boards of Review in some localities) to review assessment values and to equalize real estate tax assessments. In the 1979 session, the General Assembly amended Section 58.1-3374, *Code of Virginia*, to require that members and prospective members of local Boards of Equalization attend and participate in a basic course of instruction offered by the Department of Taxation.

Board members are not expected to be expert in assessment methodology and process. All that can be asked of Board members is that they prepare, come to hearings with an open mind, and exercise impartial judgment to fulfilling the objectives of the Board.

Preparation in the form of training is mandatory for local Boards of Equalization. This manual provides an overview of real estate assessment valuation and the roles of the Boards of Equalization, local governing officials and staff, and the Department of Taxation in that process. The training provided by the Department of Taxation should enable the Board members to better execute his or her duties, with the result being a more equitable tax system. Answers to specific questions in these areas can be obtained from the Department of Taxation Property Tax Section.

To summarize, the Board is concerned with the fairness and equity of assessment values, and not with property taxes. Fair and equitable assessments will result in the fair and equitable distribution of the tax levy.

## UNDERSTANDING REAL ESTATE ASSESSMENTS

Fundamental to the work of a Board of Equalization is an understanding of the term *assessment*. Defined in the Virginia Tax Administrative Code, Code Section 23VAC10-500-580:

"Assessment" means a determination as to the proper rate of tax, the measure to which the tax rate is applied, and ultimately the amount of tax, including additional or omitted tax, that is due. An assessment shall include a written assessment made pursuant to notice by the assessing official or a self-assessment made by a taxpayer upon the filing of a return. Its use can apply to an individual property, or to all properties in a grouping.

The definition encompasses several components:

- The *rate* at which property will be taxed (the tax rate)
- The *measure*, or *value* of property to be taxed (the assessment or assessed value)
- The *total amount of the tax* on property that will be billed (the tax levy)

Some may refer to only one of these components when using the term, which can lead to confusion. To avoid any confusion, Board members must be aware of and consider all three components of the definition during assessment discussions.

However, the work of Boards of Equalization is concerned with the value component of the definition. For Board of Equalization purposes, the term "assessment" is synonymous with "assessment value" or "assessed value", being those values that best assure a total real estate tax levy that is equitably borne by the property owners of a locality.

### Constitutional and Statutory Mandate

The *Constitution of Virginia*, in Article X, mandates that all property shall be taxed, and further stipulates that all taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax. Other provisions of Article X require that all assessments of real estate shall be at fair market value with the exception of those assessments of certain real estate devoted to agricultural, horticultural, forest and open space uses, which may be granted preferential assessments. In addition, Article X segregates real estate as subject to local taxation only, with the provision that real estate shall be assessed in such manner and at such times as the General Assembly may prescribe by general law.



The statutes controlling real estate assessments and reassessments are located in Chapter 32, of Title 58.1, of the *Code of Virginia*. Generally, these statutes are numerous and beyond the scope of this discussion. However, an understanding of some statutes may be helpful.

Virginia law requires periodic reassessments of real estate in every taxing jurisdiction. Some jurisdictions reassess annually, however, by law six years is the most time allowed between reassessments for counties; four years for cities. Population thresholds may require more frequent reassessments, and the local governing body may determine the need to reassess more frequently.

Local governing bodies are not permitted to reap revenue windfalls due to an increase in assessed values (see § 58.1-3321, *Code of Virginia*). Subsequent to a reassessment, the local governing body must reduce the levy by lowering the tax rate as to produce no more than 101 percent of the revenue generated in the previous year. If a higher rate is necessary, the governing body must advertise the increase and conduct a public hearing on the matter. *This safeguard has been put into law since the responsibility for increasing local government revenues should be properly borne by the governing body and not by the assessing officer.* This limitation applies only to total revenues; the actual tax bill of an individual property owner may increase at a greater rate.

Following general reassessment, the tax rate approved by the local governing body is applied to the new values. The assessments are not responsible for increases or decreases in the real estate tax levy. The local governing body has the sole responsibility for determining the real estate tax levy by setting the tax rate in accordance with the budgetary needs of the locality.

The assessed values established during a general reassessment are applicable until another general reassessment occurs. Examples of permitted changes are those caused by factual or clerical errors, rezoning, subdivision of land, and construction or destruction of buildings.

New land parcels or new buildings created between reassessment cycles shall be assessed uniformly with the assessments made on similar property during the most recent general reassessment.

The *Code of Virginia* requires that the tax be levied at 100% of appraised value. Prior to 1977, the tax levy for most localities was based on a fraction of the appraised value. The fraction varied from one locality to the next and from one general reassessment to the next. This system masked inequalities and made it difficult to compute the true tax rate or to compare the assessed value for one property with the assessed value of a similar property. In 1975, the General Assembly amended Section 58.1-3201 of the *Code of Virginia* to require that local tax levies effective in 1977 or after is based on 100% of appraised value.

General reassessments of real estate are typically overseen by the Commissioner of the Revenue, by a Board of Assessors, or by a Professional Assessor, who is someone appointed by the local governing body, and who is either an employee meeting the qualifications prescribed by the Department of Taxation or an independent contractor holding valid certification issued by the Department. That person or body is recognized, for the purposes of this manual, as the Assessing Officer.

### **Fiscal Well Being of the Locality**

A significant portion of local government revenue is derived from real estate assessments. With local support, tax rates can be adjusted to meet changing revenue needs. The fiscal health, the services

provided, and the level of confidence in local government all rely in part on accurate real estate assessment valuations. Improper assessment practices can result in inequitable assessment values and/or outdated values.

The ability of local governments to utilize bond financing is limited to a percent of debt to total assessed real estate value. In addition, bond ratings may be based on the total assessed value of the real estate of the locality.

Real estate values typically reflect public expenditures for services and capital improvements. As a measure of the wealth of a locality, it is possible for a higher total assessed value to result in a higher bond rating and a lower interest rate.

Real estate values play an important role in the distribution of state aid to elementary and secondary education. This aid is distributed by a formula that factors both need and the local tax effort to ensure that all localities are able to finance the major costs of the Standard of Quality in the State. The estimated true value of all taxable real estate in each locality, the 100% fair market value estimate, is a key component in the formula for aid distribution.

It should be recognized that the fiscal well being of a locality is only truly maximized when assessed values are equitable and represent fair market values.

## **Fair Market Value**

*Code of Virginia, § 58.1-3280. Assessment of values*

*Every assessor or appraiser so designated under this chapter shall, as soon as practicable after being so designated, proceed to ascertain and assess the fair market value of all lands and lots assessable by them, with the improvements and buildings thereon. They shall make a physical examination thereof if required by the taxpayer and in all other cases where they deem it advisable.*

Fair Market Value is the term used in the Constitution of Virginia, the *Code of Virginia*, and Virginia courts when addressing the assessment value of property. Virginia does not have a statutory definition for fair market value. Instead, having evolved from its application in a series of court cases over a number of years, fair market value is generally accepted to mean:

“The fair market value of property is the price which it will bring when it is offered for sale by one who desires, but is not obliged, to sell it, and bought by one who is under no necessity of having it”,

(See *Tuckahoe Women's Club v. City of Richmond*, 119 Va. 734, 101 S.E.2 d571 (1958))

The Assessing Officer develops estimates of fair market value that are the basis for assessment equalization. Though not defined in Virginia law, fair market value is commonly viewed by the assessment community as the *equitable* market value of property, that is, Equity plus Market Value equals Fair Market Value.

## **Price, Cost, and Value**

The concepts of *price*, *cost*, and *value* should not be confused.

*Price* is the amount actually paid for a property in a particular transaction. Price is a historical fact; it is not a prospective concept. The price paid is the amount a particular buyer has agreed to pay and a particular seller has agreed to accept under the conditions surrounding their transaction.

*Cost* refers to production, not exchange. It is the expenditure required to produce property, such as the cost of constructing a building. Cost can be a historical amount, a current amount, or a prospective amount.

*The Dictionary of Real Estate Appraisal* defines *value* in a general sense as "the monetary worth of a property, good, or service to buyers and sellers at a given time." In contrast to price, the concept of value has a prospective aspect, in that the value at a given time reflects an anticipation of benefits to be received in the future.

### **Market Value vs. Market Price**

Market Value is an appraisal term that applies to a hypothetical concept, not an established fact. Definitions of market value are recognized by different organizations, and can vary somewhat. Most definitions include components for an estimated probable selling price, at a particular point in time; assume a sale that occurs between informed parties acting for their own best interests, and without duress. Other definition components may include:

- Allowing adequate time to sell the property;

- Proper exposure to the open market;

- An "arm's-length" transaction, i.e., one not involving love and affection or other non-monetary consideration;

- A sale transacted on typical terms with regard to financing and conditions of sale;

- A value that reflects the property's highest and best use

Market Price, on the other hand, is a fact. It is the actual number of dollars for which a property has sold. The two terms do not mean nor do they necessarily represent the same thing. Because a property sold at a particular price, does not mean that the sale price is its market value. The data from a number of qualified sales are analyzed, together with other market value indicators, for an estimate of market value.

The Assessing Officer is not expected to predict the actual selling price of specific properties. Market value is the *estimated* probable selling price of a property at a particular point in time. Simply stated, it can be viewed as the *point around which market prices will tend to cluster*.

### **Equalization and the Assessment Process**

The primary goal of a reassessment is to establish property values that best assure a real estate tax levy that is equitably borne by the property owners of the locality. In doing so, the Assessing Officer must strive for an overall assessment level of 100% of fair market value.

For unique properties, an individual appraisal of a property may be performed. However, fair and equitable assessments require utilizing accepted mass appraisal standards and techniques that are applied *uniformly*, and are in accordance with state statutes and local ordinances. The Commonwealth of Virginia recognizes and accepts procedures, rules, and standards as prescribed by nationally recognized professional appraisal organizations such as the International Association of Assessing Officers (IAAO).

## Complete and Accurate Records

The assessment process begins with and relies on a complete and accurate file of all properties within a jurisdiction, a Property Record File. This means that records have been created for each parcel. Ideally, the records contain current, complete, and accurate descriptive information about the land and the improvements to each parcel. This includes, among other things, data concerning ownership, parcel location, physical characteristics, and use. If the property is improved, the Assessing Officer must record all improvements; ascertain age, size, condition, type, quality of construction, and other relevant characteristics. The Assessing Officer must work with the best available data at any given point in the assessment cycle.

Though striving for the ideal, it must be understood that in many localities there is rarely the opportunity to inspect the interiors of all properties being valued during the assessment cycle, that data collected is subject to change without notice, and that file data can soon become outdated.

## Mass Appraisal, Classification and Stratification

There are differences between the appraisal of a single property and mass appraisal used for real estate assessments. When estimating value, the fee appraiser is typically limiting his analysis and conclusion to a single property, or single type of property. Most property owners experience this process when a fee or single property appraisal is made for their property, often in conjunction with financing or refinancing.

When estimating the value of all properties within the jurisdictional boundaries of a locality, the Assessing Officer develops value estimates for groups of similar properties utilizing mass appraisal techniques, which typically include the collection and statistical analysis of large amounts of data. One technique employed is the classification and stratification of the properties.

In accordance with the *Code of Virginia* (§ 58.1-208) and for assessment purposes, all real property is classified. The classification identifies a group of similar properties as a property type. The Department of Taxation has established seven broad classes of real estate for use by Assessing Officers in Virginia.

<b>Department of Taxation Property Class Codes</b>	
<b>Class</b>	<b>Class Name</b>
<b>01</b>	<b>Single-Family Urban</b>
<b>02</b>	<b>Single-Family Suburban</b>
<b>03</b>	<b>Multi-Family Residential</b>
<b>04</b>	<b>Commercial and Industrial</b>
<b>05</b>	<b>Agricultural or Undeveloped - 20 to 100 acres</b>
<b>06</b>	<b>Agricultural or Undeveloped - over 100 acres</b>
<b>07</b>	<b>Tax Exempt</b>

Assessing Officers may subdivide the seven classes, as deemed necessary, for more specific and accurate appraisal. Once classified, the properties within a classification are then stratified. A class of properties may be stratified according to its characteristics, and the relationship of those characteristics to market value. A property may be classified as 01 Single-Family Urban. It is recognized that not all 01 Single-Family Urban properties will have the same characteristics. The

Assessing Officer may use a Construction ranking or grade, for example, Poor through Excellent, A through E, or 1 through 5, to identify different strata within a classification, and then will relate each stratum to a value level. With all properties in the jurisdiction properly classified, and stratified, the Assessing Officer will collect and analyze market value indicators.

### **Market Value Indicators**

Various forms of data that will provide market value indicators must be assembled in order to develop reliable estimates of value. This includes data pertaining to local economic conditions, planning and zoning regulations, and neighborhood boundaries. Additionally, current construction cost data, income and expense data for rental properties, and recent qualified real estate sales must also be compiled. Sources of this information include public records, real estate and construction professionals, property owners and physical inspections.

With the collection of market value indicators, the Assessing Officer can begin the process of analysis, applying sound judgment, together with the best practices of the assessment field in order to develop reliable estimates of market value.

### **Approaches to Value, Analysis, Modeling, and Model Calibration**

The appraisal profession generally relies on three traditional approaches to an estimate of value. These are the cost, sales comparison, and income capitalization approaches. All are based on accepted economic principles.

**Cost Approach:** most suitable for new, unique, or special purpose properties, and is the cost to construct a reproduction or suitable replacement of the improvements, less the accrued depreciation, added to the value of the land to provide a total estimated value for the property. The applicable economic principle is substitution; i.e., a prudent purchaser would not pay more for a property than the cost of building a reproduction, replacement or suitable substitute for it.

**Sales Comparison Approach:** most suitable when there are sufficient sales. The sale prices are analyzed, and adjustments are made to reflect any differences between the properties sold and the property being valued. Again, the principle is that of substitution, i.e., a prudent buyer would not pay more for a property than the price to purchase a similar property.

**Income Capitalization Approach:** is most suitable for commercial and multifamily income producing properties. Rental income and operating expenses are analyzed and calculations made for an estimate of what a property can earn for its owner. The net income to the owner is then capitalized into an estimate of value. The economic principle governing this concept is anticipation, that is, value equals the present worth of the future net benefits of ownership.

In the appraisal process, one approach may be more applicable to one property classification than to another. When reconciling the various approaches an appraiser may select, or accord more weight to the approach that is most applicable to the property type being valued.

Assessing Officers utilize verified market value indicators, statistical analysis, traditional approaches to value, and property classifications and characteristics to construct Valuation Models for various property classes and stratum. Although Models can vary and are generally more complex, the

example below illustrates a stratification level, and the Base Value for those properties sharing the characteristics identified.

Valuation models provide a uniform basis for developing equitable assessment values, and can be calibrated to reflect changing market conditions. Modeling also allows for adjustments to be made for differences among the various properties within property classification strata. In our example, which would be developed from an analysis of market value indicators, a base Model value of \$100 per square foot of gross building area is estimated.

Assessment Model							
Class	Description	Strata	Characteristics				Base Value
			Structure Age	Structure SF	# BRs	# Baths	
01	Single-Family Urban	Average	15 years	1500	3	1.5	\$100/SF

### Adjustments and Market Value Estimates

Analysis is also performed to develop value estimates for adjustments that may be applied to the base values. Characteristics such as a garage or extra bathrooms would likely result in added value or positive adjustments to the base value. Characteristics such as fewer bedrooms or an irregular shaped lot may result in reduced value or negative adjustments to the base value. Some characteristics, such as a significant size or age variation, may result in a positive or negative adjustment. With the application of the adjustments to the base value, the assessment values for individual properties can be estimated.

Adjustment Grid: 01- Single-Family Urban									
Property Number	Class Type	Strata	SF	Base Value	Adjustments				Assessed Value
					1	2	3	4	
# 1	01	Avg	1800	\$100/SF	+\$10,000 (garage)	+\$1,500 (two full baths)	-\$2,500 (irregular lot)	-1.00/SF (size of structure)	\$187,200
# 2	01	Avg	1600	\$100/SF	+\$10,000 (garage)	+\$1,500 (two full baths)	N/A	N/A	\$171,500
# 3	01	Avg	1750	\$100/SF	+\$1,500 (two full baths)	-1.00/SF (size of structure)	-3.00/SF (age of structure: 25 yrs)	N/A	\$169,500

We see from our illustration above that even though multiple properties can be in the same stratum of a specific classification, their values can, and often do differ. What is important is that properties were properly described, classified, stratified, and the values were developed in a *uniform* and *equitable* manner.

In recent years, more and more localities are relying on computerized assessment systems. Property data is updated, stored, statistical computations are performed, and calibrations are made to Valuation Models based on current market information. When managed properly by knowledgeable appraisal professionals, the computer-based assessment system will perform calculations that result in uniform and equitable fair market value assessments.

## **Indexing or Trending**

There may be times when data is not available in sufficient quantity or quality for some property groups, be it a geographical area or a property type. This can occur in localities having short reassessment cycles, a variety of property types, and/or a number of unique properties. In such cases, Assessing Officers may rely on indexing, or trending values based on changes in broader segments of the local market. The Assessing Officer will attempt to relate value changes in property groups similar to the group lacking sufficient data.

For example, the Assessing Officer finds that there is insufficient data to develop new values for Property Group-A. However, for Property Group-B, which has similar characteristics to Group-A and sufficient data for traditional valuation methods, it is determined that values have dropped 3%. In the absence of other reliable data, the Assessing Officer would have a supportable basis for value adjustments to Property Group-A based on overall changes in the similar Property Group-B.

## **Consistent, Supportable and Explainable**

There are various acceptable techniques for developing assessment values. Practice of the appraisal profession with any degree of confidence requires experience and study (which the appraiser should continue throughout his career). The indispensable ingredient is good, impartial judgment. The goal of the Assessing Officer is the unbiased development of fair and equitable assessment values. What is required of any Assessing Officer is that assessment values be consistent, supportable, explainable, and of course, reliable. Assistance with particular valuation questions is available from the local professional staff or from the Department of Taxation Property Tax Section.

## **References**

Appendix A: Code of Virginia: Relevant Statutes

Appendix M: Records Retention

## Chapter 1- Review Quiz

- 1) The Constitution of Virginia mandates that all property shall be taxed. True False
- 2) Real Estate is segregated for local taxation only. True False
- 3) The Assessing Officer is allowed to raise taxes by raising assessments. True False
- 4) Accurate real estate assessments are important because:
  - a. Inaccurate assessment values can understate the tax base and reduce revenues
  - b. Bond ratings may be affected by the total assessed value of the locality
  - c. Confidence in local government can be impacted by inaccurate assessments
  - d. All of the above
- 5) With few exceptions, Virginia requires that property assessments be made at:
  - a. 95% to 105% of the last sale price
  - b. 100% of Fair Market Value
  - c. 100% of the last sale price
  - d. 95% to 105% of Fair Market Value
- 6) Which is the Virginia statutory definition of Fair Market Value?
  - a. The fair market value of property is the price which it will bring when it is offered for sale by one who desires, but is not obliged, to sell it, and bought by one who is under no necessity of having it
  - b. The sale price of a property, its market price, is representative of its fair market value
  - c. Virginia does not have a statutory definition of fair market value
- 7) The primary goal of a reassessment is equalization, to establish a fair and equitable distribution of the real estate tax levy within the taxing jurisdiction. True False
- 8) The basis for the accurate assessment of a property is:
  - a. The recent sale of the property
  - b. An average of recent sale prices in the neighborhood
  - c. A complete and accurate property record containing current, complete, and accurate descriptive information about the land and its improvements
  - d. The replacement cost of the property



9) Assessing Officers utilize which of the following to construct valuation models

- a. Verified market value indicators
- b. Statistical analysis
- c. Traditional approaches to value
- d. All of the above

10) What is required of any Assessing Officer is:

- a. That their assessment values be 100% correct
- b. That he or she have a real estate appraisal license
- c. That their assessment values be supportable
- d. All of the above

## REAL ESTATE ASSESSMENTS AND THE BOARD OF EQUALIZATION

**Assessment of property is not an exact science.** *Southern Ry. v. Commonwealth*, 211 Va. 210, 176 S.E.2d 578 (1970); *Norfolk & W.Ry. v. Commonwealth*, 211 Va. 692, 179 S.E.2d (1971)

Despite the best efforts of the most dedicated and conscientious Assessing Officers, mistakes and omissions in the real estate assessment process can occur. For that reason, the *Code of Virginia* provides the property owner/taxpayer opportunities to appeal assessment values.

In the tax year immediately following the year of a general reassessment or annual or biennial assessment, a Board of Equalization (a Board of Review for some localities) is convened to hear appeals from the taxpayer, or their representative. The Board is to only to hear appeals on the new values. By statute, the term of the Board expires at the end of the tax year. Statute also provides localities the option to require their Board complete its work by an earlier date. A taxpayer may appeal to the Board of Equalization whether or not an appeal was made to the Assessing Officer unless there is a local ordinance to the contrary. The taxpayer may also appeal to the Circuit Court.

The Board is to hear and consider complaints, and has the authority to affirm, increase, or decrease assessment values. If in its judgment the same is necessary to equalize assessments so that the ends of justice will be served in that the burden of taxation will rest equally upon all citizens of the locality, the Board is to adjust and equalize assessments whether a specific complaint is made or not.

It would be very difficult to provide examples and solutions to all situations that might come before a Board. This manual serves as a reference text and learning aid to Board members and local support staff. It is to comply with the requirements of Section 58.1-3374 of the *Code of Virginia*. It is not intended to be a "how to" guide either for real property valuation or for the conduct of local equalization proceedings. In addition to the material covered in this and the other chapters, included is Chapter 32, Article 14 of Title 58.1 of the *Code of Virginia*, which delineates the powers and responsibilities of the Board. An understanding of these statutes will assist members in the proper performance of his or her duties. A full reading of these statutes is available in Appendix A. Court rulings and Attorney General Opinions are included in the Appendix B and C for additional guidance.

It is best to obtain answers to specific questions from the local professional staff or from the Department of Taxation, Property Tax Section. This manual is intended to provide Board members with an overview of the real estate tax system in Virginia and the role of the equalization board in that system. This should enable local Board members to better execute his or her duties and result in a more equitable tax system.

## **Independent Body**

A Board of Equalization is a Governmental Agency, and is a component part of the judicial or legislative branch of local government. Board members are appointed by the Circuit Court or by the local governing body, and are Officers of the appointing body.

Boards should be conscious of maintaining a degree of separation from the Assessing Officer, members of the local governing body, or governmental administration. Confidence in a Board may be undermined if property owners/taxpayers believe that the Board is not acting as an impartial and independent citizen body.

## **Organization of a Board of Equalization**

Boards are typically comprised of not less than three or more than five members, and are to be made up of local citizens, the majority of which are property owners. Members are appointed by the local circuit court to a permanent Board or one serving until the end of the tax year following the year of reassessment, or by the local Board of Supervisors under county executive or county manager form of government.

Under the County Manager form of government Board membership may range from three to eleven persons. Other provisions for a Board of Equalization under the County Manager form of government are specified in §15.2-716.1 of the *Code of Virginia* (see Appendix A).

Board members must be broadly representative of the community, and at least 30 percent of a Board must be commercial or residential real estate appraisers, other real estate professionals, builders, developers, or legal or financial professionals, and at least one such member shall sit in all cases involving commercial, industrial or multi-family residential property, unless waived by the taxpayer. Statute provides for alternate Board members to be appointed.

A Board will only address the values of the reassessment. All values are as of the tax day, January 1<sup>st</sup> or July 1<sup>st</sup>, as established by the locality. By local ordinance, the submission of appeal applications and the final disposition of all applications may be limited to specific dates. Otherwise, the term of a Board shall expire one year after the effective date of the assessment for which they were appointed.

Following the required training, prospective members become an official Board when the Presiding Judge of the locality swears them in. In their first public meeting, Board members should hold an organizational meeting to elect a Chairman who will preside over the appeal hearings, and a Secretary who will be responsible for the recording of the minutes and the preparation of notices and reports. At this meeting, the members should also attend to procedural matters and address the conduct of its hearings. For example, a Board may decide to limit the time allotted for individual appellant presentations. Whatever procedural guidelines adopted by a Board must comply with statute and applied evenly to all appellants.

## **Sittings of a Board**

Having provided the public at least a ten-calendar day advance notice of its meetings, a Board can then convene to hear appeals. The Chairman will preside over the hearings, call on each appellant to present his or her case, make introductions, and may swear in the appellant and other witnesses. The appellant

may be the owner or lessee of a property, or the designated representative of the taxpayer. A representative of the local government may appeal an assessment on behalf of the locality. The Secretary will personally record the minutes, or will oversee the recording of the minutes if clerical support is provided.

All hearings are open to the public unless closed by the Chairman, or at the request of the appellant, to hear or discuss confidential information not related to public business. The Board bears the responsibility of protecting the appellant's confidential information, which is typically property-specific income and expense data. Once discussions concerning confidential information are completed, the meeting must be reopened to the public. No determination made in a closed meeting shall become effective until the public body reconvenes in an open meeting, has its substance reasonably identified, and takes a vote. A Board may have the general public or even the press in attendance. However, attendees cannot be allowed to disrupt the proceedings.

Each Board member is entitled to ask questions of the appellant and other witnesses. Is the appellant challenging the fair market value, or uniformity and equity? The Board should determine the basis for the appeal and note it in the minutes. It may be that the testimony of witnesses will not be conclusive. A Board may require assistance or additional information concerning a case it is hearing. A Board has the authority to summon any person, including the local Commissioner of the Revenue or Assessor, to furnish information; to answer, under oath, all questions pertaining to the valuation of any real estate within the county or city under review. Typically, the Assessing Officer provides Board members a copy of the appellant's Property Record. Every Board may go upon and inspect any real estate subject to adjustment or equalization by it, though it is recommended that the owner grant prior approval, and that the owner accompany Board members during the inspection. In addition, the staff of the Department of Taxation Property Tax section is available to provide advisory aid and assistance to a Board.

### **Presumption of Correctness**

Although it is understood that assessment errors may exist, it is essential that a Board recognize that in all cases brought before it, there shall be a presumption that the value determined by the Assessing Officer is correct. The burden of proof on appeal to a Board is on the property owner to rebut the presumption and show by a preponderance of the evidence that the property in question is valued at other than its fair market value or that the assessment is not uniform in its application. Assessments must be arrived at in accordance with generally accepted appraisal practices, procedures, rules, and standards as prescribed by nationally recognized professional appraisal organizations such as the International Association of Assessing Officers (IAAO). Applicable Virginia law relating to the valuation of property must be observed. Mistakes of fact, including computation, that affect the assessment are not deemed to be in accordance with generally accepted appraisal practice.

### **Preponderance of the Evidence**

*A preponderance of the evidence has been described as just enough evidence to make it more likely than not that the fact the claimant seeks to prove is true*

The Board must presume that the assessed value being appealed is correct, and require that the appellant provide evidence that it is incorrect. The appellant must provide a "preponderance of the evidence". But what constitutes a preponderance of the evidence? This is a difficult question, because sometimes one piece of data will be enough, and in other cases multiple pieces of data may fail to provide sufficient evidence that the assessment is truly incorrect, or to what extent it is incorrect.

When considering appeals, the Board must limit the evidence presented to data that was available prior to the effective date of the assessment. This includes market sales, statements of income and expense, analyses, and studies (see Appendix A, § 58.1-3379).

With questions of fair market value, certainly serious consideration should be given to a recent sale of the appellant's property, the sale of properties deemed sufficiently similar to the appellant's property, or a recent appraisal made by a Virginia licensed appraiser. However, such information cannot necessarily be taken as conclusive, or even as sufficient. An effort should be made to review the sales, or the contents of appraisals. Did sales meet the criteria for good market value indicators (see Chapter 1)? Do the appraisal problem, its assumptions, conclusions, and dates coincide with the criteria of the Assessor?

Appellants will sometimes provide information on properties they believe to be similar to their property, but have significantly different assessed values. Again, this information should be critically examined. Are the properties truly similar to the appellant's property? If so, why is there a difference in assessed values?

Most often the simplest resolution occurs when new information about the appellant's property is discovered, be it a correction of square footage, or the identification of omitted property characteristics. The correction of a factual error may result in a change in value when proper adjustments are made with the correct data.

The most difficult cases typically involve commercial or unique properties, those for which there are few, if any, truly comparable market value indicators. Commercial and multi-family properties often require a critical examination of income and expense analysis. For unique properties, such as waterfront, mountain, or historic, the value contribution of their characteristics may sometimes be somewhat subjective.

Board members are not expected to be expert in appraisal and assessment methodology or process. Ultimately, it is a matter of the Board members approaching each case with an open mind and applying impartial judgment when evaluating the merits of an appeal.

### **Deliberation and Ruling**

Once an appellant has presented his case, the Board may decide if there is a need to visit the property, or to call in additional witnesses for testimony. This may delay a ruling on the case until the Board is satisfied it can make an informed decision.

When the Board has heard and examined the evidence, the members can then publicly deliberate the merits of the case. By majority vote, called by the Chairman, the Board will rule on the case, electing to affirm (no change), reduce, or increase the assessed value, in accordance with current law (see Appendix A, § § 58.1-3379 & 3381).

### **Minutes, Notices, and Reports**

The Secretary is responsible for the recording of the minutes of all open meetings in accordance with the requirements of the Freedom of Information Act (to be discussed in Chapter 4), and for the preparation of all notices and reports. Some localities provide clerical support, which may include scheduling hearings and the actual recording of the minutes, preparing and issuing notices and reports. No assessment shall be increased until after the owner of the property has been notified and given an opportunity to show cause against such increase, unless such owner has already been heard. However, though not required by law, it is recommended that each appellant be notified in writing of the ruling on their case. In addition, the

Assessing Officer and the taxpayer must be notified using the prescribed Form 907 (see Appendix I) of assessment value changes.

When the Board adjourns for its term, an annual report (see Appendix K) must be prepared and made available, upon request, to the public, the local governing body, and to the Tax Commissioner. Copies of documents pertaining to case hearings should be held in individual files, and for all files, the appropriate retention schedule maintained (see Appendix M).

### **Other Considerations**

In addition, a Board has authority to review use value assessments. Estimating the income producing capabilities of the several soil classes suitable for agricultural, horticultural or forest uses is the method generally used to develop use value assessments. Net incomes from such uses are capitalized into estimates of value for each soil class. These values are published annually by the State Land Evaluation Advisory Council (SLEAC) for the localities that participate in special use value assessment programs.

Extreme care should be exercised in the review of use value assessments. Within the locality, the application of these values is objective in nature and does not require the exercise of significant judgment on the part of the local assessing officer. For example, one acre of class 3 soil in agricultural use receives the same land use assessment as every other acre of class 3 agricultural soil in the local land use program. Changing a use value assessment for any reason other than the correction of a most obvious error may result in inequity and a lack of uniformity.

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A common error made by a Board is the granting of appeasement reductions to property owners. Unfortunately, it is easier to mollify a few angry and vocal property owners than it is to address the substantive problem of equity in taxation. Such practice is unacceptable.

\*\*\*\*\*

A Board is free to act whether or not a specific complaint has been made. In fact, the Board has the duty to correct known erroneous assessments even though no complaint has been made.

\*\*\*\*\*

When considering an appeal and it is impossible to secure both the standard of market value and the uniformity and equality required by the Constitution, the latter requirement is to be preferred. However, that does not mean that property may be assessed in excess of and without relation to its fair market value. A Board must accept that which is reasonable and concentrate on those problems for which solutions can be found.

\*\*\*\*\*

The General Assembly enacted into law amendments to § 58.1-3331 and § 58.1-3379 of the *Code of Virginia*. The changes to these statutes require that those appealing the assessments of residential properties of less than four units be given a specified period to prepare their appeal, and notification of their right to request information about their assessment from the Assessing Officer. The

Assessing Officer is responsible for giving notice to the property owner, but the Board should be assured that in each case, appellants were apprised of their rights.

\*\*\*\*\*

A Board has the power and obligation to correct erroneous groups of assessment to achieve equality and uniformity of taxation. Under § 58.1-3379, such an equalization does not require an application by each aggrieved property owner. If any assessment is changed, the property owner must be given notice and if increased an opportunity to be heard pursuant to § 58.1-3381.

A single, comprehensive order may be entered covering a large group or class of parcels for which a Board wishes to change the assessment. Such a single order covering more than one parcel must include sufficient information from which the commissioner of the revenue can ascertain each specific parcel covered and the precise adjustment which is to be made to each parcel.

\*\*\*\*\*

From time to time, the General Assembly will enact new laws, Attorneys General will render new opinions, and the Court will issue new rulings on matters pertaining to Boards of Equalization. Both new and returning members to the Board must be sure that they are relying on the most current version of this Manual, and that they are up-to-date on all aspects pertaining to the Board.

## Summary

A Board of Equalization **must**:

- 1) Hear or receive appeals concerning the fair market value or uniformity of real estate assessments from any taxpayer or his agent, (the taxpayer may be the owner or a lessee of the property);
- 2) Hear or receive all appeals concerning objections to the real estate assessment of any taxpayer or his duly appointed representative or any county or city through its appointed representative or attorney;
- 3) Post public advertisement of its meetings;
- 4) Keep minutes of its meetings and notify the property owner, the commissioner of the revenue or director of finance or real estate assessor of any assessment change;
- 5) Correct any known duplication or omissions in the assessment roll;
- 6) Hear appeals concerning special assessment for agricultural, horticultural, forest and open space land use assessment (use values are set by the commissioner of the revenue or permanent assessor, rather than by a board of assessors);
- 7) Conduct its meetings in public;
- 8) Prepare an annual written report of their actions and make such report available, upon request, to the public, the local governing body of the respective county, city or town and to the Tax Commissioner.

In order to facilitate the performance of its duties the equalization board **may**:

- 1) Summon before it any taxpayer or any other person to furnish information relating to the real estate of any and all taxpayers; to answer, under oath, all questions regarding the ownership and value of such real estate and to furnish books of account or other documents containing such information;
- 2) Summon the Commissioner of the Revenue or Assessing Officer of the locality to attend its meetings without additional compensation and to inform the board of such inequalities in assessments as may be known to him;
- 3) Enter and inspect any real estate subject to equalization by the board; and
- 4) Increase or decrease any assessment so that the ends of justice will be served in that the burden of taxation will rest equally upon all citizens of the locality.

In the exercise of its duties, the Board of Equalization **must not**:

- 1) Void a general reassessment or annual assessment;
- 2) Order a new reassessment;
- 3) Make overall (blanket) increases or decreases in assessments for the locality;
- 4) Increase any assessment without first notifying the property owner and giving him an opportunity to show cause against such increase, unless such property owner has already been heard;
- 5) Make assessment changes that are either retroactive for past years or prospective for future years;
- 6) Alter assessments on any real estate assessable by the State Corporation Commission or the Department of Taxation;
- 7) Classify property, (determine if the property is to be assessed as real estate or personal property);
- 8) Exempt property; and
- 9) Change the method of valuing a class of property.

## **References**

All material in the Appendices is relevant to the work of the Board.



## Chapter 2 - Review Quiz

- 1) The assessment of property is not an exact science. True   False
- 2) The mission of a Board of Equalization is to assure, to the best of its ability:
  - a. Uniformity in the application of assessment valuation methodology
  - b. Equalization of real estate assessments
  - c. Fair market valuation
  - d. All of the above
  - e. None of the above
- 3) In all cases brought before the Board of Equalization there shall be a presumption that the value determined by the Assessing Officer is
  - a. Correct
  - b. Incorrect
- 4) The burden of proof in an appeal to a Board of the correctness of an assessment is on the:
  - a. Assessing Officer
  - b. Taxpayer
  - c. Board of Equalization
- 5) A Board will only address the new values of the reassessment. True   False
- 6) Board members are appointed by the Chief Assessing Officer True   False
- 7) The term of a Board is for:
  - a. Six months
  - b. One year
  - c. The assessment cycle
  - d. None of the above
- 8) All hearings are open to the public, and may only be closed:
  - a. By the Board Chairman, or at the request of the appellant, to hear or discuss confidential information not related to public business
  - b. By majority vote of the Board of Equalization members
  - c. By order of the Board of Supervisors or City Council
  - d. All of the above

- 9) Though rarely conclusive, which of the following evidence presented by the appellant should be given a critical review by a Board?
- a. A recent sale of the property
  - b. Sales of property deemed sufficiently similar to the appellant
  - c. An appraisal made by a Virginia licensed appraiser
  - d. Assessed values of property deemed sufficiently similar to the appellant
  - e. All of the above
- 10) Which one of the following would not be expected of a Board member when deliberating a case?
- a. Approaching each case with an open mind
  - b. Expertise in appraisal and assessment methodology
  - c. Preparation
  - d. The application of impartial judgment

## **REAL ESTATE ASSESSMENTS AND THE DEPARTMENT OF TAXATION**

The *Constitution of Virginia* (Article X) segregates real estate as a subject of local taxation only, with the stipulation that it is assessed in such manner and at such time as the General Assembly may prescribe by general law. The State Agency charged with certain responsibilities and duties in this area is the Department of Taxation. The Tax Commissioner is the head of the Department of Taxation. Several of the state's functions in matters of local real estate assessment and taxation consist of responsibilities vested in the Commissioner, and primarily administered by the Agency's Property Tax Section. The following are some of the functions performed by the Property Tax staff.

### **Advisory Aid and Assistance**

The staff of the Property Tax Section is available to local officials and their staff to offer advisory opinions related to statutory requirements and assist with administrative problems relating to real property assessments. Property Tax Section staff members have real estate appraisal training and experience and may provide assistance with value estimates of complex or unique properties. This support is also available to the Boards of Equalization.

### **Qualifications and Certification of Assessors, Supervisors, and Appraisers**

Supervisors, assessors and appraisers conducting assessments who are employees of a locality are required to have the qualifications prescribed by the Department for the particular position held, which shall include such combination of education, training and experience as deemed necessary for the performance of their duties. The Department is also required to establish requirements for the certification of all supervisors, assessors and appraisers contracted by a locality to perform the assessment or reassessment of real property located in the locality. Supervisors, assessors, and appraisers contracted to perform general assessments are required to hold a valid certification issued by the Department.

### **Education and Training**

An important function of the Department of Taxation is training and the development of educational programs for assessing officials and their staff in the Commonwealth. The Property Tax Section administers basic and specialty training sessions, such as the required training course for Boards of Equalization. The Property Tax Section also administers the annual Advanced Assessors School, with courses offered by the International Association of Assessing Officers (IAAO). In addition to satisfying educational requirements for the various levels of assessment work in the Commonwealth, the successful completion of prescribed courses satisfies the educational requirement for IAAO's professional designations.

## Evaluating Local Reassessment Performance

*The material in this section provides an examination of the statistical measures reported by the Department of Taxation, and the accepted standards to which these measurements are compared. The formulas for the calculations are described, but it is not necessary for Board members to be proficient in making those calculations. Of more value to Board members is an understanding of what the measures reveal about local assessment performance.*

In order to determine the degree of real estate appraised level and assessment uniformity throughout the Commonwealth, the General Assembly has mandated that the Tax Commissioner shall compute measures of central tendency and dispersion in accordance with appropriate standard statistical techniques. These measures are incorporated in the Annual Assessment/Sales Ratio Study Report, which is produced by the Property Tax Section, and posted on the Department of Taxation website.

The basis for the Assessment/Sales Ratio Study is an assessment/sales ratio, which is simply the assessed value of a property divided by the sale price for that property. For example, if a property is assessed at \$95,000, and that property sells for \$90,000, the assessment ratio is 106% ( $\$95,000/\$90,000 = 1.056$ , or 106%). This ratio signifies that the property sold for less than its assessed value. The calculation of an assessment ratio is the first step in industry-standard statistical tests of assessment levels and assessment performance.

The Property Tax Section annually collects from each Virginia locality qualified sales and their assessment value in effect during the subject tax year (see Appendix D, Non-Qualified Sales,). It is important to remember that the sales data collected is for the year *following* the date of assessment. Assessment ratios are calculated for each sale. The ratios are arrayed from the highest ratio to the lowest. The median or mid-point ratio is the measure of central tendency for the locality. This is the measure referred to when reporting an assessment ratio, and is the measure of the overall assessment level for the locality (the percentage of fair market value achieved). For example:

<b>Assessment Sales Ratio Studies – Assessment Level</b>			
<b>Sale #</b>	<b>Assessed Value</b>	<b>Sale Price</b>	<b>Ratio</b>
1	\$104,000	\$96,000	108%
2	\$100,000	\$98,000	102%
3	\$95,000	\$100,000	<b>95%</b>
4	\$115,000	\$130,000	89%
5	\$130,000	\$160,000	81%
Median: <b>95%</b>			

In the above example, 95% is the median ratio. This measure indicates that the overall assessment level for the locality is at 95% of market value. The median ratio is also calculated for each property class.

However, in an array of assessment/sales ratios, fifty percent of the ratios will be above median, fifty percent below. For that reason, the coefficient of dispersion -- the test for uniformity and equity -- is calculated. The coefficient of dispersion is the average percentage the ratios vary from the median. The lower the percent of the coefficient of dispersion, the more uniform and equitable is the overall reassessment.

The formula for the Coefficient of Dispersion (COD) is calculated by (1) subtracting the median from each ratio in the sample, (2) taking the absolute value of the calculated differences, (3) summing the absolute differences, (4) dividing by the number of ratios to obtain the “average absolute deviation,” (5) dividing by the median, and (6) multiplying by 100. Using the results of our example above, a coefficient of dispersion is calculated:

<b>Coefficient of Dispersion</b>			
<b>Sale #</b>	<b>Ratio</b>	<b>minus Median</b>	<b>equals Absolute Difference</b>
1	108%	95%	13
2	102%	95%	7
3	95%	<b>95%</b>	0
4	89%	95%	6
5	81%	95%	<u>14</u>
<b>Total of Absolute Differences</b>			40
<b>Average of Absolute Differences</b>		40/5 =	8
<b>Coefficient of Dispersion</b>		8/.95 =	.084, or <b>8.4%</b>

The same data is also used to develop a Regression Index (sometimes known as a Price Related Differential). This measure is defined as the Mean Ratio divided by the Sales Weighted Average, which is the total of the assessed value divided by the total of the sale prices.

The Regression Index indicates whether uniformity between low and high valued properties is being achieved. The closer the index is to 1.00, the more uniform and equitable are the values. A value of 1.00 indicates a uniform relationship between assessed values and selling prices. An index above 1.00 indicates that less expensive properties have a higher assessment/sales ratio than more expensive properties and, therefore, the assessments are regressive. An index below 1.00 indicates that more expensive properties have a higher assessment/sales ratio than less expensive properties and, therefore, that the assessments are progressive. From the above examples, a regression index is computed as follows:

<b>Regression Index (Price Related Differential-PRD)</b>	
Total Assessed Values:	\$544,000
Total of Sale Prices:	\$584,000
Sales Weighted Average:	\$544,000/ \$584,000 = .932
Sum of Ratios:	108% + 102% + 95% + 89% + 81% = 475
Mean Ratio:	475/5 = 95 (in this example, the same as median)
Regression Index:	.95/.932 = <b>1.019</b>

The results of the calculations made from the examples are an assessment ratio of 95%, a coefficient of dispersion of 8.4%, and a regression index of 1.019%.

For the Study to have meaning, the results must be compared to universally accepted standards. The Commonwealth of Virginia recognizes the standards set by the International Association of Assessing Officers (IAAO), a nonprofit, educational and research association.

The mission of the IAAO is to promote innovation and excellence in property appraisal, assessment administration, and property tax policy through professional development, education, research, and technical assistance. IAAO members subscribe to a Code of Ethics and Standards of Professional Conduct, and to the Uniform Standards of Professional Appraisal Practice.

The IAAO developed Technical Standards that reflect the official position of the organization on matters related to assessment valuation and property tax administration. One such Technical Standard is the *Standard on Ratio Studies*. As stated in the *Standard*, and illustrated in the table below, there are accepted measures for appraisal level, coefficient of dispersion, and regression index (Price Related Differential).

<b>IAAO Technical Standards on Assessment Sales Ratio Studies</b>	
Appraisal Level	A median between <b>90%</b> and <b>110%</b> is considered acceptable for any class of property
Coefficient of Dispersion	A level below <b>15%</b> is desirable. However, a COD of as much as <b>20%</b> may be acceptable depending on the class of property
Regression Index (Price Related Differential- PDR)	PRDs should be between <b>98%</b> and <b>103%</b>

The examples developed and used above were purposely designed to produce desirable results. Some localities in Virginia have six year reassessment cycles, and over time acceptable results can deteriorate. Consistent results in keeping with IAAO Standards are more typical of larger localities with annual reassessments. Virginia localities are expected to maintain median assessment/sales ratios (assessment levels) no lower than 70% or higher than 130% to be in compliance with Constitutional and statutory mandates (§ 58.1-3259, *Code of Virginia*).

The Virginia Assessment/Sales Ratio Study is published annually on the Department of Taxation website. Again, sales must be compiled for the year *following* the subject date of assessment, and time must be allowed for compiling, editing, and publishing the report. In addition to an analysis of the overall performance of each locality, ratio studies are also performed for the various classes of property.

Assessing Officers routinely perform assessment/sales ratio studies at the local level for measuring value levels and uniformity within their jurisdiction. In this way, problem neighborhoods are identified and appropriate adjustments made to values if they are no longer at acceptable fair market levels, or they are becoming inequitable.

Assessment/sales ratio studies are presently the best tool available to the Commonwealth for determining the quality of local real estate assessment performance. A locality that chooses to ignore the constitutional mandate of equitable fair market assessments is not acting in the best interests of its citizens and may be operating to the financial detriment of the community.

## **References**

Appendix A: Code of Virginia: Relevant Statues

Appendix D: Non-Qualifying Sales

## Chapter 3- Review Quiz

- 1) The Department of Taxation provides:
  - a. Licenses for real estate appraisers
  - b. Appraisals for local real estate assessments
  - c. Advisory aid and assistance to local government officials and staff
  - d. None of the above
  
- 2) Supervisors, assessors, and appraisers contracted to perform general reassessments are required to hold a valid certification issued by the Department.

True   False
  
- 3) In order to determine the degree of real estate assessment uniformity throughout the Commonwealth, the General Assembly has mandated that the Tax Commissioner shall:
  - a. Hear appeals of local real estate assessments
  - b. Compute measures of central tendency and dispersion
  - c. Oversee the local real estate reassessment process
  - d. Oversee the work of the local Board of Equalization
  
- 4) An assessment sales ratio is simply:
  - a. The assessed value of a property divided by the sale price for that property
  - b. The sale price of a property divided by the assessed value for that property
  
- 5) Sales data used in the annual Assessment Sales Ratio Study is collected is for:
  - a. For the year following the date of assessment
  - b. For the year prior to the date of assessment
  - c. For the six months following the date of assessment
  - d. For the six months prior to the date of assessment
  
- 6) Assessment Sales Ratio Studies measure assessment performance for the locality.

True   False
  
- 7) The overall assessment level for Virginia localities is expressed as the:
  - a. Mean of the assessment sales ratios
  - b. Median of the assessment sales ratios
  - c. Regression Index
  - d. Coefficient of dispersion
  
- 8) The coefficient of dispersion is a test for assessment uniformity and equity. True   False



- 9) The test that indicates if higher-valued properties are being assessed at higher ratios than lower-valued properties or if the opposite is occurring is the:
- a. Regression Index
  - b. Coefficient of dispersion
  - c. Mean of the assessment sales ratios
  - d. Median of the assessment sales ratios
- 10) The International Association of Assessing Officers (IAAO)
- a. Promotes innovation and excellence in property appraisal, assessment administration, and property tax policy
  - b. Developed Technical Standards that reflect the official position of the organization on matters related to assessment valuation and property tax administration
  - c. Is recognized by the Commonwealth of Virginia as setting the standards for assessment performance
  - d. All of the above

## **CONFLICT OF INTEREST & FREEDOM OF INFORMATION: A SUMMARY**

Board members are expected to be familiar with the statutes that directly apply to the functions of a Board, but also must be familiar with two additional sets of statutes, the statutes that apply to conflict of interest and freedom of information. Both sets of statutes are found in Title 2.2, Administration of Government, of the *Code of Virginia*: Chapter 31 - State and Local Government Conflict of Interests Act, and Chapter 37 - Virginia Freedom of Information Act.

Each set of statutes requires that the public body's administrator, or in the case of the Freedom of Information Act, either the public body's administrator or legal counsel, furnish members of a Board of Equalization copies of the statutes within two weeks following appointment or reappointment. By statute, Board members are directed to read and become familiar with the provisions of the statutes.

Key elements of each set of statutes that apply to members of the Boards of Equalization are summarized below.

### **Chapter 31 - State and Local Government Conflict of Interests Act**

The statutes addressing Conflicts of Interest were enacted by the General Assembly to assure citizens that the judgment of public officers and employees will be guided by law that defines and prohibits inappropriate conflicts, and requires disclosure of economic interests. These statutes apply to unlawful, prohibited conduct. Non-salaried citizen members of local boards are to file, as a condition to assuming office, a disclosure form of their personal interests and such other information (see Appendix N).

A member of the Board who has a personal interest in an appeal before the Board must disqualify himself from participating in the deliberation and ruling on the appeal. Any disqualification must be recorded in the public records of the Board. A member of the Board must disclose his personal interest and shall not vote or in any manner act on behalf of the Board in the transaction. A member of the Board is prohibited from attending any portion of a closed meeting authorized by the Virginia Freedom of Information Act when the matter in which he has a personal interest is discussed and discussing the matter with other governmental officers or employees at any time.

Any person who knowingly violates any of the provisions of the Conflict of Interests Act may be guilty of a Class 1 misdemeanor. A knowing violation under this section is one in which the person engages in conduct, performs an act or refuses to perform an act when he knows that the conduct is prohibited or required by this chapter.

## **Chapter 37 - Virginia Freedom of Information Act**

By enacting The Virginia Freedom of Information Act, the General Assembly ensured ready access to public records and the free entry to meetings of public bodies where the business of the people is being conducted. The affairs of government are not intended to be conducted in an atmosphere of secrecy since at all times the public is to be the beneficiary of any action taken at any level of government. The provisions of this Act are intended to promote an increased awareness of governmental activities and afford every opportunity to citizens to witness the operations of government. It is intended that any exemption from public access to records or meetings will be narrowly construed.

Except as provided for by law, the records of a Board shall be open to inspection and copying by any citizen of the Commonwealth during the regular office hours of the custodian of such records. Access to such records shall not be denied to citizens of the Commonwealth, representatives of newspapers and magazines with circulation in the Commonwealth, and representatives of radio and television stations broadcasting in or into the Commonwealth. The custodian may require the requester to provide his name and legal address. The custodian of such records shall take all necessary precautions for their preservation and safekeeping.

With few exceptions, all meetings of a Board shall be open. Closed meetings are where the public is excluded and are authorized for certain limited purposes. Exceptions include the protection of the privacy of individuals in personal matters not related to public business. No resolution passed or agreed to in a closed meeting shall become effective unless the public body, following the meeting, reconvenes in open meeting and takes a vote of the membership on such resolution, ordinance, rule, contract, regulation, or motion that shall have its substance reasonably identified in the open meeting.

Any person may photograph, film, record or otherwise reproduce any portion of a meeting required to be open. The public body conducting the meeting may adopt rules governing the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting to prevent interference with the proceedings, but shall not prohibit or otherwise prevent any person from photographing, filming, recording, or otherwise reproducing any portion of a meeting required to be open. No public body shall conduct a meeting required to be open in any building or facility where such recording devices are prohibited.

Minutes shall be recorded at all open meetings. Minutes, including draft minutes, and all other records of open meetings, including audio or audio/visual records shall be deemed public records and subject to the provisions of this chapter.

Minutes shall be in writing and shall include (i) the date, time, and location of the meeting; (ii) the members of the public body recorded as present and absent; and (iii) a summary of the discussion on matters proposed, deliberated or decided, and a record of any votes taken. In addition, for electronic communication meetings conducted in accordance with § 2.2-3708, minutes of state public bodies shall include (a) the identity of the members of the public body at each remote location identified in the notice who participated in the meeting through electronic communications means, (b) the identity of the members of the public body who were physically assembled at the primary or central meeting location, and (c) the identity of the members of the public body who were not present at the locations identified in clauses (a) and (b), but who monitored such meeting through electronic communications means.

It should be understood that compliance with The Virginia Freedom of Information Act is a serious matter. Violations that are knowingly and are willfully made can be subject to penalty.

In conclusion, Board members should rely on the counsel of the local City or County Attorney if there are questions concerning compliance with the State and Local Government Conflict of Interests Act, or the Virginia Freedom of Information Act.

**References:**

Appendix A: Code of Virginia:

Relevant Statutes

2.2-3115B & F

2.2-3702

## Chapter 4 - Review Quiz

- 1) A Board of Equalization is a Governmental Agency, and is a component part of:
    - a. The Assessor's Office
    - b. The judicial or legislative branches of local government
    - c. The office of the Commissioner of the Revenue
    - d. The office of the County or City Attorney
  
  - 2) A member of the Board who has a personal interest in an appeal before the Board must:
    - a. Disqualify oneself from participating in the deliberation and ruling on the appeal
    - b. Be assured that disqualification is recorded in the public records of the Board
    - c. Disclose ones personal interest
    - d. Not vote or in any manner act on behalf of the Board in the appeal
    - e. All of the above
  
  - 3) Any person who knowingly violates any of the provisions of the Conflict of Interests Act may be guilty of a Class 1 misdemeanor. True          False
  
  - 4) The Virginia Freedom of Information Act was put into law by the General Assembly to:
    - a. Ensure ready access to public records
    - b. Ensure free entry to meetings of public bodies where the business of the people is being conducted
    - c. Promote an increased awareness of governmental activities
    - d. All of the above
  
  - 5) The members may deny permission to record a Board meeting to persons from the press, radio, or television media. True          False
  
  - 6) Public records of the Board shall include:
    - a. Minutes
    - b. Draft minutes
    - c. Audio or audio/visual recordings
    - d. All of the above
  
  - 7) The minutes of Board meetings shall be in writing. True          False
  
  - 8) The minutes of Board meetings shall include:
    - a. The date, time
    - b. Location of the meeting
    - c. Board members recorded as present and absent
    - d. A summary of the discussion on matters proposed, deliberated or decided
    - e. A record of any votes taken
    - f. All of the above
-

9) The Board member responsible for the recording of the minutes is the:

- a. Treasurer
- b. Chairman
- c. Secretary
- d. The attorney for the locality

10) If there are questions concerning compliance with the State and Local Government Conflict of Interests Act, or the Virginia Freedom of Information Act Board members should rely on the counsel of:

- a. A private attorney
- b. The local City or County Attorney
- c. A friend
- d. The local Commissioner of Revenue, or Director of Finance

# APPENDICES

## Appendix A: CODE OF VIRGINIA: RELEVANT STATUTES

For the sake of brevity, not all of the relevant statutes have been reproduced in this Appendix. However, they are referenced below, by the Chapter in the text to which they relate. An internet web address to Title 58.1 of the *Code of Virginia* is provided:

<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+TOC5801000>

### Chapter 1

Periodic Reassessments § 58.1-3250 - § 58.1-3258

§ 58.1-3201. What real estate to be taxed; amount of assessment; public service corporation property

§ 58.1-208. Classifications of real property

§ 58.1-3280. Assessment of values

§ 58.1-3281. When commissioner of the revenue to ascertain ownership of real estate; tax year

§ 58.1-3320. Taxes to be extended on basis of assessment

§ 58.1-3321. Effect on rate when assessment results in tax increase; public hearings

### Chapter 2 (see below)

§ 15.2-716.1 Board of Equalization

§ 58.1-3331 Public disclosure of certain assessment records

§ 58.1-3370 - § 58.1-3389 Boards of Equalization

### Chapter 3

§ 58.1-3278. Department to render assistance

§ 58.1-3258. Provisions for annual or biennial assessment not repealed; qualifications of supervisors, assessors and appraisers

§ 58.1-3259. Failure of county or city to comply with law on general reassessment of real estate

§ 58.1-206. Continuing education program for assessing officers and boards of equalization

§ 58.1-207. Collection and publication of property tax data

### Chapter 4 (see below)

§ 2.2, Chapter 31 - State and Local Government Conflict of Interests Act

§ 2.2, Chapter 37 - Virginia Freedom of Information Act

**§ 2.2-3115. Disclosure by local government officers and employees.** (Excerpted)

B. Nonsalaried citizen members of local boards, commissions and councils as may be designated by the governing body shall file, as a condition to assuming office, a disclosure form of their personal interests and such other information as is specified on the form set forth in § 2.2-3118 and thereafter shall file such form annually on or before January 15.

F. Any officer or employee of local government who has a personal interest in any transaction before the governmental or advisory agency of which he is an officer or employee and who is disqualified from participating in that transaction pursuant to subdivision A 1 of § 2.2-3112 or otherwise elects to disqualify himself, shall forthwith make disclosure of the existence of his interest, including the full name and address of the business and the address or parcel number for the real estate if the interest involves a business or real estate, and his disclosure shall be reflected in the public records of the agency for five years in the office of the administrative head of the officer's or employee's governmental or advisory agency.

**§ 2.2-3702. Notice of chapter.**

Any person elected, reelected, appointed or reappointed to any body not excepted from this chapter shall (i) be furnished by the public body's administrator or legal counsel with a copy of this chapter within two weeks following election, reelection, appointment or reappointment and (ii) read and become familiar with the provisions of this chapter. (1976, c. 467, § 2.1-341.1; 1999, cc. 703, 726; 2001, c. 844; 2002, c. 393.)

**§ 15.2-716.1. Board of Equalization.**

A. The governing body of the county shall appoint a board of equalization of real estate assessments composed of not less than three nor more than 11 members. The governing body may provide for terms varying in duration not to exceed four years. Such equalization board shall have the powers and duties provided by, and be subject to, the provisions of Article 14 (§ 58.1-3370 et seq.) of Chapter 32 of Title 58.1. Any person aggrieved by any assessment made under the provisions of this section may apply for relief to such board as therein provided. The provisions of this section shall not, however, apply to any real estate assessable under the law by the State Corporation Commission.

B. The board of equalization may sit in panels of at least three members each under the following terms and conditions:

1. The presence of all members of the panel shall be necessary to constitute a quorum.
2. The chairman of the board of equalization shall assign the members to panels and, insofar as practicable, rotate the membership of the panels.
3. The chairman of the board of equalization shall preside over any panel of which he is a member and shall designate the presiding member of the other panels.
4. Each panel shall perform its duties independently of the others.
5. The board of equalization shall sit en banc (i) when there is a dissent in the panel to which the matter was originally assigned and an aggrieved party requests an en banc hearing or (ii) upon its own motion at any time, in any matter in which a majority of the board of equalization determines it is appropriate to do so. The board of equalization sitting en banc shall consider and decide the matter and may affirm, reverse, overrule or modify any previous decision by any panel. (2010, cc. 154, 199.)



**§ 58.1-3331. Public disclosure of certain assessment records.**

A. All property appraisal cards or sheets within the custody of a county, city or town assessing officer, except those cards or sheets containing information made confidential by § 58.1-3, shall be open for inspection, after the notice of reassessment is mailed as provided in § 58.1-3330, the normal office hours of such official by any taxpayer, or his duly authorized representative, desiring to review such cards or sheets.

B. Any taxpayer, or his duly authorized representative, whose real property has been assessed for taxation shall, upon request, be allowed to examine the working papers used by any such assessing official in arriving at the appraised and assessed value of such person's land and any improvements thereon.

C. Upon request of any taxpayer or his duly authorized representative, the assessing officer of the governing body shall make available information regarding the methodology employed in the calculation of a property's assessed value to include the capitalization rate used to determine the property's value, a list of comparable properties or sales figures considered in the valuation, and any other market surveys, formulas, matrices, or other factors considered in determining the value of the property. Nothing in this section shall be construed to require disclosure of information that is prohibited from disclosure pursuant to § 58.1-3 and § 58.1-3294.

D. The assessing officer of the governing body may fix and promulgate a limited period within normal office hours when such records shall be available for inspection and copying, but such period of time may not be less than four hours per day on Monday through Friday, except on such days when the office is otherwise closed.

E. Notwithstanding any special or general laws to the contrary, in any appeal of the assessment of residential property filed by a taxpayer as an owner of real property containing less than four residential units (i) to the board of equalization pursuant to § 58.1-3379, or (ii) to circuit court pursuant to § 58.1-3984, the assessing officer shall send the taxpayer a written notice provided for in this subsection. Such notice shall be on the first page of such notice and be in bold type no smaller than fourteen points and mailed to, or posted at, the last known address of the taxpayer as shown on the current real estate tax assessment books or current real estate tax assessment records. Notice under this subsection shall satisfy the notice requirements of this section. In an appeal before the board of equalization, such written notice may be contained in the written notice of the hearing date before the board. For all applicable assessments on or after January 1, 2012, such written notice shall: (a) be given at least 45 days prior to the hearing of the taxpayer's appeal; (b) include a statement informing the taxpayer of his rights under this section to review and obtain copies of all of the assessment records pertaining to the assessing officer's determination of fair market value of such real property; and (c) advise the taxpayer of his right to request that the assessor make a physical examination of the subject property.

F. If, within at least five days prior to any action by a court under § 58.1-3984 or by a board of equalization under § 58.1-3379, the assessing officer fails to disclose or make available for inspection any information required to be disclosed or made available for inspection and copying under this section, then the assessing official and the applicable local government shall not be allowed to introduce such information or use it in any other manner in any such appeal. (Code 1950, § 58-792.02; 1975, c. 615; 1979, c. 577; 1980, c. 124; 1983, c. 161; 1984, c. 675; 2010, c. 552; 2011, c. 184, 232.)

## **ARTICLE 14 CODE SECTIONS: BOARDS OF EQUALIZATION**

### **§ 58.1-3370. Appointment.**

A. The circuit court having jurisdiction within each city and each county other than those counties operating under § 58.1-3371 shall, in each tax year immediately following the year a general reassessment or annual or biennial assessment is conducted in such city or county, appoint for such city or county a board of equalization of real estate assessments, unless such county or city has a permanent board of equalization appointed according to law. In addition, at the request of the local governing body, the circuit court may appoint alternate members as provided in subsection B of § 58.1-3373, and the provisions of that subsection shall apply mutatis mutandis.

B. The term of any board of equalization appointed under the authority of this section shall expire one year after the effective date of the assessment for which they were appointed. (Code 1950, § 58-895; 1975, c. 575; 1979, c. 577; 1983, c. 304; 1984, cc. 273, 675; 1991, c. 240; 2014, c. 19.)

### **§ 58.1-3371. Appointment in counties with county executive or county manager form of government.**

Unless the county has a permanent board of equalization appointed according to law, the board of supervisors or other governing body of any county operating under the county executive form of government, or the county manager form of organization and government provided for in Chapter 5 (§ 15.2-500 et seq.) or Chapter 6 (§ 15.2-600 et seq.) of Title 15.2, shall for the year following any year a general reassessment or annual or biennial assessment is conducted create and appoint for the county a board of equalization of real estate assessments. For any county operating under the county executive form of government, the board shall be composed of not less than three nor more than the number of districts for the election of members of the board of supervisors in the county. In addition to such members, at the request of the local governing body, the circuit court for the locality may appoint not more than two alternate members. The qualifications, terms, and compensation of alternate members shall be the same as those of regular members. A regular member when he knows he will be absent from or will have to abstain from any proceeding at a meeting shall notify the chairman of the board of equalization at least 24 hours prior to the meeting of such fact. The chairman may select an alternate to serve in the absent or abstaining member's place and the records of the board shall so note. Such alternate member may vote on any proceeding in which a regular member is absent or abstains. A regular member shall have the right to apply to the board of equalization for relief the same as any other taxpayer. If a regular member applies for relief, and one or more alternate members has been appointed pursuant to this section, then the chairman shall appoint an alternate member to hear and vote on such regular member's application for relief. If the chairman applies for relief, then the vice chairman shall appoint an alternate member to hear and vote on the chairman's application for relief.

The terms of the regular and alternate members of any board so appointed shall expire on December 31 of the year in which they are appointed. Members of any board shall have the qualifications prescribed by § 58.1-3374 and shall conduct their business as required by § 58.1-3378. (Code 1950, § 58-897; 1950, p. 851; 1979, c. 577; 1983, c. 304; 1984, c. 675; 1995, c. 24; 2011, c. 10; 2014, c. 19.)

### **§ 58.1-3372.**

Repealed by Acts 1985, c. 62

**§ 58.1-3373. Permanent board of equalization.**

A. Any county or city which uses the annual assessment method or the biennial assessment method authorized under § 58.1-3253 in lieu of periodic general assessments, may elect to create a permanent board of equalization in lieu of the board of equalization required under § 58.1-3370 and § 58.1-3371. Such board shall consist of three or five members to be appointed by the circuit court of such county or city, or the circuit court having jurisdiction within such city, as follows: In the case of a three-member board, one member shall be appointed for a term of one year, one member shall be appointed for a term of two years, and one member shall be appointed for a term of three years. In the case of a five-member board, one member shall be appointed for a one-year term, one member shall be appointed for a two-year term, and three members shall be appointed for a three-year term. However, for any county operating under the county executive form of government, the number of members of the permanent board of equalization shall be no less than three nor more than the number of districts for the election of members of the board of supervisors in the county, and the members of the permanent board of equalization shall be appointed by the circuit court of such county for three-year terms. As the terms of the initial appointees expire, their successors shall be appointed for terms of three years. Members of such boards shall have the qualifications prescribed by § 58.1-3374, and shall conduct their business as required by § 58.1-3378. The compensation of the members of any such boards shall be fixed by the governing body.

B. In addition to regular members appointed under subsection A, at the request of the local governing body, the circuit court for any locality may appoint one alternate member in the case of a three-member board and two alternate members in the case of a five-member board. The qualifications and compensation of alternate members shall be the same as those of regular members. In the case of a three-member board, the alternate shall be appointed for a two-year term. In the case of a five-member board, one alternate shall be appointed for a term of one year and one alternate shall be appointed for a term of two years. Thereafter, the terms for alternate members of five-member boards shall be for three-year terms.

A regular member when he knows he will be absent from or will have to abstain from any proceeding at a meeting shall notify the chairman of the board of equalization at least 24 hours prior to the meeting of such fact. The chairman may select an alternate to serve in the absent or abstaining member's place and the records of the board shall so note. Such alternate member may vote on any proceeding in which a regular member is absent or abstains. A regular member shall have the right to apply to the board of equalization for relief the same as any other taxpayer. If a regular member applies for relief, and one or more alternate members has been appointed pursuant to this section, then the chairman shall appoint an alternate member to hear and vote on such regular member's application for relief. If the chairman applies for relief, then the vice chairman shall appoint an alternate member to hear and vote on the chairman's application for relief.

C. Notwithstanding the provisions of subsections A and B concerning appointment of members and alternate members by the circuit court, the board of supervisors of Loudoun County may elect to appoint the members and alternate members of its board of equalization of real estate assessments. (Code 1950, § 58-898.1; 1979, c. 577; 1984, c. 675; 1989, c. 390; 1995, c. 24; 2011, c. 10; 2013, c. 548; 2014, c. 19.)

**§ 58.1-3373.1. City may elect to provide for board of equalization.**

Notwithstanding any other provision of law, the City of Richmond may by ordinance elect to provide for a board of equalization or permanent board of equalization as provided in this article instead of a board of review. (2014, cc. 61, 607.)

**§ 58.1-3374. Qualifications of members; vacancies.**

Except as provided in § 58.1-3371 or § 58.1-3373, every board of equalization shall be composed of not less than three nor more than five members. In addition to such regular members, at the request of the local governing body, the circuit court for any locality shall appoint one alternate member in the case of a three-member board and two alternate members in the case of a five-member board. The qualifications, terms and compensation of alternate members shall be the same as those of regular members. A regular member when he knows he will be absent from or will have to abstain from any proceeding at a meeting shall notify the chairman of the board of equalization at least 24 hours prior to the meeting of such fact. The chairman may select an alternate to serve in the absent or abstaining member's place and the records of the board shall so note. Such alternate member may vote on any proceeding in which a regular member is absent or abstains.

All members of every board of equalization, including alternate members, shall be residents, a majority of whom shall be freeholders, in the county or city for which they are to serve and shall be selected from the citizens of the county or city. Appointments to the board of equalization shall be broadly representative of the community. Thirty percent of the members of the board shall be commercial or residential real estate appraisers, other real estate professionals, builders, developers, or legal or financial professionals, and at least one such member shall sit in all cases involving commercial, industrial or multi-family residential property, unless waived by the taxpayer. No member of the board of assessors shall be eligible for appointment to the board of equalization for the same reassessment. In order to be eligible for appointment, each prospective member of such board shall attend and participate in the basic course of instruction given by the Department of Taxation under § 58.1-206. In addition, at least once in every four years of service on a board of equalization, each member of a board of equalization shall take continuing education instruction provided by the Tax Commissioner pursuant to § 58.1-206. Any vacancy occurring on any board of equalization shall be filled for the unexpired term by the authority making the original appointment.

On any board or panel thereof considering appeals of commercial or multi-family residential property in a locality with a population exceeding 100,000, 30 percent of the members of such board or panel shall be commercial or multi-family residential real estate appraisers who are licensed and certified by the Virginia Real Estate Appraiser Board to serve as general real estate appraisers, other commercial or multi-family real estate professionals or licensed commercial or multi-family real estate brokers, builders, developers, active or retired members of the Virginia State Bar, or other legal or financial professionals whose area of practice requires or required knowledge of the valuation of property, real estate transactions, building costs, accounting, finance, or statistics. For the purposes of this section, commercial or multi-family residential property shall be defined as any property that is either operated as or zoned for use as commercial, industrial or multi-family residential rental property. (Code 1950, § 58-899; 1979, c. 577; 1983, c. 304; 1984, c. 675; 1995, c. 24; 2003, c. 1036; 2009, c. 25; 2010, c. 552; 2011, c. 10; 2013, c. 197.)

**§ 58.1-3375. Compensation of members.**

The members of every board of equalization shall receive compensation, for time actually engaged in the duties of the board, to be fixed by the governing body of the county or city and paid out of the local treasury. The governing body of every county and of every city may limit the compensation to such number of days as in its opinion is sufficient for the completion of the work of the board. (Code 1950, § 58-900; 1984, c. 675.)

**§ 58.1-3376. Organization and assistants; legal assistance.**

A. Every board of equalization shall elect one of its members as chairman and another as secretary, and may employ necessary clerical and other assistants and call in advisors and fix their compensation, subject to the approval of the governing body of the county or city, to be paid out of the local treasury.

B. In any city with a population of more than 100,000, when the board of equalization, in fulfilling its functions, desires legal advice, the board shall request such advice from the attorney for the city or county for which they were appointed.

Notwithstanding any contrary provision of law, general or special, such attorney shall in a timely manner give his advice to the board.

If there is no such attorney or the attorney has a conflict, the board shall make a written request to the city or county governing body to employ an attorney to advise the board. The governing body shall respond in writing within ten days from receipt of such request.

If the governing body refuses to honor the board's request, then the board shall apply to the circuit court that appointed it. The judge of such circuit court may authorize the employment of an attorney to advise the board and order that the attorney be paid out of the local treasury. (Code 1950, § 58-901; 1984, c. 675; 1994, c. 509.)

**§ 58.1-3377. Use of land books.**

Every board of equalization for a county not having a general reassessment of real estate shall procure for its use from the clerk of the circuit court of the county the copy of the land book on file in his office for the current year if available, otherwise for the preceding year, and the board shall return the land book to the clerk upon the completion of its work. Every board of equalization for a city having need of a copy of the land book for any year shall procure an existing copy if available for the purpose; otherwise the governing body of the city shall cause a new copy to be made and furnished the board at the expense of the city. (Code 1950, § 58-902; 1984, c. 675.)

**§ 58.1-3378. Sittings; notices thereof.**

Each board of equalization shall sit at and for such time or times as may be necessary to discharge the duties imposed and to exercise the powers conferred by this chapter. Of each sitting public notice shall be given at least 10 days beforehand by publication in a newspaper having general circulation in the county or city and, in a county, also by posting the notice at the courthouse and at each public library, voting precinct or both. Such posting shall be done by the sheriff or his deputy. Such notice shall inform the public that the board shall sit at the place or places and on the days named therein for the purpose of equalizing real estate assessments in such county or city and for the purpose of hearing complaints of inequalities wherein the property owners allege a lack of uniformity in

assessment, or errors in acreage in such real estate assessments. The board also shall hear complaints that real property is assessed at more than fair market value. Except as otherwise provided by the Code of Virginia:

1. The fair market value of real property shall be established by the board as of January 1 of the applicable year; or
2. If a county or city has adopted July 1 as its tax day for real property pursuant to § 58.1-3011, then, for other than public service corporation property, the fair market value of real property shall be established by the board as of July 1 of the applicable year.

The governing body of any county or city may provide by ordinance the date by which applications must be made by property owners or lessees for relief. Such date shall not be earlier than 30 days after the termination of the date set by the assessing officer to hear objections to the assessments as provided in § 58.1-3330. If no applications for relief are received by such date, the board of equalization shall be deemed to have discharged its duties. Such governing body may also provide by ordinance the deadline by which all applications must be finally disposed of by the board of equalization. All such deadlines shall be clearly stated on the notice of assessment. The governing body may provide for applications for relief to be made electronically; however, taxpayers retain the right to file applications on traditional paper forms provided by the governing body as long as such forms are submitted prior to the established deadline. If such paper forms are mailed by the applicant, the postmark date shall be considered the date of receipt by the governing body. A hearing for relief before the board of equalization regarding an assessment on residential property shall not be denied on the basis of a lack of information on the application for relief, as long as the application includes the address, the parcel number, and the owner's proposed assessed value for the property. A hearing for relief before the board of equalization regarding an assessment on commercial, multi-family residential, or industrial property on the basis of fair market value shall not be denied on the basis of a lack of information on the application, as long as documentation of any applicable assessment methodologies is submitted with the application, and the application includes the address, the parcel number, and the owner's proposed assessed value for the property. (Code 1950, § 58-903; 1976, c. 679; 1983, c. 304; 1984, c. 675; 1989, c. 300; 2000, c. 383; 2003, c. 1036; 2013, c. 197.)

**§ 58.1-3379. Hearing complaints and equalizing assessments.**

A. The board shall hear and give consideration to such complaints and shall adjust and equalize such assessments and shall, moreover, be charged with the especial duty of increasing as well as decreasing assessments, whether specific complaint be laid or not, if in its judgment, the same be necessary to equalize and accomplish the end that the burden of taxation shall rest equally upon all citizens of such county or city.

B. In all cases brought before the board, there shall be a presumption that the valuation determined by the assessor is correct. The burden of proof on appeal to the board shall be on the taxpayer to rebut the presumption and show by a preponderance of the evidence that the property in question is valued at more than its fair market value or that the assessment is not uniform in its application and that it was not arrived at in accordance with generally accepted appraisal practices, procedures, rules, and standards as prescribed by nationally recognized professional appraisal organizations such as the International Association of Assessing Officers (IAAO) and applicable Virginia law relating to

valuation of property. Mistakes of fact, including computation, that affect the assessment shall be deemed not to be in accordance with generally accepted appraisal practice.

However, in any appeal of the assessment of residential property filed by a taxpayer as an owner of real property containing less than four residential units, the assessing officer shall give the required written notice to the taxpayer, or his duly authorized representative, under subsection E of § 58.1-3331, and, upon written request, shall provide the taxpayer or his duly authorized representative copies of the assessment records set out in subsections A, B, and C of § 58.1-3331 pertaining to the assessing officer's determination of fair market value of the property under appeal. The assessing officer shall provide such records within 15 days of a written request by the taxpayer or his duly authorized representative. If the assessing officer fails to do so, the assessing officer shall present the following into evidence prior to the presentation of evidence by the taxpayer at the hearing: (i) copies of the assessment records maintained by the assessing officer under § 58.1-3331, (ii) testimony that explains the methodologies employed by the assessing officer to determine the assessed value of the property, and (iii) testimony that states that the assessed value was arrived at in accordance with generally accepted appraisal practices, procedures, rules, and standards as prescribed by nationally recognized professional appraisal organizations such as the International Association of Assessing Officers (IAAO) and applicable Virginia law regarding the valuation of property. Upon the conclusion of the presentation of the evidence of the assessing officer, the taxpayer shall have the burden of proof by a preponderance of the evidence to rebut such evidence presented by the assessing officer as otherwise provided in this section.

C. In considering complaints, nothing shall be construed to prohibit consideration of any statement of income and expense or market sales that occurred through December 31, prior to the effective date of the assessment, so long as such information is submitted to the board no later than the locality's deadline for the application for relief. No studies or analyses published after December 31 immediately preceding the effective date of the assessment shall be considered in an appeal filed relating to that assessment.

D. In any case before the board concerning a taxpayer's complaint in which the commissioner of the revenue or other local assessing officer requests the board to increase the assessment after the taxpayer files an appeal to the board on a commercial, multifamily residential, or industrial property, the commissioner or other officer shall provide the taxpayer notice of the request not less than 14 days prior to the hearing of the board. Except as provided herein, if the taxpayer contests the requested increase, the assessor shall either withdraw the request or shall provide the board an appraisal performed by an independent contractor who is licensed and certified by the Virginia Real Estate Appraiser Board to serve as a general real estate appraiser, which appraisal affirms that such increase in value represents the property's fair market value as of the date of the assessment in dispute. The provisions of this subsection that require that the assessor provide the board with an appraisal shall not apply if (i) the requested increase is based on mistakes of fact, including computation errors, or (ii) the information on which the commissioner or other officer bases the requested increase was available to, but not provided by, the taxpayer in response to a request for information made by the commissioner or other officer at the time the challenged assessment was made.

E. The commissioner of the revenue or other local assessing officer of such county or city shall, when requested, attend the meetings of the board, without additional compensation, and shall call the attention of the board to such inequalities in real estate assessments in his county or city as may be known to him.

F. Every board of equalization may go upon and inspect any real estate subject to adjustment or equalization by it. (Code 1950, § 58-904; 1984, c. 675; 2003, c. 1036; 2010, c. 552; 2011, cc. 184, 232; 2013, c. 197.)

**§ 58.1-3380. Taxpayer or local authorities may apply for equalization.**

Any taxpayer or his duly appointed representative may apply to the board of equalization for the adjustment to fair market value and equalization of his assessment, including errors in acreage, and any county or city through its appointed representative or attorney may apply to the board of equalization to adjust an assessment of real property to its fair market value and to equalize the assessment of any taxpayer. An executed and properly notarized letter from the property owner designating an appointed representative for the taxpayer shall be presumed to be a valid designation from the taxpayer, and the person whose signature is notarized shall be presumed to have the authority to designate such representative on behalf of the taxpayer. (Code 1950, § 58-905; 1984, c. 675; 2003, c. 1036; 2013, c. 197.)

**§ 58.1-3381. Action of board; notice required before increase made.**

A. The board shall hear and determine any and all such petitions and, by order, may increase, decrease or affirm the assessment of which complaint is made; and, by order, it may increase or decrease any assessment, upon its own motion. No assessment shall be increased until after the owner of the property has been notified and given an opportunity to show cause against such increase. In addition, no assessment shall be increased on commercial, multi-family residential, or industrial property unless such increase is recommended by the assessor in compliance with the provisions of § 58.1-3379.

B. Any determination of the assessment by the board shall be deemed presumptively correct for the succeeding two years unless the assessor can demonstrate by clear and convincing evidence that a substantial change in value of the property has occurred. This subsection shall apply to the City of Virginia Beach. (Code 1950, § 58-906; 1984, c. 675; 1993, c. 136; 2007, c. 813; 2013, c. 197.)

**§ 58.1-3382. Appeal.**

The attorney for the county, city or town or any taxpayer, aggrieved by any such order, may apply to the circuit court of the county or city, for the correction and revision of such order, in the same manner and within the same time as is provided by law for the correction of erroneous assessments of real estate by any person who is aggrieved thereby. (Code 1950, § 58-907; 1984, c. 675.)

**§ 58.1-3383. Omitted real estate and duplicate assessments.**

The board may direct the commissioner of the revenue to enter upon the land books real estate which is found to have been omitted, and to cancel duplicate assessments of real estate. (Code 1950, § 58-908; 1984, c. 675.)

**§ 58.1-3384. Minutes and copies of orders.**



The board shall keep minutes of its meetings and enter therein all orders made and transmit promptly copies of such orders as relate to the increase or decrease of assessments to the taxpayer and commissioner of the revenue. The orders shall be recorded on forms prepared by the Tax Commissioner and provided to localities by the Department of Taxation or on forms prepared by the board that contain, at a minimum, all the information required on the forms prepared by the Tax Commissioner. (Code 1950, § 58-909; 1984, c. 675; 2003, c. 1036.)

**§ 58.1-3385. Commissioner to make changes ordered; when order exonerates taxpayer.**

The commissioner of the revenue shall make on his land book the changes so ordered by the board and, if such changes affect the land book for the then current year and such land book has been then completed, the commissioner of the revenue may for that year make a supplemental assessment in case of an increase in valuation. In case of a decrease in valuation, the order of the board shall entitle the taxpayer to an exoneration from so much of the assessment as exceeds the proper amount, if the taxes have not been paid by him and, in case the taxes have been paid, to a refund of so much thereof as is erroneous. (Code 1950, § 58-910; 1984, c. 675.)

**§ 58.1-3386. Power of boards to send for persons and papers.**

Such board shall have authority to summon taxpayers or their agents, or any person: (1) to furnish information relating to the real estate of any and all taxpayers, (2) to answer, under oath, all questions touching the ownership and value of real estate of any and all taxpayers, and (3) to bring before it their books of account or other papers and records containing information with respect to the valuation of real estate of the taxpayer or any other real estate subject to taxation within the county or city under review by the board. Such summons may be served in person or by registered mail. (Code 1950, § 58-911; 1984, c. 675.)

**§ 58.1-3387. Penalty for failure to obey summons.**

Any person refusing to answer the summons of the board of equalization, to furnish information or to produce his books of account, papers and other records, as required by this chapter, shall be deemed guilty of a Class 4 misdemeanor, and each day's failure to answer such summons, to furnish such information or to produce such books of account, papers and other records shall constitute a separate offense. (Code 1950, § 58-912; 1984, c. 675.)

**§ 58.1-3388. In counties not having general reassessment, or annual or biennial assessment, taxes to be extended on basis of last equalization made.**

In every county not having a general reassessment or an annual or biennial assessment of real estate, taxes for each year on real estate shall be extended on the basis of the last equalization made prior to such year, subject to such changes as may have been lawfully made. (Code 1950, § 58-913; 1979, c. 577; 1984, c. 675.)

**§ 58.1-3389. Article not applicable to real estate assessable by Corporation Commission or Department.**

This article shall not apply to any real estate, which is assessable under the law by the State Corporation Commission or the Department of Taxation. (Code 1950, § 58-915; 1983, cc. 304, 570; 1984, c. 675.)



## **Appendix B: HIGHLIGHTS OF ASSESSMENT CASE LAW**

The fair market value of property is the price which it will bring when it is offered for sale by one who desires, but is not obliged, to sell it, and bought by one who is under no necessity of having it. *Tuckahoe Woman's Club v. City of Richmond*, 199 Va.734, 101 S.E.2d 571 (1958); *American Viscose Corp. v. City of Roanoke*, 205 Va. 192, 135 S.E.2d 795 (1964).

Rule as to fair market value is the only legal rule provided by law for assessment of realty and tangible personalty.--The rule laid down in this section that all assessments of real estate and tangible personal property shall be at their fair market value is the only legal rule provided by the law for the assessment of real estate and tangible personal property situated in this Commonwealth. *Lehigh Portland Cement Co. v. Commonwealth*, 146 Va. 146, 135 S.E. 669 (1926); *Tuckahoe Woman's Club v. City of Richmond*, 199 Va.734, 101 S.E.2d 571 (1958).

Fair market value is not the value of the property to the owner.-- In estimating the fair market value, all the capabilities of the property and all the uses to which it may be applied or for which it is adapted, are to be considered, but it is not a question of the value of the property to the owner. *Tuckahoe Woman's Club v. City of Richmond*, 199 Va.734, 101 S.E.2d 571 (1958).

Fair market value is the present actual value of the land with all its adaptations to general and special uses, and not its prospective, speculative or possible value, based on future expenditures and improvements. *Fruit Growers Express Co. v. City of Alexandria*, 216 Va. 602, 221 S.E.2d 157 (1976).

Uniform assessment on the basis of fair market value, not on the basis of use, was the criterion established by the Constitution of 1902. *City of Waynesboro v. Keiser*, 213 Va.229, 191 S.E.2d 196 (1972).

The fundamental rule in assessing all tangible properties for tax purposes is that such properties should be assessed at their highest and best use. *Norfolk & W.Ry. v. Commonwealth*, 211 Va. 692, 179 S.E. 2d 623 (1971).

Assessment of property is not an exact science. *Southern Ry. v. Commonwealth*, 211 Va. 210, 176 S.E.2d 578 (1970); *Norfolk & W.Ry. v. Commonwealth*, 211 Va. 692, 179 S.E.2d (1971).

There are many factors to be considered in arriving at the fair market value of property. While size and cost of the property may be factors to be given weight, there are many other factors, which tend to increase or diminish such value; for instance, the design, style, location, appearance, availability of use, and the economic situation prevailing in its area, as well as other circumstances. *Smith v. City of Covington*, 205 Va. 104, 135 S.E.2d 220 (1964).

And no general rule can be prescribed. The value of land, buildings and tangible personal property is dependent upon many factors, which cannot be prescribed by any general rule. *Southern Ry. v. Commonwealth*, 211 Va. 692, 179 S.E.2d 623 (1971).

Evidence of the purchase price of the assessed property, while not conclusive, is to be accorded substantial weight on the issue of fair market value. *American Viscose Corp. v. City of Roanoke*, 205 Va. 192, 135 S.E.2d 795 (1964).

Depreciated reproduction cost as representing the value of the property to the present owner is not the basis for assessment fixed by the Constitution. Depreciated reproduction cost may be an element for consideration in ascertaining fair market value, but it cannot of itself be the standard for assessment. The value of the property to the owner is not the question and the answer to it does not supply the answer to the essential inquiry as to what is the fair market value. *Tuchahoe Woman's Club v. City of Richmond*, 199 Va. 734, 101 S.E.2d 571 (1958).

It was patently unfair to use depreciated reproduction cost as a standard for assessment where the property, a dam, had no commercial use value, was unsuited for generating electricity, and had been for sale for years without offer of purchase at any price. *First & Merchants Nat'l Bank v. County of Amherst*, 204 Va. 584, 132 S.E.2d 721 (1963).

An assessment based on reproduction cost less depreciation was excessive and should have been reduced when the assessor as well as other witnesses agreed that the property would not sell for this amount in the open market when comparable sales were considered. *Norfolk & W. Ry. v. Commonwealth*, 211 Va. 692, 179 S.E.2d 623 (1971).

Long-term contracts limiting use of real estate need not be taken into account.--In determining the fair market value of certain realty of a railroad company, the State Corporation Commission was not required to take into account long-term contracts which limited the use of the property. *Richmond, F. & P.R.R. v. Commonwealth*, 203 Va.294, 124 S.E.2d 206 (1962).

But limitations by grantors on taxpayers' interest must be considered. --An assessment was erroneous which failed to take into account the limited interest held by the taxpayers under the terms of the conveyance to them, the grantors having severely restricted the effective use of the property and having imposed obligations on it and reserved as easement. *First & Merchants Nat'l Bank v. County of Amherst*, 204 Va. 584, 132 S.E.2d (1963).

In the ascertainment of fair market value and the imposition of assessments upon those values, the taxing authority must implement and administer the annual assessment and equalization system in a manner which avoids all disuniformity reasonably avoidable. *Perkins v. County of Albemarle*, 214 Va. 416, 200 S.E.2d 566 (1973).

The dominant purpose of Art. X Sect. 1 and 2, is to distribute the burden of taxation, so far as is practical, evenly and equitable. *R. Cross Inc. v. City of Newport News*, 217 Va. 202, 228 S.E.2d 113 (1976).

This section requires an assessment of property to be uniform on the same class of subjects within the territorial limits of the authority levying the tax. *Southern Ry. v. Commonwealth*, 211 Va. 210, 176 S.E.2d 578 (1970).

Uniformity must be coextensive with territory to which tax applies.--Uniform taxation requires uniformity, not only in the rate of taxation and in the mode of assessment upon the taxable valuation, but the uniformity must be coextensive with the territory to which it applies. *Moss v. Tazewell*, 112 Va.878, 72 S.E.2d 945 (1911).

The legislature has no power to exempt the taxable persons and property in a town situated within the limits of a county and forming a part thereof, from county levies, as this section expressly provides that all taxes shall be uniform upon the same class of subjects within the territorial limits of

the authority levying the tax, and this uniformity extends not only the rate and mode of assessment, but also to the territory to be assessed. *Campbell v. Bryant*, 104 Va. 509, 52 S.E.2d 638 (1905).

Where the situs of property for taxation is still in a given district, the taxes thereon must be uniform with the taxes imposed upon all similar property, the situs of which is in that district. *Rixey's Ex'rs v. Commonwealth*, 125 Va.337, 99 S.E.2d 573, 101 S.E. 404 (1919).

Uniform method of valuation impossible.--This section does not prescribe that the valuation of all property for taxation shall be ascertained in the same way or manner. It is not even implied. In the nature of things, it could not be done. The many kinds or species of property with their diverse characteristics render it impossible. *R. Cross, Inc, v. City of Newport News*, 217 Va. 202, 228 S.E.2d 113 (1976).

If it is impractical or impossible to enforce both the standard of true value and standard of uniformity and equality, the latter provision is to be preferred as the just and ultimate end to be attained. But that does not mean that property in any taxing jurisdiction may be assessed in excess of and without relation to its fair market value as required by the Constitution. It means only that a taxpayer whose property is assessed at its true market value has a right to have the assessment reduced to the percentage of that value at which others are taxed so as to meet the uniformity required by this section as well as by the equal protection clause of the Fourteenth Amendment. *Smith v. City of Covington*, 205 Va. 104, 135 S.E.2d 220 (1964).

Where it is impossible to secure both the standard of true market value and the uniformity and equality required by the Constitution, the latter requirement is to be preferred. But that does not mean that property in any taxing jurisdiction may be assessed in excess of and without relation to its fair market value as required by the Constitution. *Fray v. County of Culpeper*, 212 Va. 148, 183 S.E.2d 175 (1971).

But courts insist upon uniformity in mode of assessment and rate of taxation.--The courts, while recognizing the general custom of undervaluing property and the difficulty of enforcing the standard of true value, have sought to enforce equality in the mode of assessment and in the rate of taxation. *211 Va. 692 cites to Norfolk & W. Ry. Co. v. Commonwealth*.

Before relief can be given it must appear that the assessment is out of line generally with other neighborhood properties, which in character and use bear some relation to that of a petitioner. It is not enough to show that it is valued above a rate apportioned to another nearby lot. The inequality must be not only out of line but out of line generally. *Southern Ry v. Commonwealth*, 211 Va. 210, 176 S.E.2d 578 (1970).

There are three acceptable methods used for appraising real estate -market data, capitalization of income, and reproduction cost less depreciation-since the property was income producing, income should be the primary consideration. *County of Arlington v. Ginsburg*, 228 Va. 633, 325 S.E.2d 352 (1985).

As a general rule, economic rent is the measure to be used; however, contract rent is relevant as evidence of economic rent. *County of Fairfax v. Nassif*, 223 Va. 400, 290 S.E.2d 822 (1982).

Economic rent is the amount that a typical lessee should be willing to pay for the right to use and occupy the premises for a stated period. That definition focuses upon the property that is being

valued and plainly indicates that the determination of economic rent must be specific to the property under review as opposed to some abstract or theoretical property. *Smith v. County of Fairfax*, 234 Va 250, 361 S.E.2d 351 (1987).

Economic rent is that rent which a market is currently paying for space. Market rent is the general market of office space throughout the county. Whether the county's approach is a true averaging or whether it results in theoretical, market-wide values it is at odds with the definition of economic rent, because it leads to values unrelated to the specific property being appraised. *Nassif II v. County of Fairfax*, 231 Va. 472, 345 S.E.2d 520 (1986).

Nassif I, would be an exercise in futility if all it did was to require an assessor to "think" about contract rent, then reject it as meaningless in arriving at economic rent. Contract rent is relevant evidence of economic rent and cannot be disregarded by the appraiser. In determining economic rent, contract rent must be factored into the formula; it cannot be disregarded. *Nassif II v. County of Fairfax*, 231 Va. 472, 345 S.E.2d 520 (1986).

Rents vary widely with location, physical condition, and other individual characteristics governing the relative desirability of competing rental properties. *Smith v. County of Fairfax*, 234 Va. 250, 361 S.E.2d 351 (1987).

The county's economic model was based on rents and expenses derived from commercial properties throughout the county. The assessor had available the actual income and expenses of the property under consideration, but because the properties geographical locations and other individual characteristics are not considered *County of Fairfax v. Donatelli & Kline*, 228 Va. 620, 325 S.E.2d 342 (1985), chose to base his appraisal exclusively on the county-wide economic rent model. In the name of uniformity, the county's model can produce assessment values that are greater than actual fair market value. The preference of uniformity of assessments must stop short of assessments greater than fair market value. *Smith v. County of Fairfax*, 234 Va. 250, 361 S.E.2d 351 (1987).

Where an assessment is based on the capitalization of income, contract rent and actual expenses must be considered in arriving at economic income. *Smith v. County of Fairfax*, 234 Va. 250, 361 S.E.2d 351 (1987).

The more reliable method in determining expense ratios is to prorate expenses for each building over the square footage of rentable space in the building. *Smith v. County of Fairfax*, 234 Va. 250, 361 S.E.2d 351 (1987).

A taxpayer who is able to show that actual rents and expenses were ignored, or given only token consideration in the formulation of an assessment, will carry his burden of overcoming the presumption of correctness to which the assessment is entitled. At that point, the burden shifts to the assessing authority to go forward with evidence tending to prove that the actual rent and expenses do not fairly reflect economic net income for the particular property being appraised. If the assessor fails to carry that burden, the assessment should be corrected. *Smith v. County of Fairfax*, 234 Va. 250, 361 S.E.2d 351 (1987).

## **Appendix C: ATTORNEY GENERAL OPINION SUMMARIES**

**August 19, 2005**

### **Correction of Assessments, Remedies, and Refunds**

Fact that lands of one or few taxpayers are assessed at differing percentages of fair market value is not, *per se*, violation of legal requirements; redress may be had at locality's board of equalization or by judicial appeal. Material, systematic, and intentional discrimination against individual taxpayers or group of taxpayers may violate Virginia and federal constitutional requirements.

**December 11, 2002**

### **Permanent Board – Second Year of Biennial**

You next ask whether a permanent board of equalization may adjust an assessment in the second year of a biennial assessment. The City of Staunton has a permanent board of equalization. § 58.1-3378 provides that "[e]ach board of equalization shall sit at and for such time or times as may be necessary to discharge the duties imposed and to exercise the powers conferred." Absent ambiguity, the plain meaning of a statute must prevail. The plain language of § 58.1-3378 confers upon the city's board of equalization the power to meet as necessary to discharge its duties and powers.

§ 58.1-3290 imposes a duty to reassess, during a certain time period, a parcel that has been divided, resulting in two or more owners. Moreover, there is no statutory language prohibiting the board of equalization from meeting in the second year of a biennial cycle. A 1988 opinion of this Office concludes that a board of equalization may not meet in the second year of the biennial cycle, because the local ordinance prohibited a meeting in the second year of a biennial assessment. Absent prohibitive language in a local ordinance, the city's board of equalization may meet in the second year of a biennial assessment cycle as authorized by § 58.1-3378.

**December 28, 2001**

### **Manufactured Homes**

You ask whether the local board of equalization may review assessments of manufactured homes.

The 1994 Session of the General Assembly amended the statutory procedure for taxing manufactured homes.<sup>1</sup> The legislation changed all references to "mobile home(s)" in § 58.1-3520 and § 58.1-3521 of the Code of Virginia to "manufactured home(s),"<sup>2</sup> and added § 58.1-3522 as follows:

Manufactured homes installed according to the Uniform Statewide Building Code shall be assessed at the same time as the assessment of the real property on which the manufactured home is installed. Such homes shall be assessed in the same manner and using the same methods applied to improvements and buildings which are assessed in accordance with Article 7 (§ 58.1-3280 et seq.) of Chapter 32 of [Title 58.1]. Prior opinions of the Attorney General conclude that these homes should be classified and taxed as real or personal property, depending on how the common law doctrine of fixtures applies to the facts and circumstances of each case. The three tests applied by the Supreme Court of Virginia in determining whether an item of personal property placed upon realty becomes a fixture are: "(1) annexation of the property to the realty, (2) adaptation to the use or purpose to which that part of the realty with which the property is connected is appropriated, and (3) the intention of the parties." Thus, a manufactured home that has become affixed to real estate is classified and taxed as real estate and must be treated as such for all purposes, including administrative and judicial review. § 58.1-3379 requires boards of equalization to hear and consider complaints related to equalization of real estate assessments. Accordingly, an assessment of such real estate is subject to review by a board of equalization.

With respect to manufactured homes that have not become affixed to real estate and are taxed as a separate class of tangible personal property, § 58.1-3522 does not purport to change the classification of the property to real estate. Rather, this section merely requires that manufactured homes classified as tangible property be taxed in the same manner, using the same methods as real estate. Such homes, therefore, although assessed in the same manner, using the same methods, and taxed at the same rate as real estate, are still treated as tangible personal property for all other purposes, such as applications for the correction of tangible personal property assessments under § 58.1-3980. Because a board of equalization reviews real estate assessments, and not tangible personal property assessments, the local board of equalization would not review a tangible personal property assessment of a manufactured home.

**June 9, 1988**

**Permanent Board – Second Year of Biennial**

You ask whether a board of equalization has the authority in the second year of a biennial assessment cycle to equalize the real property assessment which were made effective January 1 of the first year of that cycle. If so, you also ask for what year or years the equalized assessment is effective.

Pursuant to Salem, Va. Code 2.6(d), the authority of the board of equalization to revise real estate assessments is limited to the year in which the assessment is "made". In a biennial assessment jurisdiction, the general valuation assessment or reassessment is made effective January 1 of the biennial assessment cycle. See § 58.1-3253. No new valuation assessment is made in the second year of the biennial cycle unless a change occurs for which a statute permits an assessment outside of the general assessment cycle. In the absence of such change, the board, pursuant to U 2.6(d), may make revisions to assessments only in the first calendar year of the biennial assessment or reassessment cycle.

Based on the above, it is my opinion that, in the facts presented, the board of equalization has no authority in the second year of a biennial assessment to hear complaints of assessments which were made in the first year of that assessment cycle. All applications for relief must be received and disposed of during the calendar year in which the assessment was made. Since I conclude that such equalized assessments may not be made, a response to your second question is unnecessary.

**October 3, 1985**

**Rule on Single or Multiple Parcels**

You have asked me to provide you with an informal opinion interpreting the authority of a board of equalization to make adjustments of assessments under § 58.1-3379 and § 58.1-3381 of the Code of Virginia. In particular, you wish to know whether the orders of the board of equalization must be limited to single parcels of property or whether a large group or class of parcels may be made subject to a single order contemplating a uniform reduction of the assessments for each and every parcel in the group or class. In the facts of the case you presented, I understand that the board of equalization wishes to make a decrease in the assessment of certain parcels enrolled in the land use assessment program.

It is my opinion that the board of equalization need not enter a separate order for each separate parcel of property. A single, comprehensive order may be entered covering a large group or class of parcels for which the board of equalization wishes to make a decrease in the assessment. Such a single order covering more than one parcel must include sufficient information from which the commissioner of the revenue can ascertain each and every specific place of property covered and the



precise adjustment which is to be made to each and every such parcel, in order that he can make the proper changes to his land book in accordance with § 58.1-3385 of the Code.

Proper identification of each parcel subject to the order can be accomplished by a listing within the order of all parcels to be affected by it. In the alternative, the order of the board of equalization may incorporate by reference some other public document which lists all such properties. Incorporation by reference of a public document which lists a greater number of properties than the number the order is intended to affect will only be legally effective and, hence, the order will only be valid if the incorporation by reference is accompanied by additional identifying features by which those parcels affected by the order can be ascertained with certainty and separated from the remaining parcels in the list.

One additional word of caution needs to be given concerning this procedure. The Virginia Supreme Court case of *City of Lynchburg v. Taylor*, 156 Va. 53, 157 S.E. 718 (1931), rejected the attempt of a board of equalization to order a general reduction in all items of the assessment suggesting that such an action "is, in effect, the making of a new general assessment by the local board of equalization, which is beyond the scope of its jurisdiction." *Lynchburg* at 62. The Court also stated that the authority of the board of equalization is limited to "the power to correct *individual items* of the assessment which are erroneous..."*Id.* at 61."(I)ts function is to equalize the general assessment made by the land assessor, not to make a new general assessment." *Id.* at 62.

Given these limitations upon the authority of the board of equalization, it is my opinion that any single order affecting a group or class of parcels can only issue upon the premise that the board of equalization made a case-by-case determination for each of the parcels affected that those parcels, as a group or class of parcels, were assessed at a figure which resulted in an inequality of assessment which violates the principle "that the burden of taxation shall rest equally upon all citizens of such county or city," Section 58.1-3379 of the Code of Virginia. Any "across the board" adjustments to a group or class of individual items in the assessment which is attempted without the board of equalization first having reached their decision on a case-by-case basis would, in my opinion, violate the precepts of the *Lynchburg* case.

**May 27, 1982**

**Use of Form 907**

This is in reply to your letter in which you inquired whether Form 907 issued by the Department of Taxation meets the notice requirements of § 58-906 (§ 58.1-3381)( §§ 58.1-3370-3389) of the Code of Virginia (1950), as amended.

Sections 58-895 (§ 58.1-3370) through 58-915 (§ 58.1-3389) set forth the powers and duties of local boards of equalization. Section 58-906 (§ 58.1-3381) empowers a board of equalization to issue an order increasing real property assessments after first providing notice of the proposed adjustment to the owner and an opportunity for him to be heard. Such notice and opportunity to be heard are required before the board may issue a final order adjusting a real property assessment. Form 907 is a form of final order only and does not provide the necessary notice nor does it advise the taxpayer of his right to be heard. In light of the foregoing, I am of the opinion that Form 907 should be used only when notice has previously been given to the property owner as contemplated by § 58-906 (§ 58.1-3381).

You also asked if it is advisable to notify the owner of the proposed changes and of his right to be heard before the board within a stated time period before the proposed order is entered and becomes final. As indicated above, such notice is required by law.

**November 4, 1976**                      **Local Taxes Discussion**

A local board of equalization has authority to review a petition by owners of single-family homes who seek an upward adjustment in the assessed values of other classes of property. However, if the board proposes to increase an assessment, the owner must be given notice and an opportunity to be heard. Furthermore, an across-the-board assessment increase on a particular class of property is beyond the board's authority; each assessment must be considered on its own merits.

**February 26, 1975**                      **Deadline to Apply and to Dispose of Appeals**

You ask whether a board of equalization appointed under § 58.1-3370 of the Code of Virginia may set (1) the date by which property owners or lessees must apply to the board for relief on real estate assessments, and (2) the deadline by which such applications must be disposed of by the board, where a locality elects not to adopt an ordinance pursuant to § 58.1-3378 setting such a date and deadline.

The clear language of § 58.1-3378 authorizes only the local governing body of a city or county to set deadlines for application for relief from real estate assessments by property owners or lessees and final disposition thereof. I find no other section which permits a board of equalization to set such deadlines.

In the absence of such deadlines, taxpayers may bring their complaints to the board of equalization at any time the board is sitting in accordance with § 58.1-3378. Section 58.1-3378 requires that the board "shall sit...for such time or times as may be necessary to discharge the duties imposed and to exercise the powers conferred by this chapter." Thus, the practice is for the board to sit for as many days as necessary following the ten-day public notice to taxpayers required by § 58.1-3378. See 1954-1955 Report of the Attorney General at 228.

Accordingly, it is my opinion that a board of equalization appointed under § 58.1-3370 may not set the date by which taxpayers must apply to it for relief from real estate assessments or a deadline for final disposition of such applications. Section 58.1-3370 states that the board of equalization "shall expire one year after the effective date of the assessment for which they were appointed." All applications for relief, therefore, must be received and disposed of prior to the expiration of this one year period.

**March 1, 1973**                      **Revision by Board of Equalization; Prior Years' Taxes**

An assessment revision made by a county board of equalization appointed for 1971 is not applicable to the 1970 property tax, even though the taxpayer's appeal from a 1970 assessment had been made in December of that year to a board consisting of the members who were later reappointed to the 1971 board. The powers of the 1970 board expired on December 31, and the board appointed for 1971 must be treated as a new body.

**March 6, 1970            Local Power to Tax; Local Taxes Discussion; Rate of Tax; Statute of Limitations**

The County Board of Equalization may not properly consider applications for equalization of assessments for prior years. The statute limits such applications to "the then current year."

## **Appendix D: NON-QUALIFYING SALES**

The following are types of sales or transactions that are to be excluded for the purpose of conducting an assessment sales ratio study.

1. Same surname - (Jones to Jones; or father to daughter, Cox to Mary Cox Smith)
2. Deed of Gift
3. Forced sale- foreclosure, divorce, bankruptcy, or special commissioner
4. Sale between government and private tax-exempt entity
5. Sale of undivided interest (May include business interest)
6. Partial Conveyance - part of the property is conveyed creating a new parcel
7. Sale between co-tenants
8. Deed of Trust
9. Cemetery lots
10. Deed of Exchange
11. Timber, Easement, Quit Claim, or Mineral Rights Deed
12. Manufactured Home if classified as tangible personal property; any other conveyance where personal property is conveyed; e.g. inventory, machinery, accounts receivable.
13. New construction
14. Auction sales
15. Sale price identical to assessed value
16. Sale between Bank and Contractor
17. Rezoned property
18. Date of Deed is substantially different from Date of Recordation.
19. Sale or Consideration less than \$5,000

## Appendix E: SAMPLE PUBLIC NOTICE

### ADVERTISEMENT FOR NEWSPAPER BOARD OF EQUALIZATION

for

County/City of \_\_\_\_\_

Public notice is hereby given that the Board of Equalization for (County/City) will meet on the days hereafter listed for the purpose of hearing complaints of inequalities including errors in acreage. Upon hearing such complaints, either oral or written, the Board will give consideration **AND INCREASE, DECREASE OR AFFIRM** such real estate assessments. Before a change can be granted, the taxpayer or his agent must overcome a clear presumption in favor of the assessment. The taxpayer or agent must provide a preponderance of the evidence that the assessment of the property is not uniform with the assessments of other similar properties or that the property is assessed in excess of its fair market value.

Appointments will be scheduled every 00 minutes to minimize waiting. To appear before the Board of Equalization, please call (Phone Number), from 0:00 A.M. and 0:00 P.M. Meetings of the Board to hear objections will be held at (location). The date(s) and time(s) are:

**March 20, 20\_\_ 9:00 AM to 4:00 PM**

**March 23, 20\_\_ 1:00 PM to 5:00 PM**

**March 27, 20\_\_ 6:30 PM to 10:00 PM**

(Additional dates and times will be scheduled if necessary and advertised)

**By order of the County/City Board of Equalization**

**Appendix F: SAMPLE LETTER OF NO CHANGE TO ASSESSMENT**

(Date)

City/County Map No. \_\_\_\_\_

(Taxpayer/Agent Name)

(Address)

(City, County)

RE: Action of Board of Equalization

As requested during a recent public hearing, the assessed value on the property under review by the Board has been carefully considered.

It is the opinion of this Board that no justification for changing the value has been established since your property does not appear to be assessed in excess of fair market value, nor does it appear to be out of line with similar properties. The assessed value remains as shown on the notice of assessment mailed to you prior to this hearing.

Please be assured that the Board of Equalization has given your request for adjustment serious consideration, and we appreciate your interest and cooperation.

Sincerely,

Board of Equalization

**Appendix G: SAMPLE LETTER OF PROPOSED INCREASE IN ASSESSMENT**

(DATE) CITY/COUNTY MAP NO. \_\_\_\_\_

(OWNER'S NAME)  
(ADDRESS)  
(CITY/COUNTY)

RE: PROPOSED INCREASE IN ASSESSMENT

Dear \_\_\_\_\_:

The Board of Equalization of (City/County) has reviewed your property described as (Land Book Description), and currently assessed at \$\_\_\_\_\_. Following a comparison with other property assessments, the Board finds it necessary to increase your assessment to \$\_\_\_\_\_.

You have an opportunity to show cause against such increase. You must contact this office no later than (Date, Time). If you fail to contact this Board by such date and time, the Board will order such proposed increase.

You may appeal this Order to the Circuit Court of this city/county within the time provided for by law.

If you choose to exercise your right of appeal, please contact the Clerk to the Board of Equalization no later than (date and time). You may correspond with us by telephone (Phone No.) from (Time), in writing, or appear in person.

Sincerely,

Board of Equalization

# Appendix H: SAMPLE APPEAL APPLICATION

(This application may only be required by local ordinance)

## APPLICATION TO THE BOARD OF EQUALIZATION

County/City of \_\_\_\_\_ Board of Equalization Address \_\_\_\_\_  
\_\_\_\_\_

Phone No: (555) 555-5555

DATE APPLICATION RECEIVED: \_\_\_\_\_ (Use one form for each parcel appealing):

OWNER'S NAME: \_\_\_\_\_ (As listed on Land Book)

OWNER'S ADDRESS: \_\_\_\_\_

Address of Property if Different from above:

\_\_\_\_\_

Tax Map Number: \_\_\_\_\_

Reason for Appeal (Check): ( ) Land Value; ( ) Building Value; ( ) Total Value

REQUIRED:

\_\_\_\_\_  
Signature of Owner, Taxpayer or Officer of Company

Date: \_\_\_\_\_

Telephone (home) \_\_\_\_\_ (work) \_\_\_\_\_

Notary: \_\_\_\_\_ My Commission Expires: \_\_\_\_\_

(An Agent or Representative appearing on behalf of the property owner: A signed letter of authorization by property owner must be submitted along with application for review).

Optional Information:

Other reasons: \_\_\_\_\_  
\_\_\_\_\_

List comparable or similar properties for Board to review: (by Tax Map Number)

1) \_\_\_\_\_

2) \_\_\_\_\_

Date of Hearing: \_\_\_\_\_; Time of Hearing: \_\_\_\_\_.



# Appendix I: FORM 907

COMMONWEALTH OF VIRGINIA

Board of Equalization of Real Estate Assessments

YEAR \_\_\_\_\_

Name of Owner _____		
Street Address _____		
City _____	State _____	Zip Code _____

Map Number \_\_\_\_\_

Order Number \_\_\_\_\_

## ORDER EQUALIZING REAL ESTATE ASSESSMENT OF THE

City/County \_\_\_\_\_

Incorporated Town \_\_\_\_\_

District/Ward/Borough \_\_\_\_\_

Description \_\_\_\_\_

Lot, block and section, if applicable \_\_\_\_\_

	Number of acres in each tract	VALUE OF LAND		Value of buildings and improvements	Value of standing timber trees owned by OTHERS than the owners of the land or lot	TOTAL VALUE	
		Fair market value of land or lot and standing timber trees owned by the same person; or value of land or lot exclusive of standing timber trees not owned by the owner of the land or lot.	Use value of eligible land including the value of standing timber trees owned by the owner of the land and the fair market value of the other land including the land area required by the farmhouse or any other structure not related to special use			Total fair market value of land or lot and standing timber trees owned by the owners of the land or lot, buildings and improvements; also standing timber trees owned by others and the owners of the land or lot.	Total use value of eligible land including the value of standing timber trees owned by the owner of the land or lot and the fair market value of other land and buildings and improvements; also standing timber trees owned by others than the owner of the land or lot
Assessment on Land Book							
Equalized Assessment							

THIS ORDER, equalizing the real estate assessment aforesaid, in the manner aforesaid, is this day made by this board of equalization in conformity with law, after giving all notice required by law; and it is directed that this order be entered in the minutes of this board, and that one copy of this order be promptly transmitted to the taxpayer aforesaid and one copy to the commissioner of the revenue of this county.

Given under our hands this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_

Chairman

Teste: \_\_\_\_\_

Secretary

### NOTES

This order must be prepared in triplicate and copies disposed of as above indicated. A separate order is required for each assessment charged.

4901031, Rev. 5/03

# Appendix J: SAMPLE REAL PROPERTY QUESTIONNAIRE

Map No. _____
Order No. _____

## Real Property Appeal Questionnaire

(To be completed by the board of equalization upon the final determination of each appeal)

Name of Owner: \_\_\_\_\_

Property Address: \_\_\_\_\_

Property Description: \_\_\_\_\_

Classification of property :

Residential: \_\_\_\_\_

Commercial: \_\_\_\_\_

Multifamily: \_\_\_\_\_

Industrial: \_\_\_\_\_

Agricultural: \_\_\_\_\_

Assessed value on appeal \$ _____
Value determined by Board of Equalization \$ _____

Reason for appeal (check each reason that is applicable):

Assessment not uniform in relation to comparable property: \_\_\_\_\_

Assessment exceeds fair market value: \_\_\_\_\_

Assessment based on incorrect data: \_\_\_\_\_

Assessment not determined in accordance with generally accepted appraisal practice: \_\_\_\_\_

Other reasons (please explain): \_\_\_\_\_

\_\_\_\_\_

Reason for change, if any (check all applicable reasons):

Assessment not uniform in relation to comparable property: \_\_\_\_\_

Assessment exceeded fair market value: \_\_\_\_\_

Assessment based on incorrect data: \_\_\_\_\_

Assessment not determined in accordance with generally accepted appraisal practice: \_\_\_\_\_

Other reasons (please explain): \_\_\_\_\_

\_\_\_\_\_

# Appendix K: ANNUAL REPORT

## Board of Equalization

City/County of \_\_\_\_\_

Assessment Year: \_\_\_\_\_

Please attach a listing of the names and occupation of members of Board of Equalization or Review (if retired, give former occupation)

How often does your locality conduct reassessments? \_\_\_\_\_

---

Total number of appeals received \_\_\_\_\_

Locality subtotals by property classification:

Residential: \_\_\_\_\_

Commercial: \_\_\_\_\_

Multifamily: \_\_\_\_\_

Industrial: \_\_\_\_\_

Agricultural: \_\_\_\_\_

---

Number of appeals where values were changed: \_\_\_\_\_ Reduced

\_\_\_\_\_ Increased

\_\_\_\_\_ Total

Locality subtotals by property classification:

	Reduced	Increased	Total
Residential:	_____	_____	_____
Commercial:	_____	_____	_____
Multifamily:	_____	_____	_____
Industrial:	_____	_____	_____
Agricultural:	_____	_____	_____

---

---

*Please indicate locality subtotals for each category of “reasons for appeal” below. In instances with more than one reason, please include only the main or controlling reason.*

Reasons for Appeal:

Assessment not uniform in relation to comparable property: \_\_\_\_\_

Assessment exceeded fair market value: \_\_\_\_\_

Assessment based on incorrect data: \_\_\_\_\_

Assessment not determined in accordance with generally accepted appraisal practice: \_\_\_\_\_

Other reasons: \_\_\_\_\_

---

*Please indicate locality subtotals for each category of “reasons for change” below. In instances with more than one reason, please include only the main or controlling reason.*

Reasons for Change:

Assessment not uniform in relation to comparable property: \_\_\_\_\_

Assessment exceeded fair market value: \_\_\_\_\_

Assessment based on incorrect data: \_\_\_\_\_

Assessment not determined in accordance with generally accepted appraisal practice: \_\_\_\_\_

Other reasons: \_\_\_\_\_

(The 2003 General Assembly enacted House Bill 2503 to provide reforms to Boards of Equalization. The seventh enactment clause of the legislation required each Board of Equalization to prepare an annual written report of its actions.)

## Appendix L: SAMPLE NOTICE OF RIGHTS

(This notice should be produced using no less than  
**14 point Font – Bold**, see § 58.1-3331)

DATE

NAME

ADDRESS

CITY AND STATE

**RE: Appeal of Assessment**

**Dear (taxpayer):**

**The (locality-county/city) Board of Equalization has received your request to appeal the assessment of your property (property identifier).**

**We have scheduled your appeal to be heard on (date and time) at (address) (city), Virginia**

**You have the right under § 58.1-3331, to review and obtain copies of all the assessment records pertaining to the assessing officer's determination of fair market value of such real property and to request that the Assessor make a physical examination of the subject property. These records are available at the (office) located at (address) in (city), Virginia, Monday through Friday, between the hours of 8am and 5pm. To schedule a physical examination with the Assessor please call or email (contact) at (phone/e-mail), Monday through Friday, between the hours of 8am and 5pm.**

**If you are unable to meet with the Board at the prescribed place and time, please call (contact) at (phone) to reschedule your appearance.**

**Sincerely,**

**Assessor**

## Appendix M: RECORDS RETENTION

### COMMONWEALTH OF VIRGINIA

RECORDS MANAGEMENT AND IMAGING SERVICES DIVISION (Form RM-2 Aug 98)

RECORDS RETENTION AND DISPOSITION SCHEDULE

GENERAL SCHEDULE NO 5: **ASSESSMENT RECORDS**

SCHEDULED AGENCIES: COUNTY AND MUNICIPAL GOVERNMENTS SCHEDULED

DIVISIONS: COMMISSIONERS OF THE REVENUE, REAL ESTATE ASSESSORS

EFFECTIVE SCHEDULE DATE **December 6, 2007**

#### **Real Estate Assessment Records: Board of Equalization Files**

This series documents the activities of the board as they deal with the various tax assessment issues presented for their action.

**Series Number: 010271** Retain until next general assessment or 4 years, whichever is longer, then destroy in compliance with No. 8 on the schedule cover page (see below).

#### **Real Estate Assessment Records: Board of Equalization Minutes**

This series documents the decisions of the Board as it deals with tax assessment issues presented for official action.

**Series Number: 007002** Retain 4 years, then transfer to the Archives, Library of Virginia for permanent retention.

#### **Real Estate Assessment Records: Income and Expense Statements**

This series is used to help determine tax rates for commercial buildings that are leased for use. This includes shopping centers, office buildings, warehouses, and apartment buildings. The series consists of income and expense statements that are submitted by the owners/realtors that detail their business expenses and income relating to the properties. This series is required by *Code of Virginia* § 58.1-3294.

**Series Number: 007001** Retain for 5 years after filing, then destroy in compliance with No. 8 (see below) on schedule cover page. *Code of Virginia* § 58.1-3 restricts public access to these records.

#### **Real Estate Assessment Records: Land Use Files**

This series documents the real property that is taxed for land use purposes by the locality. Land Use property is primarily used for agricultural purposes and is taxed differently from residential and business real property.

**Series Number: 010272** Retain 6 years, then destroy.

(No 8. Custodians of records must ensure that information in confidential or privacy protected records is protected from unauthorized disclosure through the ultimate destruction of the information. Normally, destruction of confidential or privacy-protected records will be done by shredding or pulping. "Deletion" of confidential or privacy-protected information in computer files or other electronic storage media is not acceptable. Electronic records must be "wiped" clean or the storage media physically destroyed.)

# Appendix N: DISCLOSURE OF FINANCIAL INTEREST



SECRETARY OF THE COMMONWEALTH  
**DISCLOSURE OF REAL ESTATE HOLDINGS**

Name \_\_\_\_\_

Address \_\_\_\_\_

Street

City

State

Zip

Officeholder

Title of

Office or Position Held \_\_\_\_\_

Employee

**Real Estate Holdings**

Location or Address	Description

**Dealings in Real Estate**

Name of Corporation/Partnership Business Association	Address

---

I do solemnly swear that the foregoing statement(s) and attachment(s), if any, are complete, correct and true.

Date \_\_\_\_\_ Signed \_\_\_\_\_

§2.2-3101. Definitions. – As used in this chapter:

“Advisory agency” means any board, commission, committee or post which does not exercise any sovereign power or duty, but is appointed by a governmental agency or officer or is created by law for the purpose of making studies or recommendations, or advising or consulting with a governmental agency.

“Business” means a corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, trust or foundation, or any other individual or entity carrying on a business or profession, whether or not for profit.

“Contract” means any agreement to which a governmental agency is a party, or any agreement on behalf of a governmental agency which involves the payment of money appropriated by the General Assembly or political subdivision, whether or not such agreement is executed in the name of the Commonwealth, or some political subdivision thereof. “Contract” includes a subcontract only when the contract of which it is a part is with the officer’s or employee’s own governmental agency.

“Dependent” means a son, daughter, father, mother, brother, sister or other person, whether or not related by blood or marriage, if such person receives from the officer or employee, or provides to the officer or employee, more than one-half of his financial support.

“Employee” means all persons employed by a governmental or advisory agency, unless otherwise limited by the context of its use.

“Financial institution” means any bank, trust company, savings institution, industrial loan association, consumer finance company, credit union, broker-dealer as defined in §13.1-501, or investment company or advisor registered under the federal Investment Advisors Act or Investment Company Act of 1940.

“Gift,” means any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. It includes services as well as gifts of transportation, local travel, lodgings and meals, whether provided in-kind, by purchase of a ticket, payment in advance or reimbursement after the expense has been incurred. “Gift” shall not include any offer of a ticket or other admission or pass unless the ticket, admission, or pass is used. “Gift” shall not include honorary degrees and presents from relatives. For the purpose of this definition, “relative” means the donee’s spouse, child, uncle, aunt, niece, or nephew; a person to whom the donee is engaged to be married; the donee’s or his spouse’s parent, grandparent, grandchild, brother, or sister; or the donee’s brother’s or sister’s spouse.

“Governmental agency” means each component part of the legislative, executive or judicial branches of state and local government, including each office, department, authority, post, commission, committee, and each institution or board created by law to exercise some regulatory or sovereign power or duty as distinguished from purely advisory powers or duties. Corporations organized or controlled by the Virginia Retirement System are “governmental agencies” for purposes of this chapter.

“Immediate family” means (i) a spouse and (ii) any other person residing in the same household as the officer or employee, who is a dependent of the officer or employee or of whom the officer or employee is a dependent.

“Officer” means any person appointed or elected to any governmental or advisory agency including local school boards, whether or not he receives compensation or other emolument of office. Unless the context requires otherwise, “officer” includes members of the judiciary.

“Personal interest” means a financial benefit or liability accruing to an officer or employee or to a member of his immediate family. Such interest shall exist by reason of (i) ownership in a business if the ownership interest exceeds three percent of the total equity of the business; (ii) annual income that exceeds, or may reasonably be anticipated to exceed, \$10,000 from ownership in real or personal property or a business; (iii) salary, other compensation, fringe benefits, or benefits from the use of property, or any combination thereof, paid or provided by a business that exceeds, or may reasonably be anticipated to exceed, \$10,000 annually; (iv) ownership of real or personal property if the interest exceeds \$10,000 in value and excluding ownership in a business, income, or salary, other compensation, fringe benefits or benefits from the use of property; or (v) personal liability incurred or assumed on behalf of a business if the liability exceeds three percent of the asset value of the business.

“Personal interest in a contract” means a personal interest which an officer or employee has in a contract with a governmental agency, whether due to his being a party to the contract or due to a personal interest in a business which is a party to the contract.

“Personal interest in a transaction” means a personal interest of an officer or employee in any matter considered by his agency. Such personal interest exists when an officer or employee or a member of his immediate family has a personal interest in property or a business, or represents any individual or business and such property, business or represented individual or business (i) is the subject of the transaction or (ii) may realize a reasonably foreseeable direct or indirect benefit or detriment as a result of the action of the agency considering the transaction. Notwithstanding the above, such personal interest in a transaction shall not be deemed to exist when an elected member of a local governing body serves without remuneration as a member of the board of trustees of a not-for-profit entity and such elected member or member of his immediate family has no personal interest related to the not-for-profit entity.



“State and local government officers and employees” shall not include members of the General Assembly.

“Transaction” means any matter considered by any governmental or advisory agency, whether in a committee, subcommittee, or other entity of that agency or before the agency itself, on which official action is taken or contemplated. (1987, Sp. Sess., c. 1; 1988, c. 536; 1992, c. 865; 1993, c.303; 1994, cc. 74, 724; 1995, c. 495; 1996, c. 77; 1997, c. 641.)

§2.2-3115. Disclosure by local government officers and employees. –

F. In addition to any disclosure required by subsections A and B of this section, in each county and city and in towns with populations in excess of 3,500, members of planning commissions, boards of zoning appeals, real estate assessors, and all county, city and town managers or executive officers shall make annual disclosures of all their interests in real estate located in the county, city or town in which they are elected, appointed, or employed. Such disclosure shall include any business in which such persons own an interest, or from which income is received, if the primary purpose of the business is to own, develop or derive compensation through the sale, exchange or development of real estate in the county, city or town. Such disclosure shall be filed as a condition to assuming office or employment, and thereafter shall be filed annually with the clerk of the governing body of such county, city or town on or before January 15. Such disclosures shall be filed and maintained as public records for five years. Forms for the filing of such reports shall be prepared and distributed by the Secretary of the Commonwealth to the clerk of each governing body. (1987, Sp. Sess., c. 1; 1988, c. 849; 1995, c. 495; 1996, c. 526.)

## Appendix O: Quiz Answers

### Chapter 1- Review Quiz

1. True
2. True
3. False
4. d
5. b
6. c
7. True
8. c
9. d
10. c

### Chapter 3- Review Quiz

1. c
2. True
3. b
4. a
5. a
6. True
7. b
8. True
9. a
10. d

### Chapter 2- Review Quiz

1. True
2. d
3. a
4. b
5. True
6. False
7. b
8. a
9. e
10. b

### Chapter 4- Review Quiz

1. b
2. e
3. True
4. d
5. False
6. d
7. True
8. f
9. c
10. b

## Appendix P: Board of Equalization Timeline Checklist

- Reassessment is completed
  - § 58.1-3250; § 58.1-3252; § 58.1-3254; § 58.1-3275; § 58.1-3280; § 58.1-3257; § 58.1-3330
- Assessor Appeals are processed
  - § 58.1-3250; § 58.1-3980; § 58.1-3981
- At the request of the local governing body, prospective Board of Equalization/Review members and alternates who meet specific qualifications are nominated to serve on the Board
  - § 58.1-3374
- Board of Equalization training is provided by the Department of Taxation to prospective Board members
  - § 58.1-206; § 58.1-3374
- Board of Equalization members are sworn in by the Presiding Judge of their local Circuit Court to serve a term expiring at the end of the reassessment tax year, to hear reassessment value appeals from property owners, their agents, or a representative of the locality
  - § 58.1-3250; § 58.1-3370; § 58.1-3380
- Within two weeks of appointment the Board will be furnished with and become familiar with the Conflict of Interest Act and Freedom of Information Act
  - § 2.2-3100.1; § 2.2-3702
- Board of Equalization members elect a Chairman and Secretary and hire clerical administrative assistance as necessary
  - § 58.1-3376

- With at least 10-days prior notice, meetings are advertised in the local newspaper, at the courthouse, and at each library or voting precinct or both
  - § 58.1-3378
- Appeals are scheduled and a notice of rights is mailed at least 45 days prior to hearing those appeals for properties that contain less than 4 residential units
  - § 58.1-3331; § 58.1-3379
- Appeals are heard in a Conflict of Interest and FOIA compliant environment
  - § 2.2-3100; § 2.2-3700; § 58.1-3384
- Following a hearing of sufficient information presented by the parties, a vote by the Board is held to increase, decrease, or affirm the assessment
  - § 2.2-3702; § 58.1-3379; § 58.1-3381; § 58.1-3386
  - If the Board or Assessor determines that an increase is required on a commercial, multifamily residential, or industrial property appeal, then it is necessary to obtain an appraisal from a Certified General Appraiser
    - § 58.1-3379
  - If the Board determines that an increase or decrease is required on a property whose owner has not been heard, then the owner shall be notified and given an opportunity to appeal
    - § 58.1-3381
- The Board notifies the property owner in writing of the decision of the Board
  - If the Board determines to increase or decrease the assessment, then State Form 907 is completed in triplicate and a copy is mailed to the property owner
    - § 58.1-3384
- The Board prepares an Annual Report summarizing their actions
  - Chapter 1036 of the Acts of Assembly of 2003
- The Board of Equalization will have effectively discharged its duties if the burden of taxation rests equally upon all citizens of such locality

- § 58.1-3379
- Both the appellant and the locality have the right to appeal an assessment in the Circuit Court
  - § 58.1-3250; § 58.1-3382; § 58.1-3982; § 58.1-3983