

WYOMING DEPARTMENT OF REVENUE

CHAPTER 9

PROPERTY TAX VALUATION METHODOLOGY AND ASSESSMENT
(COUNTY ASSESSMENTS)

Section 1. Authority.

These Rules are promulgated under authority of W.S. 39-11-102(b).

Section 2. Purpose of Rules.

These rules are intended to describe the methodologies to be used to determine the taxable value of property valued and assessed by County Assessors for property tax purposes. These rules set forth the manuals, formulae, methods, systems, computations, standards, guidelines and criteria to be used by the County Assessors to determine fair market value.

Section 3. Duties of the County Assessors.

- (a.) The County Assessor in each individual county shall value and assess all property specified in W.S. 39-13-103(b), in accordance with these rules. The Department shall monitor the work in progress in the office of each County Assessor to determine whether the procedures and formulae promulgated by the Department are being observed and applied. With the exception of monitoring activities under subsection 8(b) and automatic computerized value calculations which occur when programs and tables are changed pursuant to Department approval and consistent with established time frames, the Property Tax Division shall not set or change values for properties under this section.
- (b.) The Property Tax Division may, upon a written request from the county assessor, appear and testify in a county board of equalization proceeding regarding department rules, manuals, formulae, methods and systems.
- (c.) All real and tangible personal property existing on January 1 of each year shall be subject to assessment, except as prohibited by the United State Constitution or Wyoming Constitution.
- (d.) County Assessors shall physically inspect all real properties within their jurisdiction at least once every six years in order to assure the property characteristic data are correct. The Department may, if necessary, require a yearly plan from the assessor to assure compliance. Exempt properties shall be reviewed as deemed necessary by the assessor to assure the basis for the exemption remains valid and applicable.
- (a.) Section 4. Definitions. For the purpose of property taxation under these rules, the definitions set forth in Title 39, as amended: definitions as set forth by the International Association of Assessing Officers (IAAO) Standard on Mass Appraisal (2008), Standard on Automated Valuation Models (AVMs) (2003), Standard on Ratio Studies (part A) (2007), Standard on Property Tax Policy (2004), Standard on Valuation of Personal Property (2005) and Uniform Standards of Appraisal Practice (USPAP) Standard 6 (2008-2009) are incorporated herein by reference. In addition, the following definitions shall apply:

WYOMING DEPARTMENT OF REVENUE

- (i.) “Absorption Period”: The time period at the time of initial offering of the lots until all lots are sold. More importantly, the absorption period is an estimate of the time frame needed to market the inventory to the eventual end users.
- (ii.) “Absorption Rate”: The rate at which properties for sale or lease have been or are expected to be successfully marketed, sold, or leased in a given area over a duration of time.
- (iii.) "Appraiser": A certified Wyoming assessing official as designated by Wyoming Department of Revenue, Rules and Regulations, Chapter 13.
- (iv.) "Appreciation": An increase in value due to an increase in cost to reproduce, value over the cost, or value at some specified earlier point in time, brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, or other factors as defined in the market.
- (v.) “Appraised Value”: The estimate of the value of a property before application of any fractional assessment ratio, partial exemption, or other adjustment.
- (vi.) “Arms-length Transaction”: A transaction between unrelated parties who are each acting in his or her own best interests.
- (vii.) “Assessed Value”:
 - (A.) A value set on real estate and personal property by a government as a basis for levying taxes (for example 9.5% of Appraised Value).
 - (B.) The monetary amount for a property as officially entered on the assessment roll for purposes of computing the tax levy.
- (viii.) “Automated Valuation Model (AVM)”: An automated valuation model (AVM) is a mathematically based computer software program that produces an estimate of market value based on market analysis of location, market conditions, and real estate characteristics from information that was previously and separately collected. The distinguishing feature of an AVM is that it is a market appraisal produced through mathematical modeling. Credibility of an AVM is dependent on the data used and the skills of the modeler producing the AVM.
- (ix.) "Capitalization rate": A ratio between anticipated future income, either accounting income or cash flow and present value. Capitalization ratios can be derived from any income level, but once they have been so derived they can only be applied to a comparable income level. Such rates may be developed by generally accepted appraisal methods, to include but not be limited to the following:
 - (A.) By comparing the incomes from recently sold comparable properties with their sales prices, adjusted, if necessary, to cash equivalents (market derived rate). This method of deriving a capitalization rate is preferred when the required sales prices and incomes are available.
 - (B.) By deriving a weighted average for the cost of debt and equity capital, as reflected in appropriate money markets (band-of-investment method), and adding increments, when appropriate, for expenses that are excluded from outgo because

WYOMING DEPARTMENT OF REVENUE

they (expenses) are based on the value that is being sought or the income that is being capitalized. The rates for debt and equity capital shall be weighted by the respective proportion of such capital usually employed by typical prospective purchasers and a capital recapture rate added.

- (x.) Coefficient of Dispersion (COD)”: The average deviation of a group of numbers from the median expressed as a percentage of the median. In ratio studies, the average percentage deviation from the median ratio.
- (xi.) “Coefficient of Variation (COV)”: A standard statistical measure of the relative dispersion of sample data about the mean of the data; the standard deviation expressed as a percentage of the mean.
- (xii.) ”Comparative unit method”: 1) A method of appraising land parcels in which an average or typical value is estimated for each stratum of land. 2) A method of estimating replacement cost in which all the direct and indirect costs of a structure (except perhaps architect’s fees) are aggregated and specified with reference to a unit of comparison such as square feet of ground area or floor area, or cubic content. Separate factors are commonly specified for different intervals of the unit of comparison and for different story heights, and separate schedules are commonly used for different building types and quality classes.
- (xiii.) “Computer Assisted Mass Appraisal (CAMA)”: A system of integrated components and software tools necessary to support assessment administration of both real and personal property and the appraisal of a universe of properties through the use of mathematical models that represent the relationship between property values and supply and demand factors.
- (xiv.) “Confidence Interval”: The level of confidence that the population measure (such as the median or mean appraisal ratio) falls in the indicated range.
- (xv.) “Construction Phase”: The time period when subdivision site infrastructure is installed on the land. This could include underground utilities, street storm drainage, water retention facilities, open space, common amenities, and other improvements that make the individual subdivision lots ready for construction of homes or units.
- (xvi.) "Depreciation": A loss of utility and hence value from any cause. Depreciation may take the form of physical depreciation, functional obsolescence, or economic obsolescence.
 - (A.) "Physical Depreciation": The physical deterioration as evidenced by wear and tear, decay or depletion of the property.
 - (B.) "Functional Obsolescence": The impairment of functional capacity or efficiency, which reflects a loss in value brought about by such factors as defects, deficiencies, or super adequacies, which affect the property item itself or its relation with other items comprising a larger property.
 - (C.) "Economic Obsolescence (External Obsolescence)": Impairment of desirability or useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand

WYOMING DEPARTMENT OF REVENUE

relationships in the market. The methods to measure economic obsolescence may include, but are not limited to:

- (1.) Capitalization of the income or rent loss attributable to the negative influence;
- (2.) Comparison of sales of similar properties which are subject to the negative influence with others which are not.
- (3.) Identification of factors specifically analogous to the property, i.e. Investments, capacities, and/or industry relationships.

- (xvii.) "Division": Is the Property Tax Division.
- (xviii.) "Economic Area": A geographic area that may encompass a group of Land Economic Areas, defined on the basis that the properties within its boundaries are more or less equally subject to a set of one or more economic forces that largely determine the value of the properties with in this area.
- (xix.) "End-user Sale": The sale of real estate to an owner-occupant who intends to occupy and use the land or building facilities for his or her own purposes, as opposed to a speculative investor sale in which real estate is bought as an investment to be held with the hope of selling at a profit to an end user in the future.
- (xx.) "Explanation of Valuation Forms": Includes, but is not limited to, the CAMA generated property profile, sales ratio reports, and overall NBHD statistics report
- (xxi.) "Fair market value" is defined as the amount in cash, or terms reasonably equivalent to cash, that a well informed buyer is justified in paying for a property and a well informed seller is justified in accepting, assuming that neither of the parties thereto are acting under undue compulsion and assuming further that the property has been offered in the market place for a reasonable length of time.
- (xxii.) "IAAO": Refers to The International Association of Assessing Officers.
- (xxiii.) "Infrastructure": Street, water and sewer lines, and other public facilities and services necessary for the functioning of a community.
- (xxiv.) "Land Economic Area (LEA)": A geographic area that may encompass a group of neighborhoods, defined on the basis that the lands within its boundaries are more or less equally subject to a set of one or more economic forces that largely determine the value of the lands within this area.
- (xxv.) "Level of Appraisal (LOA)": The common, or overall, ratio of appraised values to market values. Three concepts are usually of interest: the level required by law, the true or actual level, and the computed level based on a ratio study.
- (xxvi.) "Market Adjustment Factors (Neighborhood Adjustment Factor)": Market adjustment factors, reflecting supply and demand preferences, are often required to adjust values obtained from the cost approach to the market. These adjustments should be applied by type of property and area and are based on sales ratio studies or other market analyses. Accurate cost schedules, condition ratings, and depreciation schedules will minimize the need for market adjustment factors..

WYOMING DEPARTMENT OF REVENUE

- (xxvii.) “Mass Appraisal”: The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.
- (xxviii.) “Mean”: A measure of central tendency. The result of adding all the values of a variable and dividing by the number of values.
- (xxix.) “Median”: A measure of central tendency. The value of the middle item in an uneven number of items arranged or arrayed according to size; the arithmetic average of the two central items in an even number of items similarly arranged.
- (xxx.) “Microsoft Excel © (Excel)”: a spreadsheet-application written and distributed by Microsoft for Microsoft Windows; State approved software that assists in analyzing data for property valuation purposes.
- (xxxii.) “Neighborhood (NBHD)”: 1) The environment of a subject property that has a direct and immediate effect on value. 2) A geographic area (in which there are typically fewer than several thousand properties) defined for some useful purpose, such as to ensure for later multiple regression that the properties are homogenous and share important locational characteristics.
- (xxxiii.) “Parameter”: Numerical descriptive measure of the population, for example, the arithmetic mean or standard deviation. Parameters are generally unknown and estimated from statistics calculated from a sample of the population.
- (xxxiv.) “Parametric Statistic”: A statistic whose interpretation or reliability depends on the distribution of the underlying data.
- (xxxv.) “Nonparametric Statistic”: A statistic whose interpretation or reliability does not depend on the distribution of the underlying data.
- (xxxvi.) “Present Worth”: The present value of income that is expected to be received at some future date or dates, as ascertained by the process of discounting both the income and the anticipated expenses incident to its receipt, that is the amount of money that, if presently invested and allowed to accumulate at compound interest would yield net income in the same amounts and at the same intervals as is anticipated of a given property.
- (xxxvii.) “Price-related differential (PRD)”: The mean divided by the weighted mean. The statistic has a slight bias upward. Price-related differentials above 1.03 tend to indicate assessment regressivity; price-related differentials below 0.98 tend to indicate assessment progressivity.
- (xxxviii.) “Progressivity”: An appraisal bias such that high-value properties are appraised higher than low-value properties in relation to market values.
- (xxxix.) “Quantity survey method” means the procedure for estimating cost which requires complete itemization of all construction, labor, and material costs, by components and sub-components, and of all indirect costs.
- (xl.) “Ratio Study (Sales Ratio Study)”: A study of the relationship between appraised or assessed values and market values. Ratio studies evaluate the level and uniformity

WYOMING DEPARTMENT OF REVENUE

- of the appraisals or assessments. A sales ratio study uses sales prices as proxies for market values, with the appraised/assessed value being the numerator and the sales price being the denominator.
- (xl.) “Raw Land”: Land on which no improvements have been made; land in its natural state before grading, construction, subdivision, or the installation of utilities.
 - (xli.) “Regressivity”: An appraisal bias such that low-value properties are appraised higher than high-value properties in relation to market values.
 - (xlii.) “Replacement Cost New (RCN)”: The cost, including material, labor and overhead that would be incurred in constructing an improvement.
 - (1.) "Direct costs" include, but are not limited to, materials, labor, supervision, equipment rentals, installation of components, and utilities.
 - (2.) "Indirect costs": Include, but are not limited to, architecture and engineering, building permits, title and legal expenses, insurance, interest and fees on construction loans, taxes incurred during construction, advertising and sales expenses, and reasonable overhead and profit.
 - (xxxv.) “Replacement Cost New Less Depreciation (RCNLD)”: Replacement cost new less physical incurable depreciation and external obsolescence.
 - (xxxvi.) “Reproduction Cost”: The cost of constructing a new property, reasonably identical (having the same characteristics) with the given property except for the absence of physical depreciation, using the same materials, construction standards, design, and quality of workmanship, computed on the basis of prevailing prices and on the assumption of normal competency and normal conditions.
 - (xxxvii.) “Predictive Analytics Software (PASW) formerly known as “Statistical Package for the Social Sciences (SPSS)”: State approved software that assists in analyzing data for property valuation purposes.
 - (xxxviii.) “Statistics”: Numerical descriptive data calculated from a sample, for example, the median, mean, or COD. Statistics are used to estimate corresponding measures, and termed parameters for the population.
 - (xxxix.) “Stratify” (stratification, strata, stratum): To divide, for purposes of analysis, a sample of observations into two or more subsets according to some criterion or set of criteria.
 - (xl.) “Time-adjusted sale price”: The price at which a property sold adjusted for the effects of price changes reflected in the market between the date of sale and the date of analysis.
 - (xli.) "Trended original cost method": The procedure for estimating replacement cost of property by trending its original or historical cost with a factor from an appropriate construction cost index. Subsequent additions and replacements less deductions or removals must be considered.
 - (xlii.) "Unit-in-place method": The procedure for estimating cost which combines direct and indirect costs into a single unit-in-place, which, when multiplied by the area of

WYOMING DEPARTMENT OF REVENUE

the portion of the building being priced, results in a total cost estimate for that portion.

- (xl.iii.) “USPAP”: Will refer to the Uniform Standards of Professional Appraisal Practice and Advisory Opinions published by the Appraisal Standards Board.
- (xliv.) “Weighted Mean”: An average in which each value is adjusted by a factor reflecting its relative importance in the whole before the values are summed and divided by their number.

Section 5. Appraisal Methods.

The appraisal techniques which may be used by the County Assessor include the approaches described in this section. Each approach used shall be an appropriate method for the type of property being valued; that is, the property shall fit the assumptions inherent in the appraisal method in order to calculate or estimate the fair market value of the property. Each approach used shall also consider the nature of the property and the regulatory and economic environment within which the property operates. All methods used by the Assessor shall be consistent with the applicable IAAO and USPAP standards including, but not limited to, the following (except where standards conflict with Wyoming Statute or Rule): IAAO Standard on Mass Appraisal (2008), IAAO Standard on Automated Valuation Models (AVMs) (2003), IAAO Standard on Ratio Studies (part A) (2010), Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6 (2010-2011), IAAO Standard on Property Tax Policy (2010) and IAAO Standard on Valuation of Personal Property (2004).

- (i.) The Sales Comparison Approach. The comparable sales approach is an appropriate method of valuation when there are an adequate number of reliable arms-length sales and the properties subject to such sales are similar to the property being valued. For land valuation, the sales comparison is the preferred method of valuation. In the absence of adequate vacant land sales, other techniques may be used including allocation, abstraction, anticipated use, capitalization of grant rents and land residual capitalization. For improved property, the sales comparison approach using market adjusted RCNLD plus land value or other market modeling techniques are the preferred method of valuation. Comparable sales shall be adjusted to reflect differences in time, location, size, physical attributes, financing terms or other differences which affect value. The use of this approach to value depends upon:
 - (A.) The availability of comparable sales data;
 - (B.) The verification of the sales data;
 - (C.) The degree of comparability or extent of adjustment necessary for time differences; and
 - (D.) The absence of non-typical conditions affecting the sales price.
- (ii.) The Cost Approach. The cost approach is a method of estimating value by summing the land value, where applicable, with the depreciated value of improvements. In the CAMA system, RCNLD is calculated using Marshall and Swift cost tables. The cost approach is an accepted supplemental approach and could serve

WYOMING DEPARTMENT OF REVENUE

as the primary approach when sales data is unavailable or inadequate (such as special purpose properties). The cost approach relies on the principle of substitution in which an informed buyer will not pay more for a property than its comparable replacement. The approach requires:

- (A.) Accurate, current land values in the case of real property;
 - (B.) Accurate, pertinent physical data regarding the property to which cost data may be applied;
 - (C.) Current cost data which considers appreciation in the case of real and personal property;
 - (1.) Costs may be estimated on the basis of typical replacement or reproduction costs.
 - (2.) Typical replacement or reproduction costs may be estimated by the quantity survey method, the unit-in-place method, the comparative unit method, or the trended original cost method.
- (iii.) The Income or Capitalized Earnings Approach. The income or capitalized earnings approach is a method of estimating the value of property by converting anticipated benefits to be derived from the ownership of the property into a value estimate as is reflected or accomplished by yield capitalization methodology. These benefits can be reflected through the net operating income or cash flow of a company. The anticipated future income and/or reversions are discounted to a present worth. Direct capitalization may also be used to convert a single year's income expectancy into an indication of value. This conversion is accomplished by either dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate income factor in accordance with generally accepted appraisal techniques. Both direct and yield capitalization methodologies are considered to be the income or capitalized earnings approach as discussed in this subsection. For present worth information refer to Section 16 of these rules.
- (A.) For the purposes of this subsection, cash flow is the difference between dollars paid and dollars received. Dollars received include all revenues generated from operating assets. Dollars paid include all current expenses and capital expenditures, or annual allowances therefore, required to develop and maintain the income stream. Cash flow must also take into account all legally enforceable restrictions on the property.
 - (B.) Net operating income or cash flow is discounted to fair value using a capitalization rate developed by the methods described in Section 4(a)(vi)

Section 6: Statistical Analysis and Standards

These standards apply to all valuations performed by the Assessor with department approved software, e.g. PASW and are directed primarily at the reliability of sales ratio study calculations performed by the Assessor for each LEA, Neighborhood or other stratum in the county. IAAO standards apply except where there is a conflict with these rules, in which case these rules shall prevail.

WYOMING DEPARTMENT OF REVENUE

- (i.) Sales Sample Sizes for Ratio Studies. The minimum sample size shall be 5 for any LEA, Neighborhood or other stratum. If five sales are unavailable the following methods should be used to increase sample size. If methods (A.), (B) and (C.) do not result in compliance with the statistical standards herein then method (D.) may be considered.
- (A.) Restratification. If levels of appraisal are similar or properties are homogenous, broader strata containing larger samples can be created by combining existing strata or by stratifying on a different basis.
 - (B.) Extending the period from which sales are drawn. This is often the most practical and effective approach. Sales from prior years can be used; however, adjusting the sale price for time may be necessary and significant property characteristics must not change. The Assessor shall use no more than three (3) years when adjusting for time. In such cases a trend adjusted statistical procedure should be employed to bring the sales to current-year levels.
 - (C.) Enlarging the sample by validating previously rejected sales. Sales previously excluded from the analysis, because it was not administratively expedient to confirm them or to make adjustments, can be reevaluated.
 - (D.) Imputing appraisal performance. Ratio study statistics for strata with no or few sales can sometimes be imputed from the results obtained for other strata. These strata should be as similar as possible. Procedures and techniques used to appraise properties in the strata also should be similar.
- (ii.) Appraisal Uniformity. If a subset of individual sales ratios within a sample is exceptionally higher or lower than the norm in the sample, the assessor should first look for common *property characteristics among* them and determine if they constitute justification for the creation of a new neighborhood. In the event no such common characteristics exist, the *assessor may filter outliers in* accordance with Appendix B of the *IAAO Standard on Ratio Studies (2007)*. The COD for any LEA, Neighborhood or other stratum of residential and commercial, improved and vacant, shall conform with Section 9.2 of the *IAAO Standard on Ratio Studies (2007)*.
- (iii.) Level of Appraisal. The level of appraisal for any LEA, Neighborhood or other stratum of residential improved or vacant property, shall lie between 0.90 and 1.00. To protect against the likelihood of over assessment of properties the recommended Level of Assessment for residential improved properties is 0.96.
- (iv.) Calculating Market Adjustments. The Level of Assessment for any Neighborhood shall annually be calculated iteratively by varying the Market Adjustment Factor until the final desired Level of Assessment is achieved, using PASW software or other software approved by the Department. One final Market Adjustment Factor shall be applied to the CAMA-generated RCNLD for each sold or unsold property in the Neighborhood unless justified and documented by the Assessor.
- (v.) Confidence Interval of Mean Sales Ratio. For residential improved properties the upper and lower limits of the 95% confidence interval of the mean sales ratio for any LEA, Neighborhood or other stratum shall lie between .85 and 1.05.

WYOMING DEPARTMENT OF REVENUE

- (vi.) Land Appraisal. Within any LEA any data points of Assessed Valuation when plotted against land area, should fit a regression curve which is derived from the sold properties. The equation of the regression lines is used to assess the land value of all sold and unsold properties in the LEA. Each stratum within the LEA should have only one regression line for all its parcels.
- (vii.) Undefined Statistical Calculations or Adjustments. Calculations or adjustments of a statistical nature, not addressed by these rules or the IAAO Standards, shall not be applied to any properties in a county by the Assessor without a written memorandum of clarification from the Department requested by the Assessor of the Department under WS 39-11-102 . The Department's memorandum shall be distributed to all County Assessors.

Section 7. Computer Assisted Mass Appraisal (CAMA).

The Colorado CustomWare, Inc.(CCI), RealWare system is the only CAMA system adopted and approved for valuation of taxable property assessed at the County level for property tax purposes. The system shall be used for all real and personal property, except property for which narrative appraisals or other recognized supplemental appraisals are used as a substitute to the CAMA system. For these properties, the assessor shall maintain a name and address file in the "CCI" system, along with a legal description and the final value of land and buildings as described in the narrative or supplemental appraisal.

Section 8. Monitoring County Valuation Procedures.

The Department shall annually provide Assessors with information and training regarding compliance with new rules and statutes. The County Assessor shall annually provide the Department of Revenue and the State Board of Equalization with the county narrative and supporting documentation by the 4th Monday in April or as soon as possible thereafter.

- (i.) Annually, the Property Tax Division shall monitor each Wyoming County Assessor's Office to discuss and insure utilization of Department approved CAMA systems and compliance with all Department directives and orders with regard to appraisal methods and valuation methodologies. The results shall be compiled by identifying current issues of concern and presented to the Department of Revenue Director no later than January 31st of the following year.
 - (A.) Each county shall receive a copy of the results of their county and be provided the opportunity to respond.
 - (B.) If concerns are not cured within a time specified by the Division, the Department may, in conjunction with the county, develop a work plan to correct the situation.

Section 9. Reconciliation.

The appraiser shall weigh the relative significance, applicability and appropriateness of the indications of value derived from the approaches to value or methods outlined above, and will place the most weight and reliance on the value indicator which, in his

WYOMING DEPARTMENT OF REVENUE

professional judgment, best approximates the value of the subject property. The appraiser shall evaluate all alternative conclusions and reconcile the value indicators to arrive at a final estimate of value. For market value, the final estimate is that value which most nearly represents what the typical, informed, rational purchaser would pay for the subject property and a rational seller would accept if it were available for sale on the open market as of the date of the appraisal, given all the data utilized by appraisers in their analyses.

Section 10. Valuation and Taxable Value

(a.) The fair market value of all taxable property shall be determined by applying the methods of valuation outlined above. In all cases, additions, deletions and changes in use will be recognized by appraisers and appropriate adjustments will be made to the valuation of the property.

(b.) The taxable value of property in the State of Wyoming shall mean a percent of fair market value of property in a particular class as follows:

- (i.) All property used for industrial purposes, eleven and one-half percent (11.5%);
- (ii.) All other property, real and personal, nine and one-half percent (9.5%).

Section 11. Written Explanation to Taxpayer.

(a.) Any taxpayer whose property is appraised under W.S. 39-13-103(b)(v) and 39-13-107(a)(i) and this Chapter will be notified of the appraised value of the subject property and, upon request, will be provided a statement indicating those methods set forth in section 6 of this chapter that were used in arriving at the appraisal. The explanation provided to any taxpayer should be clearly defined and readily available to the taxpayer. Supporting documentation which is readily available within the CAMA system and its associated external programs, such as but not limited to PASW, and Microsoft Excel spreadsheets and analysis used in valuation of a property within a specific strata shall be available upon request by the taxpayer. These forms shall be consistent across the entire state and from county to county, with the exception of the narrative, which may differ between counties as long as all of the parameters in the addendum are met. These forms will be considered to be public documents and will be available to the taxpayer upon request. There will be three levels of explanation available:

- (i.) An overview of the property taxation process for County assessed properties which will be published by the Department of Revenue and available on the Department website;
- (ii.) A valuation explanation consisting of a county specific written narrative and the Overall LEA/NBHD/NBHD Group Statistics forms as well as Sales Ratio Reports;
- (iii.) Individual property explanation consisting of the property summary report, property detail report, cost breakdown sheet.
- (iv.) Copies of these forms can be seen in the attached addendum.

Section 12. Responsibilities for Cadastral Mapping.

WYOMING DEPARTMENT OF REVENUE

(a.) County Assessors shall have authority to assign identification numbers as well as ownership and LEA/NBHD boundaries for completion of county responsibilities for cadastral mapping. Plotting ownership entails researching title records and delineating the lands owned by each individual on ownership base maps. Ownership base maps shall consist of: Mylar overlays, other hard copy maps, or computerized mapping system. Application of parcel identification numbers and maps shall be constructed to meet the general standards of Department of Revenue's Mapping and Agricultural Manual, IAAO Standards on Manual Cadastral Maps (2004) and Parcel Identifiers or Standard on Digital Cadastral Maps and Parcel Identifiers (2003) or other methods/systems approved by the Department.

(b.) The Property Tax Division shall assure that all tax district boundaries in the state of Wyoming are plotted on a uniform set of tax district maps that can be easily reproduced and distributed. When these tax district maps are complete, each County Assessor shall, with the assistance of the taxing bodies, confirm the tax district boundaries in accordance with W.S. 39-13-102(p).

(c.) All parcels plotted on the base ownership maps and assigned a parcel identification number, as described in Subsection (a), shall have a corresponding State mainframe CAMA file. Each of these newly assigned parcel identification numbers (PINs) shall be entered into the corresponding and proper CAMA file.

(d.) Requests for variances from Department of Revenue's Mapping and Agricultural Manual shall be made to the Department in writing. Within sixty (60) days of receipt of the request, the Department shall obtain the recommendation of the Property Tax Division on the variance request and either approve, disapprove or conditionally approve the request. Notice of the decision on the variance shall be provided to all County Assessors.

Section 13 Personal Property

(a.) According to the IAAO Standard on Personal Property (2005), "the cost, sales comparison, and income approaches should be considered in the appraisal of personal property as long as the market within the trade level is in equilibrium." Refer to the following paragraphs for more specific guidance in the valuation of personal property.

(b.) For personal property, the valuation methodology selected shall reflect the trade level at which personal property is found, and shall account for factors influencing the value in place including utility, usefulness to the owner or the actual income produced.

(c.) References: Property tax appraisers may use any published source to establish costs or sales of personal property, including, but not limited to, "blue books" on boats, airplanes, farm and construction equipment, and information developed by the Property Tax Division.

(i.) The Property Tax Division shall annually conduct a study of information on personal property, using such source material as may be available, including but not

WYOMING DEPARTMENT OF REVENUE

- limited to trade journals and publications, auction information, sales from dealers and manufacturers, industry associations, as well as comment from interested parties.
- (ii.) The Property Tax Division shall interpret the data collected in the study on personal property and make recommendations. The completed work product shall be published annually and be entitled "Wyoming Personal Property Valuation Manual."
 - (iii.) The "Wyoming Personal Property Valuation Manual" shall also include updated cost trend factor tables and depreciation tables. Said tables shall also be made available on the computer-assisted mass appraisal system for personal property.
 - (iv.) For appropriate personal property definitions refer to Section 4. Definitions of these rules.
 - (v.) For appropriate appraisal methods for personal property refer to Section 5. Appraisal Methods of these rules.
- (d.) Depreciation in the case of personal property. For personal property:
- (i.) The Property Tax Division shall provide tables of depreciation factors for use by property tax appraisers. Other rates of depreciation may be developed by the appraiser.
 - (ii.) The Property Tax Division shall develop economic life tables based on information from such sources as, but not limited to, the Internal Revenue Service publications 534 and 946 as well as Marshall Valuation Service and recommendations from the Wyoming County Assessors Association.
 - (iii.) Depreciation shall be applied beginning at the first assessment date after the property is acquired.
 - (iv.) Depreciation shall continue to be applied until the residual value is reached. The residual value shall be considered to be no less than 20% for all personal property, unless the property tax appraiser has collected sufficient market information to indicate a different residual value.

Section 14. Apportionment of Valuation of Machinery and Equipment Among Counties.

- (a.) Machinery and equipment located in two (2) or more counties during the year, except mobile machinery otherwise required to be registered under W.S. 31-18-203, shall be reported to the assessor of the home county. When the valuation of machinery or equipment is subject to apportionment between or among two or more counties, the owner or operator may select either the time method or the monetary method of reporting the subject equipment. Once the method of reporting is selected, it must be used for all the machinery and equipment listed.
- (i.) Time method of reporting and valuation allocation.
 - (A.) The report shall include a listing of machinery and equipment as requested by the assessor of the home county, as well as the amount of time to the nearest whole week each piece of machinery or equipment was used or located in each county during the immediately preceding calendar year.

WYOMING DEPARTMENT OF REVENUE

- (B.) The valuation shall be allocated as follows: the home county shall be entitled to assess one-twelfth (1/12) of the assessed valuation of the machinery and equipment as the base share. The remainder of the total assessed valuation shall be allocated by applying to the remainder a ratio of the total number of weeks in a county to the total number of weeks in the year, or 52. If the machinery and equipment was located in the home county for any part of the year, the home county is entitled to its proportionate share in addition to the base share of one-twelfth.
- (ii.) The monetary method of reporting and valuation allocation.
 - (A.) The report shall include a listing of machinery and equipment as requested by the assessor of the home county as well as the monetary value of the work done by the owner or operator in each county.
 - (B.) The valuation shall be allocated as follows: the home county shall be entitled to assess one-twelfth (1/12) of the assessed valuation of the machinery and equipment as the base share. The remainder of the total assessed valuation shall be allocated by applying to the remainder a ratio of the monetary value of the contract performed in each county to the total monetary value of all contracts performed in the state. If the machinery and equipment was located in the home county for any part of the year, the home county is entitled to its proportionate share in addition to the base share of one-twelfth. If there is no monetary value of work performed, the time method must be used.
- (b.) The assessor of the home county shall be responsible for allocating portions of assessed value to the counties according to this subsection.
- (c.) The time and monetary methods of reporting also apply to machinery and equipment brought into the state after the assessment date of January 1st. The time method ratio, if used, shall be modified to reflect the number of weeks remaining in the year after the machinery and equipment is brought into the state.
- (d.) In the event the owner or operator of the machinery and equipment has a principal place of business out of state, all machinery and equipment shall be registered pursuant to W.S. 31-18-203.
- (e.) "Home county" means the county in which an owner or operator of equipment and machinery has a principal place of business, and to which reports listing equipment and machinery used in two or more counties are made.

Section 15. Lands Subject to Gross Production Tax.

- (a.) All land and real property that are taxed based upon the gross product of a producing well, mine or mining claim shall be listed on the tax rolls by the County Assessor. Effective January 1, 1991, and thereafter, all tangible personal property used underground in mining or used within the well in oil or gas exploration or production as further described in paragraphs (b) - (e) below, that is taxed based upon the gross product of a producing well, mine or mining claim shall not be separately assessed. In accordance with the Wyoming Constitution and Statutes, the gross products tax shall be in lieu of

WYOMING DEPARTMENT OF REVENUE

property taxation of those lands and equipment, and shall be levied on all mineral interest owners in proportion to their ownership shares unless exempted by law. (6/91)

- (b.) The amount of land allocated to such treatment shall be:
 - (i.) Each legal subdivision of forty (40) acres where producing wells or mines are located;
 - (ii.) If minerals are produced within the corporate limits of a city or town, only the lot or lots upon which mineral production actually occurs shall be taxed on a gross products basis; or
 - (iii.) If minerals are produced on lands platted outside corporate limits of municipalities, only the lots or tracts where production actually occurs shall be taxed on a gross products basis.
- (c.) The types and amount of tangible personal property allocated to such treatment shall be only that capitalized equipment which historically has not been assessed and taxed based on the 1941 and 1963 Attorney General Opinions and which meets one of the following criteria:
 - (i.) Equipment which is permanently affixed underground in the mine or in oil and gas exploration or production operations; or
 - (ii.) If the equipment is not permanently affixed underground, the assessor shall determine that the equipment is intended or otherwise designed to be consumed underground in the production of the mineral. Such equipment shall not be separately assessed for taxation during the normal course of mining or oil or gas exploration or production. The taxpayer shall have the burden of demonstrating the equipment meets this requirement. (6/91)
- (d.) In determining whether capitalized equipment satisfies the requirements of subparagraph (b)(ii) above, the taxpayer may submit, and the assessor may consider, information indicating that the equipment is specifically adapted for use underground or it is not put to any use other than the production of minerals in the underground operation.
- (e.) The following shall not be relevant to the issue of whether the equipment is subject to separate assessment as personal property (that is, the following may occur without affecting the determination of whether the requirements in subparagraph (b)(ii) have been met):
 - (i.) The normal and routine surface repair or maintenance of all or part of the functioning equipment unit;
 - (ii.) The salvage of equipment after the equipment's value is consumed in the underground production of the minerals; and
 - (iii.) The removal of the equipment or materials due to a statutory or regulatory requirement for removal after the equipment's value is consumed in the underground production of minerals.

WYOMING DEPARTMENT OF REVENUE

- (f.) All underground equipment and material of an oil or gas well plugged or temporarily abandoned pursuant to an approved Wyoming Oil and Gas Conservation Commission Form 4 in effect as of January 1st of each year shall have no assessment value for that year. All surface equipment remaining on a plugged or temporarily abandoned well shall be assessed.
- (g.) If information is subsequently available to the assessor to conclude that equipment should have been subject to separate assessment as personal property, such equipment which had not been separately assessed in prior years shall be assessed and taxes computed and collected for the period the property was not separately assessed not to exceed five (5) prior years or since the last change of ownership, whichever is less.
- (h.) Except as provided in paragraphs (b) - (e), equipment which is removed from underground shall be treated as tangible personal property and assessed accordingly.
(6/91)

Section 16. Qualifications for Present Worth Valuation.

(a.) All vacant land within a platted subdivision may be considered for present worth valuation; not all vacant land within a platted subdivision will qualify. All of the following qualifications must be examined before granting present worth valuation:

(i.) Land Qualifications.

- (A.) The property must be located within a platted subdivision. Land divided through records of survey and other forms of dividing land does not qualify as a platted subdivision.
- (B.) The property must be vacant. Any form of construction taking place on the individual lot will disqualify the parcel from present worth consideration. This includes, but is not limited to excavation for improvement. Smaller, non permanent structures such as, (tool sheds, moveable trailer, etc.) shall not disqualify the property from present worth consideration.
- (C.) The property's construction phase must be completed and the lot must be ready to build upon. All intended infrastructure must be in place.
- (D.) The intended property use may be residential, commercial or industrial. Property to be considered for present worth must be actively marketed for sale (taxpayer must be able to present evidence that the property is publicly available for sale as anticipated in the definition of fair market value).
- (E.) The property should be appraised using present worth valuation only if the property is being sold as fee simple property. Property intended to be leased or being leased should not be considered for present worth valuation.
- (F.) The present worth value of any given lot shall never be less than the value of raw land. Raw land is the lowest value; and in those cases where a long absorption period or high rate allows the indicated present worth value to drop below raw land, present worth shall not apply.

WYOMING DEPARTMENT OF REVENUE

- (G.) Subdivision infrastructure will vary within each development and where it is located. The appraiser/assessor needs to understand what is to be provided based on the location of the property and that infrastructure provided to similarly situated property. If any lots within a subdivision lack something that has been provided to other lots within the subdivision, then those lots are not ready for construction and are not eligible for present worth valuation.
 - (H.) Present worth may be applied regardless of the size of the subdivision.
 - (I.) Lots that have the complete infrastructure but cannot be built upon for other reasons (steep grade, trees, etc.) should not be given a present worth value.
 - (J.) Ag land shall not be considered for present worth valuation.
 - (K.) Lots gifted to friends or family must not be considered for present worth valuation. In addition, those lots may not be considered in the formula of calculating an absorption period.
- (ii.) Applicant Qualifications.
- (A.) The applicant must be the owner of the vacant lots and be actively marketing the property for sale. Those lots that are gifted to friends and family members, or those to be used for his/her own personal use will not qualify as that individual is an end user.
 - (B.) The property owner must annually request present worth valuation in writing. The applications will be developed by the DOR and shall be available in each County Assessor's office.
 - (C.) Builders or investors who purchase groups of lots within a subdivision may apply for present worth valuation. Builders and investors differ from individuals who buy lots for their own use in that they are not the eventual end user.
 - (D.) The applicant must not be the end user of the property to be considered for present worth valuation. By purchasing a lot to build a house, no matter how long it takes to build the house, the applicant has become an end user of the property. Builders and investors of lots with the intent to resell are not considered end users and can apply for a present worth valuation.
 - (E.) The applicant must be relying on the sale of lots for profit or reimbursement of funds invested.
- (iii.) Absorption Period or Rate.
- (A.) The absorption period must be greater than one year to qualify for present worth valuation. An absorption period of less than one indicates that all remaining lots will be sold within a one year period. When the absorption period becomes less than one year all remaining lots should be valued at full fair market value.
 - (B.) Often times in subdivision development a developer will sell several lots prior to completing the infrastructure. These "presales" should be counted as sales of the first month of the absorption period.

WYOMING DEPARTMENT OF REVENUE

- (C.) To correctly apply present worth values an absorption period must be obtained which, specifically defines the time period as starting at the initial offering of the lots and ending when all lots are sold. More importantly, it is an estimate of the time frame needed to market the inventory to the eventual end users. The assessor may consider granting a separate absorption period for each owner of land within a development. Much like developers, builders and investors will face the task of selling an inventory of lots over time and at least in part recouping their initial investment and making a profit through the sale of those lots.
 - (D.) The lots being considered for present worth valuation must be of the same use. If multiple uses exist within a subdivision, the lots should be separated for analysis as those different uses will account for different absorption periods.
- (iv.) Discount Rate.
- (A.) The Department of Revenue (DOR) will annually provide a discount rate that shall be used in the CAMA software. This rate will be developed by the DOR, or will be provided through nationally recognized rate services and appraisal companies. The DOR shall provide the rate to be used by the counties by January 31st.