

# DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

## Board of Equalization (BOE) Training Office of the State Assessor



**Dan Nelson, State Assessor**

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

City and Borough of Juneau  
Board of Equalization

May 1, 2025

# THE PROPERTY ASSESSMENT



Prepared by: Office of the State Assessor



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# POINTS OF DISCUSSION

1. Role of the State Assessor
2. Property Assessment and Taxation
3. New 2024 Legislation (SB 179)
4. Tips For Handling Complex Appeals
5. BOE “Do’s” and “Don’ts.”



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# ROLE OF THE STATE ASSESSOR

- Advise and assist municipalities on assessment issues
- Provide appraisal training for assessment personnel
- Respond to assessment questions
- Provide Board of Equalization (BOE) Training



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# ROLE OF THE STATE ASSESSOR CONT...

- Compile and develop the annual Full Value Determination (FVD) [AS 14.17.510 (a)]
- Compile and develop the annual publication of Alaska Taxable
- Monitor municipal assessment and taxation practices and procedures (AS 29.45.103 – Taxation Records and 29.45.105 Errors in Taxation Records)



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# ROLE OF THE STATE ASSESSOR CONT...

- Adopt assessment standards [AS 29.45.110 (e)]
- Develop the application for farm use/deferment [AS 29.45.060 (b)]
- Annually adjust the municipality's voter-authorized residential exemption by the annual average cost of living, using the United States Department of Labor Consumer Price Index for Urban Alaska [AS 29.45.050 (a)]
- Finally, there is a mandatory cap on taxation found in AS 29.45.090 that is administered by the State Assessor.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.110 FULL AND TRUE VALUE

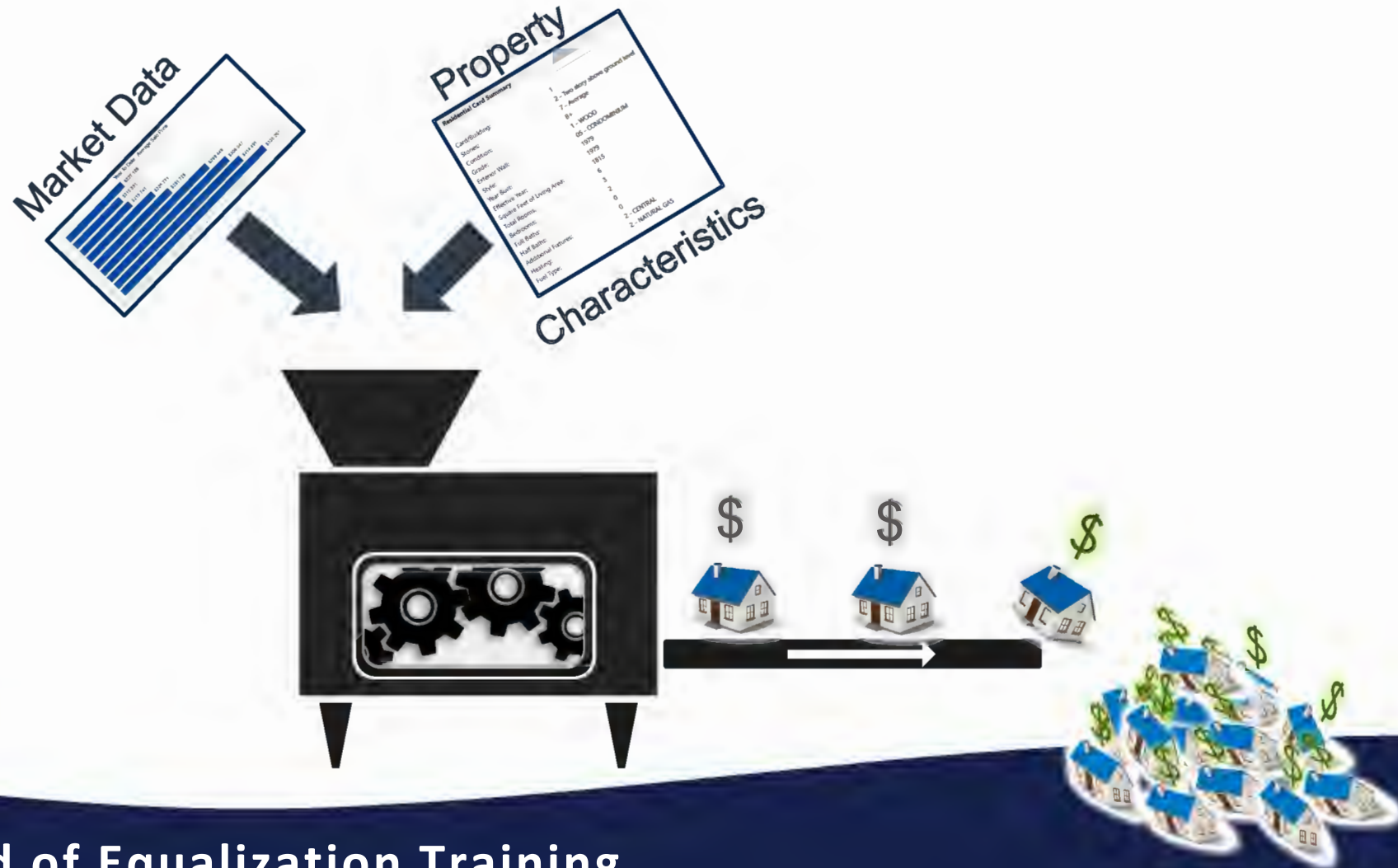
- a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels. The assessor shall determine the full and true value as provided in standards adopted by the department under (e) of this section or another set of standards provided by ordinance.



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# HOW ARE VALUES DERIVED?



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# MASS VS. FEE APPRAISAL

- Mass appraisal is a broad, systematic valuation of many properties at once, while a fee appraisal is the valuation of an individual property.
- Mass appraisers value large number of properties simultaneously using standardized methods (Statistical Analysis).
- Fee appraisers provide a detailed valuation for a single property.
- Mass and fee appraisers follow the same steps to value property and the same approaches to value cost, income, and sales comparison.
- The difference between a mass and fee appraisers is Purpose, Scope, and Methodology.



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| Step/Task   | Description  |
|---|--|
|  1. Define the Problem                                  | Understand the <b><u>property, property rights, etc. to be appraised.</u></b>                            |
|  2. Identify the Scope of Work                          | Determine what work is necessary to produce fair and equitable valuations.                               |
|  3. Preliminary survey & Planning                       | Preliminary analysis to determine necessary data and best approach to value.                             |
|  4. Data collection and analysis                        | Collect market trends, specific property data, and specific market data, such as sales and rent.         |
|  5. Highest and Best Use                                | Understand the best use of the property conditional on legal constraints and physical and market forces. |
|  6. Application of the data and the approaches to value | Three approaches to value: <b><u>Cost, Income, and Sales Approach.</u></b>                               |
|  7. Correlation & reconciliation of values             | Reconciliation of the three approaches to value and reporting final opinion of value.                    |



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# THE THREE APPROACHES TO VALUE

- **Cost Approach**
  - ✓ Based on the Principle of Substitution
- **Sales Comparison (Market) Approach**
  - ✓ Primarily based on Supply and Demand
- **Income Approach**
  - ✓ Primarily based on investor expectations



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# THE COST APPROACH

$$\begin{array}{ccccc} \$400,000 & & \$100,000 & & \$75,000 \\ \text{House Icon} & - & \text{House Icon} & + & \text{House on Land Icon} \\ & & & & = \text{Indicated Value} \\ & & & & = \$375,000 \end{array}$$

Replacement Cost New (RCN)      Depreciation: Wear and Tear      Add the Land Value\*

**\*Note:** *The land value is determined outside of the Cost Approach process and is typically derived using the Sales Comparison Approach.*



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# SALES COMPARISON (MARKET) APPROACH

“The process of deriving a value indication for the subject property by comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices of the comparable properties based on relevant, market-derived elements of comparison.”

Source: The Appraisal of Real Estate, 14th edition



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# SALES COMPARISON (MARKET) APPROACH

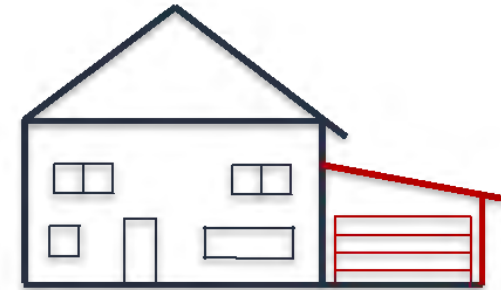
Subject  
No Garage



Comparable #1  
No Garage



Comparable #2  
Garage



|                 |           |           |
|-----------------|-----------|-----------|
| Comparable Sale | \$100,000 | \$110,000 |
| Adjustment      | \$0       | -\$15,000 |
| Indicated Value | \$100,000 | \$95,000  |



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# INCOME APPROACH

- In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach.

Source: The Appraisal of Real Estate, 14th edition

- Approach through which an appraiser (or investor) derives a value indication for income-producing property by converting anticipated benefits, i.e., cash flows and reversion, into property value.

Source: American Institute of Real Estate Appraisers.



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# INCOME APPROACH



What is the value of the income stream (i.e. anticipated benefits) today?

Net Operating Income

Cap Rate

= Indicated Property Value



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# PROPERTY ASSESSMENT PROCESS

AS 29.45.160 Assessment Roll

AS 29.45.170 Assessment Notice

As 29.45.180 Corrections

AS 29.45.190 Appeal

AS 29.45.200 Board of Equalization

AS 29.45.210 Hearing



Assessment Notice:



Tax Bill:



Tax Due:



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.160 ASSESSMENT ROLL

- a) The assessor shall prepare an annual assessment roll. The roll must contain
- 1) a description of all property subject to an ad valorem tax;
  - 2) the assessed value of all property subject to an ad valorem tax;
  - 3) the names and addresses of persons with property subject to an ad valorem tax.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.170 ASSESSMENT NOTICE

- a) The assessor shall give each person named in the assessment roll a notice of assessment showing the assessed value of the person's property that is subject to an ad valorem tax. On each notice is printed a brief summary of the dates when taxes are payable, delinquent, and subject to penalty and interest, and the dates when the board of equalization will sit.
- b) Sufficient assessment notice is given if mailed by first class mail 30 days before the equalization hearings. If the address is not known to the assessor, the notice may be addressed to the person at the post office nearest the property. Notice is effective on the date of mailing.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.180 CORRECTIONS

- a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of the person's property. If requested by the person, the assessor or a person designated by the assessor shall meet with the person and answer reasonable questions relating to the methods used to assess the person's property. The meeting required under this subsection may be virtual or telephonic. The assessor may correct errors or omissions in the roll before the board of equalization hearing.
- b) If errors found in the preparation of the assessment roll are adjusted, the assessor shall mail a corrected notice allowing 30 days for appeal to the board of equalization.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.190 APPEAL

- a) A person whose name appears on the assessment roll or the agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.
- b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.190 APPEAL CONT...

- c) The assessor shall notify an appellant by mail of the time and place of hearing.
- d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is appealed.
- e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.200 BOARD OF EQUALIZATION

- a) The governing body shall appoint one or more boards of equalization for the purpose of hearing an appeal from a determination of the assessor. An appointed board shall be composed of not less than three persons, who shall be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership. The governing body may ordinance appoint itself to sit as a board of equalization.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.200 BOARD OF EQUALIZATION CONT...

- b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.
- c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.



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# PROPERTY ASSESSMENT PROCESS – AS 29.45.210 HEARING

- a) If an appellant fails to appear, the board of equalization may proceed.
- b) **The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. The board of equalization may not raise the assessment in the current year unless requested to do so by the appellant. If the appellant provides a long form fee appraisal to support the appellant's valuation and the board of equalization does not find in favor of the appellant, the board shall make specific findings on the record to support its decision.**



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# PROPERTY ASSESSMENT PROCESS – CBJ 15.05.190(c)(5) BOE HEARING OF APPEAL

(c) Conduct of hearings; decisions. Except as otherwise provided in this chapter, hearings shall be conducted by each panel of the board of equalization in accordance with the following rules:

**(5) Burden of proof. The appellant bears the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. If the valuation is found to be too low, the The board may not raise the assessment in the current year unless requested to do so by the appellant.**



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# PROPERTY ASSESSMENT PROCESS – TAXATION

- 1) Development of the Municipal Budget
- 2) Determination of the Mill Rates

<https://www.commerce.alaska.gov/web/dcra/Home.aspx>

<https://akleg.gov/index.php>



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# 2024 LEGISLATION

- SB179 - compilation of several bills that were proposed in 2024 session
  - Revises AS 29.10.200 - No sales or use tax
  - Revises AS 29.45.050 - Farm Exemption and AS 29.45.060 - Farm Use/Deferment
  - Revises AS 29.45.110 (a) - Department (State Assessor) shall adopt standards that are not inconsistent with IAAO standards
  - Revises AS 29.45.115 - Adds the employment requirement for assessors to have a Level 3 Certification through the Alaska Association of Assessing Officers (AAAO) or work under the supervision of an individual with a Level 3 Certification



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# 2024 LEGISLATION CONT..

- Revises AS 29.45.180 (a) to require that if a property owner requests a meeting, the assessor or a person designated by the assessor must meet with the property owner to answer questions relating to the methods used to assess the person's property
- Revises AS 29.45.200 (a) - Appointment of BOE
- Revises AS 29.45.110 (a) - Department (State Assessor) shall adopt standards that are not inconsistent with IAAO standards
- Revises AS 29.45.210 (b) - Long Form Appraisal



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# TIPS FOR HANDLING COMPLEX CASES?

- Listen to the case presented.
- Ask questions on the record.
- Decide based on the evidence presented.
- Establish a record that supports the decision.



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# EXCESSIVE, UNEQUAL, IMPROPER, & UNDERVALUED

## Interpretation of meaning from the court decisions:

**EXCESSIVE** – To show that an assessment is excessive, an Appellant must show that the assessment is more than just overvalued. It must be shown that the assessment is grossly disproportionate when compared to other assessments (*or, it can be shown that there is an intentional or fraudulent purpose to place an excessive valuation on the property*).

**UNEQUAL** – To show that an assessment is unequal, the Appellant must show that there are other properties in the same class as the property being appealed and that there is no basis that would justify different valuations of the property.

**IMPROPER** – To show that an assessment is improper, it must be shown that the assessor used an improper method of valuation, which amounts to fraud or a clear adoption of a wrong principle of valuation.

**UNDERVALUED** – Rare, but yes it does happen from time to time.



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# BAD REASONS FOR A REDUCTION

- Value is excessive, improper, and unequal without supporting evidence
  - Taxes are too high
  - Value increase was too high
  - No improvements were made to the property
  - My neighbor's house valued less
  - There are not enough services from Municipality for taxes paid
  - Didn't receive an assessment notice



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# LEGITIMATE REASONS FOR A REDUCTION

- The property was sold during the assessment year, but the Assessor did not consider the sale price.
- The assessment includes a factual error such as wrong square footage.
- The property was in exceptionally poor condition as of the assessment date, for example the roof was caved in.



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# BOE “DO’S”

- DO show both the Appellant and the assessment staff the courtesy of your attention, and discuss weight given to issues.
- DO make your decisions based upon ONLY the facts presented at the hearing.
- DO make a record by basing the motion on the facts presented and discussing all salient facts.
- DO treat every case as though it will be appealed to the courts.
- DO remember that the Assessor’s staff are professional appraisers who have been to schools on appraisal standards and techniques.



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# BOE “DON'TS”

- **DO NOT** offer a small deduction to “help out” the Appellant.
- **DO NOT** bring in your own data or comparables; you should consider only what is presented at the hearing.
- **DO NOT** attempt to re-appraise the property unless the burden of proof has been met by the Appellant. Then make the determination of value based upon the information provided at the hearing.



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# CONCLUSION

1. Role of the State Assessor
2. Property Assessment and Taxation
3. New 2024 Legislation (SB 179)
4. Tips For Handling Complex Appeals
5. BOE “Do’s” and “Don’ts.”



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