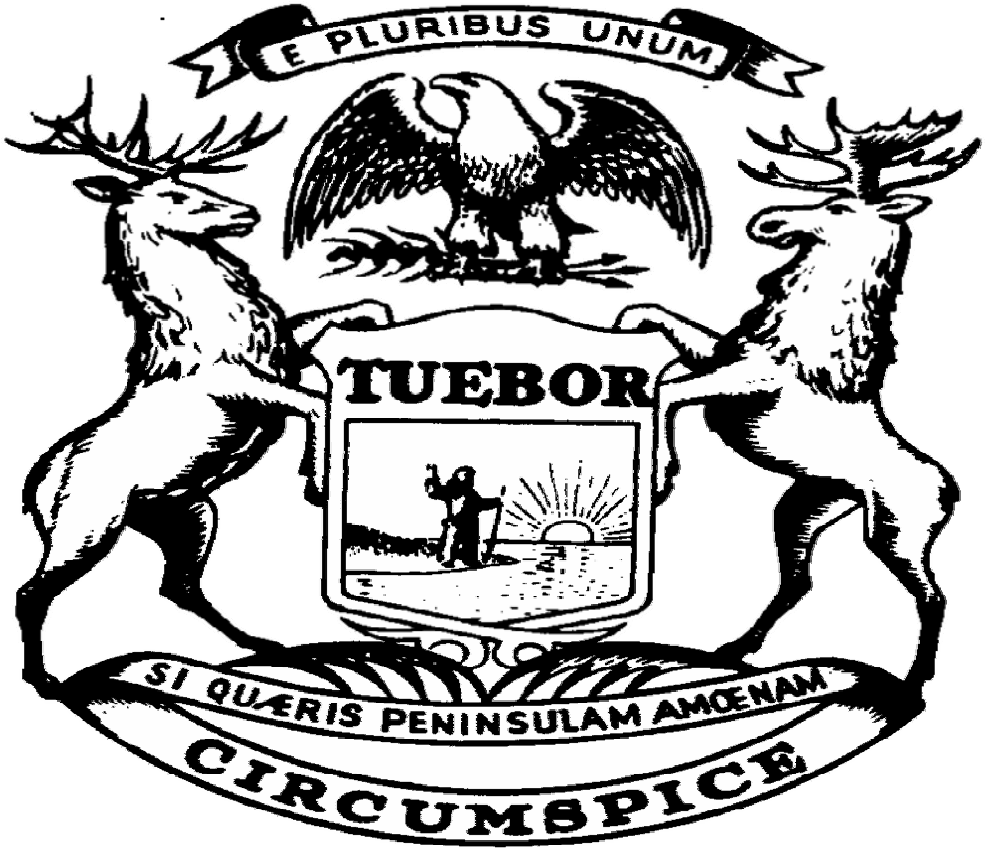

STATE TAX COMMISSION

Renewal Program Quiz

Application of New, Loss, Additions, Losses, and Adjustment

1. The term “new” is used in assessment administration to describe assessment increases:

   a. resulting from added true cash value for property which is described for the first time on the assessment roll or which was formerly exempt from taxation
   b. resulting from improvements in general market conditions
   c. only when new construction has occurred
   d. only when a parcel combination has occurred

2. The term “loss” is used in assessment administration to describe assessment decreases:

   a. only when a parcel is split
   b. when real property is destroyed, becomes exempt, or is removed from the assessment roll
   c. only when a structure is razed
   d. which result from declining general market conditions

3. When property which was taxable on the ad valorem roll in the prior year becomes exempt, this results in:

   a. Headlee additions for the prior year
   b. equalization new for the prior year
   c. (minus) adjustment for the following year
   d. Headlee losses for the following year

4. The term “adjustment” is used in assessment administration to describe assessment changes:

   a. due to new construction
   b. when real property is destroyed, becomes exempt, or is removed from a parcel
   c. when a parcel split or combination occurs
   d. which are not covered by the terms “new” or “loss”

5. A property previously classified as residential on the assessment roll and changed to the agricultural class on the following year’s assessment roll would be:

   a. equalization loss to the residential class and equalization new to the agricultural class for the following year
   b. Headlee losses to the residential class and Headlee additions to the agricultural class for the following year
   c. equalization loss to the residential class and equalization new and adjustment to the agricultural class for the following year
   d. minus adjustment to the residential class and plus adjustment to the agricultural class for the following year

6. The term “additions” is used in assessment administration to describe taxable value changes:

   a. due to improved market conditions
   b. due to a combination of parcels
   c. due to a classification change (e.g., a change in classification from agricultural to residential)
   d. due to new construction, among other things

7. The figures for “new”, “loss”, and “adjustment” are used:

   a. in the equalization process and do not apply to capped value
   b. apply to the determination of capped value and are used in millage rollback calculations
   c. apply only to the determination of capped value
   d. only by assessors and equalization department personnel do not need to have an understanding of these terms

8. If personal property is moved within a City and changes school districts, this would result in:

   a. no additions or losses for the City or the school districts
   b. additions and losses for the City and the school districts
   c. no additions or losses for the City, but losses for the former school district and additions for the new school district
   d. additions and losses for the City and any countywide taxing authorities

Use the facts below to answer questions 9 through 11:

Based on sales information for a certain neighborhood, the assessor has determined that the assessments in the neighborhood need to be adjusted upward by 2 percent. The inflation rate multiplier for the upcoming year is 1.044. The assessment for a parcel in the neighborhood last year was $75,000 and the taxable value was $65,000. There were no physical changes, etc. to the parcel for the upcoming year.

9. The assessment for the upcoming year would be:

   a. $67,860
   b. $78,300
   c. $76,500
   d. $66,300

10. The taxable value for the upcoming year would be:

   a. $67,860
   b. $78,300
   c. $76,500
   d. $66,300

11. The increase in assessed value for the parcel for the upcoming year would be considered:

    a. additions
    b. new
    c. adjustment
    d. additions, new, and adjustment

Use the facts below to answer questions 12 through 15:

A new class "C" house was built on a parcel that had a 2008 assessed value as vacant land of $45,000. The 2008 taxable value was $40,000. For the 2009 assessment, the assessor determined the true cash value of the new house to be $115,000 and increased the assessed value accordingly. There was also a 6 percent increase in value for property in the neighborhood where the new house was built. The inflation rate multiplier for 2009 is 1.044. There were no other physical changes, etc. to the parcel for 2009.

12. The assessment for 2009 would be:

    a. $105,200
    b. $162,700
    c. $99,260
    d. $156,760

13. The taxable value for 2009 would be:

    a. $105,200
    b. $162,700
    c. $99,260
    d. $156,760

14. The increase in value for the parcel for 2009 due to the new construction would be considered:

    a. additions only
    b. new only
    c. additions and new
    d. adjustment

15. The increase in assessed value for the parcel for 2009 due to the 6 percent increase in value for property in the neighborhood would be considered:

    a. additions only
    b. new only
    c. additions and new
    d. adjustment

Use the facts below to answer questions 16 through 18:

The 2008 March Board of Review granted a 60 percent poverty exemption to a parcel in 2008. The 2008 assessed value was lowered from $100,000 to $40,000 and the 2008 taxable value was lowered from $80,000 to $32,000. The assessor has determined that the value of property in this parcel's neighborhood has not changed for 2009 due to general market conditions. The inflation rate multiplier for 2009 is 1.044. There were no physical changes to the parcel for 2009.

16. Equalization new on the 2009 Form L-4021 would be:

a. $60,000
b. $48,000
c. $100,000
d. $40,000

17. The 2009 assessed value would be:

a. $40,000
b. $83,520
c. $100,000
d. $80,000

18. Headlee additions on the 2009 Form L-4025 would be:

a. $33,408
b. $83,520
c. $82,112
d. $50,112

Use the facts below to answer questions 19 through 21:

The assessor reviewed the agricultural class of parcels in her assessment unit and concluded that several of the parcels should instead be classified residential. One of these parcels had a 2008 assessed value of $50,000 and a 2008 taxable value of $45,000. The inflation rate multiplier for 2009 is 1.044. The assessor determined that the 2009 assessed value of this parcel is $60,000. There were no physical changes, etc. to the parcel for 2009.

19. Adjustment on the 2009 Form L-4021 would be:

a. $10,000 for the residential class
b. -$10,000 for the agricultural class
c. $0
d. $0 for the residential class and -$10,000 for the agricultural class

20. The 2009 taxable value would be:

a. $45,000
b. $46,980
c. $50,000
d. $60,000

21. On the 2009 Form L-4021 there would be:

a. $60,000 in equalization new for the residential class and $50,000 in equalization loss for the agricultural class
b. $60,000 in equalization new for the agricultural class and $50,000 in equalization loss for the residential class
c. $50,000 in equalization new for the residential class and $50,000 in equalization loss for the agricultural class
d. $50,000 in equalization new for the agricultural class and $50,000 in equalization loss for the residential class

Use the facts below to answer questions 22 through 27:

The owner of an 80-acre parcel sold 40 acres of the parcel in 2008 and this sale was a transfer of ownership for taxable value uncapping purposes. The assessor performed a split for 2009. The 2008 assessed value of the parent parcel was $120,000 ($3,000 per acre true cash value). The 2008 taxable value of the parent parcel was $100,000. The inflation rate multiplier for 2009 is 1.044. The assessor valued the two child parcels at $3,500 per acre each (true cash value). There are no improvements to the parcel (i.e., it is vacant) and there have been no physical changes, etc. to the parcel for 2009. (In this scenario, the assessor correctly retires the parent parcel number and creates two new child parcels with two new parcel numbers.)

22. The 2009 assessed value of each of the child parcels would be:

a. $140,000
b. $70,000
c. $104,400
d. $122,200

23. The 2009 taxable value of the 40 acres which sold would be:

a. $70,000
b. $122,200
c. $104,400
d. $52,200

24. The 2009 taxable value of the 40 acres which did not transfer ownership in 2008 would be:

    a. $70,000
    b. $122,200
    c. $104,400
    d. $52,200

25. The figure that would be used for adjustment for 2009 on each of the two child parcels would be:

    a. $20,000
    b. $10,000
    c. $0
    d. $70,000

26. The figure that would be used for the retired parent parcel for equalization loss on the 2009 Form L-4021 would be:

    a. $120,000
    b. $140,000
    c. $0
    d. $100,000

27. The figure that would be used on each of the new child parcels for equalization new for 2009 would be:

    a. $70,000
    b. $60,000
    c. $50,000
    d. $52,200

Use the facts below to answer questions 28 through 30:

In 2007 an accidental fire destroyed a house. In 2008 a new house was rebuilt in the same location. Based on assessment records, the true cash value of the house that was destroyed by fire in 2007 was $200,000. The true cash value of the replacement house is $260,000. For 2008 the parcel's total true cash value was $120,000 and the parcel's taxable value was $45,000. Other than the construction of the replacement house, there were no physical changes to the parcel for 2009 and there were no general market changes for the parcel for 2009. The inflation rate multiplier for 2009 is 1.044.

28. The amount of additions for **replacement construction** for 2009 would be:

    a. $130,000
    b. $100,000
    c. $30,000
    d. $78,300

29. The amount of additions for **new construction** for 2009 would be:

    a. $130,000
    b. $100,000
    c. $30,000
    d. $78,300

30. The amount of equalization new for 2009 would be:

    a. $130,000
    b. $100,000
    c. $105,000
    d. $78,300