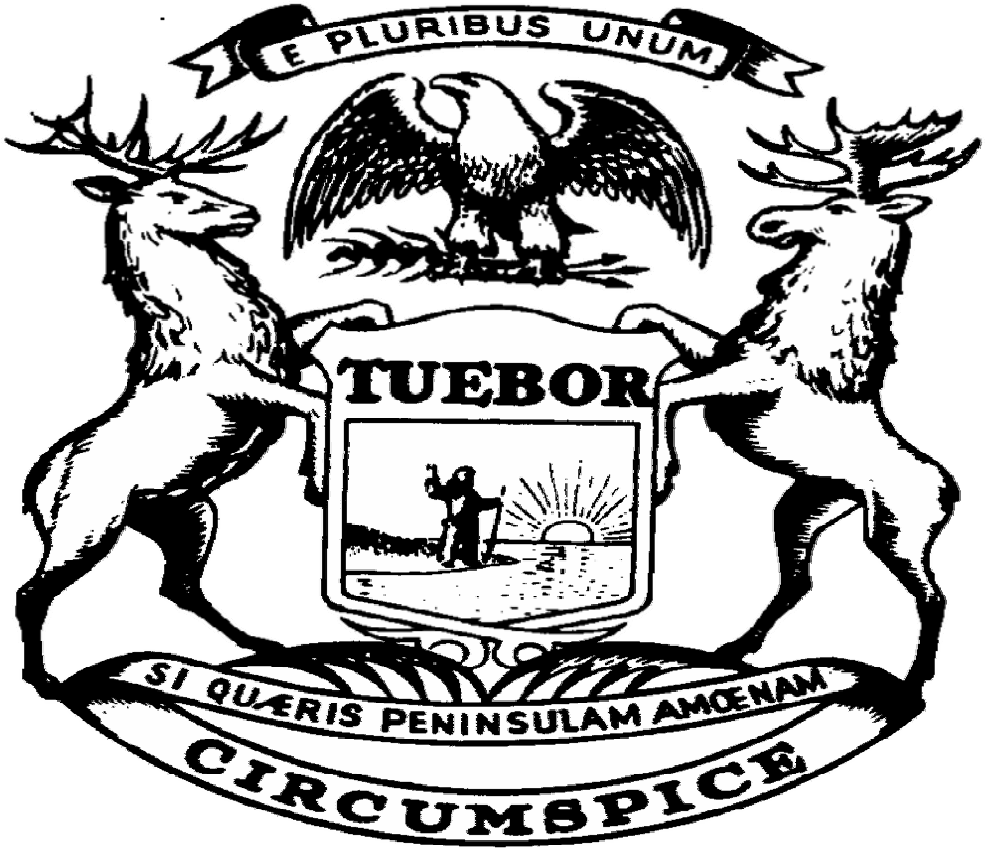


STATE TAX COMMISSION

Renewal Program Quiz

Land Values, Land Value Maps, and Economic Condition Factors

1. Which of the following has been cited publicly by the State Tax Commission as a primary reason for the high 14-point review failure rate:

a. poor public relations with taxpayers
b. a lack of land value maps with current land values
c. the additional requirements imposed by Proposal A
d. a lack of funding for local assessors

2. Which of the following is <u>not</u> one of the four tests used to conclude what the highest and best use of a parcel is:

a. physically possible
b. legally likely
c. maximally productive
d. financially feasible

3. An assessor is responsible for estimating a land value:

a. for every taxable parcel of property which is valued using the cost approach
b. only for parcels that are not in override
c. only when new construction has occurred for a parcel
d. for every parcel every five years

4. Location is considered what type of force affecting a parcel:

a. economic
b. governmental
c. social
d. environmental

5. For agricultural properties, the most appropriate unit of comparison is typically:

a. the acre
b. the front foot
c. the square foot
d. the lot or site

6. The _____ is the most widely used unit of comparison for land valuation:

a. acre
b. front foot
c. square foot
d. lot or site

7. In the mass appraisal process, no matter what unit of comparison is selected, the assessing officer must also give consideration to _____ in setting the land value for a parcel:

a. adjustments for positive or negative influences
b. how long the current owner has held the parcel
c. the parcel's taxable value
d. whether the owner is a member of the County Board of Commissioners

8. To the extent possible, adjustments for market conditions (i.e., time adjustments) should be derived:

a. based solely on the assessing officer's judgment
b. based solely on the assessing officer's experience
c. from the market
d. by the County equalization department, but not by local assessors

9. Land lying under a public road right-of-way but owned by a farmer:

a. is part of the farmer's parcel and should be included in the farmer's taxable acreage when calculating land value
b. will never have crops growing on it
c. should not be included in the farmer's taxable acreage when calculating land value
d. is taxable property

10. An outlier:

a. should never be included in a land value study
b. is a value that lies outside the range of values formed by the majority of other sales
c. is a parcel that is not near the center of town and should therefore have its value adjusted downward
d. should be given great weight in a land value study

11. Which of the following is true regarding confusing sales data in a land value analysis:

a. confusing sales data should be removed from the analysis so that a clear picture of the market can be obtained
b. confusing sales data can be turned into meaningful information with additional analysis
c. confusing sales data almost never show up for an assessor in performing a land value analysis
d. confusing sales data must remain in the analysis

12. An assessor conducts a paired-sales analysis for location which shows that subdivision A is five percent better than subdivision B. Based on this paired-sales analysis:

a. a single paired-sales analysis is generally not sufficient to justify an adjustment for location and no location adjustment should be applied
b. vacant land sales in subdivision B can reliably be adjusted to help value vacant land in subdivision A
c. the assessor has successfully demonstrated the inferiority of subdivision B compared to subdivision A
d. the assessor has successfully demonstrated the inferiority of subdivision A compared to subdivision B

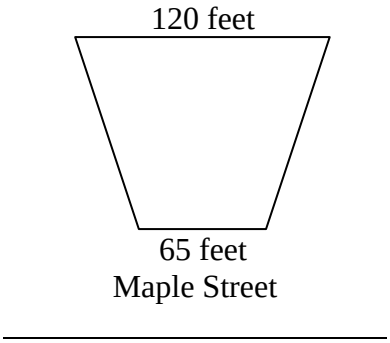
13. A parcel sold in mid July of 2005 for $60,000 and the same parcel sold again in mid July of 2007 for $68,000. There was no physical change, etc. to the parcel over this time period. Given this information, the <u>monthly</u> percentage change in value for this parcel was:

a. 0.56 percent
b. 6.67 percent
c. 13.33 percent
d. it cannot be determined from this information what the percentage change in value for the parcel was

14. It is a requirement of the law:

a. that assessors conduct separate land value studies for each subdivision in the local unit
b. that assessors conduct themselves in a professional manner
c. that assessors maintain land value maps
d. that assessors maintain maps which plot economic condition factors

15. The parcel pictured below has a depth of 120 feet which is the standard lot depth for the parcel's neighborhood.



The assessor has determined that a front foot value of $200 is appropriate for this neighborhood. Using this information, the value of this parcel would be:

a. $13,000
b. $16,667
c. $20,333
d. $24,000

16. In the _____ method, an estimate of the depreciated cost of improvements is subtracted from the sale price of an improved property leaving the assessing officer with an estimate of the value of the land:

a. extraction
b. allocation
c. subdivision development
d. sales comparison

17. In the _____ method, the assessing officer first determines a typical ratio of land value to total value for the specific type of property being appraised and then infers land value for the subject property or properties by applying that ratio:

a. extraction
b. allocation
c. subdivision development
d. sales comparison

18. A depth factor:

a. is used to account for differences in the depth of a parcel compared to the standard depth for an area
b. is typically used to value timber lands and agricultural parcels
c. does not allow for a uniform value per front foot to be applied to parcels of different depths
d. can only be used if it comes from the depth factor table published in the *Assessor's Training Manual*

19. A parcel's frontage multiplied by a depth factor produces:

a. an estimate of the parcel's value
b. the area of the parcel being valued
c. the parcel's equivalent front feet
d. the front foot rate to be used for the neighborhood

20. The purpose of an economic condition factor is:

a. to adjust the statewide costs from the State Tax Commission *Assessor's Manual* to the various Counties
b. to adjust the statewide costs from the State Tax Commission *Assessor's Manual* to the local market
c. to show a property owner how the property owner's assessed value was determined
d. to show a relationship between different classifications of property

21. An economic condition factor must be determined and used:

a. in all situations where the State Tax Commission *Assessor's Manual* is used
b. unless the buildings being valued are brand new
c. unless the newest version of the State Tax Commission *Assessor's Manual* is used
d. in most situations where the State Tax Commission *Assessor's Manual* is used

22. An improved parcel sold for $361,900. The equalization director estimates the value of the land and land improvements at the time of sale to be $90,000. The equalization director conducts an appraisal of the sold property and estimates the value of the buildings at the time of the sale and after applying depreciation to be $255,527. Given this information, the equalization director would calculate an economic condition factor indication for this parcel of:

a. 0.94
b. 1.06
c. 1.42
d. an equalization department has no need to determine an economic condition factor

23. An economic condition factor:

a. adjusts a cost approach valuation to the region or County level
b. is calculated by taking the average of the individual economic condition factor indications
c. is calculated by dividing the total depreciated cost of the buildings by the total sale value of the buildings
d. is calculated by dividing the total sale value of the buildings by the total depreciated cost of the buildings

24. When calculating an economic condition factor:

a. all of the appraisals in the economic condition factor analysis should use current County multipliers
b. only the appraisals for parcels that sold in the most recent year of the economic condition factor analysis should use current County multipliers
c. only the appraisals for parcels that sold in the oldest year of the economic condition factor analysis should use current County multipliers
d. none of the appraisals in the economic condition factor analysis should use current County multipliers

25. It is crucial to the validity of an economic condition factor determination that the determination be based:

a. on all improved sales for the property class in the local unit involved
b. primarily on the judgment of the assessing officer making the determination
c. on a sufficient number of arms-length sales and that the sales be representative of the properties to be appraised using the economic condition factor
d. on at least one improved sale parcel

26. An assessing officer should verify the sale price and terms of sale for each parcel used in an economic condition factor analysis. This is best accomplished:

a. when the appraisal inspection is performed
b. by the local assessor
c. by the County equalization department
d. after completion of the economic condition factor analysis

27. Information from an economic condition factor analysis is provided below. Using this information, calculate an economic condition factor:

Parcel	Sale Value of Buildings	Cost New Less Depreciation of Buildings	Indicated Economic Condition Factor
1	$119,660	$97,628	
2	$95,600	$75,550	
3	$79,600	$71,618	
4	$145,900	$112,446	
5	$135,000	$115,809	
6	$76,600	$60,191	
TOTALS:			

a. 0.82
b. 1.22
c. 1.23
d. an economic condition factor cannot be determined from this information

28. See the chart below. Calculate the individual economic condition factor indications for each parcel. State which parcel is an outlier in this economic condition factor analysis with respect to the other three parcels:

Parcel	Sale Value of Buildings	Cost New Less Depreciation of Buildings	Indicated Economic Condition Factor
1	$325,400	$275,700	
2	$320,000	$270,000	
3	$349,000	$150,600	
4	$295,000	$230,000	

a. Parcel 1
b. Parcel 2
c. Parcel 3
d. Parcel 4

29. Sales for an economic condition factor analysis:

a. must come from the same economic condition factor neighborhood even if there is a lack of sales within that neighborhood
b. must come from the same time frame used for a sales study performed to set the starting base for equalization purposes even if there is a lack of sales within that time frame
c. should generally be pulled from the same time frame used for a sales study performed to set the starting base for equalization purposes
d. sales are not needed to perform an economic condition factor analysis

30. In the _____ method, the assessing officer first researches the costs associated with developing a site into a subdivision and then subtracts those costs from the anticipated total sale price of the developed lots:

a. extraction
b. allocation
c. subdivision development
d. sales comparison