

Course 500 - Assessment of Personal Property



Course Description

The Assessment of Personal Property is designed to provide the students with an understanding and working knowledge of the procedures and techniques required to assess personal property. This course concentrates on the skills necessary for listing, appraising and assessing the market value of properties using the three approaches to value: the cost approach, the income approach and the sales comparison approach.

The Assessment of Personal Property utilizes lectures, classroom discussion, and homework problems to emphasize the main concepts and procedures taught in the course. The ten sections of the course present a broad mixture of theory and practical application. Exercises are included so the student can test and reinforce new skills. Time is allotted for questions and answers throughout the course. Students are encouraged to participate actively.

This course provides a comprehensive program of study for those who assess personal property for ad valorem tax purposes. The following topic areas will be covered during this week long course:

1. Introduction; Course Outline & Objectives
2. Characteristics of the Property Tax
3. Nature of Personal Property
4. Assessment of Personal Property
5. Appraisal of Personal Property
6. Advanced Appraisal Concepts
7. Valuation Guidelines & Quality Control
8. Special Use Properties
9. Using Technology in Personal Property Assessment
10. IAAO Standard on Valuation of Personal Property



Objectives

Upon completion of Chapter 1, you will be able to:

- Describe the history and theory of taxation covered in the course.
- Select the correct legal interpretation of certain state and federal laws relating to personal property assessment.

Upon completion of Chapter 2, you will be able to:

- Identify an ad valorem tax.
- Identify characteristics of property tax.
- Calculate effective tax rate, nominal tax rate, assessment level, assessed value, and tax due.

Upon completion of Chapter 3, you will be able to:

- Define the terms, “Real Property” and “Personal Property”.
- List those rights associated with ownership known as the bundle of rights.
- Identify examples or characteristics of real property and personal property.
- Differentiate between tangible property and intangible property.
- Categorize different examples of personal property as inventories, fixed assets, leasehold improvements, or intangible property.
- Identify the challenges related to the assessment of leasehold improvements and describe some of the ways to overcome those challenges.

Upon completion of Chapter 4, you will be able to:

- Identify the duties and responsibilities of the assessor.
- Given a descriptive example of each of the eight functions of the assessor, as it relates to personal property, the student will be able to correctly match the example with a given list of the eight functions.
- Determine a property’s situs.
- Define given accounting terms.
- Determine whether a described expenditure is an expensed item or a capitalized item for accounting purposes.
- Classify given terms as market value or accounting principles.
- Calculate depreciation using straight-line, declining balance, and sum-of-the-years-digits methods.
- Determine the value of the inventory using the First-in/First-out method and Last-in/First-out method.



Upon completion of Chapter 5, you will be able to:

- Define value and describe how it applies to appraising property for tax purposes.
- Distinguish between value in use and value in exchange.
- Identify definitions of “market value” and “market price”.
- Define the term “market value”.
- State the principle of value that best relates to a given scenario.
- List the steps in the valuation (assessment) process.
- Answer a series of questions regarding the trade level concept and calculate a trade level adjustment.
- Determine which of the three approaches to value would lend itself to various valuation scenarios.
- Appraise property using the cost, sales comparison, and income approaches to value, given appropriate information.

Upon completion of Chapter 6, you will be able to:

- State how accounting procedures might affect the appraisal process.
- Make appropriate adjustments for various transactions from one trade level to another.
- Demonstrate a technique for adjusting the overall value of a company’s personal property assets due to the replacements and determine if and when such an adjustment is warranted.
- Apply the reconciliation process after appraising property using the three approaches to value.

Upon completion of Chapter 7, you will be able to:

- Select the valuation guideline(s); such as unit costs, inventory turnovers, and income multipliers, that could be used to verify an assessment.
- Apply the unit cost method to determine an estimated value of an integrated system of assets.
- Select appropriate methods to be used in the discovery and appraisal process.
- List three problems with the development and use of valuation guidelines and standards.

Upon completion of Chapter 8, you will be able to:

- Evaluate scenarios to determine if they correctly or incorrectly describes the issues with the specialized properties.

Upon completion of Chapter 9, you will be able to:

- Determine which technologies best serve the assessment function.

Upon completion of Chapter 10, you will be able to:

- Discuss the correlation of the IAAO Standard on Valuation of Personal Property with concepts learned in Course 500.



| Topic | Time Table | Day Covered |
|--|-------------|---------------------------|
| Introduction | 10 minutes | Monday AM |
| | 20 minutes | Monday AM |
| Statutory Guidelines and Laws | 20 minutes | Monday AM |
| Chap 2 - Relationship of Property Tax to other Taxes | 15 minutes | Monday AM |
| Ad Valorem basis of the property tax | 5 Minutes | Monday AM |
| Calculation of tax rates and tax bills | 80 Minutes | Monday AM |
| Chap 3 - Definition of Personal Property | 25 minutes | Monday AM |
| Inventories | 5 minutes | Monday AM |
| Fixed Assets | 25 minutes | Monday AM |
| Intangible Personal Property | 5 minutes | Monday PM |
| Review Questions | 15 minutes | Monday PM |
| Chap 4 - Authority of the Assessor | 15 minutes | Monday PM |
| Function of the Assessor | 15 minutes | Monday PM |
| Assessment Functions | 30 minutes | Monday PM |
| Accounting Principles | 120 minutes | Monday PM |
| Chap 5 - The Nature of Value | 150 minutes | Monday PM/Tuesday AM |
| Steps in the Valuation Process | 90 minutes | Tuesday AM |
| The Income Approach | 180 minutes | Tuesday AM/Tuesday PM |
| The Sales Comparison Approach | 180 minutes | Tuesday PM/Wednesday AM |
| The Cost Approach | 210 minutes | Wednesday AM/Wednesday PM |
| Chap 6 - Advanced Appraisal Concepts | 15 minutes | Wednesday PM |
| Chap 6 -Measuring Physical Deterioration | 30 minutes | Wednesday PM |
| Chap 6 -Measuring Functional Obsolescence | 30 minutes | Wednesday PM |
| Chap 6 -Measuring Economic Obsolescence | 60 minutes | Wednesday PM/Thursday AM |
| Chap 6 -Accounting Considerations | 45 minutes | Thursday AM |
| Chap 6 -Trade Level Adjustments | 30 minutes | Thursday AM |
| Chap 6 -Rebuilds and Overhauls | 15 minutes | Thursday AM |
| Chap 6 -Reconciliation | 15 minutes | Thursday AM |
| Chap 7 - Introduction | 15 minutes | Thursday AM |
| Chap 7 - Turnover Ratio | 30 minutes | Thursday AM |
| Chap 7 - Income Multipliers | 30 minutes | Thursday AM |
| Chap 7 - Unit Cost | 30 minutes | Thursday AM/Thursday PM |
| Chap 8 - Regional and Jurisdictional Differences | 30 minutes | Thursday PM |
| Chap 8 - Legal Distinctions and definitions | 30 minutes | Thursday PM |
| Chap 8 - Special Properties | 60 minutes | Thursday PM |
| Chap 9 - Online Personal Property Forms | 15 minutes | Thursday PM |
| Chap 9 - Availability of Online Assessment Records | 15 minutes | Thursday PM |
| Chap 9 - Online Appraisal Information | 15 minutes | Thursday PM |
| Chap 9 - Personal Property Software | 15 minutes | Thursday PM |
| Chap 10 - IAAO Standard on Personal Property | 60 minutes | Thursday PM |