

# Standard on Assessment Appeal

Approved July 2016

## **International Association of Assessing Officers**

This standard replaces the January 2014 *Standard on Assessment Appeal*. IAAO assessment standards represent a consensus in the assessing profession and have been adopted by the Executive Board of the International Association of Assessing Officers (IAAO). The objective of the IAAO standards is to provide a systematic means for assessing officers to improve and standardize the operation of their offices. IAAO standards are advisory in nature and the use of, or compliance with, such standards is voluntary. If any portion of these standards is found to be in conflict with national, state, or provincial laws, such laws shall govern. Requirements found in the *Uniform Standards of Professional Appraisal Practice (USPAP)* also have precedence over technical standards.

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At the time of the 2016 revision (approved July 2016) the Technical Standards Subcommittee was composed of Alan Dornfest, AAS, Subcommittee Chair, Josh Myers, Carol Neihardt (associate member); Wayne Forde, August Dettbarn, Bill Marchand, and Chris Bennett, staff liaison. The chair of the Research and Standards Committee was Doug Warr.

## **Revision Notes**

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# Standard on Assessment Appeal

## 1. Scope

This standard provides broad guidance for property assessment appeals initiated by taxpayers. It does not address specific instances as required by local laws and regulations, nor does it apply to appeals between taxing districts and assessment agencies or between different levels of assessment agencies (e.g., local versus state). This standard is not intended to recommend a single-model appeal procedure applicable to all assessment jurisdictions. Rather it suggests the features of a simple, understandable, responsive, cost-conscious appeal system that will be effective in addressing assessment inequities. The recommendations contained in this standard should be considered in the context of the entire property tax system. For example, the recommendations in Section 6 concerning the timing of assessment notices and appeal filings should be viewed in the context of providing sufficient time for the appeal process without unduly delaying tax collections or restricting appellants rights.

In this standard, the term *assessor* means any local, state, or provincial authority that has primary responsibility for assessment of property. The term *property owner* signifies the person or entity liable for property taxes. It is understood that a representative or agent may be acting on behalf of the property owner during an appeal.

## 2. Introduction

Assessment appeals are an important component in the assessment process. Appeals provide an opportunity for property owners to meet with the assessor to inquire about their assessments and to learn about assessment and appeal procedures. In the case of disputes about assessments, an appeal system should provide opportunities for both informal meetings with the assessor and formal hearings before independent bodies to resolve disputed issues and thus assure the public that assessments are correct, fair, and equitable.

Key to any assessment appeal system is an open and transparent process that relies on a clearly written set of procedures and provides due process.

## 3. Structure of the Recommended Appeal System for Locally Assessed Property

There are two aspects of an assessment appeal: matters of valuation or fact, such as the amount of an assessment, and matters of law, such as interpretation of statutes. Matters of valuation or fact should be addressed at the administrative level, with the state or provincial property tax tribunal the final resort for administrative appeals.

For locally assessed property, the appeals system should consist of

1. Informal appeal
2. One or more levels of formal appeal
3. Court of law.

At each of these levels, the appeal body should publish and make available deadlines, operating procedures, rules, and regulations so that all parties understand what is required of them and how the appeal will be conducted.

The second level of appeal is handled by administrative or quasi-judicial appeal boards and tribunals, which are concerned primarily with the accuracy of assessments for specific classes of properties, taxpayers, or areas. These boards and tribunals should provide a broad base of expertise to determine individual assessments.

Further appeals of the legality of an assessment are dealt with by the courts assigned jurisdiction over matters of law. An appeals system should direct taxpayers to the appropriate court and explain the procedures for filing an appeal.

### 3.1 Informal Review by the Assessor

Property owners may seek informal review of an assessment notice for the following reasons:

- Factual error, that is, a data collection or clerical error
- Equity and uniformity claim of discriminatory level of assessment
- Belief that the valuation is inaccurate
- Exemption, classification, or assessment limitation.

An objection on any of these grounds may not technically be an appeal but should be stated in writing (or in an acceptable electronic substitute) and dated. All requests for an informal hearing should be recorded and acknowledged so that the property owner does not inadvertently lose the right to appeal because of lack of timeliness.

The appeal process should begin with an informal consultation between the assessor and the property owner in order to

- Identify and document errors
- Review the equity and uniformity of assessment

- Determine what issues (facts) the parties to a valuation dispute can agree on, such as
  - Clarification of the property owner’s concern or basis for dispute
  - Property characteristics
  - Property boundaries, use, or classification
  - Gross and net income and other relevant financial data
  - Particulars of a sale
  - Construction costs
- Identify and clarify the basis for an exemption or assessment limitation claim.

This informal consultation may, at the option of the property owner, be a face-to-face meeting, telephone conference, or correspondence by mail, fax, or electronic mail. An informal consultation allows both parties to consider their positions before a formal appeal is filed. The informal process is highly recommended because it allows a large number of property owners to obtain information, state their grievances, and resolve their appeals in a simple, low-cost manner. At this level, the property owner should be able to receive information and provide responses to broad requests. Strict confidentiality of information must be maintained as required by statute, rules and regulations, and specific operating procedures. The property owner or representative should be provided with a copy of the jurisdiction’s confidentiality policy to prevent misunderstandings concerning what is and what is not protected as confidential.

After this informal review, the assessor’s office should notify the property owner of its findings and provide information about the next level of review and the forms required to file a formal appeal.

The property owner who decides to file a formal appeal should be required to state the grounds of the appeal in writing on an appeal form or in a letter documenting the relief desired. This document and any written decision resulting from the informal appeal, if available, should be prerequisites to any further appeal.

### 3.2 The Local or Regional Appeal Board

The local or regional appeal board should serve as the first level of formal appeal for the following purposes:

- Determine property value or classification
- Rule on equity or uniformity issues
- Consider claims for property tax exemption.

For matters within its authority, the board may initiate an investigation into assessments or practices that merit review by an outside authority. Such investigations should be undertaken only after records have been reviewed and the assessor’s decisions or actions provide

compelling evidence that an investigation is warranted. A mechanism should be made available for reporting the outcomes of investigations to the public.

Procedures should be established requiring disclosure of all issues and principal arguments before the formal hearing convenes.

After this level of review, the appeal board should notify the property owner of its findings and provide information about the next level of review and the forms required for filing a formal appeal.

The property owner who decides to appeal to the next level should be required to state the grounds of the appeal in writing on an appeal form or in a letter documenting the relief desired. This document and the written decision resulting from the local or regional appeal, if available, should be prerequisites to any further appeal.

### 3.3 The State or Provincial Property Tax Tribunal

The state or provincial property tax tribunal should be the final administrative arbiter for individual appeals. However, unresolved legal and appraisal issues may be appealed to the courts. For efficiency, state or provincial property boards may constitute the only level of formal appeal before appeal to the courts.

After this level of review, the appeal board should notify the property owner of its findings and provide information about the next level of review and the forms required for filing a formal appeal

The property owner who decides to appeal to the next level should be required to state the grounds of the appeal in writing on an appeal form or in a letter documenting the relief desired. This document and the written decision resulting from the local or regional appeal, if available, should be prerequisites to any further appeal.

### 3.4 The Courts

When administrative remedies including arbitration have been exhausted, taxpayers and agencies may appeal to the courts unresolved matters of law and fact, such as interpretation of statutes, eligibility for exemptions, or the jurisdiction of appellate boards and tribunals, as well as unresolved questions of value.

## 4. Structure of the Recommended Appeal System for Centrally Assessed Property

For those property valuations or assessments completed by a central assessment agency, such as railroads, telecommunications properties, and public utilities, the authority for review is different than that for local assessment appeals. However, the general structure of a system that promotes informal review and then formal

appeal, if necessary, should be similar to that recommended in Section 3 for locally assessed property.

The general aspects of an appeal of an assessment for centrally assessed property are the same as those for locally assessed property: matters of fact, valuation, uniformity, classification, and matters of law.

Matters of fact, classification, valuation, and uniformity should be reviewed at an informal level of appeal between the taxpayer and the assessment agency. Efforts should be made to resolve the issues or errors of fact at an informal conference to eliminate further appeal or litigation to a higher administrative or tax appeal court.

Matters of law should be reviewed by state boards of appeal, boards of equalization, or tax tribunals. At each of these levels, the appeal body should publish operating procedures or rules and regulations and make them readily available to taxpayers, so all parties understand what is required of them and how the appeal will be conducted. These levels of appeal should be chiefly concerned with the accuracy of assessments, use of generally accepted appraisal methods, proper allowance of exemptions, and the uniformity of assessments. Boards and tribunals should use a broad base of expertise to evaluate assessment and valuation procedures.

#### 4.1 Central Assessment Appeal Board

The central assessment appeal board should serve the following purposes:

- Provide for a direct appeal from the assessing agency's final decision on the assessed value of a company or property
- Provide a direct avenue for review of disputes on equity or uniformity issues
- Examine claims for property tax exemptions
- Initiate a review of the contested issues relating to the property under litigation. Such review should be undertaken in the form of a de novo hearing based on written and oral testimony.

The board should maintain a complete transcript of the proceedings with all exhibits attached. The board should hold a hearing within a reasonable amount of time because funds paid in protest are unavailable to the general budget or to the taxpayer, who may be entitled to a refund. In many instances, central assessment appeals can carry forward for many months or years depending upon the nature and complexity of the case. Every effort should be made to achieve timely resolution.

#### 4.2 The Courts

When all administrative remedies at the central assessment board or hearing board level have been exhausted and taxpayers or agencies need further legal relief on unresolved issues of law or questions of mixed

law and fact, such as the interpretations of statutes, applications of rules and regulations, and calculations of amended or upheld valuations, the taxpayers or agencies may appeal to the courts. These may be district courts, appellate courts, or the supreme court of the state or province. In some instances, the final level of review may be the highest court of the land. Final decisions set precedents that may be followed to avoid re-trial of the same issues.

#### 4.3 Information To Be Provided Prior to Hearings

Prior to any hearing at the administrative hearing level, the appellant should provide the central assessment agency with a statement outlining unresolved issues to be raised at the hearing. This may be done by using standardized appeals forms or an appeal format adopted by the central assessment agency. Specific procedures should be established for disclosure of all issues, principal arguments, and evidence before the formal hearing convenes.

#### 5. Qualifications and Training of Appeal Board and Tribunal Officials

Tribunals and appeal boards should comprise individuals such as real estate appraisers, real estate brokers, mortgage loan officers, public accountants, and lawyers, who have knowledge of property tax principles, laws, and ratio studies. To exercise these duties, board members should attend formal training on the duties of the board or tribunal, and demonstrate competency.

A review and appeal board or tribunal at any level should have the authority to adjust individual assessments and may have the authority to broadly adjust assessments and assessment levels within a jurisdiction.

A member of an appeal board or a state or provincial tax tribunal who has a conflict of interest, a personal bias or prejudice, or an interest in a property, either apparent or not, must disclose the conflict and may, upon his or her own volition or at the request of an appellant, a respondent, or the assessor, be recused from hearing a specific appeal or appeals.

#### 6. Notification and Appeals

The appeal procedure should provide adequate time for property owners to inquire informally about their assessments and to file informal protests with the assessor and for the assessor to render a written decision on each such appeal. Time also should be provided for property owners to file formal appeals of those decisions with the appeal board and for the board to act on all such appeals. All appeals to the board should be decided, if possible, before tax bills are issued. However, the period provided for appeals should not be so long as to delay tax collections unreasonably. Appeals

on complex properties, such as those assessed by the state or province, may require more time than a typical appeal period; thus, tax collection may have to proceed based upon the appealed value or on the amount of value not in dispute.

### **6.1 Notice of Assessment**

When an assessment is changed, a notice of assessment that identifies the property, the property owner, the estimated market value, and the assessed value of the property should be mailed to each property owner.

The assessment notice should include material briefly explaining the appeal procedure. The property owner should be required to outline the reasons for objecting to or questioning the assessment. Adequate time from the date of mailing of the notice should be allowed for receipt of the objections. Objections received after this time limit should not be considered, unless the property owner shows just cause under statutory extension provisions.

The assessor should be given adequate time to respond to the objection by reviewing assessment records, inspecting the property, and interviewing the property owner. All results (decisions or withdrawals) should be sent in writing to all parties in all cases. With the written decision, the assessor should include appropriate forms for appeal to the local or regional appeal board.

### **6.2 The Local or Regional Appeal Board**

The property owner should be allowed adequate time from the date of mailing of the written decision to appeal that decision to the local or regional tax appeal board. The local or regional tax appeal board should establish a timely schedule for hearings of either the record or a de novo case. Rules and regulations should advise a property owner or taxpayer of the type of case to be heard. After a hearing, the local or regional appeal board should be required to send a written decision to the parties and include the appropriate forms for appeal to the state or provincial property tax tribunal.

### **6.3 The State or Provincial Property Tax Tribunal**

The property owner or taxpayer should be allowed adequate time from the date of mailing of the decision of the local or regional appeal board to appeal that order to the state or provincial property tax tribunal. The state or provincial property tax tribunal should establish a timely schedule for hearings.

## **7. The Hearing**

The hearings of the boards or tribunals should be open to the public, and a complete transcript should be made of all proceedings. Notification of the hearing time and place should include the time allotted to the case and a brief explanation of procedures and rules of evidence.

To expedite appeals, boards, regardless of size, should have the option of sitting in smaller panels or of having appeals heard by a single board member, or master. Further, if the appeal warrants, the panel could request that the materials be put into an expedited written briefing by the parties. A final decision would still reside with the entire board.

The assessor or appropriate assessing personnel should provide, under oath, copies of the original assessment, ratio study data, if applicable, and a copy of any previous decision. Witnesses should be allowed to provide expert testimony in support of the assessing jurisdiction's actions.

Once under oath, the property owner should be given adequate time to explain why the decision should be altered. This explanation may be supported with written evidence and the testimony of expert witnesses.

An oral decision, if possible, can be given at the hearing or the matter can be reserved and a written decision provided after consideration. An oral decision would, of necessity, have to be followed by a written decision. Decisions should be rendered within a reasonable amount of time from the conclusion of the hearing. Timeliness of decisions is critical to all involved, especially if the decision is subject to further appeal.





## **Assessment Standards of the International Association of Assessing Officers**

*Guide to Assessment Standards*

*Standard on Assessment Appeal*

*Standard on Automated Valuation Models*

*Standard on Contracting for Assessment Services*

*Standard on Digital Cadastral Maps and Parcel Identifiers*

*Standard on Manual Cadastral Maps and Parcel Identifiers*

*Standard on Mass Appraisal of Real Property*

*Standard on Oversight Agency Responsibilities*

*Standard on Professional Development*

*Standard on Property Tax Policy*

*Standard on Public Relations*

*Standard on Ratio Studies*

*Standard on Valuation of Personal Property*

*Standard on Valuation of Property Affected by Environmental Contamination*

*Standard on Verification and Adjustment of Sales*

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