

**Ensuring  
assessment  
quality through  
public policy  
that promotes  
oversight**

IAAO ANNUAL

**LEGAL**   
**SEMINAR**

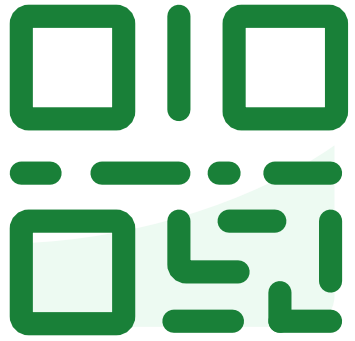
PROPERTY TAXATION AND THE LAW:  
CHALLENGES AND SOLUTIONS



**IAAO**



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- Idaho State Tax Commission
- Property Tax Policy Bureau Chief
- BSc degree in science
- Hobby: cycling



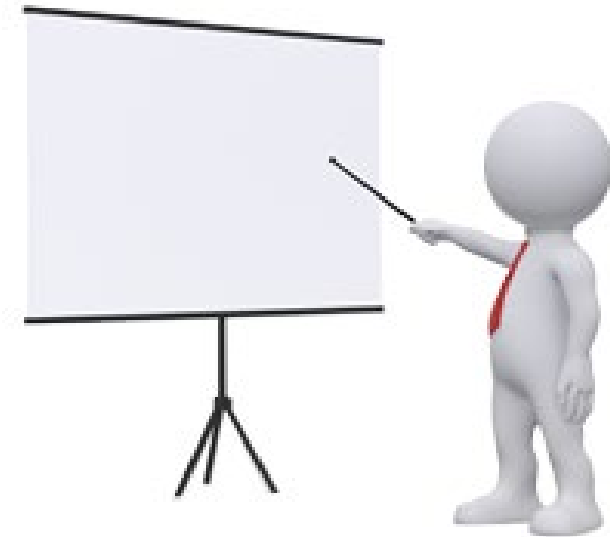
**Marco  
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- Netherlands Council for Real Estate Assessment
- Strategist
- Geodetic engineer / Auditor
- Hobbies: squash, cycling & fitness



# What is your professional background?

- Welcome & Introduction
- What Is Oversight?
  - The Principle in Property Taxation
  - Why is oversight important?
  - International Context and IAAO Standards
- Oversight activities
- Two Different Systems
  - Case Study: Idaho
  - Case Study: The Netherlands
- Idaho vs. The Netherlands: Key Differences & Similarities
- Takeaways & Reflections



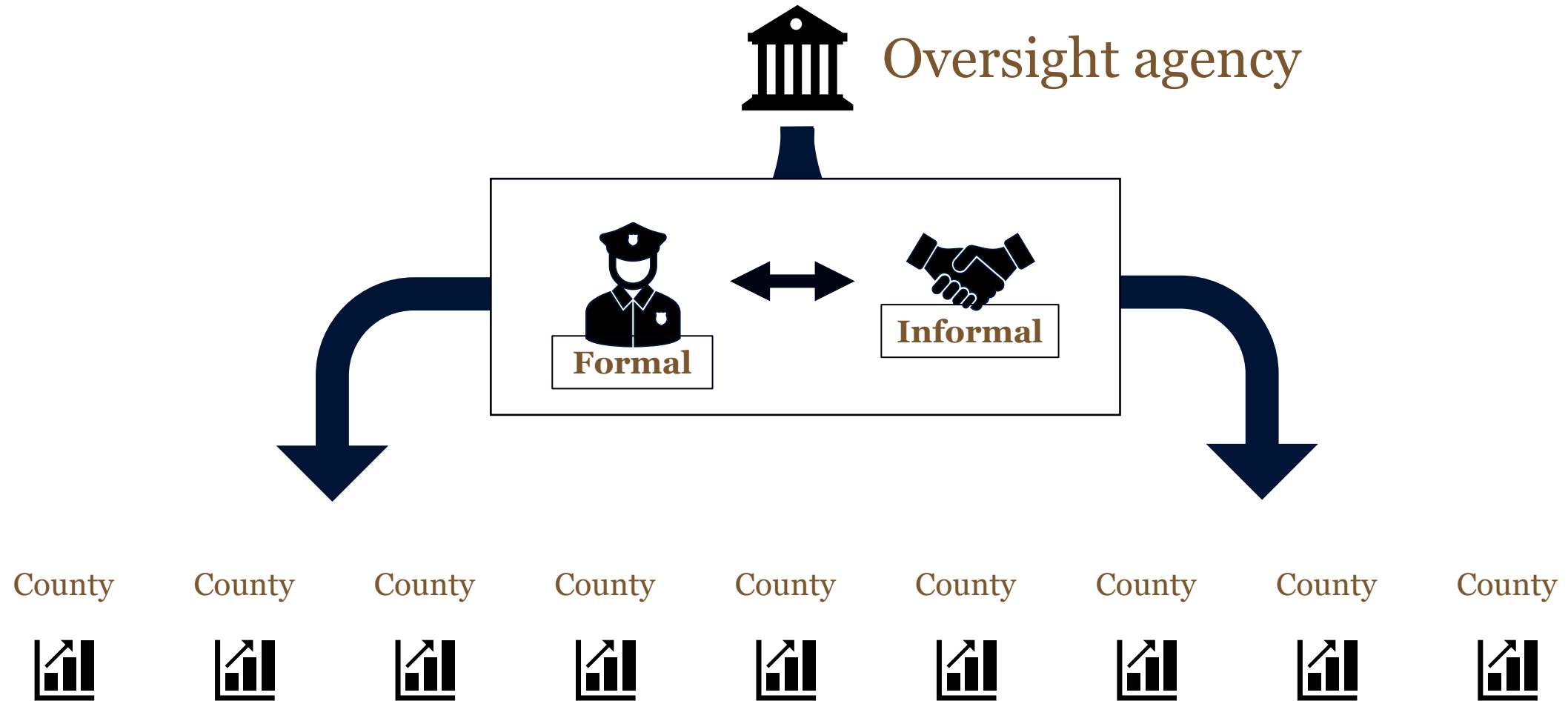
# What is Oversight?

The Principle in Property Taxation and  
international context

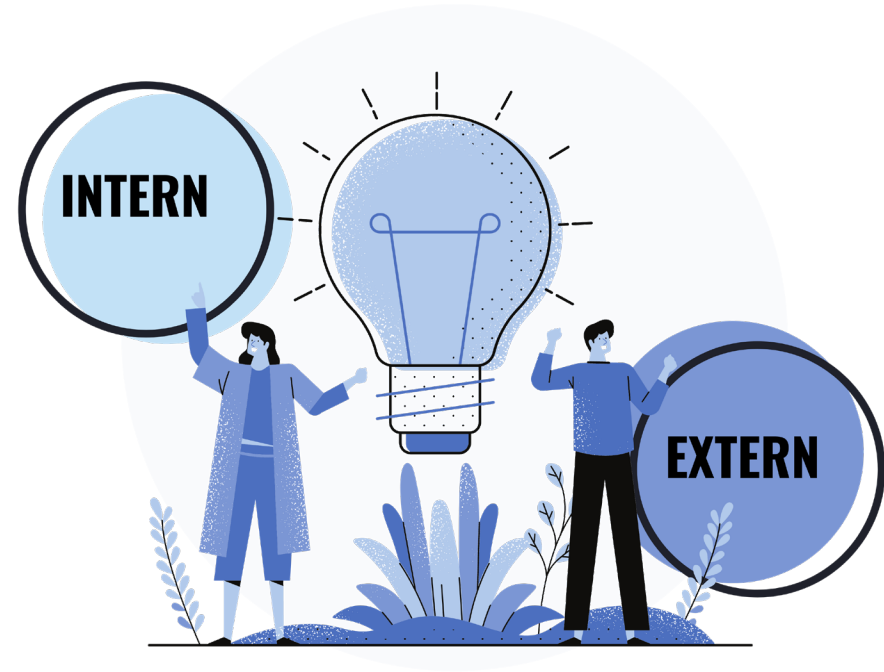
# Definition of Oversight

- Oversight refers to the process by which a higher-level authority monitors, evaluates, and guides the activities of other organizations or entities to ensure compliance with laws, regulations, and quality standards.
- In the context of property taxation, oversight helps ensure that property valuations prepared by municipal or county assessors are fair, consistent, and transparent—thereby strengthening public trust in the tax system.

# Oversight Structure



- **Internal oversight**
  - A division within the valuation department is responsible for quality assurance
- **External oversight**
  - An independent government agency is assigned the responsibility to oversee valuations done by a different level of government
  - Sometimes jurisdictions that get payment in lieu of property tax receive that money based on valuations and may be able to challenge the valuations



# *Why is oversight important?*



- **Independent proof:**
  - Compliance with laws
  - Using appropriate principles and practices
  - Achieving high quality results
- **Public facing:**
  - Accountability
  - Transparency
  - Public trust

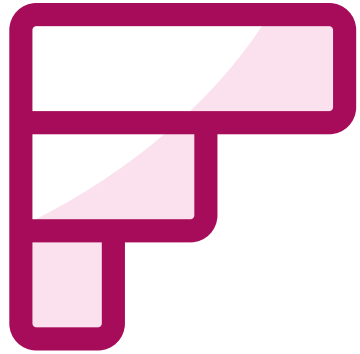
# Oversight Agency Activities



# How frequently do you interact with oversight agencies?

# *Types of Oversight Activities*

- Setting standards and providing specifications
- Assisting and counseling primary assessors and other property tax or government officials
  - Training and education
  - Technical assistance
- Monitoring performance and conducting other analyses
- Enforcing laws and regulations
  - Valuation such as: equalization and reappraisal
  - Property Tax Budget and Levy limitations
  - Tax credits and exemptions
- Direct valuation of complex properties



**What do you think is the most important function of an oversight agency?**

# Oversight Activities - Ratio Studies

- Primary mass appraisal quality determination tool
  - Test level and uniformity of local assessments against standards
- Two uses in oversight
  - Internal Quality Assurance (local assessors)
  - External oversight by independent agency (usually a higher level government)
- Specific ratio study uses vary between jurisdictions



# Oversight Activities - Ratio Studies

Advice



Action

	United States	Canada	International
Advise	35	7	1
Assist Mass Appraisal	19	4	2
Equalize Centrally Assessed Properties	18	7	0
Equalize funding	24	1	0
Order reappraisal	24	1	1
Adjust local values	24	1	2
Approve tax roll	14	4	3

*Source: 2022 Ratio Study Survey*

- **What are they?**

- Statistical studies that compare assessed or appraised values and market values (with sale prices or independent appraisals serving as proxies for market value)

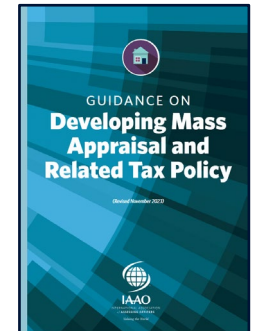
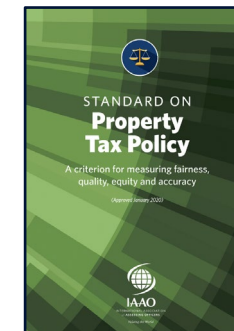
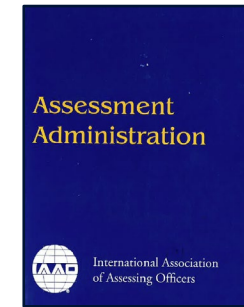
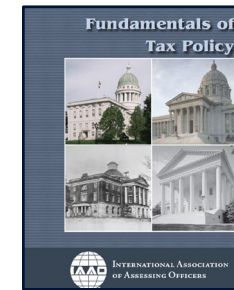
$$\frac{\textit{Assessed Value}}{\textit{Sales Price}} = \frac{\$80,000}{\$100,000} = 0.8 = 80\%$$

- **Inform us about two key aspects of assessment quality:**

- Level - How close assessments (or appraisals) tend to be to market value (or any other statutorily required goal) on an **overall** basis
- Uniformity - How much variability exists with respect to individual assessment ratios compared to the typical property in a neighborhood or larger area
  - Vertical equity - similarity of assessment ratios over different property value ranges (ie: high and low priced)
  - Horizontal equity - variability within each property class

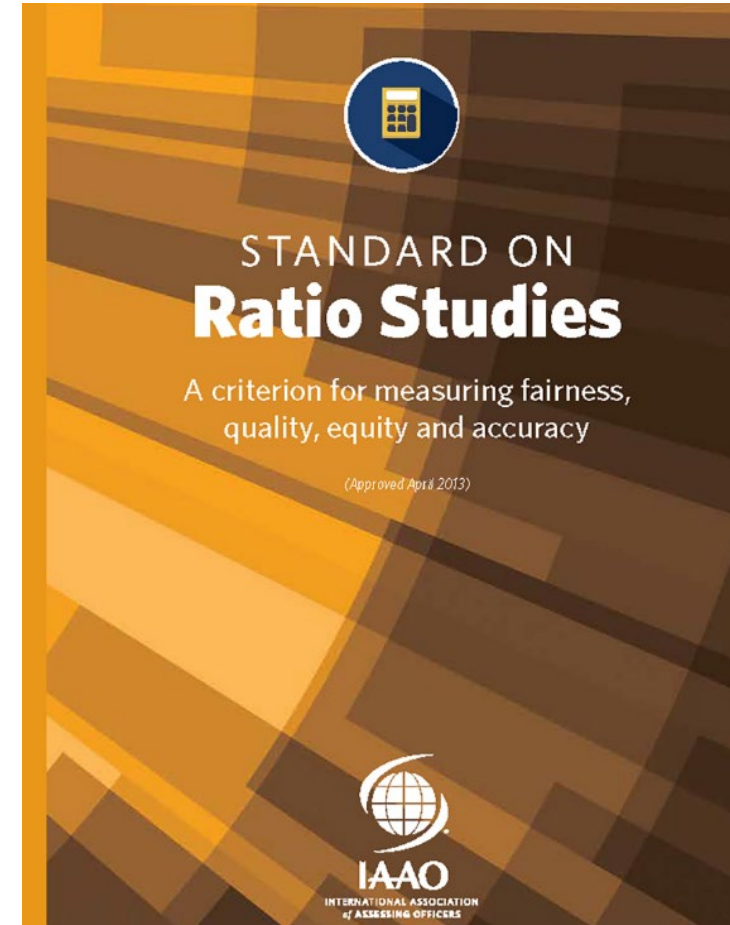
# IAAO and Oversight

- *Without supervision, some agencies or units of government may fail to carry out responsibilities properly. (Fundamental of Tax Policy, Almy, Richard, etal. 2008)*
- *The need for oversight when assessment administration is decentralized has long been recognized (Standard on Oversight Agency Responsibilities, IAAO, 2020)*
- *Supervision: deters destructively competitive underassessment...tends to encourage competence in local assessment offices....(Assessment Administration, IAAO, 2003)*
- *A strong supervisory and oversight role in property tax administration promotes the uniform application of property tax laws and accountability... (Standard on Property Tax Policy, IAAO, 2020)*
- *It is important to institute checks and balances sufficient to detect or preclude corrupt practices...(Guidance on Developing Mass Appraisal and Related Tax Policy and Standard on Property Tax Policy, IAAO, 2023)*



# Standard On Ratio Studies 2013

- Main features related to oversight (by higher level of government)
- Equalization
  - Direct – oversight agency adjusts locally determined assessed values to conform to standards for assessment level (Standard recommends no more than  $\pm 10\%$  from legal requirements for category or class of property)
  - Indirect – oversight agency adjusts locally determined jurisdiction values related to overall property wealth used for redistribution of state and similar higher level governmental aid to local jurisdictions (Standard recommends no more than  $\pm 5\%$  from legal requirements within local jurisdiction)
- Uniformity – oversight agency may order local assessment jurisdictions to reappraise based on poor horizontal or vertical equity results (guidelines vary depending on type of property, but based on COD, PRD, PRB, and similar statistical measures)



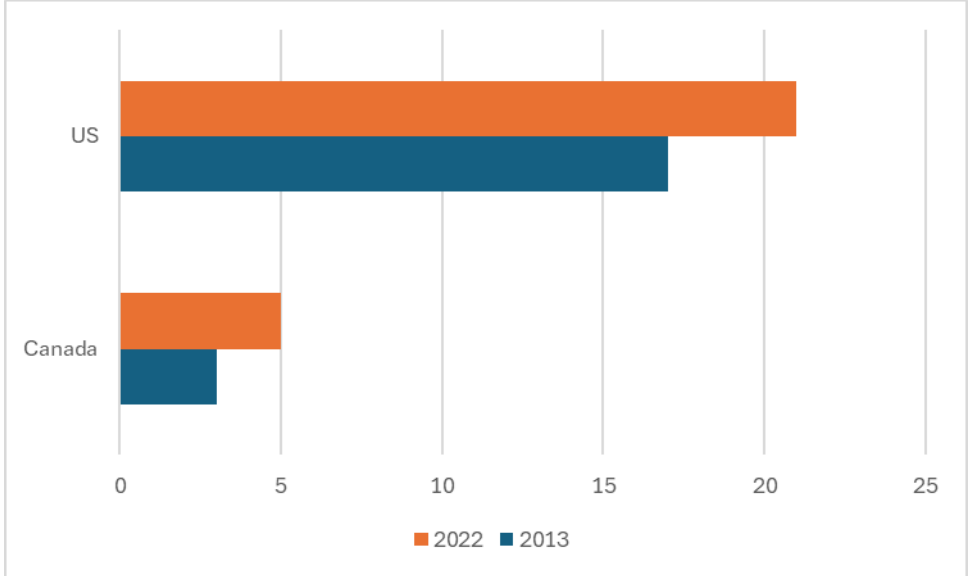
# Variation and Statistical Significance

- Statistics should be tested to be sure the results are significant before actions are taken
  - Especially important for oversight agencies considering action to alter values

Permitted variation from statutorily required level of assessment

	United States	Canada	International
+ / - 10%	25	4	1
+ / - 5%	6	4	1
Other	17	0	1

Use of confidence intervals for statistical proof of failure to meet level standards

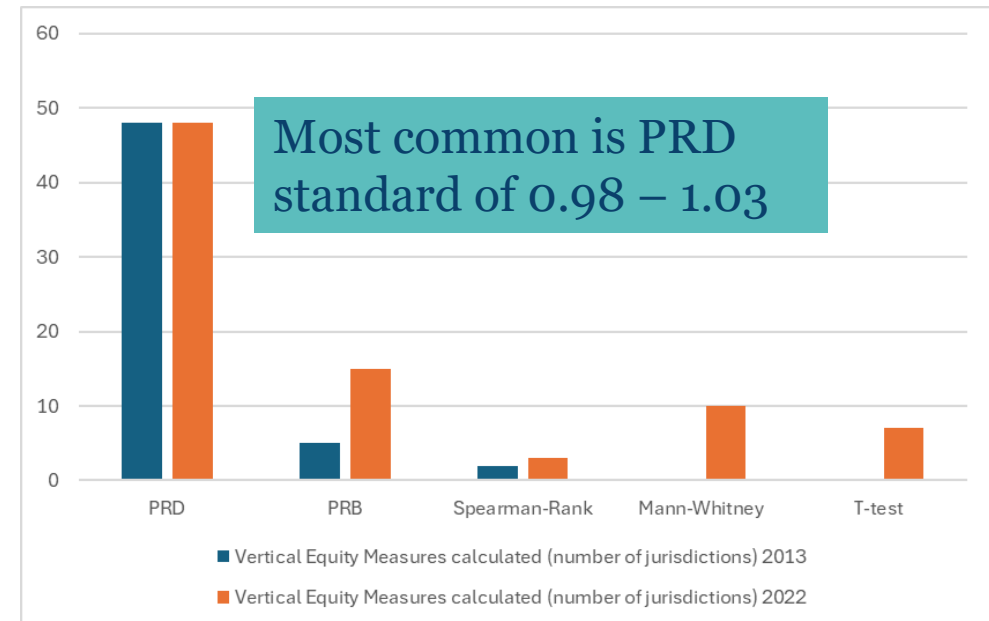


# Use of Horizontal and Vertical Equity Standards

Number of oversight jurisdictions – Standards based on COD



Number of oversight jurisdictions using various vertical equity statistics



## STANDARD ON RATIO STUDIES

Exposure Draft - September 2025

### International Association of Assessing Officers

IAAO assessment standards represent a consensus in the assessing profession and have been adopted by the Board of Directors 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. Ethical and/or professional requirements within the jurisdiction[1] may also take precedence over technical standards.

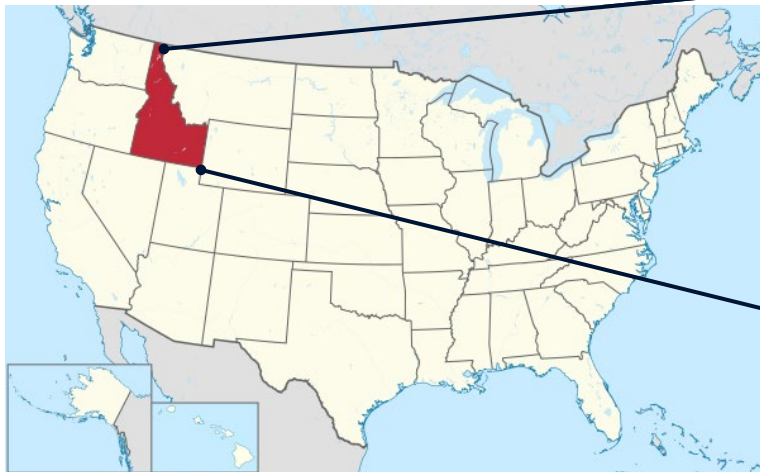
[1] For example, USPAP, CUSPAP, IVS, EVS.

- Initial feedback period open until **December 15, 2025**
- IAAO invites all valuation professionals, assessors, and researchers to review the Exposure Draft of the Standard on Ratio Studies (2025)
- Comments and suggestions can be submitted directly to the IAAO to help refine and finalize the new standard
- Send your feedback through the online form or by email
- Research and Standards committee will review and incorporate input before publishing the final version of the standard in 2026

# Two Different Systems

Idaho and the Netherlands

# Case Study Idaho



# Property Taxation System in Idaho

## Valuation

- Conducted locally by 44 county assessors (except utilities and railroads – State Tax Commission)
- Based on annual market value; properties reappraised every 5 years

## Taxation

- Over 1,000 taxing districts set budgets independently
- Overlapping districts create several thousand unique tax code areas
- Budget-based levy:  $\text{tax budget} \div \text{assessed value} = \text{rate}$
- Annual budget growth limited to 3%, plus new construction/annexation

## Oversight

- Idaho State Tax Commission (ISTC) oversees and equalizes values
- Uses ratio studies and performance reviews (e.g., farmland)
- Reviews all district budgets to ensure compliance

## Tax Relief

- ~30,000 circuit breaker and deferral claims yearly
- Processed by county assessors, reviewed by ISTC

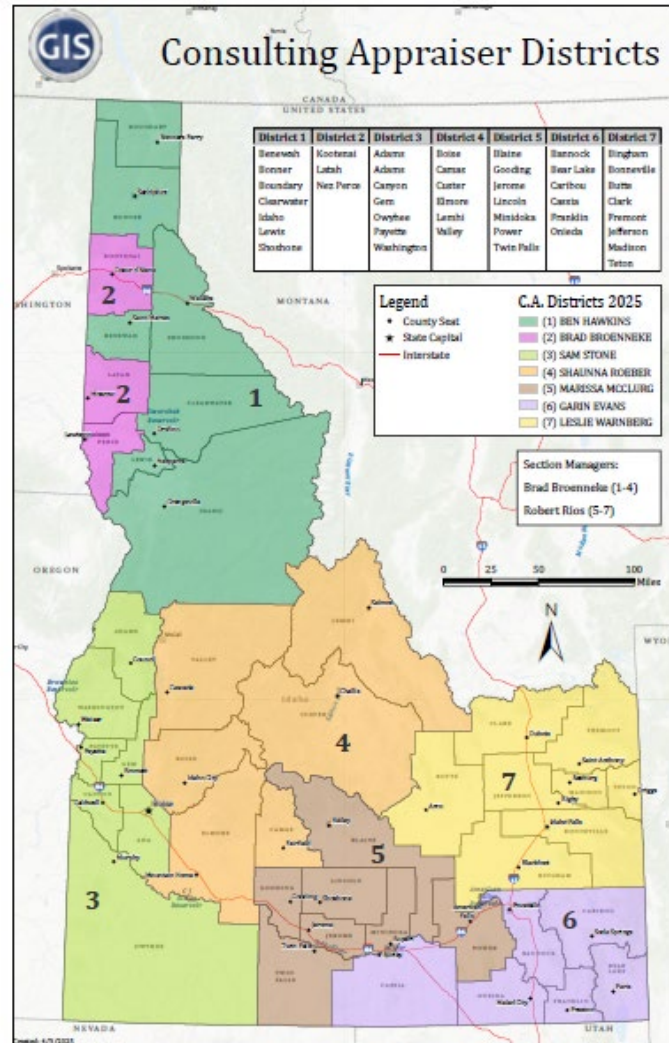
# Authority for Major Oversight Areas

- Taxing District Levies
  - Idaho Code §63-802 – sets budget increase limits
  - Idaho Code §63-808 – counties to send record of all levies to State Tax Commission (STC)
  - Idaho Code §63-809 – STC to examine all levies and notify county commissioners if “...levy...or...property tax budget increase...exceeds any limitation provided by law.”
- Direct Equalization
  - Idaho Code §63-108 and 109 – Requires STC to meet as a State Board of Equalization to equalize values by category each year
- Indirect Equalization
  - Idaho Code §63-315 – Requires school district value equalization but only applies to one district
- Reappraisal
  - Idaho Code §63-316 – Requires STC to complete reappraisal program in response to county failure
- Circuit Breaker
  - Idaho Code §63-707 – Provides authority for STC audit of claims; disapproval and appeals process

# *ISTC – Additional Property Tax Responsibilities*

- Investigating taxpayer complaints
- Providing a program of education and annual appraisal schools
- Reviewing legal descriptions and mapping taxing district boundaries
- Providing guidance in setting timberland and agricultural land values

# Counties and Technical Assistance Areas in Idaho



# *Development of Idaho Equalization Systems - Indirect*

- Indirect
  - School levy and state aid adjustments using ratio studies – up until 1980
  - None – 1980 – 1992 (direct equalization used as substitute)
  - By county or school district
    - 1993 – 2005
      - Assessed value adjusted if weighted mean more than 5% from market value
      - Levy rate and state aid adjusted
  - 2006 to present
    - State took over school general funding so no local contributing levies (ie: no indirect equalization)
    - Older equalization system retained for determining maximum levy amount for one school district

# Development of Idaho Equalization Systems - Direct

### Ratio Study Tested Categories

- Improved Residential
- Residential Land
- Improved Commercial
- Commercial Land
- Manufactured Housing

## Locally Assessed Property

- None – until 1982
- 1982
  - Adjustments ordered by category and local area such as city
  - Basis was IAAO 1980 Ratio Study Standard
  - 5 counties challenged STC authority, but STC prevailed in landmark state supreme court case - Idaho State Tax Commission v. Staker, 663 P.2d 270, 104 Idaho 734, (1982)
    - Case also affirmed principle that equalization was not assessment – meaning no appeal rights for individual taxpayers
- Major feature of current system (since 2008)
  - Uses period including later sales to minimize potential sales chasing
  - Compressed categories to “major categories”
  - Requires 90% confidence interval around median to fail to overlap 90% - 110% range to invoke equalization
    - If that happens, counties have 3 month period to reestablish compliance
    - Degree of confidence lowered to 80% in third year of failure except for confidence interval

90% Confidence Intervals:	Lower	Upper
Around the Mean	53.78%	86.64%
Around the Median	40.90%	97.69%
Around the Weighted Mean	56.91%	90.46%
Around the COD	15.03%	87.08%
Around the PRB	0.0821	0.7593
Probability True Mean 90-110	2.70%	
80% Confidence Intervals:	Lower	Upper
Around the Mean	57.94%	82.48%
Around the Median	52.37%	89.91%
Around the Weighted Mean	62.34%	85.04%

# *Strengthened law and STC oversight – Beginning 2026*

- Idaho Code 63-208 (2026)
  - Makes statutory statistical testing previously provided only in Administrative Rule
    - Requires the median ratio for the tested property categories to be: “...within a range of ninety percent (90%) to one hundred ten percent (110%) of market value, using statistical methods such as confidence intervals to determine compliance and requiring corrective actions if the ratio falls outside this range.”
  - Requires ratio study results to compare category medians:
    - “Each category of property tested shall also have a level of assessment that is provable with reasonable statistical certainty to be not more than five (5) percentage points different than that of each other category of property tested.”
- The first test has been standard for many years; the category comparison test will be used beginning with the next ratio study – to be done by March, 2026

# *Limitations affecting Idaho Ratio Study based Oversight*

- Sample size – often poor, especially for commercial categories – no mandatory sale price disclosure
- Equity improvement means not available to state
  - Horizontal equity tested with COD – results advisory only
  - Vertical equity tested with PRD and PRB – results advisory only
- Differences between categories
  - Previously untested
  - Will be tested beginning in 2026 due to new law incorporating that requirement

- Goal is market value assessment
  - Best achieved by counties (primary assessment responsibility)
  - Best achieved through cooperation between state and county administrators
- Equalization available as stopgap mechanism – use reflects failure of system
  - In recent years, state ordered equalization has been rare
  - Usually in response to failures caused by county boards of equalization overruling assessors



# *Equalization of Centrally Assessed Property*

- ISTC directly assesses (values) railroads, public utilities, pipelines, and similar properties
- Equalization is based on commercial and industrial ratio study results
  - Must be no lower than 95% of market value, since centrally assessed property is to be at market value
  - Test had been applied to railroads for compliance with Federal 4Rs Act
    - Expanded based on 2023 uniformity based case - Idaho Power Co. v. Idaho State Tax Comm'n, 172 Idaho 125, 530 P.3d 672, (2023)
    - Subsequent statutory changes going into effect in 2026 will revert test to railroads (Electric and gas utilities will be exempt from property tax but subject to kilowatt hour or therm taxes, while an exemption will make the uniformity test inapplicable for non railroad centrally assessed property types)

# Case Study The Netherlands



# Property Tax in the Netherlands: Structure and Background

- The Netherlands has a decentralized government structure
  - 12 provinces
  - 342 municipalities
  - 21 water boards
- Since 1995, the Special act for real estate assessment assigns municipalities the responsibility for real estate valuation
  - Valuations at market level
  - Value reference date: one year in the past
- The values are used for:
  - Municipal property tax
  - Water board tax
  - Income tax (imputed rental value)
- Since 2007, annual appraisals are required based on a valuation date one year prior



# *History of the Dutch Property Tax System*

- 1995: Special Act for Real Estate Assessment (WOZ Act) entered into force
- Before 1997, three levels of government (central government, water boards, municipalities) carried out their own valuations
- Each level used different tax bases, so the same property had multiple values
- This system was inefficient and confusing for taxpayers
- With the WOZ Act, municipalities became responsible for property valuation
- First valuations were sent to taxpayers in 1997
- Municipalities supported this change as it made taxation fairer for taxpayers (values closer to market levels) and more efficient through streamlined, process-based execution
- Valuation cycles started as four-yearly, later moving to annual valuations
- National oversight established through the NCREA (Waarderingskamer)

# *The Netherlands Council for Real Estate Assessment*

- Netherlands Council for Real Estate Assessment (NCREA)
- NCREA is an independent administrative body ensuring the quality of real estate valuations
- Municipalities need annual approval from NCREA to send valuation notices
- NCREA tasks include:
  - Setting quality standards for processes and outcomes
  - Conducting audits and reviews
  - Evaluating local ratio study results
- Operates under a 'comply or explain' principle

# Key Results of the Dutch Property Valuation System

- Approximately 9.4 million properties valued in 2025
- 97.2% of value decisions issued on time in 2025
- The number of objections for residential properties: ~3.3 % in April 2025 (~ 285,000 cases)
- Average WOZ-value increase for homes: +5.4 % (valuation reference date 1-1-2024)
- Execution costs: ≈ €225 million / \$245 million, or ≈ €24 / \$26 per property
- Annual property tax revenue: over €10 billion / \$10.9 billion
- 2024 oversight cost: approximately €4 million, equivalent to about €0.48 per property

# Idaho vs. The Netherlands

## Key Differences & Similarities

# Basic Comparison

Feature	Idaho (USA)	The Netherlands
Area size	83,569 sq mi	16,221 sq mi
Population	~2 mln	~17.7 mln
Number of Municipalities	44 counties	342 municipalities (~160 valuation organizations)
Number of properties	1.1 mln	9.4 mln
Sales price average house	\$ 531,000	\$ 530,000

# Comparing Property Tax Systems

Feature	Idaho (USA)	The Netherlands
Effective tax rate (res.)	0.451% (after tax relief)	0.1% - 0.5%
Per capita revenue	\$ 1150	\$ 621 (municipal real estate tax)
Tax revenues based on the assessed value	\$ 2.3 billion (before tax relief) \$ 2.1 billion (after tax relief)	\$ 11 billion
Total annual costs for appraisal and assessment per parcel (2006)	\$ 20.00	\$ 21.65

# Comparing Oversight Systems

Feature	Idaho (USA)	The Netherlands
Organization	Idaho State Tax Commission	Netherlands Council for Real Estate Assessment
Legal entity	State Government Agency	Independent Administrative Body
Staff	40 employees	23 employees
Oversight budget	~\$ 9 mln	~\$ 4 mln

# General role of oversight agencies

## Idaho

- Idaho State Tax Commission checks that categories of properties are valued at market level
- Individual parcels are not reviewed - only available for ratio studies if sold and voluntarily reported to counties
- Valuation resources and function provided by counties

## The Netherlands

- NCREA checks if values are at market level (sometimes individual checks)
- NCREA checks completeness: all taxable properties are being valued
- Values are used by other government organizations for taxation purposes
  - Governments trust the assessed values

# Key difference 1: Guidance

## Idaho

- ISTC develops technical standards
  - Ratio studies
  - 5-year continuing reappraisal plans
- ISTC develops software
  - 34 of 44 counties use state provided and maintained software
- ISTC gives advice to local county assessors on:
  - Ratio study results
  - Special farmland valuation
  - Industrial property valuations

## The Netherlands

- NCREA develop technical standards
  - Ratio studies
- NCREA stimulates the use of consistent databases
- NCREA gives indirect advice to municipalities

# Key difference 2: Qualifications

## Idaho

- No qualifications to be elected as an assessor
- Law requires a certified appraiser to be working with the county
- Idaho State Tax Commission coordinates education and certification program

## The Netherlands

- There are no legal requirements to be appointed as an assessor
- There are no mandatory requirements to be appointed as appraisers
- NCREA encourages continuing education of the assessors and appraisers

# Key difference 3: Compliance with standards

## Idaho

- Failure to meet ratio study level standards
  - Notify and give assessor advice and limited time to fix (typically 2 – 3 months)
  - Continued failure could result in direct equalization order
- Failure to complete reappraisal program
  - ISTC could take away money from county and hire contractors to complete the valuations

## The Netherlands

- Failure to meet ratio study standards
  - Notify and give municipality advice and time to fix
- NCREA can give a designation to municipalities
  - Minister of Finance can adopt designation and take action to correct

# Key difference 4: Rules-Based vs. Principles-Based Oversight

## Idaho

- Rules-based
  - Strict thresholds and legal standards
  - Higher legal certainty

## The Netherlands

- Principles-based
  - Greater reliance on expert judgment
  - More responsive to equity concerns

- Both approaches have distinct strengths and limitations
- But both incorporate oversight by independent higher level government agency

# Takeaways & Reflections

# The Role of Oversight in Property Taxation

- Oversight agencies promote:
  - Public trust and transparency
  - Compliance with laws
  - Fair and equitable taxation
- Oversight agencies provide:
  - Independent analysis and guidance
  - Support for local jurisdictions
- Act as a knowledge center for all levels of government
  - And also for the public



# *Key Conditions for Effective Oversight*

- 1. Expertise:** Technical skills and education of oversight staff
- 2. Political Will for Transparency:** Commitment to openness and corrective action
- 3. Legal Authority:** Clear and enforceable mandate
- 4. Resources & Staffing:** Sufficient capacity for thorough reviews and support

# *From Coercion to Collaboration*

- Examples: Idaho & The Netherlands
  - Coercive tools exist, but are rarely used
  - Emphasis on communication, education, shared goals and professionalism
- Result: Local governments take ownership of fair valuations
- Focus on partnership rather than enforcement

# *Subsidiarity as a Guiding Principle*

- Tasks assigned to higher authorities only if not feasible locally
- Both systems (Idaho and the Netherlands) use multi-tiered oversight:
  - Local implementation with state/national review
  - Balances accountability with local engagement
- Conclusion: Active, expert oversight remains vital for a fair tax base

# Questions and Discussion



# Audience Q&A

① The Slido app must be installed on every computer you're presenting from

## Contact information

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- Marco Kuijper: [Marco.Kuijper@waarderingkamer.nl](mailto:Marco.Kuijper@waarderingkamer.nl)

The image features a classic hypnotic pattern of concentric circles. The outermost ring is black, followed by a red ring, then a black ring, and a red ring. At the center is a solid black circle. Overlaid on this pattern is the text "That's all Folks!" in a white, elegant cursive font. The text is positioned diagonally, starting from the lower left and ending at the upper right, with the central black circle partially obscuring the middle of the words.

*That's all Folks!*