



Dave Hardy
Secretary of Revenue

Matthew Irby
Acting Tax Commissioner

STATE TAX DEPARTMENT

March 1, 2021

The Honorable Craig Blair
Senate President
Joint Committee on Government and Finance
Building 1, Room 229M

The Honorable Roger Hanshaw
Speaker, House of Delegates
Joint Committee on Government and Finance
Building 1, Room 228M

The Honorable Patricia Rucker
Senate Education Chairperson
Chairperson, Legislative Oversight Commission
on Education Accountability
Building 1, Room 417M

The Honorable Joe Ellington
House Education Chairperson
Chairperson, Legislative Oversight Commission
on Education Accountability
Building 1, Room 434M

Gentlemen/Madam:

West Virginia Code § 11-8-6f(c) requires the State Tax Commissioner to report to the Joint committee on Government and Finance and the Legislative Oversight Commission on Education Accountability the progress of assessors in each county in assessing properties at the constitutionally required sixty percent of market value and the effects of increasing the limit on the increase in total property tax revenues set forth in Subsection 6f(c) to two percent.

In compliance with this statutory requirement, please find enclosed our report and its attachments which reflect the progress of the assessors in assessing property and the effect of increasing the limit from 1% to 2% on total property tax revenues for the purpose of calculating the regular school levy rate. This report is intended to comply with the requirement of Subsection 6f(c).

The Honorable Craig Blair
The Honorable Roger Hanshaw
The Honorable Patricia Rucker
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If after review of the information you should have any questions, please do not hesitate to contact me.

Sincerely

Matthew Irby
Acting State Tax Commissioner

MI/cgt

Attachment

cc: Dave Hardy
Cabinet Secretary

Leroy E. Barker
Director, Property Tax

STATE TAX DEPARTMENT
REPORT TO JOINT COMMITTEE ON GOVERNMENT AND FINANCE
AND LEGISLATIVE OVERSIGHT COMMISSION ON EDUCATION ACCOUNTABILITY
MARCH 1, 2021

This report is submitted to the Joint Committee on Government and Finance and the Legislative Oversight Commission on Education Accountability in accordance with provisions of West Virginia Code § 11-8-6f(c) which requires the State Tax Commissioner to report to the Joint Committee on Government and Finance and the Legislative Oversight Commission on Education Accountability on the progress of assessors in each county in assessing properties at the constitutionally required sixty percent of market value and the effects of increasing the limit on the increase in total property tax revenues set forth in this section to two percent.

The following report and attachments are provided in conformity with the above requirements and contain the progress of the assessors in each county to assess real property at 60% of its market value and, secondly, the effects of increasing the limit from 1% to 2% of the total property tax revenues for the purpose of calculating the regular school levy rate.

County Assessors' Progress in Assessing Real Property

The State Tax Commissioner, under the provisions of West Virginia Code § 11-1C-5(a)(3), which requires in pertinent part, to “evaluate the performance of each assessor based upon the criteria established by the commission.” The Commission being the Property Valuation Training and Procedures Commission as established under West Virginia Code § 11-1C-3 which has established standards for compliance by county assessors when comparing real property assessed values to sale price of properties transferred in West Virginia during the year.

Exhibit I contains data reflecting the real property assessed values compared to the selling price for Tax Years 2014 to 2020

and the median ratio is reflected for each tax year in the column titled “Ratio.” The standard, as established by the Property Valuation Training and Procedures Commission for the median, is 54% to 66%.

The following is an example of the methodology employed using five (5) sales and their assessed values to illustrate the median ratio calculations used in this report.

<u>Sale #</u>	<u>Assessment</u>		<u>Sale Price</u>	=	<u>Ratio</u>
1	32,100	÷	69,000	=	46.52
2	9,600	÷	10,500	=	91.43
3	27,400	÷	75,000	=	36.53
4	18,700	÷	22,500	=	83.11
5	<u>10,900</u>	÷	<u>17,500</u>	=	62.29
Total	98,700		194,500		

The median is the middle ratio when the ratios are arrayed in ascending or descending order. If the number of ratios is odd, the median is computed as the midpoint between the two middle ratios. In our example, there are five (5) ratios and when arrayed in ascending order, the median is the third ratio in the array:

- (1) 36.53
- (2) 46.52
- (3) 62.29 = Median Ratio
- (4) 83.11
- (5) 91.43

The second column titled “C $\tilde{O}D$ ” is the Coefficient of Dispersion and measures how closely all observations (ratios) are arrayed around the median ratio as reflected in the following example. The standard, as established by the Property Valuation Training and Procedures Commission, is 20 or less.

County A

<u>Sale #</u>	<u>Assessment</u>		<u>Sale Price</u>	=	<u>Ratio</u>
1	27,400	÷	75,000	=	36.53
2	32,100	÷	69,500	=	46.52
3	10,900	÷	17,500	=	62.29 = Median
4	9,600	÷	8,500	=	112.94
5	18,700	÷	11,000	=	170.00

County B

<u>Sale #</u>	<u>Assessment</u>		<u>Sale Price</u>	=	<u>Ratio</u>
1	13,100	÷	24,000	=	54.58
2	10,200	÷	17,359	=	58.76
3	10,900	÷	17,500	=	62.29 = Median
4	13,000	÷	20,000	=	65.00
5	7,100	÷	10,000	=	71.00

In this example both counties have a median of 62.29 but the difference in the CÖD for each county illustrates a difference in the equality of the assessed values.

County A	County B
CÖD = 64.16	CÖD = 7.27

Exhibit II contains preliminary real property assessment data for Tax Year 2021 which was provided by the county assessor on or before February 1, 2021 to the county commission sitting as a Board of Review and Equalization for the purpose of reviewing and equalizing assessments made by the assessor.

Exhibit III contains preliminary real and personal property assessment information as of February 14, 2021 reflecting the change in total assessments from Tax Year 2020 to Tax Year 2021.

Effects of Increasing Limit on the Increase in Total Property Tax Revenues

During the 2007 Regular Session of the Legislature, West Virginia Code § 11-8-6f(a) was amended to increase the limit on the increase in total property tax revenues from 1% to 2% for the purpose of calculating the statewide current regular levy rates for county boards of education.

Exhibit IV reflects the calculation of the statewide regular school levy rate for Tax Year 2020 which included the 2% limit.

Exhibit V reflects the calculation of the statewide regular school levy rate for Tax Year 2021 which reflects the increase in the allowable limit to 2% as a result of the statutory change.

Exhibit VI reflects the calculation of the statewide regular school levy rate for Tax Year 2021 if the 1% limit had been in effect.

Below is a summary of the calculated levy rates by tax class for Tax Year 2020 and Tax Year 2021. If the limit had remained 1% for Tax Year 2021 a levy rate rollback would not be required and at 2% a levy rate rollback would not be required.

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>
TY 2020 (at 2%)	19.90	39.80	79.60	79.60
TY 2021 (at 2%)	20.51	41.02	82.04	82.04
TY 2022 (at 1%)	20.31	40.62	81.24	81.24