



**Department of  
Taxation and Finance**

# **Overview of the PDC process**

ORPTS Processes and Programs

# Equalization Rate Timeline

- For assessing units on standard assessment calendar:
  - Fall-April: Assessor determines LOA
    - PDC process is vital to this process
  - March 1: RAR is established
  - May: Assessor publishes LOA on the tentative roll
  - May: Tentative roll is sent to ORPTS
  - June: ORPTS establishes Tentative Equalization Rates
  - June/July: Assessing Unit reviews tentative rate and supporting data
  - June/July: Assessing Unit may file Complaint
  - August or earlier: Final Equalization Rate is finalized

# Purpose of PDC

- To work collaboratively with local officials to analyze the market place and condition of assessments, for the subsequent use in the equalization rate and local assessment equity functions
- What this means...
  - Confirmation of local LOA
  - Improve equity of assessment rolls

# Guidelines for Pre-Decisional Collaboration

- Non-technical guide to the PDC process
  - Development was a joint process
  - Available on ORPTS' website
- Major themes:
  - Municipality's role
  - On-going process – not just a meeting
  - Importance of local data
  - Sharing of analysis and results
  - Use of LOA in equalization process
  - Importance of stating accurate LOA

# Goal - make PDC more collaborative

- Four steps in PDC process:
  - Share the results of State and local systematic analysis of the assessment roll
  - Local officials use the results to ensure that properties are equitably assessed at the stated LOA
  - Come to an agreement on the municipality's level of assessment (LOA)
  - Confirm the stated LOA as the equalization rate

# General PDC Timeframe

- On-going
  - ORPTS shares status of sales transmissions and corrections (as needed)
  - ORPTS shares status of municipal inventory data (as needed)
  - Assessors maintain current inventory data, and verify and correct sales data in a timely manner
    - Subject inventory changes must be maintained by the time the final roll is transmitted to ORPTS
  - ORPTS shares list of new appraisal samples (if applicable)

# General PDC Timeframe

- September
  - By September 1
    - Review market area and reach agreement on changes
    - Discuss unique market influences to be considered in analysis
  - By Late August
    - Share results of “sales pattern” tests and resolve by specified deadline

# General PDC Timeframe

- October thru January
  - Share ORPTS and local analysis
    - Trends
    - CAMA and Sales ratios
    - Appraisals
    - Most utility values/trends
    - SOL/forest trends/values
  - Come to agreement as much as possible



# General PDC Timeframe

- January / February
  - Provide ORPTS final ratios
    - Final “residential ratios”
    - Final appraisal values
    - Final utility values/trends
    - Overall ratios provided on “Simulator” PDC reports
  - Assessor provides stated LOA (optional)

# Potential ORPTS' PDC Reports

- SPSS PDC reports (ratio analysis)
  - CAMA (subject) ratio analysis
  - Sales ratio analysis and sales used
  - SPDAV results
  
- County-wide summaries (spreadsheets)
  - Trends for Major Types A, B and C
  - Ratio analysis results for Major Type A

# Potential ORPTS' PDC Reports

- Appraisal selection reports
  - PIVRs
  - Table 4
- Simulator PDC report
  - Compares assessments from the latest final roll to ORPTS' estimate of full value as of July 1 for each major type (same valuation date for the assessment roll for most municipalities)
  - Should represent final preliminary estimate(s)

# PDC – Data Review

- The PDC process should be an opportunity to evaluate the condition of sale and inventory data
- Look at the status of sales reporting and condition codes, the filing of assessment rolls, and the condition of inventory

# Guidelines - Reviewing Inventory Quality

- Edit the subject and sale inventory
- We have general guidelines for edits
- Assessors are encouraged to take corrective action prior to final roll, if possible

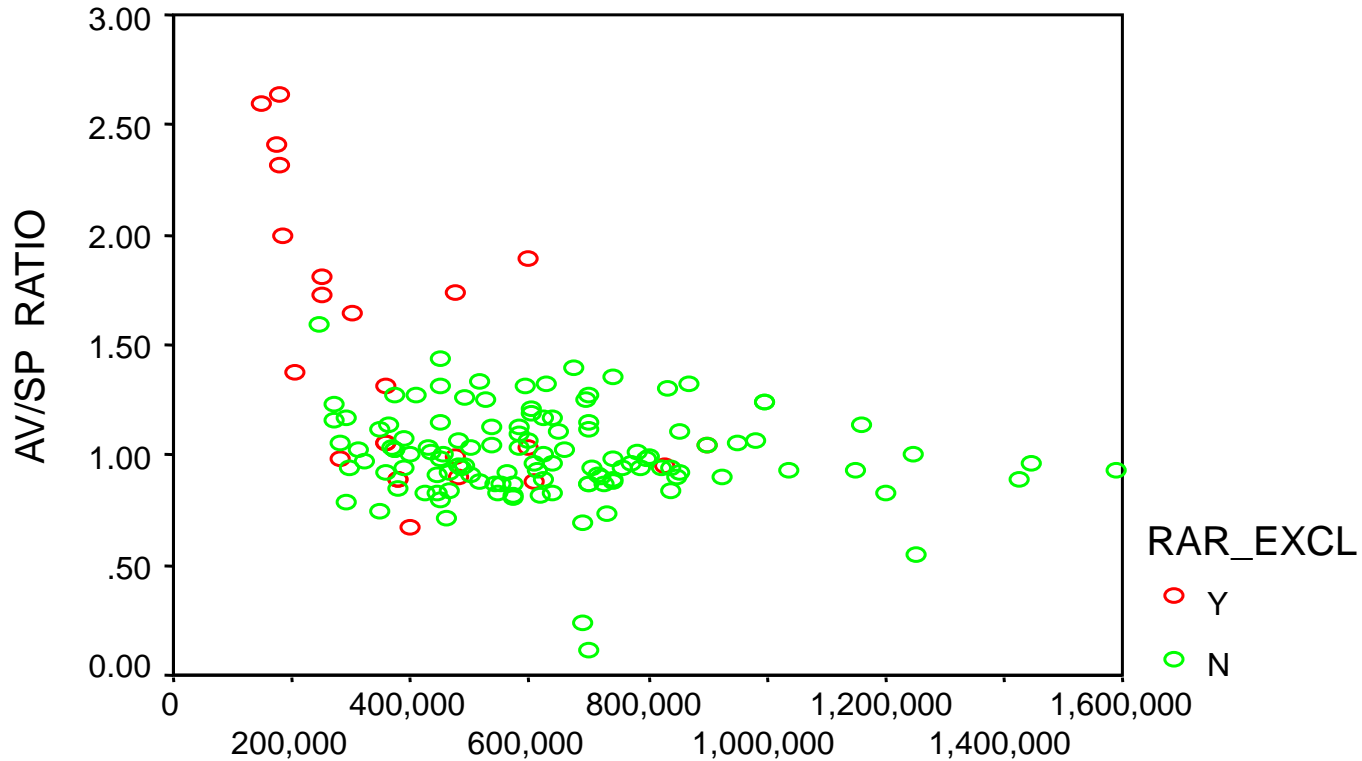
# Guidelines: Reviewing Sales Condition Codes

- ORPTS sets thresholds for reviewing sales condition codes
- These are guidelines only
- Common sense and what we know about the community or history of the use of condition codes in the municipality also considered
- The purpose is to produce a reliable, unbiased sale set

# Guidelines - Reviewing Sales Condition Codes

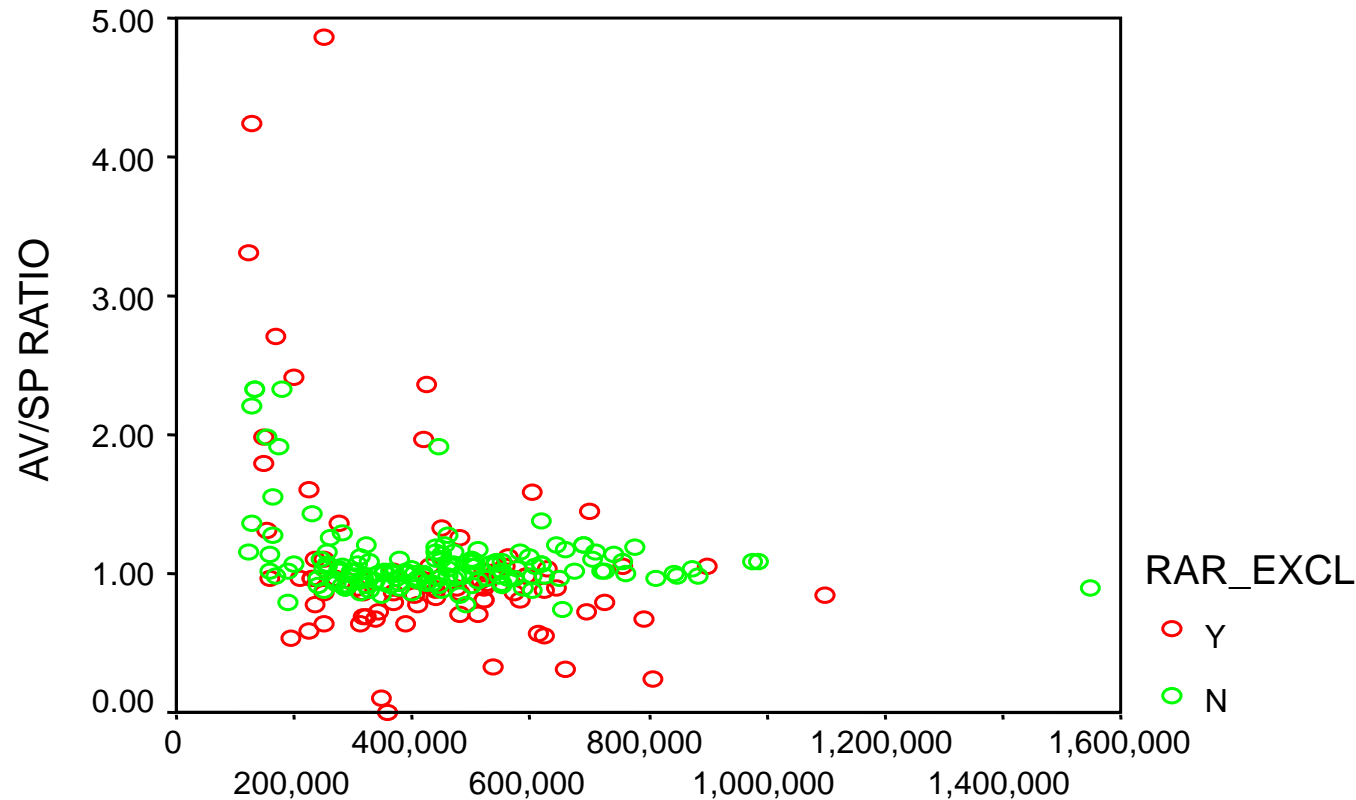
- Review of “sales patterns” scatter charts
- Charts display which sales were retained as valid and which were removed as invalid
- Regional staff should look for unusual patterns and point these out to assessors

# Example of Normal Sales Validation Pattern





# Example of Abnormal Sales Validation Pattern



# PDC Process – Important Points

- Market analysis is data driven!
- Assessors have a responsibility to:
  - Provide reliable data
  - Accurately report sales
- The purpose of PDC is not to tell the local officials the results of our analysis

# PDC Process – Important Points

- Assessors are encouraged to be a part of the process by submitting their own analysis or by participating with us on analysis preparation – especially in advising us on local market conditions
  - The PDC process is the first step in stating an accurate LOA
  - The PDC process may also be used to determine the RAR to be equal to the LOA

# Importance of Stating an Accurate LOA

- Taxpayer Disclosure: An accurate LOA allows the tax payer to know the relationship between AV's and estimated Market Values (MV). The LOA is also used to compute the MV on the tax bills. If the LOA is inaccurate, then the MV on the tax bill will be inaccurate.
- Accurate Equalization rates and full value tax apportionment: surrounding assessing units could be disadvantaged by the actions of one assessing unit that effectively understates its full value compared to other assessing units.
- Mitigate unexplainable and unfavorable full value shifts in subsequent years
- Each of these reasons may be particularly important if a reassessment occurs after the use of an inflated LOA and corresponding underestimated full value.