

**WEST VIRGINIA
SECRETARY OF STATE
NATALIE E. TENNANT
ADMINISTRATIVE LAW DIVISION**

Form #5

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FILED

2013 OCT -2 PM 3:59

OFFICE WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF AGENCY ADOPTION OF A PROCEDURAL OR INTERPRETIVE RULE
OR A LEGISLATIVE RULE EXEMPT FROM LEGISLATIVE REVIEW**

AGENCY: State Tax Department TITLE NUMBER: 110

CITE AUTHORITY: W.Va. Code §11-1C-5b and 29A-3-1

RULE TYPE: PROCEDURAL _____ INTERPRETIVE x

EXEMPT LEGISLATIVE RULE _____

CITE STATUTE(S) GRANTING EXEMPTION FROM LEGISLATIVE REVIEW

W.Va. Code §11-1C-5b

AMENDMENT TO AN EXISTING RULE: YES _____ NO x

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

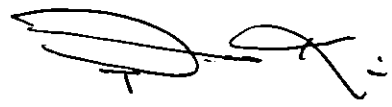
TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: 1Q

TITLE OF RULE BEING PROPOSED: Assessment of Property for Purpose of Calculating Local Share

THE ABOVE RULE IS HEREBY ADOPTED AND FILED WITH THE SECRETARY OF STATE. THE

EFFECTIVE DATE OF THIS RULE IS November 1, 2013



Authorized Signature



STATE OF WEST VIRGINIA

Department of Revenue
State Tax Department

Earl Ray Tomblin
Governor

Mark W. Matkovich
Acting State Tax Commissioner

AGENCY: TAX

DATE: October 2, 2013

**RE: ASSESSMENT OF PROPERTY FOR PURPOSE OF CALCULATING LOCAL
SHARE**

On or about June 28, 2013 the State Tax Department filed for public comment this proposed rule, Assessment of Property for Purpose of Calculating Local Share, 110 CSR 1Q. The comment period closed on July 28, 2013 at 5:00 p.m. There were no comments received by the State Tax Department.

TITLE 110
INTERPRETIVE RULE
STATE TAX DEPARTMENT

FILED

2013 OCT -2 PM 4:00

SERIES 1Q
ASSESSMENT OF PROPERTY FOR PURPOSE OF CALCULATING LOCAL SHARE OF STATE

OFFICE OF WEST VIRGINIA
STATE TAX DEPARTMENT

§110-1Q-1. General

- 1.1. Scope. - These interpretive rules provide guidelines to clarify and explain state law as it relates to the assessment of property for purposes of calculating the local share for the state school funding formula under W. Va. Code §11-1C-5b.
- 1.2. Authority. - WV Code §29A-3-1.
- 1.3. Filing Date. - 10-2-2013.
- 1.4. Effective Date. - 11-1-2013.

§110-1Q-2. Definitions.

As used in this rule and unless the context requires a different meaning, the following terms shall have the meanings ascribed herein, and shall apply in the singular or in the plural.

- 2.1. "Arm's-length transaction" or "arm's-length sale" means the seller seeks the highest possible price for his property on the open market. While eager to sell, he is under no undue coercion to do so. Similarly, the buyer is knowledgeable concerning the market and seeks to buy at the lowest price. While eager to buy he is under no undue coercion to do so.
- 2.2. "Assessment ratio study" or "assessment ratio analysis" means the annual sales ratio analysis prepared by the state tax department in accordance with W. Va. Code §7-7-6a and §18-9A-2a.
- 2.3. "Board" means the State Board of Education.
- 2.4. "Centrally assessed property" means property that is assessed by a state agency, as distinct from property assessed by the county assessors, and includes public utility property assessed by the Board of Public Works and industrial and natural resources property assessed by the State Tax Department.
- 2.5. "Commissioner" means the Tax Commissioner of the State of West Virginia.
- 2.6. "Eligible property" means all real property of Classes II, III or IV, excluding farmland, within a county that is assessed by the county assessor.
- 2.7. "Local share" means that portion of the funding formula for the West Virginia Public School Support Plan set forth in W. Va. Code §18-9A-1, et seq., that is borne by and the responsibility of each county of the state.

2.8. "Median sales assessment ratio" means the total median ratio of the assessed value of real property to the sale price of that property for all arm's-length sales of real property in a county during any assessment year, as reported to the commissioner by the assessor of that county.

2.9. "Sales ratio" means the ratio of the assessed value of real property to the sale price of that property for all arm's-length sales of real property in a county during any assessment year, as reported to the commissioner by the assessor of that county, pursuant to his lawful duties. Any sales that are more than plus or minus two standard deviations from the median, or any sales which include the transfer of a mineral interest or interests, may be eliminated from the sales ratio calculations by the State Tax Department. The median sales ratio will be rounded to the nearest whole percentage using standard rounding rules.

2.10. "Total assessed value" means the assessed value of all property in the county, whether assessed by the county assessor or an agency of state government, and shall include the assessed value of all real property in the county as determined by this rule, and the actual assessed value of that county's personal property, farmland, managed timberland, public utility property, and any other centrally assessed property.

2.11. "Valid assessment ratio study" means an assessment ratio study based on not fewer than three arm's-length sales of non-centrally assessed property, excluding farmland, within a county during the reporting period.

§110-1Q-3. Tax Commissioner's Report to the State Board of Education

3.1. Beginning in 2013, the commissioner shall annually, on the first day of December, report to the board the total assessed values of property subject to the West Virginia Public School Support Plan, to be determined in accordance with the provisions of this rule.

3.2. Because the assessed values that are available to the commissioner as of December 1 of the assessment year are subject to administrative review by the commissioner or the assessors, and further review and equalization by the county commissions, the commissioner's December report to the board shall be considered tentative, and subject to revision, as provided below.

3.3. The commissioner shall submit a final report of the total assessed values to the board on the third day of March of each year, beginning with tax year 2014.

3.4. The procedures for calculating local share set forth in W. Va. Code §11-1C-5b and §18-9A-11 which take effect July 1, 2013, shall first apply to fiscal year 2014.

§110-1Q-4. Applicable standards.

In accordance with standards established by the International Association of Assessing Officers ("IAAO"), any county attaining a sales ratio of 54% or higher is presumed to be in compliance with the sixty percent assessment mandated by the constitution.

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§110-1Q-5. Assessed values of eligible property; penalties.

5.1. In counties with a valid assessment ratio study, all eligible property shall be presumed to be assessed at the amount indicated by that county's assessment ratio study.

5.2. Any county that attains a ratio of 54% or higher will be considered to be in compliance with the statutory and constitutional mandate.

5.3. If any county fails to attain an assessment ratio of 54% or higher, the commissioner shall raise the assessed values of all eligible property in that county to 54% for purposes of calculating the local share.

5.4. In counties without a valid assessment ratio study, all eligible property shall be presumed to be assessed at 54% of appraised value for purposes of calculating the local share.

5.5. For any county that is not assessing property at least at 54% of market value, "levies for general current expense purposes" as the term is used in W. Va. Code §§18-9A-2 and 2a, means 98% of the levy rate for county boards of education set by the legislature pursuant to W. Va. Code §11-8-6f.

5.6. The Commissioner may consult with the Property Valuation Training and Procedures Commission ("PVC") for guidance on any question that may arise concerning the validity of a county's assessment ratio study.

§110-1Q-6. Total assessed value of property for calculating the local share.

The local share of each county shall be determined by adding the assessed values calculated in accordance with section 5 of this rule to the actual assessed values of all personal property, farmland, managed timberland, public utility property and other centrally assessed property of the county. The sum of those values is the total assessed value for the purpose of calculating that county's local share.