



STATE OF WEST VIRGINIA

Department of Revenue
State Tax Department

Earl Ray Tomblin
Governor

Craig A. Griffith
State Tax Commissioner

March 1, 2011

The Honorable Earl Ray Tomblin
Senate Chairperson
Joint Committee on Government and Finance
Building 1, Room 227M

The Honorable Richard Thompson
House Chairperson
Joint Committee on Government and Finance
Building 1, Room 234M

The Honorable Robert H. Plymale
Senate Education Chairperson
Chairperson, Legislative Oversight Commission
on Education Accountability
Building 1, Room 427M

The Honorable Mary M. Poling
House Education Chairperson
Chairperson, Legislative Oversight Commission
on Education Accountability
Building 1, Room 434M

Ladies and Gentlemen:

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 this section to two percent.

In compliance with this statutory requirement, attached are a 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 the above cited statutory section.

The Honorable Earl Ray Tomblin
The Honorable Richard Thompson
The Honorable Robert H. Plymale
The Honorable Mary M. Poling
March 1, 2011
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If after review of the information you should have any questions, please advise.

Sincerely, ~



Craig A. Griffith
State Tax Commissioner

CAG/jaj

Attachment

STATE TAX DEPARTMENT
REPORT TO JOINT COMMITTEE ON GOVERNMENT AND FINANCE
AND LEGISLATIVE OVERSIGHT COMMISSION ON EDUCATION ACCOUNTABILITY
MARCH 1, 2011

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 total property 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 2004 to 2010 and is reflected for each tax year in the column titled "Ratio." The standard, as established by the Property Valuation Training and Procedures Commission, is 54% to 66%.

The following is an example of the methodology employed using five (5) sales and their assessed values to illustrate the 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	

To determine this ratio, the total assessed value of the sales is divided by the total of the sale price. In the above example, the calculation is:

$$98,700 \div 194,500 = 50.75$$

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 appraised values.

County A	County B
CÖD = 64.16	CÖD = 7.27

Exhibit II contains preliminary real property assessment data for Tax Year 2011 which was provided by the county assessor on or before February 1, 2011 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 15, 2010 reflecting the change in total assessments from Tax Year 2010 to Tax Year 2011.

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 2010 which included the 2% limit.

Exhibit V reflects the calculation of the statewide regular school levy rate for Tax Year 2011 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 2011 if the 1% limit had been in effect.

Below is a summary of the calculated levy rates by tax class for Tax Year 2010 and Tax Year 2011. Review of the attached reports reveals that increasing the limit from 1% to 2% on the increase in total property tax revenues had no effect. If the limit had remained 1% for Tax Year 2011 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 2010 (at 2%)	20.47	40.94	81.88	81.88
TY 2011 (at 2%)	20.80	41.60	83.20	83.20
TY 2011 (at 1%)	20.60	41.20	82.40	82.40

Absent action by the Legislature, the TY2010 levy rates of 19.40 for Class 1, 38.80 for Class 2 and 77.60 for Class 3 and Class 4 will remain in effect for TY2011.

**ASSESSED/SALE RATIO STUDIES
TY 2004 TO TY 2010**

EXHIBIT I

	TY 2004		TY 2005		TY 2006		TY 2007		TY 2008		TY 2009		TY 2010	
County	Ratio	COD	Ratio	COD	Ratio	COD	Ratio	COD	Ratio	COD	Ratio	COD	Ratio	COD
Barbour	61	116	60	9	45	161	37	83	36	89	43	111	39	55
Berkeley	56	12	54	11	56	12	55	10	56	10	57	10	57	9
Boone	60	35	56	4	59	2	59	1	59	1	60	9	59	3
Braxton	59	5	59	4	59	6	62	5	56	6	57	11	56	13
Brooke	54	38	59	15	55	15	55	15	54	20	55	15	56	27
Cabell	59	8	51	10	55	14	56	15	56	10	56	14	55	14
Calhoun	61	6	56	19	58	11	59	10	59	5	64	3	61	8
Clay	55	8	59	26	58	14	55	9	57	14	57	9	60	15
Doddridge	62	16	60	8	59	8	58	12	56	14	59	11	57	75
Fayette	59	5	60	9	59	17	59	9	60	12	58	9	60	11
Gilmer	*	*	60	20	59	10	58	12	57	11	59	14	59	13
Grant	61	19	58	14	57	15	56	16	57	15	56	14	57	13
Greenbrier	57	10	59	8	59	9	59	7	58	9	58	8	57	13
Hampshire	58	41	55	34	60	8	59	13	57	13	56	14	58	12
Hancock	60	29	50	15	52	17	54	13	54	11	54	13	54	13
Hardy	54	17	58	17	56	18	56	16	56	16	56	16	60	14
Harrison	56	12	55	13	55	13	55	13	54	14	54	11	55	12
Jackson	55	7	57	5	57	6	58	4	57	4	57	5	57	5
Jefferson	57	10	55	14	47	16	51	17	57	8	58	8	57	8
Kanawha	55	7	57	8	56	9	56	10	56	14	55	13	55	11
Lewis	59	13	52	39	56	13	58	13	58	12	57	12	58	11
Lincoln	59	9	37	0	59	6	60	8	55	63	57	18	61	14
Logan	62	4	60	5	60	5	60	7	58	16	60	6	56	13
Marion	59	18	55	15	55	18	52	13	58	8	57	6	58	7
Marshall	56	7	58	5	58	5	58	8	53	11	54	10	54	13
Mason	59	3	60	3	63	13	59	32	58	6	57	8	57	10
McDowell	61	7	54	44	49	25	56	12	59	4	60	10	60	21
Mercer	61	8	56	6	56	4	56	3	57	5	57	5	57	4
Mineral	56	12	57	14	55	15	55	16	56	15	57	10	56	13
Mingo	56	11	57	11	57	10	55	13	55	13	54	15	56	11
Monongalia	59	6	58	13	59	7	59	25	58	44	59	4	59	9
Monroe	58	19	62	4	61	14	58	36	49	34	57	31	56	14
Morgan	56	18	56	12	57	13	52	19	53	15	58	8	60	10
Nicholas	57	17	58	6	58	8	59	7	59	11	56	24	56	16
Ohio	56	14	56	21	57	12	56	12	58	10	58	10	57	10
Pendleton	55	23	58	16	57	14	59	15	56	15	57	13	58	15
Pleasants	56	7	55	11	58	9	56	9	55	13	56	10	58	10
Pocahontas	58	4	60	2	60	1	60	3	60	2	60	2	60	3
Preston	62	13	57	14	55	16	57	18	53	21	54	20	54	16
Putnam	59	10	55	10	55	9	55	8	53	14	50	15	51	13
Raleigh	58	11	55	3	56	3	58	7	56	4	55	5	56	6
Randolph	55	12	57	11	56	10	57	9	57	9	58	9	56	11
Ritchie	56	24	59	11	56	10	56	13	56	10	57	11	59	9
Roane	60	15	61	29	59	14	57	14	55	13	56	27	54	13
Summers	57	5	62	20	59	6	59	3	60	9	60	10	59	17
Taylor	59	11	54	9	55	14	55	15	54	14	54	15	59	11
Tucker	55	17	56	10	59	12	54	13	57	11	57	11	58	11
Tyler	58	111	48	38	56	22	58	12	56	15	58	16	56	17
Upshur	56	14	56	17	58	9	58	9	55	12	58	9	57	12
Wayne	56	9	55	12	55	13	56	10	52	14	55	13	56	9
Webster	56	11	43	75	56	17	59	5	*	*	*	*	59	23
Wetzel	59	5	58	6	58	6	59	6	57	9	56	14	59	13
Wirt	59	10	58	13	59	16	59	13	59	16	61	15	57	15
Wood	61	11	57	10	56	12	57	9	57	9	57	9	58	9
Wyoming	58	8	60	4	61	5	61	3	61	19	38	70	38	86

* Did not have 3 or more valid sales.

Source: Property Tax Division

THE PROPERTY VALUATION TRAINING AND PROCEDURES COMMISSION STANDARDS AS ESTABLISHED FOR COMPLIANCE ARE 54% TO 66% WITH A COD OF 20 OR LESS.

**Assessed/Sale
Real Property Ratio TY 2011**

Exhibit II

TY2011	Ratio	COD~
BARBOUR	49	58
BERKELEY	56	9
BOONE	59	2
BRAXTON	55	12
BROOKE	55	16
CABELL	56	12
CALHOUN	57	5
CLAY	58	15
DODDRIDGE	61	13
FAYETTE	60	45
GILMER	58	13
GRANT	59	15
GREENBRIER	55	13
HAMPSHIRE	59	13
HANCOCK	48	22
HARDY	58	16
HARRISON	55	14
JACKSON	58	5
JEFFERSON	59	8
KANAWHA	56	9
LEWIS	57	11
LINCOLN	34	34
LOGAN	55	12
MARION	58	9
MARSHALL	55	15
MASON	58	9
MCDOWELL	59	6
MERCER	56	7
MINERAL	55	12
MINGO	56	12
MONONGALIA	56	51
MONROE	59	13
MORGAN	59	11
NICHOLAS	56	8
OHIO	57	15
PENDLETON	56	14
PLEASANTS	58	8
POCAHONTAS	59	3
PRESTON	55	19
PUTNAM	55	9
RALEIGH	56	4
RANDOLPH	56	11
RITCHIE	58	13
ROANE	55	14
SUMMERS	59	6
TAYLOR	58	13
TUCKER	59	11
TYLER	57	30
UPSHUR	56	7
WAYNE	55	11
WEBSTER	58	23
WETZEL	58	9
WIRT	55	15
WOOD	58	9
WYOMING	37	47

TABLE IIIA: CHANGE IN TOTAL ASSESSMENTS FROM TY10 TO TY11

	TY10 TOTAL TAXABLE ASMT	TY11 TOTAL TAXABLE ASMT	%CHG
01BARBOUR	424,302,798	453,398,385	6.9%
02BERKELEY	5,080,508,667	4,853,204,092	-4.5%
03BOONE	1,560,192,177	1,523,049,209	-2.4%
04BRAXTON	478,517,071	480,783,756	0.5%
05BROOKE	752,238,452	775,532,369	3.1%
06CABELL	3,121,119,215	3,248,785,867	4.1%
07CALHOUN	235,716,244	208,187,649	-11.7%
08CLAY	298,838,867	272,525,471	-8.8%
09DODDRIDGE	457,530,911	416,921,054	-8.9%
10FAYETTE	1,259,382,756	1,318,372,889	4.7%
11GILMER	364,265,623	376,214,971	3.3%
12GRANT	817,659,294	820,714,968	0.4%
13GREENBRIER	1,536,139,882	1,578,997,848	2.8%
14HAMPSHIRE	1,386,738,048	1,342,157,703	-3.2%
15HANCOCK	950,600,129	942,148,728	-0.9%
16HARDY	868,340,922	863,740,688	-0.5%
17HARRISON	3,085,660,218	3,200,254,018	3.7%
18JACKSON	1,127,128,813	1,137,582,481	0.9%
19JEFFERSON	3,387,344,019	3,202,300,036	-5.5%
20KANAWHA	8,569,504,972	8,742,895,657	2.0%
21LEWIS	968,592,182	954,976,598	-1.4%
22LINCOLN	542,711,413	523,984,363	-3.5%
23LOGAN	1,493,348,455	1,484,263,119	-0.6%
24MARION	2,128,094,661	2,147,181,015	0.9%
25MARSHALL	1,785,195,559	1,887,050,194	5.7%
26MASON	1,051,226,036	1,047,740,022	-0.3%
27MC DOWELL	986,699,262	909,162,112	-7.9%
28MERCER	1,538,219,952	1,559,662,922	1.4%
29MINERAL	948,399,177	951,002,602	0.3%
30MINGO	1,141,484,251	1,098,793,348	-3.7%
31MONONGALIA	4,091,116,419	4,186,703,366	2.3%
32MONROE	350,692,326	355,775,564	1.4%
33MORGAN	1,070,883,869	1,036,446,697	-3.2%
34NICHOLAS	900,056,146	943,225,698	4.8%
35OHIO	1,645,633,383	1,753,661,704	6.6%
36PENDLETON	393,020,524	389,615,471	-0.9%
37PLEASANTS	575,182,359	569,253,978	-1.0%
38POCAHONTAS	695,705,411	676,040,233	-2.8%
39PRESTON	1,095,600,435	1,128,708,787	3.0%
40PUTNAM	2,666,397,026	2,715,510,083	1.8%
41RALEIGH	2,825,665,942	2,883,016,290	2.0%
42RANDOLPH	997,332,313	1,003,779,905	0.6%
43RITCHIE	501,401,579	442,096,226	-11.8%
44ROANE	429,095,389	418,615,253	-2.4%
45SUMMERS	377,374,607	376,991,792	-0.1%
46TAYLOR	565,478,887	566,701,014	0.2%
47TUCKER	515,637,727	499,307,015	-3.2%
48TYLER	376,811,332	340,537,102	-9.6%
49UPSHUR	999,735,314	957,235,039	-4.3%
50WAYNE	1,138,257,957	1,131,470,380	-0.6%
51WEBSTER	300,325,241	287,318,230	-4.3%
52WETZEL	641,463,406	675,582,247	5.3%
53WIRT	127,535,164	129,171,793	1.3%
54WOOD	3,098,550,304	3,101,353,979	0.1%
55WYOMING	959,977,228	859,823,235	-10.4%
STATE	75,684,630,314	75,749,525,215	0.1%

TABLE I: CALCULATION OF 2010 STATEWIDE REGULAR SCHOOL LEVY RATE

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STATEWIDE

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§ 11-8-6F: CALCULATION OF REGULAR SCHOOL BOARD LEVY RATE

	CLASS 1	CLASS 2	CLASS 3	CLASS 4	TOTAL
TY10 TOTAL ASSESSED	0	30,048,709,541	32,780,309,481	12,855,316,931	75,684,335,953
TY10 NEW PROPERTY	0	419,926,493	1,404,243,855	245,244,870	2,069,415,218
TY10 TOTAL ASSESSED LESS NEW	0	29,628,783,048	31,376,065,626	12,610,072,061	73,614,920,735
CLASS FACTOR	0.01	0.02	0.04	0.04	
WEIGHTED ASSESSMENT	0.00	592,575,660.96	1,255,042,625.04	504,402,882.44	2,352,021,168.44

ALLOWABLE %

3.94%

TY09 TOTAL SCHOOL REGULAR TAXES \$463,100,042
 TY10 ALLOWABLE REVENUE \$481,348,475

CALCULATION OF CLASS 1

TAX YEAR 2010 STATEWIDE RATE

TY10 ALLOWABLE REVENUE \$481,348,475
 DIVIDED BY WEIGHTED ASSESSMENT \$2,352,021,168
 MULTIPLIED BY X 100 = 20.47

ESTIMATED TY10 REVENUE CHANGE FROM TY09:
 AT TY10 RATE \$33,583,884
 AT TAX YEAR 09 RATE \$7,621,412

TY10 CALCULATED RATES

CENTS PER \$100

	CLASS 1	CLASS 2	CLASS 3	CLASS 4
TY09 SCHOOL RATES	20.47	40.94	81.88	81.88
CENTS PER \$100	19.40	38.80	77.60	77.60
MAXIMUM POSSIBLE SCHOOL RATES	22.95	45.90	91.80	91.80

TY10 REGULAR SCHOOL REVENUE USING

TY10 CALCULATED RATES

FOR NEW AND EXISTING PROPERTY	\$0	\$123,019,417	\$268,405,174	\$105,259,335	\$496,683,926
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TY10 REGULAR SCHOOL REVENUE

AT TAX YEAR 2009 RATES

FOR NEW AND EXISTING PROPERTY	\$0	\$116,588,993	\$254,375,202	\$99,757,259	\$470,721,454
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TABLE I: CALCULATION OF 2011 STATEWIDE REGULAR SCHOOL LEVY RATE

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STATEWIDE PAGE: BD

§ 11-8-6F: CALCULATION OF REGULAR SCHOOL BOARD LEVY RATE

	<u>CLASS 1</u>	<u>CLASS 2</u>	<u>CLASS 3</u>	<u>CLASS 4</u>	<u>TOTAL</u>
TY11 TOTAL ASSESSED	0	30,422,780,891	32,325,347,892	13,001,396,432	75,749,525,215
TY11 NEW PROPERTY	0	333,184,417	841,873,610	291,611,919	1,466,669,946
TY11 TOTAL ASSESSED LESS NEW	0	30,089,596,474	31,483,474,282	12,709,784,513	74,282,855,269
CLASS FACTOR	0.01	0.02	0.04	0.04	
WEIGHTED ASSESSMENT	0.00	601,791,929.48	1,259,338,971.28	508,391,380.52	2,369,522,281.28

ALLOWABLE %
3.96%

ESTIMATED TY11 REVENUE CHANGE FROM TY10:
AT TY11 RATE \$29,522,043
AT TAX YEAR 10 RATE (\$4,379,312)

TY10 TOTAL SCHOOL REGULAR TAXES \$474,155,238
 TY11 ALLOWABLE REVENUE \$492,947,689
 CALCULATION OF CLASS 1
 TAX YEAR 2011 STATEWIDE RATE
 TY11 ALLOWABLE REVENUE \$492,947,689
 DIVIDED BY WEIGHTED ASSESSMENT \$2,369,522,281
 MULTIPLIED BY X 100 = 20.80

TY11 CALCULATED RATES	<u>CLASS 1</u>	<u>CLASS 2</u>	<u>CLASS 3</u>	<u>CLASS 4</u>	
CENTS PER \$100	20.80	41.60	83.20	83.20	-
TY10 SCHOOL RATES					
CENTS PER \$100	19.40	38.80	77.60	77.60	
MAXIMUM POSSIBLE SCHOOL RATES					
CENTS PER \$100	22.95	45.90	91.80	91.80	
TY11 REGULAR SCHOOL REVENUE USING TY11 CALCULATED RATES FOR NEW AND EXISTING PROPERTY	\$0	\$126,558,769	\$268,946,894	\$108,171,618	\$503,677,281
TY11 REGULAR SCHOOL REVENUE AT TAX YEAR 2010 RATES FOR NEW AND EXISTING PROPERTY	\$0	\$118,040,390	\$250,844,700	\$100,890,836	\$469,775,926