

**BEFORE THE STATE BOARD OF EQUALIZATION
FOR THE STATE OF WYOMING**

IN THE MATTER OF TETON COUNTY)
PROPERTY VALUATIONS FOR 2017-2018) Order No. 2017-01

ORDER

THIS MATTER initially came before the State Board of Equalization (State Board) following submission of the 2016 Teton County Abstract (Abstract) of locally assessed property. In an effort to conform Teton County values with State Board rules regarding appraisal standards the State Board entered findings and an Order on July 6, 2016, (hereinafter 2016 Order, which is attached as appendix 1 and incorporated by this reference) imposing certain requirements on the Teton County Assessor’s Office for the 2017 tax year, with other requirements to be met prior to the 2018 assessment. Upon the informal conference review of the statistical analysis of the 2017 Teton County Abstract of locally assessed property and meetings with the Teton County Assessor to discuss the abstract and analysis, the State Board, having considered the Abstract; having reviewed the Abstract for conformance with the 2016 Order, State Board Rules and Wyoming Statutes; having identified several areas of concern with compliance with established State mass-appraisal metrics applied to ensure the uniform valuation of locally-assessed properties from county to county; and, having consulted with the Teton County Assessor, enters this Order:

1. Under the Wyoming Constitution and state statutes, the State Board must ensure the uniform valuation of real property. Wyo. Const., art. 15, §§ 10, 11(a), and 11(c); Wyo. Stat. Ann. § 39-11-102.1(c) (2015). The State Board has adopted rules which incorporate statistical standards to measure whether locally-assessed valuations in each county are uniform. Wyo. Stat. Ann. § 39-11-102.1(c)(xvi) (2015); Rules, Wyo. State Board of Equalization, Ch. 5 (2006). The State Board’s staff annually conducts a statistical sales ratio analysis of each county’s valuations for this purpose. That statistical analysis relies heavily on input sales, relationships between current and prior year values, and various calculations to determine whether assessed property values deviate substantially from fair market value.

2. The Wyoming Department of Revenue (Department) must establish a property tax system by which properties are uniformly valued at fair market value. Wyo. Stat. Ann. § 39-11-102(c)(xv) (2015). The Department shall advise and instruct county assessors regarding administration of the State's property taxation system and establish a system to measure compliance. Wyo. Stat. Ann. § 39-11-102(c)(xvi) (2015). The Department may seek prosecution or other actions for an official's misconduct or neglect of duty. Wyo. Stat. Ann. § 39-11-102(c)(xvii) (2015). The Department shall monitor the work of county assessors to ensure that the Department's guidelines are strictly observed. Wyo. Stat. Ann. § 39-11-102(c)(xviii) (2015). County assessors, for their part, must "[f]aithfully and diligently follow and apply the orders, procedures and formulae of the department of revenue or orders of the state board of equalization for the appraisal and assessment of all taxable property[.]" Wyo. Stat. Ann. § 18-3-204(a)(ix) (2015).

3. The State Board evaluates appraisal uniformity in four property classes: Residential Improved, Residential Vacant, Commercial Improved, and Commercial Vacant. Rules, Wyo. State Board of Equalization, Ch. 5, §3(a)(iii) (2006). In each property class, to achieve statistical appraisal uniformity:

- i. an assessor's level of appraisal median "confidence interval" must include "one or more points in the range of .95 to 1.05[.]"
- ii. an assessor's coefficient of dispersion (COD) must be 15 or less for Residential Improved, and 20 or less for Residential Vacant, Commercial Improved, and Commercial Vacant;
- iii. an assessor's "price-related differential" (PRD) must fall between .98 and 1.03 for all property classes.

Rules, Wyo. State Board of Equalization, Ch. 5, §6 (2006).

4. Following the informal conference on the statistical analysis of the Teton County 2015 abstract, the State Board directed the Teton County Assessor to address Teton County's undervaluation and non-uniformity for the Commercial Improved property class, for which the median confidence interval was below standards required to meet statistical appraisal uniformity. The State Board noted that the trend of substantial undervaluation and non-uniformity for Commercial Improved property began prior to 2011.

5. While the State Board approved Teton County's 2015 values, it noted the historic valuation deficiencies and directed the Teton County Assessor to undertake several specific measures to reverse the undervaluation trend and significantly move its Commercial Improved property values toward the State Board's standards for the level of appraisal and the COD. The State Board issued its directives in a work plan to address these deficiencies. In subsequent communications, the State Board directed the Teton

County Assessor to implement “effective age” adjustments for commercial structures, the effective age of which, in many cases, reflected no remaining economic life. The Teton County Assessor did follow through with this requirement, changing all commercial structures to have a remaining life of at least five years.

6. Following the 2016 abstract review and State Board’s sales ratio analysis the State Board found Teton County’s 2016 valuations demonstrated that Teton County’s Commercial Improved properties were still greatly undervalued as a whole. The 2016 statistical analysis demonstrated that the undervaluation of Commercial Improved properties worsened. The State Board found the 2015 and 2016 Commercial Improved property class under-valuations appear systemic and had continued for more than five years.

7. The State Board’s 2016 sales ratio analysis of Teton County’s Residential Improved and Residential Vacant property classes also indicated undervaluation, a reversal from previous years. While finding that Teton County’s apparent undervaluation in the Residential Improved and Residential Vacant property classes appeared more anomalous when compared to the sustained undervaluation of the Commercial Improved property class over the same period, the State Board was “especially sensitive” to any deviation from its statistical standards given the County’s consistent and longstanding inability to reasonably address its Commercial Improved property undervaluation.

8. The State Board further found that having met past resistance, the State Board had pressed the Teton County Assessor’s Office to effect urgent measures to adjust Commercial Improved property values to conform to the State Board’s statistical standards. Citing inadequate staff and anticipating an inability to handle an inordinate number of local tax appeals should the Assessor abruptly adjust the valuations, the Teton County Assessor had sought to delay fully implementing all measures needed to correct valuation deficiencies.

9. The State Board found that delay in implementing necessary measures simply resulted in increased noncompliance and greater difficulty adjusting the valuations going forward. Therefore the Board ordered the Teton County Assessor to comply with a work plan specified in the 2016 Order.

10. The work plan required the Teton County Assessor and staff to meet with the Department of Revenue and to implement recommended measures to remedy mass appraisal practice shortcomings by the Teton County Assessor’s Office. The Department was to report monthly identifying remedial measures recommended, progress made and anticipated to be made.

11. Specific measures were also ordered, including:

a. The completion of all effective age and depreciation adjustments for all commercial properties in a manner consistent with industry-accepted appraisal practice in time for review in 2017;

b. Consistent with Chapter 6, §4 of the State Board's rules, implementation of a process to verify commercial sales immediately and, specifically, review and confirmation, as necessary, of all data on each statement. The information on the statement was to be confirmed or verified by contacting buyer, sellers or others. The Teton County Assessor's Office was to ensure that sales files were kept up to date and properly maintained;

c. The Teton County Assessor's Office providing requested data to the State Board's Senior Statistician;

d. Under the Department's oversight, the Teton County Assessor is to complete a comprehensive commercial land valuation study, including, if necessary, hiring outside appraisal services, receiving specialized educational training and certifications, hiring temporary employees, or taking other steps the Department deems necessary to sustain the correct valuation of Teton County land prior to the 2018 assessment.

12. The Department was required under the same Order to utilize all other steps, protocols, or resources, consistent with its statutory authority in Wyoming Statutes §39-11-102(c)(xv)-(xviii) (2015), to ensure the Teton County Assessor's valuations conform with the State Board's guidelines.

13. Upon the Department's written notice to the State Board that the Teton County Assessor was not reasonably complying with all requirements stated in the 2016 Order, or, in the event that the Assessor does not comply with the State Board's statistical requirements, the Order provided the State Board may initiate appropriate proceedings, at Teton County's sole expense.

14. The 2016 Order was provided to the Teton County Assessor and the Teton County Commission. No appeal of that Order was taken.

15. Under the 2016 Order, the Department met on a number of occasions with the Teton County Assessor and staff of that Office. The Department reported compliance with a number of items ordered by the State Board. The Department has also reported a number of concerns resulting from meetings and oversight of the Teton County Assessor's Office over the past year, specifically:

a. Whether sales were invalidated for consideration in the sales ratio analysis submitted to the State Board for reasons other than as authorized by Board rule;

b. A spreadsheet was developed as a tool to track commercial sales in order to determine whether the sale should or should not be included in the sales ratio analysis. The spreadsheet was completed by the Teton County Assessor as requested by the Department on a delayed basis for 2016 sales. While acknowledged by the Department and Assessor as a useful tool, the Department has noted that it is important to complete the spreadsheet on a timely basis and that the spreadsheet should likewise be used for residential sales as well;

c. Commercial land values have not been adjusted since 2011 and for 2017 all commercial land values reflect an “override” land value from 2011;

d. In accordance with the 2016 Order the Teton County Assessor has taken preliminary steps to complete a comprehensive reliable land valuation study in order to meet the Order’s deadline requiring steps necessary to sustain the correct valuation of Teton County land prior to the 2018 assessment. At the same time the Teton County Assessor has made clear that Office will be extremely reliant on the Department to accomplish this undertaking. The Department plans on spending the week of August 7th in that Office to help accomplish the undertaking, but in turn is reliant upon the Assessor’s Office having completed sales verifications and having taken other steps necessary to ensure accurate data is available to the Department.

16. The 2017 State Board analysis of abstract and sales data submitted by the Teton County Assessor shows that eighteen of twenty “valid” sales of commercial improved properties were excluded for purposes of the comparison of value changes in sold and unsold properties in the reported data from the Teton County Assessor’s Office. At the informal conference on the statistical analysis of the Teton County 2017 abstract (hereinafter 2017 informal conference) the Teton County Assessor acknowledged that the exclusions were the result of not updating notations made to exclude those properties in the previous year due to implementation of effective age adjustments. The Assessor noted that the large number of inadvertent exclusions was a maintenance issue for the Office and that correction of that issue could be included in any additional work plan ordered by the State Board.

17. The 2017 sales ratio analysis for Teton County commercial improved property sales shows that the Board standards were not met for median “confidence interval” (.53, with a requirement to include at least one point of the confidence interval within the range of .95 to 1.05), and for coefficient of dispersion (COD)(24.47 with a requirement to be 20

or less). This continues a trend from the previous five years previously acknowledged in the 2016 Order.

18. The 2017 sales ratio analysis for the other classes of property with sufficient sales (residential improved and residential vacant) were within Board standards, based upon the data submitted by the Teton County Assessor's Office. But at the 2017 informal conference the Teton County Assessor acknowledged that sales were excluded from that data as invalid if they were considered an "outlier" based upon a comparison of sales price to assessed value and that he now understands that such sales should not have been invalidated for that reason. The inclusion of those sales would affect the sales ratio analysis. The overall effect of "invalid" sales on the analysis is unknown and likely cannot be determined with complete accuracy as an "invalid" sale might otherwise have been invalidated for a proper reason and the passage of time makes a review of the property characteristics and other possible critical factors potentially inaccurate.

19. The 2016 Order required timely verification of property sales as timely verification is necessary since property characteristics often change after a sale. At the 2017 informal conference the Teton County Assessor stated that he had continued a long standing practice of that Office in not conducting on-site verification of properties during the winter as weather conditions often prevented a complete review of the property.

20. Chapter 6, §5(a) of the State Board rules requires every sale which is not exempt to be entered into the computer assisted mass appraisal system (CAMA system) authorized by the Department to be utilized by county assessors.

21. Chapter 6, §§4(a)(iii) and 5(c) and (d) of the State Board rules requires all sales to be identified as valid or invalid and the rules specify nine reasons for invalidating a sale. While a difference between sales price and assessed valuation might be an indication that a sale is not valid for a reason authorized by the rules, that difference is not itself an authorized reason for invalidating a sale.

22. In addressing county abstract review Ch. 5 §4(l) of the State Board rules provides:

(l) If the Board determines that any standards of the Board's Rules are not being met, the Board may request further investigation by the county assessor, the Department of Revenue, and Board staff to determine what, if any, changes in the county assessor's work practices are warranted. The Board will assure that proposed work practices are documented and will assure that the county assessor and the Department of Revenue are advised of the proposed work practices.

23. Remedial actions are authorized pursuant to Ch. 5 §4(m) and under Ch. 5 §7(a)(i) and (ii) of the State Board rules include:

(a) The Board shall make its initial decision on action to be taken through analysis of the statistical studies. Upon completion of its analysis:

(i) If the Board determines a county is not in compliance with the overall level of appraisal as stated in Section 6(a)(i).

(A) the Board shall informally notify and provide all documentation and test results to the county assessor of its initial findings and preliminary intended equalization action and confer with the county assessor to explain the reasons for the indicated action, affording the county assessor the opportunity to review, respond and explain any misunderstanding or indicated errors in the statistical studies.

(B) if the Board determines current year equalization action is still necessary following discussion as provided in paragraph (a)(i)(A) of this section, it will provide not less than twenty (20) days notice of the proposed action to the county board of equalization and county assessor of the county in which the property is situated. If requested, the Board shall provide an opportunity for a hearing to the county board of equalization and county assessor of the affected county. The hearing, without contested case procedures, shall be held in the affected county and provide an opportunity for comment and presentation of information. If, after the hearing, the Board determines equalization is still necessary, it will issue an equalization order and work with the county board of equalization and county assessor to determine the best method by which to effect the equalization action.

(ii) If the Board determines a county is not in compliance with appraisal uniformity as stated in Section 6(a)(ii).

(A) the Board shall informally notify the county assessor of its initial findings and meet with the county assessor to explain the reasons for the indicated action, affording the county assessor or designee the opportunity to review, respond and explain any misunderstanding or indicated errors in the statistical studies.

(B) if the Board determines a county is out of compliance and reappraisal is more appropriate to correct assessment bias, the Board may order reappraisal to bring the county into compliance. The reappraisal shall be completed prior to submission of the next abstract.

(C) if the Board determines any inequities can be remedied during the next year through changed work practices, the Board will communicate its recommendation to the Department of Revenue pursuant to W.S. 39-11-102.1. If the Board has recommended work practice changes and the same noncompliance issue is present in the next appraisal cycle, the Board may issue an equalization order to correct these uniformity issues.

24. The Board determines that for the 2017 assessment Teton County is not in compliance with the overall level of appraisal for commercial improved property as the confidence interval for that class of property does not include any point in the prescribed range of .95 to 1.05.

25. The Board determines that for the 2017 assessment Teton County is not in compliance with its standards for appraisal uniformity for commercial improved property as the coefficient of dispersion is greater than the maximum of 20.

26. For commercial improved property the Board finds that the appropriate remedy at this point is to continue the requirements for a comprehensive land valuation study as stated in the 2016 Order, with the additional requirements set forth below in order to ensure the study is accurate and completed in a timely fashion.

27. The Board finds that although the sales ratio analysis shows that the 2017 Teton County assessment for residential improved property is facially compliant with Board standards for assessment uniformity and assessment level, work practices of the Teton County Assessor's Office of inappropriately excluding and invalidating sales from the data submitted for the analysis results in that compliance being unknown and likely unknowable.

28. For all classes of property, the Board finds that the appropriate remedy is to continue the requirements of the 2016 Order together with additional requirements set forth below in order to ensure sales are invalidated only for a reason authorized by Board rule and sales data is excluded from the analysis only for reasons authorized by Board rule.

WHEREFORE, upon review of Teton County's 2017 valuation abstract, and in consultation with the Property Tax Division of the Wyoming Department of Revenue, and the Teton County Assessor, the Wyoming State Board of Equalization concludes:

- a. That the Teton County Assessor and his predecessors have consistently failed over at least a seven year period to value Commercial Improved properties uniformly and at full market value as required by law, necessitating remedial measures administered through direct oversight of the Wyoming Department of Revenue and State Board;

- b. By State Board order the Teton County Assessor's Office work practices should be modified to ensure the accuracy of data submitted to the State Board regarding all classes of property in order to ensure the 2018 sales ratio analysis conducted by State Board staff accurately represents the level and uniformity of appraisal of property in Teton County.

IT IS THEREFORE HEREBY ORDERED, pursuant to Wyoming Statutes sections 39-11-102.1(c)(vi) & (xi) (2015), 39-11-102(c)(xv), (xvi) & (xviii) (2015), and Rules, Wyoming State Board of Equalization, Chapter 5, § 7(a)(ii)(C) (2006), the Teton County Assessor shall comply with the following work plan:

- A. The Teton County Assessor and staff of that Office, and the Department of Revenue shall comply with all provisions of the 2016 Order. Compliance with the provisions of paragraph "D." of that Order has been met, but shall be adjusted and updated to the extent the Department of Revenue determines necessary to comply with industry-accepted appraisal practices.
- B. The sales verification process, using the spreadsheet developed by the Department to track commercial sales shall continue to be used for those sales and shall also be used for residential sales. All information required by the spreadsheet shall be completed immediately after each step of the process has been accomplished. Completed spreadsheets for each class of property shall be made available for Department review on a monthly basis. All commercial sales shall include an on-site inspection of each sale site in a timely manner.
- C. No sales shall be invalidated other than in accordance with Chapter 6 of the State Board rules.
- D. The Teton County Assessor's Office shall immediately remove all inputs resulting in the inappropriate exclusion of commercial properties as referenced in paragraph 16 of this Order and shall immediately review and remove all inappropriate like inputs for all residential properties.
- E. The Department shall meet with the Teton County Assessor Office staff not later than the week of August 7, 2017 in order to provide direction and assist that Office in implementing the comprehensive commercial land valuation study required by the 2016 Order. Prior to that meeting, the Department shall assist the Teton County Assessor's Office in removing all inappropriate existing overrides of commercial land values. The Department shall also assist the County Assessor's Office in reviewing all residential land values, including but not limited to homesite values,

to ensure that no inappropriate overrides of those values exist. The County Assessor's Office shall complete the commercial land valuation study in accordance with the general directions provided by the Department. The Department shall report to the State Board if the inappropriate overrides cannot be removed in a timely manner.

- F. Under the Department's oversight, the Teton County Assessor's Office shall complete all effective age and depreciation adjustments for all residential improved properties in a manner consistent with industry accepted appraisal practices. These effective age and depreciation adjustments shall be completed not later than August 4, 2017.
- G. In collaboration with the Teton County Assessor's Office, the Department shall develop additional worksheets the Department and that Office jointly determine necessary to be completed by staff of the County Assessor's Office in order to ensure compliance with Department and State Board rules regarding sales verification and appraisal processes.
- H. The Teton County Assessor shall use existing budgeted funds to retain sufficient qualified staff to accomplish the requirements of this Order. If the County Assessor determines that existing funds are insufficient or cannot be used to meet the requirements of this Order, the County Assessor shall immediately report that determination to the State Board. The County Assessor shall report to the State Board if the Assessor determines additional staff is necessary to comply with the requirements of this Order and that Office is unable to timely retain the additional staff needed.
- I. Land valuation changes resulting from implementation of the comprehensive land valuation study shall be provided by the Teton County Assessor's Office to the State Board not later than March 15, 2018.
- J. Upon the Department's written notice to the State Board that the Teton County Assessor is not reasonably complying with all requirements stated herein, or, upon

the Board's own motion in the event that the Assessor does not comply with the State Board's Order, the State Board may initiate additional appropriate proceedings, at Teton County's sole expense.

DATED this 21st day of June, 2017

STATE BOARD OF EQUALIZATION


Martin L. Hardsocg, Chairman


E. Jayne Mockler, Vice Chairman


David Gruver, Board Member

ATTEST:


Nadia Broome, Executive Assistant

CERTIFICATE OF SERVICE

I hereby certify that on the 21st day of June 2017, I served the foregoing **ORDER** by placing a true and correct copy thereof in the United States Mail, postage prepaid, and properly addressed to the following:

Andy Cavallaro
Teton County Assessor
PO Box 583
Jackson, WY 83001

Dan Noble, Director
Brenda Arnold, Property Tax Administrator
Department of Revenue
122 W. 25th Street
Cheyenne, WY 82002



Nadia Broome
Executive Assistant
State Board of Equalization
P.O. Box 448
Cheyenne, WY 82003
Phone: (307) 777-6989
Fax: (307) 777-6363

cc: Governor Matthew H. Mead
Teton County Commissioners
State Board of Equalization
ABA State and Local Tax Reporter

**BEFORE THE STATE BOARD OF EQUALIZATION
FOR THE STATE OF WYOMING**

IN THE MATTER OF TETON COUNTY)
PROPERTY VALUATIONS FOR 2017-2018) Order No. 2016-01

ORDER

THIS MATTER came before the State Board of Equalization (State Board) following submission of the 2016 Teton County Abstract (Abstract) of local-assessed property. The State Board, having considered the Abstract; having reviewed the Abstract for conformance with the State Board Rules and Wyoming Statutes; having identified several areas of statistical nonconformance under established State mass-appraisal metrics applied to ensure the uniform valuation of locally-assessed properties from county to county; and, having consulted with the Teton County Assessor and Chief Deputy in an effort to conform Teton County values with State Board guidelines, finds and orders as follows:

1. Under the Wyoming Constitution and state statutes, the State Board must ensure the uniform valuation of real property. Wyo. Const., art. 15, §§ 10, 11(a), and 11(c); Wyo. Stat. Ann. § 39-11-102.1(c) (2015). The State Board has adopted rules which incorporate statistical standards to measure whether locally-assessed valuations in each county are uniform. Wyo. Stat. Ann. § 39-11-102.1(c)(xvi) (2015); Rules, Wyo. State Bd. of Equalization, ch. 5 (2006). The State Board's staff annually conducts a statistical sales ratio study of each county's valuations for this purpose. That statistical review relies heavily on sales, relationships between current and prior year values, and various calculations to determine whether assessed property values deviate substantially from fair market value benchmarks.

2. The Wyoming Department of Revenue must establish a property tax system by which properties are uniformly valued at fair market value. Wyo. Stat. Ann. § 39-11-102(a)(xv) (2015). The Department shall advise and instruct county assessors regarding administration of the State's property taxation system and establish a system to measure compliance. Wyo. Stat. Ann. § 39-11-102(a)(xvi) (2015). The Department may seek prosecution or other actions for an official's misconduct or neglect of duty. Wyo. Stat. Ann. § 39-11-102(a)(xvii) (2015). The Department shall monitor the work of county assessors to ensure that the Department's guidelines are strictly observed. Wyo. Stat. Ann. § 39-11-102(a)(xviii) (2015). County assessors, for their part, must "[f]aithfully and

diligently follow and apply the orders, procedures and formulae of the department of revenue or orders of the state board of equalization for the appraisal and assessment of all taxable property[.]” Wyo. Stat. Ann. § 18-3-204(a)(ix) (2015).

3. The State Board evaluates appraisal uniformity in four property classes: Residential Improved, Residential Vacant, Commercial Improved, and Commercial Vacant. Rules, Wyo. State Bd. of Equalization, ch. 5, § 3(a)(iii) (2006). In each property class, appraisal uniformity is statistically achieved when:

- i. an assessor’s level of appraisal median “confidence interval” includes “one or more points in the range of .95 to 1.05[.]”;
- ii. an assessor’s coefficient of dispersion (COD) is 15 or less for Residential Improved, and 20 or less for Residential Vacant, Commercial Improved, and Commercial Vacant;
- iii. an assessor’s “price-related differential” (PRD) falls between .98 and 1.03 for all property classes.

Rules, Wyo. State Bd. of Equalization, ch. 5, § 6 (2006).

4. Following Teton County’s 2015 abstract hearing, the State Board directed the Teton County Assessor to address Teton County’s undervaluation and non-uniformity for the Commercial Improved property class, for which the median confidence interval was .68 and (.38, .60), the COD was 32.91, and the PRD was 1.08. One year is typically not enough to warrant action by the State Board, but the trend of substantial undervaluation and non-uniformity for Commercial Improved property began prior to 2011. *See* Teton County’s Five Year Mass Appraisal Valuation Summary Trend Statistics 2011-2015, incorporated herein by reference as Attachment 1.

5. While the State Board approved Teton County’s 2015 values, it noted the historic valuation deficiencies and directed the Teton County Assessor to undertake several specific measures to reverse its undervaluation trend and significantly move its Commercial Improved property values toward the State Board’s standards for the level of appraisal and the COD. The State Board issued its directives in a work plan to address these deficiencies. *See* State Board’s letter to Teton County dated June 25, 2015, incorporated herein by reference as Attachment 2. In subsequent communications, the State Board directed the Teton County Assessor to implement “effective age” adjustments for commercial structures, the effective age of which reflected no remaining economic life. *See* State Board’s letter to Teton County Assessor and Commissioners dated November 4, 2015, incorporated herein by reference as Attachment 3. Teton County did follow through with this requirement, changing all commercial structures to have a remaining life of at least five years.

6. The State Board's sales ratio study for Teton County's 2016 valuations demonstrate, however, that Teton County's Commercial Improved properties are still greatly undervalued as a whole. For 2016, the State Board's sales ratio study indicates a median of .50 with a confidence interval of (.38-.60), a COD of 33.85, and a PRD of .97. *See Teton County's Five Year Mass Appraisal Valuation Summary Trend Statistics 2012-2016*, incorporated herein by reference as Attachment 4. Indeed, the 2016 statistical analysis demonstrates that the undervaluation of Commercial Improved properties worsened. Thus, the 2015 and 2016 Commercial Improved property class under-valuations appear systemic and have continued for more than 5 years. *See Attachment 4, Teton's Five Year Mass Appraisal Valuation Summary Trend Statistics 2012-2016.*

7. In addition, the State Board's 2016 sales ratio studies of Teton County's Residential Improved and Residential Vacant property classes also indicate undervaluation, a reversal from previous years. *See Attachment 4, Teton's Five Year Mass Appraisal Valuation Summary Trend Statistics 2012-2016.* While Teton County's apparent undervaluation in the Residential Improved and Residential Vacant property classes appears more anomalous when compared to the sustained undervaluation of the Commercial Improved property class over the same period, the State Board is especially sensitive to any deviation from its statistical standards given the County's consistent and longstanding inability to reasonably address its Commercial Improved property undervaluation.

8. Meeting past resistance, the State Board has pressed the Teton County Assessor to effect urgent measures to adjust Commercial Improved property values to conform to the State Board's statistical standards. Citing inadequate staff and anticipating an inability to handle an inordinate number of local tax appeals should the Assessor abruptly adjust the valuations, the Teton County Assessor has sought to delay fully implementing all measures needed to correct valuation deficiencies. Delay in implementing these measures simply results in increased noncompliance and greater difficulty adjusting the valuations going forward.

WHEREFORE, upon review of Teton County's 2016 valuation abstract, and in consultation with the Property Tax Division of the Wyoming Department of Revenue, the Wyoming State Board of Equalization concludes that the Teton County Assessor and his predecessors have consistently failed over at least a six year period to value Commercial Improved properties uniformly and at full market value as required by law, necessitating remedial measures administered through direct oversight of the Wyoming Department of Revenue and State Board.

IT IS THEREFORE HEREBY ORDERED, pursuant to Wyoming Statutes sections 39-11-101.1(c)(vi) & (xi) (2015), 39-11-102(a)(xv), (xvi) & (xviii) (2015), and

Rules, Wyoming State Board of Equalization, Chapter 5, § 7(a)(ii)(C) (2006), the Teton County Assessor shall comply with the following work plan:

- A. The Teton County Assessor and staff shall meet monthly, or more often as the Wyoming Department of Revenue deems necessary, with designated members of the Department, Property Tax Division, to address and rectify the Assessor's mass appraisal valuation process and work product;
- B. The Teton County Assessor shall timely comply with all Department-recommended measures to remedy appraisal process shortcomings and omissions, in addition to those identified herein;
- C. The Department shall submit a report to the State Board identifying the remedial measures it recommends to Teton County. At the end of each month, the Department will send the State Board a report detailing the Teton County Assessor's progress and the Department's expectations for future progress;
- D. Under the Department's oversight, the Teton County Assessor shall complete all effective age and depreciation adjustments for all commercial properties in a manner consistent with industry-accepted appraisal practice. The effective age adjustments were initially planned to spread over a three year period, but given that the 2016 sales ratio analysis revealed worsening statistics, the State Board requires completion of effective age and depreciation adjustments for review in 2017;
- E. Under the Department's oversight, the Teton County Assessor shall, consistent with Chapter 6, section 4 of the State Board's Rules, implement a process to verify commercial sales immediately and, specifically, will "[r]eview and confirm, as necessary, all data on each statement. The information on the statement shall be confirmed or verified by contacting buyer, sellers or others" See Attachment 2, State Board's letter to Teton County dated June 25, 2015. The Teton County Assessor's Office shall ensure that sales files are kept up to date and properly maintained;
- F. The Teton County Assessor's Office shall provide requested data, in the form requested, on a monthly basis or as otherwise requested to the State Board's Senior Statistician;
- G. Under the Department's oversight, the Teton County Assessor shall complete a comprehensive commercial land valuation study, including, if necessary, hiring outside appraisal services, receiving specialized educational training and certifications, hiring temporary employees, or take other steps the Department deems necessary to sustain the correct valuation of Teton County land prior to the 2018 assessment;
- H. The Department shall utilize all other steps, protocols, or resources, consistent with its statutory authority in Wyoming Statutes section 39-11-102(c)(xv)-

(xviii) (2015), to ensure the Teton County Assessor's valuations conform with the State Board's guidelines;

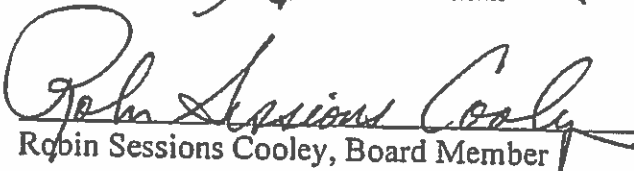
I. Upon the Department's written notice to the State Board that the Teton County Assessor is not reasonably complying with all requirements stated herein, or, in the event that the Assessor does not comply with the State Board's statistical requirements, the State Board may initiate appropriate proceedings, at Teton County's sole expense.

DATED this 6th day of July, 2016

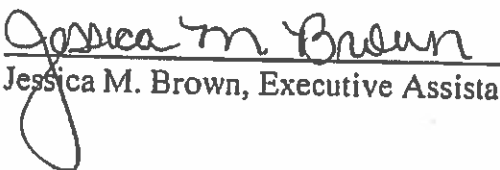
STATE BOARD OF EQUALIZATION


E. Jayne Mockler, Chairman


Martin L. Hardsocg, Vice Chairman


Robin Sessions Cooley, Board Member

ATTEST:


Jessica M. Brown, Executive Assistant

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of July, 2016, I served the foregoing **ORDER** by placing a true and correct copy thereof in the United States Mail, postage prepaid, and properly addressed to the following:

Andy Cavallaro
Teton County Assessor
P.O. Box 583
Jackson, WY 83001

Dan Noble, Director
Brenda Arnold, Property Tax Administrator
Department of Revenue
122 W. 25th Street, 1W
Cheyenne, WY 82002

Jessica M. Brown

Jessica M. Brown
Executive Assistant
State Board of Equalization
P.O. Box 448
Cheyenne, WY 82003
Phone: (307) 777-6989
Fax: (307) 777-6363

cc: Governor Matthew H. Mead
Teton County Commissioners
State Board of Equalization
ABA State and Local Tax Reporter