

GEORGIA DEPARTMENT OF REVENUE

LOCAL GOVERNMENT SERVICES DIVISION



APM/Digest Review Procedures

For Educational Purposes Only:

The material within is intended to give the course participant a solid understanding of general principles in the subject area. As such, the material may not necessarily reflect the official procedures and policies of the Georgia Department of Revenue or the Department's official interpretation of the laws of the State of Georgia. The application of applicability to specific situations of the theories, techniques, and approaches discussed herein must be determined on a case-by-case basis.

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Introduction

Welcome to APM & Digest Review Procedures. This course is a 2.5 day, 20 hour course which provides the participant with the information and procedures used in a digest review. The ideals and principles introduced in this course represent the current procedures used for the approval or conditional approval of a county tax digest.

Some of the topics that will be covered are:

- ◆ **APM (supplemental course handout)**
- ◆ **DOAA Basic Procedures**
- ◆ **Applicable Statutes and Regulations**
- ◆ **Digest Evaluation Cycles**
- ◆ **Approval of Digests**
- ◆ **Conditional Approval of Digests**
- ◆ **Conditional Approval of Next Digest Review Year**
- ◆ **Digest Appeals**
- ◆ **Consent Orders**
- ◆ **Calculation of Statistics**
- ◆ **Statistical Standards**

Statutes and Regulations

The laws governing the preparation, compilation and submission of digests are located in the **Official Code of Georgia Volume 36 Title 48. Revenue and Taxation Chapters 1-6**. Each county should have the **Official Code of Georgia Volume 36 Title 48. Revenue and Taxation Chapters 1-6**.

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48-5-269.1. Adoption by commissioner and requirement of use of uniform procedural manual for appraising tangible personal property

(a) The commissioner shall adopt by rule, subject to Chapter 13 of Title 50, the "Georgia Administrative Procedure Act," and maintain an appropriate procedural manual for use by county property appraisal staff in appraising tangible real and personal property for ad valorem tax purposes.

(b) The manual adopted by the commissioner pursuant to this Code section shall be utilized by county property appraisal staff in the appraisal of tangible real and personal property for ad valorem tax purposes.

APM Definitions Exercise

(a) Absorption rate	(b) Appraiser	(c) Basic cost approach	(d) Depreciation
(e) Economic life	(f) Economic obsolescence	(g) Effective age	(h) Fair market value
(i) Final assessment	(j) Functional obsolescence	(k) Inventory	(l) Large acreage tract
(m) Mass appraisal	(n) Most recent arm's length sale	(o) Original cost	(p) Original cost new
(q) Paired sales analysis	(r) personal fixtures	(s) personal property	(t) physical deterioration
(u) Ready market	(v) Real estate	(w) Real fixtures	(x) Real property
(y) Replacement cost	(z) Reproduction cost	(aa) Residual value	(bb) Rural land
jjn(cc) Salvage Value	(dd) Small acreage break point	(ee) Small acreage tract	(ff) Tax situs
(gg) Trade fixtures	(hh) Transitional real property	(ii) Trend	

Answer	Text Definition
	means, in the case of machinery, equipment, furniture, personal fixtures, and trade fixtures in the hands of the final user, all the direct costs associated with acquiring, transporting and installing such property at the site where it is to be used. This includes the cost of the property to the property owner, the cost of transporting the property to its present site, the cost of any on-site assembly or customized modification of the property, the cost of installing the property, the cost of installing personal fixtures and trade fixtures necessary for the proper operation of the property, and any sales or use tax paid on the property. ___ is equivalent to ___ new if the property owner was the first to put the personal property into service.
	means a form of depreciation that measures the loss of utility of real or personal property over time from wear and tear, age, and exposure to the elements. Some ___ may be curable and some ___ may be incurable
	means the comparing of the sale prices of similar properties, some with and some without a particular characteristic, in order to determine what portion of the difference in sales price might be attributable to such characteristic.
	means the bundle of rights, interests, and benefits connected with the ownership of real estate. ___ does not include the intangible benefits associated with the ownership of real estate, such as the goodwill of a going business concern.

	means a rural land tract that is greater in acreage than the small acreage break point.
	means personal property that has been installed or attached to land or a building or group of buildings and is intended to remain permanently in its place. A consideration for whether personal property is a ___ is whether its removal would cause significant damage to such property or to the real property to which it is attached. The term ___ shall not include trade fixtures. ___ are classified as real property. Examples of ___ are plumbing, heating and cooling, and lighting fixtures.
	means goods held for sale or lease or furnished under contracts for service; also, supplies, packing materials, spare parts, raw materials, work in process or materials used or consumed in a business.
	means, in the case of machinery, equipment, furniture, personal fixtures, and trade fixtures in the hands of the final user, all the direct costs associated with acquiring, transporting and installing such property at the site where it is to be used. This includes the historical cost of the property at the time it was first put into service new, the cost of transporting the property to its present site, the cost of any on-site assembly or customized modification of the property, the cost of installing the property, the cost of installing personal fixtures and trade fixtures necessary for the proper operation of the property, and any sales or use tax paid on the property. ___ is equivalent to original cost if the property owner was the first to put the personal property into service
	means, in the case of machinery, equipment, furniture, personal fixtures, and trade fixtures in the hands of the final user, all the direct costs associated with acquiring, transporting and installing such property at the site where it is to be used. This includes the historical cost of the property at the time it was first put into service new, the cost of transporting the property to its present site, the cost of any on-site assembly or customized modification of the property, the cost of installing the property, the cost of installing personal fixtures and trade fixtures necessary for the proper operation of the property, and any sales or use tax paid on the property. Original cost new is equivalent to original cost if the property owner was the first to put the personal property into service receive the greatest return and buyers are reasonably free to buy where the price is lowest; and buyers and sellers are knowledgeable and informed about market conditions.
	means any real property that is undergoing a change in use, such as residential, agricultural, commercial, or industrial, and has not been firmly established in its new use. Change in use may be evidenced by recent zoning changes, purchase by a known developer, affidavits of intent, or close proximity to property exposed to these market factors.
	means the value of personal property that is at the end of its normally expected economic life and has been taken out of use.
	means a form of depreciation that measures a loss of value from negative influence external to the real or personal property. It results when the desirability or useful life of real or personal property is impaired due to forces such as changes in optimum use, legislative enactment that restricts or impairs productivity, and changes in supply and demand relationships. ___ is normally incurable
	As referenced in OCGA 48-5-2(3), transactions must occur prior to the statutory date of valuation to become eligible for the value limitations imposed in 48-5-2(3). Furthermore, where the exchange of property is defined as an

	<p>_____, the sum of the value of the exchanged real estate property components, land and improvements, in the year following the property exchange shall not exceed the transaction's sale price adjusted for non-real estate values such as but not limited to, timber, personal property, etc. The adjustment to the value of the real estate shall remain in effect for at least the digest year following the transaction. With respect to changes in the exchanged real estate property components since the time of exchange (sale date), the value of new improvements, value of additions to existing improvements (footprint of exchanged structure has been altered), major remodeling or renovations to existing structures (footprint of exchanged structure has not been altered), and adjustments to land due to consolidation of tracts, new surveys, zoning changes, land use changes, etc. shall be added to the sales price adjusted values. In the event an exchanged real estate property structure is renovated or remodeled, the term major shall be construed such that both the property owner and BOA would reasonably conclude a major renovation/remodeling has occurred. If either party, acting reasonably, could debate that the renovation/remodeling effort was not major in nature, the renovation/remodeling effort does not qualify and shall not be added to the sales price adjusted values. Any modifications made to the exchanged real estate property after the sale date that result in a lower value of the exchanged property shall be considered in the final valuation of property for the digest.</p>
	<p>means any land that that normally lies outside corporate limits, planned subdivisions, commercial sites, and industrial sites.</p>
	<p>means tangible ___ that may be seen, weighed, measured, felt, or touched or which is in any other manner perceptible to the senses. ___ shall include trade fixtures. For the purposes of this Rule, ___ shall not include the capital stock of all corporations; money, notes, bonds, accounts, or other credits, secured or unsecured; patent rights, copyrights, franchises, and any other classes and kinds of property defined by law as intangible ___.</p>
	<p>means the age of an improvement to property as compared with other property performing like functions. It is the actual age less the age that has been taken off by face-lifting, structural reconstruction, removal of functional inadequacies, modernization of equipment, and similar repairs and overhauls. It is an age that reflects a true remaining life for the property, taking into account the typical life expectancy of buildings or equipment of its class and usage.</p>
	<p>means ___ as defined in Code section 48-5-2 (3).</p>
	<p>means the physical parcel of land, improvements to the land, improvements attached to the land, real fixtures and appurtenances such as easements.</p>
	<p>means the _____ value of real property as stated on the Annual Notice of Assessment as approved by the Board of Assessors. Amendments to _____ for real property are prohibited absent a clerical error or some other lawful basis; and in the case of personal property, the appraisal staff has completed its audit of the personal property pursuant to Rule 560-11-10-.08(4)(d) within the three year statute of limitations.</p>
	<p>means the point, expressed as a number of acres, at which the slope of a trend line, drawn through the plotted qualified sales of rural land on a graph, reflects a distinct and pronounced change. Such graph uses the dollars per acre on the vertical axis and numbers of acres on the horizontal axis. The ___ should show the point below which the market factors of accessibility and desirability of the land primarily influence value, and above which the productivity of the soil and suitability for timber growth primarily influence value.</p>

	means a member of the county appraisal staff, who serves the board of tax assessors and whose position was created pursuant to Part 1 of Article 5 of Chapter 5 of Title 48 of the Official Code of Georgia Annotated. This term does not limit its meaning to a single appraiser and may mean one or more members of the county appraisal staff.
	for real property means the cost required to construct an identical or exact replica structure of the subject property. ___ for personal property means the current cost of duplicating an identical new item.
	means fixtures that are owned and temporarily installed or attached to a rented space or building by a tenant and used in conducting a business. For personal property to be classified as ___ the lease or rental agreement has to show intent for the fixtures to be removed by the owner at the termination of the lease. Fixtures that revert to the landlord when the lease is terminated are not ___. Property shall not be classified as a ___ when the cost of removal, or damage that removal would cause to the realty, or to the fixture itself, clearly indicates that a tenant is unlikely to remove such fixture at the termination of the lease. ___ shall be classified as personal property.
	means an observable tendency of behavior such as stable economic direction over extended periods despite temporary fluctuations.
	means the period during which property may reasonably be expected to perform the function for which it was designed or intended.
	means the value of personal property that is at the end of its normally expected economic life but still in use.
	means the loss of value due to any cause. It is the difference between the market value of a structural improvement or piece of equipment and its reproduction or replacement cost as of the date of valuation. ___ is divided into three categories, physical deterioration, functional obsolescence, and economic obsolescence. ___ may be further characterized as curable or incurable depending upon the difficulty or practicality of restoring the lost value through repair or maintenance.
	for real property means the cost required to construct a similar structure with like utility as the subject property using modern design, materials, and workmanship. ___ for personal property means the current cost of a similar new item having the nearest equivalent utility as the subject property.
	means a cost approach procedure, used in the mass appraisal of personal property, which uses standard estimates of the most common factors affecting the value of such property. The ___ is intended to provide a uniform estimate of personal property value.
	means a form of depreciation that measures a loss of value from a design deficiency or appearance in the market of a more innovative design. Some ___ may be curable and some ___ may be incurable
	means a rural land tract that is equal to or smaller in acres than the small acreage break point.
	means the rate at which the real estate market can absorb real property of a given type.
	means the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.

	<p>means personal property that has been set-up or installed on land or in a building or in a group of buildings and is not permanently attached to such land or buildings. A consideration for whether personal property is a ___ is whether its removal would cause significant damage to such property or to the real property on which it has been set-up or installed. The term ___ shall not include trade fixtures. ___ are classified as personal property. Examples of ___ are desks, shelving, display cases and gondolas.</p>
	<p>means the location of personal property for ad valorem tax purposes.</p>

From 48-5-2

(.1) 'Arm's length, bona fide sale' means a transaction which has occurred in good faith without fraud or deceit carried out by unrelated or unaffiliated parties, as by a willing buyer and a willing seller, each acting in his or her own self-interest, including but not limited to a distress sale, short sale, bank sale, or sale at public auction.

(3)Notwithstanding any other provision of this chapter to the contrary, the transaction amount of the most recent arm's length, bona fide sale in any year shall be the maximum allowable fair market value for the next taxable year.....

560-11-10-.02(n) Most Recent Arms Length Sale.

As referenced in OCGA 48-5-2(3), transactions must occur prior to the statutory date of valuation to become eligible for the value limitations imposed in 48-5-2(3). Furthermore, where the exchange of property is defined as an arm's length transaction, the sum of the value of the exchanged real estate property components, land and improvements, in the year following the property exchange shall not exceed the transaction's sale price adjusted for non-real estate values such as but not limited to, timber, personal property, etc. The adjustment to the value of the real estate shall remain in effect for at least the digest year following the transaction. With respect to changes in the exchanged real estate property components since the time of exchange (sale date), the value of new improvements, value of additions to existing improvements (footprint of exchanged structure has been altered), major remodeling or renovations to existing structures (footprint of exchanged structure has not been altered), and adjustments to land due to consolidation of tracts, new surveys, zoning changes, land use changes, etc. shall be added to the sales price adjusted values. In the event an exchanged real estate property structure is renovated or remodeled, the term major shall be construed such that both the property owner and BOA would reasonably conclude a major renovation/remodeling has occurred. If either party, acting reasonably, could debate that the renovation/remodeling effort was not major in nature, the renovation/remodeling effort does not qualify and shall not be added to the sales price adjusted values. Any modifications made to the exchanged real estate property after the sale date that result in a lower value of the exchanged property shall be considered in the final valuation of property for the digest.

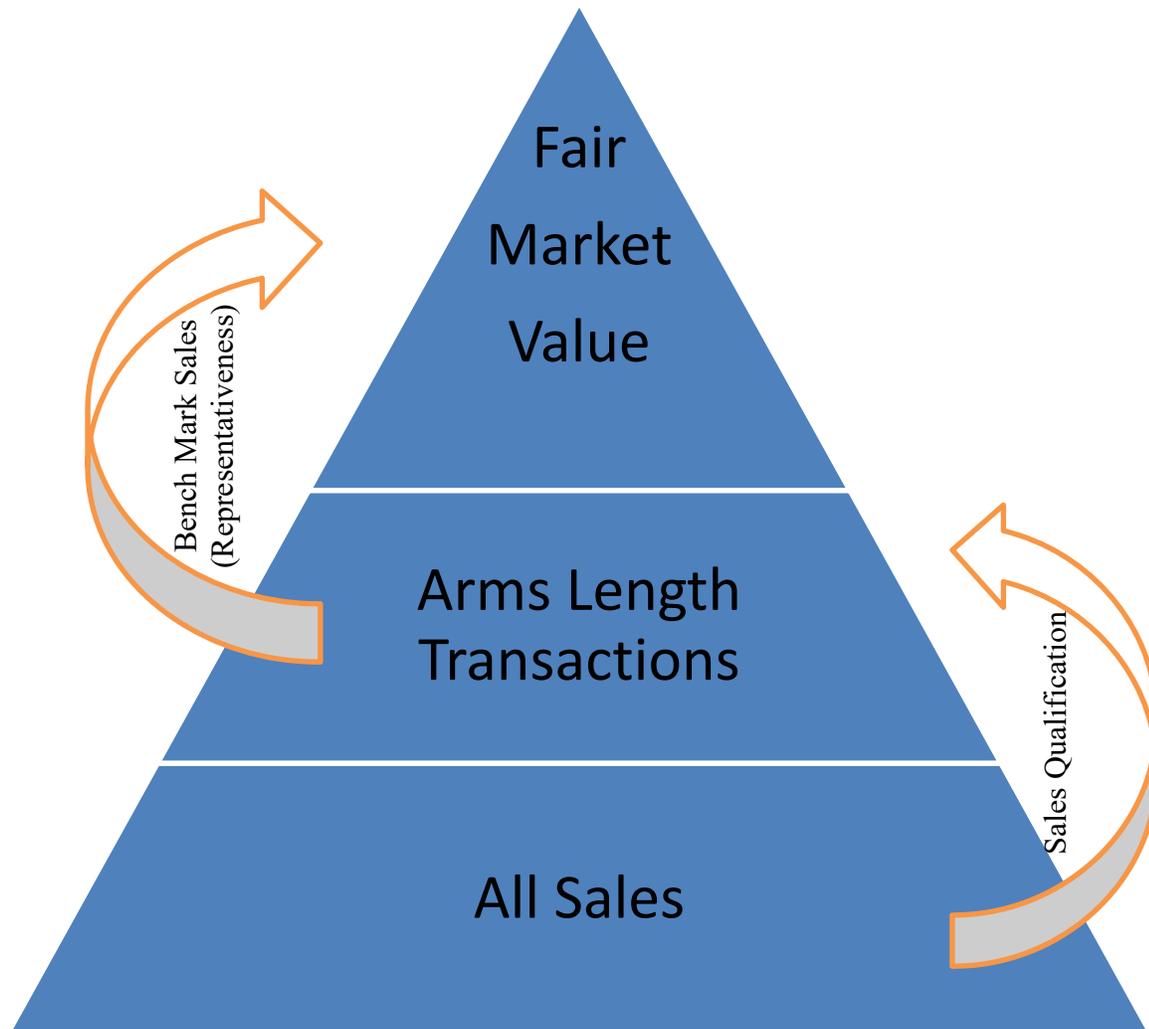
560-11-10-.08(5)(e)(2) (l) Arm's length transactions.

Is defined in OCGA 48-5-2.1: “‘Arm's length, bona fide sale' means a transaction which has occurred in good faith without fraud or deceit carried out by unrelated or unaffiliated parties, as by a willing buyer and a willing seller, each acting in his or her own self-interest, including but not limited to a distress sale, short sale, bank sale, or sale at public auction.”. Transactions where the lien holder receives or repossesses the property, and deed under power of sale transactions are not to be applied as an arm's length transaction.

48-5-2 Fair Market Value

(3) 'Fair market value of property' means the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale.

Fair Market Value vs Arm's Length Transaction



Sale - Any transaction that has occurred where consideration is involved.

ALT –

- **Good faith without fraud or deceit**
- **Unrelated or unaffiliated parties**
- **Willing buyer and willing seller**
- **Includes distress sale, short sale, bank sale or sale at public auction**

FMV –

- **Sales data that fairly and legally represents the market for the subject property type. (Representativeness)**
- **Knowledgeable buyer would pay and willing seller accept**
- **Arm's Length bona fide sale**

Class Project Case Study – Field Review Procedures

- Create a Field Review policy that directs the appraisal staff as to the frequency and procedures of collecting field data for real property parcels.
- Be prepared to present your policy to the class for discussion.

Review of County Digests

The purpose of the digest review procedure is to equalize county property tax digests between and within the counties. This procedure is designed to require the county boards of tax assessors to make adjustments in the valuation of property to ensure uniformity and equity. The Revenue Commissioner can use any reasonable measure in order to accomplish uniformity.

48-5-340. Purpose of article.

It is the purpose and intent of this article to establish a procedure for use by the commissioner to equalize county property tax digests between counties and within counties so as to require county boards of tax assessors to make adjustments in the valuation of property to ensure uniformity and equity. The commissioner shall continue to examine the digest and exercise his responsibility to bring about property valuations that are reasonably uniform and equalized throughout the state.

Definitions

1. **assessment bias** - any tendency or trend of assessment ratios, when analyzed by an appropriate statistical method, which reveals assessment progressivity or assessment regressivity.
2. **assessment progressivity** - any systematic pattern of assessment in which higher value properties are generally assessed at a larger percentage of fair market value than properties of lower value.
3. **assessment ratio** - the fractional relationship the assessed value of property bears to the fair market value of the property.
4. **assessment regressivity** - any systematic pattern of assessment in which lower value properties are generally assessed at a larger percentage of fair market value than properties of higher value.
5. **assessment variance** - the absolute value of the difference between the assessment ratio for each parcel of property within each class of property and the average assessment ratio for that class and expressed as a percentage of the average assessment ratio.
6. **class of property** - any reasonable divisions of homogeneous groups of property that the Revenue Commissioner determines are necessary to examine digests for uniformity and equalization.
7. **digest evaluation cycle** - a recurring period of three years beginning initially on January 1 of the first year, as so designated by the Revenue Commissioner for each county, and ending on December 31 of the third year thereafter.
8. **digest review year** - the first year of each evaluation cycle for each county.

48-5-341. Definitions.

As used in this article, the term:

- (1) "Assessment bias" means any tendency or trend of assessment ratios, when analyzed by an appropriate statistical method, which reveals assessment progressivity or assessment regressivity.
- (2) "Assessment progressivity" means any systematic pattern of assessment in which higher value properties are generally assessed at a larger percentage of fair market value than properties of lower value.
- (3) "Assessment ratio" means the fractional relationship the assessed value of property bears to the fair market value of the property as determined in paragraph (8) of subsection (b) of Code Section 48-5-274.
- (4) "Assessment regressivity" means any systematic pattern of assessment in which lower value properties are generally assessed at a larger percentage of fair market value than properties of higher value.
- (5) "Assessment variance" means the absolute value of the difference between the assessment ratio for each parcel of property within each class of property and the average assessment ratio for that class and expressed as a percentage of the average assessment ratio.
- (6) "Class of property" means any reasonable divisions of homogeneous groups of property that the commissioner determines are necessary to examine digests for uniformity and equalization.
- (7) "Digest evaluation cycle" means a recurring period of three years beginning initially on January 1 of the first year, as so designated by the commissioner for each county, and ending on December 31 of the third year thereafter.
- (8) "Digest review year" means the first year of each evaluation cycle for each county.

Commissioner to Examine Digests

48-5-342. Commissioner to examine digests.

(a) The commissioner shall carefully examine the tax digests of the counties filed in his office. Each digest for a county in a digest review year shall be examined for the purpose of determining if the valuations of property for taxation purposes are reasonably uniform and equalized between counties and within counties.

(b) For any digest in any digest review year where the digest for the preceding digest review year was conditionally approved by the commissioner, the commissioner shall also carefully examine the digest to determine if it satisfactorily corrects the deficiencies that resulted in the digest for the preceding digest review year being conditionally approved.

(c) For each year, including each year that is not a digest review year for the county, the commissioner shall utilize the overall assessment ratio for the county as provided by the state auditor.

(d) It shall be the further duty of the commissioner to examine the itemizations of exempt properties appearing on the digest and, if in the judgment of the commissioner any properties appearing on the digest are subject to taxation, to so advise the board of tax assessors of the counties concerned with an explanation of his reasons for believing the property is subject to taxation.

(e)(1) The commissioner may, upon his or her own initiative or upon complaint by a taxpayer, examine the itemizations of properties appearing on the digest, and if in the judgment of the commissioner any properties are illegally appearing on the digest and should not be subject to taxation under this chapter, the commissioner shall strike such items from the digest and return the digest to the county for removal of such items and resubmission to the commissioner. The commissioner shall provide by rule and regulation procedures by which the county board of tax assessors may appeal such finding to the commissioner. If appealed by the board of tax assessors, the commissioner shall, after reviewing such appeal, issue a final order and include a finding as to the taxability of the digest items in dispute and shall finalize the digest in accordance therewith.

(2) If a property has been found by the commissioner to not be subject to taxation under this chapter and again appears on the digest at any time within five years of the initial determination of nontaxability and is again determined to be nontaxable, the commissioner shall strike such item from the digest and return the digest to the county for removal of such item and resubmission to the commissioner. The commissioner shall notify the Department of Community Affairs in writing of his or her finding and, upon receipt of such notice, the qualified local government status of such county shall be revoked for a period of three years following the receipt of such notice by the Department of Community Affairs unless reinstated earlier pursuant

to this subsection. Upon such revocation, the governing authority of such county, without regard to any limitation of Code Section 48-5-295, shall be specifically authorized to remove immediately every member of the board of tax assessors and reappoint new members who shall serve for the unexpired terms of the removed members. The county governing authority shall provide written notification of such removal and new appointment to the commissioner. Upon certification of the corrected digest, the commissioner shall notify in writing the Department of Community Affairs, and upon receipt thereof, the Department of Community Affairs shall immediately reinstate the qualified local government status of such county.

(3) If a property has been found by the commissioner to not be subject to taxation under this chapter and if such nontaxable property has appeared on a county digest in any year within the preceding five-year period, then the taxpayer shall be entitled to file a petition directly with the Georgia Tax Tribunal for a refund of all such taxes illegally collected or taxes paid, interest equal to the bank prime loan rate as posted by the Board of Governors of the Federal Reserve System in statistical release H. 15 or any publication that may supersede it plus 3 percent calculated from the date of payment of such taxes, and attorney's fees in an amount of not less than 15 percent nor more than 40 percent of the total of the illegally charged taxes and accrued interest. Such petition shall name the board of tax assessors and the tax receiver or tax commissioner of the county as the respondent in their official capacities and shall be served upon such board and tax receiver or tax commissioner. Service shall be accomplished by certified mail or statutory overnight delivery. The petition shall include a summary statement of facts and law upon which the petitioner relies in seeking the requested relief. The respondents shall file a response to the petitioner's statement of facts and law which constitutes their answer with the tribunal no later than 30 days after the service of the petition. The respondents shall serve a copy of their response on the petitioner's representative or, if the petitioner is not represented, on the petitioner and shall file a certificate of service with such response. If in any case a response has not been filed within the time required by this paragraph, the case shall automatically become in default unless the time for filing the response has been extended by agreement of the parties, for a period not to exceed 30 days, or by the judge of the tribunal. The default may be opened as a matter of right by the filing of a response within 15 days of the day of the default and payment of costs. At any time before the final judgment, the judge of the tribunal, in his or her discretion, may allow the default to be opened for providential cause that prevented the filing of the response, for excusable neglect, or when the tribunal judge, from all the facts, determines that a proper case has been made for the default to be opened on terms to be fixed by the tribunal judge. The tribunal judge shall proceed to hear and decide the matter and may grant appropriate relief under the law and facts presented.

48-5-342.1. Digest evaluation cycles established; time for review of digest.

(a) The commissioner shall by regulation establish the digest evaluation cycles for each of the counties in this state giving weight to the number of taxable parcels in each county, the geographical location of each county, and each such county's compliance with the provisions of Code Section 48-5-343. The starting date of each county's digest evaluation cycle shall be staggered so that the digest review year of one-third of the counties shall occur each year.

(b) For those digests submitted by counties in their designated digest review year, the commissioner shall begin his or her review of the digest in accordance with Code Section 48-5-343 and shall, within 30 days after the date the state auditor furnishes to the commissioner the ratios established pursuant to paragraph (8) of subsection (b) of Code Section 48-5-274 or by August 1 of the next succeeding tax year, whichever comes later, approve or conditionally approve the digest.

Review Year Procedure

Each year 53 counties are in a digest review year. The digest review procedure for review year counties consist of:

- Review of the Policies and Practices employed for the complication of the digest submitted and under review.
- Review of the sales ratio analysis performed and provided by the Department of Audits
- Calculation of the Equalization Ratio for public utility assessment
- Calculation of Overall Average Level of Assessment
- Calculation of total timber harvests from the previous calendar year.

Non-Review Year Procedure

In any given year, 2/3 or 106 counties will be in a non-review year. The non-review year process includes the review of the sales ratio analysis received from the Department of Audits, a calculation of the equalization ratio for public utility assessment, and the calculation of the overall average level of assessment.

Digest Evaluation Cycles

In 1992, the Revenue Commissioner established a three year staggered review cycle for all counties in Georgia giving weight to geographic location, the number of taxable parcels and the compliance with other statutory requirements. It is important to note that regardless of the review cycle, each year the Revenue Commissioner is required to

examine the tax digests of every county and to determine the overall average assessment ratio for the county.

One-third of the counties' digests are examined in their digest review year by the Revenue Commissioner and either approved or conditionally approved by August 1 of the next tax year. The digest of the counties are examined to determine if the valuations are uniform and equalized in comparison to the valuations of other counties. The Commissioner will also determine if valuations are uniform and equalized within the county.

The county digests that were conditionally approved in the previous digest review year are carefully examined to determine if the deficiencies from the previous digest review year were corrected.

Evaluation Cycle for Each County

The digest evaluation cycle for each county is designated by regulation. For tax years beginning January 1, 1992, and later, the starting date of the digest evaluation cycle for each county will be as follows:

- January 1, 1992, and every third January 1 thereafter for the following counties:

Atkinson	Fulton	Oglethorpe
Bacon	Gilmer	Paulding
Baker	Glascocock	Peach
Baldwin	Glynn	Pickens
Barrow	Gordon	Pike
Bibb	Greene	Putnam
Bulloch	Hall	Randolph
Carroll	Haralson	Screven
Chattahoochee	Irwin	Stewart
Cherokee	Jasper	Sumter
Clarke	Jenkins	Tattnall
Clinch	Johnson	Tift
Coffee	Lumpkin	Toombs
Dougherty	McIntosh	Turner
Emanuel	Meriwether	Twiggs
Fannin	Murray	Union
Fayette	Muscogee	Wheeler
Franklin	Newton	

- January 1, 1993, and every third January 1 thereafter for the following counties:

Bartow	Gwinnett	McDuffie
Bleckley	Habersham	Monroe
Brooks	Harris	Montgomery
Calhoun	Hart	Pierce
Candler	Henry	Polk
Chatham	Houston	Rockdale
Chattooga	Jones	Spalding
Cobb	Lamar	Taliaferro
Colquitt	Lanier	Terrell
Cook	Laurens	Treutlen
Crawford	Lee	Upton
Dawson	Liberty	Ware
Douglas	Lincoln	Warren
Early	Long	Wayne
Echols	Lowndes	Wilcox
Effingham	Macon	Wilkes
Forsyth	Madison	Worth
Grady	Marion	

- January 1, 1994, and every third January 1 thereafter for the following counties:

Appling	DeKalb	Richmond
Banks	Dodge	Schley
Ben Hill	Dooly	Seminole
Berrien	Elbert	Stephens
Brantley	Evans	Talbot
Bryan	Floyd	Taylor
Burke	Hancock	Telfair
Butts	Heard	Thomas
Camden	Jackson	Towns
Catoosa	Jeff Davis	Troup
Charlton	Jefferson	Walker
Clay	Miller	Walton
Clayton	Mitchell	Washington
Columbia	Morgan	Webster
Coweta	Oconee	White
Crisp	Pulaski	Whitfield
Dade	Quitman	Wilkinson
Decatur	Rabun	

Digest Submission

All property is required to be identified by use of a two digit code, the first of which indicates the classification of the property and the second of which indicates the strata of the property.

560-11-2-.20 Classification of Real and Personal Property on Individual Ad Valorem Tax Returns. Amended.

(1) Beginning with all ad valorem tax returns received after January 1, 1993, all taxable real and personal property returned or assessed for county taxation shall be identified according to the following classifications. Real Property receiving preferential assessment under O.C.G.A. Sec. 48-5-7.1, 48-5-7.2 or 48-5-7.3 or current use assessment under O.C.G.A. Sec. 48-5-7.4 shall be included in the classification specifically designated for those properties and not included in the general use classification that might otherwise be appropriate.

a) **Residential** - This classification shall apply to all land utilized, or best suited to be utilized as a single family homesite, the residential improvements and other nonresidential homesite improvements thereon. For the purposes of this subparagraph, duplexes and triplexes shall also be considered single-family residential improvements.

1. This classification shall also apply to all personal property owned by individuals that has not acquired a business situs elsewhere and is not otherwise utilized for agricultural, commercial or industrial purposes.

(b) **Residential Transitional** - This classification shall apply to the residential improvement and up to no more than five acres of land underneath the improvement and comprising the homesite the value of which is influenced by its proximity to or location in a transitional area and which is receiving a current use assessment under O.C.G.A. Sec. 48-5-7.4.

(c) **Agricultural** - This classification shall apply to all real and personal property currently utilized or best suited to be utilized as an agricultural unit. It shall include the single family homesite that is an integral part of the agricultural unit, the residential improvement, the non-residential homesite improvements, the non-homesite agricultural land, and the production and storage improvements.

1. This classification shall also apply to all personal property owned by individuals that is not connected with the agricultural unit but has not acquired a business situs elsewhere and the personal property connected with the agricultural unit which shall include the machinery, equipment, furniture, fixtures, livestock, products of the soil, supplies, minerals and off-road vehicles.

(d) **Preferential** - This classification shall apply to land and improvements primarily used for bona fide agricultural purposes and receiving preferential assessment under O.C.G.A.

Sec. 48-5-7.1.

(e) **Conservation Use** - This classification shall apply to all land and improvements primarily used in the good faith production of agriculture products or timber and receiving current use assessment under O.C.G.A. Sec. 48-5-7.4.

(f) **Environmentally Sensitive** - This classification shall apply to all land certified as environmentally sensitive property by the Georgia Department of Natural Resources and receiving current use assessment under O.C.G.A. Sec. 48-5-7.4.

(g) **Commercial** - This classification shall apply to all real and personal property utilized or best suited to be utilized as a business unit the primary nature of which is the exchange of goods and services at either the wholesale or retail level. This classification shall include multi-family dwelling units having four or more units.

(h) **Historic** - This classification shall apply to up to two acres of land and improvements thereon designated as rehabilitated historic property or landmark historic property and receiving preferential assessment under O.C.G.A. Sec. 48-5-7.2 or O.C.G.A. Sec. 48-5-7.3.

(i) **Industrial** - This classification shall apply to all real and personal property utilized or best suited to be utilized as a business unit, the primary nature of which is the manufacture or processing of goods destined for wholesale or retail sale.

(j) **Utility** - This classification shall apply to the property of companies that are required to file an ad valorem tax return with the State Revenue Commissioner, and shall include all the real and personal property of railroad companies and public utility companies and the flight equipment of airline companies.

(2) Beginning with all ad valorem tax returns received after January 1, 1993, all taxable real property returned or assessed for county taxation shall be further stratified into the following strata:

(a) **Improvements** - This stratum shall include all in-ground and above ground improvements that have been made to the land including lease hold improvements. This stratum excludes all production and storage improvements utilized in the operation of a farm unit and those improvements auxiliary to residential or agricultural dwellings included in the Production/Storage/Auxiliary stratum.

1. The Board of Tax Assessors are given the option under this regulation to place the value of residential auxiliary buildings in this stratum or in the Production/Storage/Auxiliary stratum described in subparagraph (2)(f) of this regulation.
2. This stratum does not include the land.

(b) **Operating Utility** - This stratum shall include all real and personal property of a public utility, tangible and intangible, utilized in the conduct of usual and ordinary business.

1. Real and personal property of a public utility not utilized in the conduct of usual and ordinary business, shall be designated non-operating property and shall be included in the appropriate alternative strata.

(c) **Lots** - This stratum shall include all land where the market indicates the site is sold on a front footage or buildable unit basis rather than by acreage.

(d) **Small Tracts** - This stratum shall include all land that is normally described and appraised in terms of small acreage, which is of such size as to favor multiple uses.

(3) **Large Tracts** - This stratum shall include all land that is normally described and appraised in terms of large acreage, which is of such size as to limit multiple uses, e.g., cultivatable lands, pasture lands, timber lands, open lands, wastelands and wild lands.

1. The acreage breakpoint between small tracts and large tracts shall be designated by the Board of Tax Assessors as being that point where the market price per acre reflects a distinct and pronounced change as the size of the tract changes. In the event this break point cannot easily be determined, the Board of Tax Assessors shall designate a reasonable break point not less than five (5) acres nor more than twenty-five (25) acres.

(f) **Production/Storage/Auxiliary** - This stratum shall include those improvements auxiliary to residential or agricultural dwellings not included in the Improvements stratum described in subparagraph (2)(a) of this regulation and all improvements to land that are utilized by an agricultural unit for the storage or processing of agricultural products.

(g) **Other Real** - This stratum shall include leasehold interests, mineral rights, and all real property not otherwise defined in this paragraph.

(3) Beginning with all ad valorem tax returns received after January 1, 1993, all taxable personal property returned or assessed for county taxation shall be further stratified into the following strata:

(a) **Aircraft** - This stratum shall include all airplanes, rotorcraft and lighter-than-air vehicles, including airline flight equipment required to be returned to the State Revenue Commissioner.

(b) **Boats** - This stratum shall include all craft that are operated in and upon water. This stratum shall include the motors, but not the land transport vehicles.

(c) **Inventory** - This stratum shall include all raw materials, goods in process and finished goods. This stratum shall include all consumable supplies used in the process of manufacturing, distributing, storing or merchandising of goods and services. This stratum shall not include inventory receiving freeport exemption under O.C.G.A. Sec. 48-5-48-2. This stratum shall also include livestock and other agricultural products.

(d) **Freeport Inventory** - This stratum shall include all inventory receiving freeport exemption under O.C.G.A. Sec. 48-5-48-2.

(e) **Furniture/Fixtures/Machinery/Equipment**-This stratum shall include all fixtures, furniture, office equipment, computer software and hardware, production machinery, offroad vehicles, equipment, farm tools and implements, and tools and implements of trade of manual laborers.

(f) **Other Personal** - This stratum shall include all personal property not otherwise defined in this paragraph.

560-11-2-.21 Classification of Tangible Property on County Tax Digests.

(1) The tax receiver or tax commissioner of each county shall list all taxable real and personal property on the digest using the classifications and strata specified in Rule 560-11-2-.20.

(a) The tax receiver or tax commissioner shall further identify the properties listed on the digest by use of a two-digit code, the first character of which shall designate the property classification and the second character of which shall designate the stratum. The code is more particularly described as follows:

1st Digit – CLASSIFICATION

- A - Agricultural
- B - Brownfield Property
- C - Commercial
- F - FLPA Fair Market Value (for reimbursement purposes)
- H - Historic
- I - Industrial
- J - FLPA Conservation Use
- P - Preferential
- R - Residential
- T - Residential Transitional
- U - Utility
- V - Conservation Use
- W - Environmentally Sensitive

2nd Digit - REAL PROPERTY STRATA

- 1 - Improvements
- 2 - Operating Utility
- 3 - Lots
- 4 - Small Tracts

- 5 - Large Tracts
- 6 - Production/Storage/Auxiliary
- 9 - Other Real

2nd Digit - PERSONAL PROPERTY STRATA

- A - Aircraft
- B - Boats
- F - Furniture/Fixtures/Machinery/Equipment
- I - Inventory
- P - Freeport Inventory
- Z - Other Personal

(2) The chairman of the board of assessors shall certify to the tax receiver or tax commissioner a list of all properties, the assessed value of which were changed by the board from the values appearing on the previous year's digest. This list shall not include previously unreturned real and personal property. It shall also exclude divisions and consolidations of property and those changes that are mere transfers of ownership.

(a) The list shall show the final assessed values on the previous year's digest and the assessed values placed on the current year's digest and shall be consolidated by the tax receiver or tax commissioner using the same classifications as are used to classify property appearing on the digest. This list shall be submitted by the tax receiver or tax commissioner to the State Revenue Commissioner at the time and in the manner the tax digest is submitted.

(3) The tax receiver or tax commissioner of each county shall also enter the total assessed value of motor vehicle property with the consolidation of all assessed values of taxable property on the digest.

(4) The tax receiver or tax commissioner of each county shall also enter the total assessed value of mobile home property with the consolidation of all assessed values of taxable property on the digest.

(5) The tax receiver or tax commissioner of each county shall also enter the total assessed value of timber harvested or sold during the calendar year immediately preceding the year of the digest, with the consolidation of all assessed values of taxable property on the digest.

(6) The tax receiver or tax commissioner of each county shall also enter the total assessed value of heavy duty equipment property with the consolidation of all assessed values of taxable property on the digest.

560-11-2-.56 Review of County Tax Digest by the State Revenue Commissioner. Amended.

(1) General.

(a) County boards of tax assessors are required by the State Constitution and state law to continuously maintain assessments of property that are reasonably uniform and that are based on fair market value as defined in § 48-5-2 (except as otherwise stated in § 48-5-6- and § 48-5-7 (c.3)). The Department is required by law to periodically review the county digests to determine if the digests are in compliance with such laws.

(b) This Regulation imposes no additional requirements on the county boards of tax assessors. It merely sets forth the statistical and other methods that are used by the Department in making its determination. The Department does not determine when to revalue property. Each county board of tax assessors determines for itself when it believes a revaluation of property is necessary for legal compliance. Failure to revalue property shall not in and of itself be a basis for assessment of any penalty.

(c) Any digest submitted shall be reviewed utilizing information established by the State Auditor to determine whether or not the county tax digest is in accordance with the uniformity requirements of § 48-5-343.

(2) Review of County Tax Digest by the State Revenue Commissioner.

(a) County Notification: In the event a county fails to meet the standards set forth in paragraphs (c) through (k) of subparagraph (2) of this Regulation, the Commissioner shall immediately notify the county. The notification shall include the findings of the State Auditor regarding assessment bias and assessment ratio, and any additional information the Commissioner believes would be of assistance to the county board of tax assessors to establish uniform values.

(b) Property Classes: For purposes of this regulation the real and personal property of each county shall be classified into five classes of property:

1. Residential (including Residential Transitional and Historic);
2. Agricultural (including Preferential, Conservation Use, Forest Land Protection Act)
3. Commercial;
4. Industrial; (including Brownfield)
5. Utility.

(c) Average Level of Assessment: The Commissioner shall maintain uniformity among the classes of property by setting standards for the average level of assessment for each.

(d) Standard For Level of Assessment: The standard for level of assessment for all classes of property will be in compliance with the Code if the upper limit of a ninety-five percent confidence interval about the average level of assessment, as established by the State Auditor, is equal to or greater than thirty-six percent, or the lower limit of a ninety-five percent confidence interval about the average level of assessment as established by the State Auditor, is less than forty-four percent.

(e) Uniformity Within a Class of Property: The average assessment variance for each class of property shall be ensured by the coefficient of dispersion of the sample for each class, as established by the State Auditor.

(f) Standard for Uniformity: The standard for uniformity will be deemed to have been met if the resulting coefficient does not exceed fifteen percent for the residential class of property or twenty percent for the non-residential classes of property.

(g) Residential Class of Property: If the State Auditor adds non-residential observations to the residential sample to determine statistics applicable to the residential class of property, the standard of uniformity for the residential class of property shall be the same as for the non-residential classes of property.

(h) Assessment Bias: The level of assessment bias within each class of property shall be measured by the price-related differential as established by the State Auditor. It shall be deemed to be in compliance if the resulting price-related differential is in the range of 0.95 to 1.10, inclusive.

(i) Magnitude of Deficiency: If a class of property constitutes ten percent or less of the assessed value of the total digest, and does not meet the uniformity requirements the Commissioner may approve the digest if, in his judgment, the approval will not substantially violate the concept of uniformity and equalization.

(j) Overall Average Assessment: The overall average assessment ratio for the county shall be the weighted mean of the average level of assessment of the classes of property as established by the State Auditor.

(k) Deviation of Overall Average Assessment: If the overall average assessment ratio is less than thirty-six percent, the digest shall be deemed to deviate substantially from the proper assessment ratio. The Commissioner shall assess against the county governing authority additional state tax in an amount equal to the difference between the amount the state's levy of one-quarter mill would have produced if the digest had been at the proper assessment ratio, and the amount the digest actually used for collection purposes would produce.

(3) Digest Review by Department.

(a) County boards of tax assessors are required by the State Constitution and state law to continuously maintain assessments of property that are reasonably uniform and that are based on fair market value. The Department is required by law to periodically review the county digests to determine if the digests are in compliance with such laws.

(b) The Department does not determine when to revalue property. Each county board of tax assessors determines for itself when all classes of property should be valued in accordance with §48-5-299(a). This regulation imposes no additional requirements on the county boards of tax assessors. The Department's digest review cycle is only established to validate that counties are meeting the 40% of fair market value requirement of §48-5-7, and no particular period or schedule of revaluations is required of the counties by the Department for approval of a county digest. Failure to revalue property shall not in and of itself be a basis for assessment of any penalty.

(c) The digest review cycle for each county commencing January 1, 2008, shall be as follows:

1. January 1, 2010 and every third January 1 thereafter for the following counties: Atkinson, Bacon, Baker, Baldwin, Barrow, Bibb, Bulloch, Carroll, Chattahoochee, Cherokee, Clarke, Clinch, Coffee, Dougherty, Emanuel, Fannin, Fayette, Franklin, Fulton, Gilmer, Glascock, Glynn, Gordon, Greene, Hall, Haralson, Irwin, Jasper, Jenkins, Johnson, Lumpkin, McIntosh, Meriwether, Murray, Muscogee, Newton, Oglethorpe, Paulding, Peach, Pickens, Pike, Putnam, Randolph, Screven, Stewart, Sumter, Tattnall, Tift, Toombs, Turner, Twiggs, Union and Wheeler.

2. January 1, 2008 and every third January 1 thereafter for the following counties: Bartow, Bleckley, Brooks, Calhoun, Candler, Chatham, Chattooga, Cobb, Colquitt, Cook, Crawford, Dawson, Douglas, Early, Echols, Effingham, Forsyth, Grady, Gwinnett, Habersham, Harris, Hart, Henry, Houston, Jones, Lamar, Lanier, Laurens, Lee, Liberty, Lincoln, Long, Lowndes, Macon, Madison, Marion, McDuffie, Monroe, Montgomery, Pierce, Polk, Rockdale, Spalding, Taliaferro, Terrell, Treutlen, Upson, Ware, Warren, Wayne, Wilcox, Wilkes and Worth.

3. January 1, 2009 and every third January 1 thereafter for the following counties: Appling, Banks, Ben Hill, Berrien, Brantley, Bryan, Burke, Butts, Camden, Catoosa, Charlton, Clay, Clayton, Columbia, Coweta, Crisp, Dade, Decatur, DeKalb, Dodge, Dooly, Elbert, Evans, Floyd, Hancock, Heard, Jackson, Jeff Davis, Jefferson, Miller, Mitchell, Morgan, Oconee, Pulaski, Quitman, Rabun, Richmond, Schley, Seminole, Stephens, Talbot, Taylor, Telfair, Thomas, Towns, Troup, Walker, Walton, Washington, Webster, White, Whitfield and Wilkinson.

(4) If all three of the following circumstances exist, the Commissioner may require the county tax receiver or tax commissioner to submit the digest being used for the collection of taxes. That digest may be reviewed by the Commissioner to determine if the valuations are reasonably uniform and equalized between and within counties and to determine if any grants should be withheld or any specific penalty assessed:

(a) The county tax receiver or tax commissioner has failed to submit the digest by the due date and has exhausted any extensions of the due date granted by the Commissioner;

(b) The county governing authority has successfully petitioned the superior court under § 48-5-310 to authorize the temporary collection of taxes on the basis of a temporary digest; and

(c) *The property under appeal or subject to appeal is less than the maximum allowable under § 48-5-304(a).*

Authority: O.C.G.A. §§ 48-2-12, 48-5-1, 48-5-2, 48-5-3, 48-5-7, 48-5-9, 48-5-260, 48-5-263, 48-5-274, 48-5-299, 48-5-342 and 48-5-343.

7/30/08 Substantive Regulations Chapter 560-11-2 7/30/08

Digest Submission – Property Under Appeal

48-5-304. Approval of tax digests when assessments in arbitration or on appeal; procedure; withholding of grants by Office of Treasury and Fiscal Services.

(a) The commissioner shall not approve any digest of any county when the assessed value that is in dispute for any property or properties on appeal or in arbitration exceeds 5 percent of the total assessed value of the total taxable digest of the county for the same year. In any year in which a complete revaluation or reappraisal program is implemented, the commissioner shall not approve a digest of any county when 8 percent or more of the assessed value in dispute is in arbitration or on appeal and 8 percent or more of the number of properties is in arbitration or on appeal. When the assessed value in dispute on any one appeal or arbitration exceeds 1.5 percent of the total assessed value of the total taxable digest of the county for the same year, such appeal or arbitration may be excluded by the commissioner in making his or her determination of whether the digest may be approved under the limitations provided for in this Code section. Where appeals have been filed or arbitrations demanded, the assessment or assessments fixed by the board of tax assessors shall be listed together with the return value on the assessments and forwarded in a separate listing to the commissioner at the time the digest is filed for examination and approval.

(b) The commissioner shall not approve any digest or portion thereof for any class or strata of property where evidence exists that the county has substantially failed to comply with the provisions of this title or the rules and regulations of the commissioner for valuation of such class or strata of property. The commissioner shall adopt rules and regulations to give effect to this provision.

(c) The Office of Treasury and Fiscal Services shall withhold any and all grants appropriated to any county until the county tax digest for the previous calendar year has been submitted to the commissioner as required by law.

Value in Dispute

Value in dispute is the key term in determining the difference between the Board of Assessors appraised value and the value declared by the taxpayer on a property appeal. Calculation of the value in dispute is simply the current value less return value. In such instance where a taxpayer has not physically filed a return with the tax receiver, the return value is deemed to be the previously agreed upon value as found on the last tax bill paid by the taxpayer.

Example #1:

- Current Value = 50,000
- Previous Value = 30,000
- Return Value = 40,000
- Value in Dispute = 10,000 (50,000 – 40,000)

Example #2:

- Current Value = 50,000
- Previous Value = 30,000
- Return Value = No return made, therefore, auto-return of “same as last year”
- Value in Dispute = 20,000 (50,000 – 30,000)

Equalization Ratio

Annually, the Revenue Department will calculate the average level of assessment for all homogeneous groups of property and will propose this assessment level as the assessment level for public utility property. This ratio is commonly called the equalized or equalization ratio.

The average level of assessment, equalized ratio, is the weighted average level of assessment for all homogeneous groups of property. To calculate the average level of assessment, equalized ratio, for all the homogeneous groups of property as determined by the Commissioner, divide the total assessed value by the assessment ratio for that homogeneous group in order to get a project fair market value. The equalized ratio is found by dividing the totals of the assessments divided by the total of the projected fair market values.

This equalized ratio is sent to the county simultaneously with the proposed public utility assessments. The word proposed is used because the county has the responsibility of final valuation and assessment on public utility property. The notice received by the county from the Revenue Department is the PT-201 form. The PT-201 contains:

- ◆ Company Return Value
- ◆ Revenue Proposed Value
- ◆ Revenue Proposed Equalization Assessment Ratio

Upon receipt of this proposed assessment, the Board of Assessors shall determine a final valuation and level of assessment for the public utility property. The Board shall

further notify the companies of their final assessment within 30 days of receipt of the PT-201. The PT-201 must be signed by the Chairman of the Board of Assessors.

The assessments are added to the regular county digest when the digest is compiled. If the taxpayer (Public Utility Company) has notified the county boards of his intent to dispute the Commissioner's proposed assessment in Fulton Superior Court, the county shall include in the digest only the undisputed portion of the taxpayer's proposed assessment.

It is the utility's responsibility to advise the county board of the undisputed portion of the proposed assessment. If the utility fails to do this, the board may either correspond with them to discover the undisputed portion or act on the best information available, which would be the fair market value returned to the Commissioner (Company Return Value) equalized to the Commissioner's proposed equalization ratio or the previous year's assessment.

In the event you are ready to compile and submit your digest prior to receiving the public utility proposed assessments from the Commissioner, you should list these properties using the previous year's assessment for purposes of determination of a current year mill rate. The county should then make certain to intercept the bills which are based upon the previous year's assessment. Upon receipt of the current year's proposed assessments from the Commissioner, the county should NOD (or E&R) the current year values based upon the final determination of value as determined by the Board of Tax Assessors.

Calculation of Equalized Ratio for Public Utility Assessment

Digest Class	Ass'd Value	Ratio	Projected FMV
RES	45,252,150	.4000	113,130,375
AG	25,150,500	.3200	78,595,313
COM	58,665,224	.3500	167,614,926
IND	24,808,990	.3500	70,882,829
	153,876,864	.3577	430,223,443

For Example:

1. Average Level of Assessment Determined = 38.23% → Equalized Ratio = 40.00%
2. Average Level of Assessment Determined = 36.66% → Equalized Ratio = 36.66%
3. Average Level of Assessment Determined = 41.88% → Equalized Ratio = 40.00%
4. Average Level of Assessment Determined = 42.02% → Equalized Ratio = 42.02%

Class	Assessment	Ratio	Projected FMV
Residential	45,000	0.4000	
Agricultural	12,333	0.3456	
Commercial	23,000	0.3300	
Industrial	15,000	0.3300	

Equalized Ratio

Class	Assessment	Ratio	Projected FMV
Residential	33,000	0.3300	
Agricultural	40,000	0.3000	
Commercial	25,000	0.4000	
Industrial	10,000	0.4000	

Equalized Ratio

Hidden Revenue Lost

A county can, without realizing, lose significant revenue when they fail to maintain an equalized ratio above 38%. County's often don't realize the loss of the revenue, but the revenue that would have been paid by Public Utility companies is shifted to other taxpayers when the equalization ratio falls below 38%. The table below shows estimated lost revenue for various sized counties.

Assume Mill Rate of 30

County Name	PU Digest	Rev @ 40%	Rev @ 36%	Lost Rev
Bulloch	42,844,540	1,285,336	1,156,803	128,534
Burke	1,155,328,281	34,659,848	31,193,864	3,465,985
Appling	329,363,353	9,880,901	8,892,811	988,090
Clarke	71,314,582	2,139,437	1,925,494	213,944
Irwin	14,419,575	432,587	389,329	43,259
Jefferson	24,927,085	747,813	673,031	74,781

Calculate the lost revenue

Assume Mill Rate of 37

Example	PU Digest Assessed Value	Revenue @ 40%	Revenue @ 36%	Lost Revenue
Example A	30,000,000			
Example B	60,000,000			
Example C	90,000,000			
Example D	150,000,000			
Example E	500,000,000			

Approval of Digests

A county's digest is approved in their digest review year if the digest meets the following criteria:

- The average assessment ratio for each class of property shall be reasonably close to the assessments provided for in [O.C.G.A. § 48-5-7](#) which is a 40% assessment for most real and personal property.
- The average assessment variance for each class of property shall not be excessive.
- The assessment ratios of the properties shall not reveal any significant assessment bias.

48-5-343. Approval of digests.

(a) The commissioner shall, when a county is in its digest review year, approve the digest of any such county as being reasonably uniform and equalized if the digest meets the following criteria:

(1) The average assessment ratio for each class of property within the county shall be as close to the assessments provided for in Code Section 48-5-7 as is reasonably practicable;

(2) The average assessment variance for each class of property within the county shall not be excessive with respect to that which is reasonably practicable; and

(3) Within each class of property, assessment ratios of the properties shall not reveal any significant assessment bias.

(b) The commissioner shall by regulation establish the statistical standards to be used in determining whether or not digests are in accordance with the uniformity requirements contained in subsection (a) of this Code section. The commissioner shall utilize information developed by the state auditor under Code Section 48-5-274.

(c) If the assessed value of the portion of the digest that does not meet the uniformity requirements constitutes 10 percent or less of the assessed value of the total digest, the commissioner may approve the digest if, in his judgment, the approval will not substantially violate the concept of uniformity and equalization.

Conditional Approval of Digest

If the county's digest does not meet uniformity requirements the Revenue Commissioner will conditionally approve the digest and notify the county board of tax assessors in writing of the decision. The written notification will contain:

- A list of specific reasons for the digest being conditionally approved,
- A list of the statistical methods used in the determination, and
- Any other information that would be helpful to the county board of tax assessors to correct the deficiencies. [O.C.G.A. § 48-5-344](#)

48-5-344. Conditional approval of digests.

(a) If the commissioner determines that in any one or more of the counties that is in a digest review year the taxable values of property are not reasonably uniform and equalized in accordance with the requirements of subsection (a) of Code Section 48-5-343, he shall conditionally approve the digest and notify the county board of tax assessors in writing of his action.

(b) The written notification shall contain:

- (1) A list of specific reasons that resulted in the digest being conditionally approved;
- (2) A list of the statistical standards used by the commissioner when examining the digest; and
- (3) Any other information the commissioner believes would be of assistance to the county board of tax assessors in correcting the deficiencies that resulted in the digest being conditionally approved or in otherwise making the digest reasonably uniform and equalized.

If the Revenue Commissioner determines that the county's digest meets all conditions required by law, the Commissioner will issue a receipt for the digest and enter an order authorizing the use of the digest for the collection of taxes. But if it is determined that the overall average assessment ratio deviates substantially from the assessment required by [O.C.G.A. § 48-5-7](#), the Revenue Commissioner will assess the county additional state tax of one-quarter of a mill equal to the difference of the proper assessment ratio and the county's digest. [O.C.G.A. § 48-5-345](#)

48-5-345. Receipt for digest and order authorizing use; assessment if deviation from proper assessment ratio.

(a)(1) Upon the determination by the commissioner that a county tax digest is in proper form, that the property therein that is under appeal is within the limits of Code Section 48-5-304, and that the digest is accompanied by all documents, statistics, and certifications required by the commissioner, including the number, overall value and percentage of total real property parcels of appeals in each county to the boards of equalization, arbitration, hearing officer, and superior court, and the number of taxpayers' failure to appear at any hearing, for the prior tax year, the commissioner shall issue a receipt for the digest and enter an order authorizing the use of said digest for the collection of taxes. All statistics and certifications regarding real property appeals provided to the commissioner under this paragraph shall be made publicly available on the Department of Revenue website.

(2) Nothing in this subsection shall be construed to prevent the superior court from allowing the new digest to be used as the basis for the temporary collection of taxes under Code Section 48-5-310.

(b) Each year the commissioner shall determine if the overall assessment ratio for each county, as computed by the state auditor under paragraph (8) of subsection (b) of Code Section 48-5-274, deviates substantially from the proper assessment ratio as provided in Code Section 48-5-7, and if such deviation exists, the commissioner shall assess against the county governing authority additional state tax in an amount equal to the difference between the amount the state's levy of one-quarter of a mill would have produced if the digest had been at the proper assessment ratio and the amount the digest that is actually used for collection purposes will produce. The commissioner shall notify the county governing authority annually of the amount so assessed and this amount shall be due and payable not later than five days after all appeals have been exhausted or the time for appeal has expired or the final date for payment of taxes in the county, whichever comes latest, and shall bear interest at the rate specified in Code Section 48-2-40 from the due date.

(c) Beginning with tax digests on or after the effective date of this subsection, no county shall be subject to the assessment authorized by subparagraph (b) of this Code section.

Conditional Approval in the Next Digest Review Year

If a county's digest contained deficiencies and was conditionally approved one year and those same deficiencies still are uncorrected in the next digest review year, the Revenue Commissioner will assess the county governing authority a penalty of \$5.00 per taxable parcel of real property and the withholding of state grants to the county. [O.C.G.A. § 48-5-346](#)

The table below shows an example conditionally approved digest and those same deficiencies still are uncorrected in the next digest review year

2013 Digest			2016 Digest		
Class	Stat	Value	Class	Stat	Value
RES	MED	34.43	RES	MED	35.78

The table below shows an example conditionally approved digest and the next digest review year contains deficiencies, but the deficiencies are not the same deficiency.

2013 Digest			2016 Digest		
Class	Stat	Value	Class	Stat	Value
RES	MED	34.43	RES	COD	22.45

48-5-346. Effect of conditionally approving next subsequent digest.

(a) (1) If a county tax digest for its preceding digest review year was conditionally approved and the commissioner conditionally approves the digest for the next subsequent digest review year for the same or substantially the same reasons, the commissioner shall order the payment of the specific penalty as provided in this Code section and the withholding from the county of the state grants specified in this paragraph. The Office of Treasury and Fiscal Services and any other state agency or officer shall upon such order's taking effect permanently withhold from the county any funds otherwise becoming payable during the withholding period specified in subsection (b) of this Code section to the county under:

(A) The road mileage grant program specified in Article 1 of Chapter 17 of Title 36;

(B) The county appraisal staff grant program specified in Code Section 48-5-267; and

(C) The public road grant program specified in Code Section 48-14-3.

(2) In addition to the withholding of state grant funds specified in this Code section, a specific penalty is levied which shall be \$5.00 per taxable parcel of real property located in the county as of January 1 of the year in which the penalty is levied and it shall be paid by the governing authority of the county to the commissioner.

(b) The withholding of the grants and moneys shall begin not later than five days after all appeals have been exhausted, or the time for appeal has expired, and shall continue until such time as the digest is satisfactorily corrected as to the deficiencies identified by the commissioner that resulted in the digest being initially conditionally approved. The levy of the specific penalty shall be made at the same time that the withholding of grants begins and it shall be paid to the commissioner within 60 days after the commissioner has notified the county of the amount of such penalty.

(c) The commissioner shall determine and publish annually a list of all available state grants which will be withheld in accordance with this Code section.

(d) If the digest for the preceding digest review year was conditionally approved and the commissioner conditionally approves the digest submitted in the next subsequent digest review year for different reasons, the county shall not have any penalties assessed or state grants withheld as a result of such conditional approval.

Digest Appeals

The local governing authority can appeal the conditional approval of their digest to the Revenue Commissioner through a hearing officer. Hearing officers are appointed by the State Board of Equalization from the congressional districts located in the county.

[O.C.G.A. § 48-5-348](#)

48-5-348. Appeal from conditional approvals.

(a) The commissioner, through a hearing officer, shall hear and determine appeals by local governing authorities on issues relating to the conditional approval of the digest by the commissioner including, but not limited to, the issue of the adequacy of the time period allowed to correct the deficiencies that resulted in the digest being conditionally approved.

(b) The hearing officer may compel the attendance of witnesses and the production of books and

records or other documents from the county board of tax assessors. The hearing officer may also compel the production of appropriate records from the commissioner.

(c) With respect to any digest conditional approval by the commissioner which will not result in the withholding of state funds and the levy of specific penalties, the county governing authority shall be authorized to appeal only on the issue of the correctness of the commissioner's determination that the digest does not meet the requirements of subsection (a) of Code Section 48-5-343. With respect to any digest conditional approval by the commissioner which will result in the withholding of state funds or the penalty specified in subsection (a) of Code Section 48-5-346, the county governing authority shall be authorized to appeal on the issues of:

(1) The correctness of the commissioner's determination that the digest does not meet the requirements of Code Section 48-5-343; and

(2) The adequacy of the time period which was available to the county to correct prior deficiencies in the digest, including any issue of the adequacy of the time period allowed under Code Section 48-5-345 and any extension of time granted pursuant to any prior appeal.

(d) With respect to any additional state tax assessed against the county by the commissioner pursuant to subsection (b) of Code Section 48-5-345, the county governing authority shall be authorized to appeal on the correctness of the commissioner's determination that such an assessment is due and the accuracy of the amount so assessed.

(e) With respect to any specific penalty levied against the county by the commissioner pursuant to paragraph (2) of subsection (a) of Code Section 48-5-346, the county governing authority shall be authorized to appeal on the correctness of the commissioner's determination that such a levy is due and the accuracy of the amount so levied.

(f) Hearing officers provided for in this Code section shall be appointed by the State Board of Equalization. A hearing officer shall be assigned to hear appeals only from counties located wholly or partially in the congressional district in which the hearing officer resides.

(g) Any appeals filed pursuant to this Code section may not challenge the correctness of the information provided to the commissioner by the state auditor pursuant to Code Section 48-5-274.

Procedure for Appeal to Department

The local governing authority can file an appeal within 30 days of receipt by the board of tax assessors of the Revenue Commissioner's conditional approval or assessment of additional state tax of the digest. The Revenue Commissioner is authorized to enter into an agreement (Consent Order: discussed below) with the county to specify a plan to correct the deficiencies on or before the next digest review year, and to partially or wholly defer the penalties imposed and the withholding of state grants.

The hearing officer will set a date to hear the appeal within 10 days of receipt. Additional hearings may be necessary. A copy of the decision of the hearing officer will be issued in writing to each party within ten days after the issuance of the decision. [O.C.G.A. § 48-5-349.2](#)

48-5-349.2. Procedure for appeal to department.

(a)(1) An appeal to the department shall be effected by a local governing authority by filing with the commissioner a notice of appeal within 30 days after receipt by the local board of tax assessors of the commissioner's notification of digest conditional approval or disapproval. The notice of appeal shall be accompanied by whatever records, reports, or other relevant information is required by rule or order of the commissioner.

(2) Upon receipt of an appeal of a conditional approval order of the commissioner where the specific penalty and the withholding of state grants to the county provided by Code Section 48-5-346 shall otherwise be imposed, the commissioner shall be authorized to enter into an agreement with the county specifying a detailed plan in the form required by the commissioner to ensure that the deficiencies in the digest will be corrected on or before the time of submission of the digest for the next succeeding digest review year. As a part of such agreement the commissioner shall be authorized to defer the imposition of all or part of the specific penalty and the withholding of state grants. Such deferral shall be predicated upon the county's detailed plans of correction being followed and where such a deferral has been agreed to by the commissioner and the county, the amounts deferred shall be permanently waived by the commissioner provided the agreement is faithfully completed by the county. In the event, however, the county only partially completes the agreement with the commissioner, the commissioner may, at his option, still allow all or a reduced amount of the specific penalty or withholding of funds to be waived if, in his judgment, the county's deviation from the original agreement was not unreasonable under the circumstances.

(b) Within ten days of receipt of a notice of appeal, the hearing officer shall set the date for a hearing on the appeal. At the initial hearing the hearing officer may require additional hearings or filings of additional information by any person having custody of such information. In determining whether additional hearings are needed, the hearing officer shall consider the need for such hearings in the county making the appeal for the purpose of receiving information on local factors affecting the determination of property valuations in the county.

(c)(1) After hearing all testimony determined necessary and after reviewing all filings and information determined to be relevant and necessary, the hearing officer shall reach a decision. Each decision shall be rendered in writing.

(2) The decision shall:

(A) Specifically decide each issue presented on appeal; and

(B) Certify the date on which the notice of the decision is given.

(3) Each party to an appeal shall be furnished a copy of the decision within ten days after the issuance of the decision.

(d)(1) The hearing officer shall be authorized to hear and grant an appeal with respect to a determination by the commissioner that a digest does not meet the requirements of subsection (a) of Code Section 48-5-343. The hearing officer may not hear and grant an appeal with respect to the correctness of the information supplied to the commissioner by the state auditor pursuant to Code Section 48-5-274. The digest shall be deemed approved in any case where an appeal is granted under this paragraph.

(2) The hearing officer shall be authorized to hear and grant an appeal with respect to the adequacy of the time period which was available to the county to correct prior deficiencies in the digest. If an appeal is granted under this paragraph, the specific penalty and the withholding of state grants to the county provided by Code Section 48-5-346 shall not be imposed during the digest evaluation cycle in which the digest review year being appealed lies.

(3) The hearing officer shall be authorized to hear and grant an appeal with respect to a determination of an additional amount due which is assessed by the commissioner pursuant to subsection (b) of Code Section 48-5-345 to the extent such appeal is not based on the correctness of the information supplied to the commissioner by the state auditor pursuant to Code Section 48-5-274. If an appeal is granted under this paragraph, the commissioner may be directed to withdraw the assessment of the additional state tax or recalculate it in accordance with the findings of the hearing officer.

(4) The hearing officer shall be authorized to hear and grant an appeal with respect to a determination of a specific penalty which is levied by the commissioner pursuant to paragraph (2) of subsection (a) of Code Section 48-5-346 to the extent such appeal is not based on the correctness of the information supplied to the commissioner by the state auditor pursuant to Code Section 48-5-274. If an appeal is granted under this paragraph, the commissioner may be directed to withdraw the levy of the specific penalty or recalculate it in accordance with the findings of the hearing officer.

If the Revenue Commissioner or the county governing authority is dissatisfied with the decision of the hearing officer, either party can appeal to the superior court of the county. [O.C.G.A. § 48-5-349.3](#)

48-5-349.3. Appeal to superior court.

The commissioner or the county governing authority dissatisfied with the decision of the hearing officer on any question of law may appeal to the superior court of the county dissatisfied with the decision. Any appeal to the superior court shall be taken, so far as is applicable, in the manner provided by law for appeals to the superior court from decisions of the commissioner.

Consent Orders

As stated above, the Commissioner has been able to enter into agreements or "Consent Orders" specifying a detailed plan to insure the deficiencies in the digest will be corrected on or before the time of the submission of the digest for the next review year.

The specific penalty, or \$5 per parcel penalty, has been deferred in most cases and can be permanently waived if the county follows the detailed plan or terms of the Consent Order. In the event, however, that the county fails to complete or only partially completes the terms of the agreement, the Commissioner can reinstate all or any part of the penalty deferred.

Consent Orders must be agreed upon by all parties involved, to include, but not be limited to, the County Commission Chairman, the county attorney acting on behalf of the county governing authority, the state's representative from the Attorney General's office and the hearing officer.

Examples of the types of Consent Orders and the detailed plans to correct deficiencies are included as part of this course manual.

IN THE DEPARTMENT OF REVENUE
STATE OF GEORGIA

In Re: 2005 Hamilton County Tax Digest

CONSENT ORDER

Upon agreement of the parties, the Revenue Commissioner of the State of Georgia ("Commissioner") and the Commissioner of Hamilton County ("Hamilton County"), the following facts are found to exist:

1. Hamilton County has raised issues in its Notice of Appeal challenging the correctness of the Commissioner's determination and the adequacy of the time period which was available to the county to correct prior deficiencies in the tax digest.
2. Hamilton County has taken numerous actions in an effort to correct the prior deficiencies cited in the Commissioner's 2002 digest Order dated October 8, 2003. These actions reasonably show good faith and a diligent effort on the County's part to respond to the Commissioner's 2002 Order to correct the deficiencies in the prior year's digest and present an acceptable 2008 digest.
3. Hamilton County has waived the issues in its Notice of Appeal challenging the correctness of the Commissioner's determination and the adequacy of the time period which was available to the county to correct prior deficiencies in the tax digest.

IT IS THEREFORE ORDERED AS FOLLOWS:

- A. That Hamilton County be granted the additional time as requested in the Notice of Appeal until such time as the 2008 digest becomes due, upon which Hamilton County shall have corrected the deficiencies cited in the Commissioner's Order Regarding 2005 County Digest, dated September 13, 2006;
- B. That Hamilton County pay a state levy assessment of \$85,922.00 within five days of exhausting all appeals, which figure represents the agreement of the parties as to the reasonable amount expected to have been collected had the deficiencies cited by the Commissioner in his 2002 Order been corrected;
- C. That pursuant to O.C.G.A. Section 48-5-349.2(d)(2), the 2005 digest be Conditionally Approved for purposes of subsequent digests.

IT IS FURTHER ORDERED AS FOLLOWS:

1. That Hamilton County continue its good faith and diligent effort to correct all cited deficiencies;
2. That the Hamilton County Commissioners make available to the assessors the necessary support to insure approval of the Hamilton County 2008 Tax digest. Accordingly, for each year up to and including 2008, the board of assessors shall

send to the Commissioner, by way of the Local Government Services Division, a copy of their annual budget request to Hamilton County Commissioners.

Furthermore, for each year up to and including 2008, the Hamilton County Commissioners, upon approving the annual budget, shall send a copy of such budget to the Commissioner by way of the Local Government Services Division;

3. That Hamilton County complete the GIS mapping program by December 31, 2007;
4. That Hamilton County continue to maintain an adequately trained appraisal staff consisting of no less than the present level of staffing and notify the Commissioner, through the Local Government Services Division, of any changes in appraisal staffing;
5. That Hamilton county dedicate adequate appraisal staff to the discovery, audit and valuation of personal property; such staff to consist of no less than the present number of appraisers dedicated to personal property;
6. That Hamilton County continue to maintain an adequate support staff in the county assessors office, such staffing consisting of no less than the present level of support staff;
7. That the Hamilton County Tax Commissioner submit to the Commissioner a 2008 tax digest which corrects the deficiencies cited in the Commissioner's Order Regarding 2005 County Digest, dated September 13, 2006;
8. That the Hamilton County Tax Commissioner submit to the Commissioner the completed 2008 tax digest by August 1, 2008, unless prohibited by law of excused by the Commissioner;
9. Pursuant to O.C.G.A. Section 48-5-349.2(a)(2), the specific penalty authorized by O.C.G.A. Section 48-5-346 is hereby deferred. The amounts deferred shall be permanently waived provided that Hamilton County faithfully completes the terms of this Consent Order. In the event, however, that Hamilton County fails to complete or only partially completes the terms and conditions set forth in Sections 4, 5 and 6 herein, there shall automatically be assessed against Hamilton County a penalty of \$500 (five hundred dollars) per working day, until the conditions set forth in Section 4, 5 and 6 are accomplished.
10. In the event that Hamilton County fails to complete or only partially completes the remainder of the terms and conditions set forth above, the Commissioner may at his discretion assess against Hamilton County a penalty not less that \$1,000 (one thousand dollars) and not more than \$233,500 (two hundred, thirty three thousand five hundred dollars) for each occurrence.
11. For each quarter up to and until Hamilton County submits its 2008 digest, beginning with the first quarter following the quarter this Order is consented to by all parties, the board of assessors shall submit to the Commissioner, by way of the Local Government Services Division, a written report. Each report shall summarize the following:
 - a. The current staffing levels of appraisers and assessors and the status of training;
 - b. The status of the valuations in progress for each class of property;
 - c. The results of sales assessment ratio studies analyzing the valuation completed for each class of property;
 - d. The assessors' general expenditures for the quarter; and

- e. Additionally, the report shall explain the circumstances behind any loss in personnel or resources affecting the board of assessors. The Commissioner may assess against Hamilton County an amount equal to any budget losses which are deemed unreasonable and which adversely affect the functions of the board of assessors and county appraisers' office.

The total for all amounts assessed pursuant to Sections 9, 10 and 11 shall not exceed the penalty waived pursuant to Section 9 herein. These amounts shall be payable and due as directed by the Commissioner. Nothing contained herein is intended to prevent Hamilton County from requesting or the Commissioner from waiving any penalty if, in the Commissioner's judgment, Hamilton County's failure to comply with this Consent Order is not unreasonable under the circumstances.

There having been no other grounds raised on this appeal, all other provisions of the Commissioner's order conditionally approving the Hamilton County 2005 County Digest, including the state levy assessment of \$85,922.00, remain in effect. Any and all amounts remaining past due shall bear interest at the rate provided for by O.C.G.A. Section 48-2-40.

It is so Ordered this _____ day of _____, 2006

Doug Snotgrass
Hearing Officer

Prepared and Consented to by:

Clint Westwood
State Law Department
Attorney for State Revenue Commissioner

Consented to by:

I. Seaymore Butts
Hamilton County Attorney

Calculation of Statistics

Median

The median ratio is very simply the “middle” ratio. In addition to simplicity and ease of calculation of the median, perhaps its strong attribute is its statistical properties. These properties allow a measure of central tendency that is not influenced by extreme ratios, or outliers.

In order to find the median, follow these steps:

1. Calculate the assessment-sales ratio for each sample. Divide the assessment by the sales price.
2. Build an “array” of the ratios. An array is a listing of ratios from smallest to largest.
- 3A. If the total number of samples is an even number, the median ratio is the average of the two middle ratios. For example: if a sample size is 10, the two middle ratios will be ratio #5 and #6 in the array. Add ratio #5 and #6 together and divide by 2 to get the median.
- 3B. If the total number of samples is an odd number, the median ratio is the middle ratio. For example: If a sample size is 11, the median will be ratio #6 in the array.

#	Assessment	Sale Price	Ratio	Array
1	3,500,000	12,500,000		
2	12,000	35,000		
3	100,000	300,000		
4	400,000	1,000,000		
5	40,000	60,000		
6	3,000	15,000		
7	32,000	125,000		
8	77,000	100,000		
9	60,000	550,000		
10	1,200	5,000		
11	1,200	11,000		
12	1,400	2,000		

Median

#	Assessment	Sale Price	Ratio	Array
1	35,000	55,000		
2	124,000	250,000		
3	11,000	25,000		
4	3,000	6,000		
5	20,000	43,000		
6	5,000	15,000		
7	44,000	100,000		
8	1,300	2,400		
9	300,000	700,000		
10	1,200	3,600		
11	1,200	3,000		
12	65,000	150,000		

Median

#	Assessment	Sale Price	Ratio	Array
1	800	2,200		
2	13,000	24,000		
3	600,000	2,000,000		
4	10,000	23,000		
5	1,200	2,300		
6	3,200	7,000		
7	44,000	95,000		
8	55,000	120,000		
9	5,000	85,000		
10	4,000	6,000		
11	7,500	22,000		

Median

Mean

The mean ratio is also known as the “average”. The mean is probably the most commonly used measure of central tendency. The Department of Revenue does not use the mean, because the mean is heavily influenced by the extreme ratios found in a sample.

To calculate the mean, follow these steps:

1. Calculate the assessment-sales ratio for each sample. Dividing the assessment by the sales price.
2. Divide the total of all ratios by the number of ratios

#	Assessment	Sale Price	Ratio
1	3,500,000	12,500,000	
2	12,000	35,000	
3	100,000	300,000	
4	400,000	1,000,000	
5	40,000	60,000	
6	3,000	15,000	
7	32,000	125,000	
8	77,000	100,000	
9	60,000	550,000	
10	1,200	5,000	
11	1,200	11,000	
12	1,400	2,000	

Mean

#	Assessment	Sale Price	Ratio
1	35,000	55,000	
2	124,000	250,000	
3	11,000	25,000	
4	3,000	6,000	
5	20,000	43,000	
6	5,000	15,000	
7	44,000	100,000	
8	1,300	2,400	
9	300,000	700,000	
10	1,200	3,600	
11	1,200	3,000	
12	65,000	150,000	

Mean

#	Assessment	Sale Price	Ratio
1	800	2,200	
2	13,000	24,000	
3	600,000	2,000,000	
4	10,000	23,000	
5	1,200	2,300	
6	3,200	7,000	
7	44,000	95,000	
8	55,000	120,000	
9	5,000	85,000	
10	4,000	6,000	
11	7,500	22,000	

Mean

Aggregate

The aggregate is also known as the **weighted mean**. The aggregate ratio may be your least desirable ratio because each sample is weighted according to its sale price, therefore, a sale with a large sale price will carry more 'weight' than a sale with a small price, thus the commonly known name ... weighted average.

To calculate the aggregate, follow these steps.

1. Add up all the assessments in the study.
2. Add up all the sales prices in the study.
3. Divide the total assessments by the total sales prices.

#	Assessment	Sale Price
1	3,500,000	12,500,000
2	12,000	35,000
3	100,000	300,000
4	400,000	1,000,000
5	40,000	60,000
6	3,000	15,000
7	32,000	125,000
8	77,000	100,000
9	60,000	550,000
10	1,200	5,000
11	1,200	11,000
12	1,400	2,000

Aggregate

		Total
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#	Assessment	Sale Price
1	35,000	55,000
2	124,000	250,000
3	11,000	25,000
4	3,000	6,000
5	20,000	43,000
6	5,000	15,000
7	44,000	100,000
8	1,300	2,400
9	300,000	700,000
10	1,200	3,600
11	1,200	3,000
12	65,000	150,000

Aggregate

Total

#	Assessment	Sale Price
1	800	2,200
2	13,000	24,000
3	600,000	2,000,000
4	10,000	23,000
5	1,200	2,300
6	3,200	7,000
7	44,000	95,000
8	55,000	120,000
9	5,000	85,000
10	4,000	6,000
11	7,500	22,000

Aggregate

Total

Confidence Intervals about the Median

Confidence Intervals are a very important part of sales ratio analysis for digest review and the determination of deficiencies. The Audit Department calculates confidence intervals about the Median and the Aggregate ratios which are used cooperatively with the Median and Aggregate ratio when used for the measure of central tendency.

The Audit Department will calculate a 95% confidence interval. Calculation of confidence intervals differs depending upon the measure of central tendency. The formula for calculating the confidence interval about the median:

N = Number of samples

$$\frac{1.96 * \text{Square Root (Number of Samples)}}{2}$$

or

$$.98 * \text{Square Root (Number of Samples)}$$

To compute the confidence interval around the Median:

1. Odd Number:
Add 1 to the above result and truncate to the nearest whole number. Count up & down this number of ratios from the median.
2. Even Number
Add .5 to the above result and truncate to the nearest whole number. Count up & down this number of ratios from the two middle ratios.

Example:

Number of samples (n) = 25

of ratios up & down = Truncate(.98 * sqrt(25) + 1) = 5

Interval is ratio #8 to ratio #18

Number of samples (n) = 26

of ratios up & down = Truncate(.98 * sqrt(26) + .5) = 5

Interval is ratio #8 to ratio #19

You must have 6 or more observations to compute confidence intervals.

Ratios	Array		
0.8446	0.0188	1	Median Ratio
0.4646	0.0540	2	# of Samples
0.8471	0.2071	3	Square Root(n)
0.9384	0.2242	4	Sqrt(n) x .98
0.7622	0.2440	5	Odd / Even
0.6931	0.2532	6	Truncate
0.7628	0.3126	7	Median Position
0.3284	0.3284	8	LCI Position
0.2440	0.4249	9	UCI Position
0.2071	0.4627	10	
0.4733	0.4646	11	LCI Ratio
0.2242	0.4733	12	UCI Ratio
0.9002	0.5736	13	
0.3126	0.6305	14	
0.6791	0.6791	15	
0.4627	0.6931	16	
0.0540	0.7154	17	
0.0188	0.7622	18	
0.9572	0.7628	19	
0.4249	0.8446	20	
0.7154	0.8471	21	
0.6305	0.9002	22	
0.5736	0.9384	23	
0.2532	0.9572	24	

Ratios	Array		
0.8876	0.1200	1	Median Ratio
0.4455	0.2100	2	# of Samples
0.8471	0.2123	3	Square Root(n)
0.9384	0.2532	4	Sqrt(n) x .98
0.7543	0.2567	5	Odd / Even
0.6009	0.3320	6	Truncate
0.7823	0.3450	7	Median Position
0.3787	0.3480	8	LCI Position
0.2567	0.3540	9	UCI Position
0.2123	0.3787	10	
0.4500	0.4249	11	LCI Ratio
0.6500	0.4455	12	UCI Ratio
0.8876	0.4500	13	
0.3450	0.5432	14	
0.3320	0.5660	15	
0.3540	0.5736	16	
0.2100	0.6009	17	
0.1200	0.6305	18	
0.5660	0.6500	19	
0.4249	0.7543	20	
0.5432	0.7823	21	
0.6305	0.8471	22	
0.5736	0.8876	23	
0.2532	0.9384	24	

Confidence Intervals about the Aggregate

In order to compute a confidence interval around the Aggregate, we must calculate the Standard deviation of the ratios.

Compute Confidence Interval around Aggregate:

$$\text{Aggregate} \pm \frac{(1.96*s)}{\text{Sqrt}(n)}$$

For Example:

Aggregate	=	38.50%
s	=	0.55
N	=	150
UCI	=	.3850 + { (1.96 * 0.55) / Sqrt(150) }
	=	.3850 + { 1.078 / 12.25 }
	=	.3850 + 0.0880
	=	.4730
LCI	=	.3850 - { (1.96 *0.55) / Sqrt(150) }
	=	.3850 - { 1.078 / 12.25 }
	=	.3850 - 0.0880
	=	.2970

Aggregate	0.3850	Sqrt(n)	12.25
N	150	LCI	
Std Dev.	0.550	UCI	

Aggregate	0.3343	Sqrt(n)	14.14
N	200	LCI	
Std Dev.	0.700	UCI	

Aggregate	.3522	Sqrt(n)	10.00
N	100	LCI	
Std Dev.	1.100	UCI	

Aggregate	0.4000	Sqrt(n)	17.32
N	300	LCI	
Std Dev.	0.234	UCI	

Level of Assessment Statistical Tests

To pass the ‘**level of assessment**’ test, some part of the confidence interval must fall between the standard range of **36% to 44%**. If the measure of central tendency (median or aggregate) of the sample is below 40%, the ratio at the upper end of the confidence interval (Upper Confidence Interval, UCI) must be no lower than 36%. If the measure of central tendency (median or aggregate) of the sample is above 40%, the ratio at the lower end of the confidence interval (Lower Confidence Interval, LCI) must be no higher than 44%.

LCI	Ratio	UCI	Pass or Fail
0.3234	0.3654	0.3788	<input type="text"/>
0.3340	0.3401	0.3580	<input type="text"/>
0.3600	0.3800	0.4000	<input type="text"/>
0.4000	0.4200	0.4400	<input type="text"/>
0.3300	0.3500	0.3800	<input type="text"/>
0.4412	0.4540	0.4780	<input type="text"/>

Coefficient of Dispersion (COD)

The Department of Revenue uses the coefficient of dispersion (COD) to measure uniformity. The COD measures the average amount of dispersion of the ratios from the measure of central tendency. Since the COD measures 'dispersion', it is to say that a low COD shows less dispersion or better uniformity.

To calculate a COD, follow these steps:

1. Find the median ratio.
2. Calculate the deviation (difference) of each sample ratio from the median ratio.
3. Take the absolute value of each deviation. Absolute value means disregarding any signs, negative or positive. If a deviation is -.0230 then the absolute value of that deviation is .0230.
4. Add up all the deviations.
5. Divide the total deviation by the number of samples, this is the "mean deviation".
6. Divide the mean deviation by the median.

#	Assessment	Sale Price	Ratio	Deviation
1	3,500,000	12,500,000	0.2800	
2	12,000	35,000	0.3429	
3	100,000	300,000	0.3333	
4	400,000	1,000,000	0.4000	
5	40,000	60,000	0.6667	
6	3,000	15,000	0.2000	
7	32,000	125,000	0.2560	
8	77,000	100,000	0.7700	
9	60,000	550,000	0.1091	
10	1,200	5,000	0.2400	
11	1,200	11,000	0.1091	
12	1,400	2,000	0.7000	

Mean
Dev

COD

Median

#	Assessment	Sale Price	Ratio	Deviation
1	35,000	55,000	0.6364	
2	124,000	250,000	0.4960	
3	11,000	25,000	0.4400	
4	3,000	6,000	0.5000	
5	20,000	43,000	0.4651	
6	5,000	15,000	0.3333	
7	44,000	100,000	0.4400	
8	1,300	2,400	0.5417	
9	300,000	700,000	0.4286	
10	1,200	3,600	0.3333	
11	1,200	3,000	0.4000	
12	65,000	150,000	0.4333	

Mean

Dev

COD

Median

0.4400

#	Assessment	Sale Price	Ratio	Deviation
1	800	2,200	0.3636	
2	13,000	24,000	0.5417	
3	600,000	2,000,000	0.3000	
4	10,000	23,000	0.4348	
5	1,200	2,300	0.5217	
6	3,200	7,000	0.4571	
7	44,000	95,000	0.4632	
8	55,000	120,000	0.4583	
9	5,000	85,000	0.0588	
10	4,000	6,000	0.6667	
11	7,500	22,000	0.3409	

Mean

Dev

COD

Median

0.4571

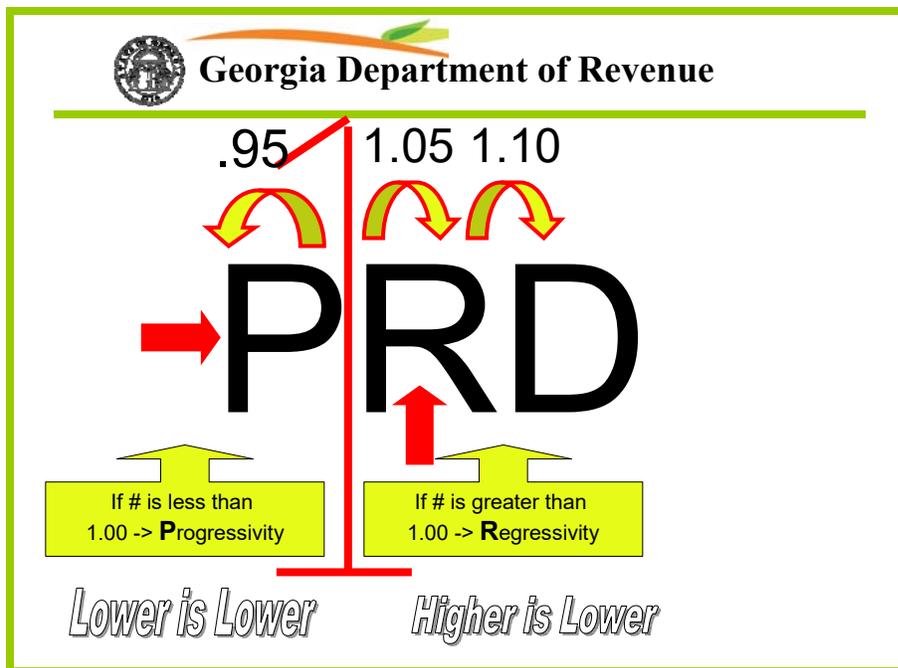
Price Related Differential (PRD)

The Price Related Differential (PRD) is the statistic which measures assessment bias. When the PRD exceeds 1.00, this indicates that the higher valued properties are receiving a break because they are being under assessed relative to the lower valued properties.

For example: The PRD is 1.13, the higher valued properties may be assessed at 23% while the lower valued properties are assessed at 35%.

To calculate the PRD, follow these steps:

1. Calculate the mean ratio.
2. Calculate the aggregate ratio.
3. Divide the mean ratio by the aggregate ratio.



#	Assessment	Sale Price	Ratio
1	3,500,000	12,500,000	0.2800
2	12,000	35,000	0.3429
3	100,000	300,000	0.3333
4	400,000	1,000,000	0.4000
5	40,000	60,000	0.6667
6	3,000	15,000	0.2000
7	32,000	125,000	0.2560
8	77,000	100,000	0.7700
9	60,000	550,000	0.1091
10	1,200	5,000	0.2400
11	1,200	11,000	0.1091
12	1,400	2,000	0.7000

Mean

Aggregate

PRD

4,227,800	14,703,000
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#	Assessment	Sale Price	Ratio
1	35,000	55,000	0.6364
2	124,000	250,000	0.4960
3	11,000	25,000	0.4400
4	3,000	6,000	0.5000
5	20,000	43,000	0.4651
6	5,000	15,000	0.3333
7	44,000	100,000	0.4400
8	1,300	2,400	0.5417
9	300,000	700,000	0.4286
10	1,200	3,600	0.3333
11	1,200	3,000	0.4000
12	65,000	150,000	0.4333

Mean

Aggregate

PRD

610,700	1,353,000
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#	Assessment	Sale Price	Ratio
1	800	2,200	0.3636
2	13,000	24,000	0.5417
3	600,000	2,000,000	0.3000
4	10,000	23,000	0.4348
5	1,200	2,300	0.5217
6	3,200	7,000	0.4571
7	44,000	95,000	0.4632
8	55,000	120,000	0.4583
9	5,000	85,000	0.0588
10	4,000	6,000	0.6667
11	7,500	22,000	0.3409

Mean

Aggregate

PRD

743,700	2,386,500
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Statistical Standards Summary

Level of Assessment

- ◆ Determined using a **Median** ratio and considering an upper and lower confidence interval of 36% to 44%.

Equity/Uniformity

- ◆ Determined using statistical measurement of **Coefficient of Dispersion**, whereby, setting a standard for approval at a **COD** of **15%** or less for residential properties and **20%** or less for agricultural, commercial and industrial properties.

Bias

- ◆ Determined using statistical measurement of **Price Related Differential**, whereby, setting a standard for approval at a **PRD** of **95%** to **110%**.

Proposed Equalized Ratio

- ◆ Ratio will be proposed to the county at **40%** if the **average level of assessment** is measured **between 38%** and **42%**, otherwise, ratio will be proposed at the **measured** average level of assessment.

Determination of Statistical Deficiencies

Once the Revenue Department receives the statistics from the Department of Audits, each homogeneous group (Residential, Agricultural, Commercial, and Industrial) is evaluated for deficiencies. Each homogeneous group is evaluated with three separate statistical tests, level of assessment, uniformity of assessment, and assessment bias.

- ◆ Level of Assessment is measured using the **Median**. The standards for level of assessment are the same for each homogeneous group. The acceptable range for level of assessment is 36.00% to 44.00%. If the actual measure of central tendency falls within the range, or if the limits of the 95% confidence interval fall within this range, the homogeneous group of property shall be deemed to have passed the statistical test for level of assessment.
- ◆ Uniformity of Assessment is measured using the **Coefficient of Dispersion (COD)**. The standards for uniformity of assessment differ depending upon the homogeneous group of property evaluated. Residential Property shall meet a tighter standard for uniformity of assessment. The Residential standard is 15%. The **COD** for residential property shall be 15% or less in order to pass this statistical test. The standard for

uniformity of assessment for all other homogeneous groups of property is 20%. The **COD** for all homogeneous groups shall be 20% or less in order to pass this statistical test. If, for purposes of achieving an adequate sample size, other homogeneous groups of property are combined with Residential property for the evaluation of residential property, the statistical standard shall be 20%, instead of 15%.

- ◆ Assessment bias is measured using the **Price Related Differential (PRD)**. The standards for assessment bias are the same for all homogeneous groups of property. The acceptable range for assessment bias is 0.95 to 1.10 (or 95% to 110%). The **PRD** must be greater than or equal to 0.95 or less than or equal to 1.10 in order to pass this statistical test.

- ◆ Public Utility property is tested only in level of assessment.

Any homogeneous group of property can fail any or all of these statistical tests. Each test failed is listed as a separate finding in the digest order. Any finding or deficiency found to exist on a digest must be corrected by the next digest review year in order to avoid further penalties assessed against the county.

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Res	0.3445	0.3200	0.3700	0.3100	0.2800	0.3400	0.1500	1.1500

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Com	0.3522	0.3200	0.3880	0.3400	0.3000	0.3589	0.1900	1.2000

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Agr	0.3445	0.3200	0.3700	0.3400	0.2940	0.3601	0.2230	1.0500

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Res	0.3445	0.3107	0.3599	0.3990	0.3840	0.4130	0.1660	0.9510

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Ind	0.4000	0.3800	0.4200	0.3200	0.2900	0.3450	0.3445	0.9000

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Com	0.3934	0.3512	0.4320	0.3500	0.3300	0.3700	0.1999	1.0000

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

Class	Med	LCI	UCI	Agg	LCI	UCI	COD	PRD
Res**	0.3600	0.3300	0.3800	0.3200	0.2900	0.3450	0.1900	1.0434

Level of Assessment	<input type="text"/>	M/A	<input type="text"/>	P/F	<input type="text"/>
Uniformity of Assmt	<input type="text"/>			P/F	<input type="text"/>
Assessment Bias	<input type="text"/>			P/F	<input type="text"/>

**** In order to review Residential Samples, all homogeneous groups were combined together, in accordance with Rules and Regulations**

Determination of Penalties Assessed

The determination of the penalties assessed is a very straight forward process. There is no magic formula involved; it is an absolutely objective process. Any, each and every county will be assessed penalties when:

1. Any homogeneous group of property has the same deficiency found to exist in consecutive review years. The penalty shall be \$5 per taxable real parcel of property. A county may enter into a Consent Order which will temporarily waive or permanently defer all or part of this \$5 per parcel penalty, provided the county satisfies the conditions set forth in the consent order.

* The 2010, 2011, and 2012 Williams County digests did not have any deficiencies.

Williams County 2013				Review Year	
	LCI	M/A	UCI	COD	PRD
Res	0.3600	0.3800	0.4000	0.2200	1.0100
Agr	0.3300	0.3500	0.3600	0.2760	1.0900
Com	0.3300	0.3500	0.3600	0.2760	1.0900
Ind	0.3300	0.3500	0.3600	0.2760	1.0900
PU		0.3522			

OAL 0.3775

Williams County 2014					
	LCI	M/A	UCI	COD	PRD
Res	0.3300	0.3465	0.3589	0.1700	1.0655
Agr	0.3800	0.4000	0.4200	0.1823	1.0423
Com	0.3800	0.4000	0.4200	0.1823	1.0423
Ind	0.3800	0.4000	0.4200	0.1823	1.0423
PU		0.4000			

OAL 0.3884

Williams County 2015

	LCI	M/A	UCI	COD	PRD
Res	0.3800	0.3960	0.4156	0.1240	1.0250
Agr	0.3600	0.3800	0.4100	0.2100	1.0700
Com	0.3600	0.3800	0.4100	0.2100	1.0700
Ind	0.3600	0.3800	0.4100	0.2100	1.0700
PU		0.4000			

OAL 0.3902

Williams County 2016

Review Year

	LCI	M/A	UCI	COD	PRD
Res	0.3450	0.3530	0.3640	0.1900	1.1043
Agr	0.3400	0.3600	0.3800	0.2200	1.0877
Com	0.3400	0.3600	0.3800	0.2200	1.0877
Ind	0.3400	0.3600	0.3800	0.2200	1.0877
PU		0.3556			

OAL 0.3556

Digest Order

An example digest order is found below. This order is sent to the Board of County Commissioners, Tax Commissioner, and Board of Tax Assessors. The copy of the Order sent to the Board of Tax Assessors is accompanied by a statistical report listing homogeneous property totals by strata with comparison made to the previous digest review year totals.

The digest order is accompanied by the following cover letter:

Mr. Bo Jangles
Duval County Tax Commissioner
POBox 999
Tuffluck, GA 33333

Dear Mr. Jangles:

Your 2002 tax digest, having been submitted on February 15, 2004, has been examined by this Department as required by Georgia law (O.C.G.A. Section 48-5-342).

I have determined that the 2002 valuations of property for taxation purposes are not uniform and equalized. Further, the 2002 digest has not corrected the deficiencies that occurred in the digest for the preceding review year and cited in my Order of November 24, 2002; therefore your 2002 tax digest is **CONDITIONALLY** approved.

Listed below is an analysis of how the county has complied or failed to comply with the 1999 Order:

Finding	Class	Stat	1999	M/A	2002	M/A	Corrected?
#1	Agr	AVG	24.41	A	32.93	A	No
#2	Agr	COD	91.09		32.21		No
#3	Agr	PRD	76.54		113.36		No
#4	Com	AVG	24.41	A	32.93		No
#5	Com	COD	91.09		32.21		No
#6	Com	PRD	76.54		113.36		No
#7	Ind	AVG	24.41	A	32.93		No
#8	Ind	COD	91.09		32.21		No

#9	Ind	PRD	76.54		113.36	No
#10	Res	AVG	24.41	A	32.38	No
#11	Res	COD	91.09		31.91	No
#12	Res	PRD	76.54		114.66	No
#13	PU	AVG	34.49		34.00	No

By approving your digest CONDITIONALLY, I am authorizing its use for the collection of taxes only on the condition that the cited deficiencies be corrected on the 2005 digest and that all penalties and additional quarter mill assessments be timely paid, See my enclosed Order.

O.C.G.A. Section 48-5-349.2 provides that a notice of appeal to the attached order must be filed by the county governing authority with the Commissioner within 30 days after receipt of the Order by the board of tax assessors and shall be accompanied by whatever records, reports, or other relevant information is required by rule or order of the Commissioner. Your notice of appeal must state the basis of your appeal as being 1) the correctness of the Commissioner's determination that the digest does not meet the requirements of Code Section 48-5-343, and/or 2) the adequacy of the time period which was available to the county to correct prior deficiencies in the digest. Within ten days of receipt of your notice of appeal, a hearing officer shall set a date for a hearing on the appeal.

The notice of appeal should be directed to:

Lynette T. Riley
 Revenue Commissioner
 Georgia Department of Revenue
 1800 Century Center Blvd., N.E.
 Atlanta, Georgia 30345-3205

The penalty of \$5.00 per taxable parcel of real property as provided in O.C.G.A. Section 48-5-346(a)(2) shall be paid to the Commissioner within 60 days from the date of this Order.

The additional state tax that represents the difference between the amount the state's levy would have produced if the 2002 digest had been at the property assessment ratio and the amount the 2002 digest will actually produce, is due and payable within five days after all appeal rights have expired or have been exhausted of the final date for payment of taxes in the county, whichever comes latest and shall bear interest at the rate specified in O.C.G.A. Section 48-5-40.

Yours very truly,

Douglas J. MacGinnitie
Commissioner

BLG/att

Enc. Order Regarding 2002 County Tax Digest
Cc: Ms. Jane Doe, Chairman, Board of Tax Assessors
Mr. John Doe, Chairman, Board of County Commissioners

TO: TAX COMMISSIONER
CHAIRMAN, BOARD OF TAX ASSESSORS
CHAIRMAN, BOARD OF COUNTY COMMISSIONERS

ORDER REGARDING 2002 COUNTY TAX DIGEST

WHEREAS the Commissioner of Revenue, State of Georgia, is charged with the duty of examining the tax digests of the counties filed in his office (O.C.G.A. 48-5-342); and

WHEREAS the Duval County digest for 2002 was submitted by the Tax Commissioner of Duval County on February 15, 2004 for examination; and

WHEREAS the Commissioner must examine each 2002 digest for counties in a digest review year to determine if the valuations of property for taxation purposes are reasonably uniform and equalized between counties and within counties (O.C.G.A. Sec. 48-5-342, O.C.G.A. Sec. 48-5-342.1); and

WHEREAS the Commissioner has examined the assessments on the classes of property appearing in the 2002 county digest as submitted and has reviewed the procedures in place in the office of the assessors; and

WHEREAS the Commissioner has taken a sample of recent sales and independent appraisals of property in the county and compared these to the assessments of those same properties appearing on the 2002 digest, consistent with appropriate statistical methods and has found the following deficiencies:

A. AGRICULTURAL PROPERTY CLASS

Finding #1 - The average assessment as measured by the Aggregate of the sample is 32.93% of fair market value, which exceeds the limits of reasonable deviation from the required standard of 40%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #2 - The average assessment variance of individual assessments as measured by the Coefficient of Dispersion of the sample is 32.21% which exceeds the reasonable standard of 20%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #3 - As measured by the Price Related Differential, the sample reveals an assessment bias of 113.36% which falls outside the reasonable standard range of 95% to 110%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

B. COMMERCIAL PROPERTY CLASS

Finding #4 - The average assessment as measured by the Aggregate of the sample is 32.93% of fair market value, which exceeds the limits of reasonable deviation from the required standard of 40%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #5 - The average assessment variance of individual assessments as measured by the Coefficient of Dispersion of the sample is 32.21% which exceeds the reasonable standard of 20%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #6 - As measured by the Price Related Differential, the sample reveals an assessment bias of 113.36% which falls outside the reasonable standard range of 95% to 110%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

C. INDUSTRIAL PROPERTY CLASS

Finding #7 - The average assessment as measured by the Aggregate of the sample is 32.93% of fair market value, which exceeds the limits of reasonable deviation from the required standard of 40%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #8 - The average assessment variance of individual assessments as measured by the Coefficient of Dispersion of the sample is 32.21% which exceeds the reasonable standard of 20%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #9 - As measured by the Price Related Differential, the sample reveals an assessment bias of 113.36% which falls outside the reasonable standard range of 95% to 110%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

D. RESIDENTIAL PROPERTY CLASS

Finding #10 - The average assessment as measured by the Aggregate of the sample is 32.38% of fair market value, which exceeds the limits of reasonable deviation from the required standard of 40%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #11 - The average assessment variance of individual assessments as measured by the Coefficient of Dispersion of the sample is 31.91% which exceeds the reasonable standard of 20%;

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

Finding #12 - As measured by the Price Related Differential, the sample reveals an assessment bias of 114.66% which falls outside the reasonable standard range of 95% to 110%;

This finding is substantially the same deficiency as found on the 1999

digest and cited in the Commissioner's Order of November 24, 2002.

E. UTILITY PROPERTY CLASS

Finding #13 - The final assessment of public utility property, as determined by the board of tax assessors is 34.00% of fair market value, which exceeds the limits of reasonable deviation from the required standard of 40%

This finding is substantially the same deficiency as found on the 1999 digest and cited in the Commissioner's Order of November 24, 2002.

WHEREAS it is further noted by the Commissioner that the following conditions have contributed to the lack of uniformity and equalization:

1. Although the Commissioner notified the county that certain deficiencies were present in the 1999 digest, and although a total revaluation was performed for the 2002 digest, the 2002 digest continues to be defective and does not uniformly distribute the tax burden among the taxpayers of the county;
2. The computerized appraisal system used for the 2002 revaluation does not appear to be able to perform the necessary appraisal functions required of the board of assessors office, nor does it appear to be able to provide the necessary administrative tracking and ratio reports that would allow the county to provide the proper level of assessment, uniformity and equalization among the taxpayers of the county;
3. At the time of the 2002 revaluation, the office of the assessors were functioning without the required minimum staff of appraisers contemplated by O.C.G.A. Section 48-5-262;
4. Although the county had an aerial flight in March 2002, this flight was of such poor quality that it had to be abandoned, the previous flight, performed in 1986, was used in the 2002 revaluation and may have potentially hindered the discovery and proper appraisal of real properties;
5. It appears that the board of tax assessors has granted conservation use valuation whenever requested and without question, resulting in the granting of favorable tax assessments to properties that may not qualify, thereby, inappropriately administering the requirements of O.C.G.A. Section 48-5-7.4;
6. There is no one assigned full-time to the appraisal of personal property, which staffing potentially hinders the discovery and full appraisal of this type property;
7. The number of audits of personal property returns appears to be less than would be necessary to reasonably reflect the fair market value of this type property;

8. Although there exists readily available lists of certain items of personal property from various governmental agencies, these lists do not appear to be used by the county for the discovery of personal property;
9. The methodologies used for the valuation of all types of personal property do not realistically predict fair market value.

NOW THEREFORE, it is ordered:

1. the 2002 tax digest of Duval County, having not obtained the degree of uniformity and equalization that is required by law and having failed to correct the same of substantially the same deficiencies, specifically Findings #1 through #13 above, that occurred in the digest for the preceding review year, is hereby conditionally approved as it has been submitted; and
2. based on the conditional approval of the 2002 county digest, there shall be assessed against the county governing authority \$127,395 representing a penalty of \$5.00 per taxable parcel of real property located in the county as of January 1, 2002, pursuant to O.C.G.A. Sec. 48-5-345(a)(2), which is due to be paid to the Commissioner with 60 days from the date of this Order; and
3. the Duval County Board of Tax Assessors take such action as is necessary to satisfactorily correct the deficiencies specified in the above Findings before 2006, the subsequent review year for Duval County.

This the _____ day of _____, 2004

State Revenue Commissioner

The digest order contains findings and observations, both of which are described in more detail below.

Digest Findings

A conditional approval order can potentially have up to 13 findings, three (level, uniformity, bias) for each Residential, Agricultural, Commercial, and Industrial, and one (level) for public utility property.

For Example:

RESIDENTIAL PROPERTY CLASS

Findings

1. The average assessment as measured by the median of the sample is 33.45% of fair market value, which exceeds the limits of reasonable deviation from the required standard of 40%;
2. The average assessment variance of individual assessments as measured by the Coefficient of Dispersion of the sample is 28.19% which exceeds the reasonable standard of 15%;
3. As measured by the Price Related Differential, the sample reveals an assessment bias of 115.00%, which falls outside the reasonable standard range of 95% to 110%

Finding #1 is related to the level of assessments (Median), Finding #2 is related to the equality of assessments (COD), and Finding #3 is related to the bias in the assessments (PRD).

The county is required to have the Findings or deficiencies corrected by the next review year. Failure to correct the deficiencies by the next review year will result in a \$5 per taxable real parcel penalty and the loss of certain grants.

Digest Observations

If the digest is rejected, the Commissioner may also include in his Order certain Observations that he believes may have contributed to the digest's being conditionally approved. These Observations are "Plain Language" descriptions of deficiencies noted by the Commissioner's field staff and an attempt to state the problems in non-statistical terms.

The "Plain Language Observations" are meant to be constructive and normally try to point out specific areas the assessors should concentrate on correcting. They can, however, be damaging if a practice or lack of practice in the county is totally outside the mainstream of common appraisal methods and procedures. It is hoped they will be a useful aid to take before the county commissioners to request the necessary resources to correct any deficiencies specified in the Findings.

For Example:

1. The last revaluation was performed in 1990 and property values have risen considerably and are no longer reasonably predicted by the parameters established on the latest revaluation;
2. The required minimum staff of appraisers contemplated by O.C.G.A. 48-5-262 is not maintained;
3. The last aerial photos were taken in a 1989 flight and although these maps

- are well maintained, the proper discovery and classification of property may be potentially hindered by the continued use of obsolete photography;
4. Although these exist readily available lists of boats registered in the county, boats and motors do not appear on the digest and these items of personal property are not appraised as a matter of local policy;

In the above Observations, the county is being cited for obsolete pricing schedules, inadequate staff, old maps, and inappropriate appraisal of boats and motors. The appraisal staff should not take the above as criticism of them personally, these cites may be used as powerful persuasion to the commissioners to commit county resources to the solution of these problems.

DOUGLAS COUNTY BOARD OF ASSESSORS v. DENYSE

DOUGLAS COUNTY BOARD OF ASSESSORS v. DENYSE et al.

A11A2353.

-- February 21, 2012

The Douglas County Board of Assessors (“BOA”) appeals from the grant of summary judgment to Allen and Jennifer Denyse (“Taxpayers”) contending that the trial court erred by ruling that the BOA lacked authority to issue two corrected property tax assessment notices that increased the property's fair market value originally listed for the 2009 tax year. Specifically, the BOA argues that the trial court erred by concluding that (1) the corrected notices were not authorized on the ground that there was a clerical error in the first notice, (2) the first notice was the final assessment and not subject to change, and (3) the BOA is not authorized to issue more than one assessment notice. Based on the record before us, we disagree and affirm.

Summary judgment is proper when there is no genuine issue of material fact and the movant is entitled to judgment as a matter of law. OCGA § 9–11–56(c). A de novo standard of review applies to an appeal from a grant of summary judgment, and we view the evidence, and all reasonable conclusions and inferences drawn from it, in the light most favorable to the nonmovant.¹

The material facts are undisputed. In 2003, the Taxpayers paid \$1,525,000 to purchase a parcel of commercial property approximately nine acres in size located in Douglas County. In 2008, the BOA listed the fair market value of the property as \$3,822,332, and the Taxpayers appealed to the Board of Equalization, which set the fair market value at \$1,992,000. The BOA appealed that value to the Superior Court, and ultimately, a consent order was entered in July 2010 setting the 2008 value at \$2,500,000. The 2008 value is not challenged in this appeal.

Meanwhile, in January 2009, the Taxpayers filed a return on the property and listed the fair market value as \$1,767,893. On May 15, 2009, the BOA sent the Taxpayers a tax assessment notice listing the fair market value as \$1,992,500 and stating the reason for the value as “Return Made by Taxpayer.” Three days later, the BOA sent a second notice valuing the property at \$3,814,088, slightly lower than the BOA's original 2008 value, and stating, “Reason: 2008 Value Reinstated Pending Court Decision.” Eight days after that, the BOA sent a third notice, again listing the value as \$3,814,088, and stating, “Reason: 2008 Value Reinstated Pending Court Decision Correction Notice.”

In June 2009, the Taxpayers appealed the 2009 assessment to the Board of Equalization, which found that the property “value did not increase from 2008–2009” and set the 2009 value at \$1,992,500. The BOA appealed that value to the superior court, and the Taxpayers moved for summary judgment, which motion was granted on the ground that the BOA lacked the authority to issue multiple notices with differing values except to correct a clerical error. Accordingly, the trial court fixed the 2009 fair market value at \$1,992,000 as established by the Board of Examiners. The BOA filed this appeal.

1. The BOA contends that the trial court erred by rejecting its argument that the second and third notices were authorized because they merely corrected a clerical error in the original notice. We disagree.

The parties agree that the BOA is “empowered by OCGA § 48–5–299(a) to issue a new assessment notice to correct [an] obvious and undisputed clerical error.”² OCGA § 48–5–299(a) provides that

[i]t shall be the duty of the county board of tax assessors to investigate diligently and to inquire into the property owned in the county for the purpose of ascertaining what real and personal property is subject to taxation in the county and to require the proper return of the property for taxation. The board shall make such investigation as may be necessary to determine the value of any property upon which for any reason all taxes due the state or the county have not been paid in full as required by law. In all cases where the full amount of taxes due the state or county has not been paid, the board shall assess against the owner, if known, and against the property, if the owner is not known, the full amount of taxes which has accrued and which may not have been paid at any time within the statute of limitations.

Based on this language, this Court held in *Barland Co. v. Bartow County Bd. of Tax Assessors*³ that county boards of tax assessors have authority to correct obvious clerical errors in a tax notice. In that case, the Court characterized the omission of a digit in the entry of the fair market value as a clerical error and affirmed a superior court's “ruling that the tax assessors were entitled to correct the original assessment notice to make it reflect the value at which the property had actually been appraised.”⁴ In such cases, corrective notices can be proper, even after the taxpayer has paid the tax bill, when the board is not “seeking to collect additional taxes on the basis of a totally new appraisal of the value of the property but [is] seeking instead merely to correct a clerical error which occurred in reporting the original valuation figure to the taxpayer.”⁵

Relying on this reasoning, the BOA argues that it had authority to issue the changed notices to revise the fair market value from \$1,992,500 to \$3,814,088. Taking at face value the stated reason for the change on the second and third notices, i.e., “2008 Value Reinstated Pending Court Decision,” the BOA's intent was to reinstate the BOA's original 2008 value for the 2009 tax year while the 2008 value was appealed, instead of using the \$1,992,500 value set for 2008 by the Board of Equalization. There was no other explanation offered by the BOA,⁶ which produced no evidence in opposition to the Taxpayers' motion for summary judgment. Further, when the BOA appealed the Board of Equalization's valuation, its stated rationale for the appeal

was that the \$1,992,500 value was “without justification,” and the values of other similar properties were inadequately considered. Based on this rationale, we conclude that the BOA's second and third notices were not sent merely to remedy a clerical error. Rather, they were sent to revise the BOA's view of the proper value of the property during a pending appeal of the prior year valuation. This difference in value was not the result of a clerical error, such as the omission of a digit or the transposition of numbers, but it went to the substantive valuation decision made by the BOA. As such, the amended notices were not authorized under the “clerical error” rule identified in cases such as Barland Co., and the trial court did not err in so ruling.

2. The BOA also argues that it is authorized to issue a revised assessment even in the absence of a clerical error, relying on regulations promulgated by the Georgia Department of Revenue, compiled as an “Appraisal Procedures Manual.”⁷ The Manual provides that “[t]he county board of tax assessors shall require the appraisal staff to observe the procedures in this manual when performing their appraisals. The county board of tax assessors may not adopt local procedures that are in conflict with Georgia law or the procedures required by this manual.”⁸

The BOA points to the Manual's definition of “final assessment”:

“Final assessment” means the final assessed value that is determined for the property for the applicable tax year after the following events have occurred: the time period for filing appeals has expired and any appeals that have been filed have been resolved; the authorities authorized to levy taxes on property in the county have approved the final tax levy; the Revenue Commissioner has authorized that the digest may be used as the basis for collecting taxes; the tax commissioner has mailed the final tax bills based on the authorized digest; and in the case of personal property, the appraisal staff has completed its audit of the personal property pursuant to Rule 560–11–10–.08(4)(d) within the seven year statute of limitations.⁹

Based on this language, the BOA argues that because an assessment is not “final” until the tax digest has been approved and the final tax bills mailed (or an appeal is resolved), the assessment may be changed at any time until that point. The BOA cites to specific instances in which amended assessments are authorized by the statutory scheme, such as when inspecting a taxpayer's return or following a taxpayer's notice of appeal,¹⁰ and argues that such instances support the conclusion that the original assessment is subject to change for a variety of reasons and for a long period of time. But relying on the aspects of BOA's authority explicit in the statute to infer that it has other authority not expressly stated in the statute is precisely the sort of extension by implication that we must avoid when construing revenue statutes.¹¹ By the logic urged by the BOA, it could increase an assessment at any point until an appeal has been resolved. While the assessed value is certainly subject to change to reflect the outcome of an appeal, we do not read the Appraisal Manual to authorize the BOA to create its own new reassessment at any time until the assessment is deemed “final.” Therefore, the Appraisal Manual is not authority for the revised notices sent by the BOA in this case.

3. Finally, the BOA argues that the trial court erred by ruling that it was not expressly authorized, as a general matter, to issue more than one notice of assessment. It relies on its statutory authorization to

make such investigation as may be necessary to determine the value of any property upon which for any reason all taxes due the state or the county have not been paid in full as required by law. In all cases where the full amount of taxes due the state or county has not been paid, the board shall assess against the owner, if known, and against the property, if the owner is not known, the full amount of taxes which has accrued and which may not have been paid at any time within the statute of limitations.¹²

Thus, if the full amount of taxes have not been paid as required by law, the BOA is authorized to take certain action to assess the full unpaid amount that has accrued within the statute of limitations. Nevertheless, despite this language, this Court has held that county boards of assessors are not authorized to change the value of property retroactively based on a reappraisal even if the original appraised value did not accurately reflect improvements made to the property.¹³

For example, in *Fulton County Bd. of Tax Assessors v. Dean*,¹⁴ we addressed a scenario in which the appraisal in the initial tax assessment failed to account for recent improvements on the subject property.¹⁵ The board of tax assessors sent a notice based on the erroneous appraisal, and the taxpayer paid the taxes on that amount.¹⁶ Six months later, in the same year, the board sent a second notice with an increased value to reflect the improvements.¹⁷ We held that the board lacked authority to send the second notice despite the first appraisal's error in overlooking the improvements.¹⁸

Such cases historically have involved scenarios in which the taxes already have been paid by the taxpayer; thus, the BOA argues that it should be able to amend the initial notice here because it acted quickly, and the taxpayer still had time to appeal. Nevertheless, these facts do not alter the BOA's statutory authority and our previous interpretation thereof. In light of precedent prohibiting retroactive amendments to assessments absent a clerical error or some other lawful basis, and in the absence of clear statutory authority for such amendments, we conclude that the BOA's second and third notices were unauthorized in this case. Therefore, we affirm the trial court's judgment.

Judgment affirmed. Ellington, C. J., and Miller, J., concur.

FOOTNOTES

¹. FN1. *Matjoulis v. Integon Gen. Ins. Corp.*, 226 Ga.App. 459(1) (486 S.E.2d 684) (1997).

². FN2. *Barland Co. v. Bartow County Bd. of Tax Assessors*, 176 Ga.App. 798, 799(1) (338 S.E.2d 16) (1985).

³. FN3. *Id.*

- [4.](#) FN4. Id. at 799.
- [5.](#) FN5. Id. at 800(1).
- [6.](#) FN6. At oral argument, counsel for the BOA suggested that even a changed interpretation of the BOA's valuation authority could constitute a clerical error.
- [7.](#) FN7. See *Morton v. Glynn County Bd. of Tax Assessors*, 294 Ga.App. 901, 904(1) (670 S.E.2d 528) (2008) (noting promulgation of the manual in Georgia regulations).
- [8.](#) FN8. Ga Comp. R. & Regs. r. 560–11–10–.01(3)
- [9.](#) FN9. Ga Comp. R. & Regs. r. 560–11–10–.02(1)(i).
- [10.](#) FN10. See, e.g., OCGA § 48–5–306(a) (authorizing the board to “meet at any time” to review tax returns); OCGA § 48–5–299(c) (authorizing certain changes in valuation during an otherwise frozen two year post-appeal period).
- [11.](#) FN11. See *Fayette County Bd. of Tax Assessors v. Ga. Utilities Co.*, 186 Ga.App. 723, 724(1) (368 S.E.2d 326) (1988) (revenue statutes are construed “strictly so as to resolve doubt in favor of the taxpayer”) (punctuation omitted).
- [12.](#) FN12. OCGA § 48–5–299(a).
- [13.](#) FN13. See *Fulton County Bd. of Tax Assessors v. Dean*, 219 Ga.App. 137, 138 (464 S.E.2d 257) (1995); *Ga. Utilities Co.*, 186 Ga.App. at 725(1).
- [14.](#) FN14. *Dean*, 219 Ga.App. at 137
- [15.](#) FN15. See *id.* at 137–138.
- [16.](#) FN16. See *id.* at 138.
- [17.](#) FN17. See *id.*
- [18.](#) FN18. See *id.* at 138–139.

Doyle, Presiding Judge.

Regulations – Illegal Digest Entry Review

560-11-15-.01 Definitions.

- (1) "Commissioner" means the Commissioner of the Georgia Department of Revenue and shall include any person delegated authority by the Commissioner to administer the provisions of this Chapter and O.C.G.A. § 48-5-342.
- (2) "Digest" means the total listing of taxable assessments on the annual tax roll of a given county that has been certified by the tax receiver or county tax commissioner to the Department of Revenue for the purpose of gaining authorization for billing and collecting ad valorem tax.
- (3) "Illegal Digest Entry" means a real property parcel or other interest in real property that is identified by the Commissioner as appearing illegally on a certified digest because such property is not subject to taxation under Chapter 5 of Title 48. The term shall not apply to disputes concerning value or exemptions utilized to calculate taxable value.
- (4) "Same Property" means a real property parcel or other interest in real property, utilizing substantially the same address or county provided description, which was previously determined to be an Illegal Digest Entry.

AUTHORITY: O.C.G.A. § 48-5-342.

HISTORY: Original Rule entitled "Definitions" adopted. F. Nov. 18, 2016; eff. Dec. 8, 2016.

560-11-15-.02 Commissioner's Determination of Property Illegally Appearing on a County Digest.

- 1) The Commissioner may, upon his or her own initiative, determine whether any property is illegally appearing on a Digest.
- (2) The Commissioner may, upon a written complaint filed with the Department by a taxpayer, determine whether a property is illegally appearing on a Digest. Complaints as to valuation or exempt status of a particular parcel or other interest in real property shall not be considered under this Chapter.
- (3) Upon making a determination of illegality, the Commissioner shall strike any Illegal Digest Entry from the Digest and return the Digest to the county tax commissioner and county board of tax assessors for removal of the Illegal Digest Entry and resubmission of the Digest to the Commissioner.
- (4) A determination letter shall be issued by the Commissioner to the county board of tax assessors and a copy of such letter will be furnished to the taxpayer.

AUTHORITY: O.C.G.A. § 48-5-342.

HISTORY: Original Rule entitled "Commissioner's Determination of Property Illegally Appearing on a County Digest" adopted. F. Nov. 18, 2016; eff. Dec. 8, 2016.

560-11-15-.03 Appeal of Commissioner's Determination.

(1) The county board of tax assessors may appeal the Commissioner's decision to remove property from the Digest by filing an appeal pursuant to this Chapter.

(2) The appeal shall be in writing, signed by the chairman of the county board of tax assessors, and filed with the office of the Commissioner by the county board of tax assessors within 45 days of the date of mailing of the Commissioner's letter of determination.

(3) A copy of the appeal filed with the Commissioner shall be mailed to the taxpayer by the county board of tax assessors.

AUTHORITY: O.C.G.A. § 48-5-342.

HISTORY: Original Rule entitled "Appeal of Commissioner's Determination" adopted. F. Nov. 18, 2016; eff. Dec. 8, 2016.

560-11-15-.04 Nature of the Appeal; Hearing Procedure; Evidence.

(1) The county board of tax assessors shall have the right to an appeal hearing before the Commissioner and shall have the right to be represented by legal counsel and to present evidence.

(2) Documents or other written evidence to be presented at the appeal hearing must be provided to the Commissioner not less than seven (7) days prior to the time of the hearing. The weight and sufficiency of such evidence shall be determined within the sole discretion of the Commissioner.

AUTHORITY: O.C.G.A. § 48-5-342.

HISTORY: Original Rule entitled "Nature of the Appeal; Hearing Procedure; Evidence" adopted. F. Nov. 18, 2016; eff. Dec. 8, 2016.

560-11-15-.05 Ruling; Decision.

Upon decision pursuant to an appeal, the Commissioner shall issue a final decision to the county board of tax assessors as to whether the property in question is illegally appearing on the Digest and shall mail a copy to the taxpayer. The decision of the Commissioner shall order the removal or inclusion of the item on the Digest.

AUTHORITY: O.C.G.A. § 48-5-342.

HISTORY: Original Rule entitled "Ruling; Decision" adopted. F. Nov. 18, 2016; eff. Dec. 8, 2016.

560-11-15-.06 Recurring Illegal Digest Entries for Same Property; Revocation of Qualified Status; Reinstatement.

(1) If the Same Property is found by the Commissioner on a Digest within five (5) years of removal under this Chapter, the Commissioner will make a determination on whether the property is an Illegal Digest Entry.

(2) Where the Commissioner finds such property illegally appearing on the county Digest within five (5) years of removal under this Chapter, the Commissioner shall provide notice in writing to the county board of tax assessors of such finding of illegality. The county board of tax assessors may file an appeal pursuant to this Chapter to the Commissioner's notice no later than 45 days of the date of mailing by the Commissioner of such notice. A copy of such appeal filed with the Commissioner shall be mailed to the taxpayer.

(3) Where the finding of Illegal Digest Entry is upheld after hearing, or upon failure of the county board of tax assessors to file an appeal, the Commissioner will issue a final decision and serve such final decision on the Department of Community Affairs for appropriate action pursuant to O.C.G.A. § 48-5-342. The Commissioner shall return the Digest to the county for removal of the property and for Digest resubmission. Upon resubmission of the corrected Digest by the county and approval by the Commissioner, the Department will notify the Department of Community Affairs of such corrective action pursuant to O.C.G.A. § 48-5-342.

(4) Where the finding of Illegality of Digest Entry is overturned after hearing, the Commissioner will promptly approve the Digest as originally submitted and will issue a final decision in accordance therewith.

AUTHORITY: O.C.G.A. § 48-5-342.

HISTORY: Original Rule entitled "Recurring Illegal Digest Entries for Same Property; Revocation of Qualified Status; Reinstatement" adopted. F. Nov. 18, 2016; eff. Dec. 8, 2016.