Georgia Department of Revenue

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Georgia Department of Revenue

HB 196

WinGAP “Utilize” Income

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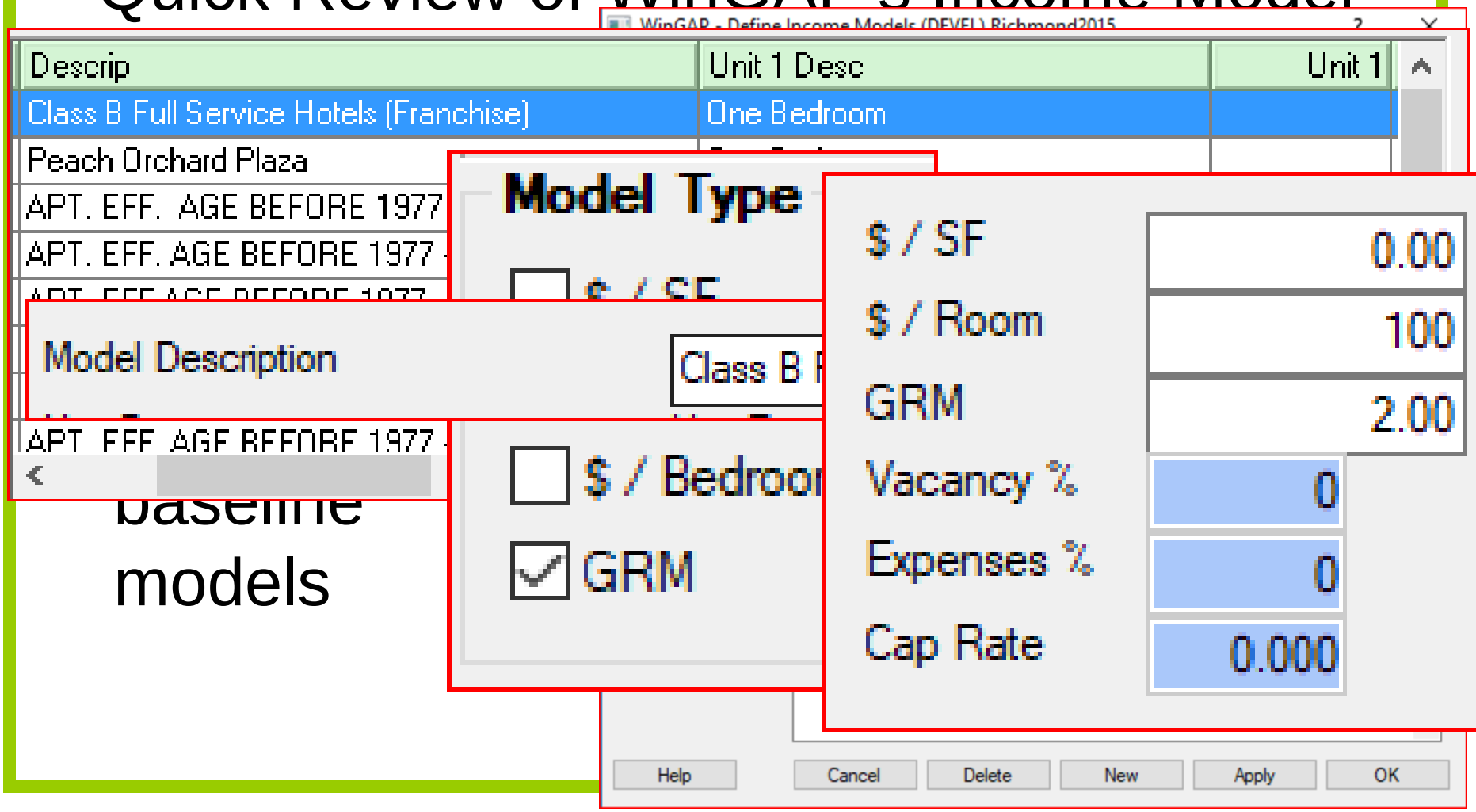
Georgia Department of Revenue

Quick Review of WinGAP's Income Model



baseline models

Income Models

- Standard / Template models can be adjusted for parcel specifics if needed.

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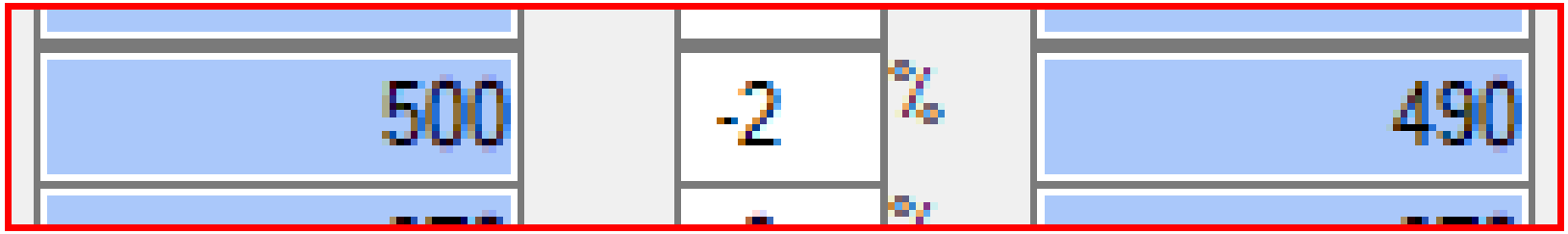
	Base	Adj	Final	Units	Income
ONE BEDROOM	480	0 %	480	0	0
TWO BEDROOM	500	-2 %	490	4	1,960
THREE BEDROOM	670	0 %	670	0	0
FOUR BEDROOM	780	0 %	780	0	0
Five Bedroom	0	0 %	0	0	0
Six Bedroom	0	0 %	0	0	0

1,960	EGI
1,960	NOI
156,800	Total Value
0	Personal Value
156,800	Real Value
60,114	Land Value
96,686	Imp Value

☑ Income as Parcel Current Value

Limitations @ Present

- Only one model possible per parcel
- Base / Template model adjustments are limited to % adjustments



- Both limitations are under development to fix
  - Allow multiple models per parcel
  - Allow lump sum adjustments to base

Income Approach

- Value estimate based on the PROPERTY's ability to generate income.
- Property includes everything on the property
  - Real
    - Land / Building(s)
  - Personal

Now … HB 196

- Requires TAO to “utilize” income under certain conditions

- Challenge in implementation: income represents the total parcel value
  - Land + Primary BLDG
  - MEFF / INVN / OTHER

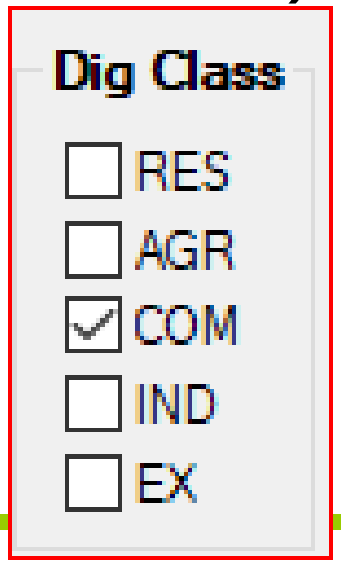
Digest Regulations

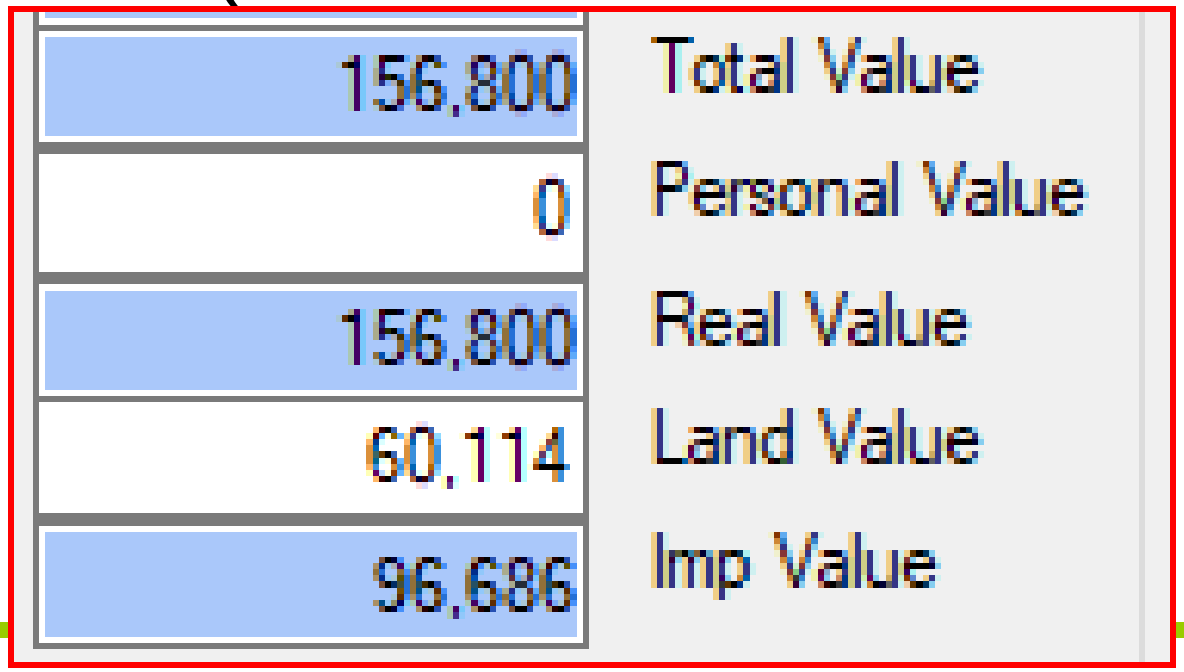
- Substantive regulations requires all property to be listed on the digest by the use of a two-digit code
  - 560-11-2-.20
  - 560-11-2-.21

- So our single “income value” must be distributed using these codes

WinGAP / Income

- Currently, WinGAP requires a designation of a digest class and a land value on the income screen (land auto-fills from land screen)





WinGAP / Income

- Income total value from the model is reduced by
  - Personal Property
  - Land Value
- Remaining value becomes the IMPROVEMENT VALUE
  - Includes all improvements

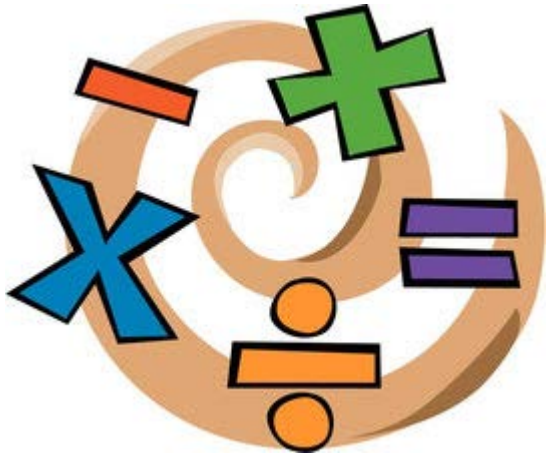
Back to HB 196

- New law requires the TAO to utilize the income approach
- Income approach represents total parcel value that must be segregated into two-digest Class+Strat codes
- Other (market/cost) values are segmented in much more detail than simply LAND + BLDG

Utilize Income

- Compare the two statements:
  - ***"utilize" income in the determination of FMV***
  - "utilize" income as the FMV
- The first statement is from the new law
- Utilizing "in" is vastly different than utilizing "as"
- Perhaps, a blending / reconciliation approach is in order

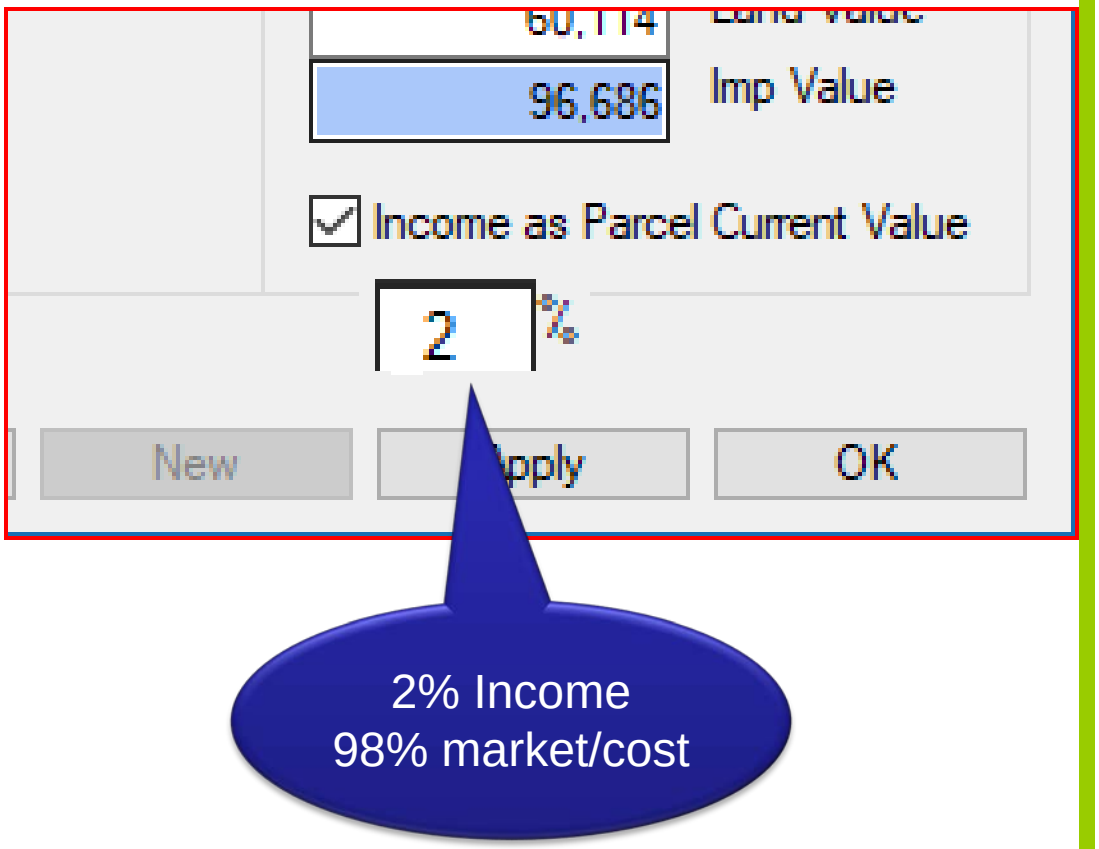
Utilize Income



- To combine market/cost/income into a single estimate of value we've got to find our least common groupings
- Income's grouping of LAND + BLDG is it

Reconciliation Ideas

- Perhaps a mechanism to assign which % contribution the appraiser wishes to allocate to income and the balance of value comes from market / cost



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Ideas / Comments / Suggestions