

MINUTES

PROPERTY VALUATION TRAINING AND PROCEDURES COMMISSION (PVC)

Bridgeport Conference Center ~ Bridgeport, West Virginia

June 27, 2012

Presiding: Jeff Amburgey
Director, Property Tax Division
Chairman, Property Valuation Training and Procedures Commission

Quorum Present:

Hon. Mickey Brown, Boone County Commissioner
Hon. Janice LaRue, Mineral County Commissioner
Hon. Cheryl Romano, Assessor of Harrison County
Hon. Dolan Irvine, Assessor of Pocahontas County
Mr. Kurt Donaldson, Citizen Member
Dr. Calvin Kent, Citizen Member

Members Absent:

Hon. Dana Lynch, Assessor of Webster County

Guests Present:

Amy Jacobs, Secretary, PVC/Office Manager, Property Tax Division
Faith Dangerfield, Appraiser Chief, Property Tax Division
Christopher Farmer, Geologist, Property Tax Division
Phyllis Yokum, Randolph County Assessor
and President of the WV Assessor's Association
John M. Cutright, Barbour County Assessor
Terri L. Funk, Preston County Assessor
Arlene Mossor, Ritchie County Assessor
Helen Phillips, Upshur County Assessor
Steve Keadle, Greenbrier County Assessor

Recognizing the presence of a quorum, Mr. Amburgey called the meeting to order at 9:15
a.m.

1. Minutes of January 18 – 19, 2012, Meeting of the Property Valuation Training and Procedures Commission

Dr. Calvin Kent made a motion to approve the meeting minutes. Kurt Donaldson seconded the motion. With no further discussion, the motion carried.

Before moving to the next topic on the agenda, Jeff Amburgey brought up the topic that had previously been discussed by the members of shortening all future meeting minutes. Mr. Amburgey continued that during his tenure with the Commission, the minutes had always contained detailed discussion, but if it was the will of the PVC, changes to how the minutes were recorded could be made.

After some discussion among the members, Janice LaRue and Cal Kent stated that they did not want to lose the dialogue.

Dolan Irvine moved to leave the minute taking as they are. Mickey Brown seconded the motion. All voted in favor and the motion carried.

2. Valuation Fund Budget Carryovers

Jeff Amburgey started the discussion describing the letter that was mailed to all assessors regarding the motion made by the PVC at the previous meeting. The letter was mailed in May, prior to the Assessor's Conference, and indicated for the FY2013-2014 Proposed Valuation Fund Budgets, any county that showed a projected unencumbered balance in excess of 50% of their total budget amount would have their requested valuation percentage reduced.

There was a session held at the Assessor's Conference about the PVC and several assessors voiced concern over this issue. The motion and the letter both said that if you are over 50% you *will be* cut, although there had been discussion that it would read your budget *might be* cut. At the Conference it was suggested that if assessors would like to voice their concerns to the PVC members, they were welcome to appear at the next meeting and do so. As a result, there were 6 assessors in attendance at this PVC meeting: Phyllis Yokum, Randolph County Assessor and President of the WV Assessor's Association; John Cutright, Barbour County Assessor; Terri Funk, Preston County Assessor; Arlene Mossor, Ritchie County Assessor; Helen Phillips, Upshur County Assessor; and Steve Keadle, Greenbrier County Assessor.

Drema Evans, Assessor of Raleigh County, could not be present but asked that her budget be discussed. She documented that her 2% money will be used solely for salaries under Personal Services. If she is going to do anything else with her valuation fund, she requires having a carryover. Ms. Evans wanted to go on the record as stating that there are some counties that use their entire 2% monies to pay salaries.

Dolan Irvine recognized that he is a county with a large carryover, but feels it is necessary to have funds in reserve for unexpected changes, such as the drop in value of the Snowshoe resort.

Phyllis Yokum, Assessor of Randolph County and the newly appointed President of the Assessor's Association, stated that she had received phone calls from some assessors who are very concerned about this issue.

Ms. Janice LaRue stated that the counties that had over 50% had nothing in the justification within their budgets to explain the plan for the funds. Cheryl Romano agreed that poor justifications were a large reason for this decision. Ms. Yokum stated that she would relay the information to the assessors that whatever they plan to do with monies must be clearly stated in their justification.

Cal Kent spoke about the Legislative history that originally enacted the 2% monies to keep reappraisals up to date. If a county was not using it for that purpose, under that Legislation, you should not be getting it. He also addressed the fact that justifications were not always accurately reflecting what counties were doing with their money and these large carryovers had been questioned by other entities.

Jeff Amburgey further informed Ms. Yokum that the PVC is required to meet after January 15th but before February 1st to review/approve budgets. It has been standard procedure to hold this meeting during the 3rd week of January in the event that a county's budget is not approved, the assessor would have the chance to appear before the PVC to discuss the issue. That procedure would continue.

Kurt Donaldson commented that the counties that have deficiencies in their monitoring and have large carryovers but were not using their funds to rectify some of their problems, such as tax maps are not up-to-date or current. He felt that issue should be passed on to the assessors that deficient counties will be scrutinized for fund usage.

Janice LaRue reiterated that if a county provided a detailed, clear justification of what the monies were being used for, there would not be a problem. The explanation needs to match the actions.

Cheryl Romano made a motion that when the PVC looks at the budgets next year, that if an assessor is over 50%, the PVC looks at the justification and if it is questionable the PVC should allow them the chance to appear before the PVC with an explanation before their 2% would be cut.

Dolan Irvine seconded the motion.

Further discussion ensued with Cal Kent and Kurt Donaldson stating that it would be conditional based on the contents of the justification. Dr. Kent also stated that the purpose of the letter was to get the attention of the assessors who were not complying with the rules. Mr. Donaldson stated that in amending a previously adopted motion from the last meeting, since there was no previous notice that this action would be taking place in the current meeting, it would take a 2/3 vote to approve.

With no discussion, all members voted in favor of the motion and the motion carried.

Other Business

Jeff Amburgey strayed from the Agenda to discuss replacing the vacant citizen members, as there are currently 3 vacant positions.

In late 2011, a representative from the Governor's Office contacted the Tax Commissioner to check the status of the members of the PVC. We informed them that all members' terms had expired and there were 3 vacant positions. As time passed and it became official that Dana Lynch and Dolan Irvine would not be running for Assessor of their county, this issue became more pressing as all 6 remaining members would have to be present at every meeting in order for a quorum to be met. He also discussed the importance of having citizen members on the Commission as it allows people from our communities who are not heavily involved in property taxes to be involved.

Jeff Amburgey had sent two letters to Phyllis Yokum, as President of the Assessor's Association, to nominate replacements for the two assessors that would be leaving the PVC as of December 31, 2012. This was done under two separate letters because the rule states that for each member replaced there will be three nominations.

Ms. Yokum responded with six nominations in the form of letters to the Tax Department and the Governor's Office and provided the PVC with the information:

The nominations for Dolan Irvine's position were:

- Chris Kessler, Democrat, Assessor of Marshall County
- Eddie Young, Democrat, Assessor of Fayette County
- Jack Hayes, Republican, Assessor of Tyler County

The nominations for Dana Lynch's position were:

- Jason Nettles, Democrat, Assessor of Calhoun County
- Jim Priester, Democrat, Assessor of Marion County
- Arlene Mossor, Republican, Assessor of Ritchie County

3. Review Mingo County Hiring Approval Request

Jeff Amburgey started this discussion reminding the members that if there has been an objection to a hiring approval request, it is standard for the assessor to appear before the PVC to explain their situation in the hopes of obtaining PVC approval.

In this case, Ramona Mahon, the Assessor of Mingo County, could not be in attendance so Mr. Amburgey explained the situation. Ms. Mahon had an employee who had been paid out of the Valuation Fund for ten years. This employee left her position and moved out of the state, but shortly thereafter returned. As there was a break in service, Ms. Mahon submitted a new *Hiring Approval Form* requesting this employee be permitted to be reinstated. However, she did not advertise the position in the paper or follow the newly revised hiring procedures and there was an objection to this hiring. Ms. Mahon has rehired this individual and is paying her out of

the General Fund; however, she requested that the members review her request which would allow her to pay a portion of this salary out of the Valuation Fund.

Discussion ensued regarding the original objection, which was based on the revised procedures not being followed. An employee had a break in service, and was not on any form of leave of absence, therefore in order to rehire the employee, the steps outlined in the hiring approval procedures must be followed.

Cal Kent made a motion to not approve this hiring and permit payment out of the Valuation Fund until the position was properly advertised, following the Hiring Approval procedures. Mickey Brown seconded the motion. With no further discussion, all members voted in favor of the motion and the motion carried.

4. Monitoring Plans Tax Year 2012 and Tax Year 2013

Faith Dangerfield, of the Property Tax Division, opened the discussion by informing the PVC members the Tax Year 2011 monitoring has just been completed and that the Division is one year behind in their monitoring of the counties. Ms. Dangerfield proposed that the PVC consider permitting the Division to skip one year's monitoring, which would be Tax Year 2012. Skipping the year would not affect the monitoring deficiency results. If a county failed in Tax Year 2011 and Tax Year 2012 was skipped and they failed in Tax Year 2013, it would be considered failing two consecutive years.

Ms. Dangerfield reviewed the Monitoring Plan, stating that it had not been revised much since previous years. There was a proposal to take all valid sales that are improved for all counties statewide and take the sale price or validity code and look at the year of the sale then look at all of the activity on that sold property for 3 years, involving the Grade and the CDU. This report would make it easily detectible if a county were chasing sales and changing sold properties.

Currently a minimum of 10 valid sales are selected to review for sales chasing. The proposal would be to run a report of the sales. If over a certain percentage of the valid sales appear to be being manipulated, then a strategic review of those sales could be performed.

After much discussion among the members it was thought that the new system could be a better system, but there should be more testing by performing both methods for one year and comparing the results.

Dr. Calvin Kent made a motion to use the previous system and the new system for Tax Year 2013 and give the PVC a comparative report analysis, as this is a fairly substantial change. He further suggested getting input from the assessors with their reaction to the change.

Kurt Donaldson seconded the motion.

Further discussion stated this will be a test – advisory only for the upcoming year. This is not to be part of the monitoring plan – it is just a report for the PVC only. If a county fails using

the traditional method and the new method is tested and gets a different result, this might be something to be used in working with the county to provide additional information.

Ms. Yokum asked if the monitor could provide the assessor with this report as it could provide valuable information to the assessor. Cal Kent added that he would like to see the monitors share this information with assessors during the experimental year, as useful information, but not bring it in to say a county passed or failed relating to the report.

Dr. Calvin Kent reiterated that his motion was only for the monitoring process to be done in the old, traditional way. The new report is only to be used for information only at this point.

Jeff Amburgey restated that for the Tax Year 2013 Monitoring Plan we had a motion (by Cal Kent) to accept the plan and to have this provided to the PVC on an advisory basis and also shared with the assessors during the monitoring. The motion was seconded by Kurt Donaldson. There was no further discussion and all members voted in favor of the motion.

Mr. Amburgey wanted to clarify a topic that had been discussed. As TY2013 was just approved, Faith had suggested that TY2012 be skipped from monitoring to allow the Department to catch up. This process would not break the continuity in deficiency years. If a county failed in TY2011 and in TY2013 that would be considered two consecutive years.

Dolan Irvine made a motion to accept and Kurt Donaldson seconded. With no further discussion and all members voting in favor, the motion carried.

5. Budget Revisions FY2011-2012

Dolan Irvine made a motion to approve the budget revisions. Cal Kent seconded. With no further discussion and all members voting in favor, the motion carried.

6. Reappraisal Plans – Tax Years 2013, 2014 and 2015

Industrial

Jeff Amburgey stated that when the PVC was created the county assessors had to come up with county valuation plans which are approved by the State Tax Commissioner. At this time, all of the 55 county valuation plans have been submitted and approved by the Tax Department. This is to be done every three years describing what you are going to do for the next three years in the valuation of property in the county.

That section of Code also charges the State Tax Department with providing plans for the Industrial and Natural Resource properties that are appraised by the Department. These plans are approved by the PVC.

Faith Dangerfield pointed out on Page 7 of the Plan describes how the enactment of Senate Bill 401 has impacted the Department. Instead of having four months to complete appraisals, the Bill only allows two months to process the appraisals.

Kurt Donaldson made a motion to approve the Industrial Reappraisal Plan for Tax Years 2013, 2014 and 2015. Dolan Irvine seconded the motion. With no further discussion and all members voting in favor, the motion carried.

Natural Resources

Mr. Amburgey stated that as was with the Industrial Plan, the Natural Resource Plan is largely the same as it has been in the last few years. Items were added for some new requirements as related to Senate Bill 401.

Mr. Amburgey introduced Mr. Chris Farmer, of the Property Tax Division, who could also answer questions pertaining to the Plan.

Cal Kent stated that the feedback that he has obtained from the coal industry (aside from values being too high) was a unanimous agreement that the methodology is as good, if not better, than anywhere in the United States. The process that we are using is fair.

Jeff Amburgey asked for final questions on the Natural Resource Plan. Cal Kent wanted verification that there would basically be no changes to the methodology, etc. Mr. Amburgey confirmed there would not be.

Dolan Irvine made a motion to approve the Natural Resource Property Appraisal Plan for Tax Years 2013, 2014 and 2015. Dr. Calvin Kent seconded the motion. With no further discussion and all members voting in favor, the motion carried.

7. Other Business

Tax Map Submission Letter

Jeff Amburgey stated that Kurt Donaldson had questioned the status of a letter from the Tax Department to be mailed to county assessors who had not supplied the Department with final tax maps, as is required by Rule.

Kurt Donaldson stated that this requirement has been in the Code since 1990 that all counties need to submit their tax maps and any revisions. If counties are not submitting their tax maps on a routine basis to the Property Tax Division, then they should not be passing the monitoring and that is what the proposed letter to the assessors was to address. This is only the paper maps – it has nothing to do with the electronic files.

This letter needs to go out so that the counties are aware of the Code and if they are being compliant and if they have a reason why they are not submitting their tax maps they need to let the Commission (PVC) know why.

Kurt Donaldson stated that this is important, not only to the Tax Department who needs the most current information, but also for the citizens.

Jeff Amburgey stated that the Division plans to mail the letter out the following week as a motion was made at the last meeting and no new motion is required.

Follow-up From Last Meeting:

Faith Dangerfield wanted to follow-up from the last PVC meeting regarding the PVC's request to ensure that the Property Tax Division was following up with the counties that were not in compliance within monitoring. After speaking with Phyllis Yokum and some other assessors, Ms. Dangerfield would like to coordinate regional workshops for county personnel, offering training in whatever areas were out of compliance. . If they are held regionally, the classes could consist of 1 to 2 days, which could accommodate all who were not in compliance, as well as other counties that may want to come

Cal Kent felt that it would be valuable for all assessors to attend as there are going to be many new people. Phyllis Yokum stated that there would be at least 9 new assessors in the upcoming year. Janice LaRue questioned whether the classes should be made mandatory.

Jeff Amburgey stated that in the past the PVC members have requested that the Department follow-up with the counties that are not in compliance in the subsequent six months to see where they are, but no clear directive had been set.

Cal Kent made a motion that it be made mandatory that those counties out of compliance and new assessors or responsible party, after the election, should be required to attend the workshops.

Cal stated that any new assessor should be required to attend. Phyllis Yokum asked if the class would be offered to anyone who wanted to take it. She understood it would be required of the counties that were not in compliance, but would it be open to all?

The motion was restated as follows: Workshops will be mandatory for new assessors and those that are not in compliance on the appraisal part of monitoring reports – but it is open to all – to be held regionally in November and December. (It was understood that the assessor does not have to attend – unless they are new assessors – it can be a knowledgeable person from their staff.)

Janice LaRue seconded the motion. With no further discussion and all members voting in favor, the motion carried.

With no additional Other Business to be discussed, Cal Kent made a motion to adjourn the meeting. Mickey Brown seconded the motion. With no further discussion and all members voting in favor, the motion carried and the meeting adjourned at 1:25 p.m.