Property Assessment Standards in the United States

Larry DeBoer
Department of Agricultural Economics, Purdue University
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An assessment standard defines the taxable value of property that assessors aim to measure when they assess property.

The American Bar Association publishes a *Property Tax Deskbook* (ABA Section of Taxation, 4th edition, 1999) that contains essays about property tax law in the 50 states and District of Columbia. I used these essays and references to state codes available on the internet to make a list of assessment standards.

There appear to be two approaches to defining an assessment standard. Most states define the standard as the price paid for the property, and describe the type of transaction that produces an appropriate price. Other states cite methods of assessment, and define the standard as the value these methods produce.

I count 40 states plus the District of Columbia with more or less explicit definitions of property value. Of these, 31 are established in state codes or administrative codes, and 9 appear to be based on court decisions. The remaining 11 states have definitions that rely primarily on the results from the application of particular assessment methods.

For reference, I have appended the International Association of Assessors and Appraisal Institute value definitions.

**States Which Define a Price**

**Alabama**
Assessment is to be fair and reasonable market value, which is estimated at the price which the property would bring at fair voluntary sale. Ala. Code 40-1-1 (16), 40-7-25.1.

**Alaska**
The estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels. Alaska Statutes 29.45.110(a).

**Arkansas**
Real property is assessed at its true market value, exclusive of crops. The value that would be received at an auction or forced sale is not considered. Arkansas Code 26-1202.
California
The amount of cash or its equivalent that property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other and both with knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on those uses and purposes." Cal. Rev. and Taxation Code 110(a) and 401.

Connecticut
Fair market value is defined as the value that would be fixed in fair negotiations between a desirous buyer and a willing seller, neither under any undue compulsion to make a deal." *Carol Management Corp. v. Board of Tax Review of Town of Greenwich*, 228 Conn. 23, 34, 633 A.2d 1368, 1373 (1993)

District of Columbia
The most probable price at which a particular piece of real property, if exposed for sale in the open market with a reasonable time for the seller to find a purchaser, would be expected to transfer under prevailing market conditions between parties who have knowledge of the uses to which the property may be put, both seeking to maximize their gains and neither being in a position to take advantage of the exigencies of the other. DC Code 47-802(4).

Florida
[The] amount of cash a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in an arms-length transaction. Fla. Statutes 193.001.

Georgia
The value which would be realized from the cash sale, but not forced sale, of the property and subjects as such property and subjects are usually sold, or as the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property in an arm's length, bona fide sale. OCGA 48-5-1, OCGA 48-5-2(3).

Idaho
The amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment. Idaho Code 63-201(10).

Illinois
What the property would bring at a voluntary sale where the owner is ready, willing, and able to sell, but not compelled to do so, and the buyer is ready, willing and able to buy, but not forced to do so. *Springfield Marine Bank v. Property Tax Appeal Board*, 44 Ill.2d 428, 256 N.E.2d 334, 336 (1970).
Iowa
[Value is] the fair and reasonable exchange in the year in which the property is listed and valued between a willing buyer and a willing seller neither being under any compulsion to buy or sell and each being familiar with all the facts." Iowa Code 441.21.

Kansas
The amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. Kansas Statutes Annotated, 79-503a.

Kentucky
The price which would be agreed upon by a party who desired to, but was not compelled to, buy the property and an owner who desired to, but was not compelled to sell it. Evans v. Allen, 205 S.W.2d 514, 515 (Ky. 1947).

Louisiana
The price for property which would be agreed upon between a willing and informed buyer and a willing and informed seller under usual and ordinary circumstances. Louisiana Revised Statutes Annotated 47:2321.

Maryland
[The amount] a willing purchaser will pay for [the property] to a willing seller in [the] open market, eliminating exceptional and extraordinary conditions giving the property temporarily an abnormal value. Rogan v. County Commissioners, 194 Md. 299, 311 (1950).

Michigan
The usual selling price which could be obtained at a private sale, not a forced or auction sale, at a place where the property is at the time of assessment. Mich. Complied Laws 211.27.

Minnesota
The usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arms length transaction. The price obtained at a forced sale shall not be considered. Minnesota Statutes 272.03, Subd. 8.

Mississippi
[Value is] not what it might bring at a forced sale but what the owner would be willing to accept and would expect to receive for it if he were disposed to sell it to another able and willing to buy. Miss. Code Annotated 27-35-50.
Missouri
The price which the subject property would bring when offered for sale by one willing but not obligated to sell it, and is bought by one willing or desirous to purchase, but is not compelled to do so. *Greene County v. Hermel, Inc.*, 511 S.W.2d 762 (Mo. 1974).

Montana
The value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. Montana Code Annotated, 15-8-111(1) and (2)(a).

Nevada
The most probable price which property would bring in a competitive and open market under all conditions requisite to a fair sale. Nevada Revised Statutes, 361.020. [Note: Nevada is usually cited as a non-market value state based on the assessment methods used.]

New Jersey
[The price a property] would sell for at a fair and bona fide sale by private contract on October 1 next preceding the date on which the assessor shall complete his assessments. New Jersey Statutes Annotated 54:4-23.

New York
The purchase price set in the course of an arms length transaction of recent vintage, if not explained away as abnormal in any fashion, is evidence of the 'highest rank' to determine the true value of the property. *W.T. Grant Co. v. Srogi*, 52 N.Y.2d 496, 511.

North Carolina
The price at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of all uses to which the property is adapted and for which it is capable of being used. North Carolina General Statutes 105-283.

Ohio
If such tract, lot, or parcel has been the subject of an arm's length sale between a willing seller and a willing buyer within a reasonable length of time, either before or after the tax lien date, the auditor shall consider the sale price of such tract, lot, or parcel to be the true value for taxation purposes. [Otherwise, property is to be assessed according to] the uniform rules and methods of valuing and assessing real property as adopted, prescribed, and promulgated by the tax commissioner. Ohio Revised Code 5713.03.

Oklahoma
The price [the property] would bring at a fair voluntary sale for the highest and best use for which such property was actually used during the preceding year, or the highest and best use for which such property was last classified for use if not actually used during the preceding year. 68 Oklahoma Statutes Supp. 1997, 2817.
Oregon
The minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion from an informed buyer acting without compulsion, in an arm's-length transaction occurring as of the assessment date for the tax year. Oregon Constitution Art. 11b, (2) (a); Oregon Revised Statutes, 308.205(1).

Pennsylvania
Market value is defined as the price which a purchaser, willing, but not obliged to buy, would pay an owner, willing, but not obliged to sell, taking into consideration all uses to which the property is adopted and might in reason be applied. *Buhl Foundation v. Board of Property Assessment*, 407 Pa. 567, 180 A.2d 900 (1962).

Rhode Island
The price which property would probably bring in a transaction in a fair market between a willing buyer and a willing seller. *Aspegran v. Tax Assessors of City of Newport*, 125 A.213 (R.I. 1924).

South Carolina
[Property is to be valued] at its true value in money which is the price which the property would bring following reasonable exposure to the market where both seller and buyer and willing. SC Code 12-37-930.

South Dakota
The price in money that property will bring in a competitive and open market under all conditions requisite to a fair sale between a willing buyer and a willing seller, each acting prudently and with full knowledge of the relevant facts, and assuming the price is not affected by any undue stimulus." South Dakota Codified Laws 10-6-1.3.

Tennessee
[The value of a property shall be based on] the evidences of its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. Tennessee Code Annotated 67-5-601(a).

Texas
The price at which a property would transfer for cash or its equivalent under prevailing market conditions if: (a) exposed for sale in the open market with a reasonable time for the seller to find a purchaser; (b) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and (c) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other. Texas Tax Code 1.04(7).

Utah
The amount at which property will change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. Utah Code Annotated 59-2-102(8).
Vermont
The price which the property will bring in the market when offered for sale and purchased by another, taking into consideration all the elements of the availability of the property, its use both potential and prospective, any functional deficiencies, and all other elements such as age and condition which combine to give property a market value. 32 Vermont Statutes Annotated 3481.

Virginia
The price the property will bring when offered for sale by a seller who desires but is not obliged to sell and bought by a buyer under no necessity of purchasing. *Clarke Associates v. Arlington County*, 235 Va. 624, 369 S.E.2d 414 (1988).

Washington (State)
The amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. Wash. Administrative Code 458-12-300.

West Virginia
The price for which property would sell if voluntarily offered for sale by the owner, upon such terms as such property is usually sold. W. Va. Code 11-3-1.

Wisconsin
Real Property shall be valued by the assessor in the manner specified in the Wisconsin property assessment manual provided under s. 73.03 (2a) from actual view or from the best information that the assessor can practicably obtain, at the full value which could ordinarily be obtained therefore at private sale. In determining the value, the assessor shall consider recent arm's-length sales of the property to be assessed if according to professionally acceptable appraisal practices those sales conform to recent arm's-length sales of reasonably comparable property; recent arm's-length sales of reasonably comparable property; and all factors that, according to professionally acceptable appraisal practices, affect the value of the property to be assessed. Wisconsin Statutes, Sec. 70.32(1).

Wyoming
The amount in cash or terms reasonably equivalent to cash that a well informed buyer is justified in paying and a well informed seller is justified in accepting, assuming neither party is acting under undue compulsion, and assuming the property has been offered in the open market for a reasonable time. Wyoming Statutes 39-11-101(a)(vi).
States Which Define Methods

Arizona
Standard defined by "standard appraisal methods and techniques."
"Full cash value" for property tax purposes means the value determined as prescribed by statute. If no statutory method is prescribed, full cash value is synonymous with market value which means the estimate of value that is derived annually by using standard appraisal methods and techniques. Full cash value is the basis for assessing, fixing, determining and levying secondary property taxes. Az. Revised Statutes 42-11001(5)

Colorado
Standard is defined by "consideration of cost, market and income approaches."
[Value is] determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal. Colorado Revised Statutes 39-1-103 (5) (a)

Delaware
No definition in code; court cases have established market value as the standard.
All property subject to assessment shall be assessed at its true value in money. § 8306(a)

Hawaii
Standard defined by "appropriate systematic methods."
Hawaii Revised Statutes §246-10(b). Valuation; consideration in fixing. All property shall be valued by appropriate systematic methods so selected and applied as to obtain, as far as possible, uniform and equalized assessments throughout the State.

Indiana
Standard defined by application of the rules of the State Tax Board; it is not market value.
IC 6-1.1-31-6 and 7. True tax value does not mean market value, it is the value determined under the regulations of the State Tax Board.

Maine
Standard defined by methods used.
Maine Revised Statutes Annotated 36 701-A. In determining just value, assessors must consider all relevant factors, including without limitation, the effect upon value of any enforceable restrictions to which the use of the land may be subjected, current use, physical depreciation, sales in the secondary market, functional obsolescence and economic obsolescence.

Massachusetts
The standard is not defined.
Market value appears to be used in practice.
Nebraska
*Actual value is determined by professionally accepted techniques.*
The standard is "actual value," which means the market value in the ordinary course of trade. It may be determined by professionally accepted mass appraisal techniques including sales, income and cost. Nebraska Revised Statutes, 77-112.

New Hampshire
*Same as appraising a debt; all evidence must be considered.*
New Hampshire Revised Statutes Annotated 5 § 75:1 The selectmen shall appraise all taxable property at its full and true value in money as they would appraise the same in payment of a just debt due from a solvent debtor, and shall receive and consider all evidence that may be submitted to them relative to the value of property, the value of which cannot be determined by personal examination.

New Mexico
*Standard defined by "generally accepted appraisal techniques."*
New Mexico Statutes 7-36-15 B. The value of property for property taxation purposes shall be its market value as determined by application of the sales of comparable property, income or cost methods of valuation or any combination of these methods. In using any of the methods of valuation authorized by this subsection, the valuation authority shall apply generally accepted appraisal techniques.

North Dakota
*Standard defined by factors considered.*
N.D. Century Code 57-02-01(15). The standard is true and full value, determined by considering the fair market value, productive capacity, and any other factors effecting the actual value of the property. N.D. Century Code 57-02-01(15).

**IAAO and Appraisal Institute Definitions of Price**

IAAO: Market value is the most probable price expressed in terms of money that a property would bring if exposed for sale in the open market in an arm's length transaction between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which it is adapted and for which it is capable of being used.

Appraisal Institute: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming neither is under undue duress.

Both of these definitions are available in the ABA Property Tax Deskbook, Minnesota entry, p. 24-2.