

Assessment Glossary

Find the definitions of commonly used terms in Assessments.

Glossary

A

ACRE: A land measure equal to 43,560 square feet.

AD VALOREM TAX: The phrase ad valorem is Latin for “according to value”. A tax levied in proportion to the value of the property.

APPEALS PROCESS: Idaho Code establishes procedures for appealing the valuation/classification of properties. Normally the sequence of events starts with an informal appeal to the Assessor, to the local Board of Equalization, the State Board of Tax Appeals and finally the court system.

APPRAISAL: The money value of property as estimated by an appraiser.

APPROACHES TO VALUE: Valuation methods used in the determination of property value. The three common approaches for real property are the cost approach, income approach and market (comparable sales) approach.

ARMS-LENGTH TRANSACTION: A sale between two unrelated parties seeking to maximize each of their positions from the transactions.

ASSESSMENT: The official act of discovering, listing, and appraising property. The value placed on property in the course of such act.

ASSESSMENT ROLL OR “ROLL”: A listing of all property and its assessed value. The assessor is responsible for several rolls at various times of the year to handle different situations relating to the status and situs of certain types of property.

ASSESSED VALUE: The value set on real estate and personal property determined by the County Assessor. The assessed value is essentially the market value.

ASSESSMENT YEAR: In Idaho, the lien date is January 1. The assessed value of the property is based on its market value as of the lien date.

ASSESSOR: The elected official whose legal responsibility it is to discover, list and value all property in his jurisdiction.

B

BOARD OF EQUALIZATION (BOE): A nonjudicial, appointed body (the county commission) which attempts to ensure that property under its jurisdiction is appraised equitably and at market value.

C

CAMA: Computer-Assisted Mass Appraisal is the process by which property is appraised utilizing computers, computer models and analytical programs.

CATEGORY/DESCRIPTION: Categories of property established by the State Tax Commission, for purposes of assessment, equalization and taxation.

COMPARABLES: A shortened term for similar property sales, rentals, or operating expenses used for comparison in the valuation process; also called “comps”.

COST APPROACH: Estimates property value by determining replacement cost new, less depreciation, plus the land value.

CURABLE DEPRECIATION: Items of physical deterioration or functional obsolescence that are economically feasible to cure. Economic feasibility is indicated if the cost to cure is equal to or less than the anticipated increase in the value of the property.

D

DEPRECIATION: 1. In appraising, a loss in property value from any cause; the difference between the reproduction or replacement cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date; 2. In regard to improvements, depreciation encompasses both deterioration and obsolescence.

DETERIORATION: Impairment of condition; a cause of depreciation that reflects the loss in value due to wear and tear, disintegration, use in service, and the action of the elements.

E

EASEMENT: A limited right in a piece of land owned by another. This entitles the holder of the right to some use of the land. For instance, if Barney owns a property that is completely surrounded by Fred's property, Barney can get an easement to build a driveway from his property to the main road.

EGRESS: A way out; an exit or outlet.

EMINENT DOMAIN: The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as “the takings clause,” guarantees payment of just compensation upon appropriation of private property.

EQUALIZATION: The process by which an appropriate governmental body attempts to ensure that all property under its jurisdiction is assessed equitably at market value or at a ratio or ratios as required by law.

ESCHEAT: The right to have property revert to the state for nonpayment of taxes or when there are no legal heirs of someone who dies without leaving a will.

ESTIMATED TAX: This amount is calculated by multiplying the taxable value by the prior year's levy.

F

FEE APPRAISER: An appraiser who is paid a fee for the appraisal assignments he or she performs.

FLOODPLAIN: The flat surfaces along the courses of rivers, streams, and other bodies of water that are subject to overflow and flooding.

FORECLOSURE: The legal process in which a mortgagee forces the sale of a property to recover all or part of a loan on which the mortgagor has defaulted.

G

GRANTEE: A person to whom property is transferred (buyer) by deed or to whom property rights are granted by a trust instrument or other document.

GRANTOR: A person who transfers property (seller) by deed or grants property rights through a trust instrument or other document.

H

HIGHEST AND BEST USE: A principle of appraisal and assessment requiring that each property be appraised as though it were being put to its most profitable use (highest possible present net worth), given probable legal, physical, and financial constraints. The four criteria the highest and best use must meet are: legal permissibility, physical possibility, financial feasibility, and maximum profitability.

I

IAAO: International Association of Assessing Officers.

IMPROVEMENTS: All buildings, structures, pools, fences, etc., fixed to the land. For example, a house built on a vacant lot is considered an improvement.

INCOME APPROACH: An appraisal method in which the property is valued according to its ability to produce income.

INCURABLE DEPRECIATION: An element of accrued depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design, which cannot be practically or economically corrected.

INDUSTRIAL PROPERTY: Land and/or improvements that can be adapted for industrial use; a combination of land, improvements, and machinery integrated into a functioning unit to assemble, process, and manufacture products from raw materials or fabricated parts.

INGRESS: A means of entering; an entrance.

INSTRUMENT: In real estate, a formal, legal document, e.g., a contract, a deed, a lease, a will.

L

LEGAL DESCRIPTION: A statement in words or codes identifying land for all purposes of law.

LOT: 1. A distinct piece of land; a piece of land that forms a part of a district, community, city block, etc.; 2. A smaller portion into which a city block or subdivision is divided; described by reference to a recorded plat or by definite boundaries; a piece of land in one ownership, whether platted or unplatted.

M

MAPPING: The process of creating maps from recorded documents such as deeds and subdivision plats.

MARKET APPROACH: Estimates property value by comparison to similar properties that have sold in the open market.

MARKET VALUE: 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 that neither is under undue duress.

MASS APPRAISAL: The process of valuing a universe of properties as of a given date utilizing standard methodology, employing common data, and allowing for statistical testing.

METES AND BOUNDS SYSTEM: A system for the legal description of land that refers to the parcel's boundaries, which are formed by the point of beginning (POB) and all intermediate points (bounds) and the courses or angular direction of each point (metes).

O

OBSOLESCENCE: One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or other external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

OWNER OF RECORD: The owner of title to a property as indicated by public records.

P

PARCEL: A piece of land of any size in one ownership.

PARCEL NUMBER: A code number that serves as an abbreviation of, or replacement for, a parcel's legal description; used to facilitate the storage and use of land data in an information system; may be based on geocodes, government surveys, or tax maps.

PERSONAL PROPERTY: Identifiable portable and tangible objects that are considered by the general public to be "personal", e.g., furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate. Personal property includes movable items that are not permanently affixed to, and part of, the real estate.

PLAT: 1. A plan, map, or chart of a city, town, section, or subdivision indicating the location and boundaries of individual properties; 2. A map or sketch of an individual property that shows property lines and may

include features such as soils, building locations, vegetation, and topography.

Q

QUITCLAIM DEED: A form of conveyance in which any interest the grantor possesses in the property described in the deed is conveyed to the grantee without warranty of title.

R

REAPPRAISAL: The mass appraisal of all property within an assessment jurisdiction normally accomplished within a given time period. Also called revaluation or reassessment. In Idaho, 100% of all properties are reassessed every five years.

REAL PROPERTY: Land and improvements to the land.

T

TAX CODE AREA: Indicates which taxing entities will receive revenues generated from property taxes levied against this property.

TAX EXEMPTIONS: Those qualified individuals, as stipulated in Idaho State Code, entitled to an exemption of a specified amount of Assessed Value. Those who are blind, disabled, widows or widowers and disabled veterans may be eligible.

TAX ROLL: A listing of real property parcels. This file includes information about parcel ownership and mailing address, property location, land use and valuation.

TAX BASE: Total assessed value in a given tax district.

TAXABLE VALUE: Taxable value is the value of property as determined by the Assessor using methods prescribed by Idaho Statute and State Tax Commission rules. Generally speaking, taxable value of real property is the appraised value less any applicable exemption.

TAX EXEMPT PARCELS: Idaho law exempts all property owned by federal, state and local governments from taxation. This includes property for schools, parks, libraries, government buildings, roads, airports, military installations and other public areas. The law also exempts churches and some other charitable organizations.

TITLE: All of the elements that constitute the legal right to own, possess, use control, enjoy and dispose of real estate.

TITLE COMPANY: The entity that provides for an examination of public records to ensure the quality of the seller's title to a property.

U

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP): Current standards of the appraisal profession, developed for appraisers and the users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation. The Uniform Standards set forth the procedures to be

followed in developing an appraisal, analysis, or opinion and the manner in which an appraisal, analysis, or opinion is communicated. They are endorsed by the Appraisal Institute and by other professional appraisal organizations.

UNSECURED PROPERTY: Taxable property which does not attach to the real estate, such as business equipment and fixtures, mobile/manufactured homes and airplanes.

V

VALUATION: The process of estimating the value—market, investment, insured, or other properly defined value—of a specific parcel or parcels of real estate or of an item or items of personal property as of a given date. Valuation is a term used interchangeably with appraisal.

VALUE: 1. The relationship between an object desired and a potential owner; the characteristics of scarcity, utility, desirability, and transferability must be present for value to exist. 2. the present worth of future benefits arising from the ownership of real or personal property.

Sources:

Idaho State Tax Commission

International Association of Assessing Officers