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MEMORANDUM  
(10-010)

**TO:** WYOMING COUNTY ASSESSORS

**FROM:** MARVIN APPLEQUIST, PROPERTY TAX ADMINISTRATOR

**DATE:** 12/10/2010

**SUBJECT:** CURRENT COST TABLES & MARKET ADJUSTMENTS

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The Department would like to re-emphasize to each County Assessor that they should be recalculating all Residential and Commercial properties within the RealWare annually using the latest Marshall & Swift cost information that is provided by CCI. This cost information is annually uploaded to each County's CAMA system generally in December after it undergoes an extensive quality assurance process by both the DOR appraisal staff and CCI.

The Department received word from a county that they were not annually calculating their CAMA improvement data against the latest cost data. While this may streamline the assessment process when applying influence factors to achieve market value, it has a detrimental effect on the building blocks used to create the record itself.

It has been a goal of both the Wyoming Assessors and the Department to assess real property fairly and equitably. CCI's use of Marshall & Swift's nationally recognized cost data was one of the major factors in the selection of RealWare as Wyoming's CAMA system of choice.

Wyoming Statutes 39-13-103(b)(i)(A)(ii) "Basis of tax."

- (A) All taxable property shall be annually listed, valued and assessed for taxation in the county in which located and in the name of the owner of the property on January 1.
- (ii) All taxable property shall be annually valued at its fair market value. Except as otherwise provided by law for specific property, the department shall prescribe by rule and regulation the appraisal methods and systems for determining fair market value using generally accepted appraisal standards;

The RealWare CAMA system has the ability to value real property using the three approaches to value. In accordance with Department of Revenue Rules, Chapter 9, Section 5. "Appraisal Methods." (a)(ii);

- (ii) The Cost Approach. The cost approach is a method of estimating value by summing the land value, where applicable, within the depreciated value of improvements. In the CAMA system, RCNLD is calculated using Marshall and Swift cost tables. The cost approach is an accepted supplemental approach and could serve as the primary approach when sales data is unavailable or inadequate (such as special purpose properties). The cost approach relies on the principle of substitution in which an informed buyer will not pay more for a property than its comparable replacement. The approach requires:
  - (A) Accurate, current land values in the case of real property;
  - (B) Accurate, pertinent physical data regarding the property to which cost data may be applied;
  - (C) Current cost data which considers appreciation in the case of real property;
    - (1.) Costs may be estimated on the basis of typical replacement or reproduction costs.
    - (2.) Typical replacement or reproduction costs may be estimated by the quantity survey method, the unit-in-place method, the comparative unit method, or the trend original cost method.

When the assessor uses the cost approach, in valuing real property, they are required to utilize "current cost value data". These are the same costs that the TSG annually loads into the assessor's server. If prior year(s) Marshall & Swift cost tables are applied to value current real property, the RCN values are deemed incorrect. This becomes imperative, when applying the revised Chapter 9, Section 6 (i), rules.

- (i.) Sales Sample Sizes for Ratio Studies. The minimum sample size shall be 5 for any LEA, Neighborhood or other stratum. If five sales are unavailable the following methods should be used to increase sample size. If methods (A), (B) and (C) do not result in compliance with the statistical standards then method (D) may be considered.

Currently, the Chapter 9 rules are in the process of re-promulgation and part of the re-work is eliminating the last sentence in method D, from Section 6. Consequently, if methods A, B, C or D, after a thorough analysis are found not to be applicable, then the improvement(s) values must remain at current cost. If the improvements are being valued by the use of prior year cost tables, then this will result in inaccurate values for sales ratio analysis.

I am directing for tax year 2011 and all future tax years that all improvements be valued using the current annual cost tables that are loaded into the local county server. Furthermore, **ALL** market adjustments must be reset back to 1.00, at the beginning of each appraisal year. The market adjustment may be adjusted from 1.00, only when there are an adequate number of sales, per DOR Chapter 9 rules, a minimum of five (5) sales must be used to justify this change. The goal of Fair Market Value for all property is to be uniform, fair and equitable. By applying the Wyoming Statutes, Department Rules and Regulations and proper appraisal practices that goal will be accomplished.

If you have any questions or comments concerning this directive, please contact me at, 307-777-5235, for further clarification.