



## **"Why the New ASA-Ad Valorem/Mass Appraisal Designation May be for You"**

The purpose of this article is to emphasize the importance of having qualified individuals in the mass appraisal field, and how ASA can help you achieve this goal.

Mass appraisal refers to the process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.<sup>1</sup> Mass appraisal is generally conducted by assessors and revaluation firms, but there are private mass appraisers who work with mass appraisal models in the insurance and real estate investment industries as well.

Property tax annual collections were approaching \$500 billion nationally at the end of 2012. Moreover, property taxes represent nearly one third of the state and local budgets of almost \$1.5 trillion. As a comparison, sales and use taxes were estimated at \$300 billion and state income taxes were \$369 billion.<sup>2</sup>

Most effective property tax rates are over one percent nationally. If we just assume a one percent effective tax rate, the value of the property that is assessed nationally can conservatively be estimated over \$50 trillion. It now becomes obvious why we need qualified mass appraisers to handle such a valuation load.

Besides assessing real estate, many assessors are also burdened with the responsibility of assessing personal property (some 38 states plus the DC and Puerto Rico tax personal property). Generally, personal property consists of inventory, machinery and equipment, furniture and fixtures, leasehold improvements, computers, and supplies. Some states tax all of these items while others only a portion.

Now that we have established the importance and complexity of ad valorem taxes in the United States, we can now turn to how ASA can be of valuable assistance to mass appraisers.

Some states have excellent training and certification programs for their assessing personnel. Other states have limited or no programs. ASA has recognized the importance of training ad valorem mass appraisers. The newly developed ASA Ad Valorem- Mass Appraisal General and Residential designations has accomplished this goal.

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<sup>1</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2012-2013 edition, Page U-4 , Lines 117-118

<sup>2</sup> See "Quarterly Summary of State & Local Tax Revenue, " on the website of the U.S. Census Bureau at <http://www.census.gov/govs/qtax/> (under "Table 1- Latest National Totals of State & Local Taxes," click on the Excel chart at "Downloadable Data")



Certain educational and experience requirements are needed before applying for one of the ad valorem designations (for the General Specialist 225 hours, and for the Residential Specialist 135 hours). In addition, there is a required examination and submission of completed appraisal projects (two for the General Specialist and one for the Residential Specialist). There is also a waiver of education, project and experience requirements for certain states that certify their Assessors based on comparable standards. For more specifics on the requirements for obtaining one of the ad valorem designations, please refer the ASA website at [www.appraisers.org](http://www.appraisers.org) and click on accreditation.

ASA also offers the mass appraiser a network of appraisal experts in all disciplines. With issues of intangible values included in real estate values (e.g. hotels, and shopping centers) a business valuation expert could be of valuable assistance. Machinery and equipment appraisers, and cost experts could also lend assistance to mass appraisers. ASA, being one of the only multi discipline appraisal societies, can be a valuable resource to mass appraisers. So if you are a public or private mass appraiser looking for the right appraisal society, ASA just might be the right fit for you.

### **About the Author**



Paul D. Roberts, ASA is currently a Senior Vice President at International Appraisal Company. He also serves as Real Property Discipline Governor with ASA. Paul has over 42 year's experience in providing ad valorem tax consulting and valuation services to a myriad of different business industries, He also holds a Certified Tax Assessor's Certificate in New Jersey. Paul has lectured extensively, written several articles, and appeared on CNN Headline News.