

The Wisconsin Assessor's Guide  
for using the  
*Uniform Standards of Professional Appraisal Practice*  
(USPAP)

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## Authority

### **Under what authority does DOR require USPAP compliance?**

Section 70.32, Wis. Stats., references the requirement that assessors evaluate data according to professionally accepted appraisal practices.

Section 73.03(2a) Wis. Stats., states, “The manual shall discuss and illustrate accepted assessment methods, techniques and practices with a view to more nearly uniform and more consistent assessments of property at the local level. The manual shall be amended by the department from time to time to reflect advances in the science of assessment, court decisions concerning assessment practices, costs, and statistical and other information considered valuable to local assessors by the department.” USPAP is considered to be an important advancement in assessment practice.

Section 73.03 (5) Wis. Stats., states that the Department of Revenue (DOR) has the power and authority “To collect annually from town, city, village, county, and other public officers information regarding the assessment of property, and any other information that may be necessary in the work of the department, in the form and upon forms that the department shall prescribe. All public officers shall properly complete and promptly return to the department all forms received from the department under this subsection.” DOR requires assessment information to be provided in a format described in USPAP.

### **When should the assessor file the USPAP report?**

The assessor for each municipality must electronically submit a USPAP compliant report beginning in the 2013 assessment year. The report must be submitted within 15 days following the Board of Review to the Equalization District Office.

### **What is the relationship between the filing dates for USPAP report and MAR?**

The MAR should be part of the USPAP Addendum. However, the MAR is not filed until after the BOR. Therefore the USPAP report should stipulate that the MAR, when complete, will become part of the USPAP document.

### **How will DOR determine compliance?**

The reports will be reviewed by Equalization staff to determine compliance to both USPAP and to professionally acceptable appraisal practices as described in statute, case law, and WPAM. If the report shows that the assessors work does not comply with USPAP or professionally acceptable practices, it will be registered as a complaint against the assessor and could result in revocation of certification.

## Purpose

### **How does USPAP improve Wisconsin's overall assessment process?**

As stated in the USPAP Preamble, "The purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. It is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading."

There are three components to the property taxation process: property appraisal, assessment administration, and property tax policy. When assessors estimate the value of property, they are engaged in property appraisal. Currently, the practices of Wisconsin assessors vary considerably throughout the State.

USPAP requires assessors to test their appraisal results. The most accepted method of testing is the ratio study which is described in the *Wisconsin Property Assessment Manual* and in the *IAAO Standard on Ratio Studies*. USPAP requires assessors to consistently evaluate their practices and by doing so, to improve Wisconsin's overall assessment process.

USPAP provides an important platform for evolving the Wisconsin assessment system from a dual-level system to a single-level system. This single-level system will eliminate the two values on the tax bill thereby removing considerable confusion on the part of property owners and will help ensure fair distribution of the property tax.

## Training

### **Will DOR provide an example or template?**

DOR provides a template in a Microsoft Word (2003) format which is available on the DOR web site.

### **Does the certified assessor need to take the "official" 7- or 15-hour USPAP class?**

There is no requirement for assessors to attend official USPAP courses. However, this course would be helpful.

## Reporting

### **Does compliance with USPAP require that a report be written?**

Yes. Each Standards Rule has a report component. For example, Standards Rule 6-8 states "A written report of a mass appraisal must clearly communicate the elements, results, opinions, and value conclusions of the appraisal."

## **Where can I get a copy of USPAP?**

You can view USPAP on the website of The Appraisal Foundation. This is a free reference but copying and downloading are prohibited. You can purchase a copy of USPAP from several sources including The Appraisal Institute and the International Association of Assessing Officers. A free copy is a benefit of membership in either of those organizations.

## **Does the work of staff employees need to be noted in the report?**

The names of anyone who provided significant help with the appraisal must be noted. Standards Rule 6-8(j) of USPAP states “When any portion of the work involves significant mass appraisal assistance, the appraiser must describe the extent of that assistance. The signing appraiser must also state the name(s) of those providing the significant mass appraisal assistance in the certification, in accordance with Standards Rule 6-9.” The “signing appraiser” must be the primary assessor of the jurisdiction and the same person who signs the roll.

## **Application**

### **Under which circumstances does USPAP apply?**

The USPAP Preamble states “Compliance with USPAP is required when either the service or the appraiser is obligated to comply by law or regulation, or by agreement with the client or intended users. When not obligated, individuals may still choose to comply.” In the case of the Wisconsin assessor, USPAP is required by the *Wisconsin Property Assessment Manual*.

### **Under what circumstances must the assessor follow Standard 6: Mass Appraisal, Development and Reporting?**

The assessor is responsible for appraising all taxable property (real and personal) in the jurisdiction, each year, as of January 1. Mass appraisal is the process by which all taxable property is assessed. The municipal assessor must use Standard 6 for the annual assessment process for both revaluation and maintenance.

The scope of the appraisal should include a description of how all properties are assessed regardless of a property’s specificity of use. For example, special or single-purpose properties must be assessed annually and (provided the competency provision of USPAP is met) they can be assessed within Standard 6.

If the municipality has an assessor but hires an outside contractor for a revaluation, the assessor must sign the roll and the USPAP report. The names of those providing the help must be identified.

There are exceptions to the application of Standard 6. For example, if the assessor cannot claim competency for a specific individual property and hires outside help, the appraiser must comply with Standards 1 and 2.

### **Does the assessor need to follow Standard 3: Appraisal Review when the appellant provides an appraisal report?**

No. The assessor does not have to follow Standard 3 when an appraisal is submitted for any reason (including Open Book, Board of Review, or Section 70.85 Wis. Stats.) The assessor's responsibility is to consider the information provided by the property owner and, if necessary, to defend his or her assessment. The assessor is not acting as a reviewer during the defense of his or her work. This does not preclude the assessor from offering comments and observations about the appellant's evidence to the property owner, his or her agent, the Board of Review, or the DOR.

### **Does the assessor need to follow Standards 7 and 8: Personal Property Appraisal?**

No. As stated above, the assessor is responsible for appraising all taxable property in the jurisdiction, each year, as of January 1. Mass appraisal is the process by which all taxable property (including personal) is assessed. The assessor should use Standard 6 for the annual assessment process. The scope of the appraisal should include a description of how personal property is assessed.

### **What assessment documents need to be included in the report?**

The report should include any reports or documents that are done to complete the assessments. For example, the addenda should include such reports as:

- Municipal Assessment Report (MAR)
- Computer Exemption Report
- Neighborhood descriptive statistics
- List of valid sales by class
- Sample property record cards used for each class
- Qualifications of the appraiser

### **How can the assessor use the USPAP report for defense of value at BOR?**

The language in USPAP Administrative Opinion 32 refers to *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*. The opinion states "A written report of the mass appraisal...is not provided for each individual property." This makes sense when appraising each subject during the normal course of business. However, at the Board of Review, it would be prudent to offer the entire Standard 6 report with the summary of the individual property since each case stands on its own.

### **Will assessors need to defend USPAP compliance at BOR?**

The assessor must give the Board of Review any information relating to the appealed assessment. In addition, the assessor should report the facts and valuation methods used in developing the assessments. In the presence of a challenge, the information will help the Board of Review determine if the assessment is correct. As such, the USPAP report should be given to the Board of Review. If USPAP compliance is challenged by the Board of Review or by the petitioner, the assessor should defend the work.

The fact that the Board of Review does not believe that the assessor complied with USPAP does not invalidate an assessment or an assessment roll. Should the question be presented

during post-Board of Review appeal, it would be in the purview of the court. USPAP in no way interferes or supersedes the reference in 70.47(8)(i), Wis Stats., which states “The board shall presume that the assessor's valuation is correct. That presumption may be rebutted by a sufficient showing by the objector that the valuation is incorrect.”

### **Do I have to write a new report every year?**

Yes. As each assessment year stands on its own, a USPAP compliant report must be completed annually.

### **Who are the recipients of the USPAP report?**

The report must be delivered to the client (the municipality), to the Board of Review when defending an assessment, and must be submitted within 15 days following the Board of Review to the Equalization District Office.

### **What are jurisdictional exceptions?**

A jurisdictional exception is “an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.”

### **What are some examples of jurisdictional exceptions in Wisconsin?**

- 1) Agricultural land values per acre are predetermined by the DOR. Undeveloped land and agricultural forest are valued at 50% of their value.
- 2) Many assessors are required to live in their jurisdiction or they and/or their relatives own property in their jurisdiction and therefore receive a tax bill directly related to the amount of the value opinion. This interest in the property is disclosed in the Certification and is considered a jurisdictional exception.
- 3) Documents and oral testimony submitted to the Board of Review or during a court proceeding, including depositions, are no longer confidential.
- 4) A written summary of the Assessor's Board of Review Testimony (considered an oral report) does not need to be added to the workfile, because the Clerk's summary of the Board of Review and the official record of the proceedings if kept by the Clerk are deemed sufficient.
- 5) Personal Property may be valued using the Statement of Personal Property per sec. 70.35 Wis. Stats., in lieu of the analysis and model requirements for Personal Property.
- 6) Restrictions on the valuation of Subsidized Housing as specified in sec. 70.32 (1g) Wis. Stats., and in court cases as explained in WPAM 9-42 thru 9-46 directly affect the outcome of Subsidized Housing valuation. These restrictions including not allowing income tax credits or subsidized mortgage rates to be used in the valuation of these properties are a jurisdictional exception.

## **Are there exceptions to filing a USPAP report?**

Exceptions will be considered on a case-by-case basis. The municipal assessor or municipal head of government must request the exception from DOR.

## **Privacy & Liability**

### **Are there any privacy issues involved?**

Such things as privacy and trespass are described in Wisconsin Statute. Work under USPAP must comply with Statute. For example, confidential information should be kept in the work file for official use only.

### **Are there any liability issues?**

The liability issues are no different than those expected under traditional assessment work. The assessor should identify assumptions and limiting conditions and other such issues in the certification.

## **Competency**

### **If you do not believe that you are competent to appraise specific property in a jurisdiction, what should you do?**

The Competency rule of USPAP states, “An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment.” If you can not claim competency, you must have a competent appraiser do the work. If the help is significant, this appraiser should be named in your report as having provided help.

~~As stated in USPAP FAQ #83, “USPAP does not require that an appraiser provide a statement of competency in all reports. Only when the appraiser accepts an assignment with a lack of knowledge and/or experience does the COMPETENCY RULE require the appraiser to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.”~~

~~For example, if a new convenience store/gas station/car wash is built in a town that you have assessed for a number of years, how do you handle it if you have never appraised this type of improvement?~~

~~USPAP FAQ #81 asks how the appraiser can gain the knowledge and experience required to complete the assignment competently. The appraiser must take all steps necessary to appropriately complete the assignment competently. An appraiser may gain the knowledge and experience required through any or all of the following: personal study by the appraiser; association with an appraiser reasonably believed to have the necessary knowledge or experience; or, retention of others who possess the required knowledge or experience.~~

### **When do you determine competency?**

If, prior to accepting the job, the appraiser decides he or she is not competent due to lack of familiarity with a specific type of property, market, geographic area, an intended use, specific laws and regulations or an analytical method, the appraiser must: Disclose the lack of knowledge; take all steps necessary to complete the job competently; and describe, in the report, the lack of knowledge and steps taken to complete the assignment competently.

Prior to taking on a new municipality, a thorough investigation must be made of the existing records. If, during this investigation and negotiation with the municipality, it is determined that the resources will not be allowed to complete the assignment competently with credible results, the appraiser must withdraw or decline the job.

### **What if it is discovered, after accepting the job, that the appraiser lacks the required knowledge and experience to complete the job competently?**

The appraiser must notify the client, take all steps necessary to complete the assignment competently, and describe in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

### **How can the appraiser gain competency?**

USPAP FAQ #81 asks how the appraiser can gain the knowledge and experience required to complete the assignment competently. The appraiser must take all steps necessary to appropriately complete the assignment competently. An appraiser may gain the knowledge and experience required through any or all of the following: personal study by the appraiser; association with an appraiser reasonably believed to have the necessary knowledge or experience; or, retention of others who possess the required knowledge or experience.

### **Is the appraiser always required to disclose competency?**

As stated in USPAP FAQ #83, “USPAP does not require that an appraiser provide a statement of competency in all reports. Only when the appraiser accepts an assignment with a lack of knowledge and/or experience does the COMPETENCY RULE require the appraiser to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.”