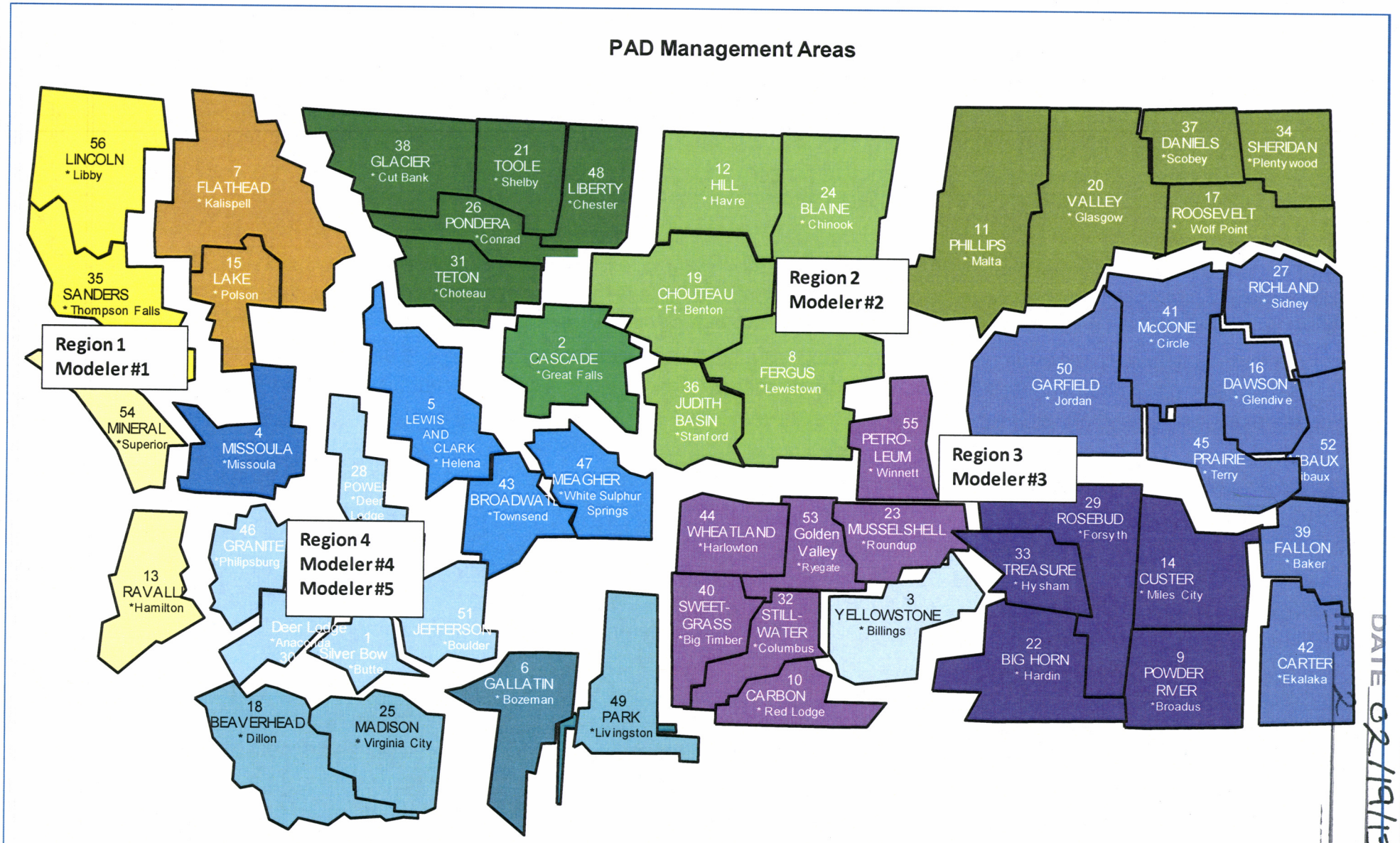
PAD Management Areas



Prepared by the Department of Revenue

EXHIBIT 8
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The Property Assessment Division requests 5 FTE for the upcoming 2015 Reappraisal Cycle. The department will utilize these positions to develop Land, Sales Comparison, and Income models for each neighborhood or market area. The division is organized into four distinct regions in which Regions 1, 2, and 3 will each have one modeler, and Region 4 will have two modelers. Region 4 has four urban counties that warrant an additional modeler: Missoula, Gallatin, Butte-Silverbow, and Lewis and Clark. The modelers are designated to a specific region; however, modeling market areas often crosses county lines. The modelers will be working with each other in developing the models for the various types of property. The modelers will work with staff in the central office to ensure that the methodology is consistent statewide and values for similarly situated property that cross county and regional lines are uniform. Modelers are also responsible for Quality Assurance. Modelers will review the accuracy and uniformity of values among use classes, geographic areas, age and size ranges, and other property groups. The modelers are expected to perform specific modeling functions for each of the following types of models:

Land Modeling: The division developed 1,060 land models for the 2009 Reappraisal. Modelers analyze extensive sales data of vacant land sales and develop Computer Assisted Land Pricing (CALP) models for each parcel within a neighborhood as of the date of valuation. This requires an extensive knowledge of appraisal methodology and statistical background. Modelers ensure that the models are within acceptable thresholds of industry standards - the International Association of Assessing Officers (IAAO) standards - and meet market value as defined by the Montana Constitution and state law. The modeler must have knowledge of market neighborhoods, trends, internal and external influences on sale prices, and the ability to account for these differences and arrive at a defendable market value.

Sales Comparison Modeling: The department had 70 sales comparison models for the 2009 Reappraisal. Modelers review the sales history for accuracy and consistency, utilize sales ratio reports to determine the number of available sales, and extract the sales and property variables that best represent each model area to determine the value. A statistical analysis is performed to determine the amount of value assigned to each variable. The modeler, in coordination with the local appraiser, sets selection rules and adjustments to determine the comparable properties. The models are expected to predict a market value for all parcels within the market area using a multiple regression analysis, apply comparable sales for each parcel, makes adjustments for size, depreciation, location, and quality, and up to 30 different variable adjustments to arrive at a defendable market value.

Income Modeling: The department had 64 income models for the 2009 Reappraisal. Modelers aggregate income and expense information and sales data for model development. The modeler is responsible for the basic model types which include apartment, hotel/motel, mobile home park, mini-warehouse, office, restaurant, retail, and warehouse. The modeler will determine the typical income ranges and expense ratios for each model type within each area. This requires the modeler to collect, analyze, and develop models that can predict a market value from the income stream of typical income properties and use the data collected from national publications, income and expense forms, or other public literature for rents, expenses, and capitalization rates typical to these types of property. This requires a high level of proficiency in appraisal knowledge and statistical ability to ensure the models are accurate and defendable in the appeal process.