

Pennington County Assessment Methodology

Director of Equalization Shannon Rittberger

16 years - Pennington County

30+ years real estate appraisal experience



Equalization Department Staff

► Administrative

- Director
- Deputy Director
- CAMA Specialist
- Cartographer
- Accountant
- Reception / Staff Assistants
 - Mobile Homes - 1
 - Owner Occupied - 1

► Appraisers

- Senior & Staff Appraisers
 - Agriculture - 1
 - Commercial - 2
 - Residential - 12

Annual Appraisal SDCL §10-6-105

- ▶ The Director of Equalization assesses the value of all real property. All real property is subject to property taxes unless specifically exempt per state law.
- ▶ South Dakota law requires all property, except agricultural properties, to be appraised at full market value annually.
 - ▶ AG property is assessed based on the productivity of soils, an average of crop prices and grass rents.
- ▶ Not all property is inspected every year.
- ▶ All new property in Pennington County is inspected by an appraiser.

OBJECTIVE: The goal, if we have a full staff, is to review each property every 6 to 7 years, which is the industry standard.

Appraisal Process

- ▶ The appraisal staff in Pennington County will spend most of the summer months reviewing property data in several neighborhoods.
 - ▶ The neighborhoods reviewed are determined annually by feedback from appraisers sharing their concerns about data accuracy, property changes and valuation equity. Properties in some neighborhoods change more than others.
 - ▶ Neighborhood reviews ensure that the property data is accurate for the upcoming appraisal that takes place later in the year.
- ▶ In a review, an appraiser visits each property and looks for data corrections or changes to the property.
 - ▶ A postcard is mailed to every property owner prior to a neighborhood review informing them of when we will be in their neighborhood and why.
 - ▶ Staff appraisers knock on doors and offer to look inside every home, and leave a card at the door of every property when the owner is not home.
 - ▶ Staff appraisers are available throughout the year to meet with property owners to discuss changes in the market and inspect properties.

Pennington County

- ▶ Pennington County is responsible for appraising over 55,000 properties every year.
 - ▶ Even the smallest counties are unable to perform a single property appraisal for every property in their county every year.
 - ▶ Every county in the country uses mass appraisal procedures in order to efficiently and equitably appraise a large number of properties. Mass appraisal is the process of valuing a group of properties as of a given date and using common data, standardized methods, and statistical testing.
 - ▶ The primary method of mass appraisal is the creation of valuation models, mathematical formulas that represent the market.
 - ▶ Valuation models allow for large groups of properties to be appraised efficiently and ensures equity in valuations.
 - ▶ Properly administered, the development, construction, and use of a CAMA system results in a valuation system characterized by accuracy, uniformity, equity, reliability, and low per-parcel costs.

3 Typical Approaches to Value

- ▶ State law requires each county to consider the three 3 typical approaches to value.
 - ▶ These approaches to value are the same used by any independent appraiser.
- ▶ All 3 approaches are different ways to estimate the same number which is market value or what a property would most likely sell for.

The 3 approaches to value:

1. Cost Approach
2. Sales Comparison or Market Approach
3. Income Approach

Cost Approach

- ▶ Theory: A buyer will not pay more for a property than what it would cost to buy land and build, subtracting depreciation.
- ▶ The cost approach is the basis of valuation in every county because it can easily be applied to all types of properties.
- ▶ Pennington County uses Marshall Valuation Services as a source for construction costs. State administrative rules requires either Marshall or Vanguard.
 - ▶ Marshall Valuation Service is the industry standard and is used by independent appraisers, insurance agents, and other professionals.
 - ▶ Pennington County verifies the accuracy of these costs with local data.
- ▶ Depreciation is estimated using Marshall Valuation Services and local sales of properties.
- ▶ Land is appraised using sales of unimproved land.

Marshall & Swift®
Valuation Service



Sales Comparison or Market Approach

- ▶ Theory: A buyer will not pay more for a property than what they could purchase a similar property, after accounting for differences.
- ▶ The most applicable to typical residential properties.
- ▶ Our computer software, Orion, from Tyler Technologies, analyzes approximately 6,000 sales over a 3 year time period.
 - ▶ We utilize a multiple regression analysis of the sales information, a common method used by both county assessment offices across the country and independent appraisers.
 - ▶ Our software also selects the 5 most comparable sales for every property and adjusts those sales prices toward an indication of value for the subject property, just like any appraisal report.



Income Approach

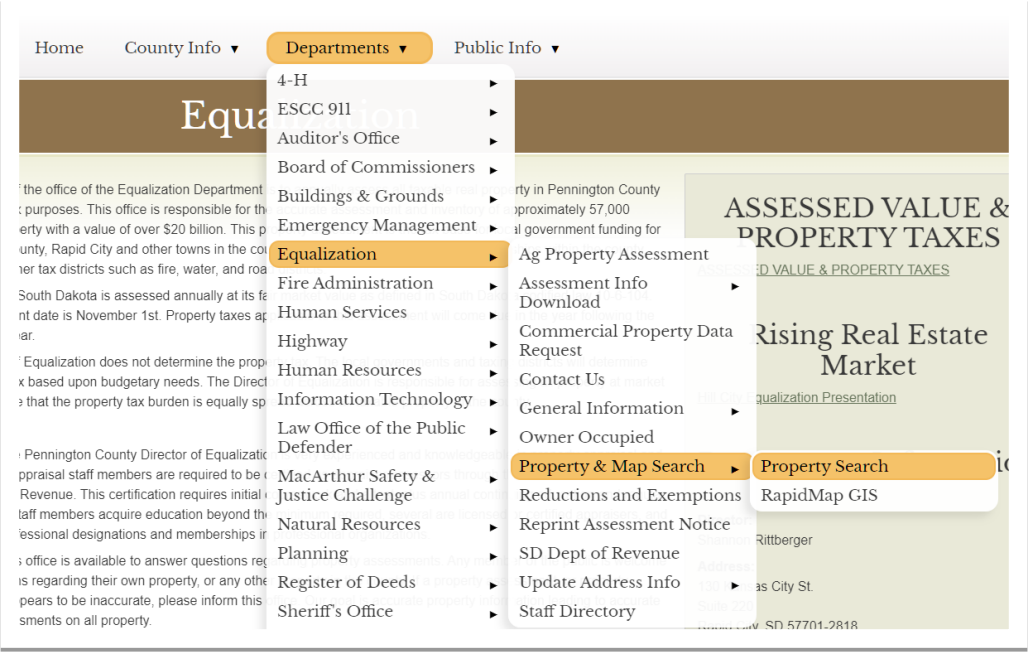
- ▶ Theory: A buyer will estimate typical income and expenses from a property, then capitalize that net income with a desired rate of return into a purchase price.
- ▶ This approach is the most applicable to income producing properties such as apartment buildings and motels.
- ▶ Pennington County surveys property owners for income and expense information as well as collects rent and capitalization rate information from local market sources.

Assessment Notices & Online Data

- ▶ Once assessment notices are mailed, Pennington County posts all assessment information online for free access to anyone.
 - ▶ Pennington County is the only county in the state to provide all of the data that we know about a property online, and the only county to make that available for free. (www.pennco.org/equalization)
 - ▶ Property owners can review the accuracy of their property data and compare to their neighbors to ensure equality.
 - ▶ Sales information is also provided online so property owners can see what similar properties have sold and for how much.

Pennington County Real Estate Assessment Notice			
Year: 2024		Notice Date: February 21, 2024	
Pin: 20 32 177 001	Tax ID: 23833	OWNER OCCUPIED	
2023 Value: 199,800	% Change: 2.90%		
Situs Address: 818 ROUBAIX DR			
LEGAL DESCRIPTION: GRAYS SUBD; LOT 29 OF 2 OF TRACT N			
Type of Property	Value Structure	Value Land	Value Totals
Agricultural			
Exemption			
Balance Assessed (Ag)			
Other			
Owner Occupied	148,300	57,300	205,600
Discretionary			
Balance Assessed	148,300	57,300	205,600
Acres	0.23		
Municipality/Township	RAPID CITY, CITY OF		
School District	RAPID CITY SCHOOL DISTRICT		
IMPORTANT INFORMATION REGARDING OWNER OCCUPIED			
Please check the Owner Occupied classification at the top of this page. If this property was your principal residence as of November 1st, it is important that this notice indicates OWNER OCCUPIED. The property may also be occupied by a parent of the owner or an adult child with a disability. Owner Occupied classification will result in a lower tax levy and lower property taxes. To apply for the owner occupied classification, please contact the Department of Equalization by March 15th or apply online at www.pennco.org/oo .			
Other Tax Relief Programs			
Property owned and occupied by a veteran (or the veteran's surviving spouse, who has not remarried) who is rated as permanently and totally disabled from a service-connected disability may be eligible for tax relief pursuant to SDCL 10-4-40 and SDCL 10-4-41.			
A dwelling specifically designed for use by a paraplegic as a wheelchair home that is owned and occupied by a paraplegic veteran, a veteran with the loss or loss of use of both lower extremities, or the veteran's surviving spouse may be eligible for tax relief pursuant to SDCL 10-4-24.10.			
A dwelling owned and occupied by a paraplegic or an individual with the loss or loss of use of both lower extremities may be eligible for tax relief pursuant to SDCL 10-4-24.11.			
A property owned by a citizen who reached sixty-five years of age or who is disabled and meets low income criteria may be eligible for tax relief pursuant to chapter 10-6A.			

Online Information Available



**Pennington County Equalization Office**

HOME

Property Search

Enter any combination of name, address, or property identifier

Q

Advanced Search

Return to search

Property

R5218

2024 Owner

HENNIES, HOLLI A

Property Address

818 ROUBAIX DR

2024 Assessed Value

\$205,600

Print

Summary

Details

GENERAL INFORMATION

Parcel ID

20-32-177-001

Property Status

Active

Property Situs Address

818 ROUBAIX DR

Tax ID

23833

Legal Description

Grays Subd, Lot 29, OF 2 OF TRACT N

Primary ABS Code

NAD15

Living Units

1

Zoning

-

Neighborhood

54.0 - S. Canyon Rd/City Springs Rd

Tax Unit Group

4D - RC - -

Exemptions

COST APPROACH VALUE

Residential

\$147,400

Commercial

\$0

Other Improvements

\$900

Manufactured Homes

\$0

Total Improvements

\$148,300

2024 OWNER INFORMATION

Owner Name

HENNIES, HOLLI A

Mailing Address

818 ROUBAIX DR RAPID CITY, SD 57702-0172

Additional owners

No

PROPERTY FACTORS						
Topography	Utilities	Access	Location	Parking Type	Parking Quantity	
Level - 1	All Public - 1	Alley - 7,Paved Road - 1,Sidewalk - 6	Neighborhood or Spot - 6	-	-	

VALUE INFORMATION		
	Land	Building
Agricultural	\$0	\$0
Non-Agricultural	\$0	\$0

ASSESSMENT VALUE HISTORY			
Tax Year	Land	Building	Total Assessed
2022	\$52,000	\$132,500	\$184,500
2023	\$54,600	\$145,200	\$199,800
2024	\$57,300	\$148,300	\$205,600

MARKET LAND INFORMATION											
Method	Type	AC/SF/Units	Inf1	Fact1	Inf2	Fact2	Model	Flat Value	Unit Pr Ovr	Value Est	
Acres	0.23	-	-	-	-	-	54.0	-	-	\$57,330	
Calc Land Area				0.23	GIS SF		-	Total			\$57,300

BUILDING PERMITS					
Number	Issue Date	Amount	Status	Type	Description
52142	1/1/1901	\$0	Closed	-	GREENHOUSE

SALES INFORMATION						
Date	Type	Sale Amount	Src	Validity	Inst. Type	Instrument #
12/27/2019	Land and building	\$0	-	Related individuals or corporations	Decree of Divorce	20-430

Audit - S.D. Department of Revenue

- ▶ The South Dakota Department of Revenue is responsible for auditing the accuracy and equality of assessed values as well as office procedures.
 - ▶ Mass appraisal accuracy is measured by a sale ratio analysis
 - ▶ Assessed value / Sale price
 - ▶ The results of the audit are provided to every County Commission every year and are available to the public.
 - ▶ State statutes set 2 primary standards of assessment accuracy:
 - ▶ 1. Median sale ratio is a measure of the level of assessment; and
 - ▶ 2. Coefficient of dispersion is a measure of the uniformity of assessment.

Pennington County has not only met those statutory standards but far exceeded them every year for at least 16 years.

Additional statistical measures of accuracy

- ▶ Pennington County utilizes several additional statistical measures of assessment accuracy and we measure accuracy and equality from neighborhood to neighborhood as opposed to only county-wide.
 - ▶ Property owners can be sure their property is appraised using recent sale prices and market information from their neighborhood.
 - ▶ Properties in Wall, SD are assessed based on the market in Wall, not the market in Rapid City.
 - ▶ Properties in North Rapid City are assessed using sales in north Rapid, not sales in the West Boulevard area.
 - ▶ Property owners can also be sure that the accuracy of assessed values in their neighborhood is equal to other neighborhoods across the county.

Common Assessment Misconceptions

- ▶ **The county applies a ‘blanket increase’ to last year’s assessed value.**
 - ▶ Every property is assessed at market value this year. The assessed value from last year is not a starting point, basis, or factor in the assessed value for this year. The process is much more complicated than that.
- ▶ **Your assessed value is 85% of market value.**
 - ▶ State law clearly requires the county to estimate the ‘full and true value’ of all property as of the legal assessment date of November 1 prior to the assessment year.
- ▶ **A higher level of assessment in one county results in higher taxes than another county with a lower level of assessment.**
 - ▶ The individual taxable factor applied to every county assessment by the state changes each level of assessment to 85% of market value.
- ▶ **If assessed value increases, so will taxes.**
 - ▶ Taxes are determined by each individual tax district and based on the amount needed to run operations and provide services. Taxes set by the taxing entities will be collected regardless of whether assessed values rise or decline.

Questions?

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