

**OFFICE OF THE PERKINS COUNTY
DIRECTOR OF EQUALIZATION**

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2017 PROPERTY VALUES

The Director of Equalization (Assessor) is the governmental official responsible for discovering, listing, and valuing all taxable property for ad valorem tax purposes.

The local Assessor is regulated by legislation established under Chapter 10 of South Dakota Codified Law. SDCL 10-6-33 states “All property shall be assessed at its true and full value...” Additionally, 10-6-1.3 goes on to define the term “full and true value” to mean “the price in money that property will bring in a competitive and open market under all conditions necessary to a fair sale.” All property transfers occurring in the County are reviewed by the State Department of Revenue for accuracy and verified to be fair sales.

By definition, equalization is the process by which an appropriate governmental body attempts to ensure that all property under its jurisdiction is assessed at the ratio required by law. South Dakota sets its ratios according to SDCL 10-6-33.8 stating, “The median sales to assessment ratio of all real property may not be less than eighty-five percent or more than one hundred percent.” The Assessor is expected to make the necessary adjustments to the valuations so that the median ratio stays within the standard set forth by the state legislature.

To meet this expectation, an annual market study is conducted of sales submitted to the County. The objective of the market study is to compare the current level of assessment to current sales prices. This comparison produces the assessment ratios. The list of ratios is assembled, arrayed, and the median determined, adjustments calculated, applied, and values set. Each assessing year stands on its own, requiring annual sales analysis and adjustments to values to meet the local market.

The current market study that consisted of 43 good sales netted a median ratio of 78%, well below the stated minimum standard of 85%. A three-year study was also conducted to test the validity of the upward trend in sales prices, concluding properties are selling well above the assessed values. In response to the study, the 2017 values increased in three main non-ag areas: Bison residential structures increased 7%, Lemmon residential structures increased 15%, and its rural non-ag structure increased 40%. The percentage increases are then applied to the current sales and a new median ratio is calculated. The increase to the urban

residential structures in Lemmon and Bison netted a 92% and 91% median, respectively. Rural non-ag structures, however, seem to be a bit more obstinate.

Perkins County has a variety of unique segments related to the structure of population and natural barriers. Barring these barriers, countywide, the rural non-ag median ratio for current sales was 33%. Additionally, the three-year study consisting of 10 sales netted a median ratio of 50%, drastically below the minimum allowed by the State. A shift in demand and a short supply has pushed the prices being paid for these rural properties higher and higher.

Prior to 2017, rural non-ag structure values were adjusted to 60% of the depreciated value. This adjustment to value is commonly referred to as a location adjustment. The sales analysis performed did not indicate a potential buyer would pay 40% less for a structure if it were located in a rural setting versus a comparable structure in an urban setting. As a result, the 2017 assessment for rural non-ag structures are being assessed at full depreciated value. After removing the adjustment to the current sales, the new median ratio continues to linger below the minimum standard at 40%. At the end of the day, when the increases are applied to the original 43 sales, the countywide median rose to 92%, a solid ratio for the County as a whole.

What about next year? The Department will continue to vet every sale to ensure the accuracy of next year's market study. In addition, the Spring of 2017 marks the start of a new reappraisal cycle to increase the accuracy and consistency of valuations. Ultimately, the goal of the Department is to promote equality in assessments so that all individual owners pay only their fair share of the property taxes.