Challenges of Equalization - Defeating Outliers and Enhancing Representativeness
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ABSTRACT TEXT: Equalization often requires application of statistical methods to determine underlying taxable property value of a jurisdiction or class of property. While traditional ratio studies are used for this purpose, value outliers can influence results in a non-representative way. While the IAAO standards and literature present many ways to identify and correct for ratio outliers, there is limited discussion of correcting for value outliers.

This presentation will expose property tax administrators concerned with value based equalization to additional methods of creating ratio studies that are more representative of the distribution of values, not just properties, in a class or jurisdiction. The presentation will be based on methods actually used in Idaho and described in an article that has been approved for publication in a soon to be published peer reviewed journal.

In addition, the presentation will focus on related legal and technical equalization challenges faced by Alaska. Both Idaho and Alaska face many unique challenges, especially as neither state has mandatory sale price disclosure laws. Similar lack of disclosure law affects Texas, which is also heavily involved with jurisdictional value determinations for equalization of school funds.