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Trends in the Property Tax Valuation of Commercial Outdoor Advertising Structures

Part Two

by Cris K. O'Neall and Bradley R. Marsh

Billboard Assessment Practices in Major States

Several states have adopted regulations, or promulgated standards, for the property taxation of outdoor advertising structures. The taxing authority in each of these states has concluded that the cost approach is the most appropriate method for valuing billboards. Because most of these states have significant billboard populations, the practices in these states are indicative of a national trend in the valuation and assessment of billboards for property tax purposes.

California

Created in 1879 by a constitutional amendment, the California State Board of Equalization (CASBE) assures uniformity in the assessment practices in California. One of the many ways in which the CASBE accomplishes this is by issuing publications to county assessors and taxpayers. These statements do not have the force of law, but are considered to carry "great weight."

In May 2002, in response to the lack of uniformity in assessments and a growing number of local property tax appeals, the CASBE began the process of establishing guidelines for the assessment of billboards. Industry representatives, local assessors and CASBE staff met to draft guidelines for billboard assessments. After several meetings and a formal hearing, "Guidelines for the Assessment of Billboard Properties" ("Guidelines") were promulgated by the CASBE on December 3, 2002.

The majority of the Guidelines is dedicated to valuation. Three generally accepted approaches to value were considered: the cost approach, the comparative sales approach (using a gross income multiplier) and the income approach (using direct capitalization with a sales-derived overall capitalization rate). Although the guidelines say any of the approaches could be used, the CASBE determined that the appraiser should, in most cases, use the cost approach to value billboards for property tax purposes.

The cost approach was preferred because it excluded value relating to intangibles. In California, as in many states, intangibles are not taxable. The approach was also seen as administratively efficient. It is often difficult to isolate the value of an individual billboard because billboards sell in groups and advertising is sold by demographic or market area. Under the Guidelines, a cost new value is given to the property, depreciation is subtracted and the value of land is determined (using comparable sales) and added.

Calculating the cost new requires consideration of both hard and soft costs.

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IDEAS FOR YOU

When to return phone calls

Time-management experts recommend setting aside an hour a day to make and return your phone calls. But which hour? The best times of day are the first two hours of the morning and the last two hours of the afternoon. That's when most people are in the office and accessible by phone.

-Adapted from *How to Organize Your Work and Life* by Robert Moskowitz

Don't be afraid to delegate employee recognition

Face it. Some managers are not good at handing out praise. If recognizing employees is hard for you, delegate the task. Find a key employee on your staff who enjoys (and is good at) making people feel good. Make employee recognition a formal part of his or her job description; this will free you to handle the work you do best.

WHAT'S INSIDE

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The President's Message

"Enlarge Your Territories"

Have you ever read the "Prayer of Jabez" ? It is a powerful little prayer that yields large results. I have prayed this prayer. My territories are enlarging.

I started my assessment career in a quiet little seventh class county north of Harrisburg. I am now employed in Berks County, a not so quiet 3rd class county southeast of Harrisburg. What a culture shock.

For almost 20 years, my exposure to the outside assessment world was limited to a few chapter meetings here and there, but goodness forbid anything else. Attending a conference was unheard of for the female, "girl" employees. It was said that… "a conference is no place for a lady." (What the heck was going on there???) So, unfortunately, any AAP exposure was rare for me.

Then things started to change in 1993 when I became a Chief Assessor. This position required state-certified accreditation, which in turn required continuing education. Woo-hoo!!! I got to travel. I got to see some of the state! No home correspondence course could make me a CPE. I was traveling from the comfort of my little county home and heading to the big city… **Harrisburg**… and beyond!!!

This was great. Meeting people, experiencing new places, learning new ideas. I had the wonderful opportunity to network with people



who understood my problems and situations. People who had a lot to offer. There were vendors with programs and products suited and ready for meeting and achieving various assessment needs.

There was a whole *statewide* wealth of knowledge and resources! How far we have come, (females from small counties now allowed to attend conferences). How far have we yet to go?

Now if I were to presume that based on the discovery of such professional treasures just outside the confines of one's own little county… what must lie beyond our state lines?

AAP: We are all about education. The more you know, the better things will be.

Beyond the AAP is the IAAO. *To find out more, please read the IAAO article on page 10.*

Peace and Prosperity,

Brenda

PA Map and Assessment Offices

by Jerry Jespersen, CPE, Warren County Chief Assessor

Recently I was contacted by Eric Brown of Wyoming County and asked to do an article on PA MAP and how it affected assessment offices in this Commonwealth as I have the unique position of being the only one from the assessment world that currently serves on the PA MAP Advisory Committee.

Over the past 20 years, I have wondered what it would take to get better mapping in our own assessment office. I have been asked in the past which side of the potatoes in the garden that the property line ran, been asked for lot dimensions, locations of corners and many other items that should come from surveys. I always have said that our maps are for assessment office purposes only. In my early years all we needed was a location and size of lot and we had everything that was required for assessing land.

As time has progressed our demands on maps have changed. We now need soil types, ground cover, as well as size of lot, location of lot, topography, among many other mapping attributes, to do our jobs effectively. The ability to work from computers in our everyday tasks has also become more of a need than a luxury.

Last summer I did a survey in which I called every Pennsylvania assessment office. I found that 24 counties did not have CAMA systems, but those that did not were working toward that end. Also 30 counties had working GIS (Geographic Information Systems) and an additional 14 counties were working on installing GIS systems. These systems will allow us to work more efficiently, as more data regarding mapping is able to be integrated with our CAMA systems to assure that our valuations will be more accurate as we are able to consider more factors in the valuation process. It will enable us to more graphically chart sales and delineate neighborhoods.

What connection does all of this have to do with PA MAP? PA MAP is a joint effort by many state agencies to create a base map of the Commonwealth that is accurate, seamless, up-to-date and affordable. The enabling legislation for this project was House Resolution No. 882, session of 2004.

My county recently had aerial photography done for enhanced 911 uses. The photography was also used to develop the following themes or layers of data: road centerlines, municipal boundaries, hydrology and planametrics (building outlines). The county's cost was about $267,000; this did not include digital ortho photography, which would have been another $268,000. The pixel size on this work would have been one meter, which means that nothing smaller than one meter would have been distinguishable. It also was black and white photography.

What PA MAP is producing in the base map is mapping that has a resolution of one foot. The photography is in color and will be re-flown every three years. This map will be seamless from one end of the state to the other. Also beginning in 2006, 21 counties will be flown with LIDAR technology, which will produce contours of two to four feet.

This mapping is intended to be a base map of Pennsylvania that is quite accurate positionally as GPS (Global Positioning). It will also be used as a control to ensure that it is as globally correct as possible. This is a joint venture of all of the major state agencies, the United States Geological Survey and counties. Funding, and it appears that it will continue, has been primarily through the Department of Conservation and Natural Resources, Pennsylvania Department of Transportation, Pennsylvania Emergency Management Agency and many other state agencies. One of the many perceived benefits of this program

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DEADLINE for the Spring 2006 issue is 5, 2006

Article ideas and submissions are welcome. Send them to:

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MEMBER-ABILIA



Chris Savage
Butler County

Name: Christopher P. Savage

Position: Assistant Chief Assessor

County: Butler

Birthplace: Bellevue

Marital Status and Family: Single

Years in assessment office: 20 years

What irritates me the most in the assessment business: Low-balled appraisals

Most people would be surprised to know: Last week I could not spell (asesor) now I are one!!!

Biggest challenge as an assessor: Lazy people

Goals for life and career: Quit smoking!!! Win the powerball!!

Assessor you most admire: Robert Hanisits

If I couldn't be an assessor, I would be a: Chef

Favorite food and drink: Lasagna, Southern Comfort

Favorite Vacation: Nine months in Mexico

Hobbies and Interests: Cooking and Trains

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Chapter Notes and Other News

Adams County News
Congratulations to Assistant Chief Assessor, YVONNE ARRISON who retired on August 26th after 20+ years of employment with the County. Good luck and hope you enjoy retirement!

Lebanon County News
Congratulations to NORMA J. P. SANDO, former Chief Assessor and Property Appraiser who has, after almost 32 years, retired from the Lebanon County Assessment Office and has accepted a position as a Property Appraiser with Berks County Assessment Office. Congratulations, Norma and good luck in your new position.

Berks County Assessment Office *Retirements* Congratulations to SHEILA BUNCH, a second generation assessor, on 32-years and MAUREEN (KELLY) MILESKI, on 26-years; and MARLY FREYBERGER ROSSI, after 33-years of service. Best wishes.

New Assessment Office Personnel BRANDON SWEZEY, Adams County and MELODIE PETERSHEIM, Lancaster County

South Central Chapter As of January 1, the new South Central chapter president is KEN GORDON of Dauphin County and the new secretary is ANNE TEAL of Perry County

Laurel Mountain Chapter TAMARA FORGAN is now the Chief Assessor of Cambria County. She is taking the place of retiring Chief Assessor, Sandy DiFrancesco.

The next **South Central Chapter Meeting** will be on Friday, March 24, 2006 at the Adams County Agricultural and Natural Resources Center in Gettysburg. A three-hour class on Damage Assessment will be offered. Please contact Barb Walter at 717-337-9837 for more information.

The **South East Chapter** will have a meeting and seminar on Wednesday, March 29, 2006. The subject is "Blueprint Reading" and will be 5 credit hours. The following dates are the 2006 meetings, all Wednesdays: June 28, September 27, and December 13. Contact: Mark Jackowski, Bucks County at 215-340-8282 for more information.

The **AAP 2006 Annual Conference** will be held on May 17-19 at the Hershey Lodge and Convention Center. Registration materials will be mailed and available on the AAP website in March.



If you have something to share with AAP People, contact:

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PAMAP continued

is to eliminate redundant digital ortho-photo mapping activities prevalent between county, regional councils of government and state agencies.The bottom line is that the cost to the counties for this data is $0. In fact counties are paid a figure, not to exceed $40 per square mile, to assist in developing their own data from this mapping (street centerlines, parcels, municipal boundaries, whatever the county needs in this area).

What is required is an exchange in data when developed, which includes the following data sets: road centerlines, moumentation, hydrography, buildings, parcels and various boundaries. It is asked that these data conform to Pennsylvania Geospatial Data Sharing Standard (PGDSS).

I, as an assessor, have seen no down side to using the PA MAP data as there is no cost for the digital ortho map, which many of us cannot afford otherwise. The data that is needed to be developed will be developed or extracted for our own use anyway, and we will be receiving new data every three years at no cost. We will be able, by using a split screen, to call up both current data and 3-year-old data side by side and look for changes in developments, or new buildings, or additions and land use. Assessment offices will be able to see changes in land cover over a period in time, which is especiallly useful for clean and green purposes. This is not only a way for us to be continually updating our mapping on a regular basis, but to be doing so on the same media that will be used by many of the other State agencies.

I have only scratched the surface in this matter, but I know that there is much confusion and uncertainty about PA MAP and much more infomation can be obtained on the PA MAP website. www.dcnr.state.pa.us/topogeo/pamap/index.aspx. cmarkel@atsincorp.com or Dr. Jay Parrish at jayparrish@state.pa.us.

For those of you that feel that mapping really is not something that concerns us very much, I would refer you to Purdon's, title 72:5453.306, "It shall be the duty of the board not later than January 1, 1958 to establish, through its chief assessor and staff, a permanent records system, and thereafter to keep it current, consisting of (1) Tax maps of the entire county drawn to scale or aerial maps, which maps shall indicate all property and lot lines, set forth dimensions or areas, indicate whether the land is improved, and identify the respective parcels or lots by a system of numbers or symbols and numbers whereby the ownership of such parcels and lots can be ascertained by reference to the property record cards and property owner's index."

I am not proposing that PA MAP be used to replace what we already have, but as another opportunity to improve our tools in order that we may value properties in an ever increasing professional manner, which has been a hallmark of the assessors in Pennsylvania.



The Pursuit of Property Tax Reform

by Brinda Carroll Penyak, CCAP Director of Government Relations

In the Senate, work has focused on a new Act 72, and a bill to revisit and alter what was perceived to have been wrong with Act 72 were "fixed" with a repeal of that act, and a similar act advanced to replace it. This proposal relies on gaming funds, but removes the earned income tax mandate. The proposal maintains a front end and back end referendum in every school district.

The Senate sent a proposal to the House just hours after action in that chamber to shake out a direction using a rare "Committee of the Whole" to advance proposals and concepts as recommendations to the full body. The Senate then recessed awaiting word on whether the House would adopt the proposal presented by the Senate, or remain committed to a direction approved during the straw vote held in that chamber.

During the "Committee of the Whole" session, legislators advanced proposals using concept papers. There were no minutes kept and no votes were recorded. A "straw vote" was taken on each proposal. A total of 23 proposals were offered, ranging from total elimination of property tax to partial elimination, plans that use sales tax with an expanded base, plans which increase the sales tax, plans that increase the state personal income tax, and local earned income and personal income taxes, to proposals that utilize gaming dollars. After nearly 10 hours of debate, the House mustered a majority of votes for only three of the proposals, including plans to expand the sales tax base and increase the rate of the state personal income tax, a proposal to use gaming funds to offer property tax assistance to those who qualify for currently state lottery funded property tax and rent rebate programs, and a proposal to allow property taxes to be paid in installments.

The Governor had expressed support for the Senate passed bill and continued his urging of the House and Senate to reach agreement and send him a bill before Christmas recess. The House instead approved a plan amended into an unrelated Senate bill that expands the sales tax base, and increases the Personal Income Tax, among other proposals. The House also rejected the Senate approved plan, noting that it doesn't provide enough property tax relief. As this publication goes to press, the Senate is expected to return early in January to take a look at the House plan in a Committee hearing. It is possible that the matter will be sent to a conference committee for a resolution sometime in the new year.

PA Supreme Court Issues New Ruling-by Carl G. Wass, Esquire

The PA Supreme Court wiped out 46 years of precedent when it overruled its own decision declaring that church parking lots were not constitutionally entitled to exemption from real estate taxation.

In December 1959, the PA Supreme Court in Second Church of Christ Scientists of Philadelphia v. Philadelphia had interpreted the language contained in the PA Constitution which authorized the granting of tax exemption ("actual places of religious worship") to mean lands owned by the church, but used solely for parking of motor vehicles by its parishioners would not qualify for tax-exempt status.

In December 2005, with only Chief Justice Cappy dissenting, the Supreme Court declared that "times have changed since Second Church was decided in 1959," and affirmed a lower court decision that two vacant lots used by a Dauphin County church solely for parking purposes was entitled to real estate tax exemption.

The Dauphin County Tax Assessment office and its Board of Assessment Appeals had consistently applied the "not an actual place of religious worship" principle of Second Church in rejecting requests of county churches to have parking lots declared tax exempt.

In the 2005 case, a church had existed for 150 years most of whose worshipers lived within walking distance. As society became mobile, church membership and financial support began to decline and, to maintain/increase membership and attendance, the church purchased adjacent vacant lots for parking. This proved successful as membership grew to 700 members by 2001, with attendance increasing from about 200 to 350 persons. Citing this success, the church argued that having parking lots for its parishioners was just as necessary as having access to public streets. The Dauphin County Court agreed as did the PA Commonwealth Court, and, finally the PA Supreme Court.

Chief Justice Cappy set forth the dissenting opinion that observed the PA Constitution clearly provided exemption only for "places of regularly stated religious worship." He also noted that arguments used in the 1959 case were arguments used in the current case. He noted that from a factual point, there was virtually no distinction between Second Church and the current case. He did agree with his fellow Justices that "Times have changed since Second Church was decided in 1959."

So although there has not been any relevant change in the PA Constitution between 1959 and 2005, since "times have changed" that Constitution will be now be viewed in a different light. As declared by the Court ". . .. if a church proves its parking lots are a reasonable necessity to the existence of the church itself, those lots are entitled to such [tax-exempt] status."

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LEGISLATIVE UPDATE

by Philip Light, CPE and Westmoreland County Commissioner

The legislative session is halfway completed and property tax and assessment reform has not been accomplished. The General Assembly has been in a special session on taxation since October. That session has produced 69 special session house bills and 16 senate bills along with a couple of resolutions that came to a head on December 20 with the defeat of Special Session Senate Bill 30 in the House by a vote of 52 to 143.

In December, the Senate adopted Special Session Resolution 3, to require that the Legislative Budget and Finance Committee, in consultation with the Local Government Commission, determine the amount of revenue needed to eliminate all local property taxes levied by school districts, county governments and local governments, and that the Legislative Budget and Finance Committee determine the amount of revenue generated by each statewide 0.1% increase in the Personal Income Tax, by each 1% increase in the Sales and Use Tax and that the Legislative Budget and Finance Committee report its findings to the Senate within 60 days of the adoption of the resolution. The special session reconvened on January 3, 2006.

In the regular session there are 79 house bills and 36 senate bills of concern. Some are a direct result of the special session and mimic bills introduced in that session. Most of them deal with altering Act 72 or eliminating it and some deal with providing more relief for low-income senior citizens. House Bill 2193 would change the definition of "Homestead Property" to include property not being used as the domicile of the owner if it does not generate an income. House Bill 2227 would establish the Commission on Property Tax Reform and Restructuring to help the General Assembly with this troublesome issue. And, a real effort towards meaningful tax assessment reform is House Bill 2273 that would consolidate the specific county assessment codes pertaining to 2A through eighth class counties. However, it would not affect 1st and 2nd class counties. Also, it might be a good idea to keep an eye on Senate Bill 854.

On December 20, 2005, The House, after defeating Special Session Senate Bill 30, amended Senate Bill 854 to include School property tax reform issues.

The General Assembly did pass two new acts. Act 71 requires all 2nd class county municipalities to establish a millage reflecting no increase in taxes upon a reassessment or revaluation before voting to establish a mileage of no more than 105% of taxes collected prior to the reassessment or revaluation. Act 91 of 2005, requires school districts and municipalities in 4th through 8th class counties to set their millage following a reassessment of revaluation based on the amount of taxes levied the previous year before considering an increase in spending limited to 110 percent for school districts and 105 percent for municipalities.

For information, contact me at plight@co.westmoreland.pa.us or at 724-830-3411.

Hard construction costs for outdoor advertising signs (superstructure, foundation and infrastructure) vary depending on size and location. Soft or indirect costs may include identification and procurement costs. These vary from sign to sign and by locality. There is also a requirement that the costs reflect typical hard and soft costs.

After estimating cost new, the Guidelines instruct that the billboard be depreciated. This is done using the depreciation schedule for machinery and equipment published by the CASBE. The Guidelines do not indicate the expected life of a billboard and, as of this writing, this issue has not been resolved.

The Guidelines do not favor the sales approach because it is difficult to apply as billboards generally sell in groups. Although large numbers of billboards have sold either on the market or as a part of the sale of an entire billboard company, these "bulk" sales have not generally attributed value directly to the tangible property, as those terms are understood in the property tax context. This problem is further complicated because outdoor advertising structures are usually sold in conjunction with assignments of leasehold estates or possessory interests, and not with the fee interest in the land on which they are situated. The Guidelines note that serious and sometimes unquantifiable subjective adjustments must be made to comparable sales because outdoor advertising companies buy and sell billboards based, at least in part, upon the amount of advertising that the signs generate. This income stream represents a return on the hard assets as well as value attributable to management and labor, advertising contracts, goodwill and other intangible assets and rights, which are not taxable.

The Guidelines warn that gross income multipliers should only be used when the reported sale is very similar to the subject billboard property, and the reported sale must be adjusted to make it closely comparable to the subject billboard property in terms of income potential, expense ratios, location and physical characteristics. When it is used, many adjustments should be made, including removing the value attributable to non-billboard assets, and intangible assets and rights.

Finally, the income approach was disfavored in the Guidelines because the majority of advertising is sold based on showings. When a showing is sold, there is not an allocation of income to a particular billboard. It is difficult to get accurate data on an individual billboard. If an income approach is used, the Guidelines indicate that rental income is preferred to operating income, since operating income relates to intangibles and other non-taxable property (e.g., advertising contracts). The Guidelines say that billboard advertising income is equivalent to operating income and should not be used.

Florida

The Florida Department of Revenue supervises county property appraisers to ensure that property is fairly and uniformly assessed at "just value." The Department and Florida courts interpret "just value" to mean the fair market value of property, the value it would bring in an open market sale between a willing buyer and a willing seller, neither obligated to complete the transaction. In December 2002, the director of the Department received and concurred with the recommendations of a study on billboard appraisal done by the Florida Office of Program Policy Analysis and Governmental Accountability ("OPPAGA").

Among completed OPPAGA projects is a special review entitled "Property Appraisers Use Cost Approach to Value Billboards: Guidelines Need Updating." In the report, OPPAGA surveyed Florida's counties to discover how just value is determined in their assessment of outdoor advertising structures. The agency determined that of Florida's 67 counties, 66 used the replacement cost approach to assess billboards, not the income or sales approaches. The county appraisers said they used the cost approach because information on the sales price of individual billboards is difficult to obtain. In addition, the appraisers used the cost approach because of difficulty in obtaining sales rate information.

The report also disclosed that, in applying the cost approach, Florida assessors use depreciation schedules with residual values to determine the value of outdoor advertising structures. Although there is some variation, the great majority of counties use a 20-year schedule with a 20% residual value. A minority of counties use a 10-year schedule and/or a 30% residual value. This depreciation method is consistent with a majority of states and Section 179 of the Internal Revenue Code.

Ohio

All the powers, duties and functions of the Ohio Department of Taxation are vested in a Tax Commissioner who is appointed by the Governor and confirmed by the Ohio Senate. The Tax Commissioner is responsible for promulgating tax rules and regulations. While these administrative interpretations are not law, they are given deference by the courts.



The Ohio Department of Taxation annually issues a booklet, "Guidelines for Filing Ohio Personal Property Tax Returns" ("Ohio Guidelines"). The pur-

pose is to apprise the public of the manner in which personal property taxes are levied. The Ohio Guidelines indicate both what is personal property and how to value it for tax purposes using designated classifications and corresponding depreciation schedules. In the 2003 edition of the Ohio Guidelines outdoor advertising signs are designated as personal property. The tax on personal property is calculated using "true value." The true value system has been used for more than 60 years and has repeatedly been approved by the Ohio courts. True value accepts as prima facie evidence the value that is determined by calculating book cost less depreciation. This value is used unless evidence to the contrary is brought by the Tax Commissioner or taxpayer to show that the depreciated book value is greater or less than the true value of such property.

As a part of the true value determination, the class of a particular type of property must be determined. Each class of property is valued using a different depreciation schedule. The Ohio Guidelines categorize outdoor advertising signs as a Class II property: Machinery and Equipment Used in Manufacturing. Under Class II, billboards are depreciated over 10 years and have a 20% residual value.

Texas and North Carolina

Texas law gives the State Comptroller's Office the authority to advise local governments on property tax issues. The Comptroller publishes appraisal manuals and other administrative materials. Among those materials is an annual Field Appraisal Manual.

For years, the Texas Comptroller's Field Appraisal Manual ("Manual") has included a special billboard valuation section. The stated purpose of the Manual is to improve efficiency and consistency in county appraisals. The Manual's billboard valuation section was taken, almost verbatim, from the North Carolina Department of Revenue's Billboard Valuation Guide ("Guide"). North Carolina originally developed the Guide in 1988 through a collaborative effort among industry representatives, property appraisers and North Carolina Department of Revenue staff. North Carolina was an early leader in the property tax assessment of outdoor advertising structures.

The Guide discusses some of the inherent difficulties in appraising billboards including "determining the owner of the real property, where the sign is located, as well as various terms, etc., of ground leases." For this reason, the Guide states that billboards are personal property.

According to the Guide, outdoor advertising signs are valued using the replacement cost new approach. The Guide, however, differs from the majority of states in that it determines replacement cost based on tables and charts rather than historical cost multiplied by a factor. For instance, the Guide determines the class of the billboard by the size of the face. Each billboard class is costed out at a different price per square foot. There are also adjustments for a sign's height above ground, whether it is lighted and other aspects of its construction.

Sign values are determined by calculating the replacement cost new and then depreciating the cost. Wood signs are depreciated over 20 years, while metal signs are depreciated over 40 years. In either case, the Guide provides for a 35% residual value. The Guide also provides that functional obsolescence, physical deterioration, and external obsolescence must be measured and factored into the new value. Residual value is mitigated by adjustments left to the judgment of the local appraiser.

Wisconsin

The Wisconsin Department of Revenue oversees the collection of local taxes. The Department of Revenue has four major roles in property tax assessment. Among those roles are establishing local standards, equalizing values and ensuring local assessment compliance.

In Wisconsin, there are seven classes of real property and four classes of personal property. Assessors are required to segregate property into classes. Outdoor advertising signs are categorized in a miscellaneous personal property category called "all other personal property," A Statement of Personal Property must be filed annually by the property owner to declare the value of a billboard. The taxpayer is told to use Department of Revenue publications that depreciate billboards over 10 years using a minimum percent good or residual value, of 13.2%.

Conclusion

Because intangibles are exempt from taxation in most states, the emerging trend is to use the cost approach. None of the jurisdictions with large billboard populations has put into practice a system that suggests any other approach would be acceptable. Many states have warned that income and the comparative sales approaches tend to include intangible value and fail to overcome problems caused by analyzing advertising revenues generated by multiple billboards.

In applying the cost approach, almost all leading jurisdictions call for use of a cost new based on actual construction costs, either as reported by the billboard owner or using construction cost indices. States with larger billboard populations use straight-line depreciation. Billboard lifetimes and the minimum percent good figures fall within fairly narrow ranges. North Carolina and Texas have adopted a split approach, using 20 years for wood and 40 years for steel. A few other states have used 10-year trend tables. The majority of states and the Internal Revenue Code, give billboards a 20-year life. Most states have also concluded that 20% is a reasonable estimate.

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What's it like attending an IAAO Conference?

First things first: If it weren't for recertification credits, why would a Pennsylvania assessor go to an AAP Conference? Answer: Education. Whether you go for the networking with friends, comrades and coworkers, or Clean and Green information, or whatever, it all boils down to education. When you think AAP, you think education. And so it is with the IAAO conferences.

I've been to three so far. Each one is quite different. The locations are exotic to me. I've been to Los Angeles (2002), Boston (2004), and faraway Alaska (2005). Like our AAP conferences, they last about three days, but unlike our conferences, I plan to stay at each for a week.

When I spoke with Mary Lou Rudolph, she said her first, in Edmonton, Alberta (2000), was a stunning location. But the most memorable experience was Miami. Then she said the date which makes all Americans pause; 9-11-2001.

Last fall I caught up with Mary Lou and Hap Rudolph in Alaska. She said she enjoys meeting people from different areas and getting their opinions. Yet they were both critical of the brief classes, some as short as 45 minutes. The IAAO conference has an unusual way of scheduling classes. They run five completely different courses concurrently. They run four classes a day. They may run an Assessment Administration course, a Statistics course, a Personal Property class, New Mobile Equipment, and a Case Study all at once.

Of course we are fortunate. The IAAO does its best to address its global membership. Hap, a veteran of five IAAO conferences, helped me understand a bit of the history of the AAP. Twenty five years ago, names like Garrity, Porterfield, Wentz, Eibner, and Brosius wrestled ideologically between forging a closer alliance with the IAAO or creating a stronger AAP. We Pennsylvanians know what they decided and that's why we are fortunate. Hap remembered that the IAAO helped Communist countries build their tax base. At the same time the AAP has focused on it's members needs, which are specific to Pennsylvania. For states without a strong local chapter, the IAAO is the best thing out there. He's spoken with representatives from Florida, Utah, and Wyoming (the State, not the County) who all look forward to attending IAAO as their best source of education. Hap concluded that, "It's a good place to meet people from around the world and find out how they do things."

> IAAO affords you the opportunity to get a completely different view on similar subject matters in our appraisal field. You need to have different views in order to find correct solutions to assessment problems."
>
> *Tom Fetterman, STEB*

One personally attended seminar featured data collection. On hand were all the latest gadgets, including one of those really cool laser measuring devices. As the presenter showed off this new piece of chrome, he stated that it was so easy to use, just point the red dot, and squeeze the trigger. I thought, "and how do you measure the outside of the building?" He must have read my mind. He said he didn't find much use for these things outside the buildings until one of his staff figured out how easy it was to hang a "Post-it" note on the exterior corner of the building, walk to the far end, and shoot the note with the laser, measuring the building quickly and accurately.

I remember a networking lunch in Boston when I sat with folks from Kansas and Australia. The gent from Australia told a story about how he came up a few days earlier to see what the States look like. He decided to look up a fellow countryman, Mel Gibson. He drove up to the gated compound, and using the gift of gab given to most assessors, along with a strident Aussie accent, was granted a tour of the grounds. He assured us that "had Mel been there, I would've been in!"

Barbara Walter found in Los Angeles (2002) how we are not alone. I called her recently and said how I felt a bit like the little fish in the big pond when I went to IAAO conferences. She remarked that there's some truth to it, but everyone "has the same problems. We are all equal there." By everyone she means over one thousand people. That's how many go to an IAAO Conference. At the Alaskan Conference, they had over 75 walk-ins. "The thing is that we are all about education," Walter continued.

Each person I interviewed echoed a similar theme.

by J.P. Fox, III CPE, Lehigh County

The IAAO Conference is in Milwaukee, Wisconsin
October 8-11, 2006.
See details at www.iaao.org

When President Brenda Shaw (Boston 2004, Alaska 2005) was asked about her thoughts on the matter, she said, "Can you imagine someone from another state or even another country having information or knowledge of a product or program that could possibly make your job easier? I can." There have been vendors discovered at IAAO conferences who have attended our state conferences. Presenters discovered at IAAO conferences have presented at our AAP conferences.

Of course, it hasn't been a one-way street. In recent memory, our own Jeff Laudenslager has presented at the national level, as has Penn State's, Roger Downing.

In summary, the IAAO is a world-class organization full of professionals like yourself. It is dedicated to providing the best global education while offering a most enjoyable atmosphere. They strive to offer the best conferences with fresh ideas and perspective that enhance your level of expertise to the benefit of one's area of service.

"It's unfortunate that the IAAO classes do not qualify for re-certification points in Pennsylvania. The classes are well presented and the information received from them is a good tool to reference during your tasks and challenges at home. I also felt it was beneficial to receive information on case law set outside the state. This is helpful when doing briefs, etc. for cases going beyond your Common Pleas Courts." *Norma J.P. Sando, CPE, Berks County*



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