

U.S. Department of Education

Impact Aid Program

Section 8002, Payments for Federal Property

Instructions for Tax Assessment Official

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Purpose of the Section 8002 Application

The Impact Aid Section 8002 Program makes grant payments to school districts that have lost substantial financial capacity due to the acquisition of previously taxable property by the Federal government. Your participation in preparing this grant application is vital to the financial support of your school district(s).

Eligible school districts must submit applications annually to receive these funds. The applications provide data that the U.S. Department of Education uses to calculate payments according to a formula prescribed by the Impact Aid law. One factor considered in the formula is the “estimated assessed value” (EAV) of the Federal property within the school district’s boundaries that is eligible under the Section 8002 Program. The law describes these properties, generally, as real property acquired by the Federal Government during or after 1939. The EAV is a reasonable estimation of the value of the property for taxation for school purposes if the property were on the tax rolls. The Impact Aid law requires these estimates to be certified by you, the tax assessment official.

You are asked to complete three forms, Table 1, the supporting Table 1 Worksheet for each section 8002 eligible Federal property within your taxing jurisdiction, and Table 3 for your taxing jurisdiction.

The purpose of Table 1 is to:

- identify Federal properties within the boundaries of the school district that are eligible under the Impact Aid Section 8002 Program
- allocate proportions of the acreage of each property to taxable categories that you would normally use (for example, agricultural, residential, and commercial) according to your estimation of how the Federal property could reasonably develop in the near future (i.e., within two years) if it were available as privately owned property in the district
- report an average value per acre for each category based on the values of comparable taxable properties near the Federal property.

The Table 1 worksheet is an Excel 2003 file for you to use to establish the average value per acre for Column 4 of Table 1 based on the values of comparable taxable properties that you select. The purpose of Table 3 is to report the number of acres and the assessed value for tax purposes of each for the LEA within your taxing jurisdiction.

The Impact Aid regulations provide a thorough discussion of the estimation procedure.

Table 1

TAX ASSESSOR'S VALUATION OF SECTION 8002 ELIGIBLE FEDERAL PROPERTY

Table 1 lists Section 8002 eligible Federal properties and the size in acres of those properties, describes adjacent taxable property, and values the Federal property based on the value of the taxable property. If the school district has previously received section 8002 funds, the eligible Federal property(ies) and verified acres will be provided on Table 1.

Column 1 – Federal properties that were on the previous year's application are pre-populated on the table. Additional properties can be added to blank rows by clicking the drop-down arrow and selecting from the list that is displayed. Each property is listed once for each type of taxable adjacent property in Column 3.

Column 2 – The Number of Eligible Acres is the total verified acreage of each Section 8002 eligible Federal property within the taxing jurisdiction. For each property within a taxing jurisdiction, the same number of acres is repeated on each row on which that property is listed. The number of eligible acres cannot be increased or decreased unless appropriate documentation is provided and verified by the Impact Aid Program.

Column 3 – The types and proportions of data describe the property adjacent to the Federal property and indicate how you think the section 8002 property could and would be used if it were available to private owners. For instance, if the taxable property surrounding the Federal property is half forest and half residential with a small amount of commercial land, the proportions in Column 3(b) for those types might be 45%, 45% and 10%, respectively, if the section 8002 property is also adaptable for those purposes and there would be a need or demand for that type of use in the near future if the section 8002 property were available. If you are attempting to add a tax assessment category that does not appear in the drop down menu within the application, you may contact the Section 8002 analyst assigned to your state for assistance.

Column 3(c) – The taxable percentage represents the proportion of the acreage that would be taxable if it were not federally owned. For instance, if 15% of residential acreage consists of non taxable roadways, parks, churches, green spaces and schools, the taxable percentage would be 85%. The taxable percentage must be no greater than 99%. The taxable percentage may be different for each category of use. To continue the example above, the taxable percentage of forest land may be 98% while the taxable percentage of commercial areas may be 95%.

Column 4 – The average value per acre for each type of property comes from Column 9 of the Table 1 Worksheet.

Column 5 – The adjustment factor is any assessment percentage, ratio, index or other factor that your taxing jurisdiction uses to determine the taxable value of the adjacent property.

Column 6 – The average assessed value per acre is the product of the values in columns 4 and 5.

Certifying Official Name – Enter the name of the taxing jurisdiction and the name, title and telephone number of the tax assessment official who will sign the final printed copy of this document. This information will be shown on the print version of the form, which the tax assessment official must sign and date.

Table 1 Worksheet

The Table 1 Worksheet is an Excel 2003 file for you to use to establish the average value per acre to enter in Column 4 of Table 1. The worksheet uses the assessed values and acreages of comparable taxable properties to calculate a value for the related types and proportions of the section 8002 eligible federal property.

The worksheet is highlighted in yellow to show fields in which you are to enter data. The non-highlighted areas contain fields that will be calculated by formulas contained in the worksheet. You only need to complete data in the yellow highlighted fields.

For each property category, select a minimum of ten such properties representative of the type of development that has occurred adjacent to the section 8002 property and that could be expected on the Federal property, and list them along with their assessed values. For each, use the recorded value on assessment records before any adjustment, ratio, percentage or other factor is applied.

Identification Boxes (on top of form) – From Table 1, enter the taxing jurisdiction, the name of the section 8002 property, the number of acres of that property within that taxing jurisdiction, the name of the local educational agency (LEA) and the LEA's Impact Aid application number.

Column 1 – From Table 1 Column 3(a), enter each type of property adjacent to the Federal property, such as residential, commercial or agricultural. The pre-populated data on Table 1 show the types of properties used on your application from last year.

Use as many types of property as you need to describe the adjacent property. For instance, you may elect to use separate categories for single family homes and for apartment buildings. Make sure that the same types are on both the worksheet and Table 1.

Column 2 – From Table 1 Column 3(b), enter the proportion of the property in the category.

Column 3 – Do not enter a value in column 3. The worksheet calculates the product of the total acreage from the identification section and the proportion in Column 2.

Column 4 – Enter the identifying information, such as parcel numbers or owner names, of the comparable taxable properties that you have selected. You must select at least ten properties, so the worksheet is designed for that number. If you choose to use more than ten properties, you will have to insert additional rows in the worksheet for additional properties.

You can use fewer than ten properties for any single category only in limited circumstances. Generally, if you identify fewer than ten adjacent properties, you must replicate the property with the lowest value per acre to increase the sample size to ten. Any use of fewer than ten adjacent properties must be approved by Impact Aid Program (IAP) staff.

Column 5 – For each comparable property, enter “I” if the property is improved or “U” if the property is unimproved.

Column 6 – Enter the date (include the date, month and year) of the last sale or transfer of each comparable property.

Column 7 – Enter the assessed value of each comparable property. Use the value for each comparable property that is recorded on assessment records before any adjustment, ratio, percentage, or other factor is applied. For improved properties, the value should include both land and improvements. At the bottom of this column for each category, the worksheet calculates the sum of the values for each category.

Column 8 – Enter the acreage of each comparable property. Use the size for each comparable property that is recorded on assessment records. The worksheet calculates the sum of the acres for each category.

Column 9 – Do not enter a value in Column 9. The worksheet calculates the average assessed value per acre by dividing the sum of the assessed values by the sum of the acreage of the comparable taxable properties.

Table 3

ASSESSED VALUE OF TAXABLE REAL PROPERTY IN THE LOCAL EDUCATIONAL AGENCY (LEA)

List each type of taxable real property in the LEA and report the number of acres and the assessed value for tax purposes for each. If the LEA is located in more than one taxing jurisdiction or contains more than one taxing jurisdiction, the information will be listed for each jurisdiction separately. You are responsible for reporting on the taxable real property within the LEA boundaries and within your taxing jurisdiction.

Do not include the estimated value or acres for non-taxable Federal property reported on Table 1, since these acres would not be considered part of the taxable real property.

If this page is pre-populated with information provided by your LEA in last year's application, please update or correct items as needed to display current and accurate information. If you are attempting to add a taxing jurisdiction or tax assessment category that does not appear in the drop-down menu within the application, you may contact the Section 8002 analyst assigned to your state for assistance.

You will need to obtain the information necessary to provide accurate information for Table 3, which will be compared to the values on Table 1. You need to provide the total number of acres of each taxable type of property and the total taxable value of each type of property. If your taxing jurisdiction does not generally report acres for the types of taxable properties, you may provide a description of what values are being entered on Table 3 to include with the application and may be contacted about this at a later time by IAP staff. In the past, some applicants have reported that only the number of parcels in a specific category such as residential or commercial is reported rather than acres. Table 3 will be reviewed in comparison to the information provided on Table 1 to determine reasonableness of your estimated assessed value of the federal property.

Additional Information

Adjacent – “Adjacent” means next to or close to the section 8002 eligible Federal property. In most cases this will be the closest taxable parcels within the school district, but may be no more than two miles away from the section 8002 property. You may select properties further than two miles from the section 8002-eligible Federal property only where the Department of Education determines that it is necessary and reasonable for determining the aggregate assessed value of eligible Federal property by approving your request for an exception. Only in extremely rare circumstances will the Department approve values based on taxable parcels further than two miles from the Federal perimeter or outside the school district. The exception request to use parcels beyond two miles should be included with the application.

Highest and Best Use –Base your determination of the estimated assessed value of the section 8002-eligible Federal property upon the “highest and best use” of the comparable taxable properties adjacent to the section 8002-eligible Federal property. Highest and best use of adjacent comparable properties is determined based upon a highest and best use standard under State or local law or guidelines, if available. In the absence of State or local law or guidelines, highest and best use is generally based upon the current use of the adjacent properties including any improvements. Any standard used may not be exclusively for Section 8002 eligible Federal property and must include any improvements on that property, consistent with State or local laws or guidelines.

Highest and best use may not be based upon potential uses that are speculative or remote. You must take into consideration the extent to which the Federal property is physically adaptable for those uses and for which there would be a need or demand in the near future if

the property were not owned by the Federal Government. Within those considerations, you may consider the most developed and profitable uses of the property.

Recent Sales – “Recent sales” or “recently sold” means taxable properties that have transferred ownership within the three most recent years for which data is available. Recent sales for the FY 2013 application will refer to properties that have sold within the last 3 years as of January 31, 2012, which is the FY 2013 application deadline. In other words, recent sales for FY 2013 are generally parcels sold or transferred in calendar year 2009 or later.

When selecting adjacent properties as the basis for establishing the value of the eligible Federal property, you must calculate a recent sales proportion for each property category on the Table 1 Worksheet that you list recent sales. The calculation will be based on the number of recent sales within your taxing jurisdiction. You may include adjacent properties that are recent sales up to the following proportion (calculated as described below):

Calculate the following proportion (percentage):

$$\frac{\begin{array}{l} \text{The number of sales in each expected use category} \\ \text{for the three most recent years for which data are available} \end{array}}{\begin{array}{l} \text{divided by} \\ \\ \text{the total number of taxable properties in that category} \\ \text{for the most recent year for which data are available.} \end{array}}$$

Determine the number of recent sales that may be included with other selected taxable adjacent properties in that expected use category by multiplying the proportion obtained above by the total number of taxable adjacent properties selected for that assessment classification. If the resulting number is a fraction, round down to the nearest whole number to determine the maximum number of recent sales you may include for that assessment classification.

Significant Change in Value – If the reported estimated assessed value for the Federal property has changed by more than 20 percent (up or down) from the value reported on last year’s application, you must provide an explanation for this change. In the past, applicants have informed us that this was caused by reassessments in the district or resulted from a more thorough analysis of the Federal property and the properties adjacent to it. Whatever the reason, please provide a brief explanation.

Three-Year Cycle – The FY 2013 application begins a new three-year cycle. The parcels that you select to establish your EAV for the FY 2013 application will be used for the succeeding two application years. For those applications, you must use the same allocation of expected uses of the federal property and the same selected taxable properties, but you will need to update the values and acreages of those taxable properties if they have changed since the FY 2013

application. If a previously selected taxable adjacent property becomes unsuitable because it changes assessment classification, becomes tax-exempt or undergoes a change in character, you must substitute a similar taxable property from the same expected use category.

Examples – The Section 8002 program regulations contain examples of replicating a property value to reach a sample size of 10. Other examples include allocating a proportion to non-assessed or tax exempt uses, inclusion of recent sales and calculation of the base values, 8002 estimated assessed values and aggregate assessed value.

Further Information – The Impact Aid regulations at 34 C.F.R. section 222.23 provide more information about this process and also provide examples. You can find that document on the Internet at www.ed.gov/programs/8002/legislation.html.