Adopted 12/10/2010

Wyoming Department of Revenue
Chapter 9 Rules, Section 16
Present Worth Valuation Qualifications

(a.) All vacant land within a platted subdivision may be considered for present worth valuation; not all vacant land within a platted subdivision will qualify. All of the following qualifications must be examined before granting present worth valuation:

(i.) Land Qualifications.

(A.) The property must be located within a platted subdivision. Land divided through records of survey and other forms of dividing land does not qualify as a platted subdivision.

(B.) The property must be vacant. Any form of construction taking place on the individual lot will disqualify the parcel from present worth consideration. This includes, but is not limited to excavation for improvement. Smaller, non permanent structures such as, (tool sheds, moveable trailer, etc.) shall not disqualify the property from present worth consideration.

(C.) The property's construction phase must be completed and the lot must be ready to build upon. All intended infrastructure must be in place.

(D.) The intended property use may be residential, commercial or industrial. Property to be considered for present worth must be actively marketed for sale (taxpayer must be able to present evidence that the property is publicly available for sale as anticipated in the definition of fair market value).

(E.) The property should be appraised using present worth valuation only if the property is being sold as fee simple property. Property intended to be leased or being leased should not be considered for present worth valuation.

(F.) The present worth value of any given lot shall never be less than the value of raw land. Raw land is the lowest value; and in those cases where a long absorption period or high rate allows the indicated present worth value to drop below raw land, present worth shall not apply.

(G.) Subdivision infrastructure will vary within each development and where it is located. The appraiser/assessor needs to understand what is to be provided based on the location of the property and that infrastructure provided to similarly situated property. If any lots within a subdivision lack something that has been provided to other lots within the subdivision, then those lots are not ready for construction and are not eligible for present worth valuation.

(H.) Present worth may be applied regardless of the size of the subdivision.

(I.) Lots that have the complete infrastructure but cannot be built upon for other reasons (steep grade, trees, etc.) should not be given a present worth value.

(J.) Ag land shall not be considered for present worth valuation.

(K.) Lots gifted to friends or family must not be considered for present worth valuation. In addition, those lots may not be considered in the formula of calculating an absorption period.

(ii.) Applicant Qualifications.

(A.) The applicant must be the owner of the vacant lots and be actively marketing the property for sale. Those lots that are gifted to friends and family members, or those to be used for his/her own personal use will not qualify as that individual is an end user.

(B.) The property owner must annually request present worth valuation in writing. The applications will be developed by the DOR and shall be available in each County Assessor's office.

(C.) Builders or investors who purchase groups of lots within a subdivision may apply for present worth valuation. Builders and investors differ from individuals who buy lots for their own use in that they are not the eventual end user.

(D.) The applicant must not be the end user of the property to be considered for present worth valuation. By purchasing a lot to build a house, no matter how long it takes to build the house, the applicant has become an end user of the property. Builders and investors of lots with the intent to resell are not considered end users and can apply for a present worth valuation.

(E.) The applicant must be relying on the sale of lots for profit or reimbursement of funds invested.

(iii.) Absorption Period or Rate.

(A.) The absorption period must be greater than one year to qualify for present worth valuation. An absorption period of less than one indicates that all remaining lots will be sold within a one year period. When the absorption period becomes less than one year all remaining lots should be valued at full fair market value.

(B.) Often times in subdivision development a developer will sell several lots prior to completing the infrastructure. These "presales" should be counted as sales of the first month of the absorption period.

(C.) To correctly apply present worth values an absorption period must be obtained which, specifically defines the time period as starting at the initial offering of the lots and ending when all lots are sold. More importantly, it is an estimate of the time frame needed to market the inventory to the eventual end users. The assessor may consider granting a separate absorption period for each owner of land within a development. Much like developers, builders and investors will face the task of selling an inventory of lots over time and at least in part recouping their initial investment and making a profit through the sale of those lots.

(D.) The lots being considered for present worth valuation must be of the same use. If multiple uses exist within a subdivision, the lots should be separated for analysis as those different uses will account for different absorption periods.

(iv.) Discount Rate.

(A.) The Department of Revenue (DOR) will annually provide a discount rate that shall be used in the CAMA software. This rate will be developed by the DOR, or will be provided through nationally recognized rate services and appraisal companies. The DOR shall provide the rate to be used by the counties by January 31st.