

Implementation of the Revised Fair Market Values of Real Property Tax of a major City in the Philippines

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Abstract –*The implementation of the revised Fair Market Values among local government units especially in Quezon City government has a very significant factor to the mandate of the Local Government Code of 1991 and the Bureau of Local Government Finance in real property assessment and valuation which serves as the main source of revenue for the city. A study on its implementation relative to revised fair market values and the problems being encountered by Quezon City government in the revised Fair Market Values will serve as a fiscal policy enhancement and decision making strategies which could affect the compliance of the law as against the political influence that is very significant in the local settings. The study employed a survey method wherein all respondents belong to the Office of the City Assessor, Quezon City. They are the real property appraisers, tax mappers, and assessment personnel. The level of implementation of the revised fair market values of real property tax in Quezon City was measured. The study revealed that the respondents' answers to most of the variables on the level of implementation with regards to fair market values are with partial implementation only and that Quezon City government is partially compliant in the revision of Fair Market Values as the basis of real property tax. In addition, the most significant problems encountered during implementation is the presence of political influence in the valuation system. Lastly, there is no significant relationship between the degree implementation and the problems encountered during the implementation of the revised Fair Market Values.*

Keywords –*schedule of fair market values, real property tax, Real property assessment*

INTRODUCTION

A revision of Schedule of Fair Market Values is essentially needed by every local government units because basically it is mandated by law. The true market levels of properties are also being reflected

based on the updated base unit values. Furthermore, the real property tax base is also rationalized. In addition, it promotes not only transparency but also accuracy in the property market that serves an enticement or motivators to investors. Lastly, it provides an equitable and fair distribution of tax burden. [1]

Executive Order (EO) 292 otherwise known as the Administrative Code of 1987 [2] mandated the Department of Finance of being responsible for the supervision of the revenue operations of all government units (LGUs) and ensuring the implementation of necessary policies and measures on local revenue administration. (Valuation of Real Property (Sec 220 LGC).

The last General Revision of real properties in Quezon City was way back in 1996. Thus, the Department of the Interior and Local Government (DILG), the Department of Finance (DOF) and the Commission on Audit (COA) directed the Quezon City government to revise its outdated real property valuation citing Republic Act No. 7160, or the Local Government Code of 1991, which requires adjustments to property values every three years.

Mayor Herbert M. Bautista signed Ordinance SP-2556, S-2016 which addresses the 21-year gap since Fair Market Values for properties in Quezon City were last adjusted. [4].

The Quezon City Government enacted Ordinance No. SP-2556 Series of 2016[4], approving the adoption of the 2017 General Revision of Real Property Assessment which in effect updating Quezon City's Schedule of Fair Market Values. The 2016 ordinance was set to initiate the revision of the outdated FMVs of lands and base unit construction cost for buildings and other structures.

With the approval of the City Council, the Office of the City Assessor begun the process of its implementation more specifically for real property assessment on land. However, the updating of the

Schedule of Fair Market Values through General Revision was held in abeyance pending to the Temporary Restraining Order issued by the Supreme Court which was then lifted last November 2018.

The non-compliance of the Quezon City government on the provision of the Local Government Code of 1991 posted a bigger problem in the real property assessment and collection of the city. The taxpayers believed that the adjustments made on the assessment of their real property are too high that it conflicts with the fundamental principle of realty property appraisal and principle that, “the appraisal and assessment of real property shall be equitable” [4].

A study on the behavior of compliance in the implementation of a General Revision of Schedule of Fair Market Values can be of great help to the city officials and stakeholders in the future decision-making process and policymaking on local government units.

OBJECTIVES OF THE STUDY

The study sought to determine the level of implementation of the revised fair market values of real property tax in Quezon City, to determine the problems encountered by the Quezon City government in the implementation of the revised Fair Market Values; to test the significant relationship between the level of implementation of the revised fair market values and problems encountered; and to propose an action plan for effective implementation of the revised Fair Market Values.

METHODS

Research Design

The researcher primarily used the Quantitative Descriptive Research method wherein the data collected were quantified according to its equivalent numerical value.

This involves data gathering that describes the events and then organizes, tabulates, depicts, and describes the data collection. Frequency tables shall be used in order to describe the results of the study.

Participants of the Study

The researcher employed One Hundred (100) respondents all coming from the Office of the City Assessor, Quezon City. These respondents are all real property appraisers, tax mappers and assessment personnel from the Appraisal Division, Tax Mapping Division, Assessment Records and Management Division, and Property Valuation Standard Division.

Instrument

A questionnaire formulated by the researcher was employed to serve as a tool for data gathering. It was subjected to reliability test with a cronbach alpha value of .74, indicating that the questionnaire is reliable.

The questionnaire consists of two (2) parts. The first part was intended to know the level of implementation of the respondents when it comes to the revision of Fair Market Values. The second part was intended to uncover the problems encountered by Quezon City government in the implementation of the revision of Fair Market Values in relation to real property taxation.

Procedure

The researcher made a letter of permission addressed to the City Assessor to seek permission to conduct the study. Upon approval, the survey questionnaires were distributed to 100 respondents. The allocated time for distribution and collection of the questionnaire was one week since the researcher was already in time-constraint. It had been enough time for the researcher to gather data needed for the study. The following week were assigned for data tabulation and data analysis.

Ethical Considerations

The data collection was done in a way that the researcher has conducted survey to selected participants that will be a tool to represent the real estate appraisers, tax mappers, and assessment personnel of the City Assessor’s Office, Quezon City in order to create a research outcome without any bias and nothing but the whole truth. In order to address effectively the ethical considerations of the researcher with regards to his participants, the researcher informed the respondents regarding the process of conducting the survey making sure that it will be purely on a voluntary basis. The proposal of the data was to ensure the safety of everyone, including the researcher and the respondents. No deception, forced nor harmed was done to the participants physically or psychologically and they had the right to withdraw and/ or stopped participating if they feel uncomfortable with the questions indicated in the questionnaire.

Moreover, for the purpose of confidentiality, specifically for the appraisers, tax mappers and assessment personnel, participants were not forced or the researcher never compelled, neither asked for their names nor revealed the information they have provided. It was optional whether the participants will disclose their names or not. However, for those who chose not to reveal their names, the researcher has created a

coding of names to further continue the research. Lastly, personal information and the data gathered shared exclusively by the participants and deemed sensitive shall not be disclosed to the public.

Data Analysis

The data gathered were presented in tabular form to interpret the result and descriptive statistics. Frequency distribution and weighted mean were used.

Weighted mean, ranking and composite mean were employed to determine the level of implementation of the City Assessor’s Office, Quezon City as regard to the revision of Fair Market Values; and to determine the problems encountered by the Quezon City government in the implementation of the revision of Fair Market Values.

Variable interpretation of the weighed mean on the level of implementation on the revised fair market values are as follows: 4.50-5.00: Fully Implemented; 3.50 - 4.49: Implemented; 2.50 – 3.49: Moderately Implemented; 1.50 – 2.49: Less Implemented; 1.00 – 1.49: Not Implemented.

Variable interpretation on the weighted mean on the problems encountered during implementation of revision of fair market values are as follows: 4.50- 5.00: Always; 3.50 - 4.49: Often; 2.50 – 3.49: Sometimes; 1.50 – 2.49: Seldom; 1.00 – 1.49: Never.

Spearman's rank correlation coefficient or Spearman's rho was used to test the significant relationship between the degree of compliance and problems encountered in the implementation of the revised Schedule of Fair Market Values.

Spearman’s Rho is a non-parametric test used to measure the strength of association between two variables, where the value $r = 1$ means a perfect positive correlation and the value $r = -1$ means a perfect negative

correlation.

RESULTS AND DISCUSSIONS

Table 1 reveals the response of the 100 respondents as to the level of implementation with regards to fair market values. It is most evident that majority of the variables got implemented answers as evidenced from the result of the weighted mean. Four (4) variables pertaining to the choices for the level of implementation with regards to fair market value resulted to implemented, one (1) variable each for moderately implemented, less implemented and not implemented.

From the table of weighted mean, the following variables were ranked as follows with the derived weighted mean: Rank 1 which is the highest is for the Preparation for Base Unit Construction Cost (BUCC) which got 4.15; Rank 2 for Public Consultation with 4.11; Rank 3 for Collection of needed data with 3.95; Rank 4 is Supervision from BLGF for revision and implementation with 3.69; Rank 5 is Sufficiency of data needed for implementation with 3.26; Rank 6 with 1.82 weighted average is for the Revision of Fair Market Value; and Rank 7 which got the lowest is Implementation every 3 years which got 1.47 weighted mean.

Table 2 presents revision of fair market values with its frequency and percentage distribution. Fully implemented which got the lowest response from the 100 respondents with respect to revision of fair market values has a frequency of 5 with 5 percentage. Implemented is next with 8 responses for 8%, less implemented has a frequency of 18 or 18 percent and the not implemented responses has a frequency of 59 or 59 percent which got the highest response on the revision of fair market values.

Table 1. Level of Implementation with regards to Fair Market Values

Implementation of Revised Fair Market Values	FI (5)	I (4)	MI (3)	LI (2)	NI (1)	WM	V.I	Rank
a. Revision of Fair Market Values	5	8	10	18	59	1.82	LI	6
b. Collection of needed data	29	42	24	5	0	3.95	I	3
c. Supervision from BLGF for Revision and Implementation	24	35	21	17	3	3.69	I	4
d. Preparation for Base Unit Construction Cost (BUCC) as prescribed by the Law every 3 years	42	36	17	5	0	4.15	I	1
e. Public Consultation	45	27	22	6	0	4.11	I	2
f. Implementation every 3 years	0	0	12	23	65	1.47	NI	7
g. Sufficiency of data needed for implementation	15	18	50	12	5	3.26	MI	5
Composite Mean						3.21	MI	

Table 2. Revision of Fair Market Values

Level of Implementation	Frequency	Percentage
a. Fully Implemented	5	5.00 %
b. Implemented	8	8.00 %
c. Moderately Implemented	10	10.00 %
d. Less Implemented	18	18.00 %
e. Not Implemented	59	59.00 %
Total No. of Respondents	100	100.00 %

Revision of Fair Market Values has a weighted mean of 1.82 or rank 6th in the level of implementation of the revised fair market values of the respondents represented by real estate appraisers, local assessment operations officers, tax mappers, and assessment officers/clerks. It shows that the city government less implement the laws with regards to the revision of fair market values. The researcher believes that the revision of fair market values got the 2nd lowest ranking among other variables because majority of the respondents are very much aware that the revision for fair market values is not the priority of the city government although the provision is clearly stipulated in the Local Government Code of 1991 that upon the effectivity of the Code, it is mandated that local government units shall undertake a General Revision of real property assessments every three years thereafter. [4]

The Department of Finance (DOF) and the Commission on Audit (COA) recommended that the city government revise its outdated real property valuation system, citing Republic Act No. 7160, or the Local Government Code of 1991, which requires adjustments to property values every three years, hence, the city government of Quezon City through the City Mayor signed Ordinance SP-2556, S-2016 which addresses the 21-year gap since Fair Market Values for properties in Quezon City were last adjusted. [3]; [4].

Table 3. Collection of Needed Data

Level of Implementation	Frequency	Percentage
a. Fully Implemented	29	29.00 %
b. Implemented	42	42.00 %
c. Moderately Implemented	24	24.00 %
d. Less Implemented	5	5.00 %
e. Not Implemented	0	0.00 %
Total No. of Respondents	100	100.00 %

Table 3 presents the collection of needed data with its frequency and percentage distribution. Implemented which got the highest response from the 100 respondents with respect to the collection of data

has a frequency of 42 with 42 percent. Fully implemented is next with 24 responses for 24 percent. Moderately implemented has 24 responses or 24 percent followed by 5 responses or 5 percent for less implemented and the least has a frequency of 0 or 0 percent for the not implemented on the collection of needed data.

Collection of needed data ranks 3rd meaning that the respondents are aware that data specially market and sales data are needed in the preparation of updating of Schedule of Fair market values, though among other variables, it is not so significant compared to others.

Probably with respect to the level of implementation of the Quezon City government, the respondents believe that the local government units should exert more efforts in collecting needed market data as the basis of formulating the schedule of fair market values for revision. Intensive data gathering procedures must be exerted accompanied by the use of information technologies for faster and more accurate data gathering procedures.

Table 4. Supervision from BLGF for Revision and Implementation

Level of Implementation	Frequency	Percentage
a. Fully Implemented	24	24.00 %
b. Implemented	35	35.00 %
c. Moderately Implemented	21	21.00 %
d. Less Implemented	17	17.00 %
e. Not Implemented	3	3.00 %
Total No. of Respondents	100	100.00 %

Table 4 presents the supervision from BLGF for revision and implementation with its frequency and percentage distribution. Implemented which got the highest response from the 100 respondents with respect to supervision from BLGF for revision and implementation has a frequency of 35 with 35 percentage. Fully implemented is next with 24 responses for 24 percent and 21 responses or 21 percent for moderately implementation. Less implemented with 17 responses or 17 percent and the not implemented on the supervision from BLGF for revision and implementation which got 3 responses or 3 percent.

Fourth (4th) on the rank is variable pertaining to *Supervision from BLGF for Revision and Implementation*. Probably, most of the respondents think that because local government units have already fiscal autonomy and have devolved functions from the national government, they already think that Quezon

City's updating of Schedule of Fair Market Values do not necessarily be supervised by BLGF in its revision and implementation. It manifests or would mean that the level of understanding in the influence of BLGF is not substantial, although the variable indicator or level of awareness is still moderate.

As far as the respondents are concerned, probably they believed that Quezon City is already independent of BLGF's supervision when it comes to updating of Schedule of Fair Market Values since the City Mayor and its legislators which is the City Council is the prime mover for this purpose. These are evident from the table of results that 17 respondents are less aware and 3 are not aware when it comes to this variable.

Table 5. Preparation for BUCC as prescribed by the Law every 3 years

Level of Implementation	Frequency	Percentage
a. Fully Implemented	42	42.00 %
b. Implemented	36	36.00 %
c. Moderately Implemented	17	17.00 %
d. Less Implemented	5	5.00 %
e. Not Implemented	0	0.00 %
Total No. of Respondents	100	100.00 %

Table 5 presents the preparation for Base Unit Construction Cost (BUCC) as prescribed by the law every 3 years with its frequency and percentage distribution. Fully implemented got the highest response from the 100 respondents with respect to preparation for Base Unit Construction Cost (BUCC) by the law every 3 years has a frequency of 42 with 42 percentage. Implemented is next with 36 responses for 36 percent. Moderately implemented with 17 responses or 17 percent, followed by 5 responses or 5 percent for the less implemented and 0 response or 0 percent for the not implemented on the preparation for Base Unit Construction Cost (BUCC) as prescribed by the law every 3 years.

Preparation for Base Unit Construction Cost (BUCC) as prescribed by law every 3 years ranks 1st which means that respondents partially implement the provision of the law. The City Assessor of Quezon City is complying with this provision of the law because they are well coordinated with the policies on Building Codes and the office collate the latest base unit construction cost to be updated with the current market trend.

This provision of the law is being implemented strictly by the Office of the City Assessor with respect

to its revision of fair market values. Actually, every 3 years they collect data on base unit cost for buildings as their reference for the implementation of another real property tax revision.

Table 6. Public Consultation

Level of Implementation	Frequency	Percentage
a. Fully Implemented	45	45.00 %
b. Implemented	27	27.00 %
c. Moderately Implemented	22	22.00 %
d. Less Implemented	6	6.00 %
e. Not Implemented	0	0.00 %
Total No. of Respondents	100	100.00 %

Table 6 presents the public consultation with its frequency and percentage distribution. Fully implemented got the highest responses from the 100 respondents with respect to public consultation with a frequency of 45 which 45%. Implemented is next with 27 responses which is 27 percent. Moderately implemented got 22 responses or 22 percent followed by 6 responses or 6 percent for the less implemented and 0 or 0 percent for the not implemented on public consultation variable.

Public Consultation ranks 2nd in the level of implementation of the revised fair market values. It means that participation of the taxpayers is necessary for crafting the revised fair market values. The city government also partially implement consultations with its stakeholders like the businessmen, government and non-government organizations, civil societies, different private real estate organizations, barangays and others.

Public consultations are manifested through the conduct of public hearings. During the 2017 general revision of fair market values of Quezon City, the Office of the City Assessor made all efforts of making sure that they followed the guidelines set by the Bureau of Local Government Finance in its Manual for Real Property Appraisal and Assessment Operations.

Table 7. Implementation every 3 years

Level of Implementation	Frequency	Percentage
a. Fully Implemented	0	0.00 %
b. Implemented	0	0.00 %
c. Moderately Implemented	12	12.00 %
d. Less Implemented	23	23.00 %
e. Not implemented	65	65.00 %
Total No. of Respondents	100	100.00 %

Table 7 presents the variable of implementation every 3 years with its frequency and percentage distribution. A significant 65 response from the respondents with 65 percent represents not implemented. Less implemented is second with 23 responses or 23 percent of the total sample number. Moderately implemented got 12 responses or 12 percent, while 0 response or 0 percent for both the implemented and fully implemented.

On the other hand, the least ranked variable is *Implementation every 3 years*. Most probably, most of the respondents think that because they are fully aware that the City Assessor’s Office, Quezon City is very below par in compliance with the implementation of the revision of fair market values. This is evident by the last General Revision of real property tax that the city is experiencing. This was dated way back in 1996 thus making the city non-compliant to the implementation of every 3 years for almost 20 years.

Table 8. Sufficiency of Data Needed for Implementation

Level of Implementation	f	%
a. Fully Implemented	15	15.00 %
b. Implemented	18	18.00 %
c. Moderately Implemented	50	50.00 %
d. Less Implemented	12	12.00 %
e. Not Implemented	5	5.00 %
Total No. of Respondents	100	100.00 %

Table 8 presents the variable of implementation every 3 years with its frequency and percentage distribution. A very significant 50 responses from the respondents with 50 percent represents the moderately implemented. Implemented is second with 18 responses or 18 percent of the total sample number. Fully implemented got 15 responses or 15 percent. Less implemented got 12 responses or 12 percent and the

least response is from 5 respondents or 5 percent for the not implemented.

Sufficiency of data needed for implementation is Fifth (5th). Based from literature review, for a property taxation system to be effective, the following elements must be in place: a legal system and legal infrastructure that define, support and protect property rights; a recording and inventory system for all parcels of land, which represents the basis of taxation; sufficient market data from which valuations may be determined; sufficient resources and trained personnel to implement the system; continued maintenance of the inventory and databases to ensure more refined data, more accurate valuations, and more equitable taxation; and a process for sampling and testing developed models to ensure consistency in methodology and application.

Another local reading stated that real property taxation should be efficient and effective, thus local government units can do such if they have a well-defined tax mapping system, wide range of market sales data where property valuations would be derived, at par with information technology system like application of Geographic Information System and a well-trained and technically-equipped assessment personnel.

Table 9 presents the problems encountered during the implementation of the revision of fair market values which reveals that variable pertaining to Political Influence in the Valuation System got Often the response from the 100 respondents. Fifty- three (53) respondents believe that Political influence in the valuation system is the most significant thus ranking it as the First (1st). Problems on Disparities of Valuation among zonal values, private appraiser’s value and the assessor’s recorded sales data were answered by Thirty-four (34) respondents which got an often verbal interpretation and ranked as the second.

Table 9. Problems Encountered in Implementation of Revision of Fair Market Values

Problems Encountered during Implementation	A (5)	O (4)	So (3)	Se (2)	N (1)	WM	V.I.	Rank
a. Disparities of valuation among zonal values, private appraiser’s value and the assessor’s recorded sales data	26	34	33	7	0	3.79	O	2
b. Political influence in the valuation system	53	27	17	3	0	4.30	O	1
c. Multiple, conflicting valuation methodologies	11	33	47	9	0	3.02	So	8
d. Absence of uniform valuations standards	8	31	43	15	3	3.24	So	7
e. Outdated, distorted real property values	15	32	39	13	1	3.47	So	3
f. Limited access to information, use of information technology in the appraisal process	15	29	40	12	4	3.39	So	4
g. Lack of formal education & training of assessors/appraisers	14	28	35	15	8	3.25	So	6
h. Lack of Supervision and assistance from the BLGF	19	22	41	10	8	3.34	So	5
Composite Mean =						3.48	Sometimes	

Table 10. Disparities of Valuation among Zonal Values, Private Appraiser’s Value and Assessor’s Sales Data

Problems Encountered During Implementation	f	%
a. Always	26	26.00 %
b. Often	34	34.00 %
c. Sometimes	33	33.00 %
d. Seldom	7	7.00 %
e. Never	0	0.00 %
Total No. of Respondents	100	100.00 %

Table 10 presents the variable of disparities of valuation among zonal values, private appraiser’s value, and assessor’s sales data with its frequency and percentage distribution. The highest frequency is 34 which is 34 percent and represents Often. The second which is Sometimes got a frequency of 33 or 33 percent. Always has a frequency of 26 or 26 percent followed by Seldom with 7 responses or 7 percent and 0 for the never.

Disparities of valuation among zonal values, private appraisers and assessors is the result of the absent of a single or uniform valuation/assessment system. It ranks 2 as among the problems encountered in the implementation with a weighted mean of 3.79. The problem is aggravated by the lack of national valuation standards that harmonize the valuations in the government and the private sector. With 23 national government agencies and almost 1,300 local government units (LGUs), along with private appraisers performing valuation using different methods and standards, the sector has been riddled with inconsistent real property values- where one property has conflicting values.

Based from experience, it is noted that each agency is using its own systems & methodologies thus there is wide disparities between the zonal values (ZV), schedule of market values (SMV), & private appraisers’ values; there is a varying value for the same piece of property; and lack of confidence in the land valuation system.

The Schedule of Fair Market Values shall be prepared on the basis of the standard approaches to values, such as the market or sales, the cost or the income approach. Considerations are made on the data gathered from mortgages, insurance, rentals, and such other appraisal information available to the assessors, which are evaluated and tabulated in the prescribed forms.

The ordinance of the schedule of fair market values

for the general revision of real property assessments shall include the legally approved assessment levels and the percentages of adjustments applicable to determine the market values of real properties for purposes of real property taxation [5].

Table 11. Political Influence in the Valuation System

Problems Encountered During Implementation	Frequency	Percentage
a. Always	53	53.00 %
b. Often	27	27.00 %
c. Sometimes	17	17.00 %
d. Seldom	3	3.00 %
e. Never	0	0.00 %
Total No. of Respondents	100	100.00 %

Table 11 presents the variable of political influence in the valuation system with its frequency and percentage distribution. Always got the highest frequency which is 53 with 53 percent. Often is the second (2nd) with a frequency of 27 which is 27 percent. Sometimes got a frequency of 17 or 17 percent followed by Seldom with 3 responses or 3 percent and 0 for Never.

Political Influence in the Valuation System, has the highest frequency of 53 and a weighted mean of 4.3 ranks 1 in the problems encountered in the implementation of the revision of fair market values. One of the possible reasons is the political intervention not to increase the real property to their constituents and referral by politicians to undervalue real property assessment to lessen the taxpayer's tax burden. Probably, the said reality in most of the local government units is the very high political influence that hinders and provide problems between the process and implementation of real property taxation and its technical process. The highly political exercise of the policies compromises the capacity of the local government units to generate revenue from real property taxation. This inefficiency caused the LGUs to fail or be inadequate in providing public services and goods for the community.

Valuation Reform Act Bill 1 is a measure of the national government that aims to develop and adopt international standards for use by government and private sector. It adopts a single valuation base: Schedule of Market Values as the basis for local and national taxes, and as reference for other purposes such as for lease, expropriation, right-of-way, socialized housing, and others. In addition, it seeks to depoliticize and recentralize the approval of SMVs from the

Sanggunian to the Secretary of Finance (upon review of BLGF and BIR); updating of SMV every 3-5 years. It also supports the professionalization of the valuation practice (Real Estate Service Act or RA 9646) and its estimated annual incremental revenues for LGUs is Php 8.03 Billion.

Based from a thesis entitled “An Examination of the Local Government Land Re-Valuation Process: The Case of the City of Manila, one of its conclusion is that there has always been a deferment of the revision of the fair market value because of pressures from property owners, businessman, and constituents. [6]

Table 12. Multiple, Conflicting Valuation Methodologies

Problems Encountered	f	%
a. Always	11	11.00 %
b. Often	33	33.00 %
c. Sometimes	47	47.00 %
d. Seldom	9	9.00 %
e. Never	0	0.00 %
Total No. of Respondents	100	100.00 %

Table 12 presents the variable of multiple, conflicting valuation methodologies with its frequency and percentage distribution. Sometimes got the frequency of 47 with 47 percent. The second (2nd) is Often with a frequency of 33 or 33 percent. Always got a frequency of 11 or 11 percent followed by Seldom with 9 responses or 9 percent and 0 for Never.

Multiple, conflicting valuation methodologies were ranked 8th which is the least with 3.4 weighted mean is also perceived by the respondents as *sometimes* as one of the problems encountered. This is because there is no single agency responsible for ensuring that valuations are regularly updated. There are also no sanctions imposed for noncompliance with the Local Government Code (LGC) requirement that these values are updated every three years. Elected local officials serve three-year terms. [7]. Moreover, it is also validated from a journal that one single parcel of real property is treated differently because of the different existing methods under our system of laws. These classifications and incoherent methods have caused the failure to determine the true appraised value of a single parcel of real property. [8]

Section 217 provides for the actual use of the real property as a basis for assessment – Real property shall be classified, valued and assessed on the basis of its actual use regardless of where located, whoever owns it, and whosoever uses it. Following this provision of the

local government code may minimize the problem on multiple and conflicting valuation methodologies because the focus of real property valuation will really depend on the actual use of the property.

Table 13. Absence of Uniform Valuation Standards

Problems Encountered During Implementation	F	%
a. Always	8	8.00 %
b. Often	31	31.00 %
c. Sometimes	43	43.00 %
d. Seldom	15	15.00 %
e. Never	3	3.00 %
Total No. of Respondents	100	100.00 %

Table 13 presents the variable of the absence of uniform valuation standards with its frequency and percentage distribution. Sometimes got the frequency of 43 with 43 percent. The second is Often with a frequency of 31 or 31 percent. Seldom got a frequency of 15 or 15 percent followed by Always with 8 responses or 8 percent and a frequency of 3 or 3 percent for never.

Absence of uniform valuation standards and limited provisions for formal education and training of assessors and appraisers ranks 7th on the problems encountered because of the support given by the office of the City Assessor of Quezon City for a continuous proper educational development or support to appraisers to enhance their knowledge in the field of assessment through capacity buildings. These variables rank 7th and 8th with a weighted mean of 3.26 and 3.25 respectively. Some possible reasons why the absence of uniform valuation standards does not significantly affect the level of implementation on the revision of Fair Market Values even if it is one of the problems encountered is because each local government units have their own method of valuation standards that corresponds to their needs. Another thing is that a specific local government unit has its own sources of data like sales records and market data.

Valuation standards comprise the professional responsibility of valuers as embodied in the Code of Ethics and Responsibilities which should adhere and administer the law especially with regards to the principles of real property taxation.

For most local government units they are mostly equipped with training and formal education because of the provision of Republic Act 9646 which is the professionalization of the real estate service thus requiring local assessors to have a continuous

knowledge acquisition through the Continuing Professional Development (CPD) required in the renewal of licenses for the registered and license real estate service practitioners.

Another manifestation of upgraded knowledge enhancement in real property taxation is the formulation of the Manual on Real Property Appraisal and Assessment Operations (MRPAAO) embodied in the Local Assessment Regulations No. 1-04 dated October 04, 2004 that provides guidelines to enhance knowledge and skills to local assessment and treasury employees anchoring the adoption of uniform system of valuation. [5]

Table 14. Outdated, distorted real property values

Problems Encountered During Implementation	f	%
a. Always	15	15
b. Often	32	32
c. Sometimes	39	39
d. Seldom	13	13
e. Never	1	1
Total No. of Respondents	100	100

Table 14 presents the variable of outdated, distorted real property values with its frequency and percentage distribution. Sometimes got the highest frequency of 39 which is 39 percent. The second is Often which got a frequency of 32 or 32 percent followed by Seldom with 13 responses or 13 percent and a frequency of 1 or 1 percent for Never.

Outdated, distorted real property values rank Third (3rd) in the problems encountered with a weighted mean of 3.47. There is no systematic, updated, well maintained and automated records of real properties including the recent sales and zonal values.

Real property tax is considered to be the main source of revenue for local government units, however, outdated schedule of fair market values due to non-compliance in its implementation has a great effect on both the national and local revenue generation efforts. If real property values especially the market values remain to be distorted and outdated, it resulted in foregone revenues of the national and local government thus resulting in unrealized fiscal sustainability.

Table 15 presents the variable of limited access to information, use of information technology in the appraisal process with its frequency and percentage distribution. Sometimes got the highest frequency of 40 which is 40 percent. Often is the second which got a frequency of 29 or 29 percent. Always got a frequency

of 15 or 15 percent followed by Seldom with 12 responses or 12 percent and a frequency of 4 or 4 percent for Never.

Table 15. Limited access to information, use of information technology in the appraisal process

Problems Encountered During Implementation	Frequency	Percentage
a. Always	15	15.00 %
b. Often	29	29.00 %
c. Sometimes	40	40.00 %
d. Seldom	12	12.00 %
e. Never	4	4.00 %
Total No. of Respondents	100	100.00 %

Limited access to information, use of information technology in the appraisal process ranks 4th because maybe respondents found that the Quezon City government may need improvements on the aspect of access to information. This may be enhanced through the use of more website applications.

The use of information technology however in the appraisal process is a continuing concern not only by the local government units but most significantly by the national government through the supervision and assistance of the Bureau of Local Government Finance.

Since this problem has a crucial role also in the property valuation and taxation aspects through the initiative of the Bureau of Local Government Finance, the agency created a Valuation Data Base Information System since 2009 that introduced improvement on the following: IT tools for LGUs to collect and process data; documents and materials to support capacity building and maintenance of IT tools; collection and availability of relevant appraisal information; facility to provide general access; guidelines on computerizing LGU tax related function to improve valuation and taxation and ICT policies and standards introduced to ensure proper ICT asset management under a secure environment. (1st International Congress on Property Valuation and Taxation).

Table 16. Lack of Formal Education and Training for Assessors/Appraisers

Problems Encountered	Ff	%
a. Always	14	14.00 %
b. Often	28	28.00 %
c. Sometimes	35	35.00 %
d. Seldom	15	15.00 %
Never	8	8.00 %
Total No. of Respondents	100	100.00 %

Table 16 presents the variable of lack of formal education and training for assessors/appraisers with its frequency and percentage distribution. Sometimes got the highest frequency of 35 which is 35 percent. The second which is Often got a frequency of 28 or 28 percent. Seldom has a frequency of 15 or 15 percent followed by Always with 14 responses or 14 percent and a frequency of 8 or 8 percent for never.

Lack of formal education and training for assessors/appraisers ranks Sixth (6th). Probably among the problems encountered by the Quezon City government with regards to the implementation of the revision of fair market values they do not consider this variable a very significant factor. The Quezon City government is very lucky to have a pool of registered and licensed real property appraisers through the provision of grandfather's clause that majority of the number of appraisers already have 10 to more than 10 years of service and experience in real property appraisal and assessment. Some of them were lucky too for passing the Real Estate Service Appraisal Board Examination as compliance to Republic Act 9646 which aims in professionalizing the real estate service.

The Office of the City Assessor has a continuing capacity development to its employees and one of them is the Continuing Professional Development seminars and training being attended and funded by the office in support to the continuous growth of knowledge of its employees.

Table 17 presents the variable of lack of supervision and assistance from BLGF with its frequency and percentage distribution. Sometimes got the highest frequency of 41 which is 41 percent. Often is the second with a frequency of 22 or 22 percent. Always has a frequency of 19 or 19 percent followed by Seldom with 10 responses or 10 percent and a frequency of 8 or 8 percent for Never.

Table 17. Lack of Supervision and Assistance from the BLGF

Problems Encountered During Implementation	Frequency	Percentage
a. Always	19	19.00 %
b. Often	22	22.00 %
c. Sometimes	41	41.00 %
d. Seldom	10	10.00 %
e. Never	8	8.00 %
Total No. of Respondents	100	100.00 %

Lack of supervision and assistance from the BLGF ranks 5th among the variables. This problem is brought by the fact that because of Republic Act 7160 otherwise known as the Local Government Code of 1991, the local government units' fiscal and taxation functions were devolved. They have their own revenue code to follow as per their approved ordinance. The BLGF's functions shall assist in the formulation and implementation of policies on local government revenue administration and fund management and shall exercise administrative and technical supervision and coordination over treasury and assessment operation of local government. [9]

It can be gleaned from table 18 that the composite mean is 3.21 and interpreted also as having a moderate implementation of the majority of the variables with respect to the level of implementation of the revision of fair market values.

It can be gleaned from Table 19 that the composite mean is 3.48 and interpreted as the majority of the response from the respondents believed that most of the variables do sometimes considered as the problems being encountered during the implementation of the revision of fair market values.

Table 18. Level of Implementation with regards to revision of Fair Market Values (Composite Mean)

Implementation of Revised Fair Market Values	FI (5)	I (4)	MI (3)	LI (2)	NI (1)	WM	V.I	Rank
a. Revision of Fair Market Values	5	8	10	18	59	1.82	LI	6
b. Collection of needed data	29	42	24	5	0	3.95	I	3
c. Supervision from BLGF for Revision and Implementation	24	35	21	17	3	3.69	I	4
d. Preparation for Base Unit Construction Cost (BUCC) as prescribed by the Law every 3 years	42	36	17	5	0	4.15	I	1
e. Public Consultation	45	27	22	6	0	4.11	I	2
f. Implementation every 3 years	0	0	12	23	65	1.47	NI	7
g. Sufficiency of data needed for implementation	15	18	50	12	5	3.26	MI	6
Composite Mean =						3.21	MI	

Table 19. Problems Encountered in Implementation of Revision of Fair Market Values (Composite Mean)

Problems Encountered during Implementation	A (5)	O (4)	So (3)	Se (2)	Ne (1)	WM	V.I.	Rank
a. Disparities of valuation among zonal values, private appraiser's value and the assessor's recorded sales data	26	34	33	7	0	3.79	O	2
b. Political influence in the valuation system	53	27	17	3	0	4.30	O	1
c. Multiple, conflicting valuation methodologies	11	33	47	9	0	3.02	So	8
d. Absence of uniform valuations standards	8	31	43	15	3	3.24	So	7
e. Outdated, distorted real property values	15	32	39	13	1	3.47	So	3
f. Limited access to information, use of information technology in the appraisal process	15	29	40	12	4	3.39	So	4
g. Lack of formal education & training of assessors/appraisers	14	28	35	15	8	3.25	So	6
h. Lack of Supervision and assistance from the BLGF	19	22	41	10	8	3.34	So	5
Composite Mean =	3.48 -Sometimes							

Table 20. Summary Table for the Composite Means

Variables	Composite Mean	Verbal Interpretation
Level of Implementation	3.21	Moderately Implemented
Problems Encountered	3.48	Sometimes

Table 21. Test on the significant relationship between the Level of Implementation and the Problem Encountered

VARIABLES	Correlation Coefficient(rho)	Sig.(2-tailed)	Decision	Interpretation for rho value	Interpretation for p-value
Implementation of the Fair Market Values every 3 years Problems Encountered	-.062	.539	Accept	Weak Negative Association	Not Significant

Table 22. Action Plan

Project/Activity	Strategy	Performance Indicator	Responsible Office
Updating of Real Property Values	-Maintenance and updating of assessment rolls -Valuation Information, Recording, and Data Gathering-Administer Preparation of Values -Maintenance and updating of Building Permit database	Property values upgraded	-20 personnel from Assessment Records Mgmt. Division and Taxmapping Division -Property Valuation Standard Division -Property Valuation Standard Division
Strict Implementation of ARTA	Maintaining of the ISO standard; Quality Management System involving all processes and frontline services	Present and continuing maintenance through easier processes	All employees
Sangguniang Panlungsod Enactment of Ordinance	-Acceptance of Sworn Statements -Preparation of preliminary & final Schedule of Fair Market Values -Submission of the Schedule of Fair Market Values to Sanggunian -Conduction of Public Hearings -Enactment of Ordinance adopting the Schedule of Fair Market Values <i>* based from Manual of Real Property Appraisal and Assessment Operations</i>	-The ordinance already enacted for implementation	Property Valuation Standard Division City Assessor City Assessor with all Stakeholders City Council
Strict implementation of the law on the fair market value of real property tax	-Appraisal and assessment of newly discovered real properties through sustained tax mapping and "Suyod Buwis" -Continued ocular/field inspection to search and identify real properties subject for re-assessment and/or reclassification -Assessment review and examination; processing and generation of computerized records of assessment	Implementation is continually done	- 40 property appraisers - 40 property appraisers and - 20 tax mappers 15 employees from Appraisal, Tax mapping, and EDP Division

It can be gleaned from table 21 that $r = -.062$ with $p > \alpha$ indicates a Weak Negative significant correlation between these variables (Implementation with that of the problems encountered).

Based from the table presented, the researcher analyzed that the null hypothesis will be accepted since there is no significant relationship between the levels of implementation on the Fair Market Values to the problems encountered in the implementation of the updating of Schedule of Market Values.

Based on the results of the study, the researcher prepared an action plan to strengthen the variables which ranked the lowest that is the level of implementation of the revised fair market values every 3 years and the absence of uniform valuation standards and multiple conflicting valuation methodologies. Also, it included the highest ranked under the problems encountered.

CONCLUSIONS

The level of implementation on revision of Fair Market Values with respect to the Office of the City Assessor, Quezon City is less implemented and all other variables like collection of needed data, supervision from BLGF for implementation and revision, preparation of BUCC as prescribed by law every 3 years, public consultation is implemented while implementation every 3 years is not implemented, and sufficiency of data needed for implementation got moderately implemented response.

The revision on fair market values have often affected by political influence in the Valuation System which served as the number 1 problem encountered by the Quezon City government when it comes to the implementation of the Revised Fair Market Values as evidenced by the most recent temporary holding in abeyance of the implementation of revised schedule of market values for building as a continuation of the implementation of revised schedule of market values for land.

There is a weak negative significant correlation between the level of implementation on the revision of fair market values to the problems encountered in the implementation of the revision of fair market values.

An action plan was proposed for the effective implementation of the revised fair market values.

RECOMMENDATIONS

The Quezon City government may request the Bureau of Local Government Finance (BLGF) for the assistance in the revision and implementation of fair

market values for a more systematic, detailed, updated records of all real properties within the city and reflect it as the true and current valuation of all real properties.

The Quezon City government to come up with strict implementation and enforcement of existing valuation laws regarding the revision or adjustments in the fair market value and to come up with plans and programs on efficient real property valuations and that would lessen the influence of local and political officials.

The Quezon City government may request the taxpayers to submit the complete documents on time to serve as the basis in updating the real property values.

The national government may establish a single valuation agency under the Bureau of Local Government, Department of Finance.

The goals and objectives of the Quezon City Assessor's Office most especially of the appraisers, tax mappers, and assessment personnel maybe be redefined specially in crafting a policy framework for better implementation of the revision of fair market values that is acceptable to all stakeholders.

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