IAAO

Understanding Your ASSESSMENT

A public information brochure provided by
The International Association of Assessing Officers

ARE YOU CONCERNED ABOUT YOUR PROPERTY TAXES?

To express your concern effectively, you must understand the two parts of the property tax system: VALUATION and TAXATION.

Your assessor's office estimates the value of your property; your taxing authority determines the amount your property will be taxed. It is the combination of these two parts that determines how much you will pay in taxes. This pamphlet deals with the first part—how the assessor's office estimates the value of your property.

WHAT IS THE ROLE OF THE ASSESSOR?

The assessor is responsible for estimating the value of your property, expressed as its taxable or assessed value. That assessed value determines the overall share of taxes you pay. Because your assessment affects your property taxes, it is important that your assessed value be accurate and fair. It is also important that you understand how the value of your property is estimated and what can cause it to change.

HOW IS YOUR PROPERTY VALUE ESTIMATED?

The assessor estimates the value of your property by first examining and collecting information on the physical characteristics of the property. For residential properties, physical characteristics include the square footage of land and improvements, the number of bedrooms and bathrooms in a home, whether or not the improvements include a garage, and the quantity and quality of amenities such as swimming pools and fireplaces. For income producing properties, the assessor estimates the amount of income the property can generate. On other properties, nonphysical characteristics such as easements can affect the value of improvements. Location also is a key characteristic affecting value. Using a mass appraisal system, the assessor analyzes sales, income, and cost data to arrive at an estimate of value. The assessor relies on sales, income or cost data to estimate the value. The assessor may find that particular properties cannot be analyzed effectively through mass appraisal methods and require individual appraisals.

WHAT CAUSES PROPERTY VALUES TO CHANGE?

A property's value can change for many reasons. The most obvious is that the physical characteristics of the property changes: a bedroom, garage, or swimming pool is added, or part of the property is destroyed by flood or fire. Sometimes, a change in use can affect the property's value, such as an apartment building being converted to condominiums. The most frequent cause of a change in value is a change in the market. If a town's major industry leaves, property values can decline. As neighborhoods are discovered by young home-buyers, prices gradually rise as properties are remodeled. A shortage of houses in a desirable neighborhood can send prices higher. A recession may cause more expensive home to stay on the market for a long time, while prices rise for more affordable homes. In a stable neighborhood with no extraordinary pressure from the market, inflation alone can increase property value.

Q: If assessed value rises, do taxes have to rise?

A: Not necessarily. That depends on how much in local property tax is needed or requested by local tax authorities.

Q: If assessed value falls, do taxes have to fall?

A: Not necessarily and for the same reason as given at left.

WHAT ARE THE GROUNDS FOR AN APPEAL?

If you believe the estimated value of your property is inaccurate, you will want to learn the following:

- How the assessor values property
- How to gather information about your property and similar properties
- How the appeal process works and the deadlines involved in that process

You also have a responsibility to furnish accurate information about your property to the assessor.

An assessment appeal is an attempt to prove that your property's estimated market value is either inaccurate or unfair. You may appeal when you can prove at least one of three things:

- Items that affect value are inaccurate on your property record. You have one bath, not two. You have a carport, not a garage. Your home has 1,600 square feet, not 2,000 square feet.
- The estimated market value is too high. You have evidence that similar properties have sold for less than the estimated market value of your property.
- The estimated market value of your property is accurate but inequitable because it is higher than the estimated value of similar properties in your neighborhood.

Note: All questions regarding tax rates and budgets must be addressed to the officials who determine budgets. However, the assessor's office can give you information about exemptions and other forms of relief.

THE APPEAL PROCESS—*Step-by-Step*

1 Procedures and Deadlines

When you receive your assessment notice, read it for instructions about deadlines and filing procedures. If they are not clear, call the assessor's office for information. Be sure you understand and follow instructions. A missed deadline or incorrect filing can cause an appeal to be dismissed.

2 Informal Review

The first step in an appeal is usually an informal meeting with someone in the assessor's office (sometimes this informal review is handled by telephone or mail or online). Information on the mechanics and deadlines for setting up an appointment should be included with your assessment notice, along with similar information for the entire appeal process.

The information in the assessor's office, including the property characteristics and assessments of similar properties, is public in most jurisdictions. This information can be helpful in preparing your appeal.

3 Preparation

Is the property description correct? If not, make sure all necessary corrections are made to the county record. Check the building square footage, the size of your lot, the construction materials, the condition, and all other features that have a bearing on value. Gather as much information as you can on similar properties.

4 The Meeting

The purpose of the informal review should be:

- To verify the information on your property record
- To make sure you understand how your value was estimated
- To discover if the value is fair compared with the values of similar properties in your neighborhood
- To find out if you qualify for any exemptions
- To be sure you understand the entire appeal process

The person conducting the meeting should review your property record with you and give you information about comparable properties. Present any information you have gathered. The person conducting the meeting may not commit to a change in value at this meeting. Find out when you can expect to hear from the office. View the assessor's office as an ally, not an adversary. Employees of the office are trained to be calm, polite, and helpful. If you are calm and polite, they can concentrate on giving you the information you need for an appeal.

5 Formal Appeal

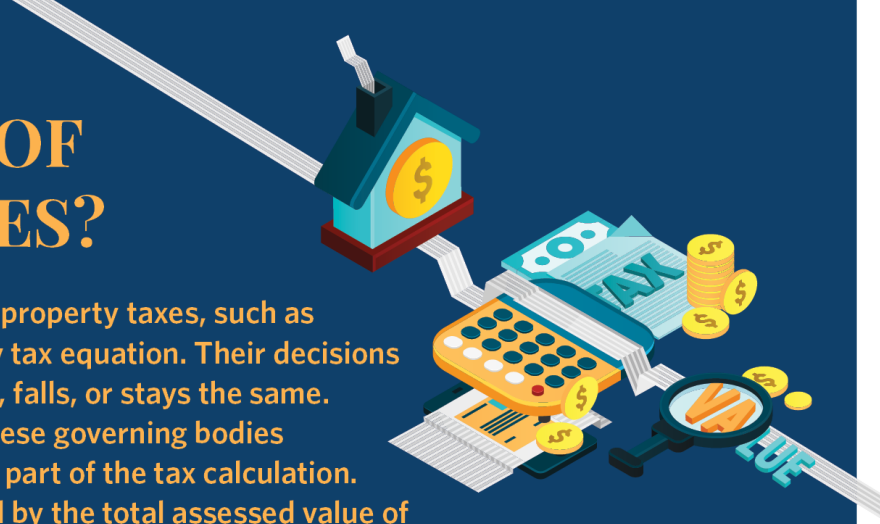
Many appeals are settled at the local level. If you are not satisfied with the results of your informal review, you have several more opportunities. The first level of formal appeal is usually to a local board. Your appeal is more likely to be successful if you present evidence that comparable properties in the same area are assessed for less than yours. Copies of property records on similar properties, with records of their estimated market values or sales prices, are your best defense. Note any differences between your property and the comparables and point out these differences. A recent appraisal of your own property can be good evidence of its value. The appeal board is interested only in the fairness and accuracy of the value placed on your property, not in whether you can afford to pay your taxes or whether taxes are too high.

You should be told when you can expect results from this level of appeal and to what and how many tax years the result will apply.

Additional Levels of Appeal

If you disagree with the local board's decision, additional administrative or legal remedies may be available. In some cases, it may be advisable for you to seek legal or professional representation in pursuing your claims. Information concerning your options is available from your assessor's office.

WHAT IS THE ROLE OF TAXING AUTHORITIES?



Governing bodies that have the authority to levy property taxes, such as cities and school districts, complete the property tax equation. Their decisions determine whether the overall property tax rises, falls, or stays the same. Subject to limitations set out in state statutes, these governing bodies establish annual budgets that form an important part of the tax calculation. The total of all budgets in a jurisdiction is divided by the total assessed value of all property in the jurisdiction to calculate the mill rate. That rate is then multiplied by the assessed value of your property to calculate your tax bill.

For example, suppose taxing authorities decide to raise $1 million in property taxes and the assessor estimates the total assessed value of all taxable property in your community at $100 million. The property tax rate would be calculated by dividing the amount of tax to be raised by the total assessed value:

$$\frac{\$1\text{ million}}{\$100\text{ million}} = 1\%$$

If your home's assessed value is **$100,000,** your property tax bill will be:

1 % x $100,000 = $1,000

For another example, suppose the total assessed value of your community doubles from $100 million to $200 million and the amount to be raised stays the same. The tax rate will be:

$$\frac{\$1\text{ million}}{\$200\text{ million}} = 0.5\%$$

Your taxes will remain the same, even though your home has doubled in value, will be the same:

0.5 % x $200,000 = $1,000.

Sometimes, property owners are lucky enough to experience growth in the value of their properties while others remain the same or even fall. In these instances, property owners may experience higher taxes even if all other factors stay the same. For example, suppose your home doubles in value from $100,000 to $200,000 but the amount requested by the taxing authority remains the same at $1 million and the total assessed value of your community remains the same at $100 million. Then the tax rate will be:

$$\frac{\$1\text{ million}}{\$100\text{ million}} = 1\%$$

However, your taxes will increase from:

1 % x $100,000 = $1,000 to

1 % x $200,000 = $2,000.

Assume the total assessed value in the jurisdiction doubles and the taxing authority decides to keep the mill rate the same at 1%. The total amount of taxes collected will double along with each tax bill.

$$\frac{\$2\text{ million}}{\$200\text{ million}} = 1\%$$

1 % x $200,000 = $2,000.

QUESTIONS?

Your assessor is often the best source for answering questions concerning property valuation. In addition, many communities have taxpayer advocacy groups that can assist you. You can try consulting the International Association of Assessing Officers, an association of assessing officers from around the United States and the world.

Was this brochure helpful?

Send questions or comments to:
info@iaao.org

Find more information at:
www.iaao.org

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About IAAO

The International Association of Assessing Officers is a global community of mass appraisal experts who promote excellence in property appraisal, assessment administration and property tax policy through professional development, research and standards.

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