

FOR THE PROPERTY OWNER WHO WANTS TO KNOW

HOW YOUR PROPERTY IS APPRAISED

The assessor or revaluation contractor first reviews all the property to be assessed, whether physically inspect or just a valuation analysis then applies new values it. Accurate appraisals require constant searching and digging for significant facts to accumulate and analyze in order to estimate the fair market value of your property.

WHAT IS MARKET VALUE?

Finding the market value of your property involves discovering the price most people would pay for it in its present condition. It's not quite that simple, however, because the assessor has to find what this value would be for every property, no matter how big or small. But the assessor's job doesn't stop there. Each year it has to be done all over again, because the market value of almost everything changes from one year to the next-as we all know.

WHY HAVE A PROPERTY TAX?

Properties are appraised so that those of us who want the advantages of having schools, fire and police protection, and other public benefits (which means just about all of us), can absorb our fair share of the cost, in proportion to the amount of money our individual properties are worth.

The property tax is part of a well-balanced revenue system. It is a more stable source of money than sales and income taxes because it does not fluctuate when communities have recessions. When the community spends your tax dollars on better schools, parks, and so on, your property values rise. Some of the windfall benefits you receive are recaptured by the property tax.

HOW PROPERTY IS APPRAISED

To find the value of any piece of property the assessor must first know what properties similar to it are selling for, what it would cost to replace it, how much it takes to operate and keep in repair, what rent it may earn, and many other dollar facts affecting its value, such as the current rate of interest charged for borrowing the money to buy or build properties like yours.

Using these facts, the assessor can then go about finding the property value in three different ways.

Sales comparison approach

The first method compares your property to others that have sold recently. These prices, however, must be analyzed very carefully to get the true picture. One property may have sold for more than it was really worth because the buyer was in a hurry and would pay any price. Another may have sold for less money than it was actually worth because the owner needed cash right away. The property was sold to the first person who made an offer.

When using the sales comparison approach, the assessor must always consider such overpricing or under pricing and analyze many sales to arrive at a fair valuation for your property. Size, quality, condition, location, and time of sale are also important factors to consider.

Cost approach

A second way to value your property is based on how much money it would take, at current material and labor costs, to replace your property with one similar. If your property is not new, the assessor must also estimate how much a lot like yours would be worth if vacant.

Income approach

The third way is to evaluate how much income your property would produce if it were rented as an apartment house, a store, or a factory. The assessor must consider operating expenses,

taxes, insurance, maintenance costs, and the return most people would expect on your kind of property.

WHY ASSESSED VALUES MAY CHANGE FROM YEAR TO YEAR

When market value changes, naturally so does assessed value. For instance, if you were to add a garage to your home, the assessed value would increase.

However, if your property is in poor repair, the assessed value would decrease.

The assessor has not created the value. PEOPLE MAKE VALUE by their transactions in the marketplace. The assessor simply has the legal responsibility to study those transactions and appraise your property accordingly.

ASSESSED VALUE AND THE TAX RATE

The assessor's office has nothing to do with the total amount of taxes collected. The assessor's primary responsibility is to find the fair market value of your property, so that you may pay only your fair share of the taxes.

The amount of tax you pay is determined by a TAX RATE applied to your property's ASSESSED VALUE. The tax rate is determined by all the taxing agencies-city or county, school districts, and others-and depends on what is needed to provide all the services you enjoy.

The assessor's office also keeps track of ownership changes, maintains maps of parcel boundaries, keeps descriptions of building and property characteristics up to date, keeps track of individuals and properties eligible for exemptions and other forms of property tax relief, and, most important, analyzes trends in sales prices, construction costs, and rents to estimate the value of all assessable property. All this must be done economically (less than 1/10th the cost of hiring someone to appraise your property).

WHAT ARE YOUR RIGHTS AND RESPONSIBILITIES?

If your opinion of the value of your property differs from the assessor's, by all means go to the office and discuss the matter. Staff will be glad to answer your questions about the appraisal and explain how to appeal if you cannot come to an agreement. The assessor's office relies on the property owner for information. You can help by providing accurate information.

If you feel taxes are too high, you should make your opinion known to the proper taxing authorities. Ask about your eligibility for special exemptions.

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