

ASSESSOR'S RESPONSIBILITIES

First of all, the assessor is the governmental official responsible for establishing the value of property for ad valorem tax purposes. He/She may be elected, appointed, or under civil service. The assessor comes under the direction and certification of the State Tax Assessor.

The assessor is responsible for discovering, listing, and equalizing and valuing all taxable property. This may include both real and personal property. (Real property may be loosely defined as land and all things attached to the land, and personal property as all other property.) In accomplishing this, the assessor is responsible to the property owner to ensure that the value is proper so that the owner pays no more than his/her fair share of the property tax. The assessor is further responsible to all the people in ensuring that no property escapes the assessment process or is under assessed and that no property owner receives unauthorized preferential treatment.

Tax Rates vs. Assessed Values

The assessor unfairly bears the brunt of anger about rising taxes. But yelling at the assessor about your tax bill is as effective as yelling at your mail carrier because the price of postage stamps has gone up. The assessor's job is narrower than most taxpayers believe. Assessors don't decide how much tax is to be paid and they don't establish tax rates. Their task is to estimate, as accurately as possible, the market value of your property.

Pretend for a moment that the assessor's estimation of the value of your property is the highest price you would be allowed to accept if you sold. If that were so, you would be much more concerned about the accuracy of the valuation than the effect on your tax bill. If you can keep pretending, you will have the right framework for your discussion with the assessor. You will both be clearly focused on determining if the value of your property has been accurately estimated. You will be able to think about the problem more clearly and understand if and how the assessor's office is at fault.

You may still be angry about the size of your tax bill. To mount an effective protest against high property taxes, you need to concentrate your efforts on your city council, school board or whoever creates budgets and sets tax rates. These officials determine how much money the property tax has to raise each year.

The Mil Rate (Tax Rate) is a relationship between the amount of taxes to be raised and the tax base. The tax rate is calculated by dividing the amount of tax to be raised by the total tax base (Town Valuation). For Example, if total assessed value is \$100 million, and the amount of tax to be raised is \$1 million, the tax rate is 1 percent(.00100). If total assessed value doubles, and the amount of tax to be raised stays at \$1 million, the tax rate drops to 0.5 percent(.00050). In this case, if your property has increased in value, your tax may remain the same. However, if assessed value doubles to \$200 million and the tax rate stays at 1 percent(.00100), the amount to be collected in taxes doubles to \$2 million. In this case, if your property has increased in value, you will probably pay more tax.

The next question to ask is whether increased services or the increased costs of services justify increased taxes. You may decide that you are willing to pay more taxes for an improved school system or better police or fire protection. These are complex questions that must be addressed to the appropriate officials-not to the assessor.

What Determines Value

Assessors estimate the fair market value of a property, that is, the price most people would pay for it in its condition as of the assessment date. The best indicator of fair market value is market activity. Buyers and sellers create market value by their transactions. In an appeal, the best evidence of market value is sale price-the sale price of the subject property or of similar properties (called comparables).

However, sale price is not necessarily the same as market value. The assessor carefully examines all sales, qualifies the sales, and adjusts them for special circumstances that might decrease or inflate prices. An owner in a hurry to sell might sell for less. If the seller includes substantial personal property in the sale or provides discounted financing the sale price is likely to be inflated. Although the sales comparison approach is not the only approach used (cost and income approaches are two others), comparable sales are recognized by courts as the best evidence of

market value. Residential taxpayers who appeal successfully usually do so by finding comparable properties that have lower assessed values or that have recently sold for less than the assessed values.

Many taxpayers are angered at increases in assessed values because the property has not changed. But physical change is not the only reason for a change in property value. The market is. If a town's major industry leaves, property values collapse. Conversely, as decaying neighborhoods with good housing stock are discovered by young homebuyers, prices gradually rise, and then soar as the neighborhood becomes fashionable. A shortage of detached houses in a desirable city neighborhood can send prices to ridiculous levels. In a recession, larger homes may stay on the market for a long time, but two-bedroom condominiums are in demand, so their prices rise. In a stable neighborhood, with no extraordinary pressure from the market, inflation increases property value.

Home buyers, home sellers, bank appraisers, real estate analysts, and the assessor all pay attention to the same market factors in valuing property.

How Assessors Value Property

The first step in valuation is data collection. The assessor's office collects quantities of information about each property in the jurisdiction. The information is recorded on a property record form, which may be reviewed for accuracy by the taxpayer.

The assessor's office also collects sales data and data on social, economic, and environmental factors affecting property value, for example, employment, population and income patterns, interest rates, construction costs, regional location factors (such as access to parks, churches, schools, and public transportation), zoning, and rent control. Complete and accurate maps are essential to the assessor's office. Many jurisdictions now have computerized geographic information systems that are used by many branches of government. These systems integrate ownership records with information about zoning, sewage systems, land use, soil types, communication networks, geologic structure, and a host of other data.

In short, the assessor's office has an abundance of data relevant to the value of your property. Incidentally, this information makes the office an important community resource.

To apply this information to valuing property, the assessor constructs a model—a simplified representation of how market factors affect value. Most residential property is valued with a cost model or a sales comparison model.

A cost model says the estimated market value of your property equals the value of the land and the cost of constructing a replacement, less depreciation. Replacement cost is usually found by a cost manual that shows regional construction cost for all building elements. Depreciation depends largely on age, condition, and the current desirability of the property's features and location.

Sales comparison models are usually more important in appeals. A sales comparison model says the estimated market value of your property equals the sale price of a comparable property, with adjustments to the sale price for differences between your property and the comparable. For example, if your property has a swimming pool and two bathrooms, but the comparable has no pool and three bathrooms, you would add the value of the pool to the comparable sale price and subtract the value of a bathroom. The result would be evidence of what you might expect to sell your property for.

Assessors use more than one comparable, usually three to five. Also, they use more complex models that incorporate many more factors. And rather than considering properties one-at-a-time, assessors use computer software to appraise at one time many properties of the same general type, for example, townhouses or raised ranches.

Appealing Your Assessment

Taxpayers are justifiably concerned about rising property taxes. But how can anger at higher taxes be turned into effective protest and a successful appeal of assessed value? Act according to three important principles and you may halt rising taxes and file a successful appeal. Even if you can't change anything, you will understand more about what really needs to be changed.

1. Separate the issue of higher taxes from the issue of the accuracy of the assessed value of your property. Elected officials, school boards, and other special taxing authorities establish your tax bill. Assessors estimate the market value of your property. An increase in value doesn't mean your taxes will go up.
2. Understand how the assessor arrived at the value of your property. If you do file an appeal, this information will help you construct your case. Find several properties similar to yours (called comparables), preferably in the same neighborhood. Find out what their assessed values are or the prices at which they sold, if they have sold recently.
3. Establish a cooperative, not an adversarial, relationship with the assessor's office. The office can and will provide you with the information you need to evaluate your assessment, find similar properties, and file your appeal. Be sure to follow instructions carefully. A missed deadline or incorrect filing can cause an appeal to be dismissed.

The Appeals Process

Every jurisdiction has an appeals process mandated by law. The first step is usually an informal meeting with someone in the assessor's office. (Sometimes this informal review is handled by telephone or mail.) 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 appeals process. During or before this informal meeting, you should review the property record form on your property to be sure all the information is correct. Know the lot size, number of stories, square footage, and condition of your property. If you have an accurate survey of your property, be sure to bring it with you to the meeting. You may also want to identify comparable properties and review their record forms.

The person conducting the meeting will probably give you information on comparable properties. If you have assembled information on such properties, you should bring it to the meeting. Almost all the information in the assessor's office is available to the public, and the office can help you find comparable properties.

Your aims at this informal review-which is not yet an appeal-should be (1) to verify the information on your property record form, or correct it, (2) to make sure you understand how your value was arrived at, (3) to discover if the value is fair compared with the values of similar properties in your neighborhood, (4) to find out if you qualify for any exemptions, and (5) to be sure you understand how to file a formal appeal and how the office can help you, if you still want to appeal.

The assessor would always prefer to settle problems at the informal review. Appeals are costly, and assessors usually have tight budgets. The person conducting the meeting may not commit to a change in value at this meeting, even though you have uncovered an error or all agree that the assessment is not fair. The decision about a value change may have to be made by someone else and communicated to you in writing. If this is so, find out when you may expect to hear from the office. 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 neighborhood are assessed for less than yours. Copies of property record forms on your comparables, with records of their assessed values or sales prices are your best defense. Note any differences between your property and the comparables and point out these differences. The appeal board will be interested 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.

If you disagree with the Assessor's decision, the next level is the local Board of Assessment Review, if you still disagree, the next, and highest level of administrative review is a Court. Residential appeals are usually settled at the local level.

Always remember to view the assessor's office as an ally, not an adversary. Employees of the office should have been trained to be calm, polite, and helpful, but they are only human. If you can be calm and polite, they are likely to be more helpful and can concentrate on giving you the information you need for a successful appeal.

The International Association of Assessing Officers is a nonprofit, educational association committed to improving assessment practices, educating assessors, and promoting justice and equity in the distribution of the property tax burden.

