


Understanding Your Assessment

*Are you concerned about
rising property taxes?*

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


TAXATION
and
VALUATION





TAXATION

The State is responsible for setting most of the tax levies for taxing authorities such as school districts, counties, and city councils. These authorities also levy TAXES



Taxpayers DEMAND SERVICES

Taxing authorities REQUIRE MONEY to provide those services.

If you are concerned about rising taxes

- Attend budget hearings
- Call or write the taxing authorities
- Decide whether you are willing to do without services to keep taxes low
- Work for efficiency in government





VALUATION

Buyers and sellers in the market

CREATE VALUE

The equalization office studies the market and collects information about properties to

ESTIMATE VALUE

The equalization office has no control over tax rates.

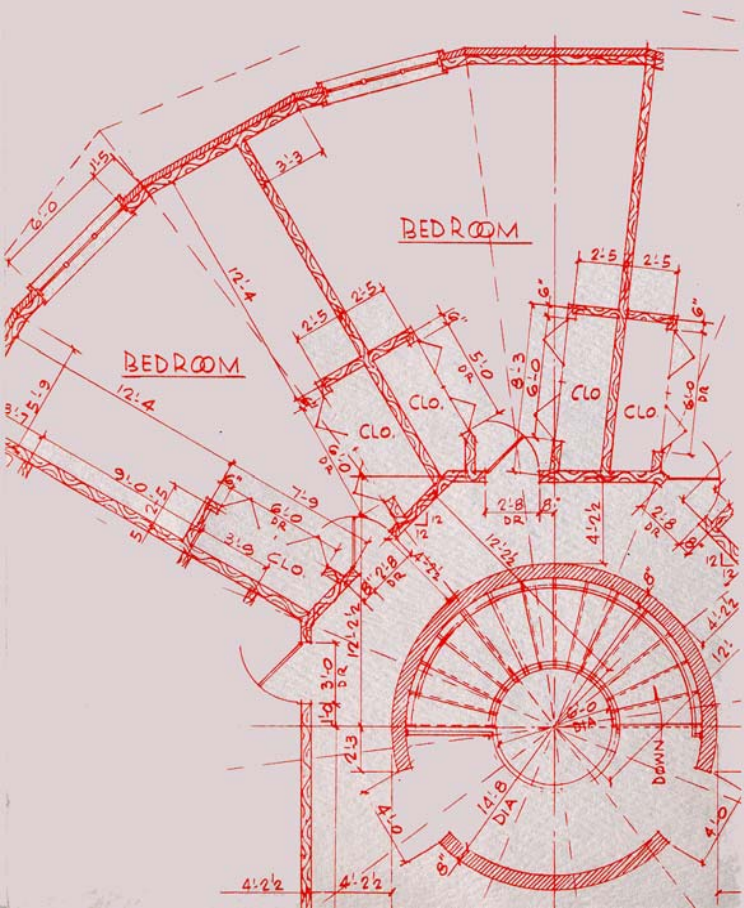




WHAT CAUSES PROPERTY VALUES TO CHANGE?

A property's value can change for many reasons. The most obvious is that the property changes. A bedroom, garage, or pole barn is added, or part of the property is destroyed by flood or fire.

The most frequent cause of a change in value is a change in the market.



If a town's major business leaves, property values may collapse. As decaying neighborhoods with good housing stock are discovered by young homebuyers, prices gradually rise, and then may soar as the neighborhood becomes fashionable. A shortage of available housing in a desirable area can send prices to unreasonable levels. In a recession, larger homes may stay on the market for a long time, but more affordable homes are in demand, so their prices rise.

In a stable neighborhood, with no extraordinary pressure from the market, inflation may increase property values.





IF ASSESSED VALUE RISES, DO TAXES HAVE TO RISE?

NO

IF ASSESSED VALUE FALLS, DO TAXES HAVE TO FALL?

NO

Taxing authorities decide how much money the property tax has to raise each year, say \$1 million.

Directors of Equalization estimate the total assessed value of all taxable property, say \$105 million. Equalized or taxable values are determined by applying an audit factor to your assessed value. \$105 million assessed value x .953 factor = \$100 million in taxable value.

A tax rate is calculated by dividing the amount of tax to be raised by the total taxable value:

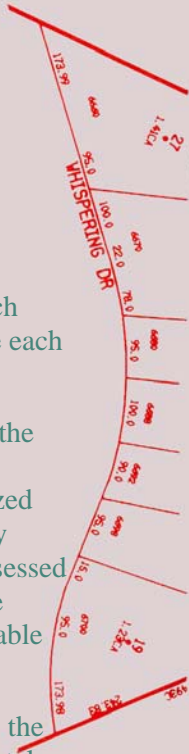
$$\$1 \text{ million} / \$100 \text{ million} = 1 \text{ percent}$$

If your home's taxable value is \$100,000, your tax bill will be

$$.01 \times \$100,000 = \$1,000$$

If total taxable value doubles to \$200 million, and the amount to be raised stays the same, the tax rate will be

$$\$1 \text{ million} / \$200 \text{ million} = 1/2 \text{ percent}$$





WHAT ARE THE GROUNDS FOR AN APPEAL?

An assessment appeal is not a complaint about higher taxes. It 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:

1. Items that affect value are incorrect on your property record. You have one bath, not two. You have a carport, not a garage. Your home has 1,600 not 2,000 square feet.
2. 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.
3. The estimated market value of your property is accurate but inequitable because it is higher than the estimated value of similar properties.

NOTE: You will not win an appeal because you think your taxes are too high.

This is an issue you must take up with the officials who determine budgets. However, you may be eligible for tax relief or exemptions. The equalization office can give you information about exemptions.



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THE APPEALS PROCESS - STEP-BY-STEP

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 equalization office for information.

Be sure you understand and follow instructions. A missed deadline or incorrect filing can cause an appeal to be dismissed.

Informal Review

The first step in an appeal is usually an informal meeting with someone in the equalization 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.

The information in the equalization office is public in most states. If the review uncovers inaccurate information, the equalization office will assist you, in correcting the error.



Preparation

Prepare for the meeting. Find your property identification number on your assessment notice. Use this number to view or obtain a copy of your property record from the equalization office.

Review the facts on the property record. Is the architectural style correctly stated? If not, a recent photo of your home will help correct the information. Check the living area of your home, the size of your lot, the number of bathrooms and bedrooms, the presence or absence of a garage or finished basement, the construction materials, the condition, and so on.

Gather as much information as you can on similar properties in your neighborhood. Ask the equalization office or a real estate broker for sales prices on these properties. Use the addresses of comparable properties to review their property record forms, which should also show their appraised values.



Compare the features of these properties to the features of yours. If there are differences, the values of the properties may be different.

The Meeting

The purpose of the informal review-which is not yet an appeal-should be (1) to verify the information on your property record form, (2) to make sure you understand how your value was estimated, (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, if you still want an appeal.

The person conducting the meeting will probably review your property record form 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, even though you may have uncovered an error or the assessment appears to be inequitable. 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.

View the equalization 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 an appeal.



BDS: 4	FB: 1	PB:	BTH	LOC: 2	TYPE: R	PRICE: \$169,000	MI # 91 26620
CTY: CHGO	ZIP: 60667	AREA: 103	UTIL: TYP	AGE: 90+	COUNTY: C		
LOT: 21X124	MAT: BRCK	ZONING:	AGENT#: 9074	KEY:			
ONST: BRCK	SOFT: 0	POS: CLOSING					
HO: Y	TITLE:	OFFICE#: 2166	PH: 362-2887	BSMT: FULL			
LOT: N	ASSIST: N	TERMS: CONVENTIONAL					
ALL:							
ANN:							
W: 4	FIREPLACE: Y	LOC: 2					
ATIAL: 0							
FL: 1							
MASTER							

SUBJECT	Property Description & Analy
	Property Address
	City
	Legal Description
	Owner/Occupant
	Sale Price \$
	Loan charges/concessions to be paid
	RE Taxes \$

Formal Appeal

Residential appeals are often 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 neighborhood are assessed for less than yours. Copies of property record forms on your comparables, 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 may be good evidence of its value. The appeal board will be 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.

If you disagree with the local board's decision, additional administrative or legal remedies are available. Information about these are available from your equalization office.

UNIFORM RESIDENTIAL APPRAISAL REPORT File No. _____

County _____	Census Tract _____	LENDER DISCRETIONARY USE
State _____	Zip Code _____	
Date of Sale _____	Map Reference _____	Date _____
eller \$ _____	PROPERTY DISC _____	Mortgage A _____

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