Understanding Your Assessment

A public information brochure provided by
INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS.

The content of this brochure is intended for informational purposes only and is not to be construed as legal advice. Property owners should consult their local assessor and qualified legal counsel before acting on information found in this brochure. IAAO assumes no liability for the accuracy of this information when applied to specific instances.

Copyright © 2007 International Association of Assessing Officers
Reproduced with permission

ARE YOU CONCERNED ABOUT RISING 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 determines 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 primarily with the first part—how the assessor’s office determines the value of your property.

WHAT IS THE ROLE OF THE ASSESSOR?
The assessor is responsible for estimating the value of your property, which determines your assessed valuation. The assessor does not determine your property taxes. Instead, the assessed valuation 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 property values to change.

HOW IS YOUR PROPERTY VALUE ESTIMATED?
The assessor estimates the value of your property typically by first examining and collecting information on the physical characteristics of the property. Physical characteristics can include, among others, the square footage of land and improvements, the number of bedrooms in a home, whether or not the improvements include a garage, the number of bathrooms, and the nature of amenities such as swimming pools and fireplaces. For some properties such as income-generating 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. In some instances where warranted, the assessor may rely more heavily on sales or income or cost data to estimate the value. Also, the assessor may find in some instances that particular properties cannot be analyzed through mass appraisal and require individual appraisals to estimate the value.

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 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 collapse. 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 more affordable homes are in demand so their prices rise.

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

Q: If assessed value rises, do taxes have to rise?
A: No

Q: If assessed value falls, do taxes have to fall?
A: No