

## What is Your Property's Assessed Value?

These days, it's not unusual for personal and commercial property taxes to rise steeply. In many areas, real estate prices are soaring at the same time that local governments are seeking more money for schools, law enforcement, fire protection and other needs. But while some increase in your property tax assessment might be expected, take a close look. Your tax bill may have increased too much.

In assessing the value of a property, assessors generally look at the size of the structure, its condition, the land it sits on, renovations, and recent sales prices in the neighborhood. On a periodic basis, assessors conduct re-evaluations. In some areas, only a fraction of a home's assessed value is taxed while in others, the full value is used.

If you disagree with the value of your property, here are a few items to check:

**Simple errors** - It's possible for assessors to make errors in the physical descriptions of properties. They might list a property as being 2,900 square feet when it is actually 1,900. Or records may say your home has four bathrooms when it only has three. Transposition of numbers is another common mistake when recording data.

**Improvements** - The bill may include assessments for improvements that were never made or are not completed. For example, you are adding a room to your house but it is not yet habitable.

**Comparable properties.** Do you know of similar properties in the same area that are valued differently than yours?

**Special exemptions or credits.** You might be eligible for special tax relief. Some states, such as Florida, have homestead exemptions for qualified owners who occupy their homes. Others, such as Connecticut provide property tax credits to elderly and disabled homeowners. Still others, including Michigan, give tax breaks to veterans and those who are blind. Wisconsin has a lottery credit for owners who use properties as their primary residences. However, it is generally the responsibility of owners to apply for these special breaks.

**Unusual conditions.** Some properties have features that lower their value, such as a cracked foundation or proximity to a noisy interstate highway.

Don't assume that any errors you might find are new. The former owner may have been overpaying as well. Just because your rates are unchanged from previous years doesn't mean they are right.

## How to Appeal

Different jurisdictions have different systems for tax assessments and appeals. If you think you have a legitimate claim, you should act quickly since many municipalities require challenges to be made within a short period of time after an assessment is sent out. You can generally pursue tax relief in one of two ways:

**1. Negotiation** - The most common remedy is to ask for a negotiation with your local tax authority. Be sure you have documentation for your claims, such as photographs, comparable sales lists, and property records that show discrepancies.

**2. Appeals or protests** - Many, but not all, states hear property tax appeals or protests based on a comparative analysis. A successful appeal can lower your current and future taxes significantly. You may also be able to appeal past property tax bills and get refunds.

As a last resort, if you have substantial proof of an incorrect property valuation but are unable to succeed through negotiation or appeals and there is a large amount of money at stake, you may want to take your case to court.

Your CPA or attorney may be able to assist you in proving the true valuation of your property and handling the appeal. Many firms offer services to review property tax bills for mistakes and comparatively analyze properties with similar homes or businesses in the area.

*Play it smart:* You might have a good case and an excellent chance of successfully lowering your tax bill. But unless otherwise advised in writing by the taxing authority, be sure to pay your taxes *on time* as assessed, rather than risk penalties and interest for non-payment.