

Questions March 26, 2014 Tax Assessor Continued - Part Three

Q. How is my property value determined for property tax purposes?

A. As we explained earlier, property tax is an ad valorem tax based upon the value of property, both real and personal. Real property is defined as land and generally anything that is erected, growing, or affixed to the land. Personal property is boats, airplanes, business inventory, and any equipment, furniture, and fixtures needed to run a business.

Property taxes are charged against the owner of record, of the property on January 1st, and against the property itself if the owner is not known. Property tax returns are to be filed between January 1st and April 1st with the county tax assessor's office.

The assessors are charged with establishing the fair market value of the taxable real and personal properties in Union County. Fair market value means "the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale."

Q. So how does the tax assessor's office determine fair market value?

A. The Board of Assessors does not create property values. Assessors and appraisers merely interpret what is happening in the market place. The appraised value is simply the estimate of what the property is worth.

The assessors use standard approaches in setting the value on all real and personal property. There are three approaches to value:

Cost Approach: The cost approach uses actual replacement cost of the building, less general depreciation, plus the value of the land.

Market Approach: The market approach involves analyzing sales of similar properties to predict the likely selling price of unsold properties.

Income Approach: the income approach is used for income-producing properties. It involves capitalizing the net income to arrive at a probable selling price for the property.

Q. If I think my property tax values are too high, how can I appeal my assessment?

A. After the assessors establish a new value on a piece of property, the tax payer is sent an assessment notice. The assessment informs you of the new proposed valuation of your property. You have 45 days to appeal the new valuation if you feel it's incorrect. The appeal must be filed in writing. **Late appeals are invalid.**

After you have given careful consideration to the value placed on your property and if you feel it's incorrect, your appeal should be based on one of the following areas of appeal:

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- **Taxability:** Is the property taxable or does it qualify for exempt status?
- **Uniformity:** Does the property value compare with the value of similar properties?
- **Value:** Is the property value too high or too low?

Q. What is the appeals process?

A. When you file an appeal, the Board of Tax Assessors reviews it and determines whether a change in the valuation is warranted. If no change is made, it will then go the next level of appeal, the Board of Equalization. Its specific function is to hear unresolved appeals from taxpayers. After hearing both the assessors and the taxpayer's position, the Board of Equalization renders a decision on the valuation.

If either side disagrees with the decision of the Board of Equalization, the taxpayer or the assessor may proceed to the next level of appeal, Union County Superior Court.