

## Property Owners: Be Aware of Upcoming Washington County Tax Reassessment

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To culminate a process that has been years in the making, in February 2016, Washington County will be issuing notices to real estate owners showing their new property assessments. Because county, municipal and school district real estate taxes are based on these assessments, there is tremendous concern and confusion over what these new assessments will mean.

The new figures a taxpayer receives may be a jolt, but some of the shock can be explained. First, the last reassessment by the County was decades ago and the County had been using an “assessed value” for property that was a small fraction of the property’s fair market value. With the new reassessment, the County now will assess properties at 100% of fair market value. Second, under state law, school districts cannot receive any windfall in total taxes from the new assessments, and municipalities are limited to a 5% increase. As a result, even if your property assessment has grown dramatically, it does not automatically mean your taxes will go up by the same percentage.

But, it is important to for property owners to review their new assessments carefully to make sure they are in order. These new assessments go into effect in the 2017 tax year, and the County is attempting to build in plenty of lead-time. As an initial check, Washington County is having the company who coordinated the assessment conduct “informal reviews” for taxpayers of an owner’s new values. It is anticipated that these reviews will allow taxpayers to point out objective factors listed in the reassessment which are incorrect (for example, land acreage is wrong or the number of bedrooms is inaccurate). The County plans for these informal appeals to occur in the spring of 2016.

If taxpayers are still are dissatisfied after the results of the informal appeal, they can still file a “formal” appeal with the Washington County Board of Property Assessment. Formal appeals can be filed until September 1, 2016. At the formal hearing, the Board will consider not only whether the reassessed values are based on incorrect facts about the property in question, but taxpayers can also argue that overall assessed value is simply wrong.

In reviewing your property tax assessment and deciding whether to take action, the three measures of valuing real estate should be considered. If your property is income-producing — whether it is a shopping center or a duplex — an analysis of the property’s income and expenses must be taken into account. For real estate purposes some expenses cannot be considered, such as mortgage interest payments or depreciation, but often assessments fail to consider actual rents or underestimate the costs of operating a property. Particularly for residential properties, you should review recent sales of properties similar to yours focusing on properties similar in use, size and location. Finally, if you have just constructed a new building the assessment should roughly correlate to the costs involved in construction.

Assessments can be complicated and only through a comprehensive understanding of the process can you determine whether the new assessment is accurate or whether you should appeal. For further information contact Tucker Arensberg attorneys John Vogel at (412) 594-5622, Irv Firman at (412) 594-5557 or Gavin Robb at (412) 594-5654.