ASSESSED VALUE/SEV OR STATE EQUALIZED VALUE

The “assessed value or SEV” is almost always the same. In very rare circumstances they can be different. This number represents on half of market value of your property as estimated by the assessor. There is no limit on how much this value can change from year to year. As real estate values increase so does the assessed value.

Example

50,000 assessed value or SEV times 2 equals 100,000. This is the estimated market value of your property.

TAXABLE VALUE

The “taxable value” is the value that your taxes are based on. When this number changes, so does your tax bill.

The term “taxable value” came into existence in 1994 with the passage of Proposal A. The purpose of this new value was to limit the annual increases in property tax to the rate of inflation, or 5%, whichever is less.

Prior to Proposal A only the term “assessed value” existed. Whenever this value went up, or down, your tax bill did the same. During the time leading up to 1994 real estate values were going up substantially each year causing property owners to complain about constant large increase in their taxes.

So, the term “taxable value” was created and the first year of Proposal A the assessed and taxable value showed up for the first time on your assessment notice. The first year of that new law both of these numbers were the same. Let’s say they were both 50,000.

Assessed Value 50,000

Taxable Value 50,000

Let’s say the next year property values increased by 10%.

New Assessed Value is now 55,000. In the past your property tax bill would also have increased by 10%.

However, Proposal A now limits the increase in the taxable value to the inflation rate or 5%, whichever is less. So, let’s say the inflation rate was 3% for that year.

The new taxable value is 51,500.

So now, rather than paying taxes based on 55,000, we are paying taxes based on 51,500.

**However, any new construction on the property would be added on top of the inflationary increase.

WHAT HAPPENS AS TIME MOVES ON?

For someone who continues to own their home for many years the difference between the assessed value and taxable value can be considerable. The bigger the difference the bigger the savings you have seen!

An Example would be;

Assessed Value 100,000

Taxable Value 50,000.

Prior to Proposal A you would be paying taxes based on the 100,000 value rather than 50,000 that you are paying on today.

WHAT HAPPENS WHEN YOU BUY A DIFFERENT HOME?????

Take the example above where the current assessed value on the home you are going to purchase is 100,000 and your taxable value is 50,000.

When I come along and buy your home, my new taxable value will automatically increase to an amount equal to the assessed value, in this case from 50,000 to 100,000. Of course, this means my new property taxes are double what the previous owner was paying. This is supposed to happen and is called "uncapping". In other words, for that one year the taxable value is NOT capped at the inflation rate.

Once the uncapping occurs that new taxable value will once again be capped at the inflation rate for as long as I own that home, thus starting that cycle all over again.

WHAT IF YOU DISAGREE WITH THE ASSESSED VALUE

You may then appeal the VALUE of your property to the Board of Review which is held each March. You may only appeal the current year, NOT previous years.

We have all hear people say, "my taxes are too high". Keep in mind there no appeal for the tax amount you pay. When you receive your tax bill you will notice that there are many line items for various items. Each of those tax rates is authorized by law, or has been voted on by the public and there is no avenue to change those.

When you file an appeal with the Board of Review you are typically appealing the Market Value of your property. The Board cannot simply change your taxable value to reduce your taxes!

So be prepared to support your estimate of the market value of your property. Many times, an owner will bring in an appraisal from an independent source as evidence that the assessors value is wrong. Other data my be submitted if you think it demonstrates a different value than that of the assessor.

The board does not have to take action on the evidence if they are not properly convinced the value is incorrect. The Board is independent from the assessor and their hands are not tied to anything the assessor has done! They have full authority to make changes they see fit. If, the evidence submitted is compelling!

Simply showing up and stating your value is wrong, or your taxes are too high, will accomplish nothing.

Every appeal is different. If the Board does reduce your assessed value. it may, or may not affect your tax bill. Why is that? Let's once again use the same example of the 100,000 assessed value and 50,000 taxable value.

In this case, let's say the Board reduced the assessed value to 80,000. One may think that now the taxes will go down accordingly. The answer is NO, they will not.

Because the 80,000 assessed value is still higher than the 50,000 taxable value it would have no affect on the property taxes.

If the Board reduced the assessed value to 55,000 there would still be no affect on the property taxes because the assessed value is still higher than the taxable value of 50,000.

Remember, the taxable value can NEVER be higher than the assessed value. So, if the Board reduced the assessed value to 40,000 and the taxable value can never be higher that the assessed value, the taxable value would have to be reduced to 40,000 which WOULD now affect the tax bill.

As with most anything there are rare exceptions to these examples.

*****REMEMBER TO TREAT THE BOARD OF REVIEW MEMBERS WITH RESPECT. THEY ARE CITIZENS FROM THE COMMUNITY WHO HAVE AGREED TO SERVE ON THIS BOARD. THEY TOOK NO PART IN PREPARING THE VALUES AND THEY HAVE NO ALLEGENCE TO THE ASSESSOR. THEY ARE THERE TO SIMPLY REVIEW THE EVIDENCE SUBMITTED AND TO MAKE A DECISION BASED ON THAT EVIDENCE. THEY DO NOT RESEARCH ANYTHING.*****