

## **Frequently Asked Questions about Reassessment**

### **What is reassessment?**

Reassessment is the process of updating the market value of property for Ad Valorem tax purposes. Local property tax assessors are required by SC Code of Law to conduct a reassessment of all property in the county every five years. Value estimates are revised based on recent sales and other data.

### **Why must a reassessment be done?**

Revenues used to fund schools, police, fire protection, libraries, parks and other public services are derived from the tax rate applied to the estimated market value of your property. Over time, real estate market changes up or down, depending on location and other factors. As time elapses, some property's market values are farther from the true market values than others. Such occurrences create inequities among assessments. Reassessment is needed to reflect a more equitable fair market value for all properties.

### **What is "fair market value"?**

The price that a given property would bring in the marketplace, subject to the following conditions:

- Prospective buyers and sellers are reasonably knowledgeable; they are behaving in their own best interests and are free of undue pressure.
- A reasonable time period is given for the transaction to be completed.

### **How is the property appraised?**

To find the value of any piece of property, the assessor must first know what properties similar to it are selling for, what it would cost to replace it, how much it takes to operate and keep it in repair, what rent it may earn, and many other factors affecting its value. Using these facts, the assessor can then go about estimating the property value. There are 3 approaches to value used by appraisers, Sales Comparison Approach, Cost Approach, and Income Approach.

### **Why do appraised values change?**

Market values change due to changes in the property itself, and/or due to changes in the economy. Changes in the real estate market have a major impact on property values. The assessor's staff monitors sales activity in every neighborhood of the County to keep up with the trends.

### **Are foreclosures taken into account?**

The International Association of Assessing Officers recommends that foreclosures be taken into account if they comprise 15% or more of the number of sales in a neighborhood. However, since foreclosures do not meet the strict definition of market value, the weight placed on a foreclosure sale is not given the same consideration if there are true arms length transaction sales in the neighborhood.

**There are a number of vacant houses in my neighborhood that have not sold.**

**How does the reassessment account for them?**

Inactivity of sales speaks as loudly as high activity. Appraisers check listings for unsold properties to see what the asking prices are, how long they have been on the market, and any price reductions that have been made. These factors help gauge the market for a neighborhood with limited sales data.

**Will my new assessed value be lower than the current assessment?**

That will depend on the sales activity in your neighborhood. There will be some neighborhoods where sales have fallen below the 2005 reassessment values (using sales from 2003 and 2004). However, the majority of neighborhoods will see a net increase in value, though certainly not as high as the peak values of 2007-2008 before the market declined.

**Does the Assessor's Office simply raise values to increase the tax base?**

No. By state statute, the assessor must appraise your property at its current market value. If that turns out to be lower than the previous assessment, then that is what the new assessment will reflect. Changes in assessed value are neither arbitrary nor set to meet a particular target.

**No one came by my property. How can they know the true market value?**

The assessor's staff has the task of reappraising over 115,000 parcels of real estate. Every new house or building that has been constructed over the years has been visited and inspected by an appraiser. The same applies to all properties that were remodeled or renovated. Changes in property records are indicated by building permits, and the records are maintained and reviewed. The appraisers then use current sales data to get a picture of the market in your neighborhood.

**What if my house is unlike others in my neighborhood?**

The assessor's listing of your property takes into account its individual characteristics. Even though two houses in the same neighborhood have the same floor plan, they can carry different values on the tax rolls due to other improvements that one may have that the other does not, for example, detached structures, pools, larger decks, porches etc.

**How much will my value increase?**

Not every property will experience the same rate of increase or decrease in property value. The location, type of property, market activity, and the appraised value prior to reassessment, whether above or below the prescribed assessment ratio, all impact the change in value.

**How much will my taxes increase?**

The assessor's office is not involved in determining the amount of taxes collected. The assessor's responsibility is to estimate the fair market value of your property so that you pay only your fair share of taxes.

The amount of taxes you pay is determined by a tax rate (millage rate) applied to your property's assessed value. The tax rate is determined by all of the taxing agencies – cities, county, school districts, and special tax districts.

**When will I receive my notice of assessment?**

The notice of assessments will be mailed to property owners in May, 2011.

**What if I do not agree with the value?**

*At the bottom of the "Notice of Assessment" are instructions on what you need to do if you wish to appeal the assessment on your property. These guidelines are set by South Carolina Code of Law Section 12-60-2520.*

- Within 90 days of the date of assessment, you must file a written objection to the Assessor.
- The Assessor's Office will schedule a conference, either in the office or by phone, to discuss your objection and explain the appeal process.
- After the review is completed, the appraiser will notify you in writing of the findings.
- If you are still in disagreement, you have 30 days to file a written notice of appeal to the County Board of Assessment Appeals, a panel of private citizens, appointed by each Council Member, who serve as the final local authority in such appeals.
- If you disagree with the County Board of Assessment Appeals decision, you may appeal to the Administrative Law Judge in Columbia.

**When will I know how much my taxes will be based on the new assessment?**

- All taxing entity's (County, Cities, Special Purpose District's and School District's) prepare a budget usually by the middle of June.
- The assessed (taxable) value of property within the taxing entity is determined. This includes all real property, personal property and property assessed by the SC Department of Revenue.
- The Assessor's office and Auditors office furnish the County, School Districts and Municipalities with the total assessments of all taxable property.
- The budget divided by the taxable value of property equals the millage rate required to be set or levied. The millage rates are usually set around the end of September.
- $\text{The Assessed Value} \times \text{Millage Rate} - \text{Exemptions} = \text{Taxes}$
- The tax notices are mailed out around the middle of October.