


Property Taxes and Appeals 101

A webinar by  **turbotenant**



This webinar will be recorded and emailed to you after our session ends.



Intro Poll:

How many rental units do you own?

Have you attended a TurboTenant webinar before?

Do you have a TurboTenant account?

Did you pay property taxes last year?

Key Takeaways:

- Property taxes are assessed based on a valuation of your property.
- Property taxes support your local government, but they can be appealed if your property was overvalued.
- Scrutinize your property tax bill to ensure it makes sense.
- You can appeal your property tax bill yourself or with a professional service like Ownwell.

The Basics of Property Taxes



What Are Property Taxes?

- A local tax that county and/or municipal governments collect as a value-based tax
 - Levied on land, buildings, and personal property
- Most areas provide one superbill, but you may receive tax bills from the county, city, and school district

Pro Tip: The phrases “real estate taxes” and “property taxes” are interchangeable.

Property Taxes...

- Are an **ad valorem** tax
 - Typically increase annually since they're based on the value of the property
- Are calculated based on:
 - The assessed value of real property
 - Qualifying exemptions
 - Applicable property tax rates



Key Terms

- **Market value:** the price a property would sell for in an open market, as determined by the county appraiser or assessor
 - Based on the property's:
 - Size
 - Age
 - Features
 - Conditions
 - Local market conditions
 - Nearby property values

Key Terms, pt 2

- **Assessed value:** the market value minus any applicable exemptions or limitations
 - *May differ from the market value, but this is almost always the taxable value*
 - Set annually - typically on January 1st of the assessment tax year

Key Terms, pt 3

- **Millage rate:** the amount of property tax paid on a defined quantity of dollars of assessed value (\$1,000 for property taxes)
 - *One “mill” is equal to one-thousandth of a dollar*
- Example: If the millage rate is 12.34, you would pay \$12.34 in property taxes for every thousand dollars in assessed property value



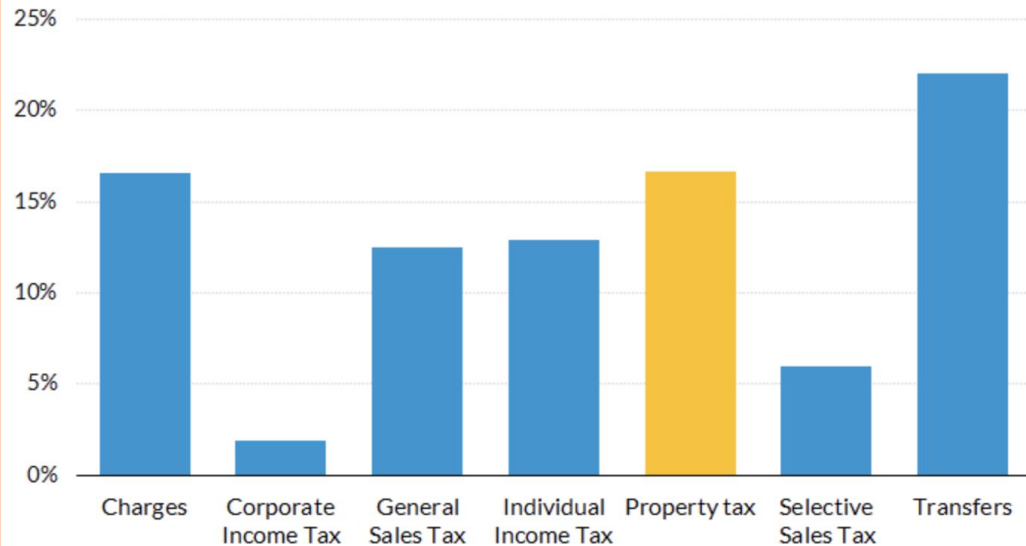
What Do Property Taxes Fund?

- Public schools
- Libraries
- Government employee salaries
- Sanitation
- Parks
- Police and fire departments
- Roads, infrastructure, and various other local needs

How Much Revenue Do State and Local Governments Raise From Property Taxes?

Sources of State and Local General Revenue

Share of total state and local general revenues, by source, 2019



Source: US Census Bureau Annual Survey of State and Local Government Finances, 1977-2019 (compiled by the Urban Institute via State and Local Finance Data: Exploring the Census of Governments; accessed 14-Dec-2021 12:00), <https://state-local-finance-data.taxpolicycenter.org>.

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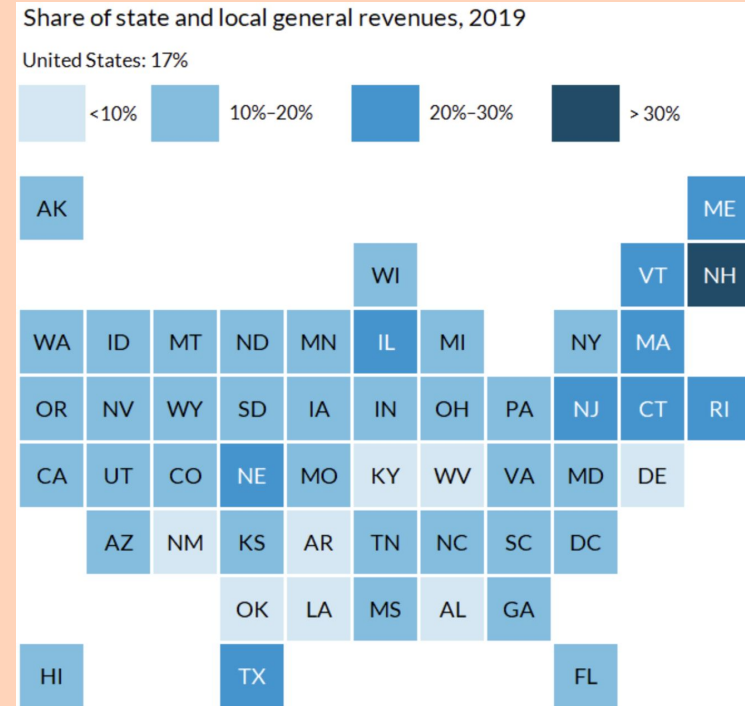
- State and local governments collected a combined **17%** of general revenue from property taxes in 2019

Property Taxes and Your Local Government

- On a state level:
 - Governments collected 1% of their general revenue from property taxes
- On a local level:
 - Governments collected **30%** of their general revenue from property taxes

Which States Depend on Property Taxes the Most?

1. **New Hampshire** = 36% of combined state and local general revenues
2. **New Jersey** = 29%
3. **Maine** = 27%
4. **Connecticut** = 26%



Pro Tip: 10 states collected 20% or more of their state and local general revenues from property taxes in 2019.

Source: US Census Bureau, Annual Survey of State and Local Government Finances, 1977-2019 (compiled by the Urban Institute via State and Local Finance Data: Exploring the Census of Governments; accessed 06-Jan-2022 11:10), <https://state-local-finance-data.taxpolicycenter.org>.
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Where Are Property Taxes Highest?

- According to [Rocket Mortgage](#):

STATE	REAL ESTATE TAX RATE	AVERAGE HOME PRICE	ANNUAL PROPERTY TAX
New Jersey	2.49%	\$335,600	\$5,419
Illinois	2.27%	\$194,500	\$4,942
New Hampshire	2.18%	\$261,700	\$4,738

Where Are Property Taxes Lowest?

STATE	REAL ESTATE TAX RATE	AVERAGE HOME PRICE	ANNUAL PROPERTY TAX
Hawaii	0.28%	\$615,300	\$606
Alabama	0.41%	\$142,700	\$895
Colorado	0.51%	\$343,300	\$1,113



Poll:

Have you ever appealed your property tax bill?

What's prevented you from appealing your property taxes?

Property Tax Calculations



Every Jurisdiction's Property Tax Process Requires:

1. Assessing the value of each property in the jurisdiction
 - a. Three methods:
 - i. Sales comparison approach
 - ii. Cost method approach
 - iii. Income method approach
2. Determining the taxable value of each property
3. Applying the tax rate to the taxable value of each property

Example Calculation

- Property value: \$250,000
- Millage rate: 10.5
 - $10.5/1,000 = \$0.0105$
 - $\$250,000 * \$0.0105 = \$2,625$
- You would owe **\$2,625** in property taxes this year



Limits, Exemptions, Deductions, and Credits

- State and local governments often lower a real property's taxable value under qualifying conditions
- The [Urban Institute](#) highlights the following examples:
 - **Assessment limits** prevent a property's assessed value from increasing by more than a fixed % between assessments
 - **Homestead deductions** decrease the taxable value of real property by a fixed amount (much the same way a standard deduction decreases taxable income)

Additional Options

- **Circuit breaker programs** offer relief for elderly and low-income residents with property tax liabilities above a specific percentage of their income
- **Property tax deferrals** allow elderly and disabled homeowners to defer payment until the sale of the property or the death of the taxpayer

Property Tax Payment and Appeal Process



Paying Property Taxes

- Per Rocket Mortgage, every county has different rules re: tax payments
 - Some localities collect them annually
 - Others require payments quarterly
- Two main ways to pay:
 - Direct payment-in-full when taxes are due
 - Establish an escrow account

Appealing Your Property Tax Bill

- Two main methods:
 - DIY
 - Work with a professional service like Ownwell



How to Appeal Your Property Tax Bill

1. File an appeal
 - a. Review the value notice
 - b. Determine if your property is overvalued
 - c. Submit your appeal
 - i. You may need to gather supporting documentation, depending on your jurisdiction

How to Appeal Your Property Tax Bill, pt 2

2. Collect supporting evidence, such as:

- Pictures of deferred maintenance
- Quotes for necessary major repairs
- Recent purchase documents
- Sales comparables



How to Appeal Your Property Tax Bill, pt 3

3. Prepare a rebuttal to the tax assessor's evidence

- Your county tax assessor will likely send you an evidence packet 15-30 days prior to your hearing

4. Present your case

- [Optional] Receive an offer of reduced value
- Schedule an informal hearing
- Schedule a formal hearing
- [Optional] Escalate further with a real estate professional and/or an attorney

Working With a Professional Property Tax Appealer

1. Share relevant documentation
2. Allow a company like Ownwell to do all the heavy lifting!





Q & A

Visit Ownwell.com/TurboTenant to learn more!

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Final Poll:

- 1. How did today's session compare to your expectations?**
- 2. I can use the information from this webinar:**