

## **COUNTY-WIDE REAPPRAISAL OF ALL REAL PROPERTY IN BENTON COUNTY COMING IN 2016**

Arkansas Code §26-26-1902 mandates that ‘each county in the State of Arkansas shall be required to appraise all market value real estate normally assessed by the county assessor at its full and fair market value at a minimum of one (1) time every five (5) years’.

Benton County’s last county-wide reappraisal occurred in 2011, and the next reappraisal is scheduled for 2016. In the next county-wide reappraisal every real estate parcel is appraised as of January 1, 2016, and that appraised value will then be the property value used for ad-valorem tax purposes for the next five (5) years; as long as no changes (additions/improvements) are made to the property.

The property owner/taxpayer will be notified of their 2016 appraised value by US Mail beginning in July of 2016, with all notices sent out no later than July 15<sup>th</sup> of 2016. It’s important to remember that although every parcel will be reappraised, not all property values will automatically change. The appraised value is market derived and properties located in appreciating market areas and/or neighborhoods may go up in appraised value, while other properties may stay at the same appraised value and some may even decline in appraised value, depending on what the market data indicates for the specific neighborhood.

For more information about the reappraisal process, please contact the Benton County Assessor’s Office at 479.271.1037.

### **ARE YOU ELIGIBLE FOR THE HOMESTEAD CREDIT ON YOUR REAL PROPERTY?**

According to Amendment 79 to the Arkansas Constitution; your real property may be eligible for a tax credit up to \$350.00, *and/or* an annual limit on the amount the taxable assessed value may increase, *and/or* value freezes for taxpayers 65 and older and disabled.

Please call our office at 479.271.1037 to see if your property qualifies.



# Understanding Your Property (Real Estate) Assessment

A Public Information Service Provided by the  
Benton County Assessor's Office

## **ARE YOU CONCERNED ABOUT YOUR PROPERTY TAXES?**

To express your concern effectively, it helps to understand the two parts of the property tax system: valuation and taxation.

Your Assessor's Office determines the value of your property; your taxing authority (Quorum Court) determines the rate (millage) at which your property will be taxed. It is the combination of these two parts that determines how much you will pay in taxes. This discussion addresses the first part or how the Assessor's Office determines the value of your property.

## **WHAT IS THE ROLE OF THE ASSESSOR?**

The Assessor is responsible for the discovery and valuation of all real and personal property in Benton County. The valuation of your real property then determines your assessed valuation. The Assessor does not determine the amount of your property taxes. Instead, the assessed valuation determines the overall share of taxes you pay. Because your assessment affects your property taxes, it is important that your assessed value be accurate and fair. It is also important that you understand how the value of your property is estimated and what can cause property values to change.

## **HOW IS YOUR PROPERTY VALUE ESTIMATED?**

The Assessor estimates the value of your property typically by first examining and collecting information on the physical characteristics of the property. Physical characteristics can include, among others, the size of the land (square feet or acres) and building improvements (square feet); quality of construction, whether or not the improvements include a garage, the number of

bathrooms, and the nature of amenities such as swimming pools and fireplaces. For some properties such as income-generating properties, the Assessor estimates the amount of income the property can generate. Location also is a key characteristic affecting value.

Using a mass appraisal system, the Assessor analyzes sales, income, and cost data to arrive at an estimate of value. In some instances where warranted, the Assessor may rely more heavily on sales or income or cost data to estimate the value. Also, the Assessor may find in some instances that special-use or special-purpose property cannot be analyzed through mass appraisal and require individual appraisals to estimate the value.

## **WHAT CAUSES PROPERTY VALUE TO CHANGE?**

A property's value can change for many reasons. The most obvious is that the property changes: a bedroom, a garage, or swimming pool is added; or all or part of the property is destroyed by flood, storm, or fire. Sometimes, a change in use can affect the property's value, such as an apartment building being converted to condominiums.

However, the most frequent cause of a change in value is a change in market conditions.

For instance, a limited supply of vacant land or homes in a desirable city or neighborhood will cause property values to rise; or a city or neighborhood with an adequate supply of housing stock can experience gentrification and redevelopment, both of which can cause prices to gradually rise and then send prices to previously unheard of levels as the neighborhood becomes fashionable. Conversely, in a recession, homes

and commercial properties may stay on the market for a longer period of time, with a larger supply and less demand so their prices may fall.

**Q:** If the appraised value of my home rises, do taxes have to rise?

**A:** No

**Q:** If the appraised value of my home falls, do taxes have to fall?

**A:** No

It is important to remember that in Arkansas, four benefits *may* accrue to the taxpayer as a result of the passage of **Amendment 79 to the Arkansas Constitution**.

- A 5% limit on the annual increase in the value of a homestead property.
- A 10% limit on the annual increase in the value of a non-homestead property.
- A freeze on the value of homestead property owned by a person 65 years or older; or disabled.

Please contact the Assessor's Office to see if you qualify for any of these benefits.

### **HOW DOES AMENDMENT 79 EFFECT MY PROPERTY VALUE?**

Amendment 79 to the Arkansas Constitution provides a tax credit of up to \$350.00 on real property that qualifies as the owners homestead used as his/her principal place of residence.

Amendment 79 also places a 5% per year limit on the amount of increase in taxable assessed value in a homestead resulting from a reappraisal; and a 10% per year limit on the amount of increase in taxable assessed value in non-homestead real property. The amendment also freezes the value or prevents an increase in assessed value of a homestead used as the principal place of residence of an owner 65 years of age or older or an owner who is 100% disabled.

For example, if your property qualifies as a homestead and the appraised value is determined to be \$100,000; then your *taxable assessed value* would be 20% or \$20,000. If, as the result of a reappraisal the value of your property was determined to now be \$200,000; your full

assessed value would increase to \$40,000; although your *taxable assessed value* of \$20,000 would only increase a maximum of 5% per year; or \$21,000 in year 1, \$22,000 in year 2, etc., until the taxable assessed value equaled the full assessed value (\$40,000); which in this particular example case would take approximately 15 years.

The 65 or older, or 100% disabled provision prevents an increase of any kind in the taxable assessed value of a property that is designated 100% homestead, as long as the ownership of the property does not change hands; or no changes are made to the property.

### **WHAT ARE THE GROUNDS FOR AN APPEAL OF YOUR PROPERTY VALUE?**

If you believe the appraised value of your property is incorrect, you will want to know:

- How the assessor values property
- How to gather information about your property and similar properties
- How the appeals process works and what the deadlines are

You also have a responsibility to furnish accurate information about your property to the assessor.

It is important to note, an assessment appeal is not a complaint about higher taxes. It is an attempt to prove that your property's appraised market value is either inaccurate or unfair. You will not win an appeal because you think your taxes are too high. This is an issue you must take up with the officials (Quorum Court) who determine budgets.

### **THE APPEAL PROCESS**

#### **Procedures and Deadlines**

When you receive your assessment notice, read it for instructions about deadlines and filing procedures. A missed deadline or incorrect filing can cause an appeal to be dismissed.

#### **Informal Review**

The first step in an appeal is usually an informal meeting with someone in the appraisal department at the assessor's office (often times this informal review is handled by telephone).

The purpose of the informal review, which is not yet an appeal, should be:

- To verify the information on your property record card
- To make sure you understand how your value was estimated
- To discover if the value is fair compared with the values of similar properties in your neighborhood
- To find out if you qualify for any exemptions
- To be sure you understand how to file a formal appeal, if you still want an appeal

The appraiser conducting the meeting will review your property record card with you and go over any information you have gathered. The appraiser may not commit to a change in value at this meeting, even though you may have uncovered an error or the assessment appears to be inequitable. The decision about a value change may have to be made by someone else and communicated to you in writing.

View the assessor's office as an ally, not an adversary.

### **Formal Appeal**

If you are not satisfied with the results of your informal review, you have several more opportunities. The first level of formal appeal is to the Benton County Board of Equalization. Your appeal is more likely to be successful if you present evidence that comparable properties in the same neighborhood are assessed for less than yours. Copies of property record cards on any comparable properties, with records of their estimated market value and sale prices, are your best evidence. Note any differences between your property and the comparables and be prepared to point out these differences. A recent appraisal of your own property can be good evidence of its current market value. The Board of Equalization is interested in and can make a decision only on the fairness and accuracy of the value placed on your property; not on whether your taxes are too high. ***It is important to note and remember that the burden of proof is on the taxpayer when appealing the value of the property.***

### **Be Prepared for Your Appeal Hearing**

- Get your property record card from the Assessor's Office or online.
- Check measurements and features listed on the property record card.
- List any problems or discrepancies.
- Compare your property value (*not the tax amount*) with other similar (age, size, condition, etc.) properties sold in your neighborhood.
- Bring with you any recent appraisals; and/or any estimates or expenditures made on recent construction or modifications to your property.

### **Additional Levels of Appeal**

If you disagree with the local Board of Equalization's decision, you may appeal to the County Judge, and subsequently if still not satisfied to the District Courts.

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***Again, the Assessor's Office only determines the market value of your property; your taxing authority (Quorum Court) determines the rate (millage) at which your property will be taxed; and finally, the Collector's Office determines the dollar amount of annual tax liability for your property.***

**Notice Of Real Estate Value Change**  
**This is NOT a Tax Bill**

A value change has been made on the property described below. The new value will be used to calculate property taxes for the assessment year 2016 for taxes due 2017

<b>Section I: Description</b>	
<b>Owner:</b>     <b>Lot:</b> <b>Block:</b> <b>Subdivision:</b> <b>Physical Address:</b>	<b>Parcel Number:</b> <b>School Dist:</b> <b>S-T-R:</b> <b>Acreage:</b>  <b>Legal:</b>
<b>Homestead:</b> <b>Over 65:</b> <b>Disabled:</b> These indicators state if the parcel is receiving a Homestead Tax Credit for the current year, if it has a limitation in taxable value (excluding substantial changes and decreases) due to being 65 or older and/or 100% disabled. Penalties are established by law for failure to notify the Assessor of change in homestead eligibility.	

<b>Section II: Reason(s) For This Notice</b>

<b>Section III: Valuation</b>				
	<b>Assessment Year</b>	<b>Estimated Market Value</b>	<b>Assessed Value (20% Of Market)</b>	<b>Taxable Value *</b>
<b>Previous Value:</b>				
<b>Current Value:</b>				
<b><u>Estimated Annual Tax Change**:</u></b>				

\*Current Taxable Value is the Previous Taxable Value plus any allowed annual increases provided by Amendment 79. See "Limitations on Taxable Value Increases Provided by Amendment 79" in Section VI on reverse side of this form.

The Taxable Value is multiplied by the millage rate to compute the amount of base taxes.  
 Taxable Value may become current assessed value after sale of property.

\*\*Estimated Annual Tax Change is based on **2015** millage rates. Your actual real estate tax bill will be adjusted by any millage changes, Homestead Credit and/or assessment limitation that may apply. The amount shown does not include any special improvement assessments.

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**Section IV: Your Rights**

You have the right to appeal the new valuation to the Benton County Equalization Board, even if changed during an informal review. If you wish to schedule an appointment with the Board, please call the office at (479) 271-1037.

The Equalization Board will be in session from August 1st through October 3rd. You must schedule your appointment on or before August 15th to appear before the Board. If you live outside the county you may make an appeal by mail. Send letter to Benton County Equalization Board, 215 E Central Ave, Bentonville, AR 72712 along with any documentation to explain your request. The envelope must be post marked on or before August 15th.

You have the right to appeal the Equalization Board's decision to the County Court and then to the Circuit Court.

**Section V: Why You May Appeal Your New Estimated Market Value:**

*The Arkansas Supreme Court has determined why a property's value may change when appealed. The reasons are summarized below:*

1. A property is appraised higher than neighborhood properties of the same use, size, materials and condition.
2. The appraisal relies on inaccurate or insufficient information about the property. (Ex: When potential rental income on a commercial property is not considered or when details of a residential building's quality or condition are disregarded.)
3. The appraised value of a property greatly exceeds what willing, knowledgeable and unforced buyers will pay similarly motivated sellers for a property. Selling prices of similar properties indicate whether the appraised value of a property is excessive or not.

**Section VI: Limitations on Taxable Value Increases Provided by Amendment 79**

0% Limitation: Homestead eligible Taxable Values on properties SERVING as the *principal place of residence* for any owner who is disabled or who reaches 65 years of age or older, on or before 01/01/2016, shall be assessed at a level no greater than the Previous Taxable Value (providing claim has been filed with Assessor and proof has been furnished) plus any substantial improvements. Future Taxable Values will not change unless additions to the property are made or the property sells.

**OR**

5% Limitation: Homestead eligible Taxable Values on properties SERVING as the *principal place of residence* for all other owners shall be limited to a 5% increase over Previous Taxable Value (providing claim has been filed with Assessor) plus any additions. The 5% increase will occur yearly until the Current Assessed Value is reached or the property sells.

**OR**

10% Limitation: Non-Homestead Taxable Values such as agricultural, commercial and/or industrial developments, or any other property NOT SERVING as owner's principal place of residence shall be limited to a 10% annual increase over the Previous Taxable Value plus any additions. The 10% increase will occur yearly until the Current Assessed Value is reached or the property sells.

**AND**

\$350.00 Homestead Tax Credit: Amendment 79 and subsequent Acts also provide that homeowners may receive UP TO a \$350.00 tax credit on property serving as their principal place of residence. If this property is your principal place of residence and you have not previously filed this information with the County Assessor, you should do so immediately. The deadline to apply for the 2016 Homestead Credit is 10/15/2017.

NOTE: A parcel may contain both Homestead and Non-Homestead eligible property.