



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; the individual taxing units (school districts, cities, county, etc.) determine their required millage rates which are then aggregated and approved by your taxing authority (Quorum Court). 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 tax credit of up to \$500 on real property that qualifies as the owner's homestead (principle place of residence).
- 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 \$500.00 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 (Taxing Units / 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.*

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.

Again, the Assessor's Office only determines the market value of your property; the individual school districts, municipalities, and the Benton County Quorum Court determine the rate (millage) at which your property will be taxed.



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