

REASSESSMENT PROGRESS REPORT

The process of inspecting all taxable properties in the county and assigning fair market value to them is now complete. Owners will shortly be notified by the reassessment company, Manatron, of the new value which it has calculated for their property. The remaining steps in the reassessment process are as follows.

1. Informal review of values

Between the beginning of April and May 15, owners will have the opportunity to raise questions and objections with representatives of Manatron about their new values. There will be no need for owners to provide any supporting data in connection with a disputed value, nor do owners need to disagree with a value in order to have a discussion with Manatron about how it was arrived at. However, if owners do have additional information which would help the review process, they are encouraged to bring it to the review.

2. Adoption of values by the county

Once the informal reviews are complete, and any adjustments have been made, Manatron will hand over their values to the county. On or about July 1, the county will send out formal notices confirming the new property values.

3. Formal appeal process

After owners receive their new value notice, they will have thirty days in which to file a formal appeal against the value. The county will appoint two three-person boards of appeal to hear these appeals; all appeals will have been heard by October 31, 2008. Since the issued values are the product of fifteen months of field work and analysis and six weeks of informal review, they will be assumed in the first instance to be correct. Owners will therefore need to bring evidence in support of their appeal to these boards.

4. Adoption of new tax roll

When all the appeals have been heard, and any necessary adjustments made, the county will formally adopt the new property values as the tax roll for 2009.

Q: How will owners be able to judge whether their preliminary value is fair?

The only valuation process which is more thorough than that conducted by Manatron is a full individual property appraisal. Unless owners have recently purchased or refinanced their home, it is unlikely that they will have an up to date appraisal. Replacement values used by insurance companies are usually a poor guide to market value, since they factor in risk assessments which are not relevant to fair market value. It should also be noted

that real estate agents are forbidden by state law from offering opinions of value except where an owner is contemplating a sale.

So owners should ask themselves two basic questions about their new values; first, if they were selling the property, does the value reflect what their likely asking price would be? Second, if they were thinking of buying that property, does the value reflect what they would be likely to offer for it with a reasonable expectation that the offer would be acceptable?

Because the present county assessments are so old, the new market values will in almost all cases appear alarmingly big in comparison. There is a rough rule of thumb which can be applied to see whether the proposed value is reasonable. The Department of Revenue constantly monitors property sales in order to calculate how far county assessed values have drifted away from present market value.. In Clinton County, the state estimates that current market value is some 4.5 times the present assessed value. Even the state estimates are based on data that can be a year old, and therefore it is probably safe to say that owners can expect their new value to be, on average, between 4.5 and 5 times the present assessed value shown on the real estate tax bill.

Q. How will the new property value affect the amount of tax to be paid?

It is a common mistake to think that because real estate tax is levied on the value of a property, the amount of tax will automatically go up if the value goes up. This is not true, for this reason.

The county figures the amount of tax revenue it needs to raise by taking the total amount it expects to spend in the coming year and taking away the total it will receive in state and federal funds, investment income and charges for services. What is left (and there is always something left!) has to be made up by real estate tax income. In 2008, the county is budgeted to spend – in round numbers - \$22million, of which \$14million comes from other revenue sources. \$8 million will come from real estate tax.

The total taxable value of all property in the county (the tax base) is – again, in round numbers - \$400 million. If we divide \$8 million by \$400million the result is \$0.02. This is the tax millage, the amount of money which has to be levied per dollar of assessed value in order to fund the total tax requirement. It is easier to think of this as meaning that an owner will pay this year \$20 for every \$1000 of assessed value.

Q. Will the present decline in the housing market invalidate the results of the reassessment?

No, for three reasons. First, there is no evidence that the local real estate market is affected by the ‘melt down’ apparent in some major markets. Clinton County was never ‘on fire’, and therefore is not ‘burnt out’.

Second, Manatron carefully monitored whatever movements in the market were apparent during their analysis and factored those trends into their values.

Third, the most important feature of the reassessment is that, for the first time in thirty five years, all 24,000 taxable properties have been valued at the same time, under the same market conditions. If there are subsequent fluctuations in the market, they will apply across the board; the relative value of all the properties – which is the main test of fairness in the system – will not be affected.