

What Is a Property Tax Assessment?

Your local government will determine the value of your property for taxable purposes by doing what's called a property tax assessment. This is the process of assessing how much your home is worth, specifically for taxation. "Parks, schools, police, fire rescue, other public services. These are the big things that all this money generated goes towards," says Jason Hughes, the director of real estate assessments for Virginia's Henrico County.

"At the root of what we do is the equitable distribution of the tax burden," Hughes says. In the United States, property taxes are "ad valorem," a Latin phrase meaning "based on value." Essentially, if your property is worth more, you'll be taxed more. A home's age, exterior condition, size, location and features can affect its property tax assessment value.

How often your property's value is assessed will depend on where you live, but most assessments occur somewhere between annually and every four years. The frequency of your property's tax assessment has nothing to do with how often you'll pay property taxes, though. Those are due annually. The amount will just change periodically based on the latest assessment.

How are my property taxes calculated?

Property taxes are calculated by multiplying the property's assessed value by the tax rate. The first number is the one your property tax assessment determined; the second is set by the local tax authorities.

Property tax calculations also take exemptions into account. Exemptions lower the amount of property tax owed by a certain percentage. Available exemptions and how much of a discount they provide vary by location. Hughes says Virginia, for example, has a land use program that allows a discounted rate for agricultural land. "It discourages urban sprawl because they're being charged at a much lower rate," he adds. Check with your local tax assessment office to see if you qualify for any exemptions.

What Is a Homestead Exemption?

Nearly half of U.S. states offer a type of homestead exemption. "It is pretty common, though Virginia doesn't have it," Hughes says. "The gist of it is that if the property is your primary residence, a certain percentage of the property's value will become tax-exempt," he explains.

How do I pay my property tax?

Typically, homeowners pay their property tax as part of their monthly mortgage payment or directly to their local tax office.

Property Taxes and Escrow

If you have a mortgage loan, your lender may divide your estimated property tax bill and roll the amount into your monthly mortgage payment.

Hughes says this method, which he calls “escrow payments,” is more common than paying the tax office directly. But he advises that you send assessment notices to your lender as soon as you receive them. “Every locality is on a different assessment cycle. So how is the mortgage company supposed to know that the county reassessed and they need to redo the escrow? That’s when you can see a huge bill. Because whenever there’s a shortfall in the escrow account, it’ll build up.”

What’s the difference between my property’s appraised value, tax-assessed value and taxable value?

Though similar, the terms appraised value, tax-assessed value and taxable value have distinct definitions.

Appraised value is how much a property is worth, determined by a professional real estate appraiser, based on a specific point in time. Often, this point in time is the period in which you’re closing on your mortgage loan. The appraised value of your home may have nothing to do with its market value or selling price.

Assessed value, sometimes called the tax-assessed value, is how much your home is worth, determined by government property tax assessors, for tax purposes. It is the value that comes out of your property tax assessment.

Taxable value is the percent of the value of your home that you’ll pay taxes on. This value will depend on exemptions.

Can I Dispute My Property Tax Assessment?

The short answer is yes. If you feel the assessment is unfair or incorrect, based on the assessed value itself, the denial of an exemption or even clerical errors, you can appeal. The process varies depending on your state and county, but you’ll want to start by getting in touch with the assessor.

Broadly, there are two types of property tax assessment appeals:

- An **informal, or administrative, appeal** involves raising your concerns about the assessment directly to the tax assessor on the phone or in person at their office. Often, little mistakes can be resolved during the conversation.

- If the matter can't be resolved that way, the next step is a **formal appeal**. Depending on how your county/state's tax authority operates, you may need to file an official appeal form or send a formal letter requesting an appeal.

In Virginia, Hughes says most counties have a three-step process for property tax assessment appeals.

1. Administrative appeal

"You receive your assessment notice, you disagree with the value, this is when you sit down with the assessor and discuss it," Hughes says, adding that homeowners can bring up the values of similar homes and provide interior photos to back their dispute during the conversation. "Most of the time, the assessor hasn't seen the interior. They're making assumptions based on the exterior," he explains.

2. Board of Equalization

"You've gone through the administrative appeal and the matter is still unresolved. The next step is called the Board of Equalization," Hughes says. The board is made up of independent citizens (people who don't work for the tax assessment office or other governmental agencies).

"They'll hold hearings where you can present your photographs, your list of sales that have occurred in the neighborhood and whatever evidence you've gathered. Chances are, your locality will show up with evidence they think will prove their case as well," Hughes explains. Once the board hears both sides, they'll make a decision. "Their determination is final in that stage of appeal," Hughes says.

3. Circuit court

The third and final step in the appeal process, if you're unhappy with the Board of Equalization's determination, is to take the case to circuit court. Hughes cautions: "The first two options don't cost you any money. Going to circuit court is going to cost you some money because you'll need an attorney and an appraiser." He says most cases that end up in circuit court are commercial rather than residential.

Hughes notes that Henrico County differs from the rest of Virginia in that there is no administrative appeal step. All appeals go straight to the Board of Equalization.

Keep in mind that the deadline for appealing your property tax assessment will also vary depending on where you live, so check with your local tax authority to ensure that you file on time.