Initiating a revaluation

A complete revaluation of all taxable real and personal property within a municipality is periodically necessary. There may be several reasons for this, including:

- Current assessment was not made in substantial compliance with the law
- Inequities may exist within property classes
- Inequities may exist between property classes
- Governing body may want updated records to show the physical characteristics of all its taxable real and personal property
- Governing body may want an original inventory of all its taxable property

When inequities happen, some property owners are paying more than their fair share of the property taxes, and some are paying less. A complete reassessment or revaluation may be the only remedy. Most property owners are willing to pay the expenses of a revaluation to be assured that all are paying their fair share of property taxes.

Property owners fear that taxes will go up if a revaluation is done. This may or may not be the case. Taxes are directly tied to the amount of money that the municipality needs to collect. This is called the levy. If the total levy remains the same, only those properties that are not presently paying their fair share of the tax burden will pay more taxes after a revaluation. Properties presently paying more than their fair share will pay less.

Another area that property owners question is the tax rate. If the assessed values established by a revaluation are greater than they were before and the tax levy is the same, then the tax rate will be less.

For example, if the tax levy remains unchanged and the total assessed value of the taxation district is doubled, the tax rate will be cut in half.

Before/after revaluation

- Before: Levy/ (Total Assessed Value) = $200,000/$4,000,000 = .05 or 5%
- After: Levy/ (Total Assessed Value) =$200,000/$8,000,000= .025 or 2 .5%