



## KEYS TO A SUCCESSFUL VALUATION APPEAL

### WHAT ARE YOU APPEALING?



- Let's establish what the property owner is and is not appealing.
  - First, the property owner **IS** appealing the estimated value of the parcel in question. The question to ask is "Could this property be sold for the assessed value?" If the answer is yes, then the property has been properly assessed and there is no valuation appeal warranted. If the answer is no then the property owner is encouraged to file an appeal of the value.
  - Second, the property owner is **NOT** appealing the property tax. While there is a direct relationship between assessed value and the tax encumbrance associated with it, the property tax itself cannot be appealed.

### SHOULD YOU FILE AN APPEAL?



- Utah state law dictates that the assessor's office appraises all real property at fair market value. "Fair market value" means the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. Essentially, this means the property should be assessed at what it could sell for on the open market.

### FILE ON TIME



- State law dictates that the property owner has 45 days from the day valuation notices are mailed or September 15<sup>th</sup>, whichever is **later**. While there is a process for filing an appeal after the deadline, it is not guaranteed that the county board of equalization (BOE) will accept the appeal.

### EVIDENCE



- There are two reasons appeals are dismissed or denied based on evidence.
  - The first is lack of evidence. By law, the property owner is required to provide evidence that the county has valued the subject property greater than market value

(more than the property could be sold for on the open market). If no evidence is provided, then the law assumes that the county assessment is at or below market value and the appeal is dismissed.

- The second is inadequate or poor evidence. Many times, property owners will appeal their property value using information that is not indicative of what the property in question would actually sell for. The information received by the county is for properties that are very dissimilar to the subject property in either physical characteristics or location. Also, distressed sales (short sales, repossessions etc.) are not typically representative of market value.
- What constitutes “good” evidence? – (WHAT SHOULD I PROVIDE???)



- **COMPARABLE SALES:** Finding properties that have sold that are as similar as possible to the subject property is a good start. Of course location is very important. In addition, submitting properties that are similar in use and physical characteristics is best. The question to ask is “Would the comparable compete against my property if both were up for sale?” Also use sales as close to lien date of the current tax year. The county assessor’s office has to value properties as of January 1<sup>st</sup> every year. Valuation notices are not typically mailed out until the end of July or the beginning of August. Unfortunately, the further away from January 1<sup>st</sup> of the current tax year a sale takes place, the less indicative of market value it becomes. This is especially true in years where there is a rapid change in market value.



- **PURCHASE:** If the property is purchased within 12 months from the lien date, the sale of the property can be used as the basis for an appeal. However, non-arms length transactions do not typically represent market value. An arm’s length sale is defined as *a transaction between two unrelated, informed parties under no duress.*



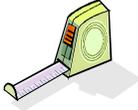
- **APPRAISAL:** A real property appraisal performed within 12 months from lien date also works. Remember to weigh the cost of the appraisal against the potential savings. Appraisals for single family residences can cost as much as \$400. To recoup that cost in the first year, the market value would have to be reduced by almost \$56,000.



- **INCOME:** If the parcel in question is an income producing property (commercial, industrial and residential 5 + units), then submit income and expense records. You may also submit rent and/or sale information for comparable properties.



- **DUPLEX/MULTI-UNIT PROPERTY:** Small income producing properties (1-4 residential units) can be appealed by submitting actual rents, rents from competing units and/or comparable sales.



- **FACTUAL ERROR:** Dramatic errors in the county's record that will affect value can also be used as a basis for appeal. For example, if a single family residence is listed in county records as 200 square feet larger on the main level than it actually is, this is a good basis for an appeal. Note: Remember that for single family residences; appraisers typically take their measurements from the outside. While it is true that you cannot live inside the walls, the structure would not function as it was intended without walls. As a result, walls are considered as a part of the real property. Accordingly they are included in the square foot calculation.



- **NATURAL DISASTER:** Property damaged by a natural disaster can also be appealed. The damage has to be 30% of the taxable value or greater. The damage cannot be due to any action or inaction of the property owner. The best and easiest way to show the dollar amount of damage is to submit bids or receipts to repair the damage caused by the natural disaster.



- **ACCESS INTERRUPTION:** Property affected by access interruption can also be appealed. Access interruption can be from road construction, traffic diversion, etc.

**Further Questions:** Please feel free to contact a member of the Assessor's office staff at 801-399-8572 with any further questions.