

Why is my municipality doing a reassessment?

Taxes are a zero-sum game – what one property owner doesn't pay will be picked up by someone else. So, if one property is significantly underassessed, not only are they paying too little in taxes, but other property owners are subsidizing that taxpayer's share of the bill. Typically, properties become underassessed over time when assessments aren't being updated. The more a property increases in value in contrast to that of its neighbors without its assessment being adjusted, the more it will be underassessed.

Let's take, for example, a town that hasn't updated assessments in 20 years.

In the 1980's Mrs. Smith and Mrs. Jones each owned a home worth \$100,000.

Over 20 years, the value of real estate has changed dramatically.

Today, because of being in a more affluent neighborhood, Mrs. Smith could sell her home for \$300,000.

Mrs. Jones, on the other hand, could sell her home for \$150,000.

However, since the town hasn't conducted a reassessment, both properties are still assessed at \$100,000 and both are still paying the same amount of taxes.

Increasing both Mrs. Smith's and Mrs. Jones's assessments to accurately reflect their new market values will not produce more taxes for the town.

Rather, it simply redistributes the burden based on the current value of each property owner's home.

If the properties were NOT reassessed:

Mrs. Smith would have been paying \$667 too little in taxes,

while Mrs. Jones would have been paying \$667 too much.

Mrs. Jones would have been subsidizing Mrs. Smith's tax bills.

Does my town collect more taxes if it does a reassessment? No

It is not uncommon to hear property owners complain that their town is updating their assessments just so it can collect more taxes.

An understanding of the municipal budget process would dispel this misconception.

Assessments are determined by the Assessor.

The Assessor's job is to make sure that all property owners are assessed fairly based on the market values.

Months after assessments are finalized, **school districts, towns and counties determine how much *they need to collect in taxes*.**

You can think of the total amount of taxes collected by the school district or county as a pie.

The assessor does not determine the size of the pie.

That is the job of town boards, school boards and county legislatures.

The assessor's job is to ensure that the pie is cut up fairly – those taxes are distributed based on current market values.

When a reassessment results in increased assessments due to rising property values, **TAX RATES should go DOWN proportionally.**

This is because the tax levy is now being distributed over a broader tax base.

If tax rates go up or stay the same, it means that Town, County or School budgets are going up.