

## **What is Market Value?**

Market value of a property is an estimate of the price that it would sell for on the open market on January First of the year of assessment. This is sometimes referred to as the "arms length transaction" or "willing buyer/willing seller" concept.

## **How does the Assessor Estimate Market Value?**

To estimate the market value of your property, the Assessor generally uses three approaches. The first approach is to find properties that are comparable to yours which have sold recently. Local conditions peculiar to your property are taken into consideration. The assessor also uses sales ratio studies to determine the general level of assessment in a community, in order to adjust for local conditions. This method is generally referred to as the MARKET APPROACH and usually considered the most important in determining the value of residential property. The second approach is the COST APPROACH and is an estimate of how many dollars at current labor and material prices it would take to replace your property with one similar to it. In the event improvement is not new appropriate amounts for depreciation and obsolescence would be deducted from replacement value. Value of the land then would be added to arrive to the total estimate of value. The INCOME APPROACH is the third method used if your property produces income such as an apartment or office building. In that case, your property could be valued according to its ability to produce income under prudent management; in other words, what another investor would give for a property in order to gain its income. The income approach is the most complex of the three approaches because of the research, information and analysis, necessary for an accurate estimate of value. This method requires thorough knowledge of local and national financial conditions, as well as any developmental trends in the area of the subject property being appraised since errors or inaccurate information can seriously affect the final estimate of value.

## **Why Values Change**

State law requires that all real property be reassessed every two years. The current law requires the reassessment to occur in odd numbered years. Changes in market value as indicated by research, sales ratio studies and analysis of local conditions as well as economic trends both in and outside the construction industry are used in determining your assessment.

If you disagree with the assessor's estimate of value, please consider these two questions before proceeding, as outlined below:

1. What is the actual market value of my property?
2. How does the value compare to the similar properties in the neighborhood?
  - A. If you have any questions about the assessment of your property, feel free to come in and discuss it with the assessor.
  - B. You may file a written protest with the Board of Review, which is composed of three or five members from various areas of the assessing jurisdiction. The Board operates independently of the assessor's office, and has the power to confirm or to adjust either upward or downward any assessment.
  - C. If you are not satisfied with the decision of the Board of Review you may appeal to district court within twenty days after adjournment of said Board, or twenty days after May 31st whichever is latest.

## **Tax Levies and Assessed Values**

There are a number of different taxing districts in a jurisdiction, each with a different levy. Each year the County Auditor determines for that district a levy that will yield enough money to pay for schools, police and fire protection, road maintenance and other services budgeted for in that area. The tax levy is applied to each \$1,000 of a properties taxable value. The value determined by the assessor is the assessed value and is the value indicated on the assessment roll. The taxable value is the value determined by the auditor after application of state ordered "rollback" percentages for the various classes of property, with other properties always compare with the value on the assessment roll of the assessor's property record cards and **not** the value indicated on the tax statement.

## **Exemptions and Credits**

Iowa law provides for a number of exemptions and credits, including Homestead Credit and Military Exemption. It is the property owner's responsibility to apply for these as provided by law. If the property you were occupying as a homestead is sold, or if you cease to use the property as a homestead you are required to report this to the assessor in whose jurisdiction the property is located.