

## **GENERAL: Frequently Asked Questions**

### **What authority does the City have to conduct a revaluation?**

Wisconsin Law requires market value assessments of all property. The City of Sturgeon Bay Assessor's Office is mandated by statute to be at or above 90% of market value at least once every four years to keep pace with changes in the local market. During a revaluation, all assessments are examined and adjustments are made where necessary to guarantee that all property is assessed at market value. This is done to assure that taxes are distributed equitably and uniformly.

### **What is the Assessor's role?**

The Assessor is a State certified individual whose duties are to discover, list, and place a value on all taxable real and personal property in the city, in a uniform manner. The Assessor is not involved in the collection of property taxes.

### **What is the difference between real and personal property?**

For property tax purposes, "real property" refers to land and buildings and the rights associated with ownership, while "personal property" is the furniture and equipment owned or used by businesses.

### **How does the Assessor value property?**

Wisconsin Law requires property assessments based on fair market value. Estimating the market value of your property is a matter of determining the price a typical buyer would pay for it in its present condition. Some factors the Assessor considers are: what similar properties are selling for, what it would cost to replace your property, the rent it may earn, and any other factors that affect value.

*IT IS IMPORTANT TO REMEMBER THAT THE ASSESSOR DOES NOT CREATE THIS VALUE, BUT RATHER INTERPRETS WHAT IS HAPPENING IN THE MARKET PLACE.*

### **What is market value?**

Market value is defined as the amount a typical, well-informed purchaser would be willing to pay for a property, the seller and buyer must be unrelated, the seller must be willing, but not under pressure to sell, and the buyer must be willing, but not under any obligation to buy. The property must be on the market for a reasonable length of time, the payment must be in cash or its equivalent, and the financing must be typical for that type of property. If all of these conditions were present, this would be a market value, arm's-length sale.

### **I've heard you develop values by computer. Is this correct?**

Just as in many other fields, computers are useful in the assessment process. Assessors are trained to look for relationships between property characteristics and market value. By coding these characteristics and studying sale prices, Assessors can estimate value by developing formulas and models. Computers are much faster and are capable of advanced analysis in this area. Despite these capabilities, common sense and Assessor judgment are always required to verify assessments. Assessors most familiar with the neighborhoods and properties review all assessments.

### **Can the assessment on my property be changed even if the Assessor has not been inside my property?**

To make a proper assessment on a building, it is desirable for the Assessor to see the inside and the outside of the property. The law requires that property be valued from actual view or the best information available. The Assessor keeps records on the physical characteristics of each property in the municipality. Even though the Assessor may have been unable to go through your property, the assessment will still be reviewed, based on the existing records and the sales of similar properties.

### **Will I be penalized if I don't let the Assessor in when an inspection is requested?**

When an interior inspection is not allowed, the Assessor will attempt to update the records by looking at the property from the outside and using any other available information. To ensure an accurate assessment, it is to your advantage to allow the Assessor inside your property when an inspection is requested. By denying an inspection, you may lose the right to appeal your assessment to the Board of Review.

### **What will happen to my assessment if I improve my property?**

Generally speaking, improvements that increase the market value of a property will increase the assessed value. The following are typical items that will increase the assessed value of your property:

- Added rooms or garages
- Replacing asbestos or wood siding with aluminum or vinyl siding
- Substantial modernization of kitchens or baths
- Central air conditioning
- Fireplaces
- Extensive remodeling

### **Will my assessment go up if I repair my property?**

Good maintenance will help retain the market value of your property. Generally, your assessment will not be increased for individual minor repairs such as those that follow; however, a combination of several of these items could result in an increased assessment:

- Repairing concrete walks and driveways
- Replacing gutters and downspouts
- Replacing hot water heater
- Repairing or replacing roof
- Repairing porches and steps
- Repairing original siding
- Patching or repairing interior walls and ceilings
- Exterior painting
- Replacing electrical fixtures
- Replacing furnace
- Exterior awnings and shutters
- Weather stripping, screens, storm windows, doors
- Exterior landscaping including lawns, shrubbery, trees, flowers

### **How can my assessment change when I haven't done anything to my property?**

General economic conditions such as interest rates, inflation rates, supply and demand, and changes in tax laws, will influence the value of real estate. As property values change in the market place, those changes must be reflected on the assessment roll.

### **Do all assessments change at the same rate?**

There are differences between individual properties and between neighborhoods. In one area the sales may indicate a substantial increase in value in a given year. In another neighborhood there may be no change in value, or even a decrease in property values. Different types of properties within the same neighborhood may also show different value changes. For example, one-story houses may be more in demand than two-story houses, or vice-versa. Older homes in the same area may be rising in value more slowly than newer homes. There are numerous factors to be considered in each property, which will cause the values to differ. Some of the factors, which can affect value are: location, condition, size, quality, number of baths, basement finish, garages, and many others.

### **Will I be notified if there is a change in my assessment?**

Wisconsin law requires that whenever an assessment is changed the owner must be notified.

### **How do I know if my assessment is correct?**

You should first attempt to decide for yourself what your property is worth. Looking at area sales, contacting appraisers, and comparing assessments of similar homes can do this. Sales and assessment information is available in the Assessor's office. The information in the Assessor's Office is open to the public for review during regular business hours.

### **How will my taxes change as a result of the new assessment?**

Though the value of your property affects your share of taxes, the actual amount you pay is determined by the budget needs of the schools, city, county, sewer district, technical college, and state reforestation. All of these taxing units decide what services they will provide in the coming year and how much money they will need to provide those services. Once this decision is made, a tax rate is adopted that will generate the needed dollars. Your property taxes are then determined by dividing the tax rate by 1000 and multiplying by your assessment:

$$\text{Taxes} = (\text{Tax Rate} / 1000) \times \text{Assessed Value}$$

### **What is "Assessed Value"?**

An estimate of value assigned to taxable property by the Assessor for purposes of property taxation. State law requires all assessments to be at 100% of market value. Assessed values most closely reflect market value following a revaluation. In non-revaluation years, assessments typically reflect a fraction of market value due to the changing real estate market.

### **What is the "Assessment Ratio"?**

The relationship between the assessed value and equalized value of all taxable property within a municipality. For example, if the assessed value of all the taxable property in the City is \$13,900,000,000 and the equalized value is \$14,000,000,000 the assessment level would be 98.6%.

$$\text{Assessment Ratio} = \text{Assessed Value} / \text{Equalized Value}$$

### **What is "Equalized Value"?**

The full market value of all taxable property in a municipality, both real and personal. The Department of Revenue each year determines the equalized value.

### **What is "Market Value"?**

The amount a typical, well-informed purchaser would be willing to pay for a property. For a sale to represent market value, the seller must be willing (but not under pressure) to sell and the buyer must be willing (but not under any obligation) to buy. The property must be on the market for a reasonable length of time, the payment must be in cash or its equivalent, and the financing must be typical for that type of property.

### **What is the "Tax Base"?**

The total assessed value of all assessments in the municipality that are subject to local property taxes.

### **What are "Taxing Bodies"?**

The following taxing bodies determine the total tax levy for property located in the City of Sturgeon Bay. Sturgeon Bay, Southern Door and Sevastopol School Districts, Northeastern Wisconsin Technical College, City of Sturgeon Bay, County of Door and the State of Wisconsin.

### **What is the "Tax Levy"?**

The total amount of property tax money that a taxing unit (such as the schools, city, county, etc.) needs to raise to provide services.

### **What is the "Tax Rate"?**

The tax levy (as determined by the taxing bodies) divided by the tax base. It is often expressed in terms of dollars per thousand. The tax rate is multiplied by the assessed value to determine the amount of tax that each property must pay.