



PTA / DelVal

Summary of the Property Tax Reassessment Process

Property Taxes

- *Property Taxes are a form of Ad Valorem Taxation*
- *Ad Valorem Taxation – A Tax levied against taxpayers in proportion to the value of the asset being taxed. Ad Valorem is taxing the worth or capacity of the item rather than the income derived from use or occupation.*
- *The elected governing body of the local jurisdiction determines the tax rate necessary to meet its budgetary needs.*
- *Individual taxes are determined by multiplying the assessed value by the tax rate.*



Why Reassessment ?

1. The last reassessment was done in 1968.
2. Property values, economic conditions, demographics, construction costs, and property types have changed considerably since 1968.
3. Valuation models used in 1968 are obsolete and DO NOT reflect current market conditions.



Benefit to Taxpayers

1. Tax burden is more equitably distributed based on property type, usage, and location.
 - For example: A reassessments' purpose is to ensure the tax payer in a property currently worth \$100,000, is not paying a greater proportional amount of taxes as compared with a taxpayer who owns a property worth \$1,000,000.



Rehoboth Beach 2011 Sales

Map	Parcel	Sale Price	Sale Date	Sussex Co. Land Value	Sussex Co. Imp Value	Sussex Co. Total Value
13.16	35	\$650,000	April 8, 2011	\$15,000	\$33,900	\$48,900
13.16	40.01	\$806,700	Feb 25, 2011	\$15,000	\$36,600	\$51,600
13.2	145	\$800,000	June 23, 2011	\$30,000	\$7,200	\$37,200
13.2	158	\$1,325,000	Jan 31, 2011	\$15,000	\$86,200	\$101,200
13.2	197	\$525,000	Feb 1, 2011	\$7,500	\$14,200	\$21,700
14.13	216	\$535,000	May 13, 2011	\$16,100	\$7,500	\$23,600
14.13	286.02	\$868,000	Feb 15, 2011	\$12,700	\$39,700	\$52,400
14.13	396	\$1,150,000	April 20, 2011	\$25,000	\$31,900	\$56,900
14.14	23	\$675,000	March 1, 2011	\$9,700	\$42,300	\$52,000
14.14	23	\$550,000	May 27, 2011	\$7,900	\$35,100	\$43,000
14.17	107	\$962,500	Feb 2, 2011	\$25,000	\$18,400	\$43,400
14.17	434	\$800,000	April 1, 2011	\$17,800	\$18,200	\$36,000
14.18	64	\$1,399,000	May 27, 2011	\$25,000	\$28,000	\$53,000
14.18	92	\$900,000	April 1, 2011	\$25,000	\$9,400	\$34,400
19.08	63	\$525,000	May 4, 2011	\$18,800	\$33,600	\$52,400
20.05	145	\$915,000	Jan 26, 2011	\$17,500	\$30,100	\$47,600



Value Determination

- Analyze Current Sales information to determine a basic Value Model based on units of comparison such as Price per S/F
- Test Value Model and Rates against known sales for accuracy
- Inspect properties with special emphasis on location and current sales information
- Review final value determinations for consistency and equalization
- Notify Property Owners of New Assessment



Tax Rate Determination

- Total Taxable Value is computed by adding the assessed value of all taxable parcels.
- Total Budgetary needs of local jurisdiction are determined by the governing body through its budgetary process.
- In the year following a reassessment, the jurisdiction is normally limited to the collection of the same level of income as previously collected.
- As Total Taxable Value increases, the Tax Rate will have to be reduced
- Ocean View, DE
 - 2006 Tax Rate \$0.25 per \$100 Revenue \$ 835,973
 - 2007 Tax Rate \$0.09 per \$100 Revenue \$ 818,040
- Seaford, DE
 - 2007 Tax Rate \$0.57 per \$100 Revenue \$ 2,086,191
 - 2008 Tax Rate \$0.265 per \$100 Revenue \$ 2,133,209



Benefits of General Reassessment

- Equalize Tax Basis of all properties
 - Over time, property values increase or decrease differently based on many factors
 - Assures that the tax burden is more equitably distributed
 - Provides the basis for the lowest possible tax rate
 - The Value of New Construction can be placed on the tax roll using current values



	<i>Roll Back Example</i>		
<u>Current Tax Base</u>		<u>Current Tax Rate</u>	<u>Taxes Generated</u>
\$ 160,000,000		\$ 0.41 / \$ 100 AV	\$ 656,000
<u>Est. New Tax Base</u>		<u>Est. Roll Back Rate</u>	<u>Taxes Generated</u>
\$ 640,000,000		\$ 0.1025 / \$ 100 AV	\$ 656,000
		<u>Individual Property Example</u>	
<u>Current Value</u>		<u>Current Tax Rate</u>	<u>Current Taxes Paid</u>
\$ 225,000		\$ 0.41 / \$ 100 AV	\$ 922.50
\$ 180,000		\$ 0.41 / \$ 100 AV	\$ 738.00
\$ 95,000		\$ 0.41 / \$ 100 AV	\$389.50
<u>New Value</u>		<u>Est. Roll Back Rate</u>	<u>New Taxes Paid</u>
\$ 475,000		\$ 0.1025 / \$ 100 AV	\$ 486.88
\$ 342,500		\$ 0.1025 / \$ 100 AV	\$ 351.06
\$165,000		\$ 0.1025 / \$ 100 AV	\$ 169.13

Actual Tax Payment Differences Ocean View & Seaford Reassessments

	Ocean View		Seaford	
<u>Tax Difference</u>	<u>No. Parcels</u>	<u>Percentage</u>	<u>No. Parcels</u>	<u>Percentage</u>
<= 0	1,386	59.10%	1,052	34.49%
0 to 50	592	25.25%	582	19.08%
50 to 100	203	8.66%	552	18.10%
100 to 150	42	1.79%	345	11.31%
150 to 200	22	0.94%	295	9.67%
200 to 250	10	0.43%	46	1.51%
250 to 500	73	3.11%	88	2.89%
> 500	17	0.72%	90	2.95%
Total Parcels	2,345	100.00%	3,050	100.00%



Ocean View Sales



- Map Number: 400.037
- Sale Date: 06/06
- Sale Price: \$ 405,000
- Old Assessment: \$ 247,500 Basis: 61%
- Indicated Percentage Increase: 64%
- New Assessment: \$ 394,800
- Previous Taxes Paid: \$618.75
- New Taxes Paid: \$ 355.32
- Difference in Taxes Paid: **(\$263.43)**

- Map Number: 002.210
- Sale Date: 06/06
- Sale Price: \$ 322,500
- Old Assessment: \$ 127,900 Basis: 39.7%
- Indicated Percentage Increase: 152.2%
- New Assessment: \$ 316,700
- Previous Taxes Paid: \$ 319.75
- New Taxes Paid: \$ 285.03
- Difference in Taxes Paid: **(\$34.72)**



Ocean View Sales



- Map Number: 002.510
- Sale Date: 02/06
- Sale Price: \$ 307,000
- Old Assessment: \$ 106,900 Basis: 34.8%
- Indicated Percentage Increase: 187.2%
- New Assessment: \$ 283,000
- Previous Taxes Paid: \$267.25
- New Taxes Paid: \$ 254.70
- Difference in Taxes Paid: **(\$12.55)**

- Map Number: 323.780
- Sale Date: 01/07
- Sale Price: \$ 390,000
- Old Assessment: \$ 143,600 Basis: 36.8%
- Indicated Percentage Increase: 171.6%
- New Assessment: \$ 390,600
- Previous Taxes Paid: \$ 359.00
- New Taxes Paid: \$ 351.54
- Difference in Taxes Paid: **(\$7.46)**



Seaford Sales



- Map Number: 331-5.00-185.00
- Sale Date: 02/07
- Sale Price: \$ 335,609
- Old Assessment: \$ 191,000 Basis: 56.9%
- Indicated Percentage Increase: 75.7%
- New Assessment: \$ 327,800
- Previous Taxes Paid: \$ 1,088.70
- New Taxes Paid: \$ 868.67
- Difference in Taxes Paid: **(\$220.03)**

- Map Number: 531-10.00-292.00
- Sale Date: 09/06
- Sale Price: \$ 268,663
- Old Assessment: \$ 145,500 Basis: 54.2%
- Indicated Percentage Increase: 82.6%
- New Assessment: \$ 277,600
- Previous Taxes Paid: \$ 829.35
- New Taxes Paid: \$ 735.64
- Difference in Taxes Paid: **(\$93.71)**



Seaford Sales



- Map Number: 531-10.00-222.01
- Sale Date: 02/08
- Sale Price: \$ 267,900
- Old Assessment: \$ 132,700 Basis: 49.5%
- Indicated Percentage Increase: 101.9%
- New Assessment: \$ 259,500
- Previous Taxes Paid: \$ 756.39
- New Taxes Paid: \$ 687.67
- Difference in Taxes Paid: **(\$68.72)**



- Map Number: 431-7.00-005.00
- Sale Date: 08/07
- Sale Price: \$ 150,000
- Old Assessment: \$ 78,000 Basis: 52%
- Indicated Percentage Increase: 92.3%
- New Assessment: \$ 155,100
- Previous Taxes Paid: \$ 444.60
- New Taxes Paid: \$ 411.01
- Difference in Taxes Paid: **(\$33.59)**



Summary

- The purpose of a Reassessment is to equalize the value of properties to current market condition
- Real Estate like any other market fluctuates due to external factors
- Because all properties are unique, the rate of increase or decrease in value will vary over time dependent upon a wide variety of factors and conditions
- The best way to understand the current Real Estate Market is to review properties that have recently sold
- Taxes are based upon the assessed value as well as the tax rate determined by the governing body.

