

ARE YOU PAYING TOO MUCH PROPERTY TAX?

What is the basis for determining real property values? How accurate is your property tax assessment? What can you do if you feel your property is unfairly assessed?

Tracking down the reasons for your assessment is not difficult, though the tasks may require time and energy. Generally, you can obtain the key facts on your own at the Real Property Tax Office and in the real estate marketplace.

The procedures to appeal your assessment are relatively simple but you'll need to prepare your case carefully. It's also up to you to decide each step of the way whether the effort will be worth the possible return.

HOW IS VALUE DETERMINED?

All property assessments and subsequent tax bills are based upon an appraisal of the "market value" of your property. To find the value of any piece of property, an appraiser must first know what properties similar to it are selling for, and/or what today's replacement costs are. Utilizing these facts, property values can be estimated in two ways.

The first, and most reliable way, is by comparing your property to others, which have sold recently. Sales prices, however, must be analyzed carefully to get the true picture. Different properties may have sold for more than they are really worth. This could occur for any number of reasons, i.e. an unknowledgeable buyer or a buyer in a hurry to purchase. The reverse is also true for properties that may have sold for less money than their actual worth. Using this comparison approach, an appraiser determines the market value of your property.

A second approach to valuation is based upon replacement of your property with one similar. However, this method of replacement cost, i.e. current material, labor and land costs must be reconciled with the value derived by the comparison approach.

WHAT IS YOUR HOME REALLY WORTH?

Your first step in challenging your assessment is to determine exactly what your home is worth in the marketplace. You can avoid the expense of hiring an independent appraiser by doing some informal research on your own.

Start by using the public resources that are available for your inspection at the Real Property Tax Office. Ask the staff for assistance in researching recent sales data for homes that are comparable to yours in size, quality, and location. If no current information is obtainable, visit homes that are for sale, but remember that quoted prices are usually above what the owners would accept.

Consult a local real estate agent or mortgage lender regarding property values. Speak with your insurance agent about the replacement value of your improvements.

By inquiring through several sources, you should be able to come up with a realistic sense of the market value of your property. Be sure to make comparisons with properties that are truly similar to your own.

IS THE ASSESSED VALUE WRONG?

You can determine if there has been an error in the assessed value by going to the Real Property Tax Office and examining the "assessment record" for your property. Be watchful of errors. Check property description, dimensions, and mathematical calculations. Errors do occur.

IS YOUR ASSESSMENT TOO HIGH?

It's possible that your property has been assessed at greater than its market value. If so, the evidence you have gathered may be sufficient to warrant a reduction in the value.

HOW DO YOU GET YOUR ASSESSMENT REDUCED?

Start by meeting informally with the appraiser assigned to your area or neighborhood. The appraiser may agree with your evidence and recommend a reduction without the necessity of filing an appeal.

If this fails, you will have to file a formal appeal with either the Tax Board of Review or Tax Appeal Court. There are statutory deadlines for appeals. Please review the information on appeals for these dates.

Hearings before the Tax Board of Review are informal and rules of evidence are relaxed. Actual vs. Assessed Value is the only issue being considered. You should appear at the hearing and/or submit written evidence supporting your position. You carry the burden of proving that the assessment is incorrect. Do come prepared with documentation for your appeal – pictures and information about your property, recently sold comparables, and evidence of the general market. Statements from an independent appraiser or real estate agent about property value may be helpful.

WHAT'S NEXT?

Each appellant will receive notification of the decision rendered by the Tax Board of Review or Tax Appeal Court.

SEE US FIRST!

The members of the County Real Property Tax Office encourage public participation in the property assessment and taxation program. They are always ready and willing to assist, explain, justify, and to correct, when necessary, any property owner's assessment.

REAL PROPERTY ASSESSMENTS

COUNTY OF HAWAI'I REAL PROPERTY TAX DIVISION

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