

## F.A.Q.'s about the assessing process:

### How is property assessed?

Appraisers from the borough assessing department conduct field inspections to collect and verify property descriptions and to identify all characteristics which may affect a property's value. These characteristics include, but are not limited to, land area and features, the size of the structure(s), the quality of materials and workmanship, building style and number of stories, number of bedrooms and bathrooms, heat source and observed condition. The property's characteristics are used to calculate replacement cost and depreciation, plus land value, and compared with similar market sales and adjusted to market value based upon prevailing price levels.

### How is property valued?

State law requires Assessors to value all taxable property at 100% of its true and fair market value in dollars, according to the highest and best use of the property. Market value means the amount of money that a willing buyer, not obligated to buy, would pay a willing seller, not obligated to sell, taking into consideration all uses to which the property is adapted and might be applied.

### Why do assessed values change from year to year?

When market value changes, naturally so does the assessed value. The assessor has not created the value. People create value through their transaction in the marketplace. State law requires your property to be assessed at its full and true value each and every year. The assessor has the legal re-

sponsibility to study those transactions and appraise your property accordingly. Values change in the marketplace, whether improvements are made to property or not.

### How does the Assessor estimate market value?

The Assessor uses the cost approach which is based on the idea that the value of an existing property is the value of the land plus the replacement cost of the improvements minus depreciation. Depreciation is not the number of years the improvements have been used; it is the loss in value due to physical deterioration, functional and/or economic obsolescence.

### What is an assessment and how does it differ from an appraisal?

The terms 'assessment' and 'assessed value' are often used to describe the same thing. The assessed value is based on the market value of the property. In Alaska, state law requires that property be assessed (valued for tax purposes) at full and true value; therefore, the appraised value and the assessed value should equal the same amount. It should be pointed out that since the Assessor's Office is appraising a very large number of properties, the assessment should be reviewed carefully by the property owner to assure value estimates are reasonable.

### What is an assessment notice and when can you expect to receive one?

A real property assessment notice is a statement of value assessed to a particular parcel. When you receive a City and Borough of Sitka Assessment Notice you will note that the upper portion of the notice states the

current year valuation of land and improvements. Assessment notices are mailed in March of each year.

### What if you receive your assessment notice and think your assessed value is wrong?

Call the Assessor's Office IMMEDIATELY. There may have been an error on your notice or the Assessor may not have been aware of a loss or addition to your property. Changes or adjustments can be made, for a limited time only, if you have documentation to prove that a correction should be made in the value of your property. State law allows thirty (30) days from the mailing of the notice to file an appeal with the Assessor. This evidence must be submitted for any valuation change and a comprehensive re-inspection will be required.

### What if you and the Assessor can't agree on the valuation?

You may appeal to the Board of Equalization. Appeal forms are available at the Borough Assessing Department.

### What is the Board of Equalization?

The Board of Equalization is made up of the Mayor and the Assembly. It is the duty

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of the Board to hear appeals, determine equalization and adjust assessments when applicable.

### **How is the property tax determined?**

Real property tax is determined by multiplying the assessed value of the property by the mill rate (taxes = assessed value x mill rate).

### **What is a mill?**

A mill is a monetary unit equal to 1/1000 (one thousandth) of a U.S. dollar, or 1/10 (one tenth) of one cent.

### **What is a mill rate?**

A mill rate is the number of mills each individual property is to be assessed, or charged, per dollar value of the property. For example: If your mill rate was 20 mills, you would pay two cents for every dollar of assessed value, or \$20.00 for each \$1,000 of assessed value.

### **How much will my taxes be?**

Taxes are calculated by multiplying the taxable assessed value by the tax rate.

#### **Sample:**

**Taxable Value x Tax Rate = Annual Tax**

Taxable Value      Tax Rate      Annual Tax

\$100,000 x .006 (6 Mills) = \$600.00