

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

Why is property assessed?

All Real Property within the borough not exempt under the laws of the United States, the state of Alaska, or the ordinances of the borough, is subject to taxation for municipal purposes. Property tax is a stable source of money for a municipality and is used to fund schools, fire & police protection, streets, libraries, and other public programs. If Real Property is taxed, state law requires all taxing municipalities to assess it uniformly, at 100% of its true and fair market value, according to the highest & 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 for which the property is adapted and that might be applied.

How does an assessor learn Market Value?

In order to estimate market value the assessor must know what similar properties are selling for. Market value is not created by the assessor, but instead is created by people through their transactions in the marketplace. When ownership of Real Property changes, and the assessor learns of the ownership change, a request for details of the sale are mailed to the buyer and the seller. The assessor uses that sales information to determine market value.

How is property assessed?

To determine an assessed value for your Real Property the assessor's office first reviews all the property to be inspected. Staff conduct field inspections to collect and verify property descriptions and identify all characteristics which may affect a property's value. These characteristics include, but are not limited to, land area & features, the size of the structure(s), the quality of materials &

workmanship, building style, number of stories, number of bedrooms & bathrooms, heat source(s) and observed condition. The property's characteristics are used to determine replacement cost less depreciation, plus land value. Comparisons are made with similar property sales and adjusted to market value based upon prevailing price levels. Your Real Property is assessed for an ad valorem tax and is done by a process called mass appraisal. Mass appraisal is the process of valuing a group of properties, using standard methods, employing common data, and allowing for statistical testing.

How is property valued?

In addition to an analysis of the prevailing marketplace determined from available sales information, one or more of three approaches to value may be used by the assessor to estimate property value:

1. **The Sales Comparison Approach**
This approach compares your property to others that have sold recently.
2. **The Cost Approach**
This method is based on how much money it would take, at current material & labor costs, to replace your property with a similar one.
3. **The Income Approach**
The income approach analyzes the expected economic benefits that investors anticipate from a real estate investment.

When valuing Real Property the assessor determines which method, or combination of methods to use depending on the type and nature of the property.

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

An appraisal is an estimate or opinion of value made by a Fee Appraiser, often for the sale of a single property that is being financed by a lender. It is their judgement of full market value as of a specific date. An appraisal & assessed value should be similar. However, the Assessor's Office is using the mass appraisal method, so the assessment should be review-

ed carefully by the property owner to assure value estimates are reasonable.

Why do assessed values change?

Values change in the marketplace whether improvements are made to your property or not. State law requires Real Property to be assessed at its full and true value each year. The number of staff assessing property is the limiting factor for how many properties can be inspected annually. As a result municipalities adopt an assessment cycle that is completed over a certain number of years. The Haines Borough adopted a 6-year assessment cycle, so you can expect your property to be inspected every six years.

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

Assessment notices for Real Property are mailed annually as soon as possible after January first. An assessment notice is a statement of assessed value on a particular parcel. When you receive an Assessment Notice from the Haines Borough it will include a legal description of the property and show the valuation for the land, improvements (buildings), and total value as of January 1st of the tax year. Contact the Assessing Department immediately if you did not receive an assessment notice.

What if after receiving your assessment notice you 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 value change and a comprehensive inspection may 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 Haines Borough Assessing Department & Haines Borough Website.

What is the Board of Equalization?

The Board of Equalization is a quasi-judicial body made up of the Mayor and the Assembly. It is the duty 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 10 mills, you would pay one cent for every dollar of assessed value, or \$10.00 for each \$1,000 of assessed value.

How is the mill rate determined?

Calculation of the mill rate begins in February with the budget process. After proposed department budgets are reviewed and approved, the total cost of providing all government services is calculated. All anticipated income from every source (except property taxes), is calculated. The total anticipated income is subtracted from the total cost of all government services to determine the amount of money to be raised by property taxes. That remaining amount of money needed for gov-

ernment services is divided by the total value of taxable Real Property (after the Board of Equalization meeting), to determine the mill rate.

How much will my taxes be?

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

EXAMPLE:

Taxable Value Tax Rate Annual Tax
\$100,000 x .006 (6 Mills) = \$600.00



**Haines Borough
Lands & Assessing Department
103, 3rd Avenue S.
(907) 766-6410**

HOW IS MY PROPERTY ASSESSED?

**Haines Borough
Lands & Assessing
Department**

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www.hainesalaska.gov