

How to cut your property taxes

WAS THERE EVER a better time to challenge your property-tax assessment? Probably not. With home values depressed in many regions, experts say it makes sense to review whether your home is properly assessed. "You won't know if there are potential savings unless you look into it," says Paul Saba, an owner of Real Estate Tax Analysts in Cincinnati, which helps in real-estate tax challenges.

The National Taxpayers Union, a nonprofit, nonpartisan advocacy group, maintains that 30 to 60 percent of homes are overassessed. Further, it says, one in three tax challenges results in some reduction.

Do it yourself

Hiring someone to handle a tax challenge can cost from a few hundred to several thousand dollars. Given those costs, some experts advise mounting a challenge only when your home's assessed value is 10 percent above market value. But you don't need to hire someone; you can do it yourself for minimal cost and effort.

"It shouldn't be an intimidating process," says Clint Pletcher of Carmel, Ind., who cut his annual property taxes by more than \$1,000. He says he and his wife spent about three hours on their challenge.

To cut your taxes, you'll need to dispute your home's assessment. You do that by proving to your local taxing authority that your home isn't as big, well-maintained, or well-appointed as its assessment states. Or you show that its assessed value isn't in line with those of comparable homes.

Ask your local tax-assessment office how it values homes. It might look at appraisals, recent sale prices of comparable homes, or the cost to rebuild your home. (California assesses homes when they're sold; assessed value can rise just 2 percent

annually until the next sale.) Next, get a copy of your "property card," which lists your home's square footage, number of bedrooms and bathrooms, and features such as a garage or finished basement. The card might contain errors.

Eric Feigenbaum of Windsor, N.J., went to his tax assessor's office after he received a tax bill showing a new assessment. The property card had overstated his home's square footage. He met with the assessor for less than an hour. The error was corrected, and his annual tax bill was reduced by between \$2,000 and \$2,500.

Your town might have correct data on your home's features but not on its market value. So check the appraised values of comparable properties, or comps. You can ask the assessor's office for property cards of comps. Or a local real-estate agent or appraiser can identify comps of recently sold homes, for a small fee or free.

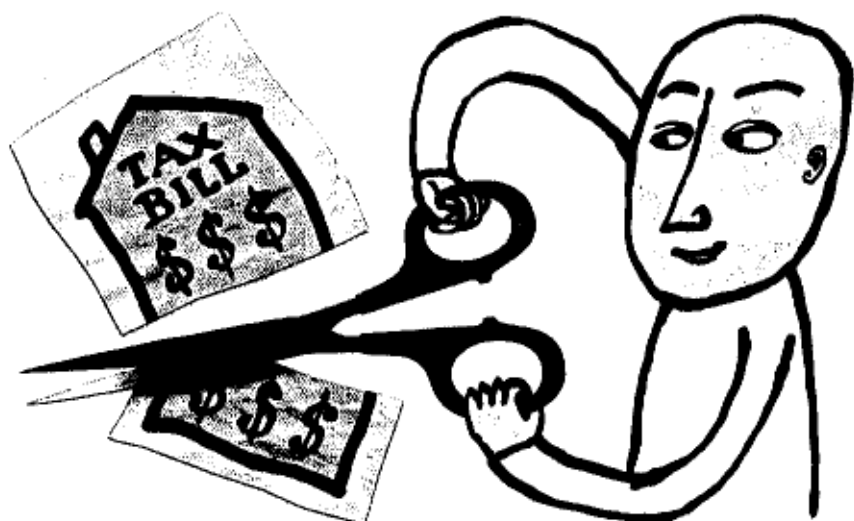
Pletcher and his wife didn't use comps. They showed the assessor the appraisal done when they bought their home. The

difference in value between that appraisal and the town's was \$110,000, significant enough to warrant a tax break. "Anyone who has purchased a home in the last 36 months should really look into their current assessment compared with the real value of their home," Pletcher says.

Weigh the costs

A professional appraisal for a typical one-family home can cost from \$250 to \$500, says Anthony Graziano, a managing director of Integra Realty Resources in Toms River, N.J., an appraisal and consulting company. The expense might be worthwhile if you expect to stay put. "If you save only \$400, you're saving it this year and the next year and the following year," he says.

If an informal challenge doesn't work, file a written appeal with the assessor's office, backed up with your evidence. If that approach fails, you can take the matter to court. But balance the cost of attorney's fees with the potential savings over the years you expect to own your home.



Tax appeal dos and don'ts

DO:

- **Mind the deadlines.** You might have just 15 to 90 days after a new assessment to appeal.
- **Observe another homeowner's appeal.** The sessions are open to the public. You'll gain insight into the process and the personnel.
- **Bring lots of proof.** Provide

five to 10 comps with your appeal. "With fewer than five, an assessor can explain away the differences," says Peter Sepp, a spokesman for the National Taxpayers Union.

- **Pay your tax bill while your appeal is in process.** If you win, you can gain a retroactive refund or credit.

DON'T:

- **Air political views.** Venting to the assessor about the tax system won't help your case. Talk to your elected officials instead.
- **Jump at tax-cut solicitations.** You might get mail from companies that seek to represent you in a tax dispute for a fee. But they might not be

as thorough because they don't know your property as well as you do. If you do use a third party, make sure you understand the payment structure, which might involve a one-time fee, a contingency fee, or both. Check with the Better Business Bureau and your state attorney general's office for any complaints.