

Why Does Lycoming County Need a Reassessment?

A reassessment is needed when the property values that are used to make up the tax base become inconsistent, unfair, or too old to reflect the current trends and changes in the actual value of real estate. It is the legal responsibility of the Board of Assessment to establish the fair market value of all real estate within the County. This is done to establish a base-year market value for real estate tax purposes.

The last county-wide reassessment in Lycoming County was completed in 2004. This is the base-year for all assessments in the County. These assessments are now nine years old and have already deteriorated to the point where lack of uniformity and a true relationship to market value are evident. The result – taxpayers paying more or less than their fair share of the tax burden.

To equalize the tax base and ensure that property owners are only paying their fair share, market values must be at 100% of true market value and there must be uniformity between all properties of like characteristics and value.

Reassessment cannot be used as a means to generate increased revenue. State law requires that after the tax base has been equalized and brought to current market value, the millage rate must be reduced in order to collect the same amount of revenue as the previous tax year.

Reassessment does not necessarily mean that your taxes will increase. In a typical reassessment about one-third of tax bills will go up, one-third will stay the same, and one-third will go down. Similarly, a tax bill that goes up will not increase by the same percentage that the market value increases due to the fact that the taxing bodies are required to lower their millage rate by the same percentage that the total tax base increased.

What is Market Value?

Market value is defined as the most probably price in cash, or terms equivalent to cash, that a property would sell for on the open market, with both the buyer and seller acting knowledgeably and prudently and neither being under any duress. In other words, the price most people would pay for the property in its present condition.

It is the obligation of the Assessment Office to review and value all property within the County. To establish the market value of any piece of property, the Assessment Office must first determine what properties similar to it are selling for, what it would cost to replace it, how much it takes to operate it and keep it in good repair, what rent it may earn, and many other facts affecting its value, such as the current rate of interest charged for borrowing the money to buy or to build a similar property.

Market Value vs. Assessed Value

Market value is the true value of a property as explained above. The assessed value is the portion of that value that you pay taxes on. In 2004 it was decided to make it 100% market value, because there was confusion between market value & assessed value. Now your market value is the same as the assessed value that you pay taxes on.

The Valuation Process

The appraiser is required by law to consider all three approaches to value – the Market or Sales Approach, the Cost Approach, and the Income Approach. After considering all appropriate approaches to value, a final correlated Fair Market Value is determined. **All appraisals will be performed by state-certified appraisers.**

Market Approach Recent sales in the County are studied to determine market values. Only valid sales, which reflect transactions on the open market where there is no pressure to either buy or sell and where the property was listed for sale for a reasonable period of time, are used. Invalid sales, such as family sales, forced sales, uninformed buyers, and change of use, are not used for analysis purposes.

Cost Approach The cost approach is simply what it would cost to replace the property, less depreciation. Cost manuals as well as actual construction costs within the County are used to determine the replacement cost of the buildings if new. Depreciation schedules have been developed from depreciation patterns across the County.

Income Approach The income approach is mostly applicable to income-producing properties. It is basically the gross annual income less the annual operating expenses. Rent tables are being developed to determine market rents within the County. When at all possible, actual expenses supplied by the property owner will be used in determining market value. **All rental and expense information is kept confidential and is not made part of the public record.**

How will the Reassessment be done?

Lycoming County Assessment Office is conducting the reassessment in-house; it has not been out-sourced to another company. The present staff of the Assessment Office is under the employment of Lycoming County and has over 70 years combined experience in the assessment and/or real estate profession.

It is the duty of the Assessment Office to review & value all property within the County. Accurate appraisals require constant research to obtain significant facts to analyze in order to estimate the fair market value of a property.

Every property in the County has been visited at least once in the past four years to obtain accurate descriptions and characteristics. All residential property owners will be mailed the information that is currently on record for that property. If there are any errors, property owners are encouraged to notify the office with the necessary corrections.

Real estate market studies are now being conducted to develop formulas for estimating fair market values. Sales verification questionnaires are sent monthly to new property owners to obtain further information. Questionnaires will be sent to all owners of commercial properties to gather information needed to compile up-to-date rent and expense tables.

Final estimations of value are determined after consideration of all appropriate approaches to valuation using the data gathered above. Notification of the new fair market value will be mailed to property owners on or before July 1, 2014. The owner of record will have forty (40) days to file a formal appeal.

Property owners will have the opportunity to meet with professional staff to ask questions, verify information and present evidence of market value in an informal review.

Property owners may appeal their market value to the Board of Assessment Appeals and to the Court of Common Pleas.

If you have further questions, please contact:

Reassessment Office
33 W Third St, 5th floor
Williamsport PA 17701
Phone: 570-320-8100
Fax: 570-320-8130
Email: reassessment@lyco.org

The Lycoming County Commissioners respectfully request that all property owners cooperate fully with the Reassessment Office in conducting the Reassessment. It is in your best interest to assist in every way possible. The Commissioners' goal in the Reassessment project is to achieve a tax base that reflects tax fairness for all residents of Lycoming County.

Lycoming County Commissioners

Jeff C. Wheeland, *Chairman*
Ernest P. Larson, *Vice-Chairman*
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Lycoming County Assessment Office

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A Taxpayer's Guide To Reassessment

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