“Assessed” versus “Fair Market” Value

- **Assessed Value:** This is the dollar value placed on a parcel of property by the Assessor’s Office. It is computed by analyzing hundreds of individual sale transactions and inspections of neighborhood properties within the municipality. It is the Assessor’s estimate of market value. It is important for maintaining equity between and among all taxpayers in the municipality. The assessor assesses each property to make sure that each property pays their fair share of tax on an individual level.

- **Estimated Fair Market Value:** Is calculated by dividing the property’s total assessed valued by the average assessment ratio. This ratio is applied to all property, including personal property, regardless of type of location of the property. In theory, this should approximate the current market value of the property as of January 1st in the year the assessment was determined. This value estimate is determined by the Department of Revenue (DOR) through statistical analysis. It is used to apportion tax levies among municipalities and is used in the distribution of shared revenues.

    - The reason DOR equates all municipalities to an estimate of fair market value (actually equalized value) each year is to ensure the uniform distribution of shared taxes across municipalities.

    - The estimated fair market value on the tax bill is a less reliable estimate than that prepared by the assessor. The DOR has never inspected any property municipality. It is only to be used as a tool to check your assessment.

    - The important thing to point out is that ALL property in municipality has the same factors applied to it to determine its estimated fair market value. Also, it is important that you know that it is the **assessed** value, in all cases, used to calculate your property taxes.

    - **Remember, the “estimated fair market value” like the back of the tax bill states is an “estimate” and is only “approximate”.**