

Persons building a new home, or even just conducting renovations or adding-on, often have questions about how their taxes will be effected. This guide hopes to answer some of the most common questions.

“Do I have to pay taxes on a home that isn’t complete yet?”

Yes. Your taxes will be based on the percentage of completion as of January 1 of the year being taxed. If your home was 50% on January 1, then the tax bill in July will reflect only 50% of the value of the home.

Counties don’t prorate taxes on real property. It doesn’t matter how many days or months out of the year that the home was complete or incomplete. The status on January 1 controls for the full year.

“Will the tax value match my actual cost of construction?”

Probably not. Tax value should reflect market value not construction cost (although these two numbers are related). Market value is what you could sell the home for on the open market. Construction cost is the sum of materials, labor, and the contractor’s profit margin. When acting as your own contractor you save yourself the cost of paying the contractor’s profit margin (so your costs are lower), but the market would still be willing to pay the same amount for the house (so your value is not lower). This means that tax value will tend to be higher than your costs when you act as your own contractor to build your own home.

Note that this works in reverse for renovations and additions. While repairs generally contribute dollar-for-dollar or greater to the value of the home, renovations and additions generally contribute only a portion of their costs to value. This means that your tax value may not increase by as much as you spent, because you probably aren’t getting a dollar-for-dollar return.

“Will your tax assessment match the bank appraisal on my home?”

Maybe. There are several differences between appraisal for tax purposes and appraisal for bank loan purposes. The one that most commonly comes into play is the date of the appraisal. Our values reflect what was on the land as of January 1 of the year appraised, but use the general market conditions from our last countywide revaluation.

We revalue all property in the county every eight years, but new homes are built every year. We have to use the same level of valuation for everyone, so if everyone else is valued according to a past year, your home will be as well. This sometimes causes our values to run high, but it more often causes us to run low. If you build your home in the revaluation year you can expect our value to be close to the bank appraisal value. If you build your home seven years after revaluation you should expect a noticeable difference.

Our last revaluation was effective as of January 1, 2009. Our next revaluation will be effective as of January 1, 2017.

“How do you know what my home is worth?”

When you take out a permit, one copy is given to the inspection staff and another copy is provided to the appraisal staff. Just like the inspectors, our appraisers will visit properties under construction (generally without prior notice) and will gather the data needed to appraise your home. This will involve walkthroughs, measurements and pictures of the home at various stages of completion.

Once we have the data about your home we compare that data to our most recent valuation manual (from our most recent revaluation) and apply the values, rates and adjustments called for in the manual.

“Can I see how you arrived at my value?”

Certainly. Once our work is complete we will send you a notice of your new value. If you have any concerns about this valuation, you can contact our office. We will gladly go over your value with you and explain how we arrived at our conclusion. Often this answers the concern and the valuation stands, but sometimes the property owner is able to share information we were not aware of and the valuation is corrected. When the property owner is not satisfied with our explanation but our staff do not feel that a change of value is appropriate, the property owner may file an appeal.

Note: If you plan to appeal your value, you should do so by April 1 of the year appealed. The Alamance County Board of Equalization and Review will set a date on which they will stop accepting new appeals, and the latest date at

which your appeal is guaranteed to be timely is April 1.

“When will I get the bill?”

Our bills are sent out in July each year. If you are in the City of Burlington, the City of Graham, or the Town of Elon you will receive two bills – one from Alamance County and one from your City or Town. These bills will be due Sept 1.

Questions?

If you have questions we want to hear them.

Call Us At:

Write or Visit Us At:

336-570-4116

Tax Appraisals

E-Mail Us At:

124 W. Elm St.

tax.help@alamance-nc.com

Graham, NC 27253

**What to expect...
When You Build a House**



**A Guide to Self-Contracting
and Property Taxes**



**Alamance County
Tax Department**

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