

Progressive Versus Supplemental Assessments

The motion made reference to progressive and supplementary assessments. To support future conversations, a brief explanation of progressive and supplementary assessments is provided here.

Progressive assessments are the annual assessment changes on properties under construction. In year one, for example, a developer may install underground infrastructure and the property's footing and foundation. In the subsequent tax year, the progressive property assessment would reflect the value of the land, plus the value of a partially completed building (20 percent for example). If the building is still under construction at the end of year two, but is closer to completion, the subsequent tax year's progressive assessment may be at 80 percent of the completed value.

Once a building is completed mid-way through the year, the City issues a supplemental assessment and tax notice. In the example above, the developer was originally assessed and taxed for an 80 percent completed building in year three. If that developer completes construction in June of year three, the City would then reassess the additional 20 percent value-add and tax that value at a prorated amount (in this case half) to reflect the number of months remaining in the year.

Under the proposed program, both progressive and supplemental assessments would still be performed to track changes in value, but the tax impact of both would be mitigated using a tax relief tool (tax rebate, grant or exemption).