

WHEN IS PROPERTY TAX DUE?

Property tax payments are payable July 1 and delinquent after September 30 for the first half and March 31 for the second half.

For example the tax statement would be available in August 2019 with the first half being paid by September 30th 2019 and the second half being paid March 31st 2020.

The time period of ownership for what you are paying can be difficult to understand.

The first half payment is for the July 1st – December 31st of the previous year. The second half payment is for the time period January 1st – June 30th of the previous year.

For example the September 30th 2019 payment is for the ownership of the property from July 1st to December 31st of 2018. Approximately one year back. The March 31st 2020 payment is for the ownership of the property from January 1st 2019 to June 30th 2019. Again one year back.

To complicate this more the assessment date of the valuation the assessor has applied to this parcel is for January 1st of the year prior to the first half payment.

For the example above the assessment date would be January 1, 2018. Taxes payable fall 2019, spring 2020.

So why care when taxes are due?

Every buyer and seller will have to agree on the amount of taxes due up to the date of possession or transfer of property to the new owner. This means someone has to figure this out which is very important to both parties. This term is usually referred to as proration of taxes.

Since taxes run a year behind the seller must give an estimated portion of the taxes due to the buyer that are not paid until the next year's tax statement.

This is an amount made and agreed between the seller, buyer and any agents involved with the sale. The property tax system administrators may issue information to aid in reference to the proration of the taxes but do not decide what that amount will be.

There are several ways a proration amount can be made. Examples would be in the closing costs, the sale amount of the property, or may just be forgiven altogether by one of the parties. Again this agreement to proration amount is made by the seller/buyer and not the tax system.

Suppose a property sells on February 1st 2020. The current tax statement from July 1 of 2019 is for \$1000 for the full year. This is how you would figure the proration of taxes from the seller to the buyer.

Number of days since July 1st = 215

Divided by 365 days = 58.9%

So being the property was sold February 2020 the seller is responsible for 100% of the current tax statement of \$1000 because that was for ownership from July 1st 2018 to June 30th 2019.

Then the seller would be responsible for 58.9% of the upcoming estimated tax statement coming out July 1st 2020. If the \$1000 is used for the estimated taxes then the seller would pay the buyer \$589 towards that upcoming tax statement. The buyer would then pay the taxes full in September 2020 and March 2021.