

Home renovations could increase property taxes

If you live in New York's Nassau County, you are possibly paying some of the highest property taxes in the country. Nassau County residents had an average property tax bill of nearly \$8,500 in 2011.

Understanding property taxes is not very cut and dry. They are supposed to rise and fall with home values, but this isn't always the case. There is roughly 80,000 pages of federal code on property taxes, and each state and town often has its own rules governing how property taxes are assessed. State and local budget cuts can raise taxes even if your home value remains the same, as will an increase of benefits for public employees. Property tax is typically the primary means that many jurisdictions raise revenue. So if your community needs money, you can probably count on it financing that need through higher property taxes.

The two things that determine property taxes are the assessed value of your home and the property tax rate for where you live. In many cases, making improvements to the inside and outside of your home can result in higher taxes on your property. Many homeowners do not think about the tax man when they are about to renovate their home. But it is important to consider that home repairs — even planting a garden — could lead to higher property taxes. Although the vast majority of repairs that most often affect taxes include major renovations, there are lesser known repairs that can catch even savvy homeowners by surprise.

Here is a look at some of the renovations that could raise your property taxes.

* Adding a room: Converting the garage into a bedroom or adding on a new bathroom will increase your home's value and the prop-

erty tax you'll pay on the home. Although tax assessors don't usually make surprise trips to your home to check for renovations indoors, they may peruse permits filed at the clerk's office and then investigate. Permits are the primary way assessors learn about improvements, so much so that some homeowners look to circumvent permits when making renovations. But that can cause a number of problems down the line if and when you decide to sell.

* Pools and outdoor structures: Changes to a home's exterior are some of the easiest to see and document. Permanent changes outdoors, such as the installation of a shed with a concrete floor, a deck or a pool can definitely increase property taxes.

* Landscaping: Hiring a professional to do your lawn and plants can result in higher taxes. It's called "alteration of land improve-



The addition of a pool or outdoor landscaping can raise property values and property tax.

ment." Repaving a driveway or adding a new cement walkway may also increase your home's value and, subsequently, your property tax bill.

* Fireplaces: The installation of a fireplace can also increase a home's value, leading to a higher tax bill as well.

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