



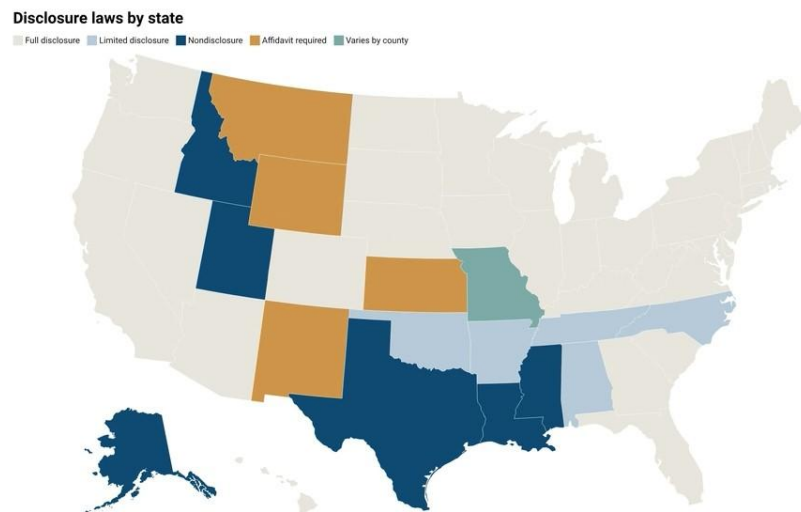
PRESIDENT'S MESSAGE

July 2026

I read a recent article with the intriguing title of “Sold in Secret, Taxed in the Dark: Why Off-Market Home Sales May Be Raising Your Property Taxes”. The author stated: “Your neighbor’s home sale generates valuable information that can help determine your home’s value, even your property tax bill. But what happens when that home is sold in secret?”

It’s an overlooked question inside the national fight over private listings - a debate that has inspired laws restricting the practice in Washington, Connecticut, and Wisconsin, as well as a recently passed proposal in New York that now awaits Gov. Kathy Hochul’s signature.

So far, that fight has centered on fairness and market factors: whether sellers deserve more privacy, whether buyers are being shut out, and whether homes sold off market really get the best price. But in nondisclosure states, where sale prices are already withheld from public records, private listings raise a bigger question: What happens when the data used to value and tax homes disappears behind a second layer of secrecy? In the places where private listings and nondisclosure laws overlap, the people best positioned to hide or selectively reveal sale information may also be the ones best positioned to lower their tax bills.



Source: Górate, Sergio, Charles Hillerbrand, and Anthony Pennington-Cross. "The Impact of Nondisclosure Laws on the Single-Family Housing Market: Appraisal Bias and Mortgage Default." - Created with Datawrapper

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In Texas, a nondisclosure state, “State law requires that we appraise property using sales data,” Leana Mann, chief appraiser of the Travis Central Appraisal District, told Realtor.com®. “All we can do is work with the data we have.” But that data is often an imperfect patchwork, according to John Brusniak, a Texas property tax attorney. He says appraisal districts piece together values from voluntary sales surveys, listing histories, mortgage records, mass-appraisal models, and closing documents homeowners provide when they protest.

“Let them guess what it’s sold for,” Brusniak says of the calculation some homeowners make when deciding what information, if any, to provide local appraisal districts. “If they guess too low, then we’re fine; if they get too high, we have a closing statement” that proves otherwise.

New Mexico offers a rare glimpse at what that shield may be hiding. Until 2004, New Mexico was a full nondisclosure state. That meant assessors had no guaranteed access to sale prices. Then, the state enacted a partial disclosure law, requiring key sale data to be shared with local officials for use in property assessments.

The shift gave assessors the data they needed, and researchers a natural experiment. By comparing property valuations before and after the law took effect, a 2021 study “found strong evidence that nondisclosure laws put downward pressure on property tax revenue.”

Following the transition to partial disclosure, the state saw a roughly 4% increase in annual tax revenue, the equivalent of \$1.09 million. Another study concluded that in the years leading up to the transition to partial disclosure, the Land of Enchantment had collected significantly less property tax revenue than it should have, in part because high-value homes weren’t taxed effectively.

And while that may have represented savings to underassessed owners, it raises a bigger question: If some homes are taxed below their value, who pays the difference?

Political scientist Christopher Berry tries to answer this question in his seminal paper “Reassessing the Property Tax.” In it, he finds that lower-priced homes are often assessed at a higher share of their sale price than higher-priced homes, leaving owners of less valuable properties with higher effective tax burdens. “Because a property’s assessed value is the basis for determining its tax bill, inequities in assessments translate into inequities in taxation,” Berry writes.

That inequity is especially important at the very place the New Mexico study also points to: the top of the market. High-value homes are already difficult to price and are generally assessed at a lower percentage of their market value than more modest homes – a documented phenomenon present across the country, even in states with partial or full disclosure.

One reason is that assessors rely on sales data to determine value, but luxury homes often have few or no true peers. “Very unique properties are inherently harder to price because they have fewer comparable sales,” explains Danielle Hale, chief economist at Realtor.com. “If private or off-MLS listings are more common for these types of homes, the challenge of valuing them is only magnified.”

In Austin, Texas for example, the least expensive homes were taxed at 1.31 times the rate of the most expensive homes from 2014 to 2023, according to Berry’s research. In 2022, the owner of a \$1 million home paid an average of \$11,600 in property taxes. But a fair bill would have been closer to \$13,000, translating into an average annual savings of about \$1,400 for owners. It’s a difference that has especially high stakes in revenue-controlled systems, like Texas’, where local governments set tax rates against the taxable value on the appraisal roll.

“When property appraisers don’t have adequate or accurate information to go off of, that necessarily passes the buck, so to speak, to all of the other residents in the state,” Chad Cummings, a corporate, tax, and real estate attorney and CPA operating in Texas and Florida, told Realtor.com last year.

“It’s a zero-sum game. [Local governments] take the amount of money they need, they divide by the number of properties,” he added. “So, when somebody’s underpaying, that necessarily means that somebody else is overpaying.”

It’s a different side of the same problem that New Mexico illustrates. While the Land of Enchantment shows how missing sale prices can mean leaky revenue, Texas shows how, when a revenue target still has to be met, it can change who is paying the bill.

Interestingly, it’s also high-value homeowners who may be the most likely to use off-market home sales. By nature of these types of listings, they are difficult, even impossible, to accurately track. But one analysis from a real estate group in Austin that offers exclusive listings suggests that off-market listings rise with the list price of the neighborhood - increasing from 15% of sales in neighborhoods near the median list price to 30% and above in luxury and ultraluxury price points at or above \$750,000.

In some nondisclosure jurisdictions, assessors rely on MLS data as a workaround for missing public sale-price information. But that access is incomplete and imperfect, often leaving out the higher-end sales that are already hardest to value. As a result, relying on MLS data was associated with lower overall tax revenue when compared to mandatory disclosure.

It’s a small but important window into what this double layer of secrecy is costing the public, and why the people best positioned to use the gaps may also be the ones most likely to benefit.

One recent study of homeowners in Dallas County, TX, found that wealthier households and those facing higher tax burdens were significantly more likely to protest their property taxes - primarily because they have more to gain financially from doing so. Of those who filed formal appeals in 2020, almost 70% were successful, resulting in an average savings of \$485 in the first year alone. And for every \$100 increase in expected tax savings, a household's probability of protesting increases by 2.14 percentage points.

This is where the information advantage comes full circle. By leveraging secrecy, the wealthiest households pocket the savings.”

Comment: the foregoing provides selected extracts from the article. If anyone would like to read the full article, which contains more detail, it is available via the link below:

[Are Secret Home Sales Raising Your Property Taxes?](#)

Time now to move on to IPTI matters. At the end of June, we delivered our annual Mass Appraisal Valuation Symposium (MAVS). This virtual event attracted several hundred attendees from around the world. Delivered in partnership with the International Association of Assessing Officers (IAAO), the MAVS covered a wide range of topics. We changed the format of the MAVS this year giving our very experienced presenters more time to deliver their material. This revised format appears to have been well received and we are likely to retain it for the MAVS next year. I would like to thank all our speakers and moderators for their participation in the symposium, and I would also like to thank colleagues from both the IAAO and IPTI for their hard work in preparing and presenting this important event.

Also during June, we delivered another in the series of webinars we present in partnership with the Institute of Municipal Assessors (IMA). The latest IMA-IPTI webinar was on the topic of “Challenges with Application of the Cost Approach”. Our two experienced presenters explored key concepts, practical issues, and common obstacles associated with the cost approach in property assessment contexts. It also delved into the distinction between reproduction cost new and replacement cost new, and how each affects value conclusions. Our speakers also focused on identifying and quantifying different forms of depreciation, with particular attention to functional and economic obsolescence.

I was pleased to be invited by the Lincoln Institute of Land Policy to attend a conference in The Hague which explored the topic of “Property Tax in Europe”. This event, held in early June, included many speakers who had contributed to a new book with the same title which, at over 900 pages long, provides a very detailed review of the topic.

Another interesting event I was invited to chair during June was a webinar on the preparation and use of expert reports. Among other topics considered during this webinar was the use of

artificial intelligence by experts and, in particular, the need for caution in accepting the information derived from artificial intelligence; verification is vital to avoid mishaps.

Looking ahead, as usual we have a variety of informative events coming up – both virtual and in-person. Information about all forthcoming IPTI events – including conferences, symposiums, webinars, workshops, training, etc. – is available on our website: www.ipti.org.

Now it's time for a quick look at what is making headlines concerning property taxes in selected jurisdictions and countries around the world. For more information, and links to the original news articles, please refer to IPTI Xtracts which can be found on our website: <https://www.ipti.org/ipti-xtracts>

Starting with Bulgaria, a debate over property taxation has moved to the forefront of the country's fiscal agenda, with politicians and experts discussing whether owners of multiple homes should face progressively higher taxes. Supporters of the idea argue that housing should primarily serve as a place to live rather than as a speculative investment, while critics warn that any additional burden could ultimately be passed on to renters and ordinary households. A spokesperson defended the proposal for a progressive property tax, explaining that a primary residence would remain subject to the current approach, while additional properties could be taxed at increasingly higher rates. "If someone owns three or four homes not for living but as investments, the second property should be taxed more than the first, and the third more than the second," he argued. According to him, such a measure could help cool an overheated housing market that has pushed ownership beyond the reach of many young people. The government is also preparing broader changes to the way real estate is taxed. The Prime Minister recently signaled support for updating property tax assessments, which many experts consider outdated after nearly two decades without a substantial revision. Representatives of the National Association of Municipalities said they had received assurances that the process would move forward this year as part of wider efforts toward fiscal decentralization. There are concerns, however, that landlords may transfer part of the additional expense to tenants. Renters interviewed by local media expressed fears that monthly rents could increase if owners face higher taxes. Real estate brokers echoed those concerns, noting that investment properties are likely to pass at least some of the extra cost on to end users. Experts also argue that any tax reform should be accompanied by visible improvements in public infrastructure, including roads, sidewalks, schools, kindergartens, and parks. Without such investments, public support for higher property-related taxes may be difficult to secure.

Moving on to France, the government has announced a shake-up to the property tax system for vacant homes, allowing local authorities in areas with a housing shortage to impose higher taxes on properties that sit empty.

Previously the owners of empty homes were charged either the *taxe annuelle sur les logements vacants* (TLV) or the *taxe d'habitation sur les logements vacants* (THLV), depending on where the property was situated. The 2026 budget streamlines this into a single empty homes tax known as the *taxe sur la vacance des locaux d'habitation*. The property is classed as vacant if it is:

- A dwelling space
- Unfurnished, or furnished in a manner that would not allow someone to live there
- Equipped with basic services such as electricity and running water
- Empty for a certain period

This, therefore, does not affect second homes, even if their owners have not been able to visit for a long time - second-home owners pay a different tax called *taxe d'habitation*. The bill allows for the application of different rules depending on whether the home is in an area with a housing shortage or not. In areas with a housing shortage, the tax applies if the property has been vacant for at least one year as of January 1st of the tax year. Property tax bills are sent out in the autumn, but are based on the situation of the property on January 1st of that year. In areas without a housing shortage, local authorities have more discretion over whether to impose the tax, with the usual rule being that the property has been vacant for at least two years on January 1st of the tax year. Like all property taxes, the vacant homes tax will be based on the rentable value of the property, which is listed on tax bills as the *valeur locative*. This rentable value is then multiplied by a rate fixed by the government - this is the same formula as the one used to calculate the other property taxes (*taxe foncière* which is paid by all property owners and *taxe d'habitation* which is paid by second-home owners), but the rates for the vacant homes tax are, in general, higher.

And finally, just when you thought that the “wild and wacky world” of property taxation could not get any wackier, I read a news report that the FBI had raided a US assessor’s office in California. To add to the “colourfulness” of the story, it was reported that the assessor concerned called himself “bad boy” and was prone to dressing up in drag! The assessor was reported as saying that he suspected the FBI investigation could be related to two former employees who left the office some years ago. The FBI declined to comment to the media on the reason for the investigation. However, the assessor floated the idea that it was political retaliation from the county board of supervisors. He is quoted as saying: “They’re making accusations based on access to some of the information they’re mentioning” referring to the former staffers. Even more unusually he added “I have been investigated more times than not and every time I’m exonerated.” You couldn’t make it up!

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