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Real Property Tax Appeals

It's the client's money, we get it back!

January 25, 2024



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Session CPE Requirements

- You need to attend 50 minutes to receive the full 1 CPE credit.
- 4 Attendance Markers that read: “I’m Here,” will be launched during this session. You must respond to a minimum of 3 to receive the full 1 CPE credit.

****Both requirements must be met to receive CPE credit****



Property Tax Experience

- 35 years property tax experience
- CMI designation from the Institute for Professionals in Taxation (IPT)
- IPT Board of Governors
- IPT Property Tax School instructor
- Relationships with assessors across the country
- Network of MAI appraisers and tax attorneys
- Network of property tax peers within multiple industries



Real Estate Tax Appeals and Review

Learning Objectives

At the end of the session, you will be able to:

- Recognize the assessment/taxation process
- Identify opportunities for tax savings
- Identify the three approaches to value
- Recall how to navigate the appeal process
- Recall leading practices for successful appeals



Real Property Appeal Process

Perspective

Subject



Assessor



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Taxpayer



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Real Property Tax Process

Assessor sets value

Governments set budgets

Total Budget / Total Assessment = Tax Rate

Taxpayer gets value notice

Taxpayer can appeal value

Taxpayer pays their share of taxes

Taxes used to support the community



Assessor reassess real estate on a regular cycle

Most states reassess annually



Real Estate Value

What is valued?

*Land
+ Improvements
= Real Estate Value*



Real Property Appeal Process

Most states have a three-level process

Level	Hearing timing
Assessor (informal)	Within 30-60 days of filing
Appeals board (semi formal)	Within 30-90 days of filing
Court (formal) <ul style="list-style-type: none">• Attorney• Appraiser	6 months and up



How is Value Determined

Cost	What are the land, improvements hard and soft costs, less accumulated depreciation
Market	What have similar properties recently sold for
Income	What are the market rental and expense rates for similar property types (income capitalization)



How is Value Determined

Cost

What are the land, improvements hard and soft costs, less accumulated depreciation

Issues

- Quality of construction
- Square footage
- Ceiling height
- Depreciation
 - Physical
 - Functional
 - External



How is Value Determined

Market	What have similar properties recently sold for
Issues	Adjust comparable properties to subject property <ul style="list-style-type: none">○ Age○ Financing○ Date of sale○ Location○ Size/Acreage



How is Value Determined

Income

What are the market rental and expense rates for similar property types (income capitalization)

Issues

- Rental rate
- Vacancy and credit loss
- Expenses
- Cap rate



How is Value Determined

Property Tax VS Income Tax

Real VS Personal Property

- Market Value – Book Value
- Depreciation
- Cost Segregation Studies
- Leasehold Improvements
- Tenant Improvements



How is Value Determined

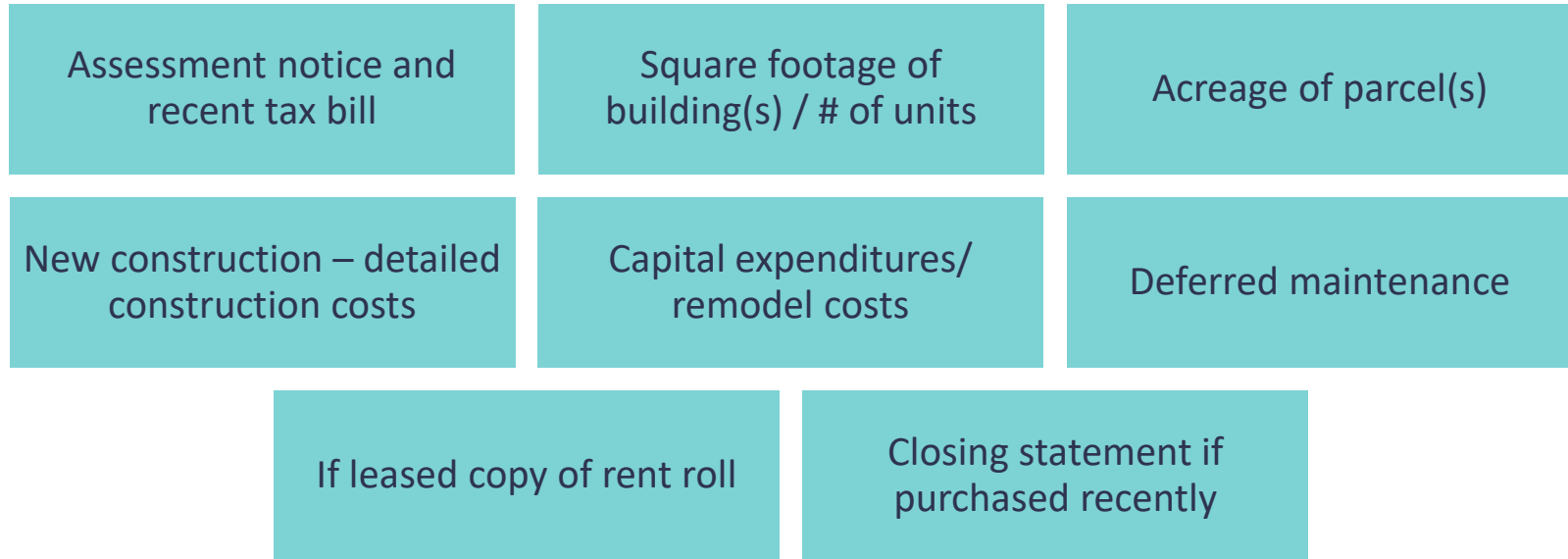
Check Property Record Card for Accuracy

<u>Issue</u>	<u>Result</u>
• Square Footage	\$4.0M
• Use (office, storage)	\$1.1M
• Acreage	\$3.3M

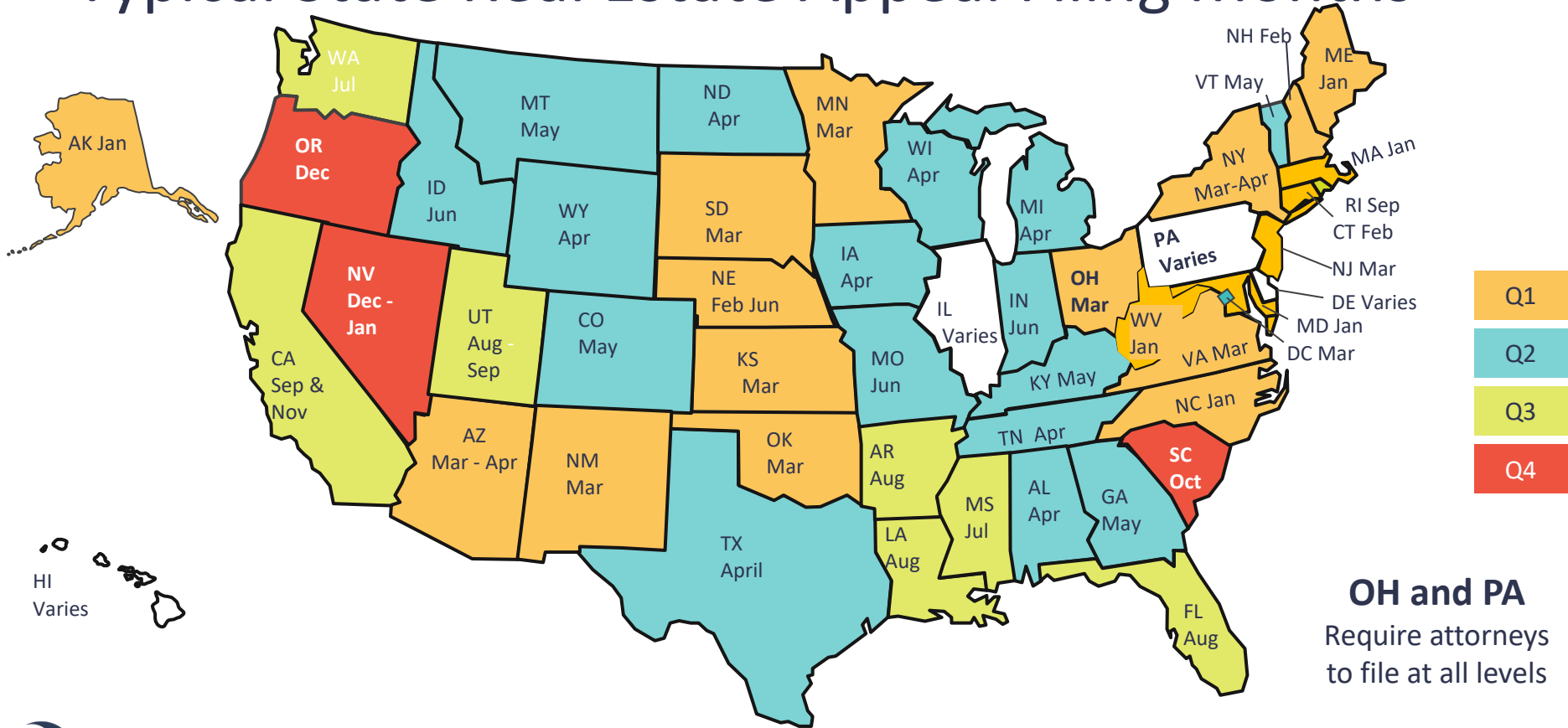


How is Value Determined:

Helpful Property Information



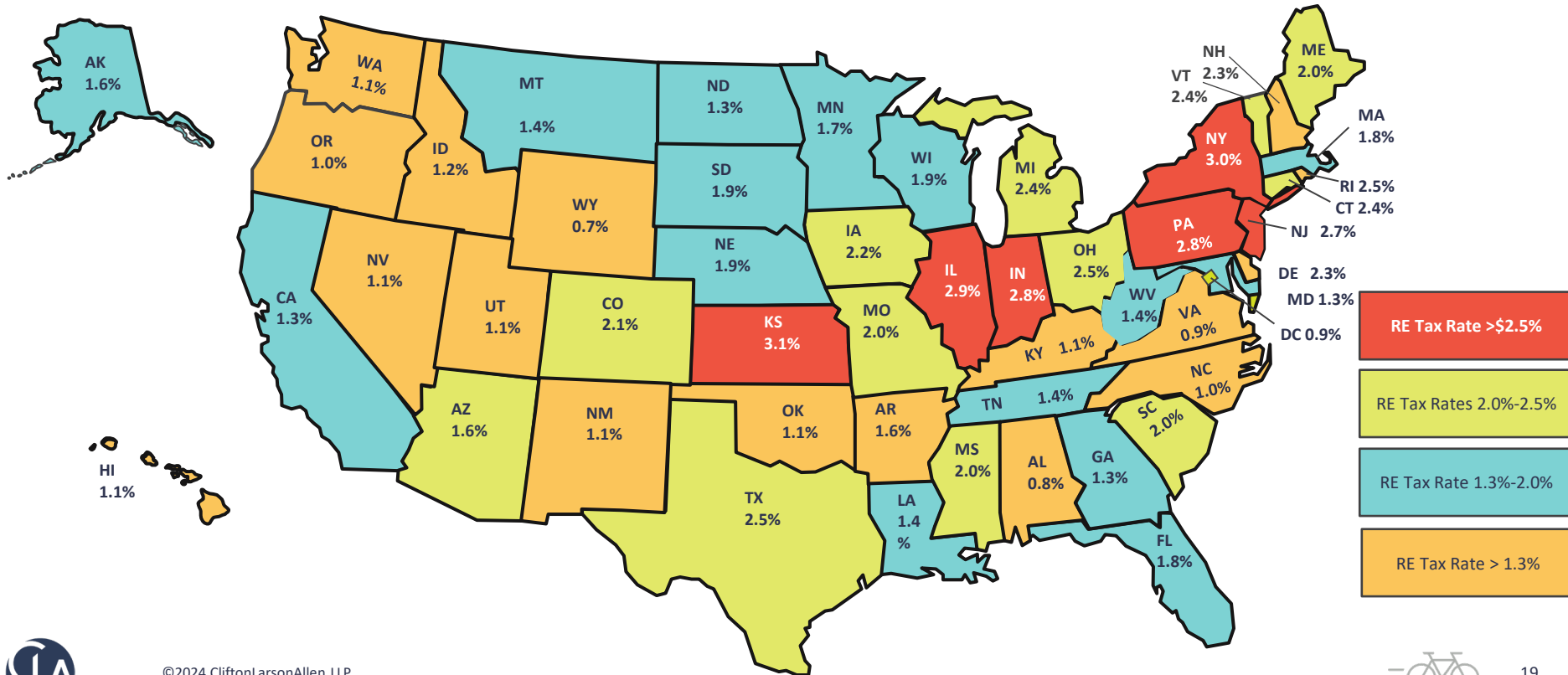
Typical State Real Estate Appeal Filing Months



OH and PA
Require attorneys to file at all levels



Median Commercial Property Effective Tax Rate by State



Tax Rates Matter

Assessed Value	Tax Rate	Tax Bill
10,000,000	1.00%	100,000
10,000,000	1.75%	175,000
10,000,000	2.50%	250,000
10,000,000	3.25%	325,000



Real Property Tax

Other

- High level portfolio review
- Review leased location and LL RE tax reimbursement charges
- Monitor tax bill due dates, review and approve bills for payment
- Prepare and file required I/E forms
- Prepare and file required cost questionnaires
- RE tax estimates for new construction, property acquisition
- Review property tax benefits related to jurisdictional tax incentive programs



CLA Property Services



Real Property Tax

Appeals
Other



Personal Property Tax

Compliance
Audit

Thank you!

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