



UNITED STATES – April 2021

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Homeowners face the biggest property-tax hikes in 4 years — here's where they pay the most

There were 16 counties nationwide where homeowners paid more than \$10,000 in property taxes last year on average

State and local governments have faced a cash crunch as a result of the COVID-19 pandemic. And they're passing the pain on to homeowners in the form of higher property taxes, according to a new report.

A new analysis from real-estate data company Attom Data Solutions found that Americans who owned single-family homes paid \$323 billion in property taxes in 2020, up more than 5% from 2019. The average property tax nationwide was \$3,719 for a single-family home in 2020, up 4.4% from the year prior.

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While the effective tax rate did drop slightly between 2019 and 2020, Americans last year were hit overall with the largest average property-tax hike in four years, Attom's chief product officer, Todd Teta, said in the report. He called it "a sign that the cost of running local governments and public school systems rose well past the rate of inflation."

Property taxes increased faster than average in 55% of the 220 metropolitan areas Attom studied for its report. Many of these counties included popular real-estate markets in the Sun Belt. Among the areas that saw the most notable increases in average property taxes were Salt Lake City (up 11.4%), San Francisco (up 11.1%), Seattle (up 10.3%) and Atlanta (up 10.2%).

Other cities that saw property taxes rise more than 10% between 2019 and 2020 included San Jose, Calif.; San Diego; and Tampa, Fla.

The states where property-tax rates are the highest didn't change, despite the overall increase in property taxes nationwide. New Jersey had the highest effective property-tax rate at 2.2%, followed by Illinois (2.18%), Texas (2.15%), Vermont (1.97%) and Connecticut (1.92%). Hawaii had the lowest rate in the country at 0.37%, followed by Alabama at 0.44%.

There were 16 counties nationwide where homeowners paid more than \$10,000 in property taxes last year on average. Twelve of those counties are located in the New York metropolitan area.

ATTOM Data Solutions Releases 2020 Property Tax Analysis

ATTOM Data Solutions recently released its 2020 property tax analysis for almost 87 million U.S. single family homes, which shows that \$323 billion in property taxes were levied on single-family homes in 2020, up 5.4% from \$306.4 billion in 2019. The average tax on single-family homes in the U.S. in 2020 was \$3,719—resulting in an effective tax rate of 1.1%.

The average property tax of \$3,719 for a single-family home in 2020 was up 4.4% from \$3,561 in 2019 while the effective property tax rate of 1.1% in 2020 was down slightly from 1.14% in 2019.

The report analyzed property tax data collected from county tax assessor offices nationwide at the state, metro and county levels along with estimated market values of single-family homes calculated using an automated valuation model (AVM). The effective tax rate was the average annual property tax expressed as a percentage of the average estimated market value of homes in each geographic area.

"Homeowners across the United States in 2020 got hit with the largest average property tax hike in the last four years, a sign that the cost of running local governments and public-school systems rose well past the rate of inflation. The increase was twice what it was in 2019," said Todd Teta, chief product officer for ATTOM Data Solutions. "Fortunately for recent home buyers, they have mortgages with super-low interest rates that somewhat contain the cost of home ownership. But the latest tax numbers speak loud and clear about the continuing pressure on both recent and longtime homeowners to support the rising cost of public services."

States with the highest effective property tax rates in 2020 remained New Jersey (2.2%), Illinois (2.18%), Texas (2.15%), Vermont (1.97%) and Connecticut (1.92%).

Other states in the top 10 for highest effective property tax rates also were the same as in 2019: New Hampshire (1.86%), New York (1.68%), Pennsylvania (1.64%), Ohio (1.62%) and Nebraska (1.53%).

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The lowest effective tax rates in 2020 were in Hawaii (0.37%), Alabama (0.44%), West Virginia (0.51%), Colorado (0.54%) and Utah (0.54%).

Other states in the top 10 for lowest effective property tax rates were Tennessee (0.59%), Nevada (0.6%), Idaho (0.61%), Arizona (0.62%) and Wyoming (0.63%).

New Jersey had the highest average property tax on single-family homes, \$9,196. That was more than 10 times over than the average tax of \$841 in Alabama, the state with the lowest average levy.

Others states in the top five were Connecticut (\$7,395), New York (\$6,628), New Hampshire (\$6,596) and Massachusetts (\$6,514).

Others in the bottom five were West Virginia (\$849), Arkansas (\$1,147), Tennessee (\$1,202) and Mississippi (\$1,241).

Among 220 metropolitan statistical areas around the country with a population of at least 200,000 in 2020, 12 of the top 20 effective tax rates were in the Northeast.

Those with the highest effective property tax rates in 2020 were Syracuse, New York (2.83%); Trenton, New Jersey (2.69%); Binghamton, New York (2.67%); El Paso, Texas (2.66%) and Rockford, Illinois (2.62%).

The highest rates among metro areas with a population of at least 1 million in 2020 were in Rochester, New York (2.46%); Houston, Texas (2.44%); Hartford, Connecticut (2.18%); Chicago, Illinois (2.15%) and Dallas, Texas (2.13%).

The lowest rates in 2020 were in Honolulu, Hawaii (0.36%); Daphne-Fairhope, Alabama (0.37%); Montgomery, Alabama (0.38%); Tuscaloosa, Alabama (0.39%) and Colorado Springs, Colorado (0.42%).

The lowest rates among metro areas with a population of at least 1 million in 2020 were in Nashville Tennessee (0.53%); Salt Lake City, Utah (0.58%); Birmingham, Alabama (0.58%); Phoenix, Arizona (0.58%) and Denver, Colorado (0.6%).

Among the 220 metropolitan statistical areas analyzed in the report, 120 (55%) posted an increase in average property taxes from 2019 to 2020 that was above the national figure of 4.41 %. They included Salt Lake City, Utah (up 11.4%); San Francisco, California (up 11.1%); San Jose, California (up 10.8%); Seattle, Washington (up 10.3%) and Atlanta, Georgia (up 10.2%).

Other major markets posting an increase in average property taxes that was above the national average included San Diego, California (up 10.2%); Tampa, Florida (up 10%); Denver, Colorado (up 9.9%); Raleigh, North Carolina (up 9.7%) and Columbus, Ohio (up 9.1%).

Among 1,453 U.S. counties with at least 10,000 single family homes in 2020 and sufficient data to analyze, 16 had an average single-family-home tax of more than \$10,000, including 12 in the New York City metro area. The top five were Rockland County, New York (\$13,931); Marin County, California (outside San Francisco) (\$13,257); Essex County, New Jersey (\$12,698); Nassau County, New York (\$12,386) and Bergen County, New Jersey (\$12,348).

States With the Highest Property Taxes

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In some states, homes are cheap, property tax rates are less than half of 1% and the average property tax payment is just a few hundred bucks per year. In the most expensive states, however, rates soar over 2%, homes are pricey and average annual property tax bills routinely creep above \$5,000 and beyond.

Using data from the Tax Foundation, GOBankingRates ranked the states with the highest property taxes in America, including the percentage rate, the average dollar amount paid and the average home value. The results are listed in ascending order from least expensive to most. For context, the national average effective property tax is 1.06%, the U.S. average home value is \$263,351 and the average annual property tax bill is \$2,787.

10. Rhode Island

Average effective property tax: 1.53%

November 2020 average home value: \$337,470

Average annual property tax paid: \$5,163

Rhode Island's property taxes are high, but certainly not shockingly high by the standards of pricey New England. It's one of only four states on this list with annual property tax payments over \$5,000, mostly because of its steep home prices.

9. Ohio

Average effective property tax: 1.62%

November 2020 average home value: \$166,213

Average annual property tax paid: \$2,693

Ohio's property taxes are high enough to earn it a place in the top 10, but its residents pay the lowest average annual tax of any state on this list. That's because it's one of only two states in the top 10 with average home values under \$200,000. Average prices in the other state, Nebraska, are more than \$20,000 higher, making Ohio the cheapest by far.

8. Nebraska

Average effective property tax: 1.65%

November 2020 average home value: \$189,314

Average annual property tax paid: \$3,124

Nebraska has the No. 2 cheapest average home value on the list behind only Ohio. Its property taxes are a bit higher, so it—like every other state on this list—can't join the Buckeye State in boasting sub-\$3,000 average annual taxes paid.

7. Texas

Average effective property tax: 1.69%

November 2020 average home value: \$220,942

Average annual property tax paid: \$3,734

Texas is a newcomer to the list and wasn't ranked among the 10 states with the highest property taxes last year. It's the last state on the list with a tax rate lower than 1.7%.

6. Connecticut

Average effective property tax: 1.70%

November 2020 average home value: \$299,945

Average annual property tax paid: \$5,099

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Back to the Northeast is Connecticut, which is just expensive enough to squeak out a spot among the four states with average annual taxes paid above \$5,000. Connecticut's average home value isn't quite \$300,000, but at just a hair below, it's still well above the national average.

5. Wisconsin

Average effective property tax: 1.73%

November 2020 average home value: \$208,523

Average annual property tax paid: \$3,607

Kicking off the top five is Wisconsin, where the average home value is cheaper than all but two other states on this list. That dynamic gives it a spot among the four states with average annual property taxes paid less than \$4,000.

4. Vermont

Average effective property tax: 1.80%

November 2020 average home value: \$277,387

Average annual property tax paid: \$4,993

The first state to hit an average effective property tax rate of 1.8%, Vermont and the rest of New England is no stranger to the pricey side of any list having to do with the cost of living in the states. Vermont missed joining the small list of states with average annual taxes paid above \$5,000—but only by \$7.

3. New Hampshire

Average effective property tax: 2.03%

November 2020 average home value: \$333,739

Average annual property tax paid: \$6,775

Right next door to Vermont is New Hampshire, where the average effective property tax rate soars above 2%—just two other states break that barrier. The average home value, too, is much higher than in neighboring Vermont, leaving New Hampshire as one of only two states with average annual taxes paid above \$6,000.

2. Illinois

Average effective property tax: 2.05%

November 2020 average home value: \$218,358

Average annual property tax paid: \$4,476

Illinois, too, suffers from steep average effective tax rates above 2%. Its forgiving average home prices, however, help reduce the average annual property tax paid to an unremarkable sum in the mid-\$4,000s.

1. New Jersey

Average effective property tax: 2.21%

November 2020 average home value: \$376,199

Average annual property tax paid: \$8,314

New Jersey holds the unenviable distinction of having the highest property taxes in America yet again—it's a title that the Garden State has gotten used to defending. The tax rate there is an astronomical 2.21%, the highest in the country, and its average home value is painfully high, as well. The result is America's highest average annual property tax paid—no other state even breaks the \$7,000 mark, much less \$8,000.

Methodology: For this piece, GOBankingRates looked at the Tax Foundation's "How High Are Property Taxes in Your State?" data to find (1) effective average property tax for each state. Once this was gathered GOBankingRates also found each state's (2) November 2020 average home value from Zillow and (3) average

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annual property tax paid. Only factor (1) was considered in the final rankings. All data were collected on and up to date as of Dec. 17,

U.S. property taxes jump most in 4 years

Nationwide, property taxes levied by counties rose to \$323 billion from \$306.4 billion.

U. S. property taxes increased at the fastest pace for four years in 2020, with some of the steepest increases coming in traditionally low-cost Sun Belt states, according to figures from ATTOM Data Solutions.

The average tax on a single-family home climbed 4.4% to \$3,719, double the rate of increase in 2019, according to the real estate analytics firm. Nationwide, property taxes levied by counties rose to \$323 billion from \$306.4 billion.

“The latest tax numbers speak loud and clear about the continuing pressure on both recent and longtime homeowners to support the rising cost of public services,” said Todd Teta, ATTOM’s chief product officer.

The traditionally high-tax states of the U.S. northeast remain the most expensive for property owners. New Jersey, with an average charge on single-family homes of \$9,196, topped the list followed by New York and New Hampshire.

On the county level, 12 of the 16 areas with average annual taxes of more than \$10,000 were in the New York City metro area — led by Rockland County, NY, where the charge was \$13,931.

But some of the biggest annual increases came in Sun Belt metro areas from Salt Lake City to Tampa, as they seek additional revenue to deal with an influx of new residents.

ALASKA

Wrestling with a taxing issue: Increased value of commercial properties could reduce property tax rates

Increasing value for commercial properties could reduce property tax rates

Owners of commercial property in the City and Borough of Juneau recently received an unwelcome surprise — news from the assessor that their property’s assessed valuation has increased for tax purposes.

But, rising tax bills for commercial properties could reduce the property tax burden on residents.

As CBJ City Assembly members mull the city’s tax rate for fiscal year 2022, news of increasing commercial valuations and the associated increased tax revenue could reduce the property tax mill rate for homeowners.

Jeff Rogers, CBJ finance director, joined the Greater Juneau Chamber of Commerce Alaska Business Roundtable meeting Thursday to explain why the reassessment happened now and what it means for business and property owners in the borough.

Commercial assessments

“Commercial assessments have been flat for about 10 years. We’ve long suspected we were under assessing value,” Rogers said. “Up until now, we haven’t had the tools and expertise to change it.”

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Rogers explained that historically, property values were generally assessed at 72.86% of the amount that the property might sell for given typical selling conditions. Based on the 2021 assessment, valuations have moved closer to 88.53% of expected value, closing in on the city's goal of assessing property at 98% of its fair market value.

He said this is the first adjustment that will take place over the next few years to get local property assessments closer to the 98% goal.

Commercial property assessments increased by about 7% across the borough, though there's significant variability in individual properties.

"Each parcel is assessed independently. It's not a 7% across-the-board increase," he said. Rogers added that assessed values between similar properties could vary for several reasons, including views, size and condition.

Rogers said that the assessor is not seeing declining property values, which might lower projected selling prices.

"We see no evidence of softening sales data for property, and replacement costs continue to rise," he said. "Sellers are unlikely to sell for less, and buyers are looking to the rebound."

Rogers encouraged any commercial property owner who questions the assessment of a parcel to appeal the decision by the May 3 deadline. He said that about 98% of appeals are resolved locally based on additional information provided by owners.

[Link to residential property taxes](#)

Rogers explained that when commercial properties are under-assessed, the tax burden to pay for city services falls more heavily on residential property owners.

In early April, City Manager Rorie Watt proposed a .02 mill increase to the city's 10.66 mill rate to help fund child care. However, based on the larger-than-expected commercial base, city assembly members learned Wednesday that a reduced mill rate could still raise the money needed to cover the budget.

"We calculated that to receive the same amount of tax with new property valuation, we could go with a mill rate as low as 10.4. It has not been that low in more than 10 years," Rogers said. "Only the assembly can choose where to set the mill rate."

Rogers pointed out that the city is ending fiscal year 2021 with about an \$8 million deficit. The city manager has proposed using federal money to fill the budget hole.

"When we have this debt, do we reduce the mill rate? I think the assembly will wrestle with this," Rogers said.

About the budget process

The proposed citywide budget of \$396 million is down \$22.1 million from the 2021 amended budget. The citywide budget aggregates the spending for all city government operations, including those that operate as enterprise operations. Enterprise operations include Bartlett Regional Hospital, the airport, water utilities and docks and harbors. It also has money earmarked for capital improvements and debt service.

Every Wednesday until the end of May, assembly members will review proposed budgets from all component pieces to pass the final budget and associated tax rate.

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ARIZONA

Arizona can win big with property tax reform

Coming out of the Covid pandemic, Arizona has a special opportunity to position itself as a premiere choice for corporate relocations and new business attraction. Recently, we've celebrated several big wins with company expansions that will bring many new jobs to our state.

Specialized tax treatment, such as Foreign Trade Zones, which dramatically lower property taxes for businesses within the designated area, helped make these major investments possible. However, these benefits are not available to all businesses. They are restricted to specific geographic areas.

Opportunities exist for many more job creators, both large and small businesses, to make our state home if we can address one area of our tax system where Arizona is currently not competitive with other markets – commercial property taxes.

NAIOP members include real estate developers and brokers who scour the U.S. and beyond seeking tenants for their office buildings and industrial facilities. Time and time again we hear that high commercial property taxes factor negatively into site selection decisions.

To better understand the full scope of this problem, NAIOP commissioned Rounds Consulting Group to conduct an economic impact analysis. That report revealed several important insights.

Arizona's commercial property taxes are currently not competitive, despite progress being made over the past 15 years. Property in Arizona is valued by the Department of Revenue and county assessors.

Currently, commercial properties are taxed based on 18% of their assessed value. This is often referred to as the assessment ratio. For comparison, residential properties are taxed using a 10% assessment ratio.

Effective tax rates are the actual amount owed based on the assessment ratio and the relevant jurisdictions' tax rates. When we look at the effective tax rates on a national basis, Arizona ranks the 20th highest for office properties and the 10th highest for industrial properties.

When we dig deeper, the situation becomes more dire. Our key competitors are regional markets such as Houston, Denver, Salt Lake City, Boise, Los Angeles and Las Vegas that site selectors evaluate for companies looking to expand in the Western U.S.

When analyzing these key competitors, Phoenix has the third highest effective tax rate for office properties and the second highest for industrial properties. Although Houston tops the list, it is important to note that the state of Texas has no income tax and offers bountiful incentives to companies looking to relocate to the Lone Star State.

Job growth is particularly important following a recession. The world has fundamentally changed, and some markets will come out ahead while others will fall behind. Getting the economic fundamentals right will position Arizona to be among those markets poised for growth.

Arizona's strong revenue position makes it possible to take decisive action this year that will improve our ability to compete for new jobs. SB1108, sponsored by Sen. J.D. Mesnard, R-Chandler, includes a provision to lower the assessment ratio on commercial properties by 1% over a two-year period.

This proposal would bring the assessment ratio down to 17%, which would move Arizona's national ranking on office property from the 20th highest to the 27th and on industrial property from the 10th highest to the 19th.

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The proposal is structured in a way that it would not shift the tax burden to other types of taxpayers nor would it decrease funding for public schools.

As lawmakers debate a tax package to aid in Arizona's continued economic recovery from the pandemic and to position our state for increased growth, lowering the assessment ratio on commercial property is a policy change that would meaningfully enhance our ability to attract private investment and job creators.

Commercial property tax reduction recommended to spur growth in Arizona

A new report from a leading Arizona economist finds that the state's economic development prospects would brighten if policymakers made the commercial property tax more competitive.

An analysis of tax rates in key markets in the Southwest and the West found that Arizona has some of the highest for office and industrial space, putting it at a disadvantage in the region.

"In Arizona, the commercial property tax remains relatively high despite recent efforts to reduce the business tax burden," said Jim Rounds, an economist specializing in public policy and economic forecasting, who prepared the report for the Arizona Chapter of the National Association of Industrial and Office Properties (NAIOP). "State tax policy must be designed so businesses can remain competitive."

Currently, the state's assessment ratio on commercial property stands at 18 percent versus 10 percent for residential, Rounds' analysis shows.

"This means that office industrial, retail and other business properties are paying significantly higher property taxes than comparable residential properties," he said.

Legislation would gradually reduce assessment ratio

To remedy the situation, Rounds recommends passage of a proposal at the state Legislature to gradually phase down the commercial property assessment ratio from 18 percent to 17 percent over the next two years.

Ideally, dropping the rate down to 15 percent over time would be a strong catalyst for investment here, Rounds said.

Business advocacy organizations statewide are in support of the proposal, including the Arizona Chapter of the NAIOP, which represents developers, owners and investors of office, industrial, retail and mixed-use real estate in the state.

"Coming out of the pandemic, there are going to be a lot of companies looking to relocate and we want the whole state of Arizona to be in that top tier of the markets that companies are going to when they are either locating or expanding into the western region," said Suzanne Kinney, Arizona NAIOP president and CEO.

"Right now, the commercial property tax is one area where we're simply not competitive, and unfortunately, it causes us to not make it into the final consideration for some site selectors."

Office and industrial tax rates "through the roof"

According to the report, compared to the most popular markets in the Western United States, Arizona has the second highest commercial property tax rate for industrial space and third highest for office.

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“Houston is at the top of the list, but it’s not apples to apples. They have zero income tax and extremely generous cash incentives,” Kinney said.

And while everyone is celebrating recent successes in Arizona with the semiconductor sector, most of these companies are located in Foreign Trade Zones (FTZs), which provide cost savings and incentives, she said.

“It’s a wonderful program, but it’s not available to all companies,” she said. “They are restricted to certain geographic areas and companies get a dramatic reduction in their property tax and that’s factored into their decision to choose Arizona.

“What we’re really hoping for is to broaden out the competitive nature of our tax climate so that businesses, wherever they want to locate in the state, are going to see us as a competitive market.”

Reduced tax revenues would be offset by economic growth

By dropping the tax rate from 18 to 17 percent, the Legislature estimates that the net assessed value reduction will equal \$1.39 billion by tax year 2023. That represents a 1.7 percent reduction, Rounds said.

That does not mean the tax burden would have to be shifted to residential or other classifications, Rounds said. There are a number of factors that could easily offset the loss in tax revenues.

For one, other incentives currently in place for businesses could be removed or reduced down the line. Years of rising commercial property values have also increased tax revenues from the sector and that will continue with new growth.

“Statewide commercial property values have been increasing by more than 6 percent per year over the last five years,” the report states. “Thus, the anticipated growth will more than full offset any modest reductions in the assessment ratio.”

A reduction in the commercial assessment ratio of the property tax formula would result in municipalities modifying local government tax rates, resulting in a “more competitive balance” in the tax code, the report says.

History shows it works

Arizona has taken steps in the past to reduce commercial property taxes. Prior to 2006, the assessment ratio on commercial property was 25 percent.

Over the past 15 years, the ratio has gradually reduced to 18 percent. As the rate declined, the value of commercial property increased at an average annual rate of 5.1 percent between 2000 and 2020, according to the analysis.

That improved the state’s competitive position, helping fuel new economic growth and resulted in “a net gain in tax collections.”

COLORADO

Frequently Asked Questions Relating to Your 2021 Colorado Commercial Property Taxes

Spring is in the air, and while for most people, that means budding tulips and birds chirping, for us real property tax lawyers, that means assessment time. Property owners in Colorado will receive their 2021 real property valuations from the county assessor by May 1. So, April is the time to gear up for what is likely going

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to be a big year for commercial landowners to appeal their taxes. Because of the fluctuation in real estate values due to the pandemic-era economy, there are opportunities for commercial landowners to decrease their real property taxes in 2021. And, as always, it will help to have experienced property tax professionals in your corner.

In Colorado, properties are assessed on a two-year cycle. That means that the value assessed this year will, absent unique circumstances, apply for both your 2021 and 2022 taxes. May is the time to appeal if you believe your property has been overvalued, so now is the time to engage counsel to help. To help you evaluate whether an appeal makes sense, here are a few frequently asked questions about Colorado's real property taxes and the tax appeal process.

How is my tax bill calculated?

Your property tax bill is based on the property's "actual value," which is defined by statute and described below. But you don't pay taxes on the full value of your property. Instead, tax assessors apply an assessment rate to determine the "assessed value," or the portion of the property's value on which you pay taxes. In 2021, the assessment rate for commercial property in Colorado is 29%. Multiplying your property's assigned actual value by the assessment rate gives you the "assessed value." To calculate your real property taxes, you multiply your assessed value by its "mill levy" (or tax rate). The mill levy is made up of "mills," which equal \$1 of property tax for every \$1,000 of assessed value. These mills are levied by all sorts of government entities and taxing districts.

How do tax assessors determine the actual value of my property?

In 2021, your property will be valued by the county assessor in the county where the property is located. Because county assessors have so many properties to value in each tax cycle, they generally use a "mass appraisal" process to value a group of properties together considering common data, standardized methods, and statistical testing. As a result, in their initial assessment of your property, county assessors rarely consider a property's unique characteristics. Even in a normal year, this can mean that the assessor's determination of a property's "actual value" may not be accurate.

How will the COVID-19 pandemic affect my property taxes?

There is a significant likelihood that counties' "mass appraisals" will overstate commercial properties' "actual value" in 2021 as that phrase is defined by Colorado statute. We believe that for two reasons: (1) Colorado's statutory "date of value;" and (2) Colorado's statutory data gathering period.

Specifically, in 2021, all property in Colorado must be assessed based on a date of value of June 30, 2020, using sales data from the period 18 months prior to that. Of course, this year, commercial property values have varied widely. And valuing properties en masse likely won't account for those important variations and the impact of COVID-19 on property values on June 30, 2020. Accordingly, your property's assessed value may not be consistent with its actual value on June 30, 2020.

What can I do if I believe my property has been valued too high?

You can appeal the valuation. It is important to preserve your rights to challenge that value by appealing to the proper tax body at the proper time. These appeals take place in three stages. The appeal process and related deadlines are discussed in depth in a previous article on the subject. It is worth noting here, though, that real property tax appeal deadlines are quick. For example, you only have one month to pursue your appeal to the county after you receive your initial assessment. For that reason, it is important to hire a tax appeal professional before May 1 so that you or your company is prepared to pursue your appeals in a timely manner.

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How does the Gallagher Amendment repeal affect my 2021 property taxes?

The Gallagher Amendment repeal will not affect your 2021 property taxes, but your 2023 taxes might be different. In 2020, Colorado voters repealed the Gallagher Amendment from the Colorado Constitution. That amendment required a particular ratio of property tax collection on a state-wide basis to be 45% from residential and 55% from non-residential properties. Gallagher also pinned the non-residential assessment rate (which is described above) at 29% of property values. Now that the amendment has been repealed, both the ratio and the assessment rate may change. Stay tuned for the 2023 tax season.

What commercial properties are ripe for real property tax appeals?

Based on data we are currently gathering, if you own hotel (including extended stay hotel), retail or commercial office space property, it is likely you will have a viable real property tax appeal in 2021. If you think this may be an opportune time to appeal your real property tax, now is the time to consult with legal counsel and put together a plan of action.

Don't Get Overtaxed: A Guide to Colorado Property Taxes and Appeals in 2021

The pandemic has upended industries across the globe. And while federal and state governmental programs have generously provided aid to certain individuals and corporate entities, such aid currently does not relieve taxpayers from paying one's property taxes in Colorado.

While the need to pay taxes remains unavoidable even under COVID-19, a property taxpayer can challenge the amount owed if she or he believes their property has been valued too high. These appeal rights are particularly salient in 2021 since the heart of pandemic lockdowns coincided with the date under which real property must be valued under Colorado's property tax system. As such, certain property taxpayers may have a strong argument that their property taxes should go down in 2021 from their previous assessments.

Colorado Property Assessments: Tax Assessment Overview

Colorado real property is generally assessed for tax purposes on a two-year cycle, which occurs every odd year. Real property is assessed by a tax assessor in the county in which the property is located. For commercial property, the assessor determines the "actual value" of the property by "appropriate consideration" of each of the three traditional appraisal methods: the cost approach, the market (or comparable sales) approach and the income approach.

Your property tax bill is then calculated by multiplying county's determination of the actual value of your property by the "assessment rate." The current assessment rate for residential properties is 7.15% and for non-residential properties it is 29%. This calculation gives you the "assessed value" of the property. Real estate taxes are then determined by applying what is referred to as a "mill levy" to the assessed value. The mill levy (or tax rate) for any given property varies; it might include mill levies from several different taxing districts, including schools, cities, county government, fire, water and sanitation, and/or special districts. Mill levies are expressed in percentages or "mills." One mill is equal to \$1 of property tax for every \$1,000 of assessed value.

Calculating Property Taxes

The Importance of Date of Value to Your Tax Bill

As you can see from the above illustration, the assessor's initial determination of the actual value of the property is a critical component of your property tax bill. Under Colorado law, the actual value of a specific property is determined as of a specific date in time, known as the "date of value." The date of value under Colorado property tax statutes is June 30 of the year **prior** to the tax assessment year. That means that the date of value for tax year 2021 is June 30, 2020. For practical purposes, this means that county assessors are tasked with determining property values for tax year 2021 as they were on **June 30, 2020**. These values will most likely be applied to both tax years 2021 and 2022 since Colorado law dictates that both years in the tax reassessment cycle are to be valued equally, absent certain rare exceptions.

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We need no reminders that June 30, 2020 was a particularly uncertain time in many households and industries. Commercial properties and hospitality were particularly hard hit in the middle of 2020. As a result, any commercial transactions, including new leases, that did occur in the lead up to June 30, 2020 likely did so at a discount. This discount **should** — but may not — be incorporated into a county's valuation of a commercial property for tax year 2021.

Property owners will receive their 2021 Notice of Valuation on or before **May 1, 2021**. If the pandemic is not sufficiently factored into your property's valuation, you should strongly consider contesting the valuation of your property under the timeline presented below.

Tax Appeal Timeline

To contest your tax bill, you must appeal to the proper tax body at the proper time. The below chart provides guidance on the entities that hear tax appeals and the timeframes to appeal.

- **May 1:** Taxpayers are notified of real estate valuations from the county assessor by this date. See C.R.S. §§ 39-5-121, 39-5-122.
- **June 1:** Deadline for taxpayers to protest real estate valuation to the relevant county's assessor. See C.R.S. §§ 39-5-121, 39-5-122.
- **Note:** When the deadline falls on a weekend, then the filing deadline is the next business day. See C.R.S. § 39-1-120(3).
- **Last working day in June (or August 15)*:** Last day for county assessor to mail two copies of form denying tax protest (commonly referred to as Notice of Determination or NOD). See C.R.S. § 39-5-122.
- **Note:** Counties may elect an extended appeal process which gives them until mid-August to issue the NOD.
- **July 15 (or September 15, if extended process elected):** Deadline for taxpayer to appeal Notice of Determination (NOD) to the relevant county's board of equalization. See C.R.S. § 39-8-106(1)(a), (2)(a) ("Upon receiving a petition in the form described in subsection (1) of this section, the county board of equalization or its authorized agent shall note the filing of the petition, set a time for hearing of said petition, and . . . notify the petitioner by mail of such time for hearing.").
- **August 5 (or November 1, if extended process elected):** The county board of equalization shall continue its hearings until all petitions have been heard, "but all such hearings shall be concluded and decisions rendered thereon by the close of business on August 5 of that year; except that, in a county that has made an election [to extend appeal deadlines], all such hearings shall be concluded and decisions rendered thereon by the close of business on November 1 of that year." C.R.S. § 39-8-107.
- **30 Days from County Board of Equalization Denial Notice:** A taxpayer whose property value protest to the county Board of Equalization was denied, in whole or in part, has 30 days from the post-mark date to submit an appeal to the Board of Assessment Appeals, the district court of the county where the property is located, or arbitration. See C.R.S. § 39-8-108.

Conclusion

Property taxpayers should not pay more than their fair share. That is particularly important in the midst of a devastating pandemic that has wreaked havoc on many individual and corporate pocketbooks. Thankfully, there are statutory and other legal mechanisms in place to ensure that your property is correctly valued and you are not taxed more than is appropriate. If you do not believe that the county assessor has properly valued your property as of June 30, 2020, you should strongly consider appealing your assessment. And because of the short timeframes involved, it is important to line up tax professionals early on who can help you or your company through the tax appeal process.

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CONNECTICUT

Is regionalization the key to capping property tax hikes?

Leaders of Connecticut's cities and towns have always been leery of talk at the Capitol about capping property taxes — their main source of revenue — even if the legislature promised to make up the difference. For decades, legislatures have reneged on pledged aid.

But Rep. Sean Scanlon hopes to change that, and save big dollars in the long run, by tying the two issues together.

The Finance, Revenue and Bonding Committee co-chairman, whose panel has been working on a cap bill since February, said this week it would include guaranteed aid for communities that pool their resources voluntarily.

The bill remains under development and some details aren't fixed, but the basic principle is set: All communities would face a 2.5% cap on annual property tax hikes, but those communities that respond by pooling services and reducing costs won't be in it alone.

For example: If two or more communities merge education services, the state would cover 10% of the costs. Similarly, Connecticut would pick up 5% for public safety programs and 2.5% for any other new service-sharing arrangements involving multiple cities or towns.

"I'm suggesting that we do this with a carrot, not a stick, because the stick has not worked," Scanlon, a Guilford Democrat, told the CT Mirror.

The committee and fiscal analysts don't have a projection on how much it might cost the state to subsidize these potential cost-sharing efforts. But given Connecticut's long-standing reluctance to move in this direction, Scanlon said he's optimistic the mergers would progress at a slow and manageable pace.

"I don't think there's going to be a groundswell of people to say 'We're definitely going to do this' right away," he said. The bill before the finance committee would start the program in the 2022-23 fiscal year.

But Scanlon added that if the measure is enacted and a few communities, for example, pool their school districts and benefit from enhanced state aid, the potential for growth is real.

"I need to start the trust fall somewhere," he said.

Legislatures and governors for decades have complained about Connecticut's excessive reliance on property taxes — as well as the state's stubborn resistance to regionalization of services on a significant scale. Yet while Connecticut has had some success combining health districts and probate courts, proposals to merge education and public safety services generally have bogged down over the past decade.

"We're not going to get ourselves out of this spiral by cherry-picking small items to regionalize," Scanlon said.

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Scanlon announced in February he would ask legislators to support a cap on local property tax increases patterned after Massachusetts' Proposition 2 1/2, a statute that has drawn national attention since Bay State voters enacted it by ballot in 1980.

Tentative plans call for municipalities to limit their tax hikes to 2.5% or less — unless a local referendum gives them permission to go higher. The committee also is developing language that would permit exceptions for “extraordinary nonrecurring events” such as a coronavirus pandemic.

But Sen. Henri Martin of Bristol, ranking GOP senator on the finance committee, said he believes the measure is being crafted to force regionalization on communities.

Though the bill can't be fully assessed until all details are in place, Martin said he's skeptical that Connecticut will be able to cover a share of merged services if communities all across the state embrace the proposal.

“How are we going to afford that?” Martin said. “That doesn't make any sense.”

And the state's track record, when a program becomes unaffordable, has been to renege on its funding commitment to municipalities, said Coventry Town Manager John Elsesser.

“What is the guarantee they won't cap us and then cut our funds?” Elsesser asked.

The town manager also questioned whether the cap is needed. He noted that more than 30 communities, including his own, already mandate that the annual budget be adopted by referendum, and tax hikes in excess of 2.5% are uncommon.

What the cap might do, Elsesser added, is tempt communities to defer building and road maintenance and make other decisions that save funds in the short term — to avoid a tax hike in excess of 2.5% — but cost more in the long run.

A local sales — or income — tax?

Scanlon said he hopes communities also would have more flexibility to deal with their budgets because the measure would give them more options to raise taxes.

Besides taxing property, the bill also would allow communities to impose a local tax on sales — or even on income.

But urban centers like Hartford, Bridgeport and New Haven, which shoulder the burden of most of Connecticut's poverty, have relatively little income to tax.

And Scanlon conceded that income tax hikes generally are tremendously politically unpopular in all sections of Connecticut.

Communities could impose a sales tax surcharge.

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But the sales tax, like the property levy, is a regressive tax — meaning it imposes the same rate on payers regardless of their income or wealth.

Hartford Mayor Luke Bronin, who also is president of the Connecticut Conference of Municipalities, said Scanlon's bill could spark a crucial discussion about the need to diversify revenue sources for cities and towns.

"There's no question that Connecticut is far too property-tax dependent at the local level," Bronin said. "I think the bill raises some important issues that are worth consideration."

But the Hartford mayor added that a sales tax wouldn't help economic development efforts in poor cities already struggling with high property tax rates. The capital city's commercial rate is the largest in Connecticut at 74.29 mills.

"It's also important to make sure that we're not replacing one regressive form of taxation with another," Bronin said.

DELAWARE

Sussex agrees to settle property tax assessment case

The Sussex County Council reluctantly agreed to settle a long-running lawsuit over real estate assessments used by Delaware's counties to calculate annual tax bills.

Sussex was the last of the state's three counties to agree to the settlement in a case filed by the NAACP and other groups.

The agreement will lead to a new valuation of all properties by mid-2024, according to a release.

Reassessment is not designed to raise revenues but to reduce changes of disparities in property valuations instead. Many localities reassess properties every few years.

Litigants argued that the lack of property reassessments was unconstitutional and deprived poorer school districts of funding.

County Council, at its weekly meeting, voted to enter into a settlement agreement with plaintiffs in the education funding lawsuit brought against Sussex, as well as the State and its other counties in the Court of Chancery in 2018.

The suit alleged an inadequate and outdated model for valuing property shortchanges Delaware students and public schools.

All counties challenged the allegations, but Chancery ruled in favor of the plaintiffs last year and ordered all parties to work toward a remedy.

The agreement lays the groundwork for the county to move forward on a general reassessment of all properties, to be completed in time for tax bills to be issued in the latter half of 2024.

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“This is not a decision today that we take lightly, nor is it one that we frankly welcome. This will have real implications for every property owner in Sussex County and across the state,” County Council President Michael H. Vincent stated in a release. “Unfortunately, the court did not rule in our favor, and while we may disagree with the outcome that now ties our collective hands, the reality is our options moving forward were limited. We believe settling this case today will avoid any further costly legal battles and that this step is ultimately in the best interest of the taxpayers we serve.”

The settlement will be finalized with litigants and filed with the court, in the coming days, according to County Administrator Todd F. Lawson. Once complete, the county will begin evaluating vendors to perform its first general reassessment since 1974. County officials expect to select a vendor later this spring from proposals submitted last month.

Under terms of the settlement, the process – expected to cost an estimated \$9 million, with funding coming from county reserves – will begin later this year and conclude by mid-2024.

Whether undeveloped or with improvements, all properties will be evaluated and re-calculated based on current industry-accepted methodologies to produce new assessments that will reflect their true value in money, a requirement under Delaware law cited by the court in its decision.

Assessments, combined with a governing jurisdiction’s property tax rate, are part of the formula used to determine individual tax bills that property owners receive each year. Bills include taxes for both County and local independent school districts.

Delaware law requires Sussex County to bill property owners for school taxes on behalf of the local districts, with those funds then turned over to the state. Approximately 10 percent of the typical residential tax bill in Sussex County is for County property taxes; the remaining 90 percent is for local schools.

Sussex County has among the nation’s lowest property taxes. That has contributed to rapid population growth as New Jersey residents and other higher-property tax states retire to the county.

The taxes paid for luxury properties rank among the lowest in the nation. Owners of one luxury home on the Coastal Sussex sales market paid property taxes of \$7,632 a year. The home is listed with a sales price of \$9.2 million.

ILLINOIS

It’s just a bill

* Cook County Assessor Fritz Kaegi on Twitter...

I’m opposed to Illinois House Bill 1356, which would require anyone who runs for the Board of Review to be a lawyer.

Our property tax system needs ongoing reform. But this bill would discourage reformers and real estate professionals from running for public office.

Right now, all three Cook County Board of Review commissioners are lawyers. We don’t need a law to make this possible. This bill would not apply to any other counties in Illinois. We should ask ourselves why this bill needs to be passed and who will benefit from it.

No other office in Cook County’s property tax system has a law like this.

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Appeals from the Board of Review go to the Property Tax Appeals Board. There is no requirement to have a law degree to serve on the Property Tax Appeals Board.

This bill is also not the standard elsewhere in the country. In other large jurisdictions around the country, including New York City, Dallas, Seattle, Miami, D.C. and Los Angeles, there is no requirement that board members must be attorneys.

In many other property tax jurisdictions, real estate professionals outnumber lawyers on the boards that hear assessment appeals.

Finally, in the suburbs of Cook County, Township Assessors serve as ex-officio deputies of our office. This bill would prevent many of them from putting their knowledge to work at the Board of Review in service of taxpayers.

Township Assessors are some of the most knowledgeable people in the county when it comes to property assessments and appeals thanks to decades of skills and training. It's a mistake to block them from running for this office if they aren't a lawyer.

It's a step backward if we don't continue to allow real estate professionals and others from the private sector to serve in this capacity merely because they are not lawyers.

HB 1356 won't serve the goal of a more fair and accurate property tax system. I urge @HouseDemsIL and @ilhousegop legislators to vote no.

Winnebago Co. issued final property assessment equalization factor of 1.0000

Winnebago County has been issued a final property assessment equalization factor of 1.0000, according to David Harris, Director of the Illinois Department of Revenue.

Assessments in Winnebago County are at 33.33 percent of market value, based on sales of properties in 2017, 2018 and 2019. The equalization factor currently being assigned is for 2020 taxes, payable in 2021. Last year's equalization factor for the county was 1.0000.

The property assessment equalization factor — often called the “multiplier” — is the method used to achieve uniform property assessments among counties, as required by law. This equalization is particularly important because some of the state's 6,600 local taxing districts overlap into two or more counties (e.g. school districts, junior college districts, fire protection districts).

The final assessment equalization factor was issued after a public hearing on the tentative factor. The tentative factor issued in September 2020 was 1.0000, according to the Illinois Department of Revenue.

“If there were no equalization among counties, substantial inequities among taxpayers with comparable properties would result,” the Illinois Department of Revenue said.

The equalization factor is determined annually for each county by comparing the price of individual properties sold over the past three years to the assessed value placed on those properties by the county supervisor of assessments/county assessor. If this three-year average level of assessment is one-third of the market value, the equalization factor will be one. If the average level of assessment is greater than one-third of market value, the equalization factor will be less than one. If the average level of assessment is less than one-third of market value, the equalization factor will be greater than one.

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A change in the equalization factor does not mean total property tax bills will increase or decrease. Tax bills are determined by local taxing bodies when they request money each year to provide services to local citizens. If the amount requested by local taxing districts is not greater than the amount received in the previous year, then total property taxes will not increase even if assessments increase.

The assessed value of an individual property determines what portion of the tax burden a specific taxpayer will assume. That individual's portion of tax responsibility is not changed by the multiplier.

Under a law passed in 1975, property in Illinois should be assessed at one-third of its market value. Farm property is assessed differently, with farm home sites and dwellings subject to regular assessing and equalization procedures, but with farmland assessed at one-third of its agriculture economic value. Farmland is not subject to the state equalization factor.

Cook County's Way of Reviving Tax Delinquent Properties Isn't Working, Study Finds

A new report finds that Cook County's process to return delinquent properties to the tax rolls is largely failing to do so and suggests a bottom-to-top overhaul of the system may be in order.

The analysis by the University of Chicago's Center on Municipal Finance focuses on the county's scavenger sale, an auction held every two years, in which private entities may bid to acquire an interest on a property with severely delinquent taxes. Since 2007, more than 50,000 properties have been listed in the scavenger sale, but the analysis finds that ultimately only 7% have returned to normal market conditions.

"The properties that enter this system seldom get out of it," said Christopher Berry, professor at the University of Chicago and director for the Center for Municipal Finance, which published the report. "And even those that are claimed ... many of those end up back in the system anyway."

Jurisdictions across the country are saddled every year with the problem of properties whose taxes have not been paid. In Cook County, that problem mushroomed after the real estate crisis of 2008, when real estate values — particularly in communities of color — nosedived. Many underwater homeowners walked away. Before properties are listed in the scavenger sale, the county attempts to recoup the unpaid taxes through the annual tax sale. But those that attract no interest from private bidders then end up in the scavenger sale.

In Cook County, the report finds that most properties listed in the sale are vacant, unimproved lots.

"The quality of properties from a commercial perspective in a scavenger sale is much lower [than in an annual tax sale]," said Max Schmidt, former associate director of research for the Center for Municipal Finance at UChicago, who worked on the analysis.

"This is where the properties that are vacant — that have been for 10 years — this is where they're ending up."

The report finds that only 6% of scavenger sale properties received bids, and of those, more than half end up back in the tax delinquency system because bidders declined ultimately to exercise their option to take ownership of the real estate. Additionally, it notes that the pool of bidders is small and dominated by shadowy financial institutions whose motives are unclear. It also said scavenger sale properties fall disproportionately within communities of color in western and southern Cook County, such as Thornton Township, which accounted for nearly one quarter of all listings.

"It's the new redlining, as far as I'm concerned, and we just don't talk about it," said Cook County Commissioner Bridget Gainer. After seeing the glut of delinquent properties that followed the 2008 financial crisis, Gainer established the Cook County Land Bank Authority, which has participated in the scavenger sale

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since 2015. Its goal is to help small-scale developers access listed properties by helping them navigate the complex legal processes that are involved.

“This isn’t intentional, but the [scavenger] sale really works when you’re in a high property value community,” said Gainer. “But what kind of got overlooked ... is this system really is broken when it comes to communities in which there was a lot of vacant properties or the property values were lower.”

Gainer agrees with the study’s suggestion that it’s time for wholesale reform of the scavenger sale. But she disagrees with the conclusion that there is little or no market demand for scavenger sale listings that are in lower-income areas, particularly when it comes to residential properties. Instead, Gainer argues that there would be great demand among small-scale, neighborhood developers, if only the complexities around ultimately acquiring those homes could be simplified.

Cook County Treasurer Maria Pappas has called for reform to the system. Her office issued its own analysis of the scavenger sale in December, with many findings similar to the UChicago report. Pappas said she hopes that the growing evidence will prompt hearings in Springfield. She also hopes it will prompt new legislation to reimagine how local governments can make decisions about tax delinquent and vacant real estate in their jurisdictions.

“No suggestion is a bad suggestion when there is a positive outcome,” Pappas said.

Berry said he would like to see lawmakers collect information about how other states and cities dispense with this problem, and compile a list of best practices. He noted that New York City bundles and sells properties that are repeatedly tax delinquent to nonprofit organizations that have an interest in community revitalization. That could yield benefits to some communities where the private market isn’t clamoring for real estate.

“Rather than trying to auction them off, try instead to think about what instead is their best and highest use given the reality of the lack of market demand for them,” Berry said. “Suppose instead you took these properties and turned them into a park or a community garden. That would fail at the goal of returning them to normal market conditions, but it might not be a failure of policy.”

INDIANA

Indiana property taxpayers set to gain new protections despite effort to derail proposal

A Northwest Indiana lawmaker’s plan to save Hoosier property owners from the burden of successfully appealing their tax assessments year after year is set to become law after nearly being derailed amid a firestorm of controversy earlier this month.

House Enrolled Act 1166, sponsored by state Rep. Ed Soliday, R-Valparaiso, bars a county assessor from immediately hiking a property tax assessment the property owner successfully challenged at the county or state assessment appeals board in the prior tax year.

“It’s a simple bill that tries to say that if you’re going to have an appellate system it should mean something,” Soliday said.

The legislation only applies to residential or commercial property with an assessed value of \$3 million or less. A successfully challenged assessment also still can be revised if there are structural, zoning or use changes to the property, or the property is sold.

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Otherwise, the assessed value must remain at the post-challenge amount, except for inflationary adjustments, for however many years are remaining in the four-year reassessment cycle.

“So if there’s one year left in the normal assessment cycle that’s all you get. If there’s four years, you get four years,” Soliday said.

The measure was supported by the Indiana Farm Bureau and numerous taxpayers who Soliday said shared with him their stories of spending thousands of dollars to successfully challenge a property tax assessment only to see it bounce back the next year to the higher, disputed amount.

State Sen. Karen Tallian, D-Ogden Dunes, who works as an attorney when she’s not at the Statehouse, said her clients have been on the receiving end of such increases, sometimes just a few months after winning their assessment challenge.

“I have done these appeals. I’ve had exactly this thing happen to my clients, so I’m going to vote yes,” Tallian told the Senate Rules Committee Thursday.

State Sen. Rick Niemeyer, R-Lowell, likewise believes the measure is a “good taxpayer protection plan.”

“I don’t think it happens a lot in this state. I think the assessors do their job. But it does happen,” Niemeyer said.

Soliday told the House Ways and Means Committee about one person to whom it happened that later was identified as Chuck Williams.

Soliday said a parking lot owned by the Valparaiso real estate developer was consistently assessed at \$30,000 until the assessment jumped to \$110,000 in 2016, spurring Williams to appeal.

According to Soliday, prior to completing the appeals process, Williams reached an agreement with the Porter County assessor on a \$50,000 valuation — but “one month later it was reappraised at \$111,000.”

“All we want is fairness, and we want a system that delivers it,” Soliday said.

That prospect dimmed considerably, however, when an Indianapolis media outlet published an article April 5 hinting something more nefarious was afoot, since Williams is treasurer of the Indiana Republican Party and a major donor to organizations supporting GOP candidates.

It ominously suggested the issue was not Indiana’s property tax appeals process, but rather a “story of a Republican lawmaker pushing legislation that would benefit a top Republican party official” and “a story of how sausage gets made in the Indiana Statehouse.”

In fact, state campaign finance records show Williams only has donated a total of \$1,108.54 directly to Soliday’s campaign committee since 2010.

The outlet also accused Soliday of claiming a homestead tax credit on two residences at the same time, though records show the additional credit was due to an error at the Porter County auditor’s office and Soliday later repaid the difference.

“I’m not going to cheat for \$9,000 as a public figure, my God,” Soliday said.

But the news article seemingly had its intended effect as it prompted the Senate Committee on Tax and Fiscal Policy to scrap Soliday’s proposal and instead merely require an advisory be included on property tax

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assessments letting Hoosiers know they can complain about unfair assessors to the Department of Local Government Finance.

Soliday described the news article and its impact as “brutal.” He blamed Republican Porter County Assessor Jon Snyder for stirring up trouble.

Brian Burdick, attorney for C.L. Williams and Companies, likewise objected to the news report suggesting Williams was trying to clout a tax break for himself.

“I thought it was unfairly characterized by people as an individual problem for somebody that is my client. But it’s much broader than that,” Burdick said. “It’s a systemic problem. It’s abusive to the taxpayer.”

In the end, Soliday said the need to protect taxpayers from unwarranted assessment hikes spurred him to continue working to restore the key provisions of his original legislation, and he eventually succeeded in the waning hours of the 2021 General Assembly.

The measure was approved 68-29 by the Republican-controlled House and 38-11 in the Republican-controlled Senate Thursday, just before state lawmakers adjourned their annual session until autumn.

Republican Gov. Eric Holcomb is expected to sign the plan into law by the end of the month.

It will take effect for the tax year beginning Jan. 1, 2022.

IOWA

Look at Utah's 'Truth-in-Taxation' for how Iowa could provide more effective property tax relief

Iowa property taxpayers deserve greater transparency in understanding their total property tax bill. This will help prevent local governments from hiding windfalls from increased assessments.

Property taxpayers in Iowa are frustrated. Taxpayers often blame assessors for high property tax bills, but it is government spending that results in high property taxes. Property taxes are also a form of wealth tax. For example, if the value of a home increased by 10%, it does not mean the property owner has a 10% increase in savings to cover their property tax.

If the goal is to ensure all Iowans receive property tax relief, then the best approach is to strengthen the 2019 property tax transparency and accountability law by requiring a Utah-style Truth-in-Taxation process. Utah’s Truth-in-Taxation law not only provides accountability in transparency, but it is also based on the revenue side.

As Howard Stephenson, president of the Utah Taxpayers Association explains: “Truth-in-Taxation is a revenue-driven system, not a rate-driven system. Generally, as valuations of existing property increase from county assessors’ annual adjustments of taxable property values to keep pace with market values, property tax rates decrease. This automatic reduction in property tax rates prevents local governments from getting a windfall simply because valuations of existing properties have increased.”

If a local government wants to exceed the certified tax rate, it then requires a Truth-in-Taxation hearing that is accompanied by an extensive public notification and hearing process. Truth-in-Taxation also forces local government officials to take recorded votes to approve an increase in tax collections. Through the Truth-in-Taxation process, local governments must justify why they want to increase taxes for additional spending, forcing them to be more transparent.

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A crucial aspect of Utah's law is a direct notification requirement, where notices are sent to taxpayers, providing information on the proposed tax increase. It also includes the date, time, location of the Truth-in-Taxation budget hearing. This extensive public notification and hearing process has been successful and taxpayers in Utah actively participate in Truth-in-Taxation hearings.

Iowa could implement a similar direct notification system to let property taxpayers know how much their property tax bill will increase. Iowa property taxpayers deserve greater transparency in understanding their total property tax bill. This will help prevent local governments from hiding windfalls from increased assessments.

Kansas recently passed a Utah-style Truth-in-Taxation law, and Nebraska is considering a similar measure. "Truth in Taxation closes the property tax honesty gap. Local officials can no longer pretend to 'hold the line' on property taxes while taking in large increases from valuation changes. Now, they have to be honest about the entire tax increase they impose," said Dave Trabert, president of the Kansas Policy Institute.

Another solution for property tax relief is to strengthen the 2% "soft cap" placed on city and county budgets. Implementing a stronger spending limitation on all local governments, including school districts, would help control the growth of property taxes in Iowa. It would also require voters to approve a budget increase. Tax and spending limitations can be an effective means at controlling the growth of both government and taxes. Spending limitations also avoid the problem of interfering with the market to determine property valuations.

Local governments in Iowa will be receiving federal dollars from the \$1.9 trillion American Rescue Plan Act. One possibility for using those dollars would be to provide property tax relief for taxpayers. Iowa Senate Republicans have also approved a measure that would eliminate the county mental health property tax levy, which would generate property tax relief.

To achieve true property tax relief, local government spending must be addressed. It would be a mistake to consider raising or creating new taxes to "buy down" property tax rates. In fact, Iowa has already tried this approach. In 1934, the income and sales tax were created to lower property taxes. Today, Iowa not only has high property taxes, but high income and sales taxes.

A Utah-style Truth-in-Taxation measure and a stronger spending limitation are two property tax reform ideas worth considering.

Property Values on the Rise in Mason City

City and county assessors are mailing out assessment forms about changes to property values

MASON CITY, Iowa - You may be getting a notice in the mail for a change in your property values. But why are they increasing?

City assessor Dana Shipley's office has seen a record number of sales and high prices, all within the last 12 months. The average value increased about 7% from the 2019 value, though she has seen it jump as high as 14%.

"Different neighborhoods sell differently. Two story home versus a single story home, brick versus frame, has it been remodeled or not? Is it on a busy highway or is it tucked away in the corner of a subdivision? There are so many factors in what people will pay."

Shipley points to a couple of key factors behind the increase.

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"One is the low interest rates, and two is the lack of inventory that are driving up sale prices. Therefore, that affects assessed values because sale values in Iowa are 100% market value."

Because of those low interest rates, Shipley notes of a strong demand that potential home buyers are taking advantage of as they're looking to upgrade. She points to a conversation she had with a local realtor.

"He's pretty got much buyers already lined up before a house even goes up for sale. They're being sold as the signs are going in the yard, or they're being sold within a matter of hours or a very, very short time."

She also points to high construction costs, about 30-50% within the last year, with many likely to wait until costs go down and buying an existing home in the meantime.

"There are a lot of townhomes, condos, apartments built in the last few years. The amount of single family dwelling construction has slowed a little bit."

Though there is a lot of ongoing construction development, Shipley notes that existing buildings on the commercial market are not selling a lot more than they were a couple of years ago.

Because of the state's limit on how much of the value can be taxed (3% allowable growth per year), and due to budgeting entities like the city and county needing to levy against that value and setting their budgets, Shipley wants owners to keep in mind that the 2021 valuation will not have a tax notice generated on until the fall of 2022.

By Iowa law, assessors are required to revalue all real estate on odd numbered years.

April Brings a Shower of Increased Property Tax Assessments for Iowa Businesses

Despite the crush of the COVID-19 pandemic, April 2021 brings a shower of increased property tax assessments for Iowa businesses. Now is the time to analyze and consider challenging excessive values.

Iowa's commercial property tax assessments are rising. Months after the onset of the worst global health crises in more than a century, the Polk County Assessor proclaimed (as quoted by a local television station), "The pandemic hasn't had much of an effect on property values at all with the exception of hospitality and restaurants and bars." As a result, most commercial property values in Iowa's state capital have increased by about 9%. As further reported, the assessor has noted "this is really good news for local governments" — overlooking the bad news this represents for numerous struggling taxpayers hit hard by the economic downturn. Similarly, the Scott County Assessor advised, "The average county-wide commercial and industrial property increase is about 6.5%." Reports indicate a similar increase for commercial properties in Sioux City.

The assessment date in Iowa is January 1, 2021. Assessors are required to consider the market value of property as of that date, including how shutdowns and sheltering-in-place mandates due to COVID-19 may have hurt commercial values. Nevertheless, assessment values are rising for many commercial property owners.

As of April 1, assessors across Iowa have released their new property tax assessment values. This started the clock for negotiations. From April 2 until April 25, aggrieved taxpayers may contact local assessors and make an informal request that the assessment be changed. This can result in a written agreement with the assessor to correct or modify the assessment, or an agreement by the assessor to file a recommendation with the local board of review that the assessment be changed.

Here is a brief overview of the Iowa appeal deadlines:

January 1 — Assessment date (Iowa Code § 441.46)

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April 1 — Assessors release assessment values (Iowa Code § 441.23)

April 2–25 — Time to negotiate with assessors (Iowa Code § 441.30)

April 30 — Iowa Board of Review protests due (Iowa Code § 441.37)

Later date of May 31 or 20 days after board of review opinion — Deadline to file appeal with the Iowa Property Assessment Appeal Board or district court (Iowa Code §§ 441.37A, 441.37B, 441.38)

Economic activity slowed to a crawl throughout 2020 under the strains of the COVID-19 pandemic. The 2021 assessments must reflect that negative impact on value. Any taxpayer concerned with a new, higher assessed value — and the heavier tax burden that will follow — should consider engaging in negotiations now and potential appeals in the upcoming weeks.

KANSAS

The Heartland Property-Tax Rebellion

Citizens across the nation are rising up against their excessive property-tax bills.

Property taxes are generally the most hated of all taxes, and with good reason. As they pay their property-tax bills each year, owners are forced to cut a check and realize the cost of government. From the small-business owner who is struggling to make payroll to the millennial attempting to make his first home purchase, high property-tax burdens affect everyone. In some cases, retirees on fixed incomes can tragically be taxed out of their homes as property-tax bills steadily increase.

Addressing the issue of excessive property-tax burdens can be an extremely challenging endeavor at the state level since most real property taxes are levied at the local levels of government and are thus based on the spending levels set by those local governments. However, in our view, state lawmakers in Topeka, Kan., have just perfected the recipe for states across America to address this problem.

After passing in the Kansas House and Senate by overwhelming, bipartisan margins, Democratic governor Laura Kelly recently signed the “Truth in Taxation” property-tax reform into law. While Governor Kelly vetoed a similar bill last year during the COVID-shortened session, she likely saw the writing on the wall, with massive margins in support of the reform again this year.

The new Kansas Truth in Taxation law reduces the mill levy so that new property valuations produce the same dollar amount of property tax to cities, counties, and school districts as it did the previous year. If local officials want to raise the revenue-neutral mill levy, they must notify citizens of their intent, hold a public hearing to take comment, and take a recorded vote on the entire tax increase. These new requirements thereby close the honesty gap; local officials can no longer pretend to “hold the line” on property-tax rates while taking in large increases from valuation changes.

This common-sense policy is based on the American Legislative Exchange Council (ALEC) model policy and the successes of Utah and Tennessee. Under Utah’s Truth in Taxation law, the effective property-tax rate declined 7.5 percent between 2000 and 2018; during that same period, the Kansas effective tax rate jumped 22 percent. Hardworking taxpayers in Kansas can now expect lower effective property-tax rates and a more honest discussion around property-tax burdens in the future.

State policy-makers are frequently reminded by their constituents of the painful symptom of high property-tax burdens, but they often misdiagnose the underlying cause: spending growth in cities and counties. Due to decades of unintended consequences, many states originally adopted personal income taxes to “buy down” local property-tax burdens with state revenues.

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Lest we forget the tale of New Jersey, which in 1965 remarkably had neither an income tax nor a general sales tax. By 1976, it had adopted both, at least in part to reduce local property taxes. Today, after failing to control local spending in towns across New Jersey, the Garden State has some of the highest income-tax rates and sales-tax burdens in the nation — and the third-highest-property-tax burden in America.

The status quo is, indeed, a great political deal for progressive local units of government. Spend liberally, and then when the bills come due, send a portion of it to the state capitol — along with your taxpayer-funded lobbyists — and ask for additional revenue sharing from state taxpayers to help socialize the costs. When those localities with tax-and-spend proclivities do not receive the state aid they seek, they can conveniently direct the anger from property taxpayers toward the state capitol.

Considering principled and long-term strategies for reducing high property tax-burdens is essential. When policy changes are implemented successfully, states can dramatically improve their economic competitiveness, as well as remove a crushing burden from individual and business property owners who are concerned with the escalation in their property-tax bills.

Before Kansas's recent reforms, Utah and Tennessee received the most attention for their property-tax transparency measures. Since its enactment in 1985, Utah's Truth in Taxation law has helped the Beehive State maintain a low property-tax burden. As former Utah senator Howard Stephenson, who led the Utah Truth in Taxation effort, said: "Local governments should not receive an automatic 12% revenue increase simply because property valuations increased 12%."

When the law was passed, Utah had the 24th lowest property taxes in the country, but thanks in large part to its Truth in Taxation law, the state has improved to 14th lowest today. This has been one of the policy reforms that has kept Utah at the top economic outlook in America in all 13 editions of the annual Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index.

The Lincoln Institute of Land Policy's annual survey puts this in perspective. A commercial property in Richfield, Utah, valued at \$1 million with \$200,000 in fixtures, paid \$16,177 in property tax in 2019. That same property in Iola, Kan., paid \$52,830. That's the power of the transparency and honesty principles of Truth in Taxation.

Other states are likely to follow suit as they realize the incredible benefits of having a more predictable and transparent property-tax system that enhances economic competitiveness. In particular, we are watching developments in Lincoln, Neb., where legislators are pursuing their own version of Truth in Taxation this session.

Kansas is the latest state to adopt the "gold standard" model to increase accountability and transparency and to address escalating property-tax burdens on behalf of their constituents. More states should follow the lead of Kansas and Utah so they can avoid the fate of New Jersey and other high-tax states.

Jonathan Williams is chief economist and executive vice president of policy at the American Legislative Exchange Council. Dave Trabert is the chief executive officer at Kansas Policy Institute.

Johnson County loses 'dark store theory' appeal involving Bass Pro's property tax bill

The landlords of Bass Pro Shops in Olathe argued the county overvalued the property in 2016 and 2017 by millions of dollars, leading to a doubling in the company's property tax bills for those years. The Kansas Court of Appeals recently sided with the company.

Johnson County has suffered one more loss in its battle with big box retailers over property valuations.

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The Kansas Court of Appeals has sided with the landlords of Bass Pro Shops in Olathe, who contended the county overestimated its property value by millions of dollars in 2016 and 2017, resulting in a sudden jump in property tax the company owed.

In an opinion filed Friday, April 2, the court upheld a ruling by the Kansas Board of Tax Appeals that substantially reduced the property taxes the Bass Pro landlords owed for those two years.

The panel said Johnson County failed to make a compelling case for its argument for a higher valuation on the property.

Property taxes doubled

This latest decision is one of several cases the county has fought in recent years regarding big retailers' property valuations.

They relate to how big box stores should be appraised for property tax purposes. Local governments have worried that the precedent set by such cases could catastrophically affect tax revenues for years to come.

So far the Board of Tax Appeals, known as BOTA, has consistently ruled on the side of retailers like Target, Walmart, Walgreens and CVS. Bass Pro is one of those that has been appealed to the next highest level.

The Bass Pro in Olathe was built in 2006, and the retailer has a build-to-suit lease with an option to buy the property for \$10 when it ends in 2025. The property itself is owned by Arciterra, a real estate company based in Phoenix that manages big box stores and commercial properties in some two dozen states.

In 2016 and 2017, the county valued the property at around \$17.5 million, according to the Court of Appeals' opinion. That doubled the value and caused property taxes Arciterra owed to jump from \$295,800 the previous year to \$553,115 in 2016.

Difference in appraisals

The subsequent appeal hearing at BOTA centered around two appraisal methods, which yielded greatly different results.

At the hearing, the county recommended valuation at about \$14.5 million. But the company offered two other possibilities – about \$7.5 million or around \$9 million.

BOTA opted for one of the company's lower valuations.

Kansas law prescribes "fair market value" as the basis for property taxes, but when it comes to big box stores, there is vast disagreement on how to get to that number.

In recent years, there has been a national trend of big box retailers contesting their valuations, arguing that local taxing bodies should not figure in the value of the business itself.

Essentially, the argument goes, these stores should be valued as if they're empty.

Hence what's become known as the "dark store" theory, a term used mainly by critics who argue that determining property values in this way doesn't represent reality.

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To figure out what a reasonable buyer might expect to pay for the Bass Pro property, Arciterra's expert set up a hypothetical situation in which the property would have a short term lease with a moderate credit tenant that wasn't Bass Pro.

That option showed that Bass Pro's occupancy did increase the value of the property, as compared to a vacant store, and reflected the real possibility that the sports outfitter would exercise its option to buy when the lease is up, according to the court document.

The method also used nine other similar leases as comparisons.

The court and tax appeal board liked the company's "hypothetical lease" method for determining the property's value because it did not base the value on the build-to-suit lease Bass Pro is currently under.

Those types of leases often are more expensive because the initial tenants are willing to pay more for a property built to their intended use, the court said.

The county's argument and response

The county argued that those types of leases could be used if adjustments were made to show the best use of the property "as improved," rather than "as vacant."

However, the appeals court jurists were unconvinced that the county's appraisal method reflected the most accurate market value.

The opinion noted a difference between hypothetically vacant and actually vacant values, saying the lease could be considered as part of the value.

"We have never held that an appraisal of real property must exclude the value that a lease brings to a landowner," the panel wrote.

Nevertheless, Johnson County failed to convince the Court of Appeals that the tax appeal board erred in the Bass Pro case.

"There may be legitimate questions about some of the assumptions that underlie the final appraised value, but they are not briefed here," the court's opinion said.

In a brief statement emailed to the Shawnee Mission Post, a county spokesperson said, "Johnson County Government is disappointed with the court's decision and is reviewing its impact. We will have more information soon."

County and city officials, as well as those in other local taxing jurisdictions, including the Shawnee Mission School District, have raised the alarm about the wave of "dark store theory" cases and their potential threat to local tax revenues.

Many local officials have been preparing for the possibility of millions of dollars in commercial property tax revenue disappearing and having to pay back money collected in recent years if the county keeps losing such "dark store" appeals.

A 2018 analysis by the County Appraiser's Office concluded that the county would lose more than \$130 million in commercial property tax revenue if Kansas were to adopt the "dark store" valuation method.

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County Commission Chairman Ed Eilert, who has been highly critical of big box retailers wanting their property valued as if their stores are empty, would only say after this latest ruling that county officials are still in the process of reviewing the decision.

NEBRASKA

Proposed property tax cap stalls amid fierce resistance

A proposal to cap Nebraska property tax increases at 3% stalled in the Legislature Thursday amid fierce opposition from allies of local governments, who cast it as an attack on local control.

Supporters of the bill fell four votes short of the 33 needed to overcome a filibuster.

The measure would have applied to school districts, counties, community colleges and other local governments that collect property taxes. Local governments could have continued to collect extra tax revenue stemming from the natural rise in home values, and the measure would have expired in 2027.

Property taxes are a perennial issue in the Legislature even though they're levied by local governments and not the state. Attempts to clamp down on local governments have failed, however, and lawmakers typically responded by using state money to reimburse property owners.

Sen. Tom Briesse, the new bill's sponsor, said Nebraska faces a "property tax crisis" that will come to a boil if lawmakers don't act. Property taxes have risen sharply for farmers over the last decade because of soaring land values, and more recently, homeowners have seen large hikes as well.

"Someday that anger is going to manifest itself into something we don't like, something the state can't handle, probably a ballot measure," said Briesse, an Albion farmer.

Republican Gov. Pete Ricketts has made similar statements, saying that voters frustrated with property taxes are increasingly likely to launch a petition drive that would impose even tougher restrictions if lawmakers don't act soon. One lawmaker, Sen. Steve Erdman, of Bayard, is pushing to replace all property taxes with a "consumption tax," similar to a sales-and-use tax.

Sen. Mike Flood, of Norfolk, said local governments including community colleges collected millions in extra tax revenue for a decade, with increases as high as 23% per year.

"That's obscene, it's a problem, and no one has a solution for it," he said.

But opponents said the bill would deny local governments the flexibility they need to fix roads, protect the public and build and maintain schools.

"When we talk about our constituencies, it's the same constituencies that elected local elected officials," said Sen. Adam Morfeld, of Lincoln. "It is important to allow local officials the tools to run governments."

Sen. John Cavanaugh, of Omaha, said the young, educated people Nebraska is trying to attract are usually more concerned about child care costs and student loans than property taxes. Cavanaugh, 40, said the bigger draw for many young professionals is amenities such as restaurants and trails.

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NEW JERSEY

New Jersey's fiscal mess might lead to statewide property tax

Bipartisan legislative concern is brewing over the self-inflicted crisis that lies ahead for New Jersey. Democratic Gov. Phil Murphy's proposed budget would increase spending by 7.2% above this year.

State Sen. Paul Sarlo, chair of the appropriations and budget committee, echoing comments made by legislative Republicans, warned that reliance "on federal aid with a limited life span and on long-term borrowing" may trigger a "fiscal cliff" once that revenue disappears. Democratic Senate President Steve Sweeney expressed remorse about agreeing to borrow \$4.3 billion and adding to the debt burden. He previously called the state's penchant for borrowing a "financial death spiral."

On the spending side, the administration has increased the state budget nearly 30% since coming into office in 2018 with no inclination toward slowing, and the party-aligned legislature has gladly agreed to that breakneck pace of spending.

What senators Sweeney and Sarlo both understand is that sales tax revenues are fully consumed by escalating spending and growing unfunded retirement liabilities. That inevitably leads us back to a statewide property tax, which Trenton insiders dismissed last year as only "boilerplate" language and not a realistic possibility.

Look no further than Connecticut, which currently stands on the cusp of enacting a first-in-the-nation statewide property tax. ... A new statewide tax would be placed on commercial and residential property, with the first \$300,000 of assessed value exempt from the tax. For a home with a market value of \$500,000, for example, that would mean an extra \$50 assessment, while a homeowner with a \$1 million house would pay about \$400.

Connecticut has opened the door for a statewide property tax that has no upper limit. It offers a "new" tax revenue source for states such as New Jersey that have failed to address their structural deficits and continue to live beyond their means. Many New Jersey homeowners refer to their local property tax bills as a second mortgage, since the burden often rivals or exceeds the monthly payments on their home purchase.

A review of New Jersey's modern history of taxes shows citizens should rightly be concerned.

Our state enacted a personal income tax in 1976 to support public schools and provide property tax relief. The tax began with a simple two-rate structure consisting of a 2.0% rate on income below \$20,000 and a 2.5% rate on income above \$20,000. In 45 years, 8 brackets have been introduced without any substantive update to account for inflation, making this more burdensome over time. The only meaningful change has been to establish a new top rate of 10.75%, the 3rd highest in the nation.

What all our legislators also understand is that both personal and business income taxes are now almost entirely used to offset the constrained property values in our urban areas which do not generate adequate funding for their own schools or municipal services. Yet these same legislators passed a \$14 billion economic incentive package without demonstrating how this will lead to improved urban centers, growth in their property values and good jobs, and the creation of what we all desire, vibrant and self-sustaining communities. Without showing how New Jersey's economic future will be measurably better for everyone in our state, how could we believe anything else that's said?

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NEW YORK

After Property Tax Assessment, Some Nassau County Legislators Call For Tax Assessor To Be Elected Position

After a county-wide reassessment with more than half of homeowners' taxes increasing, critics want the job of tax assessor to be elected, and no longer a political appointee.

As CBS2's Carolyn Guoff reports, Susan Johnson's modest home in Massapequa just saw a big tax increase.

"It more than doubled," she said. "I'm very upset about that."

Because it's new construction, tax hikes come all at once, with no phase-in like other property taxes that went up in a county-wide reassessment.

"It's not fair because there are houses that are three times the size of mine and they are paying way less," Johnson said.

Taxes on another Massapequa house also doubled.

"Twenty six thousand dollars. I live in 1,400 square feet," said homeowner Owen Cuminsky. "Most houses are twice the size of mine and yet I'm paying more taxes."

Tax woes are prompting calls for a change in who oversee Nassau property assessment. Republicans are blasting what they call an error-laden tax roll.

"Errors in the assessment that are now going to cost county taxpayers in excess \$40 million to fix," said Nassau County Legislator Steve Rhoades.

They want a referendum, and for the public to decide if the position should be an elected post instead of a political appointee.

"An elected assessor, someone who is responsible to the people, someone who is accountable. We need to get beyond this mess," said Nassau County Legislature Presiding Officer Richard Nicoletto.

Most agree reassessment was needed after years of inaccuracies, but with Democrat County Executive Laura Curran up for reelection, opponents highlight homes that saw taxes rise. They failed to override the county executive's veto on putting the assessor question on the ballot.

Democrats say electing an assessor will just politicize the job.

"The Republicans were looking for something to complain about from day one. It was bipartisan to allow reassessment because they realized it was a corrupt dysfunctional system for a decade, so we changed it," said Nassau County Legislator Arnie Drucker. "The reassessment of Nassau county was eminently fair."

Most assessor positions in the state are appointed professionals. A decade ago, Nassau voters changed it from an elected position.

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A bill to also allow a phase-in of tax increases on new construction awaits the governor's signature. That should help homeowners like Johnson cope with the sudden spike in taxes, but won't make the ultimate price tag more affordable.

A spokesperson for Curran said the Republicans in the county legislature are playing politics with property assessment.

"While the county executive is focused on distributing life-saving vaccines to protect residents and boost our economic recovery, the Republican majority remains focused on playing politics with property assessment," the spokesperson said.

After the vote, William Biamonte, chief of staff for the minority legislature caucus, issued the following statement:

Members of the majority sat on their hands for the better part of a decade while the previous county executive systemically dismantled the integrity of our tax rolls. With that sort of dubious track record, why on Earth should Nassau homeowners take their advice on how to restore fairness and integrity to a system they were complicit in breaking? Now that their badly flawed bill has been defeated for a second time, it's time for the Majority to stop treating assessment like a political football.

Curtis Sliwa calls for end to tax exemptions for NYC universities, MSG

GOP mayoral candidate and Guardian Angels founder Curtis Sliwa says it's time to nix city property-tax breaks for Madison Square Garden, top private universities and large hospitals.

The call was the most eye-catching part of a 21-page "property tax reform plan" obtained by The Post that Sliwa is expected to drop next week.

Sliwa said the cash generated would go toward a massive expansion of the NYPD, hiring thousands of new officers and resurrecting disbanded police units.

"Refund the police. That is absolutely critical," Sliwa said. "Look around Madison Square Garden now. Anarchy prevails. People are being shot, stabbed, killed on a regular basis. There is open drug dealing right in the shadow of Madison Square Garden. You see men injecting themselves in their neck with heroin. And [MSG owner James] Dolan isn't sending his private security out there. We need the additional police."

Sliwa also said taxing mega city landholders like New York University and Columbia University — which his plan likened to "evil empires" — could generate a billion dollars annually.

Higher-education tax breaks cost the city \$483 million in 2016, and exemptions for non-profit hospitals cost another \$599 million, according to an Independent Budget Office analysis.

Sliwa's plan accuses Columbia of ponying up just \$7 million in property taxes in 2019, while it said NYU pays nothing.

A Columbia rep defended the university: "In addition to the many ways in which Columbia is an economic engine for New York, the University contributes significantly to City revenues every year through real estate taxes on commercial properties, payments to the Harlem Community Development Corp., money for affordable housing and city parks, and funds provided under a Community Benefits Agreement."

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The proposal puts Sliwa and Democratic mayoral frontrunner Andrew Yang on the same page with respect to taxing MSG and universities.

Most private hospitals and private universities qualify for the sweeping exemptions due to their nonprofit status, according to the city's Finance Department. The origins of the Madison Square Garden tax break can be traced to a 1982 state law passed amid fears that the Knicks and Rangers could bolt to New Jersey.

Removing similar exemptions for the Garden would add an extra \$42.4 million annually to city coffers, Sliwa claims. The Yankees and Mets have also benefited from sweetheart arrangements for their respective stadiums, although they go unmentioned in the Sliwa proposal.

"While these teams were once imperiled by difficult financial situations, New York's sports teams are no longer struggling financially to stay in New York City today," the plan reads.

Religious institutions would continue to keep their property tax exemptions under Sliwa's plan. This would also apply to religious schools like Fordham and St. John's universities.

The tax reform plan also includes calls for a 2% cap on increases of the city's annual property tax levy; a property-tax deduction for seniors with household incomes below \$75,000; and a review every 10 years of all city properties receiving tax exemptions to make sure they are justified.

The proposal puts Sliwa and Democratic mayoral frontrunner Andrew Yang on the same page with respect to taxing MSG and universities.

"There are very significant property tax-exempt landlords in New York City that are benefiting from various city services that I believe could pay for those services," Yang told a Bloomberg editorial meeting last month.

One day after Yang said he would tax the Garden, Dolan registered a new political expenditure committee, "The Coalition to Restore New York" and seeded it with \$4 million.

Sliwa said he welcomed the opportunity to go toe-to-toe with Dolan.

"I took on John Gotti Sr. and John Gotti Jr.," Sliwa said. "Jimmy Dolan is a mamaluke. You know what that is? It means he's a momma's boy."

Reps for NYU and Dolan did not immediately respond to request for comment.

NYC Property Tax Overhaul Fizzles Out Amid Pandemic, Politics

Almost every year since 1992, the governor of New York has granted a request by New York City's mayor and City Council to shave property tax bills for a sliver of wealthy residents.

The targeted relief has meant residents of affluent, fast appreciating homes in neighborhoods like Park Slope, Williamsburg, and Sunset Park have been the greatest beneficiaries of the current tax system.

That springtime tax break for the rich is still on track—it's even baked into Mayor Bill de Blasio's budget—while promises of help for property owners on the other side of the spectrum has fizzled. The best opportunity in decades to reform the city's property tax system was sidelined a year ago by the pandemic and has gotten overtaken by other priorities and politics. De Blasio recently promised to come up with a plan before he leaves City Hall on Dec. 31, but there is no obligation for his successor to follow through nor has it been a major mayoral campaign issue.

Though many politicians have decried the city's property tax set-up as unfair, resistance to change has been fierce for years.

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“The fear is that it would result in substantial increases to one-, two-, three-family homeowners, and it would result in a significant increase in their taxes and elected officials seem averse to actually doing that,” said Martha Stark, a former finance commissioner and director of policy for the Tax Equity Now New York coalition, which filed a lawsuit against the city’s tax system in 2017. “That’s what drives: ‘Let’s kick it down the road and have someone else address.’”

The city’s heavy reliance on property tax revenue and the politically difficult task of rebalancing a tax burden has kept the status quo in place for four decades: a system where the shared burden of the city’s property tax revenue is weighted against minorities and poorer families living in similarly valued homes in East New York, Brownsville or Canarsie as well as low- to moderate income renters in high-rise buildings.

“It’s a zero-sum game,” said George Sweeting, deputy director for the New York City Independent Budget Office. “Someone has to win and someone has to lose. So that tension makes it hard to get political people wading in too far.”

In January, De Blasio recommitted to his 2013 campaign vow to fix the city’s property tax reform system, after the Covid-19 crisis interrupted efforts last year. He told lawmakers that the reform commission would finalize a set of recommendations and resume public hearings.

The first hearing to air recommendations on March 12, 2020, in Staten Island was abruptly canceled when pandemic-triggered shutdowns started. Nothing has been rescheduled yet.

But the pandemic isn’t the only factor to blame. While the state of emergency halted required public feedback on the commission’s initial proposal, only a few weeks earlier a mid-level New York state appeals court dismissed a 2017 Tenny lawsuit over questions of fairness and equity. The threat of a potentially successful lawsuit hanging over the city had been erased. What’s more, the chief architect of the reform effort, [Vicky Been](#), was no longer at the helm co-chairing the city’s advisory committee with Marc Shaw. She was promoted by de Blasio to be his deputy mayor for housing and economic development about a year into the job.

A representative from de Blasio’s office did not respond to a request for comment.

“De Blasio’s commission can issue a final report before his term ends, but no one is going to move on this issue in the next six months,” said Ana Champeny, director of city studies for the Citizens Budget Commission.

After months of delays, the tax reform commission in January 2020, offered a framework for a new system, the first step in a long process that would ultimately require approval in Albany. Adding to the complexity, the mayor also called for any city reform effort to be revenue neutral to avoid disrupting the city’s budget.

“The commission is operating under a revenue neutral mandate, so you have to bring in the same amount of money with today’s system,” said Sweeting.

Alignment among political stakeholders—the governor, Legislature and city and state officials, many of whom are running for re-election—has also made reaching a consensus challenging.

‘Covid, Covid, Covid’ Top Priority

Legislative leaders have other priorities this year, namely building on the state’s economic recovery from the yearlong health crisis and juggling an impeachment inquiry against Gov. Andrew Cuomo over allegations of misconduct. Typically, top Senate and Assembly leaders would consider such legislation after the budget closes on April 1, but policy aides say that is an unlikely.

“I don’t think it’s going to come up this year,” said Phil Giltner, a policy director for Democratic state Sen. Brian Benjamin, who chairs the Budget and Revenue Committee. “I think this year the key story really is Covid, Covid, Covid.”

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It may be a far-off issue for the city's next leader, too. Thus far, the field of Democratic mayoral candidates have only given a nod to property tax inequities without rolling out any comprehensive reform plans. "Given the winners and losers situation, it would be tough for a new mayor to take this on during the first days of a new administration," said Champeny.

Stalled property reform efforts date back to former Mayor David Dickens, who served one three-year term between 1990 and 1993. Intrinsic equity issues that inevitably results in some taxpayers paying more while others pay less has made the possibility of reform politically fraught.

"Nobody wants to increase anybody's property taxes," said Giltner. "There is an allergy of anybody wanting to be the person in front and says, 'I'm going to raise the property tax on small property owners.' That's just politically, a very, very, very difficult thing for anybody to do."

Different Rules, Wider Disparity

Unlike other major cities, New York's property tax system is divided over a four-class system that are subject to different rules, including one-, two-, three-family homes, cooperatives and condominiums, small rental buildings with four to 10 units, and large rental buildings with 11 units or more.

And because it's structured as a levy system that pools tax revenue from across the various classes, policymakers are forced to decide how to redistribute the formula more equitably all while not costing the city lost tax revenue.

"The city winds up with a bigger disparity than most places," said Sweeting. "The formula was supposed to remove that, but the formula put in place what was already a system with very big differences in the tax burden and that perpetuated what you already had, which wasn't a very equitable system."

That's meant taxpayers seeing their tax bills go up even if the effective rate hasn't changed. Tax rates as a percent of market value varying among different types of property, with homeowners paying lower rates than owners of commercial and residential rental property. And homeowners often paying widely varied effective tax rates even within an individual class.

The 2017 lawsuit by the TENNY coalition focused on that inequity. But in February 2020 the state Supreme Court Appellate Division dismissed a constitutional challenge by the coalition of real estate interests and civil rights groups. The court found that the coalition had failed to show a link between racial segregation in city neighborhoods and the property tax system in its lawsuit.

The coalition has said it would appeal the court's decision but has not provided a timeline.

NORTH CAROLINA

2022 Property Revaluation Could Bring County An Extra \$50 Million

Chairman of the Guilford County Board of Commissioners Skip Alston and the Democratic majority of the board have big plans for the county that have to be paid for somehow.

Alston said this week, that one way to generate the needed money will be by keeping the county's tax rate at the same level when the county goes through an upcoming revaluation of all county property in 2022.

Guilford County is on a five-year reappraisal cycle, which means that every five years county tax officials update the values on all land, houses and buildings in the county in an attempt to make those values better reflect actual market values.

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An increase in the value of the tax base generates more revenue if the tax rate stays the same.

Guilford County's most recent reappraisal year was 2017 and there's another one planned for next year.

Alston said this week that the estimates he's heard from staff mean that Guilford County is likely to raise an additional \$50 million after the revaluation, with the tax rate remaining the same. The chairman said that will be a way the county can fund projects without a need to raise the rate.

When the Republican Guilford County commissioners were in control of the board – as they were for the eight years from 2012 to 2020 – they never raised the county's tax rate and, when a revaluation period came around, that conservative board voted to lower the tax rate to maintain a “revenue neutral” status. That is, the shift down in the property tax rate meant the county still had the same amount of money coming in from property taxes after the revaluation.

Alston acknowledged that, if the tax rate remains the same after a revaluation, the county will have more money coming in but he said it's not a “tax increase” since the tax rate remains the same.

Some of the past and present Republican commissioners on the board will likely take issue with those semantics. Some argue that if the rate is not adjusted after a revaluation to the “revenue neutral” status then it is a tax increase even if the tax rate stays the same.

The Guilford County Tax Department offers the following summary of the revaluation process: “Guilford County appraisers review and analyze information including comparable sales in your neighborhood. Reappraisals are not only mandated by North Carolina General Statutes, but are necessary to maintain equitable and uniform property values. Reappraisal tools include county maps, aerial photography, street level images, sales analysis, field visits, and other methods to gather data used in determining market value. Guilford County conducts reappraisals entirely in-house by appraisers familiar with the local market.”

Valuation increases for 77% of county's parcels, combined value of all properties goes up 18%

More than three-fourths of the nearly 46,000 Chatham properties assessed in the county's state-mandated reappraisal process saw valuations increase, but so far officials say requests for appeals of those valuations has been “underwhelming.”

Meanwhile, Chatham County's tax office is manning the phones and checking email to assuage concerns — and fight misinformation — arising from the revaluation notices, which were mailed out on March 26.

The total overall valuation of parcels in Chatham County, when finalized, may show an increase by as much as 18%, according to Tax Administrator Jenny Williams, with 77% of parcels having gone up in value and 23% having gone down.

But those numbers can be slightly misleading. Consider:

- the 18% figure includes valuations of “exempt” properties — those such as county- and publicly-owned properties on which property taxes aren't assessed.

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- based on anticipated appeals, Williams says she expects the final valuation increase of non-exempt properties to be closer to 14%. Even at that lower amount, it would put Chatham's 2020 valuation of \$11.237 billion within striking distance of the \$13 billion mark.
- although more than three-fourths of parcels increased in value, the increases or decreases for some properties were negligible — maybe just a few hundred dollars.

Still, the increase in the total valuation of Chatham County properties was significant — something Williams says can be tied to, in part, the “high demand of people wanting to live in Chatham,” with its proximity to economic centers in Greensboro, Durham, Raleigh and Chapel Hill — and new development built within Chatham in the past year.

By comparison, other N.C. counties' 2021 reappraisal increases ranged from lows of around 8% (Surry, Davie counties) to similar to Chatham's (Stanly and Orange at 16%, Buncombe at 18% and Jackson at 18.07%) to the high in Union County, adjacent to Charlotte, which saw a total valuation increase of 36%.

Some Chatham residents have complained about increases they're seeing or errors in appraisal notices on local social media platforms, while others have welcomed the higher valuations of their homes. At the tax office, the stream of telephone calls and inquiries has slowed a bit since the first few days of the mailing, says Ryan Vincent, owner of Vincent Valuations, the company contracted to perform Chatham's revaluation.

“What we plan for, the first two weeks, is to have a large influx of questions and appeals,” Vincent told the News + Record. “If you want my honest opinion, so far, it's been very underwhelming versus what we planned for. Right now we have approximately 300 or so appeals. But this is a lot less phone calls and a lot less appeals than what we planned for.”

Vincent said he advises his client counties to plan for what he calls “a 10-10-10” reaction to a reappraisal — with 10% of parcel owners (in Chatham's case, about 4,600 of the nearly 46,000 parcels appraised) appealing initially on at least an informal basis. About 10 percent of those — which in Chatham's case would be 460, or 10% of the 4,600 expected informal or inquiries — would go the county's board of equalization and review. And of those cases, about 10% — fewer than 50 — would take a failed local appeal to the state tax commission.

Chatham may not follow that general rule of thumb, he said. But with the May 6 appeal deadline still four weeks away, Vincent, Williams and the county's tax staff are still answering questions and trying to educate property owners about the revaluation process. A detailed brochure — titled “Understanding the 2021 General Reappraisal” — was included (with both English and Spanish versions) with each notice and includes answers to frequently-asked questions. Vincent and Williams are continuing to make presentations about the reappraisal to public and private groups, and, in Vincent's words, “getting out there with as much PR (public relations) as possible.”

“The typical questions we hear are, ‘Why did I get this notice?’” Vincent said. “‘Are my taxes going to go up?’ ‘What happens if I don't agree with this?’ Just general questions. And one of the first questions we ask is, ‘Well, do you have the pamphlet in front of you that you received in your notices?’ And what we'll do is we'll direct them to it because a lot of the questions we're getting asked are answered in that pamphlet.”

For callers claiming their valuation is too high — and in the rare cases where a property owner thinks the valuation is too low — the staff is walking everyone through the same process: go to the “2021 Revaluation” portion of the county's website, review the comparables around your property, and if you still disagree with the value and the information on your valuation is correct, file an appeal with evidence to support your argument.

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Vincent and Williams emphasized the “fair market value” goal of the reappraisal, and said different portions of the county saw valuation increases higher than others.

“Well, when we talk about that, we’re bringing (all portions of) the county up to what their fair market value is,” Vincent said. “So the change may not be consistent in (each of those) areas. But that’s because the market value is changing at a different pace.”

It’s typical in a revaluation — and chatter on social media in Chatham County confirms this — for someone whose property appraisal has increased significantly to think their own property would never sell for its new valuation. If you’re one of those, Vincent says, review your property data contained in your reappraisal — such as the number of bedrooms and bathrooms, total square footage, etc. — to make sure it’s correct. Then, go online to compare it to recent sales where you live.

“Some people don’t necessarily follow the real estate market,” he said. “So they might not know that their neighbor’s house just sold for \$250,000. They think the market in their neighborhood is \$175,000. But the sales, the recent sales, are showing something different. So we would ask them to compare their property to similar properties in their area. And then if they still disagree with their value, we would ask them to go ahead and file an appeal.”

But the appeal should include evidence to support the value — a recent fee appraisal, for example, that’s fewer than two years old, or something about the property that appraisers from Vincent Valuations may not have seen during their visit, such as structural damage needing repairs.

“And in some of these rapidly changing areas, it’s important to remember that if your fee appraisal is from the first quarter of 2019, your market may have changed, even since your fee appraisal was done two years ago,” Vincent said. “So that’s what we’re seeing in that aspect. And that’s what I would tell them, again ... just review, compare and appeal.”

Countywide reappraisals “don’t happen every single day,” Vincent said, so some element of confusion is understandable.

“So there are always a lot of questions,” he said. “And not everybody’s going to be happy with their value. But we try to help them through the process, and help them understand the process the best that they can. And if someone does file an appeal, we will review all the information that’s submitted. And there is a process for that. So we may agree with their appeal. We may disagree with their appeal. But there is a process, and we try to give everybody due process.”

Chatham County Manager Dan LaMontagne said the reappraisal indicated the county continues to see rapid growth. And along with such growth, he said, comes the need for more services from local governments to support it.

“Estimates of revenue and expenses to bring a balanced budget to the board of commissioners are still being formulated,” he said. “That being said, we already know of a number of expenses that are needed to support this growth. The new Seaford High School will be opening next year with an estimated operating cost of approximately \$2.3 million. We have also limited the expansion of staffing over the last two years while the growth in the county has outpaced the addition of staff. Most departments have been handling the increased workload with limited resources. These and other expenses will be considered along with the projected revenues as we prepare the balanced budget.”

LaMontagne and his staff are “still early” in the 2021-22 budget process, he said, and “far from discussion about the tax rate at this time.”

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PENNSYLVANIA

Braced for pandemic-driven property assessment appeals, Allegheny County gets a surprise

For months, Allegheny County has been bracing for a budget-busting surge in property assessment appeals filed by commercial property owners battered by the COVID-19 pandemic.

It turns out that the worries may have been for naught.

The number of appeals filed by hotels, shopping centers, and other commercial property owners by Wednesday's deadline actually was several hundred fewer than last year's totals.

According to the preliminary numbers, the county received 830 commercial appeals by the deadline. That compares to the 1,113 filed in 2020.

"At first thought, I would have anticipated a larger number this year than last," said Jim Davis, the county's manager of property assessments.

That's not to say there wasn't a surge — it's just that it was on the residential side.

In all, the county received 9,523 residential appeals by Wednesday's deadline, up considerably from the 7,864 filed last year.

Overall, the number of appeals — residential and commercial — hit 10,353 in 2021, up from 8,977 last year. The final numbers could change as mail-in appeals postmarked by the March 31 deadline are counted.

The preliminary numbers cap a bewildering year filled with pandemic-related shutdowns and restrictions that impacted office buildings, casinos, hotels, restaurants, retailers, shopping centers, and many others.

As one example, the vacancy rate for Class A office space in the Pittsburgh market jumped to 15.2% in the first quarter, up from just under 14% a year ago, as tenants have delayed space decisions because of the pandemic, according to the CBRE real estate firm.

At the same time, more than 1.7 million square feet of subleased space is available, about half of it hitting the market in the last year. That has put pressure on building owners and landlords to reduce rents or to offer lease concessions to compete, CBRE stated.

The owner of the Rivers Casino on the North Shore is appealing to Allegheny County Common Pleas Court after the county's board of property assessment appeals and review refused to change the venue's 2020 assessment of \$245.9 million.

As a result of such situations and others, many experts predicted a surge in commercial appeals from property owners looking for reductions to help offset pandemic-related losses.

Jason Yarbrough, a partner in the Meyer, Unkovic & Scott law firm, said there could be reasons the number of commercial appeals ended up less than last year.

He noted that some commercial property owners got pandemic-related appeals filed right before the deadline last year.

One of those, in fact, was Rivers Casino, which is assessed at \$245.9 million, the highest in the county.

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Some of those appeals, including the casino's, could still be pending, Mr. Yarbrough said, particularly at the Common Pleas Court level. A decision rendered this year not only would affect 2020 but 2021, negating the need for another appeal.

The casino, for one, did not appeal again even though it was shut down for part of December and January because of the pandemic and is still dealing with capacity restrictions. Last year's appeal is pending at the court level.

Mr. Yarbrough said he also consulted with a number of commercial property owners who decided against filing appeals because they felt their real estate was fairly or favorably assessed before the pandemic.

For them, it wasn't "really worth the aggravation at this point to ask for a temporary reduction for one year," he said.

He added the overall number of appeals he filed this year increased by 20%, with a "good number" of them being commercial.

But just because the number of commercial appeals filed countywide isn't as high as last year doesn't mean the taxing bodies have it easy, said Mike Suley, a former county property assessment director and board member.

He pointed out that there still have been nearly 2,000 such appeals filed over the last two years. If many of them trigger reductions, that could still have a big impact on tax revenues and budgets.

If the casino's assessment were reduced to \$240 million, for instance, it would cost the city, the country, and the city schools \$818,526 in property tax revenue each year, he has estimated.

"Everyone Downtown is holding their breath still," he said. "I anticipate a huge reduction in assessed market value on commercial properties."

Janet Burkardt, special tax counsel to the Pittsburgh Public Schools, attributed the surge on the residential side to appeals filed by school districts.

Despite the pandemic, the residential market has been "incredibly active," she noted. As sales prices increase, it can trigger appeals.

Ms. Burkardt said she has filed about 800 appeals just for the city public schools, including some on the commercial side involving recent sales.

"Not all commercial real estate was negatively impacted by the pandemic," she said.

TENNESSEE

What happens to Nashville's property tax rate in a reappraisal year?

Mayor John Cooper last week touted how Nashville's property tax rate will soon be a near-record low, claiming the 34% increase will be "reversed."

While noting property upcoming property reappraisals, Cooper credited the rate change, which he called a "great achievement," in part to fiscal stewardship.

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But a state law is what will push the rate down, as property values have increased. This prevents the city from collecting a revenue windfall.

The mayor's remarks created widespread confusion from the public, including some who are left wondering if they'll see a refund from this year (sorry, you won't), or if they'll see a lower property bill next year.

Here's what to know about how the property tax rate is set, and what it means in a reappraisal year.

What happens in reappraisal?

Davidson County Property Assessor Vivian Wilhoite's office is wrapping up the countywide reappraisal of property values. This occurs every four years, as required by state law.

The property tax rate is automatically adjusted so city can't take in more tax revenue after a reappraisal, even if the combined value of all property in Davidson County rose or fell. If property values increase, that means the rate must drop, as mandated by state law.

So what happens this year?

Final appraisal figures have not been released. Property owners should begin receiving mailed notices of the change by the end of the month. Letters must be mailed April 23.

Earlier this year, city officials estimated property values may have increased 25%. With property values rising, it will push the tax rate down to achieve the revenue-neutral requirement.

Cooper's remarks Friday indicate the rate will "roughly be in line with where it was two years ago." In 2019, the rate was \$3.155 per \$100 of assessed value in the city's more urban areas.

Will that be the final rate?

After the state-mandated rate adjustment, the city typically adjusts the rates back up again to capture revenue growth from the rise in property values. That did not happen in 2009 and 2017.

It's not clear yet what Cooper will propose. He's expected to release his operating budget for next fiscal year at the end of April. The new rate could come in higher than the revenue neutral adjustment, allowing the city to capture more revenue.

The Metro Council will debate the spending plan, including a proposal from budget chair Kyonzté Toombs. Some may push to lower the rate even more, while others may advocate for an increase.

The city will set a new tax levy after adopting a final budget.

Does lower rate after the reappraisal process mean a lower property tax bill?

It depends. It'll be determined by where you live and how fast your property value has increased.

The reappraisal will mean that homeowners in the most booming neighborhoods will pay more in property taxes, while those in districts that had increases below the countywide average may pay less.

For instance, Davidson County's property values soared by a record median 37% between 2013 and the 2017 reappraisal.

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The mayor himself is an example of how this reappraisal process can play out.

Cooper, who lives in Belle Meade, paid \$15,677 in property taxes in 2016, according to public records. After the 2017 reappraisal, he paid \$13,789. Values remained high in his neighborhood but didn't see a big spike like other areas such as East Nashville where there was a 66% median increase in Inglewood.

Metro's website has a detailed breakdown of how this is calculated, as well as a calculator where you can type in all your information and see your estimated property tax.

Once final figures are released by the county property assessor and a new tax rate is set by the city, use the calculator below to see how much you would pay in annual property taxes.

Here's how to do it by hand. First, determined the assessed value of your home, which is 25% of its appraised value. (Multiply the appraised value by 0.25.) Then, divide the assessed value by 100 and multiply it by the tax rate.

For instance, if you own a home appraised at \$100,000, the assessed value is \$25,000. Divide by 100 and you get 250, which you multiply by the tax rate.

Can I challenge the assessment?

Property owners who disagree with their assessments can request an informal review by May 19. To appeal, complete an online review at www.padctn.org. Davidson County residents can review individual property assessments on the assessor's website.

Nashville's property reassessment in 2017 triggered an appeals process that caught officials off guard. A greater portion of people were successful in their appeals with the Metro Board of Equalization than in 2013, with 64% people getting their values changed. The vast majority of those were revised downward. But the bulk were large commercial owners.

Mayor Announces Nashville Property Tax Rate Cut as Property Values Rise

Nashville Mayor John Cooper announced that Davidson County property owners will soon see a large cut in their property tax rate. He told Amy Watson on NewsChannel 5 This Morning that the 34% property tax increase will be "reversed."

In response, some Metro council members and those behind a push to limit tax hikes in Nashville say the Mayor's comments are misleading.

Cooper said in the coming weeks, the Davidson County Property Assessor will mail out property reappraisals that will show property values have increased significantly across the county. He added that while the final data isn't yet in, the tax assessor is working on it, and the letters will probably start going out next week.

But the lower tax rate is a direct result of those property values and a specific state law that makes it illegal for cities to bring in more tax money just by upping everyone's property values; when property values go up, the state law requires the tax rate to automatically drop.

Today's announcement means that property tax rates will go down as homeowners receive news that their property values have increased.

Cooper called it a "great achievement for the whole county."

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“With stewardship, we’ve managed our way through all those financial difficulties a year ago to an environment where the city can prudently do this. We’ve restored our balance sheet, our finances,” Cooper said.

But while the tax rate might drop, an increase in an individual home valuation means that a homeowner’s total tax bill might not necessarily drop — in fact, some tax bills may go up.

With the tax rate, the Mayor said Davidson County’s will return to its level a few years ago and will be within pennies of lowest rate ever charged in the State of Tennessee, which is already a low tax state.

Cooper said for example, the taxes that you paid for a \$400,000 house will now be less than what you paid 20 years ago or what you paid 40 years ago.

When asked if the city’s financial crisis is over, Cooper responded: “You can always be in better shape, but we have avoided the catastrophe of insolvency that was facing us before COVID and then you had COVID happen, so you had to have a revenue adjustment, but our strong growth and fundamentals are allowing us to go back, to get to the lowest tax rate in Nashville history and we were always the lowest in the state but we’ll be within a few pennies.”

However, Metro Council Member Bob Mendes called the Mayor’s announcement “misleading.”

Jim Roberts is an attorney behind the Taxpayer Protection Act, who has gathered signatures to get the proposal in front of Nashville voters that would limit how much Metro can increase property tax rates each year. Roberts pointed out the role of home values in the tax rate decrease.

“Our property values will go up, and the rates will drop,” Roberts said. “Mayor Cooper has nothing to do with that, and to take credit for that, is just dishonest.”

The Davidson County Election Commission is meeting Saturday to potentially decide whether to put the Taxpayer Protection Act on the ballot.

Nashville is gearing up for another fight over a property tax petition. How the legal battle is playing out.

Metro government and the Davidson County Election Commission are gearing up for another legal fight over a new ballot initiative.

The city’s legal director shed insight into Metro’s legal strategy Tuesday when meeting with commissioners to discuss the latest petition seeking to limit Nashville’s property taxes and overhaul how Metro operates.

Already, a new lawsuit is in the mix. Attorney Jim Roberts, who is leading the referendum effort, filed a lawsuit last week over the number of signatures he needed to collect.

Metro Law Director Bob Cooper said the election panel has discretionary power to review the legal sufficiency of the petition. A judge made that clear, he said, when Roberts’ previous petition was sent to court.

The judge ultimately ruled it invalid because it was defective and unconstitutional, among other reasons.

Severability questioned

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Those issues are at play again as Cooper said Roberts' efforts to address them didn't go far enough.

The new petition spells out what provision of the Metro Charter the proposed amendments would delete or change, or would be a new entire provision — something the first did not do.

Roberts also states each of the six items are separate amendments, and includes a severability clause for the property tax rate issue and a proposed change to how city recall elections work.

He told The Tennessean the measures should be successfully placed on the ballot if each are valid on their own. But Metro Legal's take is different.

The department's read on the wording is that each of proposed amendments may be voted on separately on the ballot. Not that defective parts can be taken out, as it may change the intent of petitioners who signed it.

"If any one of these is held invalid, I think there is a real issue before this commission as to the validity of the entire petition," Cooper said.

Multiple petition versions

Another issue he raised Tuesday was that two versions of the petition were circulated. An election date is required on petitions and they must be submitted to the Metro Clerk 80 days before that date.

But while the petition mailed out to 200,000 voters featured two different dates for a special election — May 28 or June 14 — a revised petition listed on the 4GoodGovernment's website lists just the latter. It also includes different introductory language.

"We think that, by itself, is disqualifying," Cooper said. "These sorts of requirements on petitions are strictly enforced."

Roberts called the argument a "nitpicking and dishonest" tactic as the amendments themselves didn't change. "If this were something they liked, they would say it's OK," he told The Tennessean.

The petition was updated online, he said, once the earlier date was no longer needed when that deadline was missed. He conceded the change may not have been necessary.

That decision could prove fatal for the ballot initiative. Roberts has little room for error. Signatures were thrown out in the fall when also he circulated different versions. It ultimately didn't matter because he collected 27,000 signatures that time around.

This time he collected 14,010.

Metro Legal: Can't 'cherry pick' election

The election commission staff has verified 12,369 signatures. But a third review is underway for "due diligence" and is expected to be completed Wednesday, according to Election Administrator Jeff Roberts.

The Metro Charter states a charter amendment may be proposed to Davidson County voters if a petition is signed by 10% of the number of voters who cast ballots in the "preceding general election." It's not yet determined whether the November or August election should be used to base how many signatures were needed.

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It will make all the difference as the November election requires a much higher threshold of 31,212 signatures. By comparison, only 12,142 are needed if the August election is used.

Roberts filed a lawsuit Friday, requesting an emergency hearing for the court's opinion. He argues a state and federal election does not count as a county general election. Metro says it does, because a school board race on was on the ballot.

But even if the August election is selected, Roberts is arguing he only needs 9,319 signatures, going on just the number of votes cast in the uncontested race for county assessor. The other races, were special elections to fill an unexpired term do not count, he said.

Cooper disagrees. He argues it is considered a special election, if it is held on a date other than a set general election.

"You can't cherry pick which election to use on the ballot to set the 10%," he said.

Roberts alleges in the lawsuit Metro shared "false and misleading" information when stating the higher signature amount was needed. But initially Roberts himself publicly said he needed that number. He went with the 12,000 amount the day it was submitted to the clerk, before making the latest argument in his complaint.

What's next?

Election commissioners face a tight schedule to decide whether a special election will be held mid-June. It would come just weeks before the Metro Council must approve a final operating budget and set a tax levy for next fiscal year.

Special elections cost Metro about \$800,000. The election administrator said it may cost more with COVID-19 precautions.

Metro's legal analysis has been delivered to commissioners, who will meet again Thursday to discuss the issue. Attorney William C. Koch, Jr. of the Nashville School of Law, who represented the commission in court last year, has already been retained by Metro to write an independent legal opinion for the panel.

The commission could decide to retain him again as legal counsel.

Republican commissioner Jim DeLanis was voted in as the new chair by the newly reconstituted panel Tuesday. He was the sole commissioner to try and place the first petition on the ballot.

He's likely to play a critical role as the senior Republican on the commission, particularly if a vote is split along party lines. Because Republicans hold a majority in the state legislature, they get a 3-2 edge on county election commissions, even in Democratic Davidson County

TEXAS

Texas legislature continues work on property tax reform

State Representative Jacey Jetton announces support for House Bill 59 by Chairman Murr and House Bill 958 by Chairman Oliverson. These bills take significant steps to reduce property taxes without cutting education funding.

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“Property taxes are out of control in Texas,” Jetton said. “It is unacceptable that an individual could be taxed out of their home due to ever-increasing property taxes. The Texas legislature must find a way to make meaningful reforms that will reduce property taxes without cutting funding to classrooms. I am proud to support House Bills 59 and 958, which will provide property tax relief by reforming the maintenance and operations portion of school funding. These bills take two different approaches to accomplish a similar goal, and I will support whichever bill makes it through the legislative process to provide relief to homeowners.”

HB 59 would eliminate the school maintenance and operations portion of property taxes that currently accounts for a large percentage of what individuals pay. The bill would also create a joint committee for the implementation of this bill.

HB 958 will deposit surplus state revenue into the property tax relief fund for use in reducing school district maintenance and operations property taxes.

Jetton has spoken on multiple occasions about the need for significant reforms to high property taxes in Texas. HB 59 and HB 958 take important steps to make this a reality, despite the economic concerns resulting from the COVID-19 pandemic.

Unfortunately for Texans, who just received their property tax bills, both HB 59 and HB 958 have become bogged down in the House Ways & Means Committee and House Appropriations Committee respectively.

El Paso home tax valuations going up due to hot real estate market

Most El Paso homeowners will see their taxable home values substantially increase this year because of a hot real estate market, according to preliminary data from the El Paso Central Appraisal district.

That could bring higher property tax bills.

The Appraisal District last week began sending new valuation notices to homeowners in El Paso County.

Some property owners are seeing huge increases in their market valuations.

The appraisal district's valuations, which show the value as of Jan. 1, are used by the city, county and other taxing entities to set property tax rates.

If El Paso's taxing entities don't lower their tax rates for next year, then residential tax bills would increase based on the increase in home valuations.

A home's taxable valuation is capped at a 10% increase per year by state law for owner-occupied homes with a homestead exemption, said David Stone, assistant chief appraiser for the Appraisal District. And many homeowners are expected to see that increase this year.

However, the district's separate market valuation for a home is important because that will be used in future years to determine the taxable value increase, Stone said. So, if a home's market value has a large increase this year, that could cause the taxable value to increase 10% per year in the future until the taxable value catches up to the higher market value, he said.

Homeowners can protest their home's market valuation, and the Appraisal District is expecting 30,000 to 35,000 protests this year — well above the average 20,000 protests seen in most years, Stone said. That includes protests on commercial properties, for which property valuation notices will begin going out April 16.

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Protests can be submitted to the Appraisal District by mail or online until May 17, or 30 days after the appraisal notice date, whichever is later. Most protest hearings before the district's Appraisal Review Boards will begin in mid-May, Stone said.

Property owners can submit photos and other evidence, such as estimates for replacing a roof or other needed improvements, to try to show the valuation is not accurate.

The total market valuation of single-family homes in El Paso County this year is \$34.62 billion, an increase of 18%, or \$5.3 billion, Appraisal District data show.

The total taxable valuation of single-family homes in the county is \$29.68 billion this year, an increase of 13.3%, or \$3.49 billion.

No data is yet available on the average home valuation increase, Stone said.

This is the district's first property reappraisal since 2019.

"The reason (home valuations) are going up so high this year" is due to a hot home sales market and large increases in lumber, and other costs for new home construction, Stone said.

Sales demand has increased while home inventory is very low, which has caused home prices to go up, he said.

"This is the biggest (valuation) increase probably since 2008 when property values were going up rapidly" in a nationwide housing boom, Stone said.

According to the National Association of Realtors, El Paso's median, or market midpoint, price for existing, single-family homes increased an average 8.15% from 2019 to a record \$177,800 in 2020, according to preliminary data released Feb. 11 by the National Association of Realtors.

The average median price increased 14.1% from 2018's average median price of \$155,800.

WASHINGTON

King County business owners have until the end of the month to apply for a break on certain property taxes if they lost income last year because of the coronavirus pandemic.

With the economic fallout from the virus still unfolding, state lawmakers last week passed a bill requiring county treasurers to allow deferral and payment plans for certain 2021 property taxes. To qualify, a property must be "primarily used for business purposes" and the taxpayer must have lost at least a quarter of their revenue attributable to that property in 2020 compared to 2019.

To get help, taxpayers must apply by April 30, the date each year when the first-half payment of property taxes is due. According to the bill, a county treasurer must deny requests filed after April 30.

To apply in King County, fill out and submit the online form at kingcounty.gov/TaxDeferral.

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Whether in King County or other counties, taxpayers can also apply by filling out a Washington State Department of Revenue application form found at dor.wa.gov/taxes-rates/property-tax and emailing the completed form to the county treasurer.

If a tenant pays the building's property taxes, the owner must pass on the benefit. Payment plans will only extend through the end of this year, according to the King County Treasury.

The deferral does not apply to residential or non-business related property.

For other types of property taxes, King County offers payment plans as well as assistance programs for people who are 60 or older, retired because of a disability or who have a low income. Visit the King County Treasury website or the King County Assessor website for more information.

DC Failed to Collect Possibly Millions in Property Taxes Due to Computer Error

DC can raise property tax rate on blighted, vacant homes

The District has failed to collect hundreds of thousands and possibly millions of dollars in property taxes. News4's Mark Segraves broke the story about this problem, which District officials are still trying to figure out.

Washington, D.C., has failed to collect hundreds of thousands and possibly millions of dollars in property taxes that are supposed to compel property owners to clean up vacant and blighted houses.

Neighbors have complained about a vacant home on Indian Rock Terrace in upper Northwest for years.

Public records show the D.C. Department of Consumer and Regulatory Affairs (DCRA) has sent crews out to clean up the property and fined the homeowner more than \$1,000 as recently as this month. In addition to fines, D.C. can raise the property tax rate from 85 cents per \$100 of value to \$5 or \$10 depending on the condition of the house.

The increased tax rates are meant to compel the homeowner to fix up the property.

Inspectors classified the house as vacant in 2019, in 2020 and again this year, but the tax rate was never changed and taxes never went up.

That error isn't an isolated incident. District officials acknowledged discovering a problem with the system last year.

"Some information regarding the classification of vacant and blighted properties was not being properly transmitted and/or received," D.C. said in a statement. "Any properties that should have been taxed at the Class 3 or 4 rate but were not will be charged retroactively."

D.C. Council Chairman Phil Mendelson raised concerns about the program several weeks ago and was told the problem was fixed.

"It's a bit outrageous that they would not be as truthful with the Council as they were with you," Mendelson told News4.

In a letter to Mendelson, the director of DCRA indicated the problem with the tax rates not being applied is due to a computer upgrade at the Office of Tax and Revenue.

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DCRA lists almost 3,000 vacant properties and more than 100 blighted properties across the District but could not tell News4 how many are being taxed at the correct rate.

“We’re not getting the money we would get, and therefore it’s clear the program is being mismanaged,” Mendelson said.

“It means a crappy neighborhood,” he added. “That’s what it means for residents ... It affects the quality of life in that neighborhood.

Mendelson plans to follow up with DCRA. He said this issue is just part of more widespread problems with the agency.

The tax rate has been corrected on the Indian Rock Terrace property, increasing the taxes owed from \$6,000 to more than \$120,000.

Homeowner Hakan Ilhan, who owns several well-known restaurants in the District, was at the house Wednesday with a contractor. He said he was going to appeal the tax increase and plans to have a contractor begin work next week, saying he hasn’t done any work on the house because he’s been focused on keeping his restaurants afloat during the pandemic.

WISCONSIN

Federal Judge Blocks Wisconsin Taxes on Some Tribal Lands

The court concluded that reservation property held by tribes since allotment could not be taxed by the state, but tribal property becomes taxable once it changes hands to non-Indian ownership.

A federal judge in Madison ruled on Friday that reservation lands held by four Chippewa tribes in northern Wisconsin cannot be taxed by the state if they have been under Indian ownership since being allotted by the federal government.

In November 2018, the plaintiff tribes sued former Wisconsin Governor Scott Walker, then-Wisconsin Secretary of Revenue Richard Chandler and 11 northern Wisconsin towns and their assessors in federal court over the state’s attempts to assess and tax property within the boundaries of their respective reservations.

The tribes include the Lac Courtes Oreilles, Lac du Flambeau, Red Cliff and Bad River bands of Lake Superior Chippewa. They are represented by Colette Routel, director of the Indian Law Litigation Clinic at the Mitchell Hamline School of Law at Hamline University in St. Paul, Minnesota, attorneys with the St. Paul-based firm Hogen Adams and tribal lawyers.

Since the complaint was filed, current Governor Tony Evers and Peter Barca, the Evers administration’s revenue secretary, have taken over as defendants in place of Walker and Chandler.

The tribes claimed the state’s plans to impose property taxes on their reservation lands violates the Supremacy Clause of the U.S. Constitution and an 1854 treaty known as the Treaty with the Chippewa. The 1854 treaty became central to the dispute, as the four tribes bringing the lawsuit said they are signed on as successors to the bands of Wisconsin Ojibwe that acted as signatories for the treaty.

As the U.S. government and white settlement expanded westward, the government moved in the 1850s toward the creation of Indian reservations within territories tribes had inhabited for hundreds of years before Europeans arrived.

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In the Badger State, negotiations yielded the 1854 treaty on Sept. 30 of that year, resulting in Lake Superior Ojibwe bands in Wisconsin, Minnesota and Michigan ceding more than 7 million acres of their land in return for a promise from the government of permanent, tax-exempt reservations.

Confusing matters in the tribes' lawsuit is the General Allotment Act of 1887, which states that tribal members would be given a patent in fee simple to their land after a period of time during which allotments of property were held in U.S. trusts.

While a 1992 U.S. Supreme Court decision held that the General Allotment Act gave states "unmistakably clear authorization" to tax these fee simple lands, the tribes held that their lands were allotted under the 1854 treaty, not the General Allotment Act, so the latter is non-binding.

The tribes' lawsuit ground through discovery and procedural hoops until the tribes and the state government ultimately filed cross motions for summary judgment in late 2019. Chief U.S. District Judge James Peterson struck a planned trial date and concluded the matter could be resolved at summary judgment one year to the day before Friday's decision.

Peterson ultimately granted partial summary judgment to both the tribes and the government, finding that the tribes' reservation property cannot be taxed unless it passed into non-Indian ownership at some point after allotment, in which case it can be taxed even if it subsequently changed hands back into Indian ownership.

The upshot is that "the court concludes that, generally, Indian-owned property on the plaintiff tribes' land is not taxable," Peterson wrote. The judge partially granted the tribes a permanent injunction against taxing their reservation property, unless that property had previously been under non-Indian ownership.

Peterson also concurred with the tribes that, on the whole, the 1854 treaty is the controlling factor over taxation of the tribes' property, not the General Allotment Act of 1887. The tribes and the government agreed that any lands allotted before 1887 are not taxable.

"The historical record shows that land in the tribes' reservations was allotted pursuant to the 1854 treaty, and the General Allotment Act does not express Congress's intent to usurp rights granted to the tribes under the 1854 treaty, and certainly not in unmistakably clear terms," as required by law, the Barack Obama appointee said.

But under a 1998 U.S. Supreme Court decision, "Indian tax immunity does not lie dormant during periods of non-Indian ownership only to be revived when the property returns to Indian ownership," leaving portions of the land once owned by non-Indians eligible for taxation, Peterson said.

The judge ordered the case closed, but stayed enforcement of his judgment for 30 days to allow the parties an opportunity to appeal.

Attorneys and representatives for the tribes and the state government could not be immediately reached for comment on the court's decision on Friday.

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