IPTI Xtracts

Property Tax and Assessment News from Around the World

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What Is A Wealth Tax?

The wealth accumulated by the richest Americans keeps hitting new record highs, leading many commentators and politicians to argue it's time for the U.S. to start charging a wealth tax. This sort of tax would be based on a person's net worth and would only apply to the very richest citizens. The U.S. does not currently have a wealth tax, so we spoke to economic experts about how a proposed wealth tax might look.

What Is a Wealth Tax?

A wealth tax is usually based on a person's total net worth. For example, if you had $1 million in assets and $500,000 in debt, your net worth would be $500,000.

If your net worth placed you among the very richest citizens of the U.S., a wealth tax would charge a percentage of your total net worth each year. A flat 1% wealth tax, for example, would cost you 1% of your total net worth. You'd owe more as you get richer and less as your net worth fell.

Different from many other kinds of taxes—income tax or capital gains tax, for instance—people with sufficient net worth would owe wealth taxes even if they didn't take any actions, like earning income or selling assets.

"The problem the wealth tax is trying to solve is that we have in the U.S. a tax based on the realization principle," said Jeff Hoopes, associate professor at the University of North Carolina and the research director of the UNC Tax Center. "This means in general, you have to sell something before you pay income taxes on the gains from ownership."

You only owe capital gains taxes on stocks after you sell them, for example, meaning someone can delay the tax by holding stocks and not selling them. What's more, in the U.S., they're given an incentive of lower tax rates when someone holds onto an asset for at least a year through the long-term capital gains rate.

How Does a Wealth Tax Work?

A wealth tax would be similar to property taxes, where you owe the tax each year based on the market value of your home. The difference is the wealth tax would apply to all property: real estate, cash, investments, business ownership and other assets, less any debts you owe.

"The wealth tax is static in nature," explained Dr. Tenpao Lee, full professor of economics at Niagara University. "Other taxes are dynamic based on transactions in the forms of earned incomes, capital gains, inheritances and ownerships of real estates."

The government would charge a wealth tax regardless of whether transactions took place. France, Portugal and Spain are three countries that currently charge a wealth tax. They are usually progressive systems, meaning the more wealth a person has, the higher the tax rate. In France, the wealth tax starts 0.5% for someone worth €1.3m and goes up to 1.5% a year at €10m.

When someone owes a wealth tax depends on how the government sets it up. That means it could be once a year or once in a lifetime. For instance, some European countries charged one-time wealth taxes to help finance their participation in the First and Second World Wars.

A wealth tax doesn't have to be indiscriminate when it comes to asset types. A government could decide to exempt some asset types to foster certain behaviors. For instance, it might decide business assets didn't count to encourage entrepreneurship. Ultimately, a wealth tax's structure depends on how a country designs the law.

Elizabeth Warren's Wealth Tax

While the U.S. does not currently have a wealth tax, it is something that has been proposed by Elizabeth Warren and Bernie Sanders. Their latest proposal is called The Ultra-Millionaire Tax Act.

"A wealth tax, such as Elizabeth Warren's proposal, would take the net wealth of very rich individuals above a certain threshold at increasing amounts—the more you have, the higher the rate. It is intended to apply to only the very, very wealthy," said Hoopes.

In its current form, the Elizabeth Warren wealth tax would charge 2% a year on trusts and households worth between $50 million to $1 billion and 3% a year for those with wealth over $1 billion. Given these high limits, it would only apply to a small share of the country, fewer than 1 in 1,000 families according to an estimate from Emmanuel Saez and Gabriel Zucman, economists at the University of Berkeley.

Advantages of a Wealth Tax

A wealth tax could raise significant amounts of revenue. Even though Warren's wealth tax would only apply to a small number of households, it could bring in substantial revenue, about $3 trillion over the next decade according to the estimate from Saez and Zucman. This is money that could be used to finance other government programs like childcare or infrastructure.

A wealth tax seems fairer to some. A billionaire entrepreneur who owns their own company, like Bezos or Zuckerberg, is currently able to delay taxes on their business wealth. "If you never sell the stock, you will remit no capital gains taxes. If you pay no dividends, you will remit no individual income taxes at all as a result of owning that stock. To some, there is something unsettling about people who have tens of billions of dollars of wealth who pay little in taxes," said Hoopes. They would not have the same ability to avoid a wealth tax.

Wealth taxes could incentivize more productive uses of wealth. Since a wealth tax chips away at a person's holdings each year, Lee thinks it could motivate them to spend or invest rather than hoarding. "In the long term, the wealth tax would encourage people to be more productive as otherwise your wealth would diminish gradually for you and your heirs," he said.

Disadvantages of a Wealth Tax

A wealth tax could be challenging to administer. A wealth tax is based on calculating a person's net worth each year based on everything they own, which is easier said than done. While some assets, like cash and publicly traded stock have a clear fair market value, others, like privately held businesses or artwork, do not. It would take considerable resources for the IRS and taxpayers to determine these valuations.

The very wealthy may try to avoid wealth taxes. If the government creates a wealth tax, the wealthy may have an incentive to purchase more complicated assets. "My guess is the wealthy would invest much more heavily in harder-to-value assets, and difficulty in valuation would actually become an attractive aspect of the asset (like, to some extent, intangible assets held by multinational corporations are today)," Hoopes said. If this happens, the tax could end up less effective than proponents expect.

They could encourage wealthy taxpayers to leave the country. Because a wealth tax is a considerable expense each year, it could encourage the very wealthy to move themselves and their assets to other countries, leaving less of a tax base for the United States.

The Bottom Line on Wealth Taxes

Whether the Warren wealth tax or another like it becomes a reality in the United States depends on action by Congress. Representatives are currently debating wealth tax proposals, and whether any will pass is hard to say.

In theory, however, a wealth tax seems like a good idea for progressives like Warren and Sanders who want more tax revenue to support government programs, but in practice, it may be harder than it seems. Any law would also have to be upheld by the Supreme Court, which may find this tax unconstitutional.

For the average American, however, this tax is more of a hypothetical. Unless you are worth tens of millions of dollars, you most likely do not need to worry about paying a wealth tax, regardless of whether such a measure passes in the U.S.

Republicans focus tax hike opposition on capital gains change

Republicans waging war against President Biden's proposed tax increases are increasingly focusing their opposition on one floated change to capital gains.

Biden has called for taxing capital gains at death as a way to raise taxes on the wealthy and help pay for his social spending proposals. GOP lawmakers, along with business groups and conservative organizations, argue such a move would hurt family-owned businesses and farms.

It's unclear how effective the GOP attacks will be, given that Democrats plan to include protections for family farms and small businesses in legislation based on Biden's plans. But Republicans think their messaging could be effective, given that some Democrats representing rural areas have also raised concerns about the proposal.

"I think rural and even suburban Democrats are understanding just how dangerous that proposal is," Rep. Kevin Brady (Texas), the top Republican on the House Ways and Means Committee, told The Hill on Thursday.

He added that Republicans have launched an "all-out effort" to prevent Biden's proposal from becoming law.

Currently, capital gains are not taxed at death. Additionally, when heirs sell an asset, they have to pay capital gains taxes on the difference between the value of the asset when it was sold and the value of the asset when they received it, not on the difference between the value of the asset when it was sold and the value of the asset when it was initially purchased. This concept is known as "stepped-up basis."

Biden is proposing to end stepped-up basis for capital gains in excess of $1 million per person and tax those gains at death.

The administration is seeking to prevent owners of family businesses and farms from being hurt by the proposal by providing that taxes on the appreciation of these businesses would not have to be paid until they are sold or stop being family owned and operated.

Congressional Democrats plan later this year to pursue a social spending package based on Biden's plan, and they have said they won't increase taxes on small businesses and family farms as part of the measure.

"Our reforms are about raising taxes on the very richest Americans who are able to entirely eliminate taxes on their fortunes, but these reforms are designed with protections so that family-owned businesses and farms will not have to pay income taxes when given to heirs who continue to run the business," a White House official said.

The Agriculture Department says that estimates have found that 98 percent of farms wouldn't owe taxes when they are transferred, as long as they stay in the family.

But Republicans argue that family farms and small businesses would be burdened by the proposal and that the administration's proposed protections wouldn't be sufficient.

The entire Senate Republican caucus sent a letter to Biden on Wednesday urging him to reconsider his proposal.

"Preserving step-up in basis would save American jobs and ensure that small businesses, farms, and ranches across the country can stay in their families for generations to come," the GOP senators wrote.

They argued that Biden's proposed protections for family farms would merely amount to a delay in tax liability instead of providing "any real tax relief."

They also highlighted opposition to the repeal of stepped-up basis from groups such as the American Farm Bureau Federation and the National Federation of Independent Business (NFIB).

"The current proposal to eliminate stepped-up basis would cause significant job losses and would leave heavy tax burdens on future generations," Courtney Titus Brooks, senior manager of federal government relations at NFIB, said in a statement that Senate Republicans promoted along with their letter.

They also highlighted their opposition to Biden's proposal during a press conference Wednesday on Democrats' spending and tax proposals.

"We call this the farm-to-table tax," said Sen. Joni Ernst (R-Iowa), who argued that the proposal could lead to higher food prices.

While Republicans oppose all of Biden's proposals to raise taxes, they have zeroed in on this one in recent days.

Ryan Ellis, president of the conservative Center for a Free Economy, said that Republicans' focus on this issue dovetails with their long-standing opposition to the federal estate tax.

"Republicans are never so comfortable talking about tax policy then when we're talking about the death tax," Ellis said.

The GOP's growing focus on Biden's stepped-up basis proposal comes after several Democrats involved in agriculture issues have also raised concerns about the impact of the proposal on family farms.

A group of 13 House Democrats from rural districts, including Rep. Cindy Axne (Iowa), wrote a letter in May to the party's leaders in the chamber urging them to include exemptions for family farms and small businesses in legislation based on Biden's plans.

Additionally, House Agriculture Committee Chairman David Scott (D-Ga.) wrote a letter to Biden last month expressing concerns that the president's proposed protections for family farms "could still result in significant tax burdens on many family farming operations."

Republicans see the letters as a sign that their arguments against Biden's proposal could resonate with Democrats.

Rep. Adrian Smith (R-Neb.), a senior Ways and Means Committee member, said that he hopes the Democrats who have expressed concerns "stand firm."

"This would be such an assault on agriculture and small businesses, family businesses," Smith said.

Still, Republicans could find it challenging to convince Democrats to fully abandon Biden's proposal. Democrats across the ideological spectrum are interested in raising taxes on the wealthy.

Axne said in a statement to The Hill that she thinks that lawmakers may be able to design a policy that both protects family farmers and small businesses and "ensures the wealthiest in this country pay their fair share in funding the investments in infrastructure that Iowa desperately needs."

Supporters of Biden's proposal argue that ProPublica's recent reporting detailing how prominent U.S. billionaires pay little in taxes compared with their wealth gains demonstrates the need for reform.

"Any opponent of taxing capital gains at death should have to explain not only why the richest people should not pay income taxes while they're alive but be allowed to have their tax bill erased when they die," said Chuck Marr, senior director of federal tax policy at the left-leaning Center for Budget and Policy Priorities.

Senate Finance Committee Chairman Ron Wyden (D-Ore.) said that Democrats are not going to accept Republicans' arguments that tax increases on the wealthy are synonymous with increases on small businesses.

"We're not going to buy this idea that megamillionaires or billionaires can somehow run out and call themselves small businesses," he told reporters.

Cities With the Most Expensive Real Estate

New data from the Case-Shiller Index reveals that the housing market is rising at a rate that hasn't been seen in decades. While the year-over-year change in home prices hit a historic high in 2005, that housing boom was tame compared to 2021 when considering the speed at which prices have risen in the past year.

Home prices have been rising for over a decade; however, prices have been skyrocketing at near-record rates—13.2% in March 2021. Fueling the blazing housing market has been five main factors, according to a January 2021 analysis from Harvard University's Joint Center for Housing Studies. These include a prolonged housing production shortfall since 2008; record-low mortgage rates; fewer homes for sale due to stay-at-home orders and pandemic concerns; a shift in family spending away from travel and entertainment toward housing; and an acceleration of second home purchase. These factors combined to spur housing price increases felt on national, state, and local levels.

As homebuyers face the prospect of increasing prices, they also have to deal with another sobering reality: new homes priced under $300,000—approximately what the median American household would be able to afford—are increasingly rare. New residential sales data from the U.S. Census Bureau indicates that the percentage of homes under $300,000 dipped to 35.4% in Q1 2021, a decrease of more than 46 percentage points from Q3 2002 when 82% of new homes on the market cost less than $300,000.

At the state level, homes are most expensive in Hawaii, where the median price is nearly $710,000, or about 150% higher than the national median price of $281,370. California is second at $654,629, which is also more than double the national median. Massachusetts and Washington are the third and fourth most expensive states, respectively, with home prices just under half a million dollars, according to data from Zillow.

At the opposite end of the spectrum, West Virginia's median home price of $116,723 is the lowest in the nation and 58% lower than the national median. Other states in the South and Midwest, such as Mississippi, Arkansas, and Oklahoma, report similarly low prices alongside below-average year-over-year growth.

To determine the locations with the most expensive real estate, researchers at Inspection Support Network analyzed data from Zillow and the U.S. Census Bureau. The researchers calculated median home value using the most recent Zillow Home Value Index (ZHVI), and included the previous one-year change in home value, the forecasted future one-year change in home value, and median household income. To improve relevance, only metropolitan areas with at least 100,000 residents were included.

Additionally, metros were grouped into cohorts based on population size:

Small: 100,000–349,999
Midsize: 350,000–999,999
Large: 1 million or more

Cities With the Most Expensive Real Estate

Rank	Metro	Median home value	Difference from national median	Previous one-year change in home value	Projected one-year change in home value
1	San Jose, CA	$1,364,273	+384.9%	+5.9%	+11.2%
2	San Francisco, CA	$1,235,705	+339.2%	+7.4%	+14.1%
3	Los Angeles-Long Beach-Anaheim, CA	$783,610	+178.5%	+10.4%	+12.4%
4	San Diego, CA	$729,318	+159.2%	+16.5%	+15.4%

Rank	Metro	Median home value	Difference from national median	Previous one-year change in home value	Projected one-year change in home value
5	Seattle, WA	$627,290	+122.9%	+14.6%	+14.8%
6	Boston, MA	$563,149	+100.1%	+11.6%	+10.5%
7	New York, NY	$530,082	+88.4%	+9.5%	+8.5%
8	Denver, CO	$517,395	+83.9%	+12.9%	+13.6%
9	Sacramento, CA	$507,735	+80.5%	+14.3%	+14.3%
10	Washington, DC	$498,649	+77.2%	+11.5%	+11.8%
11	Portland, OR	$482,708	+71.6%	+13.3%	+13.7%
12	Salt Lake City, UT	$466,768	+65.9%	+18.3%	+16.9%
13	Riverside, CA	$460,833	+63.8%	+16.2%	+15.4%
14	Austin, TX	$441,931	+57.1%	+25.5%	+26.8%
15	Providence, RI	$375,407	+33.4%	+15.0%	+11.4%
16	Phoenix, AZ	$355,822	+26.5%	+20.4%	+14.3%
17	Miami-Fort Lauderdale, FL	$336,714	+19.7%	+9.1%	+9.8%
18	Baltimore, MD	$332,992	+18.3%	+11.2%	+10.1%
19	Minneapolis-St Paul, MN	$331,152	+17.7%	+9.9%	+8.0%
20	Las Vegas, NV	$330,880	+17.6%	+9.4%	+12.0%
21	Raleigh, NC	$327,048	+16.2%	+12.3%	+12.8%
22	Nashville, TN	$320,818	+14.0%	+11.0%	+11.9%
23	Dallas-Fort Worth, TX	$289,582	+2.9%	+11.9%	+15.1%
24	Philadelphia, PA	$288,947	+2.7%	+13.3%	+10.7%
25	Orlando, FL	$285,049	+1.3%	+8.3%	+10.0%
26	Charlotte, NC	$281,335	-0.0%	+14.4%	+14.2%
27	Atlanta, GA	$280,038	-0.5%	+13.0%	+13.6%
28	Richmond, VA	$279,336	-0.7%	+10.5%	+10.1%
29	Virginia Beach, VA	$275,562	-2.1%	+10.3%	+10.5%
30	Hartford, CT	$274,468	-2.5%	+13.6%	+12.3%

Rank	Metro	Median home value	Difference from national median	Previous one-year change in home value	Projected one-year change in home value
31	Tampa, FL	$271,353	-3.6%	+15.8%	+13.5%
32	Chicago, IL	$270,352	-3.9%	+9.5%	+10.2%
33	Tucson, AZ	$266,756	-5.2%	+16.7%	+11.3%
34	Jacksonville, FL	$265,105	-5.8%	+11.7%	+12.0%
35	Grand Rapids, MI	$258,129	-8.3%	+11.5%	+11.0%
36	Columbus, OH	$244,220	-13.2%	+12.4%	+10.7%
37	Houston, TX	$241,698	-14.1%	+9.1%	+9.5%
38	Kansas City, MO	$241,203	-14.3%	+14.0%	+15.4%
39	San Antonio, TX	$233,083	-17.2%	+10.4%	+12.3%
40	Milwaukee, WI	$232,744	-17.3%	+13.9%	+12.1%
41	New Orleans, LA	$231,224	-17.8%	+9.1%	+7.4%
42	Cincinnati, OH	$218,672	-22.3%	+14.6%	+11.7%
43	Indianapolis, IN	$212,334	-24.5%	+13.7%	+11.1%
44	Detroit, MI	$209,728	-25.5%	+11.0%	+9.9%
45	St. Louis, MO	$205,604	-26.9%	+11.5%	+11.9%
46	Buffalo, NY	$202,040	-28.2%	+14.1%	+11.6%
47	Birmingham, AL	$195,643	-30.5%	+10.7%	+9.3%
48	Pittsburgh, PA	$185,063	-34.2%	+12.2%	+10.5%
49	Cleveland, OH	$184,224	-34.5%	+13.5%	+12.0%
50	Memphis, TN	$182,194	-35.2%	+13.2%	+12.1%
51	Rochester, NY	$180,928	-35.7%	+12.6%	+11.3%
52	Oklahoma City, OK	$175,922	-37.5%	+8.9%	+10.4%

CALIFORNIA

L.A. County 2021 property valued at $1.76 trillion by assessor

Los Angeles County Councilor Jeff Plan has certified the 2021 valuation role as the county-wide valuation of taxable assets has increased, reflecting economic growth for the 11th consecutive year.

The 2021 roll increased by $ 62.9 billion, or 3.7%, from the previous year to total net worth of $ 1.76 trillion.

This overall value shows growth, but also reflects the $ 5.5 billion decline in personal assets such as machinery, equipment, boats and aircraft, reflecting the impact of the COVID-19 pandemic on the local economy.

Approximately 73,000 movable property assessments were aggressively reduced in the areas most affected, especially to recognize the impact on SMEs.

In addition, the stay-at-home order reduced commuting and other travel, reduced fuel demand, and lowered fuel prices. As a result, some major refineries have reduced their net cash flow and correspondingly reduced the value of their equipment.

A total net value of $ 1.76 trillion is equivalent to approximately $ 17 billion in property tax, allocated to public services such as public education, first responders, and public health, as well as other counties, municipalities, and public education services. Will be done.
“We are pleased to report that a 3.7% increase in the value of assets assessed in Los Angeles County represents 11 consecutive years of growth,” Prang said in a prepared statement. “We are continually improving our ability to create fair, accurate and timely assessment roles, largely backed by new and enhanced technology.”

The role is an inventory of all taxable assets in the county and therefore provides insight into the health of the real estate market. The valuation is based on the value of the asset as of January 1, 2021 Lien.

The roll is also largely driven by real estate sales that add $ 44.9 billion to the roll. The consumer price index adjustment required by Proposal 13 added $ 16.4 billion. And a new construction with an additional $ 8.8 billion.

“The 2021 rating roll reflects growth, which is good news, but other factors show the exact nature of the economic slowdown caused by the COVID-19 pandemic,” Prang added. It was. “The impact of the past year will be felt for some time to come. For example, the housing market has grown strongly during a pandemic, but SMEs have hit hard with hotels, refineries and airlines.”

The plan also reminded residents that this growth does not mean that real estate owners will be subject to a corresponding increase in their annual property tax claims. Nearly nine out of ten real estate owners expect the 1.036% adjustment specified in Proposal 13.

The 2021 valuation roll consists of 2.58 million real estate parcels and business valuations, including 1,885,579 detached homes, 250,190 apartments, 248,293 commercial and industrial real estate, and more than 161,488 commercial real estate valuations.

L.A. County Property Assessments Rises to $1.76 Trillion

Continuing an 11-year upward trend, the Los Angeles County Assessor's Office today reported that Los Angeles County's property is valued at $1.76 trillion, a 3.7% increase from last year.

The $1.76 trillion Assessment Roll is $62.9 billion more than last year's valuation of $1.7 trillion, the Los Angeles County Assessor Jeff Prang said.

“I am pleased to report that the 3.7% increase in assessed property values in Los Angeles County represents the 11th year of consecutive growth,” Prang said. “We continue to improve our ability to produce a fair, accurate and timely Assessment Roll, which is aided in large measure by new, enhanced technology.”

The county's property valuation translates to about $17 billion in property tax dollars to fund public education, first responders, public health and other county, municipal and public education services. Property sales contributed $44.9 billion to the Assessment Roll, new construction added $8.8 billion and the Consumer Price

Index adjustment mandated by Proposition 13 added $16.4 billion. About 90% of property owners saw about a 1.036% adjustment from Proposition 9.

The assessment includes 2.58 million real estate parcels and business assessments, including 1.885 million single-family homes, 250,190 apartment complexes, 248,293 business property assessments and 161,488 business property assessments.

While overall property value grew, business personal property -- including machinery, equipment, boats and aircraft -- decreased by $5.5 billion, reflecting the impact that COVID-19 had on small businesses. Reduced air travel resulted in reduced aircraft assessments, and stay-at-home orders created reduced fuel demand that lowered the price of fuel, causing major refineries to experience a decrease in net cash flow and a reduction in fixture value, according to Prange.

“Although the 2021 Assessment Roll reflects growth, which is good news, other factors are now indicating the exact nature of the economic slow-down caused by the COVID-19 pandemic,” Prange said. “The mixed implications of this past year will be felt for some time to come. Just as an example, the housing market experienced robust growth during the pandemic while small businesses were hit hard along with hotels, refineries and airlines.”

According to Prange, the Los Angeles County Assessor's Office faced difficulty producing the Assessment Roll amid the COVID-19 pandemic, as county facilities were closed to the public and staff worked remotely.

“Most of my 1,300 employees were teleworking while county facilities were closed to the public,” he said.

“This past year has been beyond a challenge but we pulled together and have produced a thorough, accurate and fair Roll in a timely manner."

COLORADO

New report links marijuana legalization to Colorado's high home prices

A new study by Clever Real Estate found a link between marijuana legalization and the housing market.

As home prices continue to increase throughout Colorado, a new study by Clever Real Estate found a link between marijuana legalization and the housing market.

The report looked at home values across the United States and found home values increased by $17,000 in states where recreational marijuana is legal compared to states where it is illegal or only allowed for medicinal purposes.

“We were very interested in understanding more about why recreational marijuana has such an impact on home values. It seems to us there are quite a few factors that are intertangled here,” Clever Real Estate Researcher and Writer Michelle Delgado said.

Delgado said there are a few contributing factors that impact these numbers.

First, new industries attract more jobs and employees looking for homes.

“Then, of course, tax revenue. These laws that are legalizing the marijuana industry bring in billions of dollars across the country in tax revenue. In Colorado, that goes entirely into education, and so people want to live where there are great schools,” Delgado said. “Other states use the revenue for things like public health, transportation — just things that can really improve quality of life in a state and all these contribute collectively to higher home values.”

Delgado said Clever also studied the direct impact of each new dispensary that opens.

“Places that allow recreational dispensaries saw home values increase by about $22,000 more than cities that don’t allow those dispensaries. And each new dispensary adds another $500 to home values according to our model,” Delgado said.

Delgado said Colorado has 742 dispensaries and 574 of those are recreational.

CONNECTICUT

Soaring Home Sales Leave Revaluation Questions

With urbanites relocating in Connecticut due to COVID-19, home sales have soared, leaving residents in the 34 towns and cities going through revaluation wondering how property values will impact their taxes.

Meanwhile, the state’s largest nonpartisan group of municipal leaders is also focusing on revaluation, specifically whether conducting these assessments on a regional basis, as opposed to town by town, would be more equitable and cost-effective.

According to data from William Pitt Sotheby’s International Realty, Connecticut home sales ballooned 18% in 2020 compared with 2019, with a 58% increase in sales of homes in the $400,000 range. The company’s 2021 second-quarter report showed that this trend isn’t yet slowing.

“For the month of June both the number of unit closings and the number of properties under contract started to drift behind last June’s enormous numbers, which may signal the trend we’ll see moving forward,” according to the report’s intro written by Paul E. Breunich, the company’s president and CEO. “Yet if we are consistent with or a little behind last year’s third quarter, while remaining substantially above that time in 2019, we will remain on exceptionally strong footing. For now, the market is far ahead of last year—both year to date and quarter over quarter.”

Revaluations, conducted in each municipality every 5 years, are meant to eliminate any inequities created since the previous revaluation, officials say. If a property changes in assessed value, the property taxes levied on it often change. Revaluation is intended to allocate the community’s tax burden based on the value of the property.

In addition to the 34 municipalities that will be undergoing scheduled revaluation this year, Greenwich and Trumbull will be conducting theirs, which were delayed from 2020 due to COVID-19.

Assessments in Connecticut reflect 70% of market value, and for those undergoing a 2021 revaluation, the first tax bills will be due in July 2022. Residents will have the opportunity to appeal their assessments after the notices are sent out in November.

In Meriden, the volume of sales and many home values have increased, according to Assessor Melinda Fonda.

Houses are in the range of $160,000 – $350,000 are tending to sell within 30 days, according to her office. For example, a 1,950 square-foot home with three bedrooms and 1.5 baths, built in 1925, sold for $217,000 in 2019, and again this year for $239,000, an 11% percent increase. Meriden valued the property at $189,700 in its 2015 valuation.

While higher assessments don't necessarily mean higher taxes, residents might see tax increases as the value of retail properties has declined due to the pandemic. The office market has also taken a hit with more employees working from home.

"This just means that relatively speaking homeowners will end up paying more and businesses less, at least those businesses that got hurt in the pandemic," says Dr. Steven P. Lanza, associate professor of Economics at UConn's Waterbury campus.

Thomas DeNoto, president of the Connecticut Association of Assessing Officers, said the booming housing market does not necessarily mean that residents' taxes will go up.

What it comes down to, he said, is each municipality needs revenue to run its schools, public safety and other departments.

In June, New Britain's Common Council adopted a city budget for 2021-2022 that brings the tax rate down by 2% on personal property, real estate and motor vehicles. Media reports say the decrease was made possible by funding from the state as well as flat funding for the school budget.

The Connecticut Conference of Municipalities, whose membership includes 168 out of the state's 169 towns and cities, is putting the finishing touches on a report from a cost containment/shared services study prepared by the Collins Center for Public Management at the University of Massachusetts.

CCM often has argued that Connecticut relies too heavily on property taxes: property tax revenue as a percentage of total local tax revenue is 98.5% compared to the national average of 72%.

CCM Executive Director Joe DeLong said the final report will recommend conducting revaluations by councils of governments instead of individual communities, the results of which would be a more equitable process.

"At the end of the day, nobody likes to have to pay exorbitant property taxes that hold back growth," DeLong said, adding that the report will also explore ways to replace the motor vehicle tax with alternate sources of revenue.

While there could be a cost benefit to the regional approach, DeNoto, who is also Bristol's assessor, said each assessor has specific needs for consultants to analyze certain areas in the revaluation depending on the residential or commercial activity going on there.

Bristol is a member of the Naugatuck Valley Council of Governments, which includes 19 towns and cities, including Waterbury, Seymour, Derby, Southbury and Cheshire. "There are a lot of structural differences within the neighborhood and commercial corridors," DeNoto said.

With the current system, DeNoto said residents should be assured that a great deal of research is done to make sure assessments are accurate. "We don't take it lightly," he said. "We are not just pinning a tail on the proverbial donkey."

Meriden Assessor Fonda said residents can be actively involved in the process.

"It is important for property owners to review their property record card and I encourage them to participate in the informal hearings in the fall of 2021," Fonda said. "The informal hearing is a great way for the property owner to become more knowledgeable about their assessment and the process."

In the meantime, Lanza said effects of the pandemic on business remain to be seen. While businesses like restaurants will have the opportunity to rebound as things move toward business as usual, businesses' use of office space may be changed going forward.

"The pandemic can have lasting effects on the way we do business to the extent that employers find that they don't need to have the same kind of office staff on the premises that they did before," Lanza said.

And that is something that may continue to fuel home sales.

"I think the surge of renewed interest in Connecticut as a place to live may be more sustained and if that is the case, the property values that have gone up might stay up," Lanza said.

FLORIDA

Disney property-tax refunds total nearly $8 million, but the company may get a million more

The Walt Disney Co. will receive a tax refund of nearly $8 million from the settlement of its drawn-out legal battle over appraisals of its theme parks by former Orange County Property Appraiser Rick Singh, according to Tax Collector Scott Randolph's calculations for tax years 2015 through 2019.

Randolph said his office has not yet calculated the refund Disney will be due for tax year 2020 but it will likely be more than $1 million, too.

The company sued in June 2016, alleging Singh's staff had exaggerated the fair market value of 14 Disney theme park properties, which include the Magic Kingdom, EPCOT, Hollywood Studios and Animal Kingdom and smaller venues such as Blizzard Beach, Typhoon Lagoon and Fantasia Golf.

The settlement, negotiated in the spring by Singh's successor, Amy Mercado, was approved this month by Circuit Judge Kevin Weiss.

Property taxes, a major source of revenue for governments and school districts, are based on assessed values set by the appraiser's office.

Disney was levied $296.2 million in property taxes for its theme parks in tax years 2015 through 2020, all of which the company disputed.

It will get a refund of $7.8 million for tax years 2015 through 2019, an average of about $1.56 million a year.

Randolph said taxing authorities who levied taxes on the theme parks won't have to cut a check out of their budgets to repay Disney. These include Orange County Public Schools, Orange County government and the Orange County library system.

Because of growing liability in dozens of pending property-tax lawsuits filed against Singh while he was the property appraiser, Randolph withheld some property-tax revenues from bigger taxing authorities and put the money in reserve — in case Singh lost or settled on lower values.

"We have determined that we held enough back from prior years' property taxes that we will be able to cover these refunds without having to actually ask the taxing authorities for additional funds," Randolph said in an email to the Orlando Sentinel and a Florida Politics reporter.

Refunds are owed because state law requires a taxpayer challenging an assessment to pay the tax bill in dispute.

Randolph's office determined Disney had overpaid the state of Florida for education property taxes a total of $2.8 million from 2015 through 2019. The company also overpaid assessments by Orange County schools by $2.1 million and Orange County government by $1.8 million over the same period.

Disney will get smaller refunds for property taxes it paid to Bay Lake and Lake Buena Vista, the county library system and the South Florida Water Management District.

Singh, who sparred with Disney during his two terms as the elected appraiser, often defended his office's work and accused Disney officials of working secretly with a South Florida-based political action committee to send attack-ad mailers last year to Democratic voters to oust him from office.

The first Puerto Rican and first woman to hold the office, Mercado won the job by easily defeating Singh in the August primary.

COMMERCIAL REAL ESTATE OWNERS HAVE A LIMITED TIME TO APPEAL THEIR 2021 PROPERTY TAX ASSESSMENTS

Commercial property owners in Florida will soon receive Truth in Millage (TRIM) notices indicating the county's appraised market value of their real estate and the estimated property taxes they can expect to pay for the year. Although it is not uncommon for landlords and developers to ignore these estimates in anticipation of receiving a final tax bill in the Fall, doing so can be extremely costly, especially in light of 2020's unprecedented economic environment. Instead, property owners should take the time to review their tax assessments and understand their rights with regard to filing appeals.

THE CHALLENGES WITH COMMERCIAL PROPERTY APPRAISALS

Property taxes are typically one of the largest line-item expenses for commercial real estate owners, and a surprisingly high tax bill can severely restrict cash flow, increase occupancy costs and diminish profits. The actual tax liabilities presented in a TRIM notice is dependent on the county property appraiser's assessment of the real estate's approximate fair market value on January 1. These valuations are based on such factors as the property size, location and physical characteristics as well as comparable property sales. However, because much of this information is culled from public records rather than individual site visits, it is possible that the data appraisers use to determine taxable value is incomplete or incorrect. Errors can and do occur. Moreover, this method of appraisal may not reflect the actual utilization of a property or its ability to generate profits, which, most would argue, is critical for determining fair market value, or the price a potential buyer is willing to pay.

With 2020's government-mandated business closures, occupancy restrictions and shelter-at-home directives in the wake of the COVID-19 pandemic, there were significant interruptions to normal business operations and utilization of commercial real estate. The weight of these government orders and prolonged decline in economic activity made it difficult for retailers, restauranteurs, and other tenants to remain open and pay rent. In fact, it is safe to say that no business owner had complete control over the use of their commercial property during all the days of the past year. Additional restrictions on property owners prevented them from processing evictions and generating profits, which, under Florida statutes, may be considered a breach of property owner's rights.

THE SOLUTIONS

Florida law does allow property owners to appeal the assessed value of their real estate and the related tax liabilities they owe. However, the window of opportunity to file a petition with the clerk of county courts or value adjustment board is time sensitive and predicated on the date the property appraiser mails TRIM notices, which typically begins in August. More specifically, taxpayers have 25 days from the date of a TRIM notice mailing to file a petition challenging the county's valuation of their property.

Failure to meet this deadline will automatically revoke taxpayers' rights to file an appeal. Consequently, property owners must carefully review TRIM notices as soon as possible to ensure they are not over-assessed and, more specially for this year, that the assessments they receive reflect the impact the pandemic and government restrictions may have had on their property value.

Palm Beach is running out of mansions for sale

The average price for a single-family home in Palm Beach hit $11.7 million in the second quarter, up 38% from a year earlier and marking a new high, according to Douglas Elliman and Miller Samuel.

Prices in Palm Beach are now almost on-par with Manhattan, with the price-per-square-foot in Palm Beach topping $1,500 in the second quarter, close to Manhattan's $1,545, according to Jonathan Miller, CEO of Miller Samuel.

As of the end of the second quarter, only 25 homes were for sale in Palm Beach.

Prices in Florida's ultra-rich Palm Beach community hit an all-time high in the second quarter, as brokers grappled with a record-low number of mansions to sell.

The average price for a single-family home in Palm Beach hit $11.7 million in the quarter, up 38% from a year earlier and marking a new high, according to Douglas Elliman and Miller Samuel. Brokers say the flow of wealthy hedge funders, private equity chiefs and other executives in finance moving from New York and other finance capitals has created a sharp rise in demand and prices for a market already known for its outsized wealth.

"This is a whole reset of the market," said Jonathan Miller, CEO of Miller Samuel, the appraisal firm. "We're now seeing $50 million transactions on almost a weekly basis. That's a big change. And it appears to be sustainable."

Prices in Palm Beach are now almost on par with Manhattan, with the price-per-square-foot in Palm Beach topping $1,500 in the quarter, close to Manhattan's $1,545, according to Miller.

Even with record-high prices, buyers are paying up. The number of sales of single-family homes in the second quarter jumped 90% over last year — when buying in Palm Beach and Florida was already picking up due to Covid migration.

The result is what brokers are calling a mansion shortage, as demand outstrips supply. There's now about a one-month supply of homes for sale in Palm Beach, a record low, according the Miller Samuel. As of the end of the second quarter, only 25 homes were for sale — and the real number may be smaller due to homes already in contract or heading to contract.

Brokers say they now go door to door, hoping to find buyers willing to sell.

Christopher Leavitt, a top broker in Palm Beach with Douglas Elliman, said he has had to get creative by persuading estate owners to sell, helping those owners find a smaller house for them to buy and then moving the smaller-home owner to another house.

"It's about repositioning people," he said. "It's no longer about just MLS listings and selling a house."

The finance business — and its shift from New York — is the main driver of the Palm Beach boom, Leavitt said. While many hedge fund billionaires and private equity chiefs moved to Palm Beach during the pandemic, the development of large-scale office towers and amenities in nearby West Palm Beach means that many are staying and moving more of operations nearby.

"This is the tip of the iceberg," he said.

Scott Shleifer, a partner at Tiger Global Management, bought a $122.7 million mansion in Palm Beach in February, marking the highest price ever paid for a property in there. Hedge fund billionaire David Tepper bought a Palm Beach spec mansion the same month for $68 million. Hedge funder Igor Tulchinsky bought a $39.5 million property in North Palm Beach.

A private island on Palm Beach just sold to a spec developer for $85 million. The developer, Todd Michael Glaser, said he and his development partners plan to renovate the property and quickly relist it for a higher price, calling it a "once-in-a-lifetime opportunity."

Disney to get $1.3M refund after settling extended tax dispute

The Mouse is poised to get several million dollars in tax refunds now that a years' long dispute between Disney World and the property appraiser's office is over, officials said.

Disney will receive a $1.3 million tax refund after the company paid about $23 million in property taxes in 2015 for the four theme parks and 10 other parcels involved in a lawsuit, according to the Orange County tax collector's office.

Orange County Property Appraiser Amy Mercado said she expects Disney to get additional tax refunds for 2016 to 2020, as well. County Tax Collector Scott Randolph said Monday he hasn't received the certificate of corrections to determine the amount of the refunds.

Disney could not be reached for comment late Monday.

Mercado said the settlement with Disney shows her office is "willing to negotiate and have the hard conversations and not run away from it."

When asked if Disney World, which is part of a billion-dollar company, is paying its fair share in taxes, Mercado said, "The value is the value … The whole purpose of our office, regardless of who is in it, is fair, equitable, and just values. It doesn't matter who the owners are. And what I believe we need to do is remove all the political noise that has occurred throughout the years and give everyone, every property owner, their fair shake."

Disney has fought over the value of its properties for years, suing the property appraiser's office annually over its 2015 tax bill and the subsequent years. The latest round of Disney lawsuits for the 2020 tax year were filed about a month ago in Orange Circuit Court.

Former Property Appraiser Rick Singh, who was elected in 2012, had vowed to fight Disney in court and wanted to hold the company accountable for what he called years of being undervalued. But Singh faced controversies in office over allegations of misconduct and eventually lost his bid for re-election in 2020, with Mercado beating him and taking over the office in January.

Between Singh and Disney, Mercado said, "There was a breakdown in communication; one side and the other did not want to communicate anymore with each other. And that was that. So it just stood; nothing else happened. And then every year, (Disney) just kept suing, and it kept going."

Mercado said her office didn't perform any new assessments on the Disney properties and reached the settlement based on a range for each assessment.

Fighting the Disney lawsuits cost an estimated $25,000 in legal bills from 2015 to 2020, according to Mercado's office.

Disney and Mercado's office is each responsible for its own legal fees, court documents said.

"Our budget in the office for legal fees for this current year that I inherited was $1.6 million," Mercado said. "That's how much litigation we have in the office. We inherited hundreds and hundreds of cases that we're trying to work through."

Disney is Once Again Fighting The Tax Assessments On Walt Disney World Property

Disney is once again suing over tax assessments of their property. This time it's over the evaluation of their theme parks in Orlando. Previously they sued over the tax values assessed on their deluxe resorts. Frankly, it's just starting to feel a bit off.

According to an article in Florida Politics, Disney is once again suing over tax assessments on areas of Walt Disney World including the Magic Kingdom, EPCOT, Disney's Hollywood Studios and Disney's Animal Kingdom.

Before this round of lawsuits filed last month, they has sued Orange County Property Appraiser Rick Singh over improperly inflating the value of Disney's Yacht & Beach Club Resort. One of the points they argued then was that they were using the "Rushmore Method" of appraising that is widely used around the country.

Another point that Disney had tried to make was that they had used "intangibles" like the Disney Brand for their assessment. Because Disney doesn't want to be taxed on "their brand" but they want to use it to argue why they charge more for their resorts and hotels.

Now once again Disney is trying to fight the estimated property values arguing that they're inflated. This time it's another person's estimates they don't like. It is starting to feel like a pattern.

This time they are suing the new Orange County Property Appraiser Amy Mercado over the evaluations they performed on Walt Disney World's Four Theme Parks. The valuations for them were as follows: Magic Kingdom $507 million ($6.6 million tax bill,) EPCOT $553 million ($7.2 million tax bill), Disney's Hollywood Studios $540 million ($7 million tax bill) and Disney's Animal Kingdom $437 million ($5.7 million tax bill.)

Disney apparently doesn't feel they should have to pay that much in taxes. Instead they will shell out millions in lawyer's fees to fight for lower numbers. They also had no problem agreeing to pay up to $11 million in annual performance bonuses for just one executive. Seems they have no problem paying when they want to.

To be fair Disney isn't the only one suing over the assessments, Sea World and UCF Hotel Venture (Partnership of Universal and Loews Hotels) are also suing over the assessments.

According to the Florida Politics article:

"Disney, SeaWorld and Universal argued the assessments were excessive and the appraiser did not follow professionally accepted appraisal practices, although none of the lawsuits provided further details on the allegations. All three companies declined to comment Monday when reached by Florida Politics."

So they are accusing them of not following "professionally accepted appraisal practices" but there doesn't seem to be specifics given. And it comes after fighting for appraisal methods like the "Rushmore Method" changed previously.

From an outsider it does kind of feel like they are going to challenge any process that doesn't give them a lower bill.

The author of the Florida Politics article is also the same author that had been on one written for the Orlando Sentinel about the Singh situation when we covered that. Once again they mentioned that

Singh has indicated that prior to him Walt Disney World was undervalued by appraisers (they were okay with those assessments) and he wanted to make sure that Disney pays the proper amount.

“Singh’s spokesperson had previously told the media Disney World was regularly undervalued by previous appraisers and Singh vowed to fight The Mouse in court. “We hold their feet to the fire,” Singh told the Orlando Sentinel in 2016. Meanwhile, a Disney spokeswoman argued the resort believed its property assessments were unreasonable and the company was doing what any Orange County property owner would do — which is to contest them in order to fix the errors.”

Of course the resort believes that, they don’t want to pay any more than they have to but have no issues raising prices across the board and upcharging guests to make more money.

Maybe they are being over charged, I’m not a tax assessment expert, nor do I claim to be, but we have two different appraisers and both are being told there are not doing their jobs right and are over assessing by Disney and other big theme park companies. Seems there is a common denominator here.

IDAHO

Property tax burden shifting from business to residential

First of a two-part series.

Data shows residential property owners are paying disproportionally more taxes than their commercial counterparts, and Post Falls officials are among those saying recent legislation isn't helping.

Several bills have attempted to ease the rapid rise of property taxes in Idaho over the years. In the 2021 session, House Bill 389 aimed to change the formula and slow growth by setting a cap on how much cities and counties can collect from taxpayers.

However, it's not just cities and counties that impact property taxes. Other taxing entities like school, highway, water and library districts rely on property taxes to fuel budgets and keep up with rising service demands in the fast-growing North Idaho community.

Further, property taxes are influenced by property value — another number many in Kootenai County have seen skyrocket since the Great Recession. Market value, and the impact on property taxes, are also not proportional.

Through Kootenai County Assessor's Office 2019 and 2020 data, Post Falls saw that the tipping point in net taxable market value — the difference between property tax reductions and upticks — was 9.71%.

"If you saw a market valuation of less than that increase, you saw a tax decrease," city administrator Shelly Enderud told The Press. "If you saw a market valuation of 9.71% or more, you saw a tax increase."

Data shows that 8,331 residential properties (66%) in Post Falls saw a property tax climb between 2019 and 2020. Yet only 71 commercial properties (6%) experienced an increase in the same time frame.

The majority of Post Falls commercial properties, 94%, actually saw a tax decrease, the data shows. For example, in the 2019-2020 tax year, the tax variance for Walmart on Mullan Avenue declined by $12,641 despite a $279,596 increase in market valuation.

Reducing the taxable value of one property only means the burden is redistributed onto others, Enderud said.

"Those taxes then shift over to the other folks that were above this 9.71%. These (commercial properties) haven't done anything wrong or done anything at all in most cases. It's just a formula," Enderud said. "As long as the valuation increase continues with this tax structure, it's going to keep moving away from commercial to residential properties."

Coeur d'Alene Rep. Jim Addis, co-chairman of the Idaho interim property tax committee, said it's a "natural phenomenon" that as more homes are constructed, the sum of residential property taxes will increase. He noted that in conversations with some cities, officials fear that shifting the burden back to commercial could have worse consequences than the impact on residential.

"Some cities are concerned that if we shift so much taxation to commercial to make it have any effect on residential, it will shut down businesses in a community," Addis said. "It is a fine line and not a simple answer. We have to be mindful that without local businesses, we don't have much."

The compound effect of certain factors contributed to the shift "in who pays property taxes," a 2020 policy brief from the Idaho Association of Counties explains. Factors include:

*Idaho's title as one of the fastest-growing states in the nation

*A statewide housing shortage

*Rising residential market/assessed home values

*Removal of the index on the homeowner's exemption

*Lower valuation increases in agricultural and commercial properties

"Because of these factors, residential property owners pay two-thirds of all property taxes collected by local governments," the IAC policy brief reads.

Idaho's homeowner exemption was first enacted in 1981, allowing primary dwelling owners to apply for 20% of the market value of their home with a maximum of up to $10,000, according to the Idaho Tax Commission.

Afterward, the provision allowed for an exemption on 50% of a home's value, ranging between $50,000 to over $100,000 based on the Idaho Housing Price Index.

That process continued until July 1, 2016, when House Bill 431 set the cap at $100,000 and repealed the house price index provision.

House Bill 389 took the exemption one step further, increasing the homeowner's exemption to $125,000.

Therefore if a home is valued above $200,000, the owner's property tax burden grows. With the typical home value in Kootenai County measured by Zillow.com in May 2021 at over $470,000 — a 27.2% increase from May 2020 — a $100,000 exemption does not have as profound an impact.

"It's a relatively minor adjustment," Enderud said. "It wasn't indexed for inflation. It was a one-time bomb."

House Bill 389 also raised the property tax reduction for qualifying low-income seniors to $1,500 from $1,320.

However, business owners saw the most significant benefit, more than doubling their potential property tax exemption from $100,000 to $250,000.

Exemptions are just one piece of the puzzle, Coeur d'Alene Sen. Mary Souza explained.

"For every property that gets an exemption, everyone else that pays taxes makes up the difference. That money has to come from somewhere," Souza said. "As prices go up, the homeowner's exemption is a measure to help, but obviously, this is not the end-all-be-all. We are still looking for ways that as a state we can respond to property tax concerns but also be responsible, balanced, and fair."

ILLINOIS

Reform-minded assessor tackles Chicago valuations and clout

Business groups are nervous as Fritz Kaegi, citing evidence of longstanding inequities, reviews assessments citywide.

Cook County Assessor Fritz Kaegi needs to deliver on promises this year. Owners of more expensive properties in the city, whether the business or residential variety, worry they'll foot the bill for those promises.

Business lobbyists have been sounding the alarm about a spike in commercial and industrial assessments. Jack Lavin, the head of the Chicagoland Chamber of Commerce, has said property tax hikes and other factors could shock the region into a recession.

Developers have warned that investors are bypassing Chicago because of property-tax anxiety, although you wouldn't know it from the volume of projects and zoning changes sought for hot districts such as Fulton Market or the Near North Side.

Tensions are ratcheting up because Kaegi, elected in 2018 as a reformer, has his first crack this year at reassessing property values within the city of Chicago. It's his biggest test, and he must face it while fixing errors in the program granting assessment freezes for certain seniors, an issue the Sun-Times has revealed.

Cook County parcels are reassessed on a three-year cycle, and this year is the city's turn, with changes showing up on next year's bills. Kaegi, in an interview, said the labyrinthine system here benefits the big players despite his progress.

"The greatest shortfall, the greatest area we are addressing is this Chicago commercial undervaluation, especially on the bigger properties relative to the smaller ones," Kaegi said.

A study of 2018 assessments by the International Association of Assessing Officers found that under Kaegi's predecessor, Joe Berrios, commercial properties in the city were undervalued by nearly 50%. Across the county, the report found the undervaluation at almost 40%.

Homeowners and landlords would have made up the difference. But the residential side isn't off the hook in Kaegi's world. He said data show owners of higher-priced homes often get an undeserved break.

Also, his office's work this year is picking up the higher housing prices in many neighborhoods stemming from a pandemic buying binge. Property owners in Rogers Park Township were the first in Chicago to get their assessment notices, and some hikes are steep.

Kaegi's staff is working through the city's seven other townships, divisions with no importance other than at tax time. Properties in West Township, which runs from the West Loop to the city limits, will receive notices soon, Kaegi said. It will be an early indicator for other parts of downtown, where notices will hit later this year.

The office, he said, is on schedule with the property reviews but is late sending notices because it is porting data to a new system and wants to get everything right. The changes come in the name of transparency and service. Kaegi said he's aiming for valuations that are fair and, importantly for investors, predictable.

"We have changed a culture that was really sick," Kaegi said, citing prior assessments set with little justification. "It was all a black box," he said.

Since taking office, he has instituted an ethics code for employees, published visitor logs and tried other ways to rein in clout.

"We've anonymized commercial [assessment] appeals, so that our analysts do not see the identity of the lawyer or the building owner. They're just looking at the data when they are considering the appeals," he said.

"We show all the valuation drivers that we use not only because we think transparency is good, but it makes us accountable."

Kaegi said he's making changes people want. "The public does not understand our assessment system. They understand what was wrong with it. The black box is dead."

But it can seem like Kaegi is wrestling a dragon called The System. Beyond his office, there are three other avenues to appeal an assessment. The most common one is the three-member Cook County Board of Review, heavily used by commercial landowners.

Many hire politically connected lawyers, such as Ald. Edward Burke (14th), who saved former President Donald Trump $14 million on taxes for his Chicago tower, the Sun-Times found. Former Illinois House Speaker Michael Madigan also is big in the field.

His firm, Madigan & Getzendanner, had a hand in a property Kaegi cited as an example of what he's up against. A 21-story apartment building in Oak Park, Vantage Oak Park, sold for $102 million to a partnership involving Goldman Sachs in 2018. Kaegi's office valued it at $90 million in 2020. The Board of Review sliced that to $54 million.

Jeffrey Holland, the attorney who represented the property, said the board's valuation accounted for comparable properties nearby and the building's expected income. The case sticks out in his mind, Holland said, because "the assessor's valuation was way off base."

Kaegi said he plans to run for re-election next year to continue attacking a system tilted toward special interests.

"Some of them were doing pretty well by hiring an insider, getting an assessment which they know very well was completely having nothing to do with the market value of their property," he said. "There are a lot of people who want to keep that in place."

2021 Is a Reassessment Year for Properties in the City of Chicago

For 2021, the Cook County Assessor's Office has begun the reassessment process for all properties located within the City of Chicago. In Cook County, townships have been divided up into three separate groups and each group is reassessed once every three years. Recently, reassessment notices were issued by the Cook County Assessor for the following townships: Elk Grove, Orland, and Calumet. Throughout the remainder of the year, the Assessor will send out assessment notices to the rest of the townships in Cook County. So far in 2021, reassessment notices were sent out for 11 other townships. It is anticipated that 2021 assessment notices will soon be issued for properties located in Bloom, Hanover, and Barrington Townships. Assessment notices were mailed out on June 15 for Rogers Park Township and the deadline to file an appeal is July 19.

The Cook County Assessor, Fritz Kaegi, has been in office for almost two years and since that time, many property owners have experienced substantial increases in their new assessments as compared to prior years' assessments. Once you receive your notice of proposed reassessment, there is a 30-day deadline from the date of the reassessment notice in which to file an appeal with the Cook County Assessor. However, please note that should you wish to later dispute the assessment, there is also the opportunity to do so by filing an appeal with the Cook County Board of Review, but I would encourage you not to wait to do so.

In 2020, as a result of the pandemic, the Assessor's Office sent to many property owners a notice of reduction in their assessment based upon an adjustment for the COVID-19 impact on real estate values throughout Cook County. However, it cannot be determined at this time whether that reduction will continue for more than a year. If you are an owner or manager with income-producing property that has endured tenant non-payment of rent or building vacancy, there are potential avenues of relief from your current tax assessment.

INDIANA

Amazon tax phase in ordinance to be introduced Tuesday

Amazon will ask Fort Wayne City Council for a tax abatement or "tax phase in" at Tuesday night's meeting.

The proposal would have the company pay no property taxes at all on its distribution center on Flaugh Road for the first year, with gradually increasing rates the following nine years. According to the document, the property would be designated as an "Economic Revitalization Area."

By year 10, Amazon would pay $1,052,103 in taxes.

"It's a formula that is set so you kind of get to build up to it, over a period of years, to make the tax burden a little bit more palatable and easier for the businesses to actually meet," said Councilman Geoff Paddock (5th-District). "It isn't as if we're giving them, let's say, a payment. We're just delaying what they will be paying us."

Paddock said this procedure has been in Indiana State Law since the 1970's.

"This is a process that is open to certain companies that are going to come in and, obviously, offer something you know pretty substantial for job creation," said Paddock. "I mean there aren't too many companies in Fort Wayne that provide 1,000 jobs or more particularly as they're getting started."

In March, City Council approved a tax abatement for Project Mastodon, which was for the real estate property. The difference between the two is that this ordinance is for personal property such as business equipment.

Although Amazon wouldn’t be paying Fort Wayne any taxes at all during its first year, Councilman Paddock doesn’t think it will negatively impact the city.

“I don’t know that it hurts the city at all because there’s really nothing there right now,” said Paddock. “You’re taking a piece of ground that doesn’t generate very much and if the city owns that, it wouldn’t be generating anything at all because governments don’t have to pay property taxes or taxes on their business equipment.”

The $100-million project would create 1,000 full-time jobs with an annual average salary of $30,000.

Paddock said Amazon appears to meet or exceed the “rigorous benchmarks” that are set such as wages and benefits.

“When you think of it, an employer that’s going to have over 1,000 employees, making at least $30,000 or more a year, that’s going to add substantially to our economic development with all those people earning money and paying into our city so in our state,” said Paddock. “So, in the long run, it’s obviously, it’s a pretty big game.”

However, he said the big question is whether or not the city should allow for the phase in.

“There are always a couple that don’t support this, for reasons and I always respect that,” said Paddock. “Some might say that, because a large company made up of wealthy investors that perhaps they don’t need this incentive in order to be here.”

Whereas on the other hand, he said others may argue that without the incentive, businesses may go to another location and the city could lose out on the jobs.

A public hearing will be held on July 27, which is mostly likely when councilmembers will discuss and vote on it, according to Paddock.

WANE 15 reached out to Amazon for a comment and has not heard back yet.

KANSAS

Johnson County residents push to end ‘secret’ property taxes that can blindside owners

Olathe homeowners steamed that a ‘third tax’ will cost them thousands

Residents of the Cedar Creek development in Olathe are protesting benefit district tax assessments that they say will pay for infrastructure and benefit developers and the city, not them.

When they toured model homes in 2018, Anh and Kevin Rongish say real estate agents never spoke a word about it.

They saw no signs.

And the mounds of paperwork involved in the transaction never notified them that their newly built home was drawn into a special tax district that would heap an additional tax on their property to fund road improvements.

Developers laid the groundwork for their special tax district more than a decade ago. But the couple only learned about it — and their $13,000 tax bill for the district — last year.

So-called benefit districts are used to help cover the costs of infrastructure in new subdivisions all over Johnson County. But in Olathe's sweeping Cedar Creek development, a growing number of owners say they were never informed of the massive tax liabilities before buying their homes.

Kevin Rongish said the practice was akin to a grocery store calling a customer long after they've left asking for a few extra bucks.

"Well, what the heck? Why not just charge that up front?" he said. "Don't go trying to have some mafia strong-arm tactic and pull money out of people after they've already purchased something. It's insane."

Developers for decades have relied on benefit districts in Olathe and other Kansas cities to help cover the costs associated with new residential development. The districts are generally proposed by developers, but must be approved by local governments who administer the taxes.

The logic is fairly straightforward: Olathe city leaders say that new developments must cover the upfront costs of roads, sewer and water rather than burdening the wider tax base.

But the practice has been pilloried by some homeowners, particularly within the Cedar Creek development off of K-10, where the developer has sought to not only add taxes to new homes, but to existing ones as well. An organized group of homeowners argue that the benefit districts are allowing the developer to pass on its own business costs to home buyers. And though state law requires that buyers be informed of any established tax districts, some residents say homes are being marketed and sold without any disclosure.

Cedar Creek officials declined to comment.

City council members say they have no appetite for slapping new taxes on existing homeowners. But Cedar Creek residents who aren't in a current district worry it's only a matter of time before they are drawn into a new tax boundary.

"To me, that's just blowing smoke," said Cedar Creek resident Nick Payne, who formed a group opposing the use of benefit districts in Olathe. "Until they actually pass a policy, stick by it and never again try to do what they did, I won't believe it."

Payne's Cedar Creek home isn't currently in a benefit district. But he and other neighbors worry that city leaders will look to finance needed improvements to nearby College Boulevard by assessing new taxes.

His group wants to see an end to benefit districts altogether. The way he sees it, they're a means of triple taxing residents, who already pay regular property taxes on their homes and sales tax on purchases. If they won't nix the idea completely, the group wants the city and developers to at a minimum do a better job of informing residents and would-be buyers that they could eventually owe thousands in special taxes.

"It's really been Olathe's dirty little secret," Payne said.

WILL KANSAS LAWMAKERS ACT?

City leaders say they haven't been keeping any secrets about the long standing practice. But they acknowledge the unique circumstances at Cedar Creek have garnered more scrutiny than in the past.

Olathe Mayor John Bacon said benefit districts have been "very, very useful" in building out many new residential neighborhoods. He said developers can either pay for infrastructure costs up front and raise lot or home prices for sellers. Or, they can use mechanisms like benefit districts in which they pay down those costs over time.

“It’s a tool for developers to fairly spread out the costs that are associated with building infrastructure,” Bacon said. “They’re going to pass on the cost one way or another.”

Still, Bacon said the policy is worth re-examining — both in Olathe and in Topeka. The mayor said he welcomes a review by lawmakers, who years ago authorized the use of the special assessments.

Kansas Sen. Molly Baumgardner, a Republican from Louisburg, said the issue is already on the radar of legislators.

She understands the need to pay for new infrastructure. But Baumgardner said lawmakers have heard from too many residents who are not being made aware of the taxes before buying.

“There seems to be this breakdown in communication,” she said. “Residents feel they’ve been blindsided.”

Baumgardner said it’s among the rare issues that doesn’t divide politicians in Topeka by party lines.

“I think we certainly will be seeing action on this,” she said. “This is an issue where we need to make sure that information is really disseminated to Kansans. It has nothing to do with party lines. We have to strike the right balance of what would be appropriate oversight from a state standpoint.”

While she thinks the statehouse will consider the issue next session, Baumgardner isn’t sure that there’s any simple fix because so many of the complaints center on poor or no disclosure from sellers and governments.

“Oftentimes, the problem seems to stem or be exacerbated by poor communication,” she said. “It is difficult to legislate communication.”

‘RESORT’ COMMUNITY BUILT WITH BENEFIT DISTRICTS

On its website, Cedar Creek advertises a community with “resort style living.”

And it’s not hard to see why: the development blends the modern homes found in new subdivisions with a picturesque setting of limestone bluffs, waterfalls, winding roads and thick woods.

Currently, homes in the area are listed at $500,000 to more than $1 million.

But residents say a whopping, surprise tax bill presents difficulties even in one of the area’s most upscale neighborhoods.

Denise Holm, who has lived in The Meadows at Valley Ridge for nine months, said her neighborhood is full of retirees who have saved up their whole lives to move into the maintenance-provided portion of Cedar Creek. Many live on fixed incomes, she said.

“We’re retired and this was supposed to be our last house,” she said.

Holm got involved in the opposition movement after hearing about neighbors’ concerns. That was before she learned that she would soon owe $13,000 on her home.

“I was helping my neighbors with their benefit district because I thought it was so unfair,” she said. “And I found out I was in one. I didn’t even know.”

For her, the problem isn't just the current tax. She wonders what could come next.

In some cases, neighbors have been drawn into more than one benefit district simultaneously. Holm said she has considered moving to nearby Lenexa where she doesn't believe she would have to worry about a surprise tax.

"I don't want to move again," she said. "But I don't want to sit and put up with this and worry about which benefit district they're going to hit me with after this one."

When reached on the phone, Ken Rosberg, president and supervising broker for Cedar Creek Realty, LLC, said the company had no comment.

From its earliest days, Cedar Creek was envisioned as relying on special taxes to help build out the community: In 2001, the city council approved a master plan that showed multiple benefit districts to help fund arterial roads in the area.

"The plan envisioned that eventually everyone in Cedar Creek would participate in a benefit district," said Tim Danneberg, Olathe's external affairs director. "And I believe the majority of property owners have participated or are participating in a benefit district."

If homeowners have a choice of paying for infrastructure in their initial purchase price or a special assessment later on, Danneberg said they can actually save money through the special tax. That's because the city issues bonds for the public improvements. Home owners can pay their share in one lump sum or repay the city over a 10-, 15- or 20-year schedule with interest. The city's most recent bond issuance came with an interest rate of 1.1% — well below even the historically low average mortgage rates that are currently hovering around 3% for a 30-year fixed mortgage.

"That's a heck of a deal on financing," he said. "That's like free money."

He said benefit districts, which have been used about 70 times in the city, generally work well. In an ideal world, a developer would petition the city to create a new tax district before homes are sold. And every buyer would know about the assessments when house hunting.

But in Cedar Creek, there have been years-long lags between the time districts are created and when the taxes actually come due. That means homes can change hands multiple times before the assessments become due.

The city erects signs in neighborhoods that notify residents of the special assessments, though neighbors say they have been posted in far-away locations where they are unlikely to be spotted by current residents or those visiting model homes.

"If there is a disclosure, it's possible it can get lost or glazed over when closing," Danneberg said. "The challenge the city faces is we have no idea when properties change hands. So there's not a way for us to reach people at the point of transaction and say, 'Did you read your materials?'"

CONSUMERS ENTITLED TO 'FULL DISCLOSURE'

Kansas law requires that sellers disclose impending liabilities like special tax assessments to buyers before a sale.

Across the region, most real estate agents use a standardized seller's disclosure form created by the Kansas City Regional Association of Realtors when marketing existing homes. In addition to asking about home repairs and damage, the form includes questions about bonds, assessments and special taxes.

In addition to those disclosures, most title companies would find the tax liability upon researching a home for potential buyers, said Max Gordon, an Overland Park real estate attorney.

"If a title company missed that, that's another issue. But it's pretty rare in my 40-some year career doing this," he said, "especially because in our metro area and Johnson County in particular, subdivisions are platted and that information is pretty readily available."

Gordon said he pushed for more disclosure surrounding benefit districts during his time serving on the Overland Park Council. While Kansas law authorizes municipalities to use benefit districts, he said they do represent a transfer of responsibility and costs.

"What's really going on here, in my opinion, is a mechanism whereby the cost of these major infrastructure improvements get shifted, initially anyway, away from the municipality to the developer and then from the developer to the ultimate consumer," he said. "And that's really, in my opinion, what this is all about."

Benefit districts allow developers to advertise lower rates for homes and home lots up front: if a homeowner will eventually pay $15,000 in special assessments, the developer could theoretically cut the cost of the lot by $15,000, giving him a competitive advantage in the market. Gordon acknowledged that many homebuyers would likely opt for special assessments at low interest rates rather than paying more upfront for new homes or lots.

"It's probably a better way to pay," he said. "But all consumers are entitled to full disclosure so they can make an informed decision."

Other cities like Lenexa and Shawnee also use benefit districts to pay for infrastructure. Lenexa has 14 special benefit districts in which the projects are complete and property owners are currently paying special assessments. Another five are pending.

Lenexa spokeswoman Denise Rendina said the city doesn't distinguish between old and new development in its policy, but encourages benefit district petitions to be submitted with participation from 100% of property owners within the boundary.

Kansas law requires that the petitions include approval from more than 50% of the property owners in the district. That's why it's often easiest for developers to establish districts on their own land before it is sold to individual property owners.

In Kansas City, developers generally pay the initial costs to construct roads, water, and sewer for new subdivisions, said Beth Breitenstein, spokeswoman for the city planning and development department.

The city then accepts improvements as municipal assets and takes over ongoing maintenance costs. In some cases, public-private cost share agreements can help defray development costs, but those are rare, she said.

THE RESISTANCE MARCHES ON

In May, after homeowners protested, Cedar Creek withdrew its request to draw existing residents into a new benefit district to pay for road improvements. The developer came back with a new petition that only included its land in the new tax boundaries — a request the city council unanimously approved.

Council members said that action sent a message that they would protect current homeowners from new taxes.

"I think it's fairly obvious from what happened with the last proposal that applying a benefit district on a lot of existing homes is not something I'm interested in doing," Councilman Adam Mickelson told The Star. "There's not a lot of appetite on the council for doing that."

But that hasn't quelled the opposition.

Payne's Olathe Facebook group opposing the use of residential benefit districts has more than 500 members and residents have collected more than 200 signatures on an online petition.

And the practice will no doubt receive even more scrutiny as candidates campaign for upcoming city elections.

At-large candidate Dean Vakas wants to see the city move away from benefit districts and find other ways to pay for infrastructure projects.

"City Hall should say we understand residential benefit districts are frequently not good," he said. "They should be our last resort. And we need to think our way through this without taxing the residents."

If the city won't abandon the practice, Vakas said it must do a better job of disclosing the often-opaque tax districts.

"There should be a moral and ethical obligation for City Hall to notify anyone who gets swept into a benefit district," he said. "Certainly there's a public hearing required before that happens. But if a benefit district is established, that person should receive a written confirmation so that they know exactly what's happened."

But for now, people like Anh and Kevin Rongish are stuck owing thousands of dollars in taxes they never expected.

The couple shared the seller's disclosure documents they received with The Star. They had no mention of the tax assessment. Anh Rongish said the title company did note the tax liability, but she said she did not receive those documents until after they closed on the purchase of their home.

Had they known of the impending tax bill, they could have looked for other properties. They could have bought a lower priced home or possibly gotten more home for the same money elsewhere.

What's worse, she said the tax will fund a road that she will rarely, if ever use.

"When I hear benefit district, I think of a benefit. So if I'm paying for it, it should benefit me," she said. "This is for something I wasn't notified of, and it's for a road that is nowhere near me that I'm never going to use."

Even if her fight is futile, Anh Rongish said the city must change its policy surrounding the taxes. Because more people are buying homes in her neighborhood. And even for all the recent uproar, they still don't always know what's in store.

"Those new homeowners know nothing about it," she said. "It's unfair that people still aren't being notified."

KENTUCKY

National retailers in McCracken County are attempting to cut their property tax bills in half

Americans spend millions of dollars every year shopping at national retailers like Walgreens and Lowe's Home Improvement. To stay in your communities, these stores have to pay property taxes.

Public records show two Walgreens locations and one Lowe's in McCracken County are attempting to cut their tax burdens in half.

Large retailers have spent years fighting back against property value assessments by local PVA offices across the country. They appeal assessments given by the property valuation administrators claiming they're too high. Multiple PVA offices across the state are reporting retailers get lawyers to force local governments to settle for lower property values.

Walgreens is appealing the McCracken County PVA's assessment of two locations on Lone Oak Road and Irvin Cobb Drive. The Lowes Home Improvement on Irvin Cobb Drive is also appealing its assessment.

Property records show Walgreens Company sold its Lone Oak Road location's store to an investment group called Cantor Fitzgerald in 2106. The sale allowed Walgreens to enter into a triple net lease with the company. The triple net lease requires Walgreens to pay the property expenses such as real estate taxes, building insurance, and maintenance in addition to rent and utilities.

A deed shows Walgreens sold the property on November 15, 2016, for $5,078,604. McCracken County (Property Valuation Administrator's Office records show from 2016 to 2020 the property was assessed at the $5 million value due to the 2016 Walgreens sale.

Based on current property tax rates, Walgreens paid $76,781.89 in taxes each year.

In 2020, Walgreens appealed the PVA's assessment and claimed the property was not worth $5 million, but instead it was worth $2.5 million. That's half of what they sold it for in 2015.

If Walgreens wins its appeal, that would result in a net loss of about $38,000 in property taxes yearly for McCracken County.

McCracken County PVA Bill Dunn said large retailers appealing property tax assessments is a nationwide trend.

Reporting from news outlets in Wisconsin, Washington and Bloomberg News calls this phenomenon the "dark store" theory.

The dark store theory allows retailers to claim their stores should be valued as if they were empty buildings, not active businesses.

We've contacted the Louisville firm representing Walgreens in the appeals process to ask what they think the property valuation should be based on. We haven't heard back. The firm, Dentons Bingham Greenbaum, is just one firm in a nationwide practice.

We also contacted the Indiana firm Faegre, Drinker, Biddle and Reath, to ask for a comment from Lowe's on the appeal.

The Irvin Cobb Lowe's is owned by Lowe's Home Centers LLC, according to PVA records. The property has been sold multiple times since 1994. Its original sale price was in 1994 for $650,000. Later in 1995, it was sold to the Teachers Retirement System for $7,351,000. It was sold again for the same price to Lowe's of Paducah. After, it was sold to Fidelity Company LLC in 1996 for $1,250,000, and the most recent sale was back to Lowe's Home Center LLC for $750,000.

PVA data shows both the Lowe's building and its parking lot were valued at $8.1 million in 2017, $8.7 million in 2018, and $8.7 million in 2019. Lowe's, like Walgreens, is appealing its assessment. It claims its property was worth $4.7 million in 2020 and will be worth $3.8 million in 2021.

The McCracken County PVA Office stands by its assessment for each property.

Right now, the Kentucky Board of Tax Appeals is reviewing the cases of Walgreens and Lowe's. The board falls under the Kentucky Claims Commission which is supposed to provide an independent, impartial and neutral forum for hearing and resolving disputes on tax issues in a timely, cost-effective alternative to the court system. The commission does not represent the PVA office. Instead, it serves as a quasi-court to hear the PVA and the retailers' cases. The PVA is being represented by the county attorney's office, which has spent $12,101.63 on litigation with Walgreens and Lowe's.

Before the state board started looking at the cases, a local tax appeal board sided with the PVA's assessment.

Dunn said when corporations don't pay their fair share of property taxes, the community takes the fall.

"It affects all of us — the school board, the library," Dunn said.

Documents from the Kentucky Board of Tax Appeals show this is not the first time Walgreens has fought with a local PVA office about its property value.

In 2019, Walgreens wanted a property in Warren County valued at $2.7 million, but after an appeal, eventually settled for a $4.1 million assessment for the 2019 and 2020 tax year. In 2018, the property was assessed at $4.95 million.

Documents show this has happened in Madison, Scott, Fayette, and Hopkins counties with Walgreens. In 2017, Walgreens successfully appealed 33 PVA assessments statewide.

WPSD has submitted an open records request with the Kentucky Office of Claims and Appeals to get more documentation on the current appeals case of Walgreens and Lowe's.

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MAINE

Revaluation has Portland landlords bracing for tax hikes, eyeing higher rents

Under a new ordinance, landlords will need approval from a city board to raise rents to help offset any property tax increases.

Portland landlords are bracing for property tax increases that could lead to rent increases that will require approval from a new city board.

Like many property owners in Portland, some landlords are getting hit with higher property taxes due to the city's first property revaluation in 15 years. A recently approved rent control ordinance also limits how much landlords can raise their tenants' rent to offset those added costs. Many landlords are saying they would need to exceed those limits just to cover the higher property taxes caused by revaluation.

The new ordinance limits rent increases to 10 percent annually, and the hikes need to be based on increases in the cost of living, renovations to the property and higher property taxes. That means property owners need to give more thought to whether to seek a rent increase and what to base it on, said Kaili Moore, who owns Portland rental properties and also manages others' rental properties through her company, Presumpscot Property Management.

"It's a tricky line, and a lot of people are figuring out how to best navigate it," Moore said.

The impact of higher property taxes due to revaluation adds another wrinkle to the new rent control ordinance, which was adopted by voters in a referendum in November.

A landlords' group sued to block implementation of the ordinance, but that challenge was rejected this month by a Cumberland County Superior Court judge. Brit Vitalius, president of the Southern Maine Landlord Association, said his group and its lawyers are still weighing whether to appeal.

"Landlords are left (by the ordinance) with this mess and a lot of questions," he said.

Because the ordinance limits rent increases to no more than 10 percent a year, Vitalius said, some landlords may decide to tie rent increases to property tax hikes more than they might have in the past.

"This is going to fall on the tenants," he said. "This tax increase is going to hurt tenants far more than any tax increase ever has. There will be this sense (among landlords) of, 'I've got to get what I can.' "

If the full 10 percent increase is warranted from property taxes hikes alone, Vitalius said, landlords won't be able to seek any other increase to cover rises in the cost of living and renovations.

To determine the new values, the city's consultant, Tyler Technologies, looked at 45 months of sales data, from April 1, 2017, through Dec. 30, 2020, to determine full market values of more than 22,400 residential and commercial properties as of April 1.

The new median assessed value of a home in Portland is now estimated to be $365,000 – an increase of 52 percent over the previous median of $240,000.

Revaluations do not increase overall revenues to the city because the total amount of property taxes needed to be raised is set by the city budget. As a result, the overall increase in the city's property values is expected to lower the property tax rate by 42 percent, from $23.31 per $1,000 of assessed value to a projected rate of $13.49 once the new assessments are in place. That rate will likely drop further because the state budget includes more aid for education and municipal services, some of which is being targeted for tax relief.

The overall citywide valuation – including both residential and commercial properties – is increasing 77 percent. That means taxpayers who see property values increase by more than 77 percent also will see their tax bills increase. Those with property values that increased by less than that will see their tax burden decrease.

Kim Sutton, who owns five buildings in Portland with about 20 rental units, said many landlords are feeling their way in the dark with the new rent control ordinance.

"We haven't had a lot of clarification from the city," she said, and the new rent board has only met a handful of times and has yet to elect officers.

Sutton said the new valuations on her properties have varied widely. All are increasing in value, but one building only increased by $700 while another one had its value increase enough that the annual property tax bill would have doubled to $18,000. She successfully appealed that valuation, but said the new value will still cause an increase in her property tax bill for that building from about $9,000 to $15,000.

If that leads her to a 10 percent rent increase based solely on property taxes, there's no way for her to afford expensive renovations if she can't recoup some of the costs through rent increases, Sutton said.

Moore, of Presumpscot Property Management, said that on average, taxes will be increasing about 48 percent on the buildings she owns along with the properties she manages.

Moore said she and most landlords try to manage expenses, including taxes, to avoid hitting tenants with big rent increases, but the tax increase she's facing will make it difficult to do so.

"That's a lot of money," she said. "We work hard to keep things affordable for our tenants so that (the tax increase) impacts that."

Moore said she and most landlords don't operate with a big profit margin because the cost of upkeep and other expenses are high. Big property tax bills on top of that, she said, are going to be a factor at the same time landlords are wrestling with how to operate under the rent control ordinance.

"We're still looking at our options," she said. "It's a challenging situation."

'It's all a mess': Landlords worried about impact of Portland property revaluation

Portland's first property valuation in 15 years is hitting some multi-unit property owners hard, which could impact rent for tenants.

Some landlords have reported that their property tax bills will double due to the revaluation.

"I don't want to have to have to increase the rent so much that they can't afford to live here," landlord Kim Sutton said.

Sutton's one-bedroom apartment currently rents for $1,350 per month. She said she can't double the rent because her taxes have nearly doubled.

"Yeah, you're not allowed to do that with rent control," Sutton said.

Portland voters passed a rent control measure last November. The ordinance allows landlords to only increase rent once a year and by no more than 10%.

"I say welcome the mess that rent control has created, because it's not clear what the path forward is," Southern Maine Landlord Association President Brit Vitalius said.

Vitalius said he thinks the higher tax bills and new rent control measures will have a negative impact on landlords and tenants.

"I think they should appeal the valuation because in a rent control environment in the city of Portland, multi-families are probably not worth as much as they had been," Vitalius said.

Sutton said she does not want to risk losing good tenants.

"I have nurses who work at Maine Med and they'll have to, one woman told me she'll have to move back to New Hampshire and then commute an hour and a half to work like she was doing before she got an apartment in Portland," Sutton said.

"It's all a mess. It's all a mess," Vitalius said.

Revaluation notices go out to Portland property owners

Some home assessments are expected to increase substantially, although owners can request an informal appeal.

The city of Portland sent revaluation notices to all property owners on Friday and began making the information available online.

An estimated 22,000 notices went out as part of the first revaluation in the city in 15 years. Property owners who disagree with an assessment or who want to provide additional information can request an informal appeal by July 21. Revaluations as well as information the appeals process is available online at revalueportland.me.

The city's assessor said last month that he expected one-third of property owners will have to pay more in taxes, one-third will pay less and the remaining third will see their taxes stay roughly the same.

But homes in some areas of the city – particularly those on the peninsula – are likely to see significant increases in valuations. Assessor Christopher Huff said Portland's full market value after the revaluation is expected to be $14.2 billion, which is a 77 percent increase over the current valuation of $8 billion.

The city will not earn any additional revenue through the revaluation, which simply redistributes the property tax burden among property owners. The amount of money needed from property taxes is established by the City Council through the budgeting process. As property values increase citywide, the property tax, or mill, rate will drop, so the city raises only what has been budgeted, which is $191.6 million in property tax revenue in the current budget.

The city's mill rate is estimated to drop 44 percent, from $23.31 per $1,000 of valuation to $13.49 because of the higher full market value of the city.

How High Are Property Taxes in Your State?

Today's map focuses on states' effective tax rates on owner-occupied housing. This is the average amount of residential property taxes actually paid, expressed as a percentage of home value.

Because property taxes are tied to housing values, it makes sense that the actual dollar amounts of property taxes tend to be higher in places with higher housing prices. This map takes housing value into account to give a broader perspective for property tax comparison.

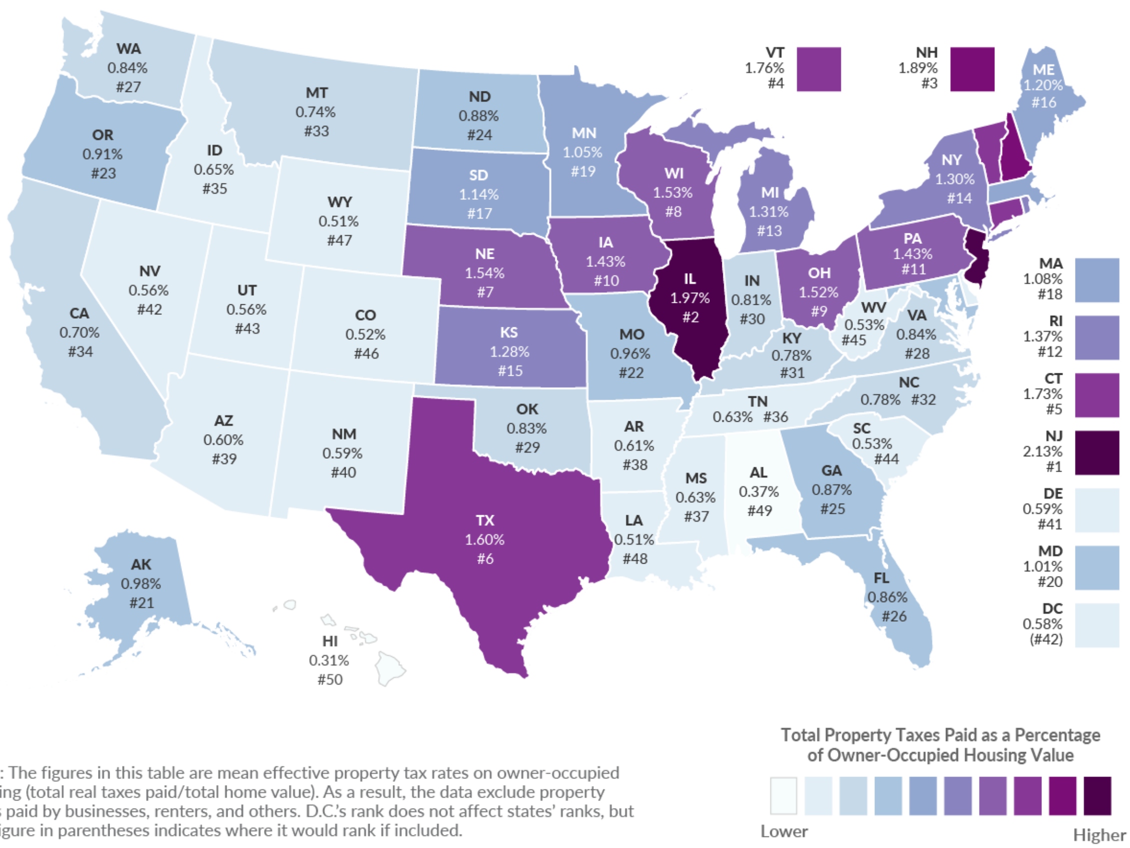
Governments tax real property in a variety of ways: some impose a rate or a millage—the amount of tax per thousand dollars of value—on the fair market value of the property, while others impose it on some percentage (the assessment ratio) of the market value. While values are often determined by comparable sales, jurisdictions also vary in how they calculate assessed values. While property taxes tend to be imposed at the local level, the basic framework for how they are imposed is typically set by state law.

Some states have equalization requirements, ensuring uniformity across the state. Sometimes property tax limitations exist which restrict the degree to which one's property taxes can rise in a given year, and sometimes rate adjustments are mandated after assessments to ensure uniformity or maintenance of revenues. Abatements are often available to certain taxpayers, like veterans or senior citizens. And of course, property tax rates are set by political subdivisions at a variety of levels: not only by cities and counties, but often also by school boards, fire departments, and utility commissions.

Some states with high property taxes, like New Hampshire and Texas, rely heavily on them in lieu of other major tax categories. This often involves greater devolution of authority to local governments, which are responsible for more government services than they are in states with greater reliance on state-level revenues. Other states, like New Jersey and Illinois, impose high property taxes alongside high rates in the other major tax categories.

How High Are Property Taxes in Your State?

Property Taxes Paid as a Percentage of Owner-Occupied Housing Value, 2019



Note: The figures in this table are mean effective property tax rates on owner-occupied housing (total real taxes paid/total home value). As a result, the data exclude property taxes paid by businesses, renters, and others. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.

Sources: U.S. Census Bureau, "2019 American Community Survey"; Tax Foundation calculations.

TAX FOUNDATION @TaxFoundation

In calendar year 2019 (the most recent data available), New Jersey had the highest effective rate on owner-occupied property at 2.13 percent, followed by Illinois (1.97 percent) and New Hampshire (1.89 percent). Hawaii was at the other end of the spectrum with the lowest effective rate of 0.31 percent, followed closely by Alabama (0.37 percent) and Louisiana and Wyoming (both at 0.51 percent).

New law will provide tax relief to thousands of Maine seniors

Under the program designed to help seniors age in place, the state will pay property taxes for those 65 and older who qualify and agree to give the state a lien on their property for eventual repayment.

Legislation that Gov. Janet Mills signed into law Monday will provide property tax relief to thousands of Mainers who are 65 or older and earn less than $40,000 per year.

The property tax deferral program comes with strings attached. The state will pay the property taxes for people who apply and qualify, but the state will have the authority to obtain a lien on the applicant's real estate. All property taxes paid by the state will be repaid to the state when the property is sold or the participant or participants die.

The bill's chief sponsor, Sen. Donna Bailey, D-Saco, said the timing of the legislation, which she has been working on for several years, couldn't have been better as taxpayers in South Portland and Portland struggle to come to terms with new property valuations that in some case have sent their property tax bills soaring into ranges they can't afford. Bailey said her bill will allow seniors to age in place without fear of municipal reprisal for failure to pay property taxes.

Tax relief amounts under the property tax deferral program would not be capped and would be based solely on a person's property tax bill, Bailey said.

"I hear too many stories of seniors who simply cannot afford food, medicine and property taxes, which means they end up having to choose one over the other and then go without necessities," she said. "Seniors worked hard for their entire lives to pay off their mortgages and earn a quiet retirement inside their homes. But the reality is, they are struggling to pay ever-increasing property taxes. Property tax relief for seniors was one of my earliest top priorities since I first became a legislator, and I'm so proud to finally see this become a reality."

The legislation, L.D. 1638, will rely on federal pandemic relief funds to restore a defunct tax deferral program that started in 1989 but was suspended in 1991 during a state budget crisis caused by a recession. The state continued to collect revenues from the old program and was repaid for all of the tax deferral money it paid to municipalities. The last person from that program died in 2018 – the year the last repayment was collected.

The new law will take effect Oct. 18, 90 days after Mills signed it.

Bailey said the senior tax relief program will not run out of money. Another bill that passed, L.D. 1733, designates that $3.2 million in Federal American Rescue Plan funds be allotted to establish the Senior Tax Deferral Revolving Account. Those tax relief funds will be available through fiscal year 2023. After that, the tax relief funding will be provided from the Housing Opportunities for Maine (HOME) program administered by MaineHousing. The perpetually funded program receives revenues from real estate transfer taxes paid by buyers and sellers.

"The HOME program has always been well-funded and has never run out of money," Bailey said.

It's not clear how many seniors would qualify for assistance under "An Act To Help Seniors and Certain Persons with Disabilities Remain in Their Homes by Providing for the Deferral of Property Taxes." Bailey said it would be accurate to say that thousands of Mainers are likely eligible. The Maine Revenue Services, which was involved in developing L.D. 1638, could not be reached Wednesday night.

“The majority of seniors in Maine who receive Social Security benefits are probably going to qualify,” Bailey added.

A representative for the Maine Council on Aging testified on the bill before the Joint Standing Committee on Taxation in May. He told committee members that there are more than 300,000 Maine residents over 65. The Maine Council on Aging said Social Security benefits, as a source of income, mask poverty in older Mainers.

“While less than 10 percent of older Mainers live at or below the federal poverty level, more than a third of Mainers who are 65 and older live on Social Security alone, with an average income of just over $18,000,” the council said in written testimony. “This is just about 140 percent of the federal poverty level and is not enough income for these people to meet their basic needs.”

One of the co-sponsors of Bailey’s bill was Sen. Joseph Rafferty, D-Kennebunk.

“Seniors are facing numerous challenges as it is, especially burdensome property taxes. Many seniors have lived in their homes for decades while contributing to the growth and prosperity of their community,” Rafferty said in a statement. “This property tax relief for seniors is designed to ensure they can continue to live without the worry of being displaced.

Since 2020, property taxes have risen sharply largely as a result of a home buying spree fueled by the COVID-19 pandemic.

Bailey and Rafferty said higher property taxes hit seniors especially hard because they often live on fixed incomes that may include retirement savings and Social Security. The legislators said that 29 percent of Maine seniors live in families with low income, and 56.4 percent of Maine seniors who receive Social Security payments get on average $11,964 annually.

Maine’s highest court sides with town of Madison in fight about former paper mill’s valuation

The decision ends a years-long battle that has cost Madison taxpayers nearly $200,000 in legal fees.

Maine’s highest court has sided with a local municipality in a years-long dispute over property valuation of a now-closed mill that has cost taxpayers $200,000.

In a decision filed Tuesday, Maine’s Supreme Judicial Court ruled that the town of Madison was correct in its valuation of the mill at the time of appraisal.

“It’s a relief more than anything else,” said Madison Town Manager Tim Curtis. “This was the last appeal for Madison Paper, there is no more recourse for them to fight the 2016 valuation.”

Madison Paper Industries notified the town in March 2016 that the mill would be closing and ceasing operations at the end of May 2016. Madison, along with municipalities statewide, base the valuation of properties on what operations are in place on April 1 each year, and on that date the mill was fully operational.

The mill was assessed at $72 million in 2016 — down from $229 million in 2013 — and the town asked its owners to pay about $1.5 million in taxes. However, Madison Paper "only wanted to pay on a value of roughly $25 million."

The high court's decision marks the third appeal from Madison Paper Industries, owned by UPM-Kymmene Corp. of Finland.

The first attempt to be granted an abatement of its 2016 property taxes before the Maine State Board of Property Tax Review was not successful. The mill lost again when it presented its case to the Somerset County Superior Court. In both instances, the courts sided with the town.

The mill closed in 2016, with more than 200 jobs lost in a town of about 4,800. The mill had made supercalendered paper used in magazine publishing since 1978, producing about 195,000 tons of paper annually.

Mill representatives argued that because Madison Paper notified the town of the closure before the date of property valuations — April 1 — the valuation of the mill should have been reduced to scrap value as any sale would prohibit the manufacture of paper, which would result in the mill's liquidation.

Jonathan Block of Pierce-Atwood, who represents Madison Paper Industries, did not return a voicemail on Wednesday afternoon.

The legal battles, which began at the Maine State Board of Property Tax Review and were then appealed in Somerset County Superior Court, have cost the town's taxpayers around $200,000, Curtis said.

"If we had lost and we had to issue an abatement, taxpayers would have had to pay over $1 million," Curtis said.

The Maine State Board of Property Tax Review ruled in its decision handed down in August 2019, that "On April 1, 2016, the mill, as then used, was producing paper and operating unrestrictedly in the black."

Court documents say that MPI was incorrect in claiming that there was "an error of law by deciding that the mill should be valued based on its "current use" as of April 1, 2016, rather than its "highest and best use," which MPI asserts was its liquidation or salvage use.

In a previous interview, Curtis said that the valuation at the mill was treated as any other business in town would be.

"The valuation is based on what's going on as of April 1 of that year," he said. "In some extreme cases where property owners may own a house on April 1 and it burns down on April 2, they're still going to get a tax bill on the house as it existed on April 1.

Under the Maine Constitution, all taxes on "real and personal estate" shall be assessed "equally according to the just value thereof," which is determined on "the basis of its best and highest use."

Curtis said that the court's decision shows consistency with decisions made in other courts, saying that when UPM decided to close the mill and sell it, the use of the mill was restricted, which forced the valuation down.

"When UPM decided to close down Madison Papers and sell it, they restricted the sale so that the site could never be used to make paper again," Curtis said. "They forced the valuation down by restricting its use, then said they were overtaxed."

In a previous ruling by the Maine Superior Court, Chief Justice Robert E. Mullen cited that since the mill was a "state of the art" facility designed to produce paper, prohibiting a purchaser from using the mill for its intended purpose "essentially meant that liquidating it was the only thing that a buyer could do with the mill."

Tuesday's decision echoed these same thoughts, citing that "its owners were not in any financial difficulty" and they had announced the mill's closure "without "communicating cooperating with the Town," Likening MPI's actions to those of a residential property owner deciding to tear down an unwanted home."

"The Board found in essence that the mill had been closed and its equipment and machinery sold as scrap under restrictions because its owners did not want to operate it anymore and did not want anyone else to operate it," the document says. "… the owners' business decisions should not dictate the mill's "highest and best use."

In 2014, Madison Paper asked for a significant reduction in its value from $229 million to $80 million, because of the state of the paper market. That reduction in value was granted by the town and was a significant blow to the taxpayers.

"This kind of removes a heavy cloud from over the town that has been hanging out there since the mill closed," Curtis said. "I am anticipating moving on to better days."

MICHIGAN

Tax justice group calls on Detroit to fix 'unfair' property assessments

Community activists Wednesday celebrated thousands of Detroit and Wayne County homes spared from tax foreclosure this year amid the pandemic and renewed a call for Detroit officials to halt inflated property tax assessments that they contend have fueled the problem.

Tax foreclosures were put on hold in Wayne County in 2020 due to the COVID-19 crisis. The county continued its moratorium this year, sparing about 2,400 homes from foreclosure, noted the Coalition for Property Tax Justice, a grassroots group that advocated for the extension.

"We are here to celebrate those brothers, those sisters, those grandmothers and those grandfathers ... our neighbors ... who were saved from foreclosure in 2021," said Bernadette Atuahene, a visiting Wayne State University professor and lawyer. "Today is about celebrating that victory.

"But today is also about demanding Mayor (Mike) Duggan provide compensation for those families who have already been evicted from their homes due to illegally inflated property tax assessments," she said. "We are here to demand justice for those families."

Atuahene made the remarks Wednesday during a news conference outside a home on Schoenherr Road near Seven Mile on the city's east side alongside Congresswoman Rashida Tlaib, D-Detroit, Detroit City Council President Pro Tem Mary Sheffield, activists and Detroiters who have lost homes to foreclosure.

Both Tlaib and Sheffield are supporters of the coalition, which formed in 2017 to stop inflated property taxes, and have called for changes to the city's system for property assessments.

A January 2020 investigation by The Detroit News found that Detroit failed to accurately bring down property values in the years following the Great Recession and overtaxed homeowners by at least $600 million over a six-year span from 2010 to 2016.

Detroit completed a $10 million state-ordered reappraisal of all residential property in 2017 to correct its overassessment problem but, still, thousands of Detroiters faced foreclosure over back taxes.

Of the more than 63,000 Detroit homes with delinquent debt in fall 2019, more than 90% were overtaxed, by an average of at least $3,700, between 2010 and 2016, according to calculations by The News. The debt owed on about 40,000 of those homes is less than the properties were overtaxed over those seven years, the investigation revealed.

"The city continues to fail its homeowners and its duty to make amends," Tlaib said Wednesday.

Sheffield, who represents Detroit City Council District 5, added the fight against inflated tax assessments is far from over.

"To date, the city has not made any recommendations on how to resolve the issue," she said. "Our lowest valued homes are still be over-assessed. And this isn't just a local city and county issue. We need our state legislators to come in. We need everyone on deck to fight this issue."

Detroit City Council last fall narrowly rejected a resolution from Duggan's administration to give residents potentially overtaxed before 2014 priority in affordable housing, home-buying discounts and job opportunities because a majority of members said it didn't go far enough.

The plan — opposed by the tax justice group and several council members who argued it fell short of providing meaningful relief — sought to offset losses from 2010 to 2013 as part of an effort to address the overtaxing of Detroiters.

The resolution, defeated by a 5-4 vote, included eight preference programs to be funded with a one-time $6 million appropriation of surplus dollars from the city's 2020 fiscal year budget

Duggan's office said this spring that it is working with council to try to develop a revised plan.

Detroit's Deputy Mayor Conrad Mallett said Wednesday the city is grateful that the Wayne County treasurer's office put a stop to the foreclosures of occupied residential properties during the pandemic.

"We join others in celebrating the fact that these residents now have additional time to save their homes," he said. "With this additional time, we have an opportunity and a mandate to make sure that homeowners with delinquent taxes take advantage of the tools that can permanently stop foreclosure and eliminate their debt."

Mallett urged low-income homeowners to complete the city's Homeowners Property Tax Assistance Program to eliminate current-year taxes and qualify for the Pay As You Stay program, or PAYS, to reduce and eliminate delinquent taxes.

A 2020 study released in March by Christopher Berry of the Center for Municipal Finance at the University of Chicago concluded the city's residential property tax methodology continues to harm Detroiters.

Duggan and Detroit Assessor Alvin Horhn have pushed back on Berry's findings, saying the gap between home prices and assessments was largely closed in 2014 when the mayor took office and reduced assessments. The administration has said it doesn't believe overassessments are still happening in Detroit but stressed that assessments vary by neighborhood.

Horhn in March acknowledged he's "painfully familiar" with the assessment failures in Detroit's past and it took a lot of time and money to fix them. But the city has vowed not to let it happen again, he's said.

Detroit, Horhn has said, is "an open book" and welcomes any warranted examination by Wayne County equalization officials or the state's tax commission.

Resident Joe Bates is among the residents who lost a home to foreclosure over the city's tax assessments.

On Wednesday, his east side home served as the backdrop for the news conference. He was able to secure it with aid from the coalition, he said.

Bates contends the city "illegally and unfairly" took his former home in southwest Detroit by inflating the value. The house had been in his family since the early 1900s, he said.

"This is not how humans are supposed to treat each other," he said. "This is not right. We're losing our homes and our property, things that our families worked for and built."

MISSOURI

Board of Equalization assessed commercial property values

The Cole County Board of Equalization on Thursday upheld the values of commercial properties whose assessments had been challenged for 2021.

Board of Equalization members include the three Cole County commissioners; two representatives from Jefferson City government staff if the property is in the city limits; and two at-large positions, which require someone familiar with real estate, building construction, the banking industry or land title business.

Cole County Clerk Steve Korsmeyer chairs the board, but he and Assessor Chris Estes are not voting members.

If dissatisfied with the board's decision, a property owner can appeal to the State Tax Commission and, thereafter, the circuit court.

Among the commercial property owners making appeals were those owning hotels and big-box stores.

"We started seeing the big-box store appeals in 2008, arguing that because their facility was built just to serve their needs, the property value should be lower as the building could be used to serve no other purpose," Estes said.

Assessor's Office officials said the assessments on the stores and hotels were based on the value of the land on which the buildings sit.

The assessments upheld included Lowe's on Missouri Boulevard, which the Assessor's Office valued at $9 million while the company believed the property value was $5.4 million. Kohl's on Stoneridge Parkway had an assessor's value of $6.7 million while the company valued the property at $6 million. Neither company had representatives at Thursday's proceedings.

For Fairfield Inn on West Truman Boulevard, the BOE agreed with the Assessor's Office the value of the property was $2.83 million, not the $2 million the hotel owners thought it should be. No one representing the hotel came to Thursday's proceedings, and no supporting material for the owners was presented.

The assessor's value of $9.7 million was also upheld for Capitol Plaza Hotel on West McCarty Street, whose owners believed the value was $6 million. And the BOE agreed with the assessor the Courtyard by Marriott on

Bolivar Street, which opened in December, has a property value of $9.175 million. No one appeared representing either hotel.

Another commercial property the BOE upheld the assessor's value on was Texas Roadhouse on South Ten Mile Drive. It was noted in their paperwork, the company talked about lost revenues due to the COVID-19 pandemic, but it was for the Midwest in general and not specific as to what may have occurred at the Jefferson City property. The board upheld the assessor's value of $1.8 million compared to the $1.5 million value the owners believed the property was worth.

The BOE also approved some stipulation values of property. This occurred after officials from the Assessor's Office lowered their values after meetings with property owners.

One of those occurred on an office building in the 900 block of Wildwood Drive, which the assessor valued at $1.5 million while the property owner valued it at $800,000. The stipulated values the BOE approved was $1.3 million.

The BOE also approved three stipulation values on hotels owned by Vivek Puri. The DoubleTree Hotel on Monroe Street had originally been appraised at $6.6 million but was reduced to $4.6 million. The Hampton Inn on Country Club Drive was assessed at $2.9 million but was reduced to just more than $2 million. And the Comfort Suites, next door to Hampton Inn, was assessed at just more than $3 million but reduced to $1.9 million. Puri said this would help after lost revenue suffered during the pandemic.

The board also declined two requests for properties to be considered tax-exempt.

The first was for the Goodwill store on South Ten Mile Drive. Goodwill officials asked for the exemption, as they did in 2017, because Goodwill is a 501(c)(3) nonprofit group. They noted the store employs 35 people, many of whom are economically disadvantaged and/or have disabilities. Lawyers representing the Assessor's Office said the tax-exempt issue needed to be looked at further because Goodwill hasn't shown no private profit is resulting from its operation, and "its purpose may not be entirely charitable."

The BOE also denied a tax-exempt request from the Missouri Community Action Network on its new property on Emerald Lane. The network is made up of local, private, nonprofit and public agencies that work to alleviate poverty and empower low-income families. MoCAN officials said since 2010 they had not paid property taxes at their old office on Williams Street. Estes said this had nothing to do with the change in location as it was a change in legal opinion from his lawyers, who believe the organization doesn't qualify for exemption because it requires members to pay dues, and much of what it offers isn't meant for the public.

Cole County Eastern District Commissioner Jeff Hoelscher and Western District Commissioner Harry Otto voted for MoCAN to have tax-exempt status, but the remaining voting members of the BOE voted against. This included Presiding Commissioner Sam Bushman, Jefferson City Administrator Steve Crowell, Jefferson City Finance Director Margie Mueller, Dana Wildhaber representing the real estate industry, and Ken Otke representing the building construction industry.

The BOE did approve a request for tax-exempt status for multiple properties owned by Capital Region Medical Center. The hospital's attorney, Joe Bednar, said CRMC has been exempt since 1952 because it is a not-for-profit entity and doesn't turn away anyone regarding their ability to pay.

Estes apologized that Bednar and other members of the CRMC leadership team had to come to the BOE. Estes said he advised them to file the appeal because the review of CRMC's application did not get completed.

"My normal legal counsel could not work on this matter because of a conflict, and I had other attorneys who started to review the case but never finished it," Estes said. "I'd ask the BOE to go ahead and send this on to the State Tax Commission so we can get a proper review done and the commission make a decision."

"Basically what you are saying is our arguments are uncontested by you and it's your responsibility as the assessor," Bednar told Estes. "You don't have an argument against us. You're waiting for a lawyer to tell you if you were right or wrong, and I think it's inappropriate of county government and the Board of Equalization."

The BOE then voted to approve CRMC's request for tax exemption on real and personal property at 1125 Madison St., where hospital-based clinics and offices are located, and at 1500 Southwest Blvd., where Capital Family Care Medical Clinic is located. The BOE also approved personal property tax exemptions at Capital Region Clinic located in the 3700 block of West Truman Boulevard, 1700 block of Christy Drive, 900 block of Eastland Drive, 3300 block of West Edgewood Drive, 1000 block of Madison Street and 400 block of East High Street.

Bushman abstained from voting on this matter as he is a former member of the Capital Region Board of Directors.

Because the BOE found CRMC should be given an exemption, the assessor has no right to appeal to the State Tax Commission.

The Assessor's Office recently concluded 45 informal hearings with residential property owners regarding 2021 assessments, Estes said.

"There's no statutory provision for doing these, but we want to know if there is a problem and certify values that can save both sides from going through an appeal," he said. "Ninety-five percent of the time our values are being upheld by the BOE or the State Tax Commission if they are taken to those entities."

Estes said his office sends notices only for increases, not if there was a decrease in value or if the assessed value stayed the same.

Notices were sent for 1,303 of 39,408 parcels in Cole County.

Only one residential property owner requested a hearing before the BOE. Steve Rackers, who has a home and acreage on Wardsville Road, asked the board to adjust the assessor's appraised value of $93,400, saying he is not occupying the home and it has plumbing and foundation work to be done on it. Assessor's Office officials noted while work on the property is continuing, the residence would not be considered unlivable. The BOE upheld the assessor's value.

NEW HAMPSHIRE

Hanover considers taxing college’s golf course property, which has been exempt

After a college-owned golf course was allowed to go untaxed for decades, Hanover’s new director of assessing is reconsidering the arrangement, especially in light of the college’s plan to develop the property.

Norm Bernaiche, who was hired last year in the wake of the town’s much-criticized 2018 property revaluation, said Monday that it is unclear to him why the now-closed golf course was completely tax-exempt.

The Dartmouth College golf team practiced there, and the course’s 120-year-old country club has historical significance, he said, but also had dues-paying members.

"At least some of it should have been taxable," Bernaiche said.

The golf course, which had been home to the college-owned Hanover Country Club until it didn't reopen for the 2020 season, spans about 120 acres on two parcels and is assessed at $12.8 million.

Under Hanover's current property tax rate of $18.45 per $1,000 of assessed value, Dartmouth would have to pay about $237,000 annually on the parcel.

The college's newly released master plan makes clear that with the golf course closed the property is likely to be developed as the campus expands northward along Lyme Road.

But in a letter to the town, Dartmouth has asked officials to continue to exempt the parcels from property taxes, describing the land as an "integral" part of the school's outdoor offerings.

Even without golf, the land offers an "alternative outdoor space" close to campus and downtown Hanover, Daniel Justynski, Dartmouth's director of real estate, said in a June letter.

"These lands have long been a gathering place for informal recreation and socializing by students, faculty and staff such as sledding, cross-country skiing and snowshoeing in the winter, to running, walking and dog-walking in the warmer months," he wrote.

New Hampshire state law exempts college facilities, "including athletic fields and facilities and gymnasiums" from local property taxes so long as they contribute to the institution's educational mission. College dormitories, dining rooms and kitchens enjoy a $150,000 exemption but otherwise can be taxed by a municipality.

Hanover officials have expressed skepticism that the golf course land is still serving its purported educational mission, especially since the college recently indicated that it could develop the site.

Dartmouth's new master plan calls for a potential "mix of campus uses, such as academic, administrative, and graduate or professional student housing" along Lyme Road, aka Route 10. Other portions of the property could be used for a park-like space or recreational land, including possible cross-country ski trails or new golf course, according to the plan.

Bernaiche said the potential for development is likely to increase the property's assessed value when the town has completed its 2021 revaluation.

"That is high-value institutional zoned land and (its value) will likely increase as opposed to a golf course, which is not its highest and best use," he said in an email.

In its letter to the town, Dartmouth said its cross-country, track and skiing teams continue to train on the property. The Outdoor Programs Office also runs sledding activities there and set up a nine-hole disc golf course this spring.

"In all these uses, Dartmouth affirms its purpose and mission, which includes providing 'a comprehensive out-of-classroom experience, including athletic, recreational and outdoor programs,' " Justynski wrote.

Bernaiche said a review of the golf course's tax-exempt status started earlier this year when Dartmouth submitted an application asking to forgo payments in the coming year.

"That's still in progress," he said.

The town's Advisory Board of Assessors is expected to make a recommendation, which will go before the Selectboard sometime in August.

Dartmouth's argument that the golf course land serves an institutional mission as open recreation space is unusual from a tax perspective, said Marti Noel, president of the New Hampshire Association of Assessing Officials.

Most public parks are owned either by a town or state government, meaning their tax-exempt status is fairly easy to determine, said Noel, who serves as Milford, N.H.'s, assessor.

She said there is another way for the college to lower its tax bill, but it would constrain what could be done with the property.

"There is 'current use,' and if Dartmouth College isn't using that land, they would have current use status and be assessed at a lot less," she said.

Under New Hampshire's current use program, landowners with 10 or more acres can apply to the state for a lower property assessment in return for a promise to keep forests and fields undeveloped.

However, Noel noted, to enroll in the program Dartmouth College would have to negotiate with the town on a provision of the law that says properties have to be left in their "natural state."

The program also would require Dartmouth to pay a 10% penalty on the market value of the land if it ever did move forward with developing the former links.

"Certainly between Dartmouth and Hanover, that's a discussion they need to have," Noel said.

NEW JERSEY

Jersey City looks to suspend controversial 'garbage tax'

After complaints from residents, the Jersey City mayor and council are calling for a halt to the controversial solid waste fee that was tacked onto residents' water and sewage bills this year, Mayor Steve Fulop said in a news release this morning.

"Residents have explained to us that they are being way overcharged on what was supposed to be a nominal fee for their waste collection after these services were acquired by the MUA," Fulop said in the release. "In response, I'm asking people not to pay their bills specific to the solid waste collection fees until the MUA rectifies the issue, and for those who have already paid, we will make sure you get a credit for future payments."

The solid waste fee for trash and recycling pickup, based on residents' water usage, was enacted as a way to spread the costs associated with it more fairly to all property owners since so many buildings in the city are tax-abated, officials said earlier this year.

Once bills from the city's Municipal Utilities Authority went out, though, the fee quickly became viewed by critics as a new garbage tax, a way to keep the municipal portion of the property tax bill artificially low by charging new fees elsewhere.

Fulop, however, says the problem is that the fees charged have been mistakenly high.

“That is simply a mistake from the MUA and Suez,” the city’s water operator, Fulop said.

The agreement was a $15 increase per month to the average Jersey City residence, which would be offset by a reduction in taxes, his news release said, but residents are seeing bills in the three- and four-figure range.

The issue has become politically charged in this election year when the mayor’s office and all nine council seats are to be decided in November.

“I’m glad to see that Mayor Fulop has reversed course on his MUA backdoor tax,” Councilman-at-Large Rolando Lavarro, who is running for re-election as an independent, said in a news release. “To be clear, the original intention of Mayor Fulop’s backdoor tax was never to create ‘tax fairness.’ If it was it missed the mark, and by a whole lot. Scores of people have been complaining for months about the Fulop backdoor tax.”

Orange currently undergoing revaluation for 2022 taxes

While 2022 may still seem a ways away, Orange is currently getting its ducks in a row for 2022 taxes by engaging in a revaluation, its first since 2014. Every several years, municipalities undergo a revaluation process to reappraise properties at fair market value, thereby spreading the tax burden more equitably across the municipality.

It is natural for property values to change, often as a result of the general real estate market. A property’s value can increase due to add-ons, such as a garage, pool or bedroom, while a property’s value can decrease due to depreciation from poor maintenance or damage.

According to Orange Business Administrator Christopher Hartwyk, Orange property is currently assessed at 91.49 percent of market value for 2021.

“The Assessment-Sales Ratio Program is based on a comparison of the sales prices with the taxable assessed values of real properties which have sold and for which deeds have been recorded,” Hartwyk told the Record-Transcript on July 19. “It is assumed that values on the sold properties are representative of the assessment practice in the taxing district. For example, if the assessed values of properties sold average 90 percent of the sales prices, it is assumed that all similar properties in the taxing district are being assessed at an average of 90 percent of their true value.”

According to Hartwyk, Orange determined this number by having its assessor work with the Essex County Board of Taxation to gather sales information, which was then sent to the New Jersey Division of Taxation. The sales information was gathered from the past fiscal year, based on deed recording dates. From this information, the Division of Taxation was able to determine a ratio of assessed value to true value — in Orange’s case, 91.49 percent.

While the revaluation process will result in a change in individual assessed value for nearly every property in the city, it does not mean that individual property taxes will increase for all properties. The tax rate will be adjusted to compensate for the change in assessed values. Therefore, since not all properties have appreciated — or depreciated — in value at the same rate, some tax levies will increase, some may remain unchanged, and some may even decrease.

Orange has entered into an agreement with Professional Property Appraisers Inc. to perform the citywide revaluation. According to Resolution No. 265-2021, which was passed by the Orange City Council on May 18, the city will pay PPAI, located in Cinnaminson, $439,875 to complete the revaluation.

While, according to Hartwyk, this is Orange's first time working with PPAI — in 2014, Tyler Technologies completed the city's revaluation — the company has a long history of completing revaluations in the area, recently in North Caldwell, Springfield and Essex Fells. To contact PPAI, call 866-957-1388 or visit www.ppareval.com.

While some properties have already been assessed, the assessments continue. Each data collector should have a photo identification badge visibly displayed, showing the company's name, Professional Property Appraisers, as well as the individual's name. The inspector can provide a letter of introduction on municipal letterhead that contains a telephone number for questions or concerns. Residents should ask to see the credentials of anyone seeking to enter their home and should refuse to admit anyone who cannot produce this identification.

In order to ensure an accurate valuation, property owners should cooperate with appraisers, providing requested information about the property and allowing credentialed appraisers inside their home or office.

A notice of the new assessed values for each property will be mailed in the fall of 2021, but the impact of the new assessments will not affect the property owner's tax bill until the 2022 tax year. The notice will also include information on how to arrange for a personal informal meeting with a PPAI representative to review the proposed assessment. Taxpayers attending the review should be prepared to support any disagreement regarding the appraised value of their property.

If the taxpayer is still not satisfied with the assessment following the information meeting, they have the right to file a formal appeal with the Essex County Board of Taxation on or before April 1 of that given year, with an extended deadline to May 1 for the first year after the revaluation.

NEW YORK

Pandemic could cut assessed property values by 10%

2022 estimates may mean sharp drop in NYC tax collections, report shows

The pandemic slammed New York City's retail, office and hotel sectors, a hit that may mean a sharp drop in property taxes collected next year.

The tentative tax assessment for 2022 shows assessed values of those commercial properties fell 9.6 percent year over year, according to a report in Barclays. And it showed the total market value of those properties fell even more dramatically, nearly 16 percent, according to the report, "The Empire State of Real Estate." Hotels fell the most, followed by retail properties then office.

The report's authors were "not overly concerned about the prospects of New York City, but a lasting downturn in commercial and multi-unit residential real estate could pressure its economy for years to come," they wrote.

While the housing market has steadily improved since February, the rental market is still suffering. In June, Manhattan's apartment vacancy rate was 6.7 percent, up from 3.67 percent last year, according to Douglas

Elliman. The number did fall from 7.6 percent in May, signaling an improvement. Still, Covid's impact on apartment vacancies and the office market's slow comeback, could depress property values and drive down collections over the next several years, the report noted.

Property taxes account for 31 percent of the city's annual revenue, and commercial and multifamily properties are the largest contributors to that slice. And they now have the most uncertainty, particularly multifamily and office buildings. That could lead to lasting declines in their assessed value, it noted.

The city determines taxable property value through net operating income, which dips when occupancy levels do.

Only 62 percent of employees are projected to return to offices by September, and it's unclear the amount of space that longer-term hybrid work models will require. Office vacancies, in turn, are expected to peak at over 14 percent in 2023, according to CoStar data cited in the report.

Newer buildings and those redesigned for a post-Covid world will likely be in greater demand, but older Class B buildings are the biggest contributors to the tax roll. Occupancy levels at those properties could drop by up to 20 percent, sinking net operating incomes by as much as 26 percent, the report found.

Overall, multifamily vacancy rates are 10 to 15 percent higher than pre-pandemic levels, which could mean a drop in market value of about 13 to 18 percent, according to the report. Barclays used Stuyvesant Town and Peter Cooper Village apartment complexes as an example. Combined, the massive developments saw net cash flow slip by 33 percent last year and occupancy drop 15 percentage points to 79 percent during that period.

The encouraging news is vacancy rates across property types are falling or nearing their highs, according to the report. Rent levels for multifamily properties are also close to what they were before the pandemic. Meanwhile, some office buildings receiving tax abatements are expected to burn through the benefit in the next few years, eventually boosting the tax roll. An example: The payment in lieu of taxes program benefiting the Durst Organization's One Bryant Park expires in 2029.

And though never a popular choice, the city could always hike taxes, the report noted. While smaller property owners have pushed back on rising tax rates, the city's commercial and residential property tax rates are far below average, it said.

Hamilton, NY town assessor explains reassessment process, ways to keep communication open
As promised here is the second part of the informational piece on the reassessment in Hamilton. We left off with data being input and analyzed through the New York State RPS system, where three values generated: cost, income and market.

Here is a brief overview of each.

Cost: This is the reproduction cost new, less depreciation for age and condition, plus the value attributable to land.

Income: Used frequently when valuing commercial property. This approach uses the income attributed to the real estate, not the amount made from your business.

Market: This is the most commonly used form of valuing properties and the most reliable as it compares up to five recently sold properties to yours to come up with a market/assessed value.

After all the statistical testing is complete, cost and comparable sheets are produced and the actual field review of each property will begin.

The final step in the valuation is field review which will begin on the properties after the analysis is completed. This is the most important aspect of the update, the actual field visit on each property where the value is placed. I will be looking at each property with a computer generated cost and comparable sheet specific to each parcel.

The comparable sheets will list three to five comparable properties that have recently sold and that are similar to the subject property. A value is computed by using the statistical analysis, the important issue is that I will be physically looking at each property as the computer generated value does not see surrounding area or true condition and the human review is essential.

The process to value all the properties will take a few months and should be completed around December 2021 to January 2022. Shortly after, each property owner will receive an impact report with their new assessment. This notice will show a “projected” comparison of what type of tax increase or decrease you “may” expect with the new assessment using your old assessment and “current” budgets as comparison.

As the assessor I have no control over the budget process and there is no way to project that, so the current town, county and school budgets are used to project the estimated change.

If you are not satisfied that your new assessment reflects true market value, there will be a number to call to set up an informal meeting with myself to discuss and review the new assessment. These informal meetings are done prior to grievance day and are a good tool in case of errors or problems that I may not be aware of that would affect value, or if you feel that you can substantiate that the value is not an accurate representation of market value.

Any person attending an informal meeting will receive a notice from my office regardless of a change or not. This will leave ample time for you to continue on to grievance day if the need be. If there is still dissatisfaction after grievance day the next step would be a small claims hearing review if the property is residential and for vacant land and commercial properties they would file a certiorari proceeding at the Supreme Court level.

I hope that this has been helpful and informative. My hope is to keep an open line of communication with the taxpayers. I perceive this position as a public service; I am here as your ally not your adversary. I want to be fair to each and every taxpayer and feel that this is my duty as assessor.

My primary concern is to maintain fairness and equity in the assessment roll. Although I cannot promise perfection, I do promise to come as close as I can and to work with the taxpayers in alleviating any inconsistencies that arise.

Local property taxes to be capped at 2% next year

Local government property taxes in New York next year will hit their statutory cap of a 2% increase, state Comptroller Tom DiNapoli on Wednesday announced.

It's the third time in the cap's decade-long history that local governments will have property levies limited to a 2% increase. The 2011 law limits property tax increases at 2% or the rate of inflation, whichever is lower. Local governments can also override the cap if they choose.

DiNapoli's announcement affects all counties, towns and fire districts in the state, as well as 44 cities and 13 villages that operate their budgets on a calendar-based fiscal year. The 2021 limit was set at a 1.56% increase.

"Allowable tax levy growth will be limited to 2% for a third time in four years for local governments with calendar fiscal years," DiNapoli said. "As the economy recovers from the pandemic, local governments have seen some revenues rebound and have benefited from one-time federal financial assistance. At the same time, the risk of inflationary cost increases and the need for investments that will stimulate economic growth and fund essential services may lead to challenging budget decisions ahead.”

Long Island home prices hit record highs due to 'insatiable housing demand'

Home prices hit record highs in Nassau and Suffolk counties last month, as low interest rates and intense competition for suburban dwellings drove up the cost of housing.

In Nassau County, homes sold for a median price of $645,000 in June, up 16.2% from the same period last year, OneKey MLS, the listing service that includes Long Island, reported Thursday. Suffolk County homes traded for a median price of $510,000, up 18.8% annually, the listing service said.

Those were the highest prices ever recorded in both counties, and the largest year-over-year gains, OneKey reported.

What to know
LI home prices hit record highs of $645,000 in Nassau and $510,000 in Suffolk last month.
Low interest rates and strong demand for suburban homes are fueling the increase in housing costs.
It’s still a sellers’ market but some brokers say the intense competition is starting to ease a bit.
The supply of new listings has dropped, especially for homes priced under $400,000.
However, there are signs the Long Island real estate market could be getting a little less competitive.
One broker said the frenzy of bidding wars is starting to abate, and it’s becoming less common to see long lines at open houses.

"The Long Island market has definitely cooled off a little bit," said Johnson John, owner of North Star Homes in Garden City. "If there were 30 buyers [for each house] before, now you have 20." Some buyers have given up after losing out in too many bidding wars, he said.

Even so, he said, "20 buyers per house is more than enough to get the job done."

The price of homes that went into contract last month grew by slightly less eye-popping amounts than the trends in closed sales, OneKey figures show. In Nassau, buyers signed contracts for homes at a median price of $657,000, up 12.3% annually. In Suffolk, homes went into contract for a median price of $525,000, up 15.4% from a year earlier.

Also, the median price of pending sales was lower in June than it had been the previous month. In May, the median pending sales price was $665,000 in Nassau and $539,500 in Suffolk.

Tracking home sales from month to month — rather than comparing them with 2020 numbers — can provide "a more realistic picture of what the housing market conditions are today," said Jim Speer, CEO of OneKey. The effect of last year's pandemic shutdown, he said, "is still reflected in the housing reports and I expect that impact to linger for a few more months."

Comparing last month’s housing market with June 2020 can give a distorted picture of home sales trends, since the nearly three-month COVID-19 real estate shutdown ended in mid-June last year. The near-total halt in home sales was quickly followed by a burst of buying activity.

The current housing market remains tipped in favor of sellers. At the pace homes went into contract last month, selling all the homes on the market would take 2.3 months in Nassau and 1.9 months in Suffolk, listing service figures show. A balanced market has a five- to eight-month supply, brokers say.

While prices could decline moderately, according to brokers, the market is unlikely to experience a crash since interest rates are low, demand remains strong and lending standards have been tight. The average mortgage rate was 2.9% last week, mortgage giant Freddie Mac reported.

The rising prices have prompted some homeowners to put their properties on the market, especially those who are leaving the region, John said. He said four clients who sold their homes recently moved to Colorado, Texas, North Carolina and Pennsylvania.

"If they're leaving New York State, especially if they're closer to retirement … they are extremely eager to get out of town," he said.

But for those who wish to stay on the Island, it’s difficult to sell one property and purchase another, since prices have soared throughout the market, he said.

"That's keeping people from selling, to be honest: ‘Where do I go?’" John said.

Indeed, the supply of new listings has dropped, a separate report shows.

Last month, brokers brought 4,022 new listings to the Long Island market, excluding the East End, down by 4.8% from the previous June, the appraisal company Miller Samuel and the brokerage Douglas Elliman reported.

However, while new listings fell overall, with an especially steep decline for homes priced under $400,000, the inventory of homes listed for $500,000 to nearly $1 million grew, Miller Samuel and Douglas Elliman reported. In the price band from about $600,000 to $800,000, the number of listings jumped year-over-year by 32%.

That disparity reflects the greater ability of higher-income homeowners to afford their next home purchase on the Island or leave the region, real estate experts said.

"The significantly higher equity that many [homeowners] are enjoying is money on paper … unless they're leaving the area," said Jonathan Miller, president and CEO of Miller Samuel. Plus, he said, the supply of listings "has been no match for the insatiable housing demand."

Many properties still attract multiple offers, but the competition is less fierce, one broker said.

De Blasio paying property tax games

NBC news revealed NYC’s initial confirmed case of Covid-19 occurred March 1, 2020. One year earlier, March 2019, Milton E. Ezrad, chief economist at Vested, stated, “The city is running a deficit … already in a financial spot but would be in a difficult situation with any kind of setback.”

Paul C. Earle, respected economist from the American Institute for Economic Research also said, “NYC could go bankrupt, absolutely.” In April 2020, the bi-partisan political watchdog, the New York City Independent Budget Office projected NYC to lose $400 million in real property tax revenue for fiscal years 2021 and 2022. A recent June 2021 Bloomberg report approximated these losses to be in the $1.6 billion range. The Citizens Budget Committee determined property taxes account for nearly 45% of city tax revenues. Property tax is an undeniable staple of New York City’s revenue stream. This begs the question: How will NYC close this financial deficit?

Recent recommendations by the NYC Advisory Commission on Property Tax Reform suggests property tax increases are on the horizon. This City Hall-appointed commission released a 72-page report with several non-detailed recommendations. The following four items drew immediate attention:

- The Commission recommends a sale-based methodology to value all property in the residential class.
- The Commission recommends assessing every property in the residential class at full market value.
- The Commission recommends a circuit breaker within the property tax system to lower property tax burdens on low-income primary resident owners, based on the ratio of taxes paid to income.
- The Commission recommends a partial homestead exemption for primary resident owners in residential class dwellings with incomes below a certain threshold.

Full market value is the price a property would sell for under normal conditions. Currently property tax rates are based on assessed value, a fractional percentage of full market value, that will not exceed 6% of market value. In Spencer Estate, 1-3 family homes are designated Tax Class 1 and taxed at 21.045% of assessed value minus exemptions. A dramatic change from assessed value models to full market property tax models could place undue financial burdens on hard working middle class families, retirees, senior citizens and anyone on tight budgets or fixed incomes.

In typical fashion, City Hall-inspired policy change elicits more questions than answers. What is the tax to income ratios and income thresholds? What are the financial effects of the partial homestead exemption and circuit breaker? Will the homestead exemption or circuit breaker replace current STAR, Enhanced STAR or other exemptions? Will the circuit breaker include an interest accruing deferred tax payment plan that could place a vulnerable property in lien status? Can overlap situations occur with the homestead exemption, circuit breaker structures? If so, how are these handled?

With the tradecraft of skilled illusionists, the term limited de Blasio NYC political machine placed intense focus on social-themed defund movements. Shielded was their motivation to close fiscal gaps by defunding hardworking middle class homeowners. This late-stage NYC property tax reform is expected to await blessings from a new City Council and mayor before attaining state approvals. It should be noted: Assembly Bill A4744 and Senate Bill S857, addressing the circuit breaker, are already in committee minus specific fiscal details. The Property Tax Reform report is available through the website www1.nyc.gov. Comments may be emailed to nyc.gov/propertytaxreform/testimony

Low-density communities are middle class neighborhoods primarily comprised of essential workers, first responders, civil servants, teachers, fixed-income senior citizens and retirees. Many multiple generation families made sacrifices and commitments to build, improve and stabilize these communities. It is our civic duty to ensure specific details are publicized before change is made to the property tax system. Structures or processes that increase our property tax obligations should not be up for discussion. We must unite to make those that preceded us proud so those that succeed us have a community to appreciate. Let your voices be heard, contact local elected officials to demand Property Tax Reform clarity and transparency.

Update To New York City Property Tax Rates

On June 30, the New York City Council and the Mayor's Office enacted the New York City 2021/22 property tax rates. There was a net decrease year-over-year on residential tax classes 1 and 2. Utility tax class 3 also saw a sharp decline while class 4 commercial properties modestly rose. *Please refer to the chart below.*

Tax payments for the first quarter or half (depending upon property type), were due on July 1, 2021. Tax bills were preprinted utilizing the 2020/21 tax rate. There will be an adjustment for the tax rate on bills generated later in the year to account for the tax rate change.

The announced 2021/22 tax rates do come somewhat as a surprise as many industry professionals were projecting an increase as a countermeasure to the large net decrease in property tax assessments. Tax assessments for 2021/22 declined by their largest margin in over twenty-five years due to the impacts of COVID-19 (i.e. loss of income). There was an overall market value decline of 5.2%.

You may review the assessed value of your property or pay your tax bill online at Property Taxes (nyc.gov) .

Comparison of Tax Rates for FY 2021 and FY 2022 (Per $100 Assessed Value)			
Class	**FY 2021**	**FY 2022**	**Percent Change**
1	$21.045	$19.963	- 5.1
2	$12.267	$12.235	- 0.3
3	$12.826	$12.289	- 4.2
4	$10.694	$10.755	+ 0.6

'Value capture' is the infrastructure pay-for everyone is missing

The bipartisan infrastructure framework endorsed by President Biden in late June includes a remarkably diverse collection of revenue sources, ranging from boosted IRS enforcement to crackdowns on unemployment benefits fraud. With so many "pay-fors" that are completely unrelated to infrastructure, the proposal seems to ignore the very premise of the latest legislative push: Infrastructure provides large returns on investment. Tapping into the new value created by infrastructure projects, a funding mechanism called "value capture" should be part of the conversation as federal legislation takes shape.

Expensive transit projects in big cities often demonstrate the promise of value capture most clearly. The Second Avenue subway expansion in New York City, for example, has cost $1.7 billion per kilometer — far more than recent subway construction around the world. I recently found, alongside co-authors Stijn Van Nieuwerburgh of Columbia and Constantine Kontokosta of New York University, that the project lowered commute times and raised the value of local real estate dramatically. In fact, as I detail in a recent policy brief for the Manhattan Institute, the increase in land value alone would have been enough to pay for the entire subway construction.

The problem is that existing government financing methods leave this value largely untouched. We estimate that New York City will recoup less than a third of the real estate value generated, while the rest is a windfall for private developers who just happened to own land in the vicinity of the subway stops. Local governments around the country will find that infrastructure improvements constructed in isolation will cost taxpayers enormous amounts while enriching local property owners.

Value capture helps address this problem. Urban governments tax the incremental property gains resulting from infrastructure improvements in order to finance their construction, making public investment more fiscally responsible and more equitable. Meanwhile, taxing the surplus windfall that accrues to local landowners leaves landowners no worse off than they were before, while providing funding to finance essential projects.

So far, the U.S. has not been receptive to value capture's virtues, with many infrastructure projects in American cities amounting to huge cost sinks. But successful projects in cities across the world can offer instructive models for American policymakers. Hong Kong and Tokyo, for example, feature privately-run subway companies that actually turn a profit. These transit systems develop real estate in the vicinity of subway stops, thereby internalizing the value uplift from new infrastructure and providing substantial operating profits for these companies. The viability of purely privately-operated infrastructure companies in Asia presents a stark contrast to costly public-sector projects in the United States.

Most of the time, value capture techniques do not even require this sort of privatization. Both the Hudson Yards project in New York and Crossrail in London charge incremental levies to properties in the area in order to help finance important infrastructure improvements. They also incentivize additional transit-oriented development in the vicinity of transit stops, with the additional incremental taxes going to fund infrastructure expansion.

Politicians and affected residents often forget that value capture does not impose another tax added to the cost of doing business in a given region. Value capture levies are closely tied to specific infrastructure expansions and improvements that directly benefit local property owners. Charging for up-zoning rights provides builders with concrete benefits in the form of higher development rights, while targeting dense construction in transit-rich areas.

It is also important to remember that value capture does not add new taxpayer burdens; it just makes them more targeted. By supporting the construction of infrastructure projects, cities incur expenses that ultimately will need to be paid back, one way or another. Value capture simply ensures that the people who benefit most from the project wind up paying, rather than taxpayers as a whole — many of whom will never benefit from the project in question.

Focusing the financial burden of infrastructure projects on their primary beneficiaries has bipartisan promise at a federal level. Republicans and Democrats support infrastructure investment because a new project can bolster economic activity, improve quality of life, and connect citizens to greater opportunities. Increased real estate values in a neighborhood or region very closely reflect this return on investment.

Capturing this new value — which most often benefits the wealthy and corporations (the taxation targets of President Biden's original funding proposal) — should appeal to Democrats. Republicans also might be refreshed to see that $110 billion of investments in public transit and rail would be paid for by the specific stakeholders who reap the rewards, not taxpayers in rural states who are less likely to benefit. State and local governments, which are poised to play a major role in the bipartisan framework, could coordinate with the federal government to apply value capture to eligible projects under new legislation.

America desperately needs new transit and transportation infrastructure, and Congress urgently needs innovative, substantive ways to pay for it. With economists questioning the projections of revenue generated from IRS funding boosts, unemployment fraud reductions, and vaguely described public-private partnerships, now would be the right time for policymakers to look to value capture. At its root, value capture recognizes that infrastructure investment builds brighter cities and more prosperous communities — and harnesses that progress for the public good. That seems like something we can all get behind.

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TEXAS

The New 90-Day Deadline: Forcing Appraisal Districts and Appraisal Review Boards to do Their Jobs

Some taxpayers have had their money held hostage due to the failure of chief appraisers to make decisions on exemption and special valuation applications. In these instances, taxpayers have been forced to pay on the market value of their properties while the chief appraisers ignore their responsibilities. In other words, some Texans are forced to pay taxes when they are entitled not to pay taxes, or entitled to pay much lower amounts.

Other Texans receive decisions leaving them wondering why their applications were denied, as chief appraisers often deny applications without any or adequate explanations. To add insult to injury, in those instances where chief appraisers indicated their grounds for denial, they raise entirely new issues when the matter comes before the appraisal review board. Further, some appraisal review boards take inordinate amounts of time to schedule hearings. This problem is particularly acute in rural appraisal districts.

This behavior is so widespread that the Texas Legislature created new provisions that force chief appraisers to make decisions on property tax exemptions and special appraisals within 90 days and to provide taxpayers detailed explanations for their decisions.

The Texas legislature now requires appraisal review boards (ARBs) to hear protests within 90 days of them being filed.

Moving forward, Texans will finally have the tools to force chief appraisers and ARBs to do their jobs in a timely manner.

Changes. Senate Bill 63 requires chief appraisers to take action on applications for property tax exemptions not later than 90 days after: (1) the date the applicant first qualifies for the exemption, or (2) the date the applicant provides to the chief appraiser information necessary for the chief appraiser to determine the applicant's right to an exemption – whichever date is later.

The bill establishes a similar 90-day deadline for chief appraisers to take action on applications for special appraisals and determine the applicant's rights to have their land appraised under one of the following:

- agricultural land;
- open-space land;
- timber land or restricted-use timber land;

- recreational, park, or scenic land; or
- public access airport property.

If a chief appraiser requires additional information from an applicant to determine the applicant's right to an exemption or to special appraisal of their land, the chief appraiser must deliver a written notice to the applicant not later than the 30th day after the date the application is filed specifying the additional information the applicant must provide. If a chief appraiser modifies or denies an application for a tax exemption or denies an application for special appraisal, the requisite notice to the applicant must state and fully explain each reason for that action.

Scheduling of Protest and Motion to Correct Hearings

All protests and all motions under section 25.25 (correction of errors and substantial overvaluations) filed between January 1st and September 1st must be scheduled for hearing no later than the 90th day after the ARB approves the appraisal records. Motions to correct filed between September 1st and December 31st must be scheduled no later than 90 days after the taxpayer requests a hearing.

Evidence Presented at Protest Hearing – Chief Appraiser Restricted from Changing Basis for Denying Special Appraisals and Exemptions

Senate Bill 63 prohibits a chief appraiser from offering evidence or argument at a hearing on a protest in support of a reason for modifying or denying an application for a tax exemption or for special appraisal of land, other than a reason stated in the notice delivered to the property owner explaining the reason for which the chief appraiser took that action unless the chief appraiser provides written notice to the property owner of the additional reason for modifying or denying the application not later than the 14th day before the date of the hearing and establishes that the additional reason was not known to the chief appraiser at the time the chief appraiser delivered the initial notice to the applicant.

Conclusion. These new provisions significantly strengthen taxpayers' rights. Taxpayers can force the chief appraiser to decide their exemption or special appraisal application within 90 days, force the appraisal review board to hold a hearing on their protest within 90 days of filing, and force the chief appraiser to explain why he or she denied their applications. This may require taxpayers to file suit for a writ of mandamus in district court. Further, the chief appraiser is bound by the explanation he or she gives for denying the application. These provisions will apply pressure to appraisal districts and appraisal review boards to diligently decide exemption and special appraisal applications.

The effective date of the bill is September 1, 2021.

Wilson County property owners file 7,644 tax protests

Realtor may file lawsuit against Wilson County Appraisal District

Property-tax appraisal protests continue in Wilson County, as the July 20 deadline approaches for the Wilson County Appraisal District to present certified tax rolls to the county's taxing entities.

As the deadline approaches, Wilson County realtor Chris Jacobs continues to gather information to sue the appraisal district over the “wildly inaccurate” assessments thousands of property owners are protesting. Many taxpayers — some on fixed incomes — could face crippling tax bills if their assessed values stand.

As of July 12, more than 1,000 appraisal review board (ARB) hearings had yet to take place. The appraisal district has received a whopping total of 7,644 protests filed this year, including 182 that followed mineral notices being sent to property owners; the deadline to file those was June 18, according to Beka Lerich, director of operations for the Wilson County Appraisal District.

Property owners can discuss their appraised values with an appraiser; they can choose to settle their protest informally, or have a hearing with the ARB. There are still 2,188 protests that have yet to be scheduled for ARB hearings, Lerich said.

Here’s where things stood as of Monday:

•Protests filed — 7,644

•Settled informally — 1,916

•ARB hearings held — 2,519

•Scheduled for ARB — 1,021 (total hearings scheduled July 12-20)

•ARB hearings not scheduled yet — 2,188.

Hearings are scheduled through July 20, Lerich said. “Hearings for the remaining 2,188 accounts under protest will resume being scheduled in August.”

Property owners may visit the appraisal district office on Railroad Street in Floresville during business hours with their evidence and discuss their property informally one-on-one with an appraiser. Appointments are not required and face coverings are optional.

“As far as evidence to bring in, pictures, pictures, pictures!” Lerich encouraged.

Those who filed protests online can upload their evidence to their online protest for review.

Those who have questions or want to check the status of their protests can contact the appraisal district:

•Call 830-393-3065

•Email wilsoncad@yahoo.com, if unable to call during business hours.

Appraisal lawsuit?

La Vernia-area realtor Chris Jacobs told the Wilson County News he continues to look into a lawsuit against the Wilson County Appraisal District regarding county property appraisals.

“I’ve never seen such wildly inaccurate assessments,” Jacobs said. “I have met with licensed appraisers and they have no clue how these numbers are justified. … You can’t compare Stockdale rural properties to residential lots. You can’t compare Pullman Road land to Cibolo Ridge lots.”

Jacobs has two attorneys looking into a potential lawsuit, and is consulting with another attorney who specializes in pursuing government entities. He has filed a complaint with the Texas Department of Licensing and Regulation against appraiser Ronnie Rebecek.

Military veteran Jacobs has been assisting county property owners with their protests, providing comparable values and other support.

“We have had wildly successful ARB hearings,” Jacobs said. “Several realtors and taxpayers have seen 30-percent to 50-percent reductions in valuations.

“This cements to me that this was done poor

WASHINGTON

Assessor: Home values rose ‘sharply’ through pandemic across county — up 7.9% on Capitol Hill

How the county put property tax revenue to work in 2021:

Sorry, kids. It's not getting any easier to buy a home in Seattle. County property values have continued to rise and two Seattle neighborhoods including Capitol Hill led the way in 2020, according to the King County Assessor's office.

The office says median residential property values rose by 7.9% on Capitol Hill, and by 11.3% in the Ravenna/University District area in 2020. The message comes as the assessor is preparing homeowners and landlords for sticker shock as the annual process of mailing property valuation notices to taxpayers begins.

Assessor John Wilson says reluctance to sell by existing property owners is helping drive the continued surge. "No one knew what to expect a little over a year ago when this public health emergency began," Wilson said in the announcement. "Now it is clear that a primary impact on property values has been caused by homeowners not wanting to sell at this time, leading to reduced supply and big price and value increases."

His office says that home sale prices and overall home values have risen sharply in most King County neighborhoods, despite the economic impacts of the COVID-19 pandemic.

County Assessors set values annually on every commercial and residential property value in the state. Effective as of January 1 by state law, the values are then applied to the next year's tax bill.

WISCONSIN

Walmart sues the city, again, over property taxes

Walmart has filed another lawsuit against the city of Oshkosh, arguing that its supercenter on South Washburn Street isn't worth nearly what the assessor thinks.

The new case, filed June 30, says that the value of the property is no more than $10.4 million, compared to the $13.1 million that the city says it's worth.

Three years ago the city assessed the property at $16.6 million.

But Walmart sued in 2019 and again last year. The 2019 suit was settled out of court while the 2020 case is continuing. A status conference is scheduled for next week in last year's dispute.

Other "big box" retailers, such as Lowe's and Menards, have won significant rebates from the city on the grounds that their buildings were overassessed. The retail chains argue that their stores are worth much less than local real estate assessors have determined.

City officials argue that the retail chains are taking unfair advantage of the assessment process and pushing their share of the tax burden off to small businesses and residential property owners.

The controversy is frequently described as the “dark store” issue because retailers have argued that their stores are so specifically designed that they would have a very low value to other users. Under this theory, even a big-box location that is thriving should be compared to vacant stores to come up with its assessment value.

“The dark store legislation addresses two property tax loopholes that have enabled certain commercial properties to demand, and receive, significant property tax reductions,” according to a statement from the League of Wisconsin Municipalities.

The first one allows the use of vacant stores as comparable sites to determine value. “The second loophole is based on the 2008 Wisconsin Supreme Court Walgreens decision, which prevents an assessor from considering actual contract rent in determining the value of certain types of retail income property,” the league said.

Walmart has previously argued that its Oshkosh property is worth no more than $8.5 million.