IPTI Xtracts

Property Tax and Assessment News from Around the World

# UNITED STATES – October 2021

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## Reimagining local public finance: Equitable reform of taxes, fines, and fees

As a result of the American Recovery Plan Act (ARP), many cities and counties are seeking to make transformative investments while prioritizing equity in the process. Naturally, the spending decisions local governments are making have received a lot of attention.

However, local governments should also take advantage of this opportunity to review and reform revenue-raising (i.e. taxes, fines, and fees) practices with an eye toward equity. The ARP provides local governments significant flexible funds to replace revenue that they lost due to the pandemic, but policymakers should not be satisfied with just replacing revenues. Black taxpayers and other taxpayers of color bear a heavier tax burden for public services due to the local assessment and collection practices of tax and non-tax revenues. Counties and cities should strive to achieve the ARP's explicit equity goals not only through spending programs, but also by evaluating, and when necessary, reforming the methods through which they raise revenue in the first place.

LOCAL GOVERNMENTS RAISE REVENUES INEQUITABLY

Depending on the local unit of government, revenues can consist of local taxes, such as sales taxes and property taxes, as well as other forms of non-tax revenue, such as fines and fees. Fees are often used as a surcharge to fund local government services, whereas a fine is more punitive—a form of punishment for violating a municipal code or law, such as a parking ticket.

Before the pandemic, cities and towns across the country increasingly used fines and fees to fill budget holes. Local governments' excessive reliance on fines and fees can disparately and devastatingly impact Black residents. For example, The Washington Post found that parking tickets in Washington D.C. are issued more often in Black neighborhoods than in white ones. Though for some a ticket is a minor inconvenience, for others with limited incomes, fines snowball into hardships as many find themselves unable to pay their tickets on time. In Chicago, reporting from ProPublica Illinois revealed that excessive ticketing, including for non-moving parking violations, disproportionately harmed low-income Black residents, sending tens of thousands of motorists into debt and bankruptcy. Though Chicago is slowly working toward reforms, the debt owed for city tickets continues to grow and currently stands at $1.8 billion.

One part of the problem is excessive and disparate ticketing practices, and the other part is the ways in which fines are collected. Some cities offer payment plans, but these plans can be prohibitively expensive when they do not consider a person's ability to pay. In other situations, municipalities will double fines if a person is unable to pay the fine after a certain period, or they may suspend the resident's driver's license, further aggravating the problem. Washington, D.C. ended drivers' license suspensions for unpaid parking tickets; however, the city can still place a hold on license renewals and registrations, affecting a person's ability to travel to work and maintain their employment. It is difficult to discern whether policies regarding parking tickets serve to incentivize compliance or whether they simply act as a form of regressive taxation.

Beyond fines and fees, low-income taxpayers and taxpayers of color also suffer disparate impacts from the ways in which cities and towns assess and collect regular taxes. Though property taxes are, in principle, an ad valorem tax, meaning the tax should be proportional to the value of the home, property tax assessments disparately impact Black taxpayers and taxpayers of color by over-assessing their properties relative to market value, as a nationwide study shows. In addition to the inequities in the initial assessments, another analysis reveals that the appeals process can also exacerbate unfairness, as homeowners of color are not only less likely to appeal their assessments than white residents, but if they do appeal, they are less likely to be successful, or they receive a smaller assessment reduction than white residents.

To the extent that these inequitable assessments impact a homeowner's ability to pay their property taxes, their properties are more likely to end up in tax sales, where they are subjected to further high interest and fees. In places such as Cook County, as recently as 2020, 75% of the approximately 38,000 homes on the tax sale list were in Black communities.

Ultimately, inequitable revenue systems contribute to the widening racial wealth gap by depleting residents' sources of income and wealth, creating debt, and inhibiting wealth building through homeownership.

NOW IS THE TIME FOR LOCAL GOVERNMENTS TO MAKE REVENUE SYSTEMS MORE EQUITABLE

A commitment to equity requires action on both sides of the local government ledger. To make revenue systems more equitable, policymakers should begin by analyzing the areas where they see disparate outcomes and determine their sources. Such an analysis should also be open to challenging the goals, intentions, and assumptions built into existing policies and practices. Key questions local governments should ask include:

What aspects of the revenue system may disproportionately impact low-income taxpayers and taxpayers of color, and what do these communities say about how these policies impact them?
Are limited or biased data creating inequities in the revenue-raising process?
Do taxes and fines and fees policies adequately consider ability to pay?
Are revenue-raising methodologies and practices transparent to the public?
What political obstacles might stand in the way of reforming inequitable revenue-raising practices?

There are numerous resources local governments can use to begin their analysis and reforms. PolicyLink, for example, shares roadmaps for community stakeholders and policymakers to advance fines and fees reforms, and the Fines and Fees Justice Center's clearinghouse highlights several promising reform practices.

In terms of tackling inequitable assessments, Franklin County, Ohio provides one potential approach. Though they are in the early stages of reform, local officials there partnered with the Kirwan Institute to not only review their appraisal model, but also offer recommendations. These recommendations are worth examining by other local units of government, as they are aimed at addressing racial bias in their assessment model and the disparate impacts of historic policies, such as redlining.

When trying to reform inequitable systems, challenges frequently arise. Some worry reforms will reduce revenue, while others argue that there are no viable alternatives to existing practices. While these are reasonable concerns, policymakers should also consider who and which communities bear these expenses, and how much more the existing conditions cost local government, and all taxpayers, in the long run.

For instance, one study focused on Cook County estimated that from 2011 to 2015, inequities in property assessments resulted in the improper shifting of $2.2 billion in taxes from undertaxed properties onto over-taxed properties. A reformist Cook County Assessor with a philosophy of equity and transparency replaced the previous assessor, who had turned something of a blind eye to these inequities. Correcting these imbalances is one way local leaders can ensure more resources remain in the hands of taxpayers living in already under-invested communities.

Improving equity in revenue raising can also be a spur to economic growth. In Phoenix, policymakers made changes to their fines and fees practices, including reinstating driver's licenses. According to research from Arizona State University, the economic impact of this one minor policy change produced $87 million in labor income and $149.6 million in economic output.

The ARP provides an opportunity to create more sustainable policies by examining how and from whom local government units obtain revenues and then align expenditure decisions accordingly. As such, my future pieces will focus on discrete opportunities for cities and counties to reform their revenue-raising practices. This is a critical time to dissect and unravel the logic and assumptions that drive local budgets. This is also an opportune moment to make concrete, actionable, and measurable commitments to reimagine local public finance.

## CALIFORNIA

### Is There Urgent Support in California to Reverse Current Property Tax Hikes?

California Assembly Constitutional Amendment 9

As most Californians know by now, CA Assemblyman Kevin Kiley introduced an urgent property tax measure to the Legislature, ACA 9, to try to return long term property tax relief benefits, under Proposition 58, to their original state.

Specifically, Assembly Constitutional Amendment 9 focuses on strengthening and bolstering parental property tax transfer in California, meaning the parent-child transfer and popular parent-to-child exclusion – which still gives Californians the ability to transfer parents property taxes and keep parents property taxes when gifting or inheriting parents property. As well as buying out co-beneficiaries' property through Proposition 19, formerly Prop 58, in conjunction with a loan to an irrevocable trust; establishing a low property tax base upon inheriting a home... and always bearing in mind California's long running right to avoid property tax reassessment.

All California property tax relief rights were, and still are, hand-in-hand with the overall ability to transfer property, parental property tax transfer mainly, during inheritance from parent to child, and a tax break that is still protected by property tax measure Proposition 19 – mainly affecting middle class beneficiaries inheriting property, and mid-income homeowners residing in all 58 counties in California, and yet not fully understood by many residents.

California Proposition 19

Proposition 19 passed on Nov 3rd by a slight majority, following a very effective $40 million promotional campaign mostly paid for by the California Association of Realtors (the C.A.R.); highlighting property tax breaks that favored residents over the age of 55, as well as sentimental favorites, such as school children and firefighters. The campaign rivaled anything Madison Avenue could have come up with!

Soon after Feb 2021, Californians and local media began to discuss Proposition 19 in terms that characterized Proposition 19 parental property tax transfer rights — enabling families to transfer property taxes to and from anywhere in the state — as basically replacing Proposition 58 property tax breaks, a long-standing property tax measure that was voted into law in 1986 with a 75% voter majority; after a unanimous vote in the Legislature placed it on the ballot. Proposition 58 amended the state constitution to permit parents to transfer a home of any value and up to a $1 million of other property — such as a vacation cabin, rental property or small business – avoiding property reassessment.

Protecting Property Tax Relief & the CA American Dream

"The opportunity to own a home is central to the California Dream, but our state's affordability crisis has put this beyond the reach of too many working families," Kiley said. "Now, thanks to a Special Interest deal, Californians face a large and unplanned-for tax increase when they pass down property to their children. ACA 9 restores a vital protection that was in place for 35 years."

As certain residents and activists try to change certain confusing revisions to property tax relief in California, they also acknowledge positive property tax breaks, such as benefits for property owners over 55 years old, who are eligible for tax assessment transfers; people with severe disabilities, victims of wildfires and other natural disasters; as well as sentimental favorites such as fire-fighters and school children. And who is going to deny eligible homeowners like that.

Positive property tax relief measures allow eligible homeowners to transfer their tax assessments anywhere within the state and allow tax assessments to be transferred to a more expensive home with an upward adjustment. The number of times that a tax assessment can be transferred increased from one to three for persons over 55 years old or with severe disabilities (disaster and contamination victims would continue to be allowed one transfer).

California Assembly Constitutional Amendment 9 focuses on parents and grandparents transferring primary residential properties to their children or grandchildren while avoiding property tax reassessment. ACA 9 also addresses issues revolving around parents and grandparents transferring vacation homes and business properties to their children and grandchildren; with the first $1 million exempt from re-assessment when transferred.

Limitations on One Hand & Huge Benefits on the Other

Now, it's true that there are some limitations in certain circumstances. People who want to take advantage of the parent-to-child exclusion and grandparent-grandchild exemption must move into their inherited property as a primary residence, which many residents want to do anyway, and they do have an entire year to move in.

On the other hand, senior rights being a central issue for middle class and upper middle class families in California, residents over the age of 55 have a whole suite of new property tax benefits, along with folks with disabilities, and victims of natural disasters such as earthquakes and floods, as well as forest fires (which are extremely timely these days in California, especially for middle class residents).

When inherited property is used as a primary residence but is sold for $1 million more than the property's taxable value, an upward adjustment in assessed value would occur. The ballot measure also applied these rules to certain farms. Beginning Feb. 16, 2023, the first $1 million is adjusted each year at a rate equal to the change in the California House Price Index.

Jon Coupal, president of HJTA, weighed in on the new activities designed to reverse any questionable changes to California property tax relief. Mr. Coupal stated: "The Howard Jarvis Taxpayers Association is proud to support ACA 9 to reinstate Propositions 58 and 193, reversing any stealth tax increases on California families!" No one could have said it any better.

## CONNECTICUT

### Stamford mayoral candidate Bobby Valentine suing city over property taxes

Bobby Valentine, the local baseball legend in his first run for elective office, is embroiled in a 16-month legal dispute with the city over a tax bill for his 2.57-acre estate in North Stamford.

The long-time Republican, but now an unaffiliated candidate in a tight race with Democratic state Rep. Caroline Simmons for the mayoral election on Nov. 2, is challenging the city's valuation of the five-bedroom house he purchased more than 20 years ago near the New York border.

The fight is over a $26,000 tax bill for 2019, according to the Connecticut Judicial Branch and the Stamford Tax Collector's database.

The 5,794 square-foot colonial house — built in 1995 at the end of Wynnewood Lane, a wooded cul de sac east of High Ridge Road two miles from the New York border where Valentine campaign signs are on every front lawn— was appraised by the city at $1,479,230 and assessed at $1,035,460, a routine 70 percent.

Dan Miller, Valentine's campaign manager, said it's his right to contest the assessment and blamed the COVID-19 pandemic for the delay in the case.

"Many residents in our city appeal the assessment on their homes, particularly when property taxes increase at the same time home value decreases," Miller said in an email. "The Board of Assessment Appeals is the first step for taxpayers who believe the city assessor erred in the valuation of a property. Bobby appealed, and then decided to pursue a review in state Superior Court. The courts remain backed up due to COVID."

In his lawsuit against the city, filed in Superior Court in June 2020, Valentine claimed the tax bill "exceeded the percentage of its true and actual value on the assessment date and the valuation was grossly excessive, disproportionate and unlawful."

It's boiler-plate legal language, contained in nearly every one of the two dozen pending cases in Superior Court challenging various other rulings by the Stamford Board of Assessment Appeals. While the vast majority of local property-tax appeals are settled in city offices, a fraction, mostly multi-million-dollar commercial properties, lead to court cases.

The lawsuit was filed after the Stamford Board of Assessment Appeals rejected Valentine's request to reduce the value of the property, which he and his wife, Mary Branca Valentine, bought for $1.69 million in January 2001. The city filed a response opposing Valentine's claims in July of last year.

The pending legal battle comes as affordable housing has become the prominent issue in a sometimes acrimonious election campaign to become mayor of the state's second-largest city.

In fact, during a luncheon debate Thursday sponsored by the Chamber of Commerce, Valentine offered a passive apology to a statement recently caught on video that showed him saying homeowners were more important to the city than renters, an estimated 40 percent of the city's population.

"If I offended anyone, it was unintentional," Valentine admitted to a luncheon crowd of about 200 business, civic and religious leaders.

Valentine's statement came after Simmons teed off on the video clip, adding fireworks to the final public confrontation of the campaign.

"Why would we demonize half of our population that can't afford to" buy property, Simmons charged. "Renters are wonderful people, as are homeowners. They give so much to our city every day. I think it's insulting to suggest that they don't care about our city. I think it also suggests a lack of understanding about the modern 21st century city."

Valentine and Simmons are current on their property taxes, but Valentine's pending request to the court asks for reimbursement on an unspecified portion of the taxes he was allegedly over-charged, plus interest. At most he could win a few thousand dollars that would be applied to future property tax bills.

Gayle Alberda, professor of politics at Fairfield University, said the challenge to local taxes could help the few undecided Stamford voters to make a final choice in November.

"On one side, you have someone who clearly wants what he deems as fair for his own property," Alberda said in an interview. "If you lead a city, you have to pay for things. It could be really hard for voters to trust that he has the right intentions as mayor. This poses a personal conflict with his own interests and the interests of the town he wants to govern. Voters have to tease this out for themselves."

Valentine has portrayed himself in his campaign as a political outsider, a throwback to old-time Stamford. In fact, the longtime owner of a small chain of sports bars, a former Major League Baseball player, manager of the Boston Red Sox and the New York Mets, is a multi-millionaire. Earlier in the week, during a debate at the Ferguson Library, the 71-year-old complained of "being a senior and seeing my property taxes increase 20 percent over the last eight years."

There are tax-relief programs for older adults in Stamford for couples making less than $100,000 a year. Valentine's last job, as executive director of athletics at Sacred Heart University, paid $273,000, plus $19,648 in benefits, according to federal filings from 2017 posted by the ProPublica news site.

Sacred Heart University officials said Thursday Valentine is on a leave of absence, and declined to detail what his duties were at the college beyond his title.

## DELAWARE

### Tyler Technologies to Conduct Property Reassessment for State of Delaware

*Tyler to help re-establish equity to state's property tax systems*

Tyler Technologies, Inc. announced today it has signed agreements valued at $27 million with New Castle County, Kent County, and Sussex County, Delaware, to provide its Appraisal Services™ for the counties' upcoming reassessment projects. In addition, New Castle County has selected Tyler's iasWorld® computer-assisted mass appraisal (CAMA) software.

All three counties, which comprise the entire state of Delaware, were ordered to conduct reassessments to restore equity to all three counties' property tax systems. Each county searched for the best company to execute the appraisal, and all three selected Tyler for its expertise and proven track record.

"We are pleased to undertake these important reassessment projects for the state of Delaware," said Jake Wilson, senior vice president and general manager of appraisal services for Tyler. "With our decades of experience, we will ensure we are helping these counties bring fair and equitable taxation to its residents."

Tyler will provide its Appraisal Services to conduct a complete reappraisal for all properties in each county. Bringing more than 80 years of in-depth industry experience to mass appraisal, Tyler's specialists will physically inspect, collect data, and capture images on all types of properties to produce customized mass appraisal reports. Tyler follows a thorough process for residential field data collection, using field personnel to inspect residential properties and note unique characteristics of each parcel; this informs the overall parcel valuation. Similarly, Tyler will perform a commercial and industrial field data collection to gather property characteristics such as address, land uses, business name, building size, and condition.

In addition to the reappraisal, Tyler will also provide its iasWorld CAMA solution to New Castle County. The county currently has an out-of-date CAMA system that will be replaced with Tyler's solution. Tyler's iasWorld solution will help the county manage every step of the property appraisal process while also optimizing daily operations, managing and analyzing assessment data, and helping to generate fair, equitable, and defendable property valuations. Sussex County also currently uses Tyler's iasWorld CAMA solution, and Kent County is actively evaluating a proposal to convert its current mass appraisal system to iasWorld as well.

Tyler's Appraisal Services is the nation's most established mass appraisal solution and has been used to appraise nearly 35 million parcels of residential, agricultural, commercial, and industrial properties.

The state of Delaware has a population of nearly 990,000. Its state capital is Dover, the second-largest city in the state.

## ILLINOIS

### Chicago's trophy landlords infuriated as Kaegi boosts property assessments

Focus is on accurate assessment of commercial properties: Kaegi's office

Tax hikes are on the horizon for landlords of some of Chicago's most prominent downtown buildings after Cook County Assessor Fritz Kaegi boosted their value.

Kaegi valued Willis Tower, the city's tallest building, at $1.25 billion, 78 percent higher than last year, Crain's reported. His assessment of Aon Center more than doubled to $886 million and jumped 30 percent to $95.4 million for apartments at Aqua Tower.

The move is part of Kaegi's campaign pledge to revamp property tax assessments. Since taking office three years ago, Kaegi made sweeping changes that agitated commercial property owners. This year, he moved to assessing properties in downtown Chicago from the suburbs, infuriating landlords.

"It makes no sense," Farzin Parang, executive director of the Building Owners and Managers Association of Chicago, told Crain's. "It's very political to us. He's constantly pitting business versus residents."

Critics say that Kaegi is raising assessments even though the pandemic has prevented people from returning to offices. The business district vacancy rate rose to 17.9 percent in the third quarter from 17.3 percent in the prior three months.

Kaegi previously told The Real Deal that "assessments are out of date and there are huge inequities." He said, "I don't know the alternative that is being proposed instead of market value."

Kaegi's office says the focus is on accuracy. His predecessor, Joseph Berrios, is under investigation by a federal grand jury probing property value estimations his office made on a number of central business districts and high-end neighborhoods.

"The days of favoritism in the assessor's office are over," Scott Smith, a spokesman for the assessor, told Crain's.

While downtown landlords will file appeals, it may be an uphill battle.

Willis Tower, for example, was assessed by Berrios at $697 million in 2018, even though Blackstone paid $1.3 billion for it in 2015 and invested an additional $500 million two years later. That suggests Kaegi's assessment may not be that far off the mark.

Ares Management bought the 82-story Aqua Tower for $191 million in 2019, when it was assessed at $254 million, well below its most recent valuation of $95.4 million.

Aon Center, however, was valued at $824 million when it was refinanced three years ago by a venture led by 601W, well below Kaegi's assessment.

If landlords aren't satisfied after filing appeals to the assessor's office, they can turn to the county Board of Review or the Illinois Property Tax Appeal Board. Kaegi doesn't have a final say on the value of the properties.

## You pay more in property taxes because 27,288 Cook County homeowners pay nothing

No one likes to pay property taxes. This year, the owners of 27,288 homes across Cook County don't have to.

Their property tax bills: $0.

That they're paying nothing means the rest of the county's 1.8 million property taxpayers — the remaining homeowners and business owners — have to pick up the slack, a total of just under $102.8 million.

The pay-nothing bills result from a host of property tax exemptions the Illinois General Assembly has given homeowners over the years. The biggest tax breaks go to homeowners 65 and older and disabled veterans.

Among the homeowners whose property taxes are entirely wiped off the books because they are disabled veterans are U.S. Sen. Tammy Duckworth, former Ald. James Balcer and some veterans who are now Chicago police officers, a Chicago Sun-Times analysis has found.

The $102 million-plus is a sliver of the $1.5 billion in all real estate tax exemptions granted to Cook County homeowners this year as a result of six types of property tax breaks the Illinois Legislature has established.

And what one homeowner ends up not having to pay as a result of those exemptions means that the rest of Cook County's property owners have to cover a bigger share of the $16.1 billion in property taxes billed countywide to pay for schools and other government operations in Chicago and suburban Cook County.

"What we have done is to create all special sorts of categories — veterans, disabled people, senior citizens," says Laurence Msall, president of the Civic Federation, a Chicago tax watchdog group. "And all of those exemptions administered by the county basically undermine the integrity of the property tax system.

"We grant people relief regardless of their income situation, and the rest of the community has to pay more," Msall says. "It's unfair. It's very hard to monitor. And it's hard to authenticate who's getting the value. Is it the needy people? Or is it a large giveaway?"

Duckworth — the state's highest-profile combat veteran — hasn't had to pay any property taxes since 2015 on the home she and her husband own in Hoffman Estates.

Over the past six years, her tax breaks have totaled $42,479 — $4,637 from the homeowner exemption that nearly every homeowner receives and $37,842 under a tax break Illinois legislators passed in 2015 for veterans who have been certified by the U.S. Department of Veterans Affairs as being at least 70% disabled.

Without those exemptions, the Democratic senator and her husband would have had to pay $6,920 in taxes this year on their three-bedroom, 1,600-square-foot home, which Cook County Assessor Fritz Kaegi values at $252,250.

Duckworth and other Illinois veterans certified by the VA as 70% disabled don't have to pay anything in property taxes this year if the assessor valued their homes at no higher than $775,000 last year.

For those whose homes are valued by the assessor's office higher than that, the law gives disabled vets steep tax cuts. That has resulted in minuscule tax bills even for some who live in wealthy communities like the Gold Coast and Winnetka, the Sun-Times found.

The exemption is good for the rest of a disabled vet's life, though it has to be reapplied for every year, with certification from the VA that the vet remains at least 30% disabled. When the vet dies, the vet's surviving spouse can continue to collect the benefit unless the spouse remarries.

And, unlike some states, Illinois doesn't put a limit on household income for veterans and their spouses to be eligible.

Duckworth, 53, who gets a salary of $174,000 a year as a senator, first qualified for the tax exemption while she was serving in the U.S. House of Representatives. She uses a wheelchair after losing both legs when she was shot down in Iraq in 2004 while piloting a helicopter for the Illinois Army National Guard. She was awarded a Purple Heart. Her husband Bryan Bowlsbey, who also served in the National Guard, retiring with the rank of major, works for a cybersecurity company.

Duckworth and Bowlsbey also have a second house — a six-bedroom, 4,100-square-foot brick home with an in-ground pool in McLean, Virginia, about half an hour from the U.S. Capitol — that they bought in 2017 for $1.3 million.

Her memoir "Every Day Is A Gift" brought her more than $300,000 in royalties in 2019 and also in 2020.

Duckworth and her husband do pay property taxes on their Virginia home, for which they were billed $16,351 this year.

Like Illinois, Virginia offers a property tax exemption for disabled vets. To get it, though, the law in that state would require Duckworth to declare that her primary residence, which she couldn't do while representing Illinois in the Senate.

Duckworth didn't respond to interview requests. Asked about the property tax exemption at a public appearance Friday in Ravenswood, she told reporters, "I'm surprised that someone would question veterans who have been wounded in service to their nation in a combat zone accessing benefits."

Her Senate spokesman Ben Garmisa says the senator gets the same benefit that any similarly disabled vet could get.

Illinois "offers this benefit to all veterans with service-connected disabilities above a 70% rating," he says. "Sen. Duckworth has always believed that everyone should pay their fair share in taxes and that those who served this nation in uniform deserve and should claim the benefits they earned."

Among the proof required to receive the tax break for disabled vets in Illinois is a letter from the VA spelling out the percentage of a vet's service-related disability. To get that rating, vets must provide the VA with proof from private or military doctors of three things: a current physical or mental health problem; an injury, disease or exposure to something toxic that occurred while they were in the military; and evidence that the current health problem stems from something that happened while in the service.

Qualifying conditions can include chronic back pain, severe hearing loss, scar tissue or ulcers as well as post-traumatic stress disorder, depression and traumatic brain injuries.

"Military service is very difficult on the body, so a lot of vets who end up with 20 years will end up with a number of conditions stacked together," says David Eckert, chief of the VA's Schedule for Rating Disabilities regulations. "And 100% disability doesn't mean that veteran isn't able to do anything."

For instance, sleep apnea that's treated with a breathing machine "wouldn't prevent you from working during the day" and would rate a 50% disability, according to Eckert.

Multiple conditions can be combined to determine the percentage of disability, and that percentage is rounded to the nearest 10th, from 0 to 100%. So, for instance, if an Illinois veteran's conditions add up to a 65% disability rating, the rating would be rounded up to 70% — enough to not have to pay property taxes.

Balcer, the former 11th Ward alderman whose Bridgeport home is valued at $542,810 by the county assessor, is another of the disabled vet homeowners in Cook County who pay no property taxes on their homes.

Balcer, 71, enlisted in the Marine Corps during the Vietnam War and later was commended for bravery. He was wounded as a teenager in 1969 when his company came under fire in Laos, and he led efforts to rescue trapped fellow Marines. His combat tour began in 1968, and he was sent home after being wounded.

“I have been treated for PTSD and other disabilities,” Balcer says. “PTSD and vertigo forced me out of my job as an alderman. I realized I needed treatment, and I’ve been going for seven years now” to the VA.

In 2001, then-Ald. Balcer was awarded the Bronze Star for bravery for carrying wounded comrades to safety in February 1969. He also received three Purple Hearts.

Since retiring from City Hall in 2015, Balcer has been collecting a pension topping $100,000 a year based on his final aldermanic annual salary of $117,333.

Asked whether he thinks the property tax break for disabled vets should be tied to an income limit as it is in some states, Balcer says, “That’s a tough one for me to answer. Myself, I go to the VA. I paid a heavy price being in the Marine Corps in Vietnam, and I don’t regret it one bit.”

Bernard Banks, who retired from the Army at the rank of brigadier general, is another vet who benefits from the same tax break, though he does pay some taxes. Banks, who is an associate dean at Northwestern University’s Kellogg School of Management, owns a two-story home on Sheridan Road near Lake Michigan in Evanston. Kaegi places a value on the 5,286-square-foot house at just over $1 million.

When Banks bought the house in 2017, the tax bill was close to $30,000. But thanks to his disabled veterans and homeowner exemptions, Banks’ tax bill was $5,436 this year. He understands that might upset other taxpayers because, when one homeowner gets a break, others have to pay more to cover that to keep schools and local governments running.

“Our state is a hurt locker when it comes to taxes,” says Banks, who has relied on the disabled vets exemption to lower his property taxes for three years. “I get why we have the conversation. This was not designed as a loophole. You can’t game your [VA] rating.”

After 30 years in the Army, Banks has a disability rating of at least 70%.

“I’m an inch shorter than when I joined the Army from carrying heavy packs, jumping out of airplanes,” Banks says. “I did a lot of things that took a toll on my body. I’m not carrying a cane, but I certainly have back issues. Tinnitus. One of my thumbs is super-impacted. My big toe, I can’t flex it.

“It’s a very complex system, how the VA assigns the rating,” he says. “Flat feet could be 50%.”

Banks says he supports the tax breaks that Illinois and other states give veterans not just on property taxes but also on such things as hunting and fishing licenses.

“People are applying for benefits that were accorded to them in recognition of their service to the nation and in recognition of the toll that service did to their body,” he says.

Another vet who benefits from the exemption is Travis R. Coburn, a Chicago police officer who is in his 30s and lives in Edgebrook. Coburn is one of five Chicago cops the Sun-Times identified who didn’t have to pay any property taxes this year because the VA determined they are at least 70% disabled.

Coburn and his wife saved $10,373 in property taxes this year, the bulk of that because of his disability exemption.

Coburn, who, according to the city, has a yearly salary of $84,564, declined to comment.

Records show he was honorably discharged from the Marine Corps in 2007, got a bachelor’s degree, and worked for other police departments before getting hired by the Chicago Police Department in August 2014.

The police department didn't respond to questions.

In Illinois, homeowners can combine exemptions to lower their property tax bills, say by claiming the homeowner exemption and, for those over 65 whose household income is under $65,000, the senior freeze exemption, which freezes the value of their homes even if prices in their neighborhood go up.

Other exemptions can lower tax bills. And more people claim the senior freeze. But only the disabled vets exemption can immediately zero out an entire tax bill.

A total of 6,083 homeowners in Cook County who take the disabled vets exemption pay nothing in property taxes. That collectively saves them $33.1 million — or about $5,450, on average, per property.

A total of 17,829 homeowners who claim the senior freeze pay nothing in property taxes. That collectively saves them $24.5 million — or about $1,375, on average, per property.

As a disabled vet who's over 65, Kurt Unter, the founder of BrewSmart Beverage, a coffee company, gets four exemptions that have erased what he otherwise would have to pay in property taxes on the 3,244-square-foot home on a 14,574-square-foot lot in Palatine for the past five years. This year, that has saved him $14,309.

Unter's home is valued by Kaegi's office at $447,280. The breakdown on how he cut his tax bill to zero goes like this: $993 saved as a result of the homeowner exemption, $794 from the exemption for seniors, $2,928 thanks to the senior freeze and $9,594 from the disabled vets exemption.

Without the sort of income ceiling that some states have imposed, Illinois' disabled vets can end up having to pay nothing in property taxes even on mansions.

Like Dean Ebert, a retired Marine who is a vice president of defense contractor Northrup Grumman. Ebert doesn't pay any taxes on the 5,900-square-foot Georgian home in Barrington that he bought for $1.9 million in 2019. The house — which Kaegi values at $698,520 — sits on 4.4 acres and is on a lake. Ebert, who couldn't be reached, moved there with his wife from a 4,000-square-foot home in Los Angeles County.

Others end up with just a tiny tax bill. Like Adam DeSantis, 33, a lawyer who is an associate with the law firm Kirkland & Ellis LLP and served six years in the Army, according to his LinkedIn profile.

DeSantis, who declined to comment, and his wife own a Lake View condo the assessor's office values at $832,960. A disabled vet's exemption saved the couple $17,728 in taxes this year, leaving them with a tax bill of $587.

In the south suburbs, where tax bills have been high for years, Air Force veteran Endrell Rucker and his wife bought a new home in Flossmoor last year for $480,000, knowing they wouldn't have to pay any property taxes on it. While working for the VA in Georgia, Rucker says he had qualified for a similar program that cut his property taxes there.

Total taxes shifted by properties with zero dollar tax bills by ZIP code

"It definitely made housing more affordable, especially in Flossmoor," Rucker says, where "taxes are considerably higher than living in the city. So it was definitely a motivator to come back" to the Chicago area.

Rucker, 45, declined to describe his disability but says the VA rated him at 100%.

"I've retired due to disability," he says. "So I'm not currently working a 9-to-5 or anything like that. My wife is the breadwinner."

The homeowner with a zeroed-out property tax bill who saves the most money as a result of the disabled vets exemption is Jesse Miller. A Country Club Hills resident, Miller would have to pay more than $32,000 in property taxes on his home, which the assessor's office values at $422,370, if not for the tax break.

If not for the disabled veterans exemption, Miller's property taxes would have more than doubled since he bought the six-bedroom, brick home less than a decade ago for $175,000.

"It's really distressing to see they raised the local property taxes like that," says Miller, who declines to discuss his military service or disability. "A lot of vets couldn't afford a home without this program. So it's a really good program."

When the Illinois Legislature first gave a property tax break to disabled veterans a decade ago, it saved them just a few thousand dollars.

Then, in 2015, state Rep. Deb Conroy, D-Villa Park, got the Legislature to approve a much more generous break. It eliminated property taxes altogether for many with at least a 70% disability rating, and provided for smaller discounts for those 30% to 70% disabled. The measure was signed into law by then-Gov. Bruce Rauner, a Republican.

That law wiped out the tax bill on the Wilmette home of Stephen Curda, a 30-year Army veteran, who Rauner later appointed to run the Illinois Department of Veterans Affairs.

Because of the exemption, Curda hasn't paid taxes since 2017 on the five-bedroom, two-story home, which the assessor values at $656,190. This year, that saved him $16,769 in property taxes.

Curda, who no longer runs the state veterans agency, didn't return messages seeking comment.

## KANSAS

### Dark store theory: counties break the law, threaten residential property tax hike

Even the name — dark store theory — sounds ominous.

With the willing participation of local media, some local officials are threatening homeowners with property tax hikes if they don't get away with illegally taxing large retailers. That may sound like a conspiracy theory, but it's not; quotes from the Kansas Court of Appeals and elected officials reveal a conscious, concerted effort to deceive taxpayers.

Johnson County is ground zero in the "dark store theory" controversy. In 2016, the county changed its valuation methodology, which caused some retail valuations to more than double. Instead of appraising the value of the land and building as required under Kansas law, Johnson County Appraiser Paul Welcome also taxed owners on the value of the leases on their buildings. When the retailers appealed, Johnson County said they wanted their buildings appraised as though they were empty or 'dark.' The county made it sound as though the retailers were asking for a big break, but they were only asking to be taxed in accordance with state law.

Media helps elected officials deceive taxpayers with 'dark store'

The Kansas City Star has long helped Johnson County Commission Chair Ed Eilert threaten taxpayers and last week, the Gannett newspapers in Kansas joined in on the conspiracy to deceive taxpayers. The story that appeared in Topeka, Hutchinson, Salina, and other markets said municipalities fear that "consistently lowering the value of the biggest commercial properties… will have a major impact on how much homeowners and small businesses pay going forward."

Jim Garter, the top Democrat on the House Taxation Committee, said, "Something's got to happen if you shrink the base and all that money is leaving. Where do you make it out?"

But the Kansas Court of Appeals has consistently ruled that Johnson County and others are using an illegal appraisal method on large retailers like Walmart, Home Depot, and Target.

Johnson County officials even admit they are violating the law. A September 2019 ruling from the Kansas Board of Tax Appeals (BOTA) admonished the Johnson County Appraiser's Office for illegally hiking appraised values on Walmart and Sam's Club stores. The panel said, "…the County admittedly is making its record for an appeal seeking the reversal of Kansas precedent…."

Last week, the Kansas Court of Appeals rejected Johnson County's "dark store" justification for increasing property valuations and taxes on Walmarts and Sam's Clubs. The appeals court affirmed a Board of Tax Appeals decision, ruling that Johnson County overvalued nine Walmarts and two Sam's Clubs.

Big-box property valuations increased by 85% in one year

Property appraisals for Johnson County's 57 big box retailers jumped from $400 million in 2015 to $742 million in 2016. All 57 retailers balked at the new price tag, an 85% tax increase, and appealed to the Kansas Board of Tax Appeals.

Retailers argued in court that the county used a property assessment method contrary to state law to establish big box valuations. The court agreed. Retailers will pay higher taxes than in prior years — just not 85% more.

"It is the role of the Kansas Legislature–not the courts or BOTA–to implement shifts in state tax policy," the recent opinion reads.

The Kansas Association of Counties is now spreading the dark store theory propaganda. Their 2021 annual conference agenda describes a seminar on dark store theory that makes it sound as though the retailers are at fault.

"Dark store theory, legally referred to as hypothetical leased fee valuation, allows real estate owners — big-box retailers in particular — to appeal their property valuations by arguing their stores should be valued in comparison to vacant, or dark, stores in the area, instead of having a traditional fair market valuation. During this session, attendees will learn more about this "dark store" theory and the concerning impacts it creates for local county government.

False that statements like these prompted the Legislature to pass the Truth in Taxation Act recently, which forces local officials to be honest about the property tax increases they impose.

Counties threaten homeowners with tax hike if courts follow the law

County Chair Ed Eilert warned the Shawnee Mission School Board a few years ago that a similar decision in a Target store tax appeal caused the retailers' tax liability to plummet by 30%.

"That's a lot of money that's not collected," he told the board. "And if it's not collected from that class of property, who pays? All of us that are left, and that means residential properties."

Eilert is essentially saying the county will make homeowners pay more if the county isn't allowed to steal from retailers.

Shawnee County Appraiser Steve Bauman echoed Eilert's threat.

"It will shift the taxes to homeowners, the other classes of property," Bauman told the Topeka Capital-Journal.

According to former Johson County commissioner Mike Brown, the decision carries the weight of an asteroid coming in from outer space. Two years ago, he warned against increasing the county's budget with the court cases pending.

"As we continue the deliberations about what we're doing here, the taxpayer is taxed out," Brown said. "They're tapped. They are tired of us consistently pushing the envelope. When you're looking at a potential shortfall, how can we sit here and push forward?" He asked during a budget discussion.

## MISSOURI

### New Assessor Develops Assessment Plan

Michelle VanGorkom, Scotland County's new assessor, has taken office and is busy working on the assessment plan for the next assessment cycle. Although elected to the office in November of 2020, the county assessor, unlike other county office holders, did not take office until September 1, 2021. This allows the outgoing assessor to complete the assessments of real and personal property and go through the board of equalization appeal process before leaving office.

It would be difficult for a new assessor to step into office on January first and undertake to assess all the taxable property in the county by July 1. Starting in September gives me time to develop a plan to fairly and uniformly assess the property for the next two years.

Missouri has a two-year assessment cycle for real estate while personal property is assessed yearly. The assessment established for real estate in the odd-numbered year remains for the following even-numbered year unless the property was changed by new construction or damage during the odd-numbered year.

Mrs. VanGorkom explained that in the even-numbered year, the assessor, in addition to reassessing personal property, conducts field reviews to detect new construction and to double check the accuracy of the information. The field review work includes verifying all previously recorded data, evaluating the condition of improvements, and measuring any new additions or buildings. As the even year ends, the assessor studies recent sales as well as construction costs in the county and begins to establish local real estate market values for 2023 and 2024.

In the odd-numbered year, personal property values are again determined, and real estate values are finalized, increase notices sent to taxpayers, and any disagreements over the assessments are processed.

Then, the cycle begins again.

In order to schedule our staff time most efficiently and budget our resources, we develop a two-year assessment plan. The plan contains a budget and phase charts which tell us exactly who should be doing what and when. By developing and following the plan, we know we are on target, both in terms of time and valuation.

The assessor added that property is reassessed on a regular basis because it is important to treat everyone the same. Since the values of different property go up or down at different rates, we must adjust for differences, or some taxpayers will be treated unfairly. It is not done to raise taxes but to maintain uniformity and equity between property owners, and also between counties.

## Nebraska

### More than $50 million of Nebraska's new property tax credit goes unclaimed

More than $50 million set aside for Nebraska’s newest property tax relief program has failed to reach taxpayers, according to state officials.

Figures provided by the Nebraska Department of Revenue show that, as of mid-October, property owners have claimed just $73 million of the new tax credits. That means about 40% of the money allocated for the program this year has been left on the table.

Sen. Lou Ann Linehan of Elkhorn, the Revenue Committee chairwoman, called the unclaimed amount unexpected and “pretty disturbing.” She said lawmakers need to figure out what happened and fix the issue next year.

Others took a more pessimistic view of the program, which seeks to ease property tax payers’ pain by offering refundable income tax credits for a portion of school property taxes paid.

“To me, this just says the income tax credit program hasn’t worked,” said Sarah Curry, policy director for the Platte Institute, an Omaha-based think tank.

State lawmakers created the program last year as part of LB1107. The measure included several income and sales tax cuts, a revamped business tax incentive program and a pledge of funds for a major University of Nebraska project.

The new LB1107 credit program is in addition to a long-standing property tax credit program, which provided $275 million worth of credits last year and will distribute $300 million this year.

Under the older program, county officials calculate how much credit goes to each property owner based on their property valuation. The credits are automatically applied as a deduction on the annual property tax statement. State money fills the gap for schools and other property tax supported entities.

The new program created by LB1107 requires property owners to claim the credit when they file their income taxes.

This year, taxpayers could get back about 6% of the school property taxes they paid, minus school bond payments, during 2020. The credits are refundable, meaning that taxpayers get money back if their property tax credit exceeds what they owe in income taxes.

Lawmakers allocated $125 million for the LB1107 credit program this first year, but based future amounts on the growth of state tax revenue.

Healthy revenue growth during the fiscal year that ended June 30 more than quadrupled the amount that will be designated for LB1107 credits next year. The new total will be $548 million, which should provide credits equal to about a quarter of school property taxes paid.

But Ryan Burger of Seward, chairman of the Nebraska Society of CPAs, said he is skeptical about the $548 million all getting out to property tax payers, based on his experience and the amount of credits that have gone unused this year.

He said the 58% of credits claimed this year exceeded what he expected, based on typical patterns for income tax credits. Even with the larger amount available next year, he predicted the state would fall far short of distributing 100% or even 90% of the money.

“It’s an unreachable goal,” he said. “I barely see a path to achieving 70%.”

Burger and Curry pointed to several reasons why people did not claim the credit. Many did not know about it, especially if they prepared their own taxes. Some electronic tax filing applications did not include the credit as an option, at least early in the tax season. Even if taxpayers learned of the credit later, they may not have wanted to go through the time and effort of filing an amended return.

In addition, property owners who live outside the state were unaware of the credit or do not file Nebraska income taxes. Other property owners decided against claiming the credit because of the additional cost for a tax preparer to calculate the credit.

“In some cases it did not make sense to pay $50 for a $28 credit,” Burger said.

So-called pass-through entities had particular problems claiming the credits. Those are business structures, such as partnerships, for which income taxes are paid by individuals. That created complex situations in which each owner may have been entitled to only a small amount of credit for a property, causing some to forgo the money.

Legislation passed this year gives pass-through entities a chance to claim the 2020 credit when they file 2021 tax returns, if they passed up the credits this year. Those entities could account for a portion of the $50 million in unused credits. Burger predicted they would not make a significant difference.

Gov. Pete Ricketts’ spokesman, Taylor Gage, said other Nebraskans who may have missed claiming the credit could still do so by amending their tax return.

Gage said the amount of unclaimed credits was “expected” given the newness of the program and the difficulties with the pass-through entities. He called the program a “major success,” pointing to the substantial growth of money allocated for property tax relief in its first two years.

He also said the governor believes any portion of the $50 million left after taxpayers have a chance to claim it should go toward future property tax relief.

Under current law, unclaimed tax credits would remain in the state's general fund. Using those dollars as Gage suggested would require legislative action.

Burger commended state lawmakers for trying to address the thorny problem of property taxes. But he said the older tax credit program has been more effective at getting money to taxpayers.

Curry argued that the state should limit the growth of property taxes instead of using state sales and income tax revenues to pay property tax payers for some of their costs.

Linehan and Sen. Tom Briese of Albion, a fellow Revenue Committee member, defended the LB1107 tax credit mechanism, which was adopted after proposals to give property tax relief by altering the state school aid program failed to gain political traction.

Linehan said the older tax credit system — the one adopted before LB1107 — is not transparent, and many property tax payers are unaware that they receive relief from the state.

Briese said he thinks people will not pass up the new credits next year because they will be worth so much more.

"The lack of people claiming is going to correct itself, in my view," he said. "I like this formula. This is an effective means of getting property tax relief to all Nebraska property taxpayers."

## NEW HAMPSHIRE

### Court: Town didn't have authority to fix property assessment

A judge was wrong to decide that the town of Merrimack could correct its undervaluation of the Merrimack Premium Outlets Center by adjusting its assessment, the New Hampshire Supreme Court ruled Friday.

In 2016, the town conducted a revaluation of all taxable property. It assessed the outlets property at $86.5 million.

Later that year, the town became aware that the property has been used in or about 2013 as collateral for a loan and had been valued for that purpose at $220 million. Based on that information, the town believed it had severely undervalued the property and reassessed it for the 2017 tax year at $154.1 million.

Merrimack Premium Outlets took the matter to court, saying there were no changes in either the property or the market that justify the 2017 reassessment. A judge found in favor of the town in 2019. Merrimack Premium Outlets appealed to the state supreme court.

The court concluded that an adjustment to an assessment requires an actual change in the property's market value. It disagreed with the town that another law gave it the right to correct an undervaluation.

## NEW YORK

### The Manhattan Real Estate Market May Be At An Inflection Point: Watch These Categories

As Manhattan real estate enters the fall busy season, it bears asking: What does the market look like today, and where is it headed? After recovery from the pandemic lows last year, the market appears poised for further gains. There are four primary points that we can look at that suggest Manhattan may be at an inflection point: Inventory, demand, market "feel," and price action.

**1. Inventory issues**

From November 2020 through August 2021, Manhattan experienced a sustained net deficit of new inventory when considering contracts signed and listings removed from the market. The fresh wave of listings that hit the market post-Labor Day should reverse this squeeze temporarily. However, with demand remaining at elevated levels, any reversal may be temporary. Today's buyers may have a window of opportunity to find and negotiate on a home before the next wave of contract action hits in early October.

Net Negative | New supply still under pressure despite surge of fresh listings.

**2. Elevated demand**

Busy seasons in real estate begin with sellers and end with buyers — new listings come on the market, and several weeks later, signed contracts take them off.

As the first month of the busy fall season, September usually sees high listing activity but low contract activity because buyers have not had enough time to get deals done. As a result, the pending sales number for September tends to hover between 2,000 and 3,000 units. However, September 2021 showed over 4,500 units in contract, clearly demonstrating how far above historical norms recent deal volume has been, and hinting that activity will remain at elevated levels toward the end of the year.

September to Remember | Pending sales at the end of summer since 2011

**3. Market "feel"**

A look at the ratio of pending sales to active listings quantifies how the market "feels," and provides a window into the market's pulse.

As the ratio rises, sellers gain leverage, and as it falls, buyers gain leverage. This real-time gauge is separate from price action, which usually takes several months to fully manifest. The chart below illustrates what the Manhattan real estate market felt like since it reached its peak in mid-2015. Notice how the leverage slowly and steadily shifted from sellers to buyers culminating in a deep buyer's market during the COVID-19 pandemic lockdown, and then quickly reverted to a strong seller's market in 2021 as demand began eclipsing supply. Even though it's still a seller's market, the post-Labor Day influx of listings pushed the ratio down in September, suggesting that buyers have more leverage now than the last several months.

Manhattan Market Pulse | Demand-to-supply ratio indicating leverage

**4. Price action**

Manhattan has vast spectrums of price points and property types, which makes tracking price action tricky. The old standby, median sales price, is a broad look across all sales and is more a function of the size and type of properties sold. Price per square foot yields a more linear view, but most of Manhattan's housing stock are co-ops with no verifiable data on apartment size.

On the other hand, condos offer a recorded and measurable unit size. Unfortunately, new development condo prices tend to skew far higher than average. Removing new developments from the mix leaves resale condo price per square foot as a more precise way of looking at market-wide price action, especially when measured by the month of contract signing.

In the chart below, the general price trend since 2003 is visible. The dashed lines represent pre-pandemic resistance and support levels, and roughly outline the channel Manhattan price action was trading in at that time. Notably, Manhattan prices have slowly fallen since 2015, and even dipped below the bottom support level, suggesting an oversold market. The recovery in activity has started to reverse this course, and, at present, the general price trend is back in its channel, albeit on the low-end. With demand remaining high in the near term, current price levels may appear as a relative value when viewed over the longer term. On the contrary, should market conditions deteriorate, the recently crossed support line may serve as resistance.

Resale Condo Price Per Square Foot | Monthly median by contract signed date

**Buyers have more choices**

The Manhattan market is well into its recovery from the pandemic lows experienced during the middle of last year. A recent influx of new inventory has eased supply pressures. Still, with liquidity running at a very high level, an environment of lower supply may appear during the next active season. Prices should continue to trend upwards as the bounce off COVID lows continues, and the pipeline of signed deals over the frenetic summer months closes.

Sellers may be confused that prices are only back to 2019 levels while the market activity in the streets feels more like 2015 or 2016 levels, but the data is clear: We have only recovered 2020's "COVID discount." There is a way to go before prices start notching new highs.

As Manhattan real estate begins the fall busy season, time will tell if this recovery cycle has enough buyers in reserve to keep progressing or if a pause is in the works. Either way, today's buyers have more choice than they have had in several months, with prices seemingly headed higher.

## Donald Trump fights valuation on Park Avenue retail space, saying the property is being overvalued when compared with similar buildings

- Former President Donald Trump's real estate company is fighting the valuation of Trump Park Avenue.
- The building's retail space has been overvalued compared with similar properties, the company said.
- The assessed value of the building's commercial space increased by about 1% in 2021-2022 tax year.

Former President Donald Trump's real estate company is fighting the property tax assessment on its Trump Park Avenue retail space, saying in part that its valuation is too high compared with similar properties.

Trump's property at 502 Park Avenue has been assigned "excessive, unequal, erroneous, unlawful and illegal assessments," the company said in a six-page petition filed on Thursday in New York State Supreme Court.

The assessed value of the building's commercial space increased about 1%, climbing $112,347, for the 2021-2022 tax year, according to New York tax records.

Its total market value was assessed for the year at $12,238,099, up from $12,125,752 the prior tax year, according to records.

But its market value had been higher in the 2019-2020 tax year, at $12,285,788, according to records. It had increased in both of the tax years prior to that.

The property's market value is "excessive" because the "assessed valuation exceeds the full value of the real property," or the "sum for which the said real property would sell under ordinary circumstances," said the filing, which included Eric Trump as petitioner.

Trumps' New York petition came a few weeks after Illinois officials lowered the taxes on the company's Chicago tower by about 30%, in part because the building's commercial space has had trouble finding tenants.

Trump's company reportedly holds more than $2 billion in real estate in major US cities, including a minority stake in a San Francisco office tower. Between 2016 and 2020, Trump's DC hotel lost more than $70 million, according to an audit released by a House committee on Friday.

Trump's NY properties were reportedly being scrutinized earlier this year as part of an investigation by Manhattan District Attorney Cyrus Vance Jr.

The company's Park Avenue property is largely residential.

## NYC Office Market Will Take Years to Recover From Pandemic

*More Than $850 Million in Property Taxes Lost in FY 2022*

The COVID-19 pandemic wiped out years of growth in New York City's office sector, erasing nearly $28.6 billion in market value and more than $850 million in property taxes in City Fiscal Year (FY) 2022. Timing its recovery is an open question, however, as employers continue to offer work-from-home options, according to a report released today by State Comptroller Thomas P. DiNapoli.

"Midtown and the Financial District are two of the largest business districts in the world. Demand for space led citywide office sector property values to more than double in the decade before the pandemic," DiNapoli said. "When the pandemic hit, companies shifted office workers to remote work, rents fell, and vacancies rose. I am optimistic for the sector's recovery but it's short-term future remains uncertain as employers assess future use of the space. The city should closely monitor trends in the sector and consider the future impact on tax revenues."

Questions over the configuration of space and a potential uptick in per-worker square footage may take years to settle. The continuation of the pandemic, firmer changes to commuting patterns, increasing subleases and vacancies, and the return of demand for residential space are likely to influence conversations over the best use of physical space in the coming months and years.

The full market value of New York City office buildings, estimated at $172 billion in FY 2021, fell 16.6% in the FY 2022 final assessment roll, the first decline in total office property market values since at least FY 2000, reflecting decreased demand brought on by the COVID-19 pandemic. The city had 463 million square feet of inventory as of the second quarter of 2021, accounting for 11% of all office space in the nation.

Pre-Pandemic Job Growth Drove Demand for Space

New York City's office sector reached a total of 1.6 million jobs in 2019, the highest level on record. Office sector employment makes up about a third of all jobs in the city, compared to a quarter in the rest of the state and the nation. In 2019, the sector contributed $705 billion to the city's gross product, accounting for 66% of the city's output.

Most office sector workers in the city were well paid, with an average annual salary of $183,900 in 2020. Even when excluding high earners in the financial securities sector, the average salary was $145,290. This is higher than the citywide average ($110,190) and much higher than the average for non-office jobs ($62,730).

In FY 2021 (assessed before the pandemic began), office property values reached $172 billion and billable values (the market value on which property tax is levied) reached $71 billion. Both had more than doubled over the prior 10 years. Office market values made up about 13% of total market values.

Office Space After the Pandemic
In 2020, office employment fell 5.7% while total employment dropped 11.1%. Many office workers shifted to remote work, with just 5% on-site in April 2020.

DiNapoli's report found that average asking rents showed little change in the early stages of the pandemic, but began to fall significantly in the fourth quarter of 2020. By the second quarter of 2021, asking rents were down 4.2% from the prior year and vacancy rates were at 18.3%, a level not seen in over 30 years. The large volume of vacant office space has revived conversation about the conversion of some of that space into residential housing.

The office sector began experiencing measurable changes in demand in the second quarter of 2020 when Manhattan new leasing fell to 2.5 million square feet, 75% below the level one year earlier. Renewal activity fared better at 7.2 million square feet, a decrease of 15% from 2019.

Reduced demand for office space contributed to a 5.2% decline in overall billable values in FY 2022, the first decline in more than 20 years. Some of the city's most expensive office properties dropped significantly. For example, the market price of the World Trade Center complex dropped by 23.1%.

Tax Revenues
In FY 2021, the office sector provided an estimated $6.9 billion in direct revenue in property taxes, real estate transaction taxes, mortgage taxes and commercial rent taxes. Property taxes from the office sector raise more than any other property type subcomponent (e.g., single-family homes or multifamily rental buildings). Office sector property tax collections alone surpassed the entire budgets of the city's Sanitation, Fire, Transportation, and Parks and Recreation departments, combined.
Commercial real estate such as office and retail buildings account for an outsized share of tax collections because they are assessed at a much higher rate than residential properties. In FY 2021, office buildings accounted for 12.6% of the market value of properties on the assessment roll, but more than a fourth (26.2%) of the billable taxable values at $71 billion.

The city collected $1 billion in transfer taxes and $816 million in mortgage taxes in FY 2021, the second year of declines as a result of pandemic impacts. DiNapoli estimates that $216 million of these taxes were generated by office properties, less than half of the $461 million generated in FY 2020.

Looking Ahead
Office employment has remained steadier than overall employment and is expected to continue to grow, which is likely to support future demand for space. Multiyear leases extending into 2023 and healthier balance sheets of property owners have also provided some short-term stability in the office real estate market.
The city's tentative assessment roll for FY 2023, to be released in January 2022, will provide further insight on the potential duration and magnitude of the impact on city finances.

DiNapoli urged the city to monitor the overall employment and real estate markets, including differences in submarkets, to deliberate carefully over its choices to influence office employment and space, and to ensure that policy decisions will mitigate negative impacts on tax revenue and the economy.

**Report**
Office Sector in New York City

## OHIO

### Property taxes to raise an estimated 17% in Crawford County

Crawford County property owners recently received a letter announcing the completion of the triennial property appraisal.

Crawford County Auditor Joan Wolfe says the last state-ordered property appraisal was completed in 2018. This year, appraisers actually visited the properties and did an arms-length appraisal. There are several components that go into calculating the tax increases, including comparable property sales from 2018, 2019, and 2020 as well as how the properties appeared as of January 1, 2021.

Wolfe was quick to point out the although the state recommended a 20% property tax increase, her office stays conservative on their appraisals. The increases came in at 16-18% when appraisals were completed, with the average property tax increase at 17%. New rates are effective January 1, 2022.

Property owners who disagree with their appraisal are encouraged to contact the Auditors Office and file an appeal. You may file an appeal between January 1 and March 31.

“These are estimates of value. They are not set in stone. Nothing changes unless you ask. If you think your appraisal is wrong, then show us. We will help fix it.” Wolfe said.

### Ohio Republican Party's headquarters was on a list of tax liens

The Ohio Republican Party's headquarters, at the corner of 5th and Rich streets in downtown Columbus, appeared on the list of liens for sale next month because taxes on it had not been paid in full. Bob Vitale, spokesman for the Franklin County Treasurer, says properties on that list have been in arrears for a while.

"If someone has a debt for more than 18 months, the property becomes eligible to go into that sale," Vitale said.

The Ohio Republican Party did not pay taxes for the second half of 2019, did not pay any taxes in 2020, and did not pay taxes for the first half of this calendar year, Vitale said. The ORP paid a total of $48,938.01 in August but still owed a total of $3501.92 in outstanding fees and assessments.

Hours after the Ohio Statehouse News Bureau contacted the party Thursday morning to ask about the overdue tax bill, Vitale said payment for $3501.92 was made around 1:30 p.m. Vitale said the payment means the party's tax bill is now up to date.

A statement from Ohio Republican Party Communications Director Tricia McLaughlin said the party "was not made aware of outstanding Franklin County property taxes, but when made aware of the $3,501.92 in special fees, which was not included on any invoice, the ORP paid in full that day."

The Ohio Democratic Party questioned the handling of ORP finances by former Chair Jane Timken who is running for the U.S. Senate seat being vacated by Sen. Rob Portman.

"If Jane can't effectively manage the budget of the Ohio Republican Party, how can she be trusted with the hard-earned dollars of U.S. taxpayers?" ODP spokesman Matt Keyes said in a statement.

## OREGON

OREGON

## Google wins more tax breaks for two new data centers in The Dalles

The city council of The Dalles voted unanimously Monday night to grant new property tax breaks for two more Google data centers, worth tens or hundreds of millions of dollars to the tech giant. Wasco County commissioners voted unanimously in favor of the tax breaks last week.

Before Google proceeds with new construction in its property along the Columbia River, the company also wants agreement from the city on a deal to substantially increase the water available to the company to cool its massive data centers. The water pact, which has generated skepticism among some residents of the small city, is due for a vote early next month.

Google says it has spent $1.8 billion on its data centers in The Dalles over the past 15 years. The company said Monday that it expects to say more about its plans in early November.

The new tax agreement is a vastly better deal financially for the local governments than three prior deals for Google data centers built over the past 15 years.

Google would pay $3 million up front for each new data centers. It would then pay half of the normal property taxes for the first new data center and 60% of regular property taxes for the second.

While Google employs just about 200 in The Dalles, two new data centers combined could provide more than $6 million annually to the city, county and local government agencies. That's according to county estimates, based on $600 million in spending on each new data center.

Potentially, that represents a 15% increase in what Wasco County collects in total property tax revenue each year, and it's more than double what Google paid under three prior agreements.

*Google's new tax deal*
*Duration: 15-year tax exemption for each new data center*
*Savings: Half off the property taxes associated with the first new data center, and 40% off a second. However, Google would also pay $3 million, up-front, when it begins construction of each new project. On a $600 million data center, The Dalles expects Google would by $3.3 million annually.*
*By comparison: Google's first three deals had up-front payments of $280,000, $1.2 million and $1.7 million, respectively. It also paid $800,000 annually afterward in the first two deals, and at least $1 million annually in the third deal.*
*Additionally: Google would transfer 35 acres of property to Wasco County and give The Dalles and the county an option to buy the new data centers' land from the company if it ceases operations.*
*Still coming: A separate deal, scheduled for a vote next month, would commit Google to pay $28.5 million to expand The Dalles' water supply to meet the company's future water needs.*

City council member Dan Richardson acknowledged Monday that some members of the community oppose tax breaks for big companies like Google. He said he's troubled by that idea, too, but feels The Dalles has to accept it.

"That's sort of the reality of the world we live in, that cities and states have to compete, will compete, for big projects, and we either negotiate to try and find some beneficial agreement or get nothing," Richardson said. "Google can go many places. It doesn't have to build here, or build more here."

Oregon has some of the nation's most lucrative tax breaks for data centers and puts no limit on how much local governments can offer. On the one hand, that gives small Oregon cities and counties the autonomy to make their own decisions. But it also forces them to compete with one another to offer the biggest tax breaks.

The state's program of industrial tax exemptions, which dates to the 1980s, was conceived to draw large manufacturers and other major employers, long before the data center industry emerged. In the 21st Century, it's proven to be an enormous windfall for wealthy Silicon Valley companies, which receive Oregon tax breaks worth more than $120 million annually.

Left unaddressed in The Dalles' new tax deal is how much Google will pay in property taxes on its first corporate data center, which opened in 2006. It comes onto the tax rolls next year when its original tax breaks expire after 15 years.

If Google continues to operate the aging facility, it could provide several million dollars more each year in new property taxes for the small community.

But Google won't say whether it will continue running the original facility once it becomes taxable, or if it will make other changes – like moving the most expensive equipment into newer, more advanced data centers still covered by tax deals.

Data centers are still a relatively young industry; Google's original data center in The Dalles was its first such facility anywhere. So it's not clear how long the company will continue using it, or in what way.

Google and the Oregon Department of Revenue are currently negotiating over how to assess that original data center.

It's an important precedent for Oregon's multibillion-dollar data center industry.

Facebook, Apple and Amazon have collectively spent billions of dollars on server farms in small towns from Prineville to Hermiston, drawn by some of the nation's largest tax breaks. All those facilities could eventually generate huge tax revenue for those communities – or very little, if the companies shut them down when they become taxable.

The Dalles and Wasco County didn't seek any assurances from Google on its future operations or on the taxing methodology on the original data center in conjunction with the new tax deal. City Councilor Darcy Long-Curtiss said the onus is on Google to do the right thing.

"We'll see how good of a partner Google is," she said before Monday night's vote. "Do you they try to get out of it, or do they just say, 'Yep, that's it,' (pay their taxes) and not try to play shenanigans?"

## Tax Time: Property tax statements in the mail this week

The following information has been released by Lincoln County concerning property tax statements.

Tax Statements

The 2021/22 property tax statements for Lincoln County are expected to be mailed out on October 21, with initial payment due by November 15.

Property Tax Statements

Overall, Real Market Value in Lincoln County is up approximately 12% from 2020, while countywide Assessed (taxable) Value has increased nearly 4%. These percentages include the value of new construction and development.

Metro Creative Connection

Full payments made by November 15 will receive a 3% discount and two-thirds payments will receive a 2% discount. At least one-third payment must be received by November 15 to avoid delinquent interest charges. For property owners making one-third payments, the second payment will be due by February 15, 2022, and the third payment will be due by May 15, 2022.

Payments can be made electronically online, mailed with a postmark on or before November 15, or dropped off at a collection box located at the courthouse parking lot, or in person at the tax office located in room 205, on the second floor of the county courthouse in Newport.

Values

Overall, Real Market Value in Lincoln County is up approximately 12% from 2020, while countywide Assessed (taxable) Value has increased nearly 4%. These percentages include the value of new construction and development.

Most property owners will see a typical 3% increase in their taxable Assessed Value due to Measure 50 – a constitutional amendment approved by Oregon voters in 1997. When Measure 50 was first implemented, a "Maximum Assessed Value" was assigned to each property which equaled the property's 1995 value minus 10%.

For the years following, each property is assessed on the lesser of its Maximum Assessed Value from the previous year plus 3%, or its Real Market Value. So long as the Real Market Value remains higher than the Maximum Assessed Value, the Assessed Value can increase up to 3%. This is the most common scenario. However, there are scenarios where a property's Assessed Value may increase more or less than 3%. Following are two primary reasons:

1.) New construction, development, damage/destruction or other changes to property considered an "exception" event may add to or lower the property's Assessed Value.

2.) If, following a market downturn, a property's Real Market Value drops below its Maximum Assessed Value, the property is assessed at its Real Market Value. The Assessed Value may fluctuate up or down annually with the market, with no limitation, until it returns to or above the Maximum Assessed Value. At that point, the Assessed Value will once again be restricted to 3% annual growth under Measure 50.

For 2021, approximately 10% of properties in Lincoln County are assessed on their Real Market Value. With increasing market values, these properties may see assessed value growth of more than 3%.

Levies

Total property taxes, fees and special assessments are up approximately 3.2% over last year. Most property taxes are a product of Assessed Values and underlying district tax rates. Along with changes in Assessed Values, new voter-approved levies may impact total taxes in certain areas of the county.

For the 2021/22 tax year, a 5-year Local Option Levy was approved for the Central Oregon Coast Fire and Rescue District. Since this was a renewal of a previous 5-year Local Option Levy, it will not result in increased taxes over the previous tax year.

Within Lincoln County there are 76 local taxing districts, including education districts, health districts, city, county, port, fire protection, water, road, special assessment districts and urban renewal. All of these have distinct tax rates, and most have different geographic boundaries, so overall tax rates for individual properties vary by location.

Taxes Imposed

Property tax statements display total amounts imposed by individual taxing districts, along with current and prior year property values. Values for both years are categorized by land, structure, total real market value and total assessed value.

Taxpayers disputing their property values are encouraged to contact the Assessor's office. Appraisal staff will be available to answer questions and review properties for value adjustments up to December 31st, 2021. Taxpayers also have the option to file value petitions with the Board of Property Tax Appeals until December 31st, 2021. Appeal rights are described in detail on the back of the tax statement

## PENNSYLVANIA

### Aerial photo system changes some property assessed values

An Ellwood City homeowner who recently received a notice that the assessed value of his property had suddenly increased took his displeasure about it to the Lawrence County commissioners public meeting this week.

David Krepitch has lived in his home for more than 50 years and has never made any changes to the dimensions of his house or made any improvements to his property that would have caused his assessed value to increase. Yet a recent notice he received from the county assessor's office showed an increase in his assessed value due to "improvements" that he didn't make — meaning there will be an increase in what he pays in property taxes.

He learned from talking with the county's chief assessor after the commissioners meeting that the county is using an aerial photographing system to make records more accurate, and it reflected his house has more square-footage than is recorded, he said. He has filed for an appeal to the county's board of assessment appeals.

Krepitch's concern is not uncommon lately.

Many people countywide are receiving notices of changes to the assessed values of their properties. In some cases, people have made improvements, others have not obtained building permits, but in other cases, like Krepitch's, there are changes because of more precise measurements being taken that were never accurately reflected in the county's existing tax card record system, according to chief county assessor J.R. Hardester.

The detected differences on the individual properties change the assessed values, and ultimately bring in more tax money — through a system sanctioned by the previous board of county commissioners — the late Robert Del Signore, Steve Craig and Dan Vogler, who still serves.

"We're following through on terms of the contract," Commissioner Chairman Morgan Boyd said of the current board of commissioners. and while he doesn't know how much more tax revenue the system has generated so far, "it's paid for itself," he said of the project cost.

"This is all about tax fairness, and making sure that everyone in the county is paying their fair and appropriate share of property taxes, and that no one property owner has an unfair advantage of another one," he emphasized. "If a taxpayer feels his or her amount is inappropriate, there's a well-defined appeal process. It's within their rights to appeal their assessments."

The detection system is designed to verify the accurate data for every property owner in the county, Hardester explained.

Neshannock Township supervisor Leslie Bucci said the township received notices for 25 property changes in March, but in July, it had soared to 807 more notices of assessed value changes in properties from the county assessor's office for April through July.

"We are finding there have been some improvements to properties, that people didn't take out building permits, and that there were errors in the data where properties were not sketched correctly," he said. Since the work is being done municipality by municipality, he said it's hard to put a number on the number of properties that will have changes.

He noted the purpose of the project is to update the data and make it as accurate as possible so everyone is paying fairly.

"We've gotten phone calls here and there," he said of unhappy residents, but there also have been cases where a property's assessed value has been reduced as a result of the process.

Hardester explained the first step of the project was for the county to have its existing sketches converted into a file on its Graphic Information System and overlaid on a current image or photo of the property. A contracted software company, Evaluator Services and Technology of Greensburg, has an algorithm that determines whether a sketch or image is not a match. The system would automatically flag it to be a minor or major mismatch, which would recreate a report for them to go look at those properties, he said.

The aerial photography is being done by a company called Eagle View, formerly known as Pictometry. Using airplanes and cameras, its planes fly every two or three years over the county, using updated aerial imagery. They take straight-down views and images at an angle to provide four-dimensional walk-arounds of everybody's properties, Hardester said. "It's a snapshot in time, not a live image."

So far in the process, the county has added "a good amount of revenue" to the tax rolls. The actual amount will be presented to the commissioners in a report once the project is complete, which he expects could be by the end of this year. Some of the properties will get interim bills with changes included in them.

He anticipates that more than 15,000 notices will be sent out to property owners, showing their respective changes.

The county has a total of 52,196 taxable properties, according to assessment office records.

"We've sent change of assessment notices out every two or three weeks," Hardester said. The public's reaction to them has been "mixed emotions."

"Some people have been very upset. Others understand that we're trying to update the records," Hardester said. "We want to make sure everyone is paying their fair share of taxes."

Krepitch stated at the meeting that "spot reassessment is illegal."

Hardester explained that the process does not constitute a reassessment of properties.

"A reassessment would update the assessed values of all of the properties in the county, based off the current market," he said. "But we are still using the values from our last reassessment. We are just updating the data using 2003 assessment values."

The county spent several million dollars to conduct a countywide property reassessment in 2003.

The county's cost for the flyover photos is about $60,000 per year, every two or three years, and the cost for the evaluator services is about $150,000 for Evaluator Services and Technology to review every parcel and update the software.

## TEXAS

### TPPF: Texans Deserve Immediate Tax Relief

Today, Texas Public Policy Foundation's Chief Executive Officer Kevin Roberts released the following statement:

"Texans will never experience the peace of mind that comes with owning their homes until property taxes are eliminated. Today, they are counting on the Texas Legislature to at least provide immediate tax relief and permanent changes to the Texas property tax system. Public polling shows that over 75% of Texans say that property taxes are a serious burden on them and their families and want the legislature to address it during the special session.

"Unfortunately, the plan presently under consideration in the Texas House does not lower property taxes immediately or provide for long term reductions. Proposed checks that would provide some relief will likely be taxable under IRS regulations and will end up hurting many Texans come tax time. Even more concerning, there are no permanent changes to the system that would compress rates over time. TPPF encourages the House and Senate to ensure property tax bills are lower now by prioritizing compression of school district property tax rates in conference of SB 1 and continue to give taxpayers the relief they deserve."

## WISCONSIN

### City assessor: GOP bill would mean higher property taxes for Madison homeowners

AGOP-authored bill aimed at curbing what information assessors could use when determining the value of property would mean significantly higher property taxes for Madison homeowners, according to the Madison city assessor.

The proposed bill, which will come before the state Assembly Tuesday, is part of an eight-bill package unveiled earlier this month by legislative Republicans who say it will cut bureaucratic regulations, reform outdated practices and increase affordable housing in the state.

Madison City Assessor Michelle Drea contended one of the bills, which would prohibit assessors from using what is known as the income approach to determine a property's fair market value, would actually do the opposite for homeowners across the state by shifting taxes paid by commercial property owners onto residential property owners.

"This bill is ostensibly supposed to provide more affordable housing; what it really does is make home ownership less attainable," Drea said. "That to me is the crux of this."

In order to determine their local property tax levies, cities rely on several classes of taxable property: residential, commercial, manufacturing, agricultural, undeveloped, agricultural forest, forest, personal property and other. Any reduction in the assessed value of a class of taxable property automatically increases the taxes paid by the others.

Assessors use a wide variety of data to determine the value of a parcel of property. The three traditional approaches to assessment are based on comparable sales, cost and income. Homes are typically assessed through the sales approach and income is used for business-related properties.

"The foundation of the income approach is the concept of anticipation, assigning a current value to anticipated future benefits — how much income will this property reasonably produce," Drea said in an email. "AB 610 would prohibit the use of future or anticipated benefits, thus outlawing the income approach to assessment."

Drea, who formerly worked as the state Department of Revenue's Wisconsin Property Assessment Manual and Guides editor, said the proposal would artificially deflate commercial values and shift that burden to residential property owners by eliminating an assessor's ability to use a consistently reliable approach to valuing commercial properties.

In Madison, Drea estimated the bill could reduce the commercial assessments by about 50%. Commercial property accounts for more than a third of property value in the city and includes four-unit and larger apartment buildings. Residential property includes single family homes, duplexes and triplexes.

Drea said lowering commercial assessments would increase property taxes by an average of $2,000 per residential property, though the exact increase on any given property would vary depending on its assessed value. Drea did not provide an estimate for the specific impact on an average single-family home, which last year was valued at $315,200 and paid $7,082 in property taxes.

Drea said the 50% loss of the city's commercial value was a "conservative estimate" and would be a direct result of having to artificially deflate commercial assessments as she would have to support those assessments using less reliable data before the Board of Assessor, Board of Review or circuit courts.

"With the loss of the income approach that has typically reliable data, the commercial values will need to go down in order to make them easier to defend with less reliable data," she said.

Bill co-author and real estate broker Rep. Robert Brooks said during an Oct. 12 hearing on the bill that appraisals should be focused on the actual value of a parcel based on current market conditions, rather than rent listings or other forward-looking measurements.

"An assessment is based on the actual value at that time, not on anticipated values — not on things that may happen in the future," said Brooks, R-Saukville.

The office of bill co-author Sen. Dan Feyen, R-Fond du Lac, said in an email the bill aims to prohibit assessors from using speculative and hypothetical benefits to determine a parcel's fair market value.

"The asking or list price of a home does not represent the actual fair market value and thus should not be considered in determining the fair market value," according to Feyen's office. "Only the actual sales price should be considered."

While amendments to the bill remove plans to also prohibit assessors from using bank or mortgage appraisals and price trends, Brenda Wood, a lobbyist for the city of Milwaukee, said on Monday the core of the legislation still maintains language that would bar the use of the income approach by prohibiting the use of future anticipated benefits.

"It would likely still shift the property tax burden from commercial properties to residential," she said.

## WYOMING

## NATRONA COUNTY PROPERTY TAX SAGA GUIDES LEGISLATIVE SUBCOMMITTEE

The now-infamous ordeal of the over 3,100 property tax protests assessments in Natrona County in 2020 gave the Wyoming Legislature's Joint Revenue Committee some guidance for potential reforms when they met in Casper on September 30.

Of those appeals, roughly 1,900 were scheduled to go before the Natrona County Board of Equalization (BOE), made up of the Natrona County Commission.

The Commission's Chairman Paul Bertoglio told the committee about the arduous four-month process of hearing the cases and the commission's limited authority to mediate them.

Converse County Assessor Dixie Huxtable, speaking for the Wyoming County Assessor's Association, told the committee that the county BOEs cannot set a property value, they can only affirm the assessor's decision or remand it back based on information at the hearings.

The committee also heard from Natrona County property owners detailing their cases. It also heard from former Johnson County Assessor Cindy Barlow, who represented dozens of clients at the BOE hearings.

A four-person subcommittee, including House 58 Representative Chuck Gray, is now tasked with drafting legislation that could address some of the issues that led to the unprecedented number of cases. Those included possibly modifying the 30-day window in which taxpayers have to file protests, changing Wyoming's status as a non-disclosure state concerning real estate sales, and re-examining the statutory presumption that assessments are accurate.

Before then-commissioner Matt Keating became assessor in 2019, Natrona County had been out of statistical compliance with state's mandate, and many properties were undervalued. Wyoming (and assessors offices across the country) use the Computer Assisted Mass Appraisal (CAMA) system, which determines value in part by using all valid sales of properties in a similar Land Economic Area (typically a neighborhood).

Fee appraisals, which people might use to secure or refinance a mortgage, cannot be used in the CAMA system.

The Wyoming State Board of Equalization put Keating's office under a work order in 2019, having found "under-valuation and non-uniformity in nearly all categories" in previous years.

To meet compliance, Keating and his staff undertook to redraw Land Economic Areas, which brought many new values into statistical compliance, but raised (and in some cases, multiplied) final assessments.

Another problem, Bertoglio said, was that characteristic adjustments to properties (such as topographical features that affect the ability to develop land) had been backed out of the system.

While many of the new prices brought the overall valuations into compliance, some individual protestors said their land was being valued at the same rate as land in neighborhoods of a vastly different character.

But Bertoglio said that the county had no choice but to affirm Keating's assessments in many cases. Though both he and Keating have said that some mistakes were made in individual cases, they said the methodology applied was proper.

"The assessor followed the rules," he said, "and as a Board of Equalization, if they follow the rules, we literally have to reaffirm, even if it doesn't pass the smell test."

The ability of property tax protestors to make their cases at the hearings was also an area considered for reform. Taxpayers have 30 days after the postmark on the Notices of Assessment, which are mailed by the fourth Monday in April.

Gray said he had heard from some constituents who, because they checked their mail irregularly, ended up with only 10 days to consider appealing.

Barlow added that the process of fighting valuations is overwhelming and burdensome, and that some her clients were not given the sales data the assessor used to determine values until very near the date of their hearings, if at all.

The sales data used to determine values is not public information, because Wyoming is a non-disclosure state. It can only be attained through the "exchange of evidence" process between the protestor and the assessor's office.

Even with the evidence in hand, Barlow said ordinary citizens are often at a loss as to how to use it to build their case.

"It has turned out to be a bullying process, one that intimidates the tax payer and forces them to hire an attorney and causes them an exponential expense that sometimes far outweighs the tax," Barlow told the committee.

Barlow and property tax protestor John Burd told the committee that re-evaluating Wyoming's non-disclosure status (making relevant sales data freely accessible year-round) would be the most immediate action the committee could take to give taxpayers a realistic chance of mounting a fair protest.

"We need to be able to see the sales price," Barlow said. "We need to be able to have that data to affirm that the numbers used by the assessor are correct."

Gray said he'd also consider resurrecting a bill he co-sponsored earlier this year capping the increase of property tax valuations in any one year to 3%, not including any value increases attributable to "changes, additions, reductions or improvements to the property made in the prior year."

Bertogli said there are about 300 property tax protests in 2021.