IPTI Xtracts

Property Tax and Assessment News from Around the World

UNITED STATES – July 2022

Contents

Office buildings in Chicago come with a hefty property tax. Can you guess which paid the most?

Top-of-the-line office buildings are meant to impress, but because of their size, location and prestige, these buildings commonly come with a hefty property tax.

With this year's tax filing season behind us, PropertyShark decided to rank the Top 100 office properties that had the highest associated taxes in 2021, and the findings may or may not come as a shock.

Unsurprisingly, Manhattan dominated the list with 82 of the 100 properties with the highest taxes. But the remaining entries? Chicago took the cake, along with California and Washington, D.C.

With $75.3 million in taxes in 2021, Midtown's General Motors Building was the property that paid the most taxes last year — a title it also received several years ago, according to PropertyShark. Situated on an approximately 84,000-square-foot lot and totaling 1.7 million square feet of office space, the GM building is a product of the skyscraper boom of the 1960s and '70s, along with the MetLife building, No. 2 on PropertyShark's list.

But enough about New York. Chicago was the frontrunner for highest taxed buildings outside of NYC with 15 buildings to make the list.

The Willis Tower ranked No. 12, with a $43 million tax bill last year.

Waterfront tower 300 North LaSalle was another to make the list settling at No. 33 in the Top 100, with a $26 million tax bill in 2021.

Others to make the Top 100 list include:

433 W. Van Buren St..: $24.8 million
One Prudential Plaza: $24.2 million
300 East Randolph: $24 million
150 North Riverside: $23.7 million
UBS Tower: $23.5 million
Aon Center: $22.1 million
Accenture Tower: $20.2 million
The Franklin: $19.9 million
Chase Tower: $17.9 million
River Point: $17.9 million
70 West Madison: $15.8 million
353 North Clark: $15 million

The Field Building, additionally, owed $13.7 million in taxes last year while also being the oldest property outside of NYC with its 1934 completion.

That said, 15 of 100 properties on the list were completed in 2000 or later, six being in Chicago.

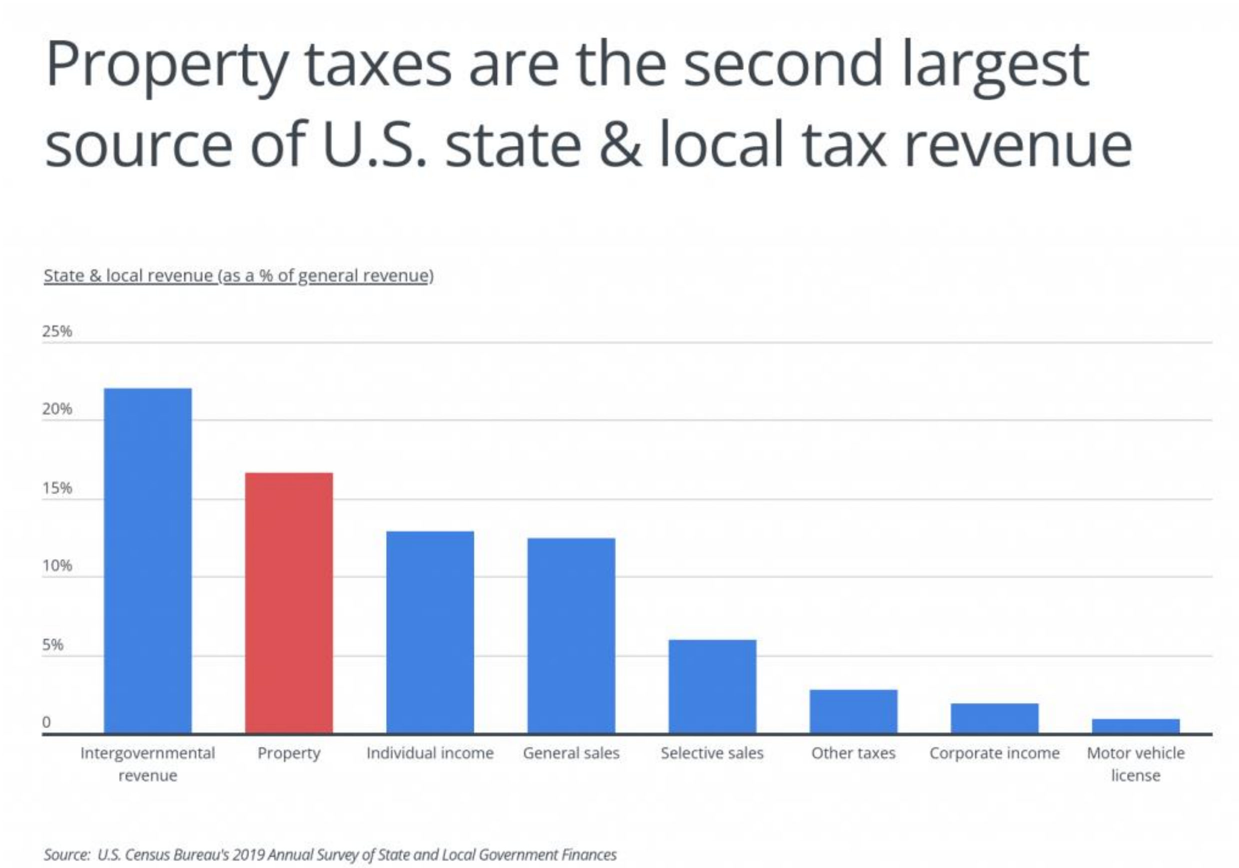
States That Collect the Most Property Tax Revenue

Despite many economic experts' worst fears early in the COVID-19 pandemic, state and local government budgets have proven resilient over the last two years, partly due to property taxes. Property values are less susceptible to economic volatility than income and sales tax—and for some communities, collections could grow in coming years due to the skyrocketing values of residential real estate. This stability could continue to protect state and local budgets if the U.S. is headed toward a recession in the near future. However, the overall mix of state and local revenue sources looks different across the U.S. Researchers calculated property tax revenue as a share of total general tax revenue, then ranked states accordingly.

Despite many economic experts' worst fears early in the COVID-19 pandemic, state and local government budgets have proven resilient over the last two years. With much of the economy shut down or hobbled as a result of the pandemic, forecasters initially worried that states and localities would collect substantially lower amounts of sales and income tax and face major budget shortfalls as a result. But behind falling unemployment, rising wages, and strong consumer spending, income and sales taxes have produced stronger-than-expected revenues since the initial shock of the pandemic.

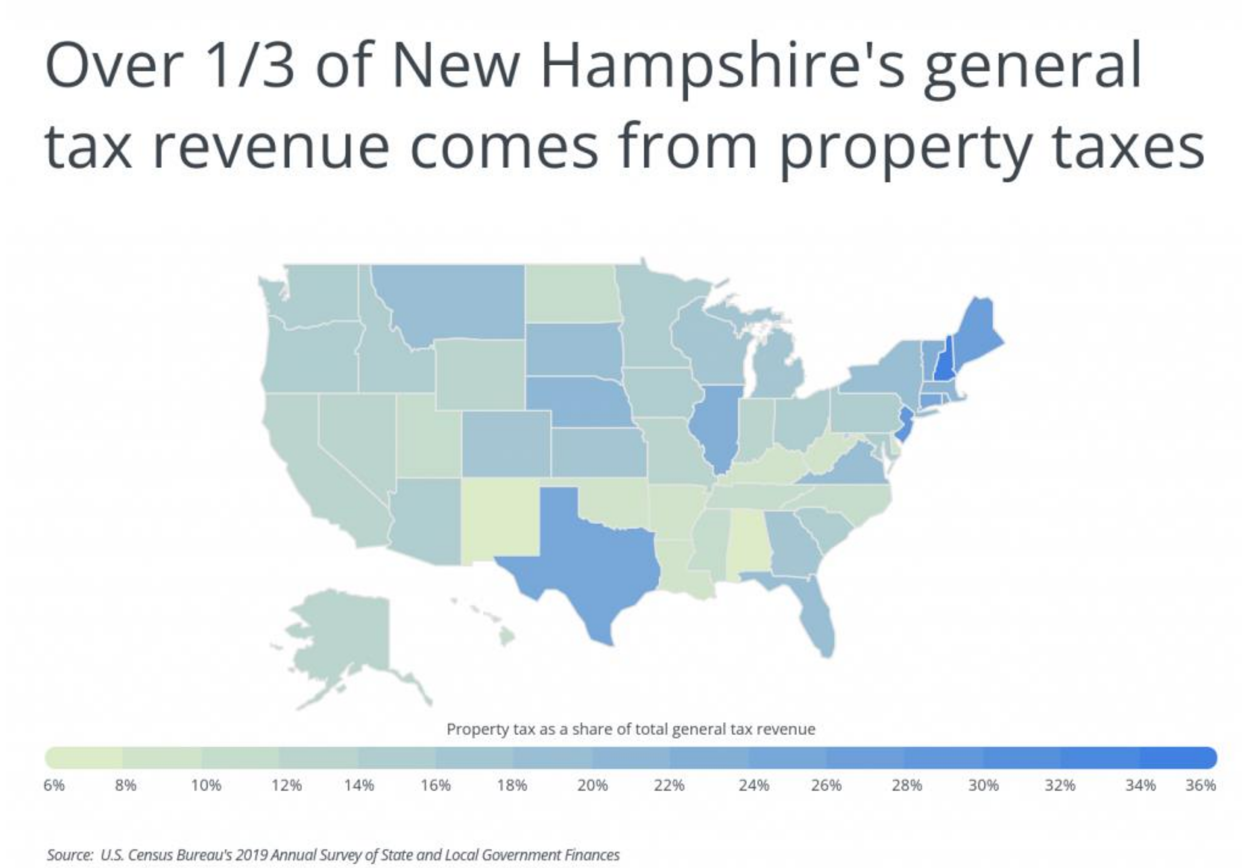
One factor that has helped protect state and especially local revenues over this period is property taxes, which are taxes levied on real property like land and buildings or certain forms of personal property. Property taxes tend to be more stable over time because property values are less susceptible to economic volatility than income and sales tax. Depending on when taxes are assessed, it could take years for any significant changes in property values to become apparent in a government's tax collections. This certainly helped keep property tax revenues steady during the pandemic—and for some communities, collections could potentially grow in coming years due to the skyrocketing values of residential real estate.

Property taxes are the second largest source of US state and local tax revenue



Property taxes' stability could help continue to protect state and local budgets if the U.S. is headed toward a recession in the near future. Property tax collections represent 16.6% of state and local general tax revenues, which makes it the largest form of "own-source" revenue generated by states and localities, ahead of individual income (12.9%) and general sales taxes (12.5%). And among all revenue sources, property tax trails only intergovernmental funds (22%), which comprises funds transferred from one government to another (most frequently federal to state or local) through grants, loans, and other agreements.

However, the overall mix of state and local revenue sources looks different across the U.S. Each state and local government offers a unique collection of revenue sources that weights income, sales, property, and other taxes differently. For example, nine states have no state income tax, while five have no state sales tax. Others have caps on property tax rates or restrictions around how property valuations are conducted that limit the amount of revenue from property taxes. This means that individuals' specific tax burdens will look different depending on what state and local tax laws are in place where they live.



Property tax collections across the states show these differences in action. At the low end, only 6.9% of general tax revenue collected in Alabama comes from property tax, while at the high end, property tax is 36.5% of general tax revenue in New Hampshire. New Hampshire stands out in part because the state has neither an income nor a sales tax, so many services are funded at the local level through property taxes. Many of the other locations highly dependent on property taxes are nearby Northeastern states including New Jersey, Maine, and Connecticut.

The data used in this analysis is from the U.S. Census Bureau's 2019 Annual Survey of State and Local Government Finances. To determine the states that collect the most property tax revenue, researchers at Porch calculated property tax revenue as a share of total general tax revenue. In the event of a tie, the state with the greater annual property tax revenue per capita was ranked higher.

Here are the states that collect the most property tax revenue.

15. Montana
Property tax as a share of total general tax revenue: 18.0%
Annual property tax revenue (per capita): $1,717
Annual property tax revenue (total): $1,835,479,000

Annual general tax revenue (total): $10,222,926,000

14. Virginia

Property tax as a share of total general tax revenue: 18.0%
Annual property tax revenue (per capita): $1,770
Annual property tax revenue (total): $15,109,680,000
Annual general tax revenue (total): $83,725,329,000

13. Florida

Property tax as a share of total general tax revenue: 18.1%
Annual property tax revenue (per capita): $1,454
Annual property tax revenue (total): $31,227,441,000
Annual general tax revenue (total): $172,783,607,000

12. South Dakota

Property tax as a share of total general tax revenue: 18.8%
Annual property tax revenue (per capita): $1,532
Annual property tax revenue (total): $1,355,624,000
Annual general tax revenue (total): $7,205,443,000

11. New York

Property tax as a share of total general tax revenue: 18.9%
Annual property tax revenue (per capita): $3,180
Annual property tax revenue (total): $61,857,624,000
Annual general tax revenue (total): $327,909,409,000

10. Nebraska

Property tax as a share of total general tax revenue: 20.4%
Annual property tax revenue (per capita): $2,013
Annual property tax revenue (total): $3,893,168,000
Annual general tax revenue (total): $19,086,993,000

9. Massachusetts

Property tax as a share of total general tax revenue: 20.8%
Annual property tax revenue (per capita): $2,590
Annual property tax revenue (total): $17,854,301,000
Annual general tax revenue (total): $85,813,381,000

8. Rhode Island

Property tax as a share of total general tax revenue: 22.0%
Annual property tax revenue (per capita): $2,526
Annual property tax revenue (total): $2,676,164,000
Annual general tax revenue (total): $12,180,352,000

7. Illinois

Property tax as a share of total general tax revenue: 23.1%
Annual property tax revenue (per capita): $2,338
Annual property tax revenue (total): $29,632,145,000
Annual general tax revenue (total): $128,418,079,000

6. Vermont

Property tax as a share of total general tax revenue: 23.9%
Annual property tax revenue (per capita): $2,938
Annual property tax revenue (total): $1,833,211,000
Annual general tax revenue (total): $7,665,670,000

5. Texas

Property tax as a share of total general tax revenue: 24.0%
Annual property tax revenue (per capita): $2,098
Annual property tax revenue (total): $60,826,579,000
Annual general tax revenue (total): $253,819,166,000

4. Connecticut

Property tax as a share of total general tax revenue: 25.8%
Annual property tax revenue (per capita): $3,215
Annual property tax revenue (total): $11,463,831,000
Annual general tax revenue (total): $44,454,140,000

3. Maine

Property tax as a share of total general tax revenue: 26.8%
Annual property tax revenue (per capita): $2,772
Annual property tax revenue (total): $3,726,532,000
Annual general tax revenue (total): $13,903,942,000

2. New Jersey

Property tax as a share of total general tax revenue: 28.7%
Annual property tax revenue (per capita): $3,513
Annual property tax revenue (total): $31,200,180,000
Annual general tax revenue (total): $108,751,702,000

1. New Hampshire

Property tax as a share of total general tax revenue: 36.5%
Annual property tax revenue (per capita): $3,246
Annual property tax revenue (total): $4,413,670,000
Annual general tax revenue (total): $12,099,243,000

Tax land, not buildings, to help with the housing crisis

We have some general inflation, but we have special problems with the lack of affordable housing. This is partly because of snob zoning and the wrong kind of property tax. In most jurisdictions, both buildings and land are taxed, with land values often being underassessed in practice.

This means that someone who is considering erecting an apartment building will not find it profitable to do so until rents have risen enough to cover the building tax, other expenses and a return on capital. Someone who invests in a vacant lot in a populated area with the intention of keeping it vacant until, perhaps decades later, he can sell it at a good profit will typically pay low taxes on it. As a result, not enough housing is constructed, so what there is costs too much.

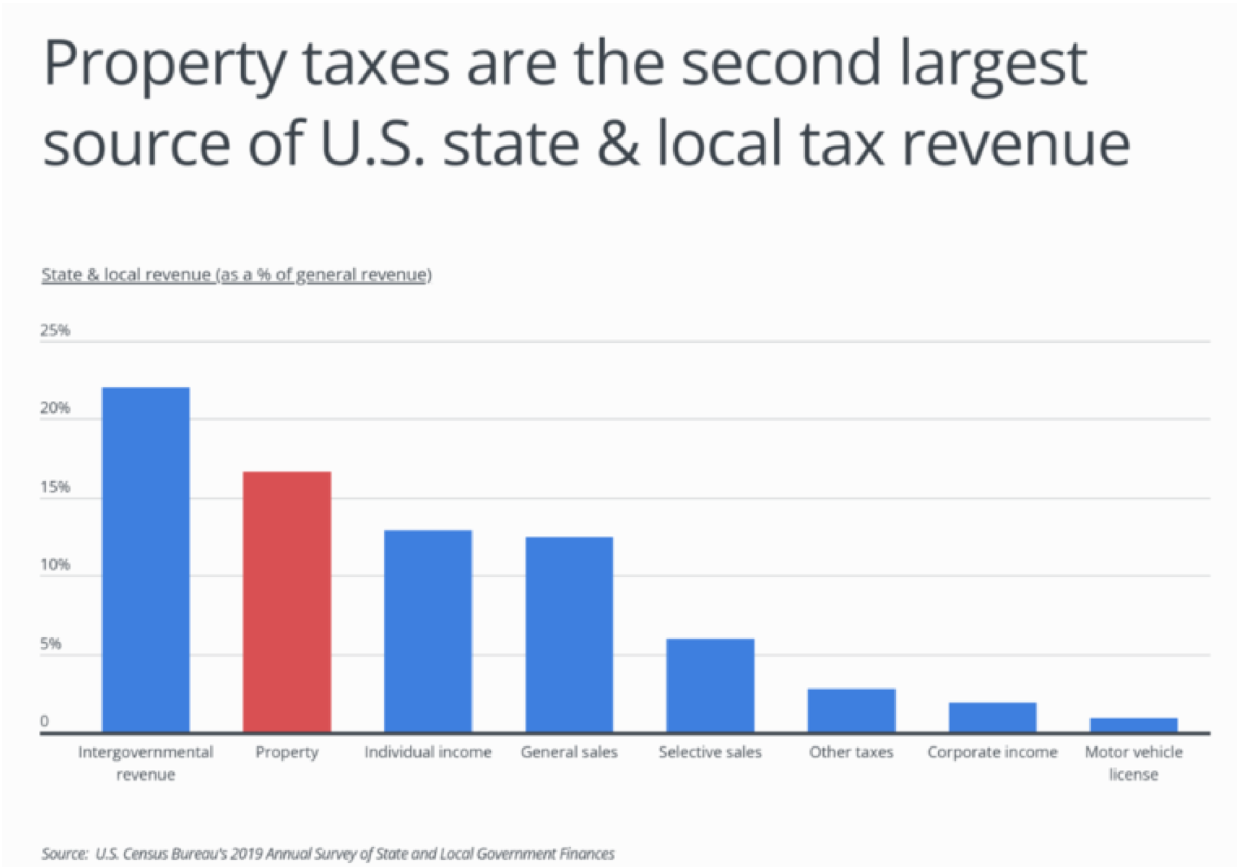
An important reform is to tax real estate only on the value of the land, not on the buildings or other improvements. That way, land could be bought much more cheaply and real estate bubbles, which are bubbles in land prices, would not inflate. People could build houses and apartments without raising their tax bills, so we would have more housing, making it cheaper. Some might criticize this proposal on environmental grounds, but by encouraging infill development, it would also have the merit of reducing sprawl into the countryside.

Nicholas D. Rosen, Arlington; President of the Center for the Study of Economics.

ALABAMA

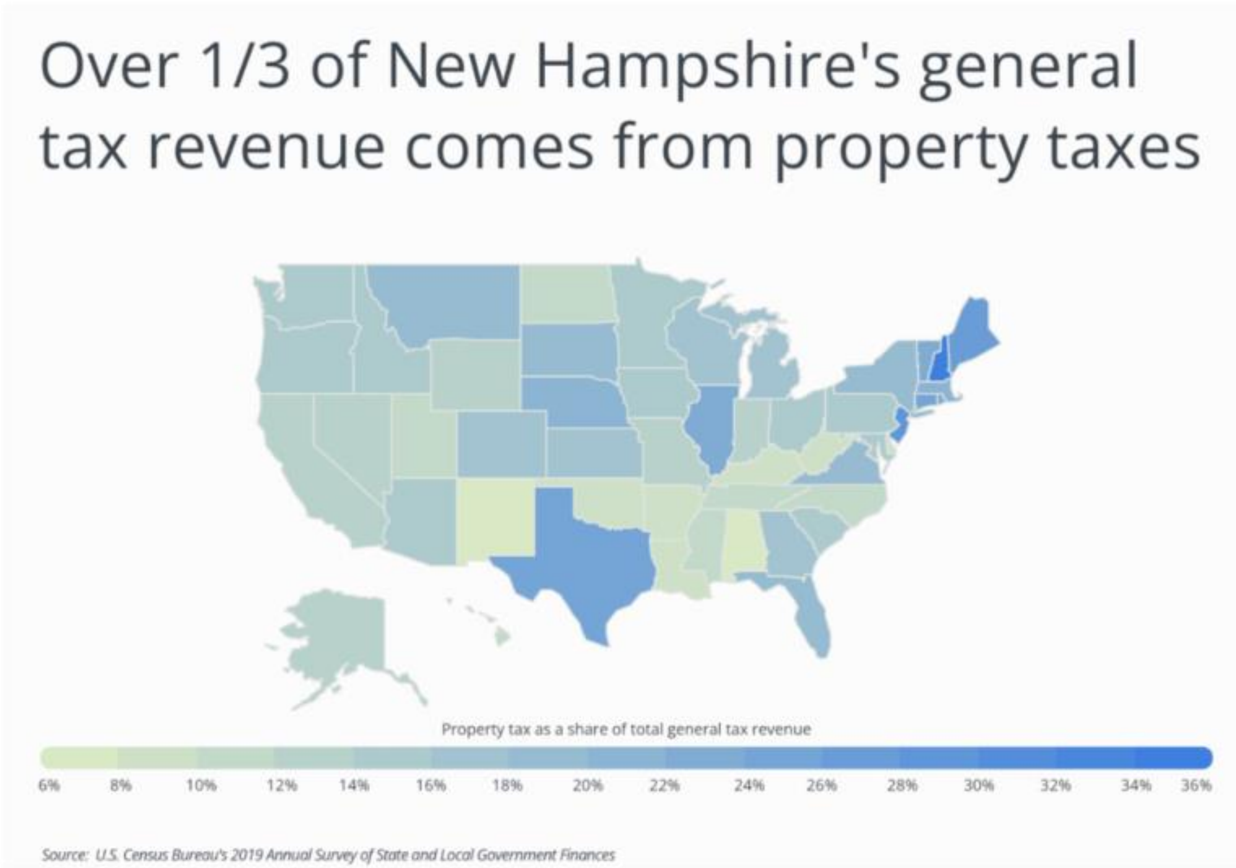
Property Taxes Are 6.9% Of Alabama's Tax Revenue, Lowest in U.S.

Despite many economic experts' worst fears early in the COVID-19 pandemic, state and local government budgets have proven resilient over the last two years. With much of the economy shut down or hobbled as a result of the pandemic, forecasters initially worried that states and localities would collect substantially lower amounts of sales and income tax and face major budget shortfalls as a result. But behind falling unemployment, rising wages, and strong consumer spending, income and sales taxes have produced stronger-than-expected revenues since the initial shock of the pandemic.



One factor that has helped protect state and especially local revenues over this period is property taxes, which are taxes levied on real property like land and buildings or certain forms of personal property. Property taxes tend to be more stable over time because property values are less susceptible to economic volatility than income and sales tax. Depending on when taxes are assessed, it could take years for any significant changes in property values to become apparent in a government's tax collections. This certainly helped keep property tax revenues steady during the pandemic—and for some communities, collections could potentially grow in coming years due to the skyrocketing values of residential real estate.

Property taxes' stability could help continue to protect state and local budgets if the U.S. is headed toward a recession in the near future. Property tax collections represent 16.6% of state and local general tax revenues, which makes it the largest form of "own-source" revenue generated by states and localities, ahead of individual income (12.9%) and general sales taxes (12.5%). And among all revenue sources, property tax trails only intergovernmental funds (22%), which comprises funds transferred from one government to another (most frequently federal to state or local) through grants, loans, and other agreements.



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The analysis found that 6.9% of the general tax revenue collected in Alabama comes from property taxes. Out of all states, Alabama collects the lowest percentage of property tax revenue. Here is a summary of the data for Alabama:

- Property tax as a share of total general tax revenue: 6.9%
- Annual property tax revenue (per capita): $620
- Annual property tax revenue (total): $3,041,285,000
- Annual general tax revenue (total): $43,860,663,000

For reference, here are the statistics for the entire United States:

- Property tax as a share of total general tax revenue: 16.6%
- Annual property tax revenue (per capita): $1,758
- Annual property tax revenue (total): $577,007,937,000
- Annual general tax revenue (total): $3,468,043,700,000

CALIFORNIA

Anaheim City Council decides against charging a 2% gate tax on Disneyland, Honda Center, Angels tickets

- Most of the Anaheim City Council Tuesday decided against imposing a 2% gate tax on tickets to Disneyland, Honda Center and Angel Stadium
- The gate tax would have applied only to privately owned or managed entertainment and sports venues with more than 15,000 capacity
- Council members said the tax could negatively impact the city's tourism business and that California is overtaxed
- No one sided with Council Member Jose Moreno, who advocated for the gate tax and needed a supermajority of five council members to support it

Resident Wes Jones said that money from a 2% entertainment and sports gate tax on tickets to Anaheim's major venues, including Disneyland, would be money that benefits the residents of Anaheim.

Meanwhile, Charlotte Seidnematollah said the tax money could hire more police officers, help pay off the city's bond debt, or even create more affordable housing.

Yet, despite the public's pleas, most of the six current members of the Anaheim City Council Tuesday night declined to create a ballot measure allowing voters to decide whether to impose a 2% gate tax on Disneyland, Honda Center and Angel Stadium.

"We are experiencing the highest inflation rate in the last 40 years. Living costs are already at an all-time high," said council member Avelino Valencia during last night's meeting. "Although members of the public here today may not be impacted… there are individuals in Anaheim that would."

Council member Jose Moreno put the controversial gate tax issue in front of the City Council Tuesday.

The city has never charged a gate tax despite having major tourist attractions such as Disneyland, Disney California Adventure, Honda Center and Angel Stadium.

Moreno wanted to create a ballot measure in the November election for voters to ultimately decide on adding a 2% gate tax for tickets to privately owned or managed entertainment and sporting venues that have more than 15,000 in capacity, such as Disneyland, Honda Center, and Angel Stadium.

However, the proposed ordinance left out the city's convention center since it's a publicly owned building. And under their 1996 lease agreement with the Angels, the city would have to reimburse any tax the city levies onto the Angels.

Moreno needed a council supermajority to pass the proposal, meaning at least five of his council colleagues would need to approve his motion before creating a ballot measure letting voters decide. The council's seventh seat was vacated by former Mayor Harry Sidhu, who resigned amid an FBI corruption investigation.

City staff said the tax could generate an estimated $55 million to $82 million a year, which would go to the city's coffers and pay for street improvement, community services, code enforcement, police, fire and maybe the building of a new pool.

Throughout the night, Moreno, who advocated for the gate tax, argued tourists and not locals would mostly pay for the tax. He said Disneyland, the city's largest tourist attraction, already raises ticket prices yearly, so why shouldn't the city reap some benefits?

He said Anaheim has more than $1.5 billion in unfunded liabilities and had to borrow money to balance its budget last year amid the coronavirus pandemic downturn that hurt the city's tourism business.

And city staffing levels remain stagnant, he said, an issue that has not fully recovered since the Great Recession of 2008.

"I'm not asking you to vote for a tax this evening," said Moreno to his colleagues. "I'm asking you to let the people of Anaheim be part of this process and vote for a tax if they believe it's necessary or not."

However, many of his colleagues pointed out that the tax could hurt nonprofits that often use venues such as the Honda Center or Disneyland to raise money.

Mayor Pro Tem Trevor O'Neill said the tax could impact the number of tourists the city attracts.

The city is still reeling from the pandemic's effects that have hurt their tourism sector. The city brought in over 25 million visitors pre-coronavirus pandemic.

O'Neill said many of these visitors stay in Anaheim hotels, paying an additional 15% bed tax and 2% tourism fee on top of their hotel rate.

"Increasing the already high tax burden on visitors runs the real risk of negatively impacting tourism and [could result in] economic impacts for our city," O'Neill said.

Council Member Jose Diaz said that people in California are already overtaxed.

"From gas taxes to income taxes, you name it," said Diaz. "We put another tax into many [more] taxes. California has the second highest taxes in the nation."

Moreno pleaded with council members to continue the matter in an August meeting to make the necessary changes to address some of his colleagues' concerns about indirectly hurting nonprofits or exempting Anaheim residents from the tax but to no avail.

None of the other five council members seconded Moreno's motions to continue the issue.

San Diego County's Real Estate, Other Taxable Property Assessed at $700 Billion

The San Diego County Assessor Thursday certified the 2022 assessed value roll of all taxable property in the county, a record $679.15 billion, 8.27% higher than the year before.

That represents a $51.8 billion gain in value and is based on assessed values as of Jan. 1, 2022. The state's Prop 13 limited 888,884 properties to a 2% assessed value increase — intended to guarantee affordability for property owners and deliver revenue for government services.

The roll consisted of 1,011,214 real estate parcels, 55,071 business personal property accounts, 13,410 boats and 1,541 aircraft. The roll's total net assessed value is $652.95 billion after deducting $26.19 billion for a record reduction resulting in more than $260 million in property tax savings for homeowners, disabled veterans, and charitable organizations, according to a statement from the county assessor's office.

"While some assessor's offices have struggled, my extraordinary staff closed the tax roll on time and complete," said Ernest Dronenburg Jr., the county's assessor, recorder and clerk. "If we don't close the tax roll on time then county services will be interrupted, taxpayers impacted, and we would see a cascading effect that would impact revenues for operating schools, libraries, parks and other key emergency services."

The property tax reduction outreach program, led by Chief Deputy Assessor/Taxpayer Advocate Jordan Marks, qualified 469,962 homeowners for $32.8 million and a record savings of $18.7 million in property tax savings for 12,760 San Diego County disabled veterans.

Marks also led outreach to affordable housing and homeless service providers that resulted in a record number of 5,254 nonprofit entities, saving more than $210 million in property taxes for organizations that provide affordable housing, senior low-income housing, homeless services, schools, churches, museums, and other charitable organizations.

"Thanks to Prop 13, no homeowner should lose their home due to unaffordable property taxes from the recent skyrocketing home prices," Marks said. "At the same time, governments will receive record high reliable funding for the tenth straight year to deliver key services, like schools and first responders."

Property Value Decrease is Reviewable

There's an important date that will allow property owners to file an application that may allow for a decrease in their property tax because of a decrease in the value of the very same property.

The date is July 2, and it's for filing a Decline-in-Value Review. For those unaware of what a Decline-In-Value Review entails the following information should be helpful. Furthermore, the 2022 Decline-in-Value filing period is July 2, 2022, through November 30, 2022. Applications will be available beginning on July 2, 2022. For more information, visit: www.assessor.lacounty.gov/div

California's Proposition 13 established the base year value for property tax assessment. It also caps the growth of a property's assessed value at no more than two percent a year unless the market value of a property falls below the base year value.

In 1978, California voters passed Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a "decline-in-value." A decline-in-value occurs when the current market value of a property is less than the current assessed value as of January 1.

The office of the Assessor mailed over 59,000 Decline-in-Value review notifications to property owners with existing reductions in 2021. Additionally, over 1,400 Decline-in-Value review notifications were sent to commercial property owners. These commercial properties, likely impacted by the COVID-19 pandemic, were reviewed proactively by the Assessor for possible reductions in assessed value for 2021.

You must file a Decline-in-Value Review Application form (RP-87) with the Assessor between July 2 and November 30 for the fiscal year beginning on July 1. Applications are valid if postmarked by November 30. If November 30 falls on a Saturday, Sunday, or a legal holiday, an application is valid if either filed or postmarked by the next business day.

You must demonstrate that on January 1, the market value of your property was less than its current assessed value.

On your claim form, provide the Assessor with information that supports your opinion that the market value for your property is less than the assessed value. The best supporting documentation is information on sales of comparable properties. You should select two comparable sales that sold as close to January 1 as possible, but no later than March 31.

You may query the Assessor's database for sales in your neighborhood by visiting the Property Assessment Information System. While the submission of comparable sales is helpful for the Assessor in determining the market value of your property, applications submitted without comparable sales will be accepted and processed.

If the market value as of January 1 is less than the trended base value, your assessed value will be lowered to the market value for the fiscal year beginning on July 1. The adjusted value will be reflected on your annual tax bill.

If the current market value is higher than the trended base value, no change in the assessed value will be made. Property owners are encouraged to review the Assessor's website, assessor.lacounty.gov/div, for more information about Decline-in-Value and how property value is assessed.

Solar charges make Kern 'whole' in state tax dispute

In a partial resolution to one of Kern's biggest money disputes with Sacramento, county government has put a system in place that helps make up revenue the county misses out on because the state exempts solar power developers from paying full property taxes on large-scale photovoltaic projects.

A little-noticed policy the county first applied last year to solar projects' environmental reviews charges most developers $550 per acre yearly, for an annual tax bill totaling in the hundreds of thousands of dollars, to compensate for the cost of providing public safety, roads and other services to the surrounding area. Different charges apply if the project sells to a public agency or utility.

Considered the first of its kind in the state, the mitigation measure addresses a complaint raised by county officials about how California's climate policies limit Kern's ability to fund its public services.

Lorelei Oviatt, the county's top energy permitting official, told the Board of Supervisors last month that the county "will be made whole" by the mitigation measure, though a financial gap remains because "Sacramento refuses" to have out-of-town consumers pay the full cost of their renewable energy.

Meanwhile, Kern is the only county in the state opposing state legislation, Senate Bill 1340, that would extend the solar property tax exemption past 2024 while, as a compromise, charging developers half the normal property tax rate starting in 2026.

Oviatt told the board, referring to the county's imposition of a "cumulative impact charge," or CIC, "We refused to wait for Sacramento."

The solar industry sees the tax exemption as critical to California's drive to become carbon neutral by 2045. It argues that charging full property taxes for the massive buildout required would overwhelm consumers' electric bills.

The Large-Scale Solar Association trade group has not taken a position on the CIC, and Executive Director Shannon Eddy noted projects in process now have agreed to pay the charges. She said mitigation measure won't be necessary if SB 1340 passes.

"Our property tax reform legislation should compensate the county to the point that they can drop the CIC charge," Eddy said, adding that California may need to more than double its solar assets within nine years.

The county targeted the 42-year-old solar tax exemption two years ago, soon after the Newsom administration tightened restrictions and increased regulatory scrutiny of oil production, one of Kern's most important industries.

The governor's actions drew sharp criticism in Kern, which apart from employment aspects has long relied on oil property tax revenue to help pay for public services, even as the total contribution fluctuates from year to year based on market and regulatory factors.

A county staff report that in December 2020 examined local fiscal impacts of the state tax exemption found that the solar property tax exemption was depriving Kern of almost $20 million per year. It pointed out that Kern, the state's solar power leader, permits solar projects on a discretionary basis.

Oviatt, Kern's director of planning and natural resources and author of the staff report, wrote that at a time when other regions turn away such developments, California's renewable-energy goals "cannot be achieved without Kern County projects."

By email last week, Oviatt said no solar proposal has been withdrawn because of the county's CIC. Solar developers have the option at public hearings to challenge the charge. None have, she noted.

At the Board of Supervisors' June 28 board meeting, which focused on whether to put a 1 percentage point sales tax increase for unincorporated Kern on the November ballot, Oviatt said the county continues to oppose the state's tax exemption, but that "we are actually fighting for other counties."

"We are fighting for the principle of the matter at this point," she said, "since we have come up with strategies through CEQA (the California Environmental Quality Act) to address that issue."

CONNECTICUT

Changes to Connecticut's Revaluation Schedule Are Coming

As the result of a recent change to the law, Connecticut's municipal revaluation schedule will be undergoing some significant changes beginning with the October 1, 2024 grand list. With the passage of Section 7 of Public Act No. 22-74, each of Connecticut's 169 municipalities will be placed in one of five revaluation zones based on its membership in one of the nine existing regional councils of government (COGs). A map posted on the Connecticut Office of Policy and Management (OPM) website shows that the five new revaluation zones will be as follows:

Zone 1 – combination of Western and Northwest Hills COGs. Roughly western Fairfield County and Litchfield County.
Zone 2 – combination of Metropolitan and South Central COGs. Roughly eastern Fairfield County and lower New Haven County.
Zone 3 – non-contiguous Naugatuck Valley and Northeastern COGs. Roughly upper New Haven County and Windham County.
Zone 4 – combination of Lower CT River Valley and Southeastern COGs. Roughly Middlesex and New London Counties.
Zone 5 – coterminous with the Capital Region COG. Roughly Hartford and Tolland Counties.

According to information provided by an OPM official, it is currently contemplated that about 20% of the municipalities in each zone will be required to conduct a revaluation in each of the five years beginning on October 1, 2024. While the new law does not change the basic requirement that municipalities revalue every five years, it is contemplated that some may have revaluation cycles that are a year shorter or longer than five years as the transition is made to the new schedule. The revaluation schedule being developed pursuant to the new law is currently expected to be posted on the OPM website by the end of July, 2022 (portal.ct.gov/OPM).

The goal of this new requirement is to iron out the peaks and valleys in the current state-wide revaluation schedule so that ultimately about 20% of Connecticut municipalities are revaluing every year. This will create a steadier stream of work for the companies that assist municipalities with revaluations, helping them to maintain staff from year to year. It also helps facilitate municipalities within a revaluation zone pursuing multi-town revaluations with the attendant efficiencies and cost savings. One of the proponents of the new law also suggested that multi-town revaluations will be more accurate due to improved accessibility to a broader amount of market data.

With the value of old cars going up, many CT residents received bigger property tax bills

Even though Connecticut recently enacted a lower cap on the property tax rate on motor vehicles, many residents are seeing an increase in their tax bill as older car increased in value over the past two years.

Norwalk resident Polly McNamee received her latest bill at the end of June and was surprised to find that the property tax on her 2015 Honda CRV had increased by $55 over last year's bill.

"The mill rate did not change; the car value changed because the car value went up since last year. In today's economy, it's kind of a slap in the face," McNamee said. "Historically, the car has depreciated every year, and yes it's a wonky economy, but there should be some consideration of the taxpayer here."

A retiree, McNamee said she got a heads-up on the bigger bill by checking the anticipated cost online before the bill arrived in the mail. But still, she was shocked by the increase.

Residents of more than 70 municipalities in Connecticut expected lower car tax bills after the new cap on property taxes on motor vehicles went into effect July 1, lowering it from 45 mills to 32.46 mills.

The new cap, which was approved as part of the state budget in May, lowered the amount each municipality can charge for taxes on motor vehicles.

Previously, towns and cities could charge up to $45 in taxes per $1,000 of assessed value, or 45 mills, according to General Assembly documents. Now, the cap is $32.46 in taxes per $1,000 of assessed value.

With a shortage of cars and car parts, especially the necessary computer chips, due to the ongoing COVID-19 pandemic and rising inflation, the cost of used and new cars has increased significantly, said Chris Collibee, communications director at the Connecticut Office of Policy and Management.

The decrease in mill rate saved taxpayers statewide about $100 million, but in many cases it was counteracted by the rise in vehicle values this year, Collibee said.

“Taxpayers have also seen an average increase of 26 percent to the assessed values of their vehicles, which are currently based on fair market value,” Collibee said. “While some taxpayers are still seeing a net increase in their tax bills compared to last year, this increase would certainly be much higher if the state had not imposed a lower mill rate cap and provided funding to towns.”

Based on Connecticut state law, the assessment of a car is 70 percent of its average retail value. To determine that, assessors use the average retail values provided by the National Automobile Dealer’s Association each year.

For vehicles not included in the association’s list, assessors are responsible for determining the car’s value, according to state law.

In the latest budget bill, the method for determining vehicle value will change, easing the burden for residents in the future, Collibee said.

“The budget bill also changes the basis for vehicle assessment from market value to a depreciating schedule beginning in October 2023, which will provide more stability and predictability to taxpayers,” Collibee said.

The state also increased the property tax credit from $200 to $300, which applies to a vehicle that is sold, totally damaged, stolen or registered in another state.

"At the end of day, the state has tried to mitigate this and provide relief for taxpayers knowing costs have gone up. We all live and work in the state, we all understand values of vehicles have gone up," Collibee said.

Norwich resident Mike Caprio received his tax bill at the beginning of the month and noticed a similar increase in the value of his 6-year-old car.

"Yes, the mill rate was lowered, but the city tripled the assessed value on my 2016 car," Caprio said. "Thus, raising my tax from $199 in 2021 to $513.52 this year."

While the state is working to mitigate the impact on taxpayers due to the car part shortage and inflation in future payments, July tax bills will still be higher for many, officials said.

FLORIDA

Miami sets a historically low property tax rate. What does that mean for you?

Miami commissioners on Thursday voted to reduce the property tax rate to the lowest level since the 1960s.

Mayor Francis Suarez touted the rate — the lowest since 1964, when the city began tracking such things — in a press conference after the vote.

Despite indications that a recession could soon hobble an economy already pressured by increased inflation, the mayor said it was the perfect moment to give taxpayers a break.

"If you can't do it in a year like this year, you can't do it in any year," Suarez said. "We are fully funded in the government and what we're doing is using some of the excess revenue to give back to our residents."

Commissioner Joe Carollo also noted that with swelling property values, the rate reduction might not necessarily mean a lower tax bill for every homeowner, particularly for those with high-value properties.

"The bill that we all get for our property taxes is gonna be higher than in the past because the property appraiser in Miami-Dade County, not the City of Miami, is going to value those properties at a higher amount," he said.

Reducing Tampa Bay property tax rate would just be a political stunt

Growth doesn't pay for itself, which is why the millage should not be reduced.

For more than a century, Florida has relied on growth to fuel its economy. More tourists. More residents. More houses. What the Tampa Bay Times editorial fails to acknowledge is that growth does not pay for itself.

If growth paid for itself, Florida would not rank near the bottom in education spending or mental health spending. Hillsborough County would not need so many road improvements or new sidewalks. Our law enforcement agencies and fire departments would not be straining to add more resources to maintain high-quality public safety. Our residents would not be so desperate for more affordable housing so they can keep living in the county where they grew up, went to school and go to work.

Neither Hillsborough County nor the three municipalities are raising their property tax rates, also called millage rates, which have remained constant in recent years. Yet, the Times editorial insists that market-driven increases in overall real estate value require local governments to consider reducing existing millage rates. To back up this claim, the piece glosses over existing protections for homeowners and businesses and fails to suggest exactly what services and infrastructure residents should sacrifice.

For one thing, protections already exist to shield residents and businesses from big increases in taxable value. For example, homes owned and occupied by permanent residents of Hillsborough County, or homesteads, represent 68 percent of all residential properties here. Homestead value is lowered by exemptions and capped by the Florida Constitution's Save Our Homes amendment.

Homestead value cannot increase any more that 3 percent per year. The purpose of this is to protect family homes. Non-homestead properties, including rented and vacation homes and businesses, are capped at a 10 percent increase every year. These legal limitations protect property owners from exorbitant increases in taxes when real estate investors drive up property values.

Analysts are calling our housing market one of the most over-priced in the nation. One quarter of the homes in Hillsborough County are being purchased by investors. We are also seeing an increasing trend of single family homes being purchased by corporate landlords, who are driving up housing prices for buyers and renters alike. Robust homestead protections for family homes do not and should not extend to these properties. The fact that investors have created an over-valued real estate market is not a reason to lower millage rates and deny residents infrastructure and services they need.

In Hillsborough County, we are preparing to invest in priorities that our residents want us to address while keeping the property tax rate the same. Our county has added about 100,000 new residents since 2018 and is expected to grow by another 700,000 in the next 30 years. So we are taking $10 million from money generated by growth to invest in affordable housing. We're investing $12 million for park renovations and increasing staffing at three county recreation centers. We're investing in a new fire station in Sun City Center, and we're providing $42 million for raises and benefits for county employees to ensure we can retain and attract quality staff to meet the needs of residents.

Of course, we will not actually meet all of our needs. Hillsborough County needs 23 new fire stations, not one. Unfunded transportation needs are estimated at $13 billion and rising. And $10 million is a modest down payment on what we need to address housing affordability.

Everyone, including local government, is affected by high inflation, high gas prices and high housing costs. But a property tax rate reduction would not pay for one tank of gas for most residents. However, this reduction would significantly impact how we can improve the quality of life for residents who are demanding better roads, more parks and safe neighborhoods.

The suggested reduction of the property tax rate would be a political stunt and a talking point for the next campaign. It's time to stop that kind of self-defeating, short-sighted thinking that has resulted in so many unmet needs in this state and in Hillsborough.

Pat Kemp is a member of the Hillsborough County Commission.

Anaheim considers asking voters for 2% ticket tax on Disneyland, other venues

With Anaheim planning to balance its budget with borrowed money for the next few fiscal years, Councilman Jose Moreno wants to let city voters decide whether to put a 2% tax on tickets to theme parks and other large venues – a move that could potentially raise from $55 million to $82 million a year for city services and projects.

That money could mean building a second public pool, restoring seven-day-a-week library services, hiring more police and firefighters, or building and staffing a dedicated senior center to serve residents, Moreno said.

He's been trying to get the council to look at a "gate tax" for several years; with the May resignation of former Mayor Harry Sidhu – who with majority support blocked discussion of the issue – now he can. The potential tax measure is on Tuesday's meeting agenda.

But Anaheim never having charged such a tax before, that it would require voter approval, and that it would need five of the six council members to agree to even put it on the fall ballot, doesn't point to a clear path forward for the proposal.

The idea of a gate tax has been the third rail of Anaheim politics for years. A 1996 city agreement with Disney exempted the company's theme parks from ticket taxes until at least 2016, and the ongoing stadium lease with Angels Baseball – crafted in 1996 when Disney owned the team – includes a clause that if any such tax is imposed on Angel Stadium admissions, the city would rebate the proceeds to the team.

In 2015, as the theme park exemption was set to expire, the City Council (in a vote that split 3-2) opted to extend it for three more decades in exchange for Disney's pledge to invest $1 billion in and around its parks.

But three years later, with a luxury hotel tax incentive and the gate tax agreement having become "a flash point for controversy and dissension in our community," as then Disneyland Resort President Josh D'Amaro described it, Disney asked Anaheim to tear up that agreement.

Moreno said Friday he was "floored" by staff's estimate of how many millions a 2% tax would generate.

HIs proposal would apply the tax to tickets sold by privately operated or managed venues with a capacity of more than 15,000 people (it would exclude the convention center, which the city owns and manages). The bulk of the revenue would come from Disneyland and Disney California Adventure admissions, with a little from the Honda Center, a city venue with outside management.

Moreno said he looked at ticket tax policies in 13 other cities, including Pasadena and Monterey, and most of them add a 5% surcharge. Adding 2% would mean a visitor would pay about $2 more for the cheapest one-day ticket to a Disney park. People spending more on theme park upgrades or luxury boxes at the arena would pay more tax, which Moreno said he thinks is more equitable, and a percentage charge would adjust with inflation.

"To me it's a great opportunity for a revenue stream that we know we're going to need," Moreno said, noting that last year, the council voted to issue more than $130 million in bonds to close a projected multi-year deficit following the pandemic's hit on revenue.

Hotel taxes – one of the city's main revenue sources – have rebounded faster than expected after falling off a cliff for the first year or so of the pandemic, but the bonds will need to be paid back and there's still little room in the budget to expand city staffing or services.

Officials with Disney and the Honda Center declined to comment on the proposed tax.

If the council were to agree, Anaheim voters would see the 2% ticket tax measure on the November ballot. But that seems unlikely, given that Moreno needs four other votes.

Asked about his apparently low odds of success, Moreno said he hopes his generally anti-tax colleagues "would understand that this isn't about whether they themselves support the tax – it's about whether they believe the people should have the right to vote on a tax."

As Moreno sees it, he said, there's value in talking about the idea publicly, even if it gets rejected, because that's what democracy is about.

"Even if I don't have the votes, I just want to give the benefit of the consideration," he said. "I don't want to sit in the back room and decide."

Orange County, Florida, Selects Enterprise Assessment & Tax Solution from Tyler Technologies

Solution to manage entire property assessment process for fast-growing county

Tyler Technologies, Inc. announced today that it has signed an agreement with Orange County, Florida, for its Enterprise Assessment & Tax solution, powered by iasWorld®.

"We're eager to bring our comprehensive CAMA solution to Orange County. It will help them optimize their daily operations and easily manage each step of the property appraisal process"

Tyler's Enterprise Assessment & Tax solution is the industry's most comprehensive solution for assessment administration, computer-assisted mass appraisal, and tax billing and collections. Orange County will use the solution to manage its entire property assessment process with a complete web-based, GIS-enabled toolset and a full complement of valuable features. This flexible and scalable computer-assisted mass appraisal (CAMA) solution will allow the county to:

- Uphold fair and equitable taxation
- Stay on top of ever-changing legislation
- Bring together all crucial information, including third-party software and data
- Streamline daily operations and boost productivity
- Make informed, data-driven decisions related to appraisal

"We're eager to bring our comprehensive CAMA solution to Orange County. It will help them optimize their daily operations and easily manage each step of the property appraisal process," said Mark Hawkins, president of Tyler's Property & Recording Division. "With our decades of experience, we will ensure we are helping this county bring fair and equitable taxation to its residents."

Tyler's Enterprise Assessment & Tax solution is utilized by jurisdictions in 26 states, four Canadian provinces, and the Bahamas.

Orange County is located in central Florida and includes the city of Orlando. It is the fifth most populous county in the state, with a population of roughly 1.4 million.

ILLINOIS

Chicago residents could see property taxes quadruple

Chicago property owners could see a massive spike in property taxes in 2023 after Mayor Lori Lightfoot linked property tax rates to inflation. She says her administration is looking for a fix.

The consumer price index has increased to over 9% in June, a 40-year high, which could lead to property taxes nearly quadrupling next year in Chicago due to Lightfoot's 2020 decision to tie the levy with inflation.

Lightfoot was asked if she regrets her decision to tie the two together.

"Nobody could've anticipated the consequences of inflation that we're seeing here this year, but we've started a discussion internally with our finance team," Lightfoot said Monday. "We'll present a plan as part of our budget to make sure there isn't a significant burden on taxes for our taxpayers."

Lightfoot said her decision to connect the two came from an effort to stabilize the tax process "so that we were not going through these droughts then having historic level property tax increases."

Chicago property owners may now face one massive increase instead of small increases over time. If Lightfoot decides to collect the full amount allowed under her annual tax formula, which would be about 5%, the tax increase would quadruple in 2023 to $85.5 million, according to a Chicago Tribune report.

Chicago residents are currently facing record levels of inflation on gas and other items and deal with the state's second-highest property taxes in the nation.

The property tax increase could begin to affect businesses and consumers due to even higher costs at restaurants, stores, bars and elsewhere.

Willie Wilson, a candidate for Chicago mayor, said on Twitter that high taxes "run people and businesses out of Chicago."

"The Mayor's Decision to tie property taxes to inflation may result in gigantic bills for next year," he said.

In a news release, Wilson said the "highest food, gas, and utility prices coupled with a property tax increase would devastate property owner and renters. When politicians raise taxes on businesses or landlords, they pass the cost on to consumers. Last year, more than 45,000 people left Chicago according to census data. That exodus will continue if our leaders continue raising taxes."

Mayor Lori Lightfoot's decision to tie property taxes to inflation may result in mammoth bills next year

Mayor Lori Lightfoot told Chicagoans nearly two years ago that her decision to tie how much the city of Chicago collects in property taxes to the rate of inflation made practical sense for both the city and taxpayers, and also showed she had a political discipline that her predecessors lacked.

After all, inflation for most of the previous two decades had hovered at or below a very reasonable 3%.

But as the first-term mayor kicks off her election-year budget push during the worst inflation crisis in at least two generations, Lightfoot has to decide how strong her political will really is. If Lightfoot decides to collect the full amount allowed under her annual tax formula, the tax increase would nearly quadruple in 2023 to $85.5 million, according to a Tribune analysis of the property tax levy and the mayor's policy.

While directed at property owners, the tax is likely to affect not only homeowners but renters and businesses across the city, hitting Chicagoans already reeling from higher costs at gas pumps and in grocery stores.

What's more, the possibility of a tax hike adds to the anxiety and uncertainty property owners are already facing because Cook County property tax bills for this year are late and officials have said there likely will be delays in upcoming years as well.

River North restaurateur Michael Nahabedian said he's concerned about "all the trickle-down impacts" a potential citywide tax increase will have.

"We worry about whether the staff will be able to afford to live nearby, we worry about the costs for people who are thinking about coming to the restaurant to eat," said Nahabedian, who leases a space for his restaurant, Brindille. "We worry about the next lease. And we want to see something from the city for these rising costs."

While national inflation is hovering around 9%, the mayor's plan caps any inflation-based tax hike at 5%. And it will be up to the mayor to decide if the city will take the full 5% bump under her signature tax program or some percentage less.

If Lightfoot does raise taxes, Northwest Side landlord Saima Causevic was blunt about what would happen next: "We will pass the cost on to tenants, because we have to, but they can't afford to pay more. They just can't."

The Lightfoot administration is starting its 2023 budget process with three public forums beginning Thursday at Kennedy-King College, and the question of whether the mayor will utilize her full taxing power will likely come up.

Facing a difficult February reelection bid against a growing field of challengers, as well as a restive Chicago City Council full of aldermen who are also seeking new terms next year, she could decide to forego some or all of it.

Aldermen will have their own politically fraught election year financial decisions to make.

In 2006, City Council members set up a system in which they stopped voting annually about whether to give themselves raises and instead tied automatic salary bumps to inflation.

For 2022, aldermen received automatic raises of nearly 5.5%, which meant a $6,743 increase for the highest-paid council members, who now get paid $130,000 a year. The rate for their 2023 raises hasn't yet been set, but there is no inflation cap on aldermanic pay bumps so with the 9% inflation rate, the salary hike next year could be massive.

All 50 members of the council are always able to individually turn the raises down, a decision they typically have to make in September, five months before the February municipal election. Last year, 45 out of 50 aldermen took the raises, but they weren't months away from facing voters at that point.

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Lightfoot, meanwhile, campaigned in 2019 as an antidote to politically motivated budgeting.

Her argument at the time was that by tying the annual bumps to inflation, she would move Chicago away from the traditional yo-yoing effect of mayors raising taxes by big amounts immediately after winning an election, only to enact more austere budgets that don't require such increases when their terms are nearly up.

Now faced with the ugly reality of this year's skyrocketing inflation, Lightfoot could decide to cut back the property tax increase, which could help her with voters but also undermine her initial arguments. Still, that might be preferable to trying to defend herself on the campaign trail against charges she heaped more financial pain on Chicagoans during an inflationary crisis.

In addition, the mayor — who has pledged to do a better job working with aldermen after numerous high-profile clashes with members of the City Council during her first term — may not want to try to round up support in the body for an unpopular election year tax increase.

Because Lightfoot made the inflationary tax trigger an automatic part of each budget going forward to help pay the city's underfunded pensions, aldermen wouldn't need to vote specifically on the $85.5 million increase. But they'd still need to OK the entire city budget, which would include that tax hike. And with so much attention on inflation, it might not be an easy lift to round up 26 votes for that overall budget package.

"She will have a difficult time" getting a majority to support an $85.5 million tax increase, said Wrigleyville Ald. Tom Tunney, 44th. "This was to be the year of the easy budget vote."

Lightfoot's administration was noncommittal when asked recently whether the mayor plans to take the full $85.5 million with her reelection bid looming.

"The City's 2023 budget process has just begun," a spokeswoman said in a statement. "We will be working over the next several months on the Budget Forecast which then leads to the development of the 2023 Budget. We will continue to ensure that we can provide essential City services to our residents and effectively address priority areas. As with every budget, Mayor Lightfoot works to balance the needs of our community with the financial stability of the City."

The mayor's political calculus also will undoubtedly take into account whether she wants to defend that hike while residents are struggling and one of Lightfoot's presumed opponents in February, mayoral candidate and businessman Willie Wilson, is giving away millions of dollars in free gas to drivers around the city in an attention-grabbing move to help a few people fill their tanks.

Lightfoot's move to tie taxes to the annual change in the national consumer price index came at an inopportune time.

Starting in December 2003, the biggest December-to-December increase in that inflation index number prior to the most recent one was 4.1% in December 2007, according to the federal Bureau of Labor Statistics.

In 14 of the 18 years prior to 2021, inflation went up less than 3% December to December.

Lightfoot included a clause in her 2021 budget tying annual property tax bumps to the increase or decrease in the CPI between prior Decembers. The 2022 budget was the first one in which it took effect automatically.

It's hard to say how much the 2023 property tax increase would cost homeowners and other property owners until annual property assessments are completed and the taxes on new properties are added to the tax rolls.

The city says this year's $22.9 million increase — based on inflation rising 1.4% between December 2019 and December 2020 — cost the owner of a $250,000 home about $18 more per year. Those increases carry over every year and into the future. Lightfoot also raised property taxes another $25 million this year to help fund her capital spending plan, and assessed an additional $28.6 million in property taxes on new properties.

The potential $85.5 million increase in 2023 represents a 5% increase to the city's $1.71 billion 2022 property tax levy. While inflation went up 7% from December 2020 to December 2021, Lightfoot's 5% ceiling rule on the annual tax keeps it from going even higher.

Property Reassessments Begin in Cook County's North Suburbs

First reassessments released for Norwood Park Township

Cook County – Cook County Assessor Fritz Kaegi released the initial assessments of residential and commercial properties in Norwood Park Township on July 1, 2022. Property owners can expect to receive their Reassessment Notice in the mail within the week.

The Assessor's Office follows a triennial reassessment cycle, which means one-third of the county is reassessed every three years. When a property is reassessed, the property owner is mailed a Reassessment Notice. The Reassessment Notice reflects the estimated fair market value based on sales of similar property over the past three years. The notice also contains important information such as property characteristics, neighborhood code, and past assessment information. An increase in a property's value does not indicate the same increase in the property owner's taxes.

Changes in Assessed Value

Residential assessments are based on recent sale prices of similar properties. The 2021 median sale price for single-family homes in Norwood Park was $363,000; for condos, the median sale price was $197,000, and was $535,000 for small apartment buildings.
Trends in Median Sales Price

The assessor's median market value estimate for single-family homes in 2022 is $340,000, for condos the median market value is $223,000, and is $480,000 for small apartment buildings.

Commercial property assessments are based on the income generated by those properties. Increases in rents and income of commercial property led to increases in their estimated market value. Rent for large multi-family apartment buildings in Norwood Park ranges from $650 to $2800 with an average vacancy rate of 5% and an average cap rate of 8.31%.

Industrial properties in Norwood Park average $7.30 per square foot in rent with an average 5% vacancy and 8.97% cap rate.

The average rent for standalone commercial properties varies from $8-27 per square foot with an average vacancy of 5-14% and cap rates from 7.5-9.5%.

Summary of Assessed Value

Because of increases in the value and/or number of properties throughout Norwood Park, the total assessed value of the township grew 32%. The following table shows the increase in total assessed value in residential and non-residential properties in Norwood Park Township.

Property Group	**2021 (Board of Review Final)**	**2022 (pre-CCAO appeals, pre-Board of Review)**	**Increase Value**
Residential (Class 2)	$256M	$332M	$76M (30
All other classes	$102M	$140M	$140M
Total	$358M	$472M	$115M (3

If the percentage increase of a Norwood Park property's individual assessment went up less than the total assessed value of 32%, the property could see little change in its property tax bill or even a decline. The full impact of this reassessment on tax bills will be known in late 2023 after all appeals are processed and exemptions are applied.

Norwood Park Township is the first of thirteen townships located in the North Suburbs of Cook County which will be reassessed this year for Tax Year 2022. The full schedule for reassessments in 2022 can be found on the Assessment & Appeal Calendar.

The Assessor's Office provides detailed residential and commercial reports—including multi-family assessments, detailed studies of residential assessment quality, and commercial data sources and methodology. The Valuation reports for Norwood Park Township can be found at cookcountyassessor.com/valuation-reports.

Appealing property assessments

If the property characteristics listed on an assessment notice are incorrect, or if the estimated market value of a property is significantly more than what it could sell for in the current real estate market, property owners should consider filing an appeal.

Appeals for Norwood Park Township can be filed until August 2, 2022. More information can be found at cookcountyassessor.com/appeals.

KANSAS

Kansas Supreme Court reverses property tax decisions favorable to Walmart, Sam's Club

Legal issue involves Johnson County's controversial valuation of big-box stores

The Kansas Supreme Court waded into a simmering dispute Friday in the appraisal industry on valuing real property of big-box retails stores by overturning lower court decisions rejecting Johnson County's evaluation of nine Walmart Inc. and two Sam's Club stores.

The state's highest court unanimously reversed a 2021 decision of the Kansas Court of Appeals and previous action by the Kansas Board of Tax Appeals that found the county overvalued the retailers' property by tens of millions of dollars. The lower jurisdictions said the buildings should have been valued at what each would sell for if vacant or "dark" rather than at values that reflected earnings through lucrative lease agreements associated with those businesses.

Walmart took legal action to challenge methods used by Johnson County that resulted in 2016 and 2017 appraisals nearly double 2015 tax values for the properties. The case raised questions about whether standards set forth in law by the Kansas Legislature were appropriately applied.

After receiving Johnson County's appraised value of the 11 properties, Walmart sought intervention by the state board of Tax Appeals. BOTA lowered valuations of each property and ordered Johnson County to refund overpayments for the 2016 and 2017 tax years.

Johnson County appealed to the state Court of Appeals by claiming BOTA incorrectly interpreted state law. The divided Court of Appeals, however, determined BOTA appropriately adhered to Kansas law. That took the case to the state Supreme Court, which issued an opinion instructing BOTA to reconsider the case by fully reviewing the county's evidence on property appraisals.

Ed Eilert, chairman of the Johnson County Commission, said the state Supreme Court's reversal of the Court of Appeals in the dark-store case would enable consideration of all evidence of market value.

"A Kansas Supreme Court decision on the valuation of big-box retailers is critical for local governments across the state of Kansas," Eilert said. "This case has been about equity for taxpayers. Every property owner in Kansas, from the large retailer to the homeowner, should be treated equally as the Kansas Constitution requires. Equity is an important factor in property appraisal."

Walmart spokesman Randy Hargrove said the company would again make its case to BOTA in light of the state Supreme Court's decision.

"While we disagree with the decision," he said, "we look forward to asking the Board of Tax Appeals to reaffirm its prior findings about the proper assessed values of Walmart's stores."

Alan Cobb, president of the Kansas Chamber, expressed confidence BOTA would subsequently conclude Johnson County "overstepped its authority by drastically increasing big-box valuations."

He said it was clear Johnson County's government leaders and the county appraiser's office disregarded state law when it "concocted the imaginary fairy-tale" theory of imposing property taxes on these retailers.

"Their absolute dishonesty in claiming that these companies did not want to pay their fair share of property taxes is particularly appalling," Cobb said. "To blame retail businesses for skirting the law or their tax obligations is entirely false. It's this type of deceitful behavior that leaves the public doubting the competency of some public officials."

Justice Dan Biles, writing for the state Supreme Court, said the highly contested issue boiled down to deciding whether appraisals relying on build-to-suit lease data was admissible in Kansas. BOTA, relying on a 2012 state Court of Appeals decision in the Prieb Properties case, determined rental rates from commercial leases weren't reflective of market conditions.

"We (state Supreme Court) hold Prieb's rationale invades BOTA's longstanding province as the fact finder in the statutory process for appraising real property at its fair market value," Biles wrote. "By following Prieb, BOTA imposed an exclusionary rule on the county's evidence rather than simply considering its weight and credibility."

The state Supreme Court remanded the case to BOTA and instructed that board to evaluate the county's evidence without Prieb's constraints.

"Though BOTA may reach the same result on remand, that decision must be based on its own determinations of the facts and witness credibility," Biles wrote.

LOUISIANA

It's That Time of Year Again! The Property Tax Rolls Will Soon Open For 2022 (2023 For Orleans Parish)

Like that much anticipated annual visit to the doctor before school starts, it is again time for Louisiana assessors to open their rolls for taxpayer review, and hopefully no one will need any shots afterwards (but if so, make it tequila!). Many assessors begin the two-week exposure period on August 15th, but the dates vary by parish. As such, if you want to review the fair market value placed on your property by an assessor in a particular parish, you can find the open book dates on the Louisiana Tax Commission's website.

Below is a brief refresher on the basics of appealing the assessed value of a property:

Visit the assessor's office during the open book dates and provide any data that supports your opinion of the property's value, including any evidence of functional or economic obsolescence.

If no resolution with the assessor is possible, file an appeal with the local Board of Review (typically, the Police Jury or Parish Counsel) using the provided form 3101. The form can be found on the Commission's website.

Attend the Board of Review hearing, again the dates of the hearing in each Parish vary and can be found on the Commission's website.

Upon receipt of the Board of Review's decision, if still unsatisfied, file an appeal with the Commission on the provided form 3102. The form can be found on the Commission's website.

Once docketed at the Commission, a taxpayer can set the matter for hearing, or conduct any necessary pre-hearing discovery that it believes is necessary prior to a hearing.

One very important practice tip relates to La. R.S. 47:1989, the statutory basis for review of appeals by the Commission. The statute has been revised to require taxpayers to provide all "evidence" that the taxpayer intends to present at a "correctness" challenge before the Commission to the assessor prior to the close of the deadline for filing an appeal with the local Board of Review.

The Commission can allow additional evidence if the Commission concludes that the additional evidence is material and there was good reason for the taxpayer's failure to present it to the assessor (i.e., it was not available at the deadline).

If a taxpayer decides to hire an appraiser or other expert to provide an appraisal or other report, that work does not have to be completed by the Board of Review deadline. The statute directs that good reason for the failure to timely present the expert's work product "shall be" presumed, if any report or appraisal is provided to the assessor within thirty (30) days of the taxpayer's receipt of the expert report, and at least twenty-five (25) days prior to any hearing before the Commission. In addition, the statute lists other types of publicly available evidence that is considered to always be admissible. See La. R.S. 47:1989(c)(2)(a)(xi).

Because an appeal of the assessment must be lodged with the local Board of Review seven (7) days prior to the public hearing, a taxpayer does not have a large window of opportunity to provide evidence to the assessor as required by the above-referenced statutes. If you believe that a correctness challenge is possible for 2022, it is imperative that any evidence that will support your opinion of the fair market value of the property be gathered as soon as possible for submission to the assessor.

MAINE

Commissioners to hear destroyed property valuation requests

The York County Commissioners will soon hear requests from property owners who are asking for valuation adjustments due to their properties being destroyed by recent tornadoes and storms.

The commissioners, sitting as the board of equalization during their most recent meeting, passed a resolution that says this deals with "real property that suffered significant property damage as a result of a calamity occurring on or after Jan. 1 and before July 1 of the current assessment year. Destroyed real property does not include property suffering significant property damage that is caused by the owner of the real property."

Forms have been provided by the county assessor's office to York County property owners who have seen such a loss in recent weeks. Now those requests have to be reviewed by the county board – as the board of equalization. Originally, the timeframe was to have those heard before July 25 – but this past week, the commissioners agreed to extend the deadline to hear those requests to Aug. 10 (as allowed by law).

York County Assessor Ann Charlton said she has already received several such submissions from York County property owners and she, along with a member of her staff, will be out in the country to photograph the losses. She also said this is the first time her office has had to handle a situation such as this.

It was pointed out that this is regarding property damage/destruction that goes well beyond hail dents and broken windows.

"I will be bringing some of these to the board for consideration," Charlton said. "We did have some significant loss in the county."

Bangor denies mall owner's latest bid to lower property tax bill

The Bangor assessment review board has denied another appeal from the Bangor Mall to lower its city property tax bill, setting the city up for another fight with one of its largest commercial taxpayers.

Namdar Realty LLC, the firm that owns the Bangor Mall, has argued three times that the city has inflated the Stillwater Avenue property's worth, and appealed its tax valuations for fiscal years 2019, 2020 and 2021.

The assessing board voted last week to deny Namdar's latest appeal of its 2021 assessment, and approved that decision at a Thursday night meeting.

Namdar has appealed two of those denials, for fiscal years 2019 and 2020, to the state Board of Property Tax Review.

A lower tax assessment would carry a lower tax burden for the partially condemned mall, which is the city's seventh-largest taxpayer.

Namdar's appeals of 2019 and 2020 tax bills are pending before the state tax appeal agency, which would determine whether the city has to reimburse the realty company $700,000 in past paid property taxes.

That agency has been dogged by vacancies that have stymied its ability to hear cases, leading to a backlog.

The mall was assessed last year at $15 million, according to city records. It was previously assessed at $20 million in 2020 and $33 million in 2019.

The city assessor's office has lowered its valuation of the property over the past few years to account for vacancies and shrinking revenue. But Namdar has said every year that the mall shouldn't be worth any more than the $12.6 million it paid when it bought the mall at an auction in 2019.

"Despite the fact that the value has now come down, the property is still overvalued, and is being assessed incorrectly," an attorney for the Bangor Mall, Geoff Byrne, told the assessing review board last week.

Namdar asked the city to value it at $10 million, or two-thirds of its current value, a figure that isn't supported by an appraisal, Mark Bower, an attorney defending Bangor against Namdar's appeal, said at last week's meeting.

"They're asking for a discount based on no evidence," Bower said.

Namdar declined to comment through a spokesperson.

A $15 million valuation carries a $334,500 tax burden, while a $10 million valuation would obligate Namdar to pay $223,000.

Parts of the mall are condemned, but it still has anchor stores like JCPenney and Dick's Sporting Goods, city assessor Phil Drew said at last week's meeting.

The board voted unanimously to deny Namdar's appeal, and reaffirmed that decision in Thursday's meeting.

MICHIGAN

Local Governments Respond to Property Tax Base Limitations by Raising Tax Rates

Local government officials have responded to Michigan's tax limitations, which constrain growth in the property tax base, by seeking, and often receiving, increases in tax rates. From 2004 to 2020, the average county rate increased 17 percent, the average city rate increased 14 percent, and the average township rate increased 21 percent. Most local governments had higher tax rates in 2020 than they did in 2004.

Tax rates increased for reasons other than just constraints on the tax base (e.g., some local governments had population increases or needed to expand service provision). Whatever the reason, local governments cannot perpetually increase tax rates; statutory caps and taxpayer tolerance create upper bounds.

Policymakers must address the root problem with Michigan's local finance system – Michigan depends too heavily on the local property tax to fund local government services. A municipal finance system with alternative tax options could ease the burden on the property tax.

Michigan relies too heavily on property taxes

Here's the bright side of rising real estate prices — the value of your home is going up. The dark side — your property taxes will, too.

After several decades of inflation averaging a little more than 2%, it topped 9% in June, and that will translate into unusually high increases in property tax bills next year.

It could be worse. Michigan's unique mix of tax limitations added to the state constitution four decades ago will keep the tax hike lower than it otherwise would be, the increases in tax bills next year would be even bigger.

The reforms don't affect individual property assessments, but assure that actual tax bills don't rise at greater than the rate of inflation, or 5%, whichever is lesser. This will be one of the first times since the reforms were passed that tax bills will reach the 5% cap.

The surge in revenue to local governments won't be enough to offset their rising operating costs.

Local governments operate in the same economy as the rest of us. They compete with businesses for labor and pay the same higher prices for vehicles, equipment and supplies.

Shortly after the most recent tax limitation was adopted in 1994, Michigan's single state recession hit and the state severely cut back the amount of aid it sent to local governments, the second most important funding source behind the property tax. This placed even greater pressure on the property tax to meet local needs.

With this in mind, the Citizens Research Council of Michigan analyzed how local government property tax systems have operated in the context of these tax limitations.

Our initial analysis, published last year, showed that the property tax base in many communities was not growing with the rate of inflation and that the limitations were diminishing the relationship between the appreciation of property values and tax revenue collections.

Even though local governments throughout the state have had healthy real estate markets in recent years, the increase in property values has not translated into increasing property tax revenues. The governments with land for new development have done better under Michigan's property tax system.

We also found evidence that local government officials have responded to the tax base limitations by seeking, and often receiving, tax rate increases. Even though the taxable value of property statewide is declining relative to Michigan's personal income, tax revenues as a share of that income measure have been constant, not declining. This can only be happening if governments are applying increased tax rates to the constrained tax bases.

Our new analysis documents the extent of these tax rate increases. From 2004 to 2020, the average county tax rate increased 17%, the average city rate increased 14% and the average township rate increased 21%. We found tax rates were higher in 2020 than they were in 2004 in 74 (89%) of the 83 counties, 191 (68%) of the 281 cities and 762 (62%) of the 1,228 townships.

Rates increased for reasons other than constraints on the tax base. It would be very difficult to document the reason for each tax rate change with so many local governments and so many tax rate increases. Nevertheless, we feel that our inference that many of the tax rate increases have been in reaction to the constrained tax bases is safe.

Take the city of Farmington Hills for example. It lost almost a third of its taxable value from 2008 to 2012 because of the Great Recession. The city's tax base has been growing at an average rate of 2.6% per year since, but it will not return to pre-Great Recession levels for many more years. The city's tax rate grew from 9.8 mills in 2005 to 17.0 mills in 2020 (a mill is a dollar of tax for every $1,000 of taxable value).

Local governments cannot perpetually increase tax rates; statutory caps and taxpayer patience create upper bounds. Michigan law limits the amount of property taxes each type of local government can levy. For cities, it's 20 mills, meaning that at the time of purchase, a property owner is committed to paying 1% of the value the property to the city.

Tax levies for the state, counties, schools, intermediate school districts and other entities are levied in addition to the city tax. In 2020, 40% of the cities levied 18 mills or more for city operations.

Michigan voters adopted property tax limitations in response to the unpredictable variations and unrestricted growth of assessed values that were impacting tax bills. The evidence suggests that property taxes are more predictable but perhaps the efforts to constrain growth of assessed values is too strict. Local governments large and small, in urban and rural areas have been increasing their tax rates to maintain the services their residents expect. But this is not sustainable.

Policymakers can tinker around the edges of the property tax system, but ultimately, they must address the root problem — Michigan relies too heavily on the property tax. Local governments need the ability to levy more local-option taxes to better benefit from strong, local economies created by successful service delivery while providing residents with property tax relief.

This comes with its own set of problems; most notable is the competition among communities that would occur if the local-option tax is not adopted uniformly throughout the state. Michigan local governments are very balkanized, so businesses and consumers can easily travel to the next community to avoid local-option taxes.

The original solution to this was for the state to levy taxes on behalf of the local governments and share the revenues with them. This system has been chronically underfunded for the past two decades and lacks a meaningful method of distributing the money either back to where it emanated from or to the communities with the greatest needs.

Reforming state revenue sharing could provide local governments with diverse revenues.

I don't blame local government officials for seeking tax rate increases. They understand the value of quality public services. I blame state policymakers. Our current municipal finance system is not sustainable, but they are not addressing this important issue.

Eric Lupher is the president of the Citizens Research Council of Michigan. Founded in 1916, the Research Council works to improve government in Michigan.

Detroit property tax lawsuit revived by appeals court

Detroit homeowners who sued the city over delayed property tax appeal notices will head back to court after the dismissal of their lawsuit was reversed in a ruling Monday.

The U.S. Circuit Court of Appeals for the 6th Circuit overturned a lower federal court's decision from last year that threw out the class action over the city's delayed delivery of more than 260,000 residential property tax notices in 2017.

The notices inform residents of their property assessments — the values on which their tax bills are based — and how to appeal them. Detroit's overassessment of homes has been documented by researchers for years but city officials argue they have corrected the problem.

The homeowners who sued said their due process rights were violated because of the late delivery and that the city didn't do enough to communicate to residents that they later extended the deadline. The notices were mailed Feb. 14, noting that the appeals deadline was four days later on Feb. 18, according to court documents.

The city extended the deadline to Feb. 28, publicized through public announcements and various news outlets. But the city did not do another mass mailing to homeowners of the new deadline.

"Detroit did not take reasonable steps to ensure this information would reach individual taxpayers," according to Monday's ruling written by Appeals Judge Julia Smith Gibbons.

The homeowners are asking to be paid damages of "an amount to be determined by trial" and the chance to appeal their 2017 assessments retroactively, among other demands, according to the lawsuit.

Last year, U.S. District Judge Nancy Edmunds dismissed the case, in part, because she said the federal court lacked jurisdiction within state tax systems and that the city extended the deadline.

The lawsuit, filed by the Chicago law firm Goldman Ismail Tomaselli Brennan & Baum, also named Mayor Mike Duggan, Deputy CFO/Assessor Alvin Horhn, Wayne County and state tax officials as defendants.

Detroit officials said they will continue to fight the case.

"We are disappointed in the ruling by the court of appeals and plan to vigorously defend our position in District Court," Deputy Corporation Counsel Chuck Raimi said in written statement.

Lawyers for the homeowners said they plan to pursue the case "vigorously."

"All Detroit homeowners deserve the opportunity to be heard," the lawyers said in a written statement. "The Circuit's ruling confirms what this suit has said all along: The City of Detroit failed to give Detroit homeowners any clear path to appeal their property tax assessments in 2017."

MISSOURI

Cole County Equalization Board reduces value on two commercial properties

On the only day it was scheduled to meet this year, the Cole County Board of Equalization voted to make compromises on the values of two commercial properties whose assessments had been challenged for 2022.

While 2022 is not a reassessment year, the board, which hears disputes from property owners who believe their assessments are not fair, meets every year. Officials with the county clerk's office, which schedules hearings for the board, said the vast majority of hearings are for commercial properties with very few residential property owners asking for a hearing.

The commercial property owners making appeals Monday included the owners of The Shoppes at Jefferson on Missouri Boulevard, which had housed Best Buy.

Sam Spiegel of SAJ Associates, LLC, which is based out of Florida, asked the board to place the value of the building at $4.3 million since he had lost income from the departure of Best Buy last fall. Spiegel said he assumed Best Buy would renew its lease, but it didn't. Planet Fitness is still a tenant in the building, which SAJ purchased in February 2008 for $9.2 million.

Spiegel said they were able to get Big Lots to agree to take the Best Buy portion of the building at the beginning of 2022; he said work began last month on changes that needed to be made to the building. Spiegel didn't say when the store would open, but told the board it took quite a bit to bring Big Lots in. He said they had to agree to give Big Lots 33 months rent-free as part of the deal, which he figured would mean his company would lose $720,000 in rent.

Tom Butler with the assessor's office said he had talked with Spiegel and other company representatives and then lowered his appraised value down from $5.9 million to $4.9 million. Butler said by state statute the value of the building had to be looked at based on the value of the land the building sits on as of January 2021.

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

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

For the SAJ property, at-large board member Alan Mudd made the motion to go with an assessment of $4.6 million as a way to show they support the investment that had to be made to bring in the business to the community. The final vote was 4-3 in favor with Mudd and fellow at-large board member David Nunn voting in favor along with Presiding Commissioner Sam Bushman and Eastern District Commissioner Jeff Hoelscher. Western District Commissioner Harry Otto voted against along with Jefferson City Administrator Steve Crowell and Jefferson City Finance Director Shiela Pearre.

Also making an appeal before the Board of Equalization was Dick Otke, owner of Jefferson Street Commerce Park, which asked the board to assess the office building his family owns in the 900 block of Weathered Rock Road at $1.5 million instead of the assessor's figure of $2.1 million.

Otke said he and his family appealed because they can't find a tenant for the building. It had formerly been the home of Wipro Infocrossing, but they left at the end of 2020 and went to the former Sears wing of Capital Mall. He told the board the departure was due to the city allowing the owners of the mall, Farmer Holding Company, in July 2019, to use bonds to help attract businesses to fill space in the mall.

The City Council unanimously approved the proposal to allow a local board to issue bonds.

This came after the Jefferson City Industrial Development Authority approved a resolution authorizing the issuance of tax increment and special district revenue bonds for the project. The Capital Mall Community Improvement District Board also approved the resolution. The five-member board is comprised of four representatives of Capital Mall JC, the owners of the mall, and Pearre, the city's finance director.

Otke said of the resolution: "I was in support of that because I thought they were talking about bringing businesses in from outside the community. I didn't think they would be used for a business already here to move from one location to another."

The Weathered Rock Road property was purchased as a vacant lot in 1993 for $140,000. Otke said he had valued the property not long ago at more than $3 million, but has since continued to lower the value.

Butler said his assessment was based on the state statute that the value of the building had to be looked at based on the value of the land the building sits on as of January 2021. He said he sympathized with Otke and agreed he's probably looking at a liquidation status for the building right now.

Butler did add they do take into account there will be some time that an office building will have vacancies or be vacant as no office building will be fully occupied from the time it's opened to the time it's demolished. However, they would not include a year-and-a-half span like what's happened at the Otke property.

Mudd made a motion to set the value of the property at a little over $1.8 million. He, Nunn, Otto, Bushman and Hoelscher all voted in favor. Crowell and Pearre voted against.

Missouri in middle of pack for property tax collection

While economics have wavered over the past couple of years, a new report says steady property tax rates have created a consistent source of revenue for state governments -- including Missouri.

The Show-Me State, however, has been in the middle third in terms of how big an effect those collections have on overall general revenue.

The report, compiled by home-improvement software provider Porch, ranked the Show-Me State at No. 33 in terms of its property tax collection based on 2019 data from the U.S. Census Bureau. Property taxes made up around $6.8 billion of the state's $51 billion total general tax revenue collection, according to the report, 13.5 percent of the total amount. Annual property tax revenue per person was projected at $1,118.

The U.S. as a whole made 16.6 percent of its total collections through property taxes, per the report. With $557 billion in personal property collections nationwide, the report puts collections at $1,758 per person. Property taxes were the second most prominent source of revenue on the national level after intergovernmental revenue.

Alabama, meanwhile, was ranked No. 50 with just under 7 percent of its total general revenue share made up of property tax collections. It also made up its $3 billion annual property tax revenue with $620 in collections per person, the lowest per capita collection rate by far.

These rates are a far cry from the highest on the report: New Hampshire's total general tax revenue was 36.5 percent personal property collections, amounting to $4.4 billion and $3,246 per person. According to the report's authors, these collections reflect a vastly different taxing structure to Missouri's and a heightened reliance on property taxes.

"Each state and local government offers a unique collection of revenue sources that weights income, sales, property, and other taxes differently," the report read. "New Hampshire stands out in part because the state has neither an income nor a sales tax, so many services are funded at the local level through property taxes."

According to the report, nine states have no state income tax, five have no state sales tax and others have varying caps and tax rates from one location to the next.

While Missouri relies on income and sales taxes to fill out much of its general revenue coffers, Gov. Mike Parson recently announced he was in talks to call lawmakers back to Jefferson City to ease individual income tax rates from 5.4 percent to 4.7 percent amid a record state funding surplus. He also proposed eliminating income tax for those making $16,000 or less a year and couples making less than $32,000 annually, changes that would likely alter the makeup of the state's general revenue collections as well.

The report also noted, while economic statistics have varied wildly over the past two years amid a pandemic and numerous financial stumbling blocks, taxes have remained a strong driver of state and local government budgets.

"Behind falling unemployment, rising wages, and strong consumer spending, income and sales taxes have produced stronger-than-expected revenues since the initial shock of the pandemic," it reads. "Property taxes tend to be more stable over time because property values are less susceptible to economic volatility than income and sales tax."

While that stability has kept budgets afloat, the authors speculate an uptick in residential real estate values could yield further strength for the revenue source.

NEW JERSEY

When appraisers come knocking, best to let 'em in, reval exec tells sparse Morristown audience

Nobody likes home inspections, right?

But in coming months, Morristown homeowners should not dodge inspectors from Appraisal Systems Inc., a company official told a handful of residents at town hall on Wednesday.

If appraisers cannot gain entrance to homes during Morristown's town-wide property revaluation, they'll have to make estimates of home values. And such assessments tend to be high–which could lead to higher tax bills.

"We're obligated to estimate property at its highest reasonable potential," said Robert Brescia, executive vice president of Appraisal Systems Inc. in Whippany.

The Morris County Board of Taxation has ordered Morristown to perform an overdue revaluation. Generally, these occur every 10 years; Morristown has not had a revaluation since 2004.

Home appraisals may run from late September into December, Brescia said.

The town council authorized a $500,000 contract with the company earlier this month. The expense may be spread over five years to minimize the financial hit, town Administrator Jillian Barrick told the governing body.

About 20 people attended Wednesday's information session. That number included Barrick; Mayor Tim Dougherty; Council members Robert Iannaccone, Sandi Mayer, Tawanna Cotten and Nathan Umbriac; town Tax Assessor Kevin Esposito, and reporters.

Councilman Robert Iannaccone asks a question at revaluation info session, July 27, 2022. Photo by Kevin Coughlin
At a council meeting on July 12, Barrick stated the public briefing would "be in-person and recorded, and then we will post it online."

That posting didn't happen.

"Unfortunately we were not able to record last night's meeting," Barrick told Morristown Green on Thursday.

Virtual- and in-person follow-up sessions will happen in September, she said. In the meantime, Barrick referred residents to Brescia's Powerpoint slides, on the town website.

Revaluations don't increase municipal budgets, Brescia asserted. Rather, they attempt to ensure the tax burden is shared fairly.

He gave several examples suggesting how increased home values might not mean higher tax bills for owners.

These scenarios assume the amount of money needed to run the town remains stable. If most home values go up, the tax rate goes down, Brescia said.

The town must raise the same amount of money as before — but now it's divided among a larger tax base. When the new, lower rate is applied to your higher-valued home, your tax bill may be about the same, according to Brescia.

Factors affecting a home's appraised value include style, condition and location, he said. Views of New York or lakes could boost value; proximity to power lines, train tracks or busy streets could diminish it.

Appraisers will count square footage, bedrooms, bathrooms and fireplaces. Do you have central air conditioning? Finished basements and attics?

"We are looking for extremes that are typical of the year built," Brescia said.

Homes will be compared to homes, and home sale prices, within their neighborhoods, he said. As the process moves forward, Appraisal Systems will post an online calculator.

"It will tell you if you are in line for a tax increase, decrease, or staying neutral," Brescia said.

Pledging transparency, Brescia said the appraisals also will be shared online. Homeowners will have an opportunity to discuss these numbers with the company, he said, and appeals can be filed with the county tax board up until May 1, 2023.

"Nothing's ever set in stone," Brescia said.

Appraisers will make several attempts to schedule home inspections, he said. COVID-19 protocols will be observed, and virtual inspections can be arranged.

Appraisers will carry identification badges.

"Under no circumstances should you let anyone into your home without I.D.," Brescia said, advising anyone with doubts about an inspector to call police immediately.

Morristown Ordered to Undergo Property Revaluation

The Morris County Tax Board, with pressure from our neighboring towns, has mandated that the Town of Morristown begin a town-wide revaluation process. Officials in town are stressing that the revaluation won't necessarily mean higher property taxes.

According to the town, the revaluation is "a home, commercial, or land assessment that guarantees property taxes are distributed fairly across the community. This revaluation will ensure that all Morristown residents know their property's full and fair value and pay their fair share of taxes".

The last revaluation in Morristown took place in 2004.

Have questions? Morristown will host a public information session for residents and property owners on Wednesday, July 27. The meeting will take place in Council Chambers of the Town Hall at 7pm.

Timeline of Inspections

Fieldwork for commercial properties will start during the first week of August. Residential fieldwork will start at the end of September and last into December. Appraisal Systems Inspectors (ASI) will visit homes between 9:00 a.m. and 5:00 p.m.

Inspectors will travel door to door to assess each home, office and property in Morristown. Those who are uncomfortable letting inspectors in, may schedule a virtual interior inspection. However, if the inspectors are unable to conduct an interior inspection of your home, the inspectors will make certain assumptions based on exterior conditions and neighborhood characteristics. This can lead to a higher assessment on your property, said town officials.

After the evaluations have been completed, every property owner will be provided with their new assessment as well as procedures to review the assessment with a representative from ASI, if requested.

New Jersey needs a plan to slay its property tax dragon

A few years ago, the Garden State Initiative looked at the total dollars collected by all state government agencies. The staggering $117 billion price tag astounded everyone, including us.

Since that time, the relative burden of our Property Tax portion of that number rightfully remains at the top of our citizens' and business owners' minds. In order to tame the fire-breathing dragon known as "property taxes," let's have an honest conversation about the whole picture, not through the lens of 565 municipal budgets, 600+ school districts and 21 county budgets.

Based on our research, with some updating from state records, New Jersey spends over $67 billion to sustain "local control". That means $31.4 billion is collected directly from property owners and $35.2 billion supplemented from the state budget, primarily funded by Personal Income Tax collections

What is not so apparent, is that the $67 billion primarily pays for a public workforce of approximately 350,000 individuals. So, if you look inside your property tax bill (on average 60% for schools with county and local government comprising the remaining 40%), you will see that between 60 and 70% of your tax bill, or over $43 billion, is exclusively driven by salary, health and pension benefits for those 350,00 individuals.

To be specific, of the $40.2 billion we spend on K-12 schools statewide, understand that employee salary and benefits account for $26 billion. And our county and local governments who collectively spend $27 billion, over $17 billion is for their salary and benefits.

Commit to roadmap real property tax cost deductions

To realistically discuss flattening or even reducing our highest-in-the-nation property taxes, one-time or annual rebates only temporarily assuage angry constituents and papers over what every New Jersey resident knows in their gut we must do to control our future. We must either lower the cost per employee or reduce the number of employees. Typically, a bit of both is what happens in the "real world" where taxpayers live.

GSI proposes three steps to "slay the dragon" and maintain communities in New Jersey that are affordable, fair and sustainable:

1. Save property taxpayers $3 billion by matching cost per pupil in MassachusettsBenchmarking our education costs to Massachusetts' cost per pupil, which is 20% below New Jersey's over $20,000 per pupil, will reduce property taxes over $3 billion. Let's find out how they are able to beat us on costs and integrate those cost savings immediately.

2. Offer health benefit plans consistent with current market conditions

The revelation that the much heralded "renegotiation" of the health plans provided to our public work force created an additional $40 billion in liability for taxpayers is jaw dropping. Exacerbating not improving our property tax burden is unacceptable and must be remedied. Setting cost limits, available options, and reasonable cost sharing formulas, will reduce this liability and deliver market-defined, affordable plans for employees and property taxpayers.

3. Fund a sturdy retirement plan, not a failing pension system While much focus is put on the state's hefty $7 billion pension payment last year, when local pension contributions are included, taxpayers' total cost to sustain New Jersey's pension systems approaches $10 billion annually and still the funding ratios continue to decline each year. New Jersey can take this unique opportunity to immediately improve our failing retirement plan for our public workforce.

This funding of a one-time even higher contribution is only warranted if it comes with real reform to the pension system as a whole. Switching to a defined contribution (or hybrid) plan, used by more than 100 million Americans, can assure our pension retirement obligation is met into the future. New Jersey can make this payment up front which gives residents and employees more confidence in the retirement plan for public employees, improves NJ's credit position, and lowers future debt payments leading to more investment capacity for economic growth. Taming the dragon of our ever-escalating, highest-in-the-nation property taxes will only be possible if responsible elected leaders at the state, county, municipal and school levels commit to follow a roadmap to a better future for all New Jersey.

If these steps make sense to you, ask your elected leaders to either get on board, or get out of the way.

NEW YORK

New York's property tax cap set at 2% for 2023

Soaring inflation costs have led to New York's cap on property tax increases to be set at its upper most limit of 2%, state Comptroller Tom DiNapoli's office on Wednesday announced.

New York sets its property tax limit to the rate of inflation or at 2%, whichever is lower. This is the fourth time since 2019 that municipal governments had their tax levy growth set at that amount.

The development comes as boosted federal aid in the wake of the COVID-19 pandemic for local governments is set to end.

"Allowable tax levy growth will be limited to two percent for a second consecutive year," DiNapoli said. "Just as local governments are receiving their final round of federal funding under the American Rescue Plan Act, they are facing economic challenges that will likely drive costs higher than expected or planned, making it harder to adhere to the tax cap as they prepare their budgets for 2023."

The 2% limit will affect tax calculations for counties, towns, fire districts, 44 cities and 13 villages that have fiscal years aligned with the calendar. The cap does not apply to the state's largest municipality, New York City.

This year's inflation factor has been calculated at 7.17% and more than half of the state's county and town governments, as well as cities and villages that set their budgets on the calendar could have costs that exceed the amount of pandemic aid they are set to receive.

New York's tax cap has been in place for the last 10 years as a mechanism to limit growth in the highest property taxes in the country.

Amazon seeks more than $124M in property tax breaks for Niagara warehouse project

Amazon is seeking more than $124 million in tax breaks from Niagara County to support a distribution facility in the Town of Niagara, the anticipated cost of which now exceeds $450 million.

The Seattle-based company and its developer, Atlanta-based JB2 Partners, are asking the Niagara County Industrial Development Agency to approve the package of sales, mortgage recording and property tax breaks. The agency will take up the application Wednesday morning, and will set a public hearing in early August before voting on the request Aug. 10.

But agency officials already are talking about the unprecedented scale of the project, and its projected $1.286 billion impact on the community, both directly and indirectly.

"The local benefits on cost-benefit analysis blows away anything we've ever had," said NCIDA general counsel Mark Gabriele.

Amazon has filed plans to construct a 3.08-million-square-foot distribution facility and hub on a portion of 217 acres of land adjacent to the Niagara Falls International Airport and Niagara Falls Air Reserve Station.

The proposed five-story "e-commerce storage and distribution facility" at 8995 Lockport Road would employ more than 1,000 people working in two shifts 24 hours a day – but no more than 1,800 at any one time, according to the site plan application previously submitted to the town, and now under review for potential final approval later this month.

The long-awaited project – virtually identical to what Amazon previously proposed for Grand Island, but with a 50% higher cost estimate because of soaring material and supply costs – would represent the biggest private-sector investment ever in the Town of Niagara, and one of the largest in the county since the Niagara Power Project in the 1950s. It also would make Amazon one of the county's biggest employers.

Some local residents have said the project will generate too much additional traffic, safety and environmental concerns, in an area that is already heavily congested, primarily with a busy retail corridor dominated by the Fashion Outlets at Niagara Falls, as well as multiple commercial and industrial operations focused around the airports. But the town approved a mandated environmental review with a "negative declaration" of impact.

Plans call for construction of the enormous facility on 111 acres of the property, consisting of four parcels bounded by Lockport, Packard and Tuscarora roads, and Haseley Drive, with the former Niagara Drag Strip cutting across the southern portion of the land. Owned by Gotham Homes 18 LLC, it's a vacant site that is already zoned for heavy industry, was designed by the state as a "shovel-ready" development site a decade ago, and was promoted to Amazon by the town.

The Amazon.com Services operation would function as a first-mile fulfillment center to receive bulk shipments of products from vendors, suppliers and sellers, and then package them for the first leg of delivery. It would feature 650,000 square feet on the ground floor and 606,750 square feet on each of the upper four levels. The facility would include 55 loading docks, along with 469 parking spaces for trailers, 1,755 spaces for cars and 16 for motorcycles, plus two guard stations and two water tanks.

According to the NCIDA application, the total cost of the project is $450 million, including $225 million in purchases for construction and $100 million for the robotic equipment that will be installed. Amazon says it plans to obtain bank financing for $473 million, while investing an additional $77 million, for a total of $550 million in funds.

The company is seeking $26 million in sales tax breaks through 2026 and $3.55 million in savings on mortgage recording taxes from the NCIDA, plus a 15-year payment-in-lieu-of-taxes on the property. With a projected property value of $375 million, and the structure of the PILOT, that yields another $94 million in savings on property taxes, Gabriele said.

The property tax benefit calls for payments of just 10% of regular taxes for the first six years, and then rising by 10 percentage points per year until reaching full payment of $9.53 million annually.

Gabriele said that's not a deviation from a standard benefit because Niagara County's uniform tax-exemption policy gives the agency flexibility to adapt PILOT arrangements for individual projects. And the 15-year term is typical for warehouse and distribution projects in Niagara County, he added. Nevertheless, the term is longer than allowed in Erie County, and the percentage terms are more lucrative than normal.

However, it's identical in structure to what was followed in Syracuse's Onondaga County for a similar project that finished in May, and for an ongoing project in Rochester's Monroe County. That was done deliberately, Gabriele said, to keep things consistent.

"That way, we're not getting into arguments," he said. "We know it was acceptable to Amazon."

Meanwhile, the company would pay a total of $48.6 million in property taxes during the 15 years. It also plans to hire 50 management positions, paying about $60,000 each, and 950 warehouse jobs at $31,200 each. Gabriele said Amazon has committed to giving back to the community, although it has never signed any "community host agreement" anywhere that would lock it in.

Albany should demand consistency, fairness in property tax assessments

Property tax assessments are complicated but important. They are among a family’s biggest expenses. They fund critical public services, such as schools, roads and police and fire protection. Our property taxes are among the highest in the country. For all of these reasons, they need to be fair.

Longtime readers of Syracuse.com/The Post-Standard know we devote an enormous amount of reporting power to this issue, to help you make sense of how the system works — or more accurately, see how it often doesn’t work for everybody.

Over the past few years, our reporters have documented wide inequities in Syracuse tax assessments from neighborhood to neighborhood; exposed a loophole in the law that allowed condominium owners to pay lower taxes than owners of comparable homes; and most recently highlighted the potential for big property tax “discounts” for homeowners in towns that do not assess properties at their full-market value.

Reporter Tim Knauss compared home sales and property tax assessments in Clay to its neighbors in Lysander and Salina. Clay properties are assessed at 3.3% of their full market value. Lysander and Salina properties are assessed at 100% of their full market value. Even after applying a state formula to “equalize” the rates between towns, some Clay homeowners pay a whole lot less in school and property taxes than their neighbors.

That’s not fair.

These homes were purchased for the same price but pay different taxes. Taxes do not include any exemptions that may apply. Assessments for Clay are at equalized full value.

Clay Assessor Rob Bick offers excuses, but no apologies, for lagging property assessments in his town. He claims it's impossible for towns to accurately assess every property with so few staff. The whole property tax system is riddled with inequities, he says, and "needs to go out the window."

We agree, it's a terrible system. But it's the system we have. So let's fix it.

New York state should stop giving towns so much leeway in deciding how — and how often — they assess properties. The Legislature should pass a law requiring towns to assess properties at 100% of their value, and to update assessments at a specified interval to keep them current. This mandate should come with some state funding to help towns pay for it.

This may not reduce your property taxes but it would make them fairer. Fairness and consistency ought to be the goal for every taxing authority at every level of government. You should demand it from your government officials.

Change comes slowly, but it is possible. Case in point: the condominium tax break.

Staff writer Michelle Breidenbach exposed this loophole in a series of stories published in May 2018, explaining it this way: "Savvy builders across New York are taking advantage of a loophole in state law that allows all kinds of homes to be called condominiums. That requires them to be assessed at a lower value than traditional single-family homes."

Breidenbach analyzed thousands of property records to show that upscale condo owners got a 36% discount on their property taxes, compared to similar homes. That allowed them to avoid at least $330 million a year in taxes — and left their neighbors to pick up the bill.

Legislation to correct this inequity languished in the state Assembly for more than a decade. Breidenbach's reporting lit a fire under lawmakers in Albany. Sen. Elijah Reichlin-Melnick, D-Nyack, said he used Syracuse.com stories to explain the complicated issue to his colleagues.

The bill passed both houses on June 2 and awaits action from Gov. Kathy Hochul. A spokesperson for the governor said Thursday she will review the legislation. We urge Hochul to sign it.

NORTH CAROLINA

Board of Commissioners to discuss more property revaluations

The Cleveland County Board of Commissioners will discuss on Tuesday how to best proceed with a revaluation of properties in the county.

At the June 21 meeting of the board, commissioners voted to table a decision on how the county should handle a state mandated revaluation of property values.

The county last completed an evaluation in 2021. Many residents said they were surprised to see their values had jumped significantly. The county reported that over 800 people appealed their revaluations.

According to a presentation by County Manager Brian Epley, the county was notified by the state Department of Revenue the county will need to complete a new revaluation of all properties in the county by Jan. 1, 2025.

By state law, when a county's property values fall more than 15% above or below the average market value of properties sold, a revaluation must be done.

According to Epley, the county started 2021 evaluating properties at about 98% of market value; by the end of the year, it was just under 75%. Those values have continued to slide this year as property values climb.

"If we had a certified sales ratio today, it would be in the 68-69% range. We are 30-31% under market with our tax values as of today," he said.

Epley added the current rate gap between property values and market values is among the largest on record.

“We’ve looked back at our sales ratio as far as we can go, and somewhere around 1986 the county has a ratio of 66% which is the lowest it's ever been,” he said.

During the June meeting, commissioners were presented with two plans of action to move forward with the reevaluation, but opted to wait until July to allow for more discussion before making a decision.

Board Chairman Kevin Gordon remarked while values are increasing, it does not necessarily equate to higher tax rates for property owners. After evaluations showed significantly increased property values, the board voted to lower the property tax rate as part of the county budgeting process.

"I don't think any of us up here want more taxes than anyone else,” Gordon said.

Once a plan of action is approved, it will take roughly two years to complete the revaluations, send new values to property owners and hold public hearings on those them.

Report Shows Greensboro Tax Increase May Be Highest In Nation

According to a report by Agent Advice on the cities with the highest property tax increase in the country, Greensboro has a shot at being number one in 2022-2023.

The data used for the report is from the 2021 tax year. Greensboro did not have a property tax rate increase in the 2021-2022 fiscal year and is not on the list for 2021.

However, judging from the number one city listed for 2021, Greensboro has a good shot at being number one in 2022.

According to a report from Greensboro city staff, the estimated average property tax increase in Greensboro in the current fiscal year is about 30 percent.

According to Agent Advice, in 2021 the highest property tax increase in the country was 29.2 percent in Lancaster, Pennsylvania.

So, depending on exactly where that about 30 percent falls, Greensboro should certainly be near the top in the country in 2022.

In 2021, Winston-Salem had the highest property tax increase in North Carolina with 20.5 percent, which was high enough to be number five in the country.

Charlotte was second in North Carolina and number 16 in the country with a property tax increase of 10.8 percent.

Greenville, South Carolina, a city Greensboro's leadership tries to emulate, was number 18 in the country with a 9.9 percent property tax increase.

The fact that the highest tax rate increase in the country in 2021 is close to the Greensboro property tax rate increase for 2022 is a good indication of just what a massive tax increase Greensboro property owners are facing this year.

Number 2 on the 2021 list is Nashville, Tennessee, with a tax increase of 27 percent and number 3 is Knoxville, Tennessee, with a tax increase of 22.2 percent, only slightly higher than Chattanooga, Tennessee, at number four with a 22 percent tax increase.

It does make you think something is going on next door in Tennessee.

PENNSYLVANIA

Major property tax relief measures in Philadelphia signed into law

Philadelphia Mayor Jim Kenney signed $500 million in tax relief into law on Wednesday. Now, property owners just have to apply for it.

Kenney signed bills expanding the Homestead Exemption for people who live in homes they own. The city says that with the exemption, the assessed property value drops by $80,000, meaning a reduction of about $1,119 in estimated property tax payments in 2023.

He also signed an expansion of the Longtime Owner Occupants Program (LOOP) for those with steep assessment increases and moderate incomes, and the Senior Citizen Real Estate Tax Freeze for homeowners over 65 years old who meet certain income requirements.

These moves were part of budget agreements Kenney made with City Council in June.

All this is meant to prevent the new property tax assessments from forcing anyone from their homes. The new assessments, announced in May, raise residential property taxes by an average of 31% citywide.

Johnathan Sgro, supervising attorney with Community Legal Services, forecasted at the time that certain neighborhoods with low-income residents would be impacted dramatically and disproportionately by the new assessments.

Community Legal Services senior attorney Monty Wilson said Wednesday his clients had seen assessment increases of up to 275%.

"Without these programs, they would lose their homes. With these programs, they will be fine," said Wilson. "That is all the difference in the world."

The relief is not automatic, though. Homeowners have to sign up.

Councilmember Kenyatta Johnson said that is why Council appropriated $4 million for outreach.

"We're going to have a very, very robust community engagement process to make sure that people are informed about what's best for them as it relates to tax relief," said Johnson.

The relief measures will cost the city $270 million over five years. The School District of Philadelphia will lose $325 million in funding.

The new assessments should start arriving in the mail September 1.

Maybe it is rocket science: Before Allegheny County stopped reassessing property, it was almost a pioneer

Allegheny County's troubled history of property assessment has repeatedly led to court intervention. But there was a point when the county was (almost) on the cutting edge of property assessment methodologies. What happened to the plan to computerize the county's assessment system in the 1970s?

The accuracy and fairness of property assessments in Allegheny County are again being challenged in court. The legal wrangling is far from new. Current cases are just the latest iteration of property owners seeking judicial intervention because the county lacks any schedule to routinely reassess property values for tax purposes.

Today the county's use of decade-old assessments to tax much of its property makes it an outlier. But there was a time when the county was almost in the vanguard of property tax sophistication — if only because judges compelled it to change.

Property assessments done by the county affect the taxes paid by owners to the county, municipalities and school districts.

Courts have had a direct role in managing assessments in the county at least since Green Tree sued over assessment practices in 1970. The lawsuit was just one manifestation of growing anger at the time over the accuracy and administration of property assessments in the county. In 1974, while the case lingered, the county commissioners appointed a committee to study the state of property assessments. Headed by county Solicitor Alex Jaffurs, the committee produced as comprehensive an evaluation of the county's property assessment practices as has ever been written.

At the time, the county reassessed each property every three years, unlike today's practice of base-year values altered by appeals. The committee report, though, identified a lack of uniformity in assessment practices. Individual assessors used their own methods and relied in part upon outdated Depression-era line drawings of properties.

In 1977, Wilkinsburg filed a lawsuit, which was consolidated with the lingering case brought by Green Tree and went before Court of Common Pleas Judge Nicholas Papadakos. He directed the end of the triennial assessment system in 1978 and then took the unprecedented step of certifying a consent decree that placed him in direct control of the county assessor's office.

At the time, computer-assisted mass appraisal [CAMA] software was just beginning to emerge nationally. The Lincoln Institute of Land Policy, a Cambridge, Massachusetts, think tank, produced one of the first software packages for real estate assessment. That eventually resulted in software called SOLIR (Small On-Line Research), which ran on a common Radio Shack TRS-80 computer to assist property assessors.

Based on the recommendations of the Jaffurs committee report, Allegheny County issued a request for proposals [RFP] to find the best computer models to set property values. The county in 1978 gave seven firms a dataset with information on the characteristics of 3,500 recently sold properties, and the actual sales prices for only 2,800 of the transactions. The firms were evaluated on how accurately they estimated the sales prices of the remaining 700 properties.

The team that outperformed all others – including many long-established real estate firms – was made up of two local researchers who had developed a new computer model to predict property values. The team included Richard Longini, a professor of electrical engineering at Carnegie Mellon University with a secondary appointment at CMU's School of Urban Affairs.

Longini had a Ph.D. in physics and a 28-year career in industrial electronic research before joining the faculty of Carnegie Tech — later CMU — in 1962. His previous research focused on quantum mechanics and the solid-state physics of transistors – the science that underlies all things digital in the modern world.

Longini's curiosity over his home's assessed value led him to expand his research portfolio far outside his background. I had the chance to meet with him in the 1990s, and he explained that he was not upset, but more confused by the valuation his Squirrel Hill home was given by county property assessors.

Longini and former CMU graduate student Robert Carbone, along with local real estate broker Ed Ivory, formed a software firm to apply the novel software to property assessments in Allegheny County.

The software they used was developed out of Carbone's 1975 dissertation research. Carbone had queried the county on their assessment methodology. Unsurprisingly, the county's response was unfulfilling and likely came nowhere near the rigor he applied in his engineering research.

How did Longini and Carbone outperform competitors in predicting sales values in the county? Early computer models used to set market values, such as the Lincoln Institute's SOLIR, relied mostly on what is called multiple regression analysis. Regression is a standard statistical technique that can be used to break down individual property values into how much total value can be attributable to individual parcel characteristics including total size, the number of rooms and overall condition.

Longini and Carbone proposed a more sophisticated statistical technique using an adaptive estimation procedure [AEP] to predict real estate prices. Also called feedback models, AEP uses an algorithm that not only looks at the most recent sales data but evaluates historic data and errors in previous estimates to determine current real estate values. The technique was developed decades earlier but became more widely used after World War II in early rocketry and orbital mechanics, where it helped to track the movement of satellites and ballistic launch vehicles.

For Allegheny County, the software developed by Longini and Carbone proved faster and at least as accurate as the techniques used by other competitors in the 1978 RFP.

The county purchased the software Longini and Carbone had devised, but it would remain minimally used. Decades later, Longini told me that there was tremendous pushback from the staff of roughly 70 county assessors because of the threat it posed to their jobs. What need would there be for the services of so many assessors if a computer could quickly and presumably more consistently set assessment values?

New computer software was just one part of the modernization planned for the county assessment system. Though the county purchased the software implementing the feedback model, a full CAMA-based reassessment was not possible until core data was compiled for the roughly 580,000 individual property parcels, a huge task given that most data would need to be compiled from scratch. At the end of the 1970s, the county did not even maintain a common record card of information on individual parcels for use by its assessors.

Building the required database would be an enormous and costly task, and the bulk of the costs would have come due just as economic shocks were growing larger. The first of two back-to-back economic recessions began in January 1980 and had disproportionate impacts in Southwestern Pennsylvania, putting unprecedented stresses on public finances.

Due to the scale of the anticipated costs, pushback from county assessors or other reasons, the county never completed or consistently maintained a comprehensive database of real estate. Efforts at reforming assessments went into semi-permanent stasis once Judge Papadakos formally ended his oversight of the bureaucracy in 1982, before he was elected to the state Supreme Court in 1983.

Instead, Allegheny County mostly continued past assessment practices. Properties continued to be assessed by individual assessors, often with incomplete or out-of-date data. New lawsuits against the county were filed after newly elected county commissioners Larry Dunn and Bob Cranmer froze assessments and laid off all of the assessors in 1996. The cases were consolidated under Court of Common Pleas Judge Stanton Wettick.

Wettick ordered county assessments to restart, and a contract was awarded to Sabre Systems, an Ohio-based firm, to manage the system. Ironically, Sabre Systems was one of the firms evaluated by the county in the 1970s, only to lose the work to Longini and Carbone’s novel software. In 1998, Wettick went further and ordered the county to prepare to conduct its first comprehensive mass reassessment since the triennial system was in place decades earlier.

The county awarded a $24 million contract to Sabre Systems to complete the CAMA-based reassessment. Sabre managed the process of collecting data and building a database needed for CAMA models. It subcontracted the actual modeling of property values to EDA Feedback Inc., the firm that Richard Longini, Robert Carbone and Ed Ivory originally formed to implement CAMA modeling for Allegheny County in the 1970s. In effect, the county was paying for software it already owned.

When completed, new assessment values made public in 2000 were a shock to many property owners and were immediately challenged in court by new plaintiffs. Wettick directed that CONSAD, a local consulting firm based in East Liberty, evaluate the results of the reassessment and oversee a new mass reassessment to be completed for the following year. CONSAD’s report said the feedback model worked correctly but that Sabre Systems made several errors in applying the model.

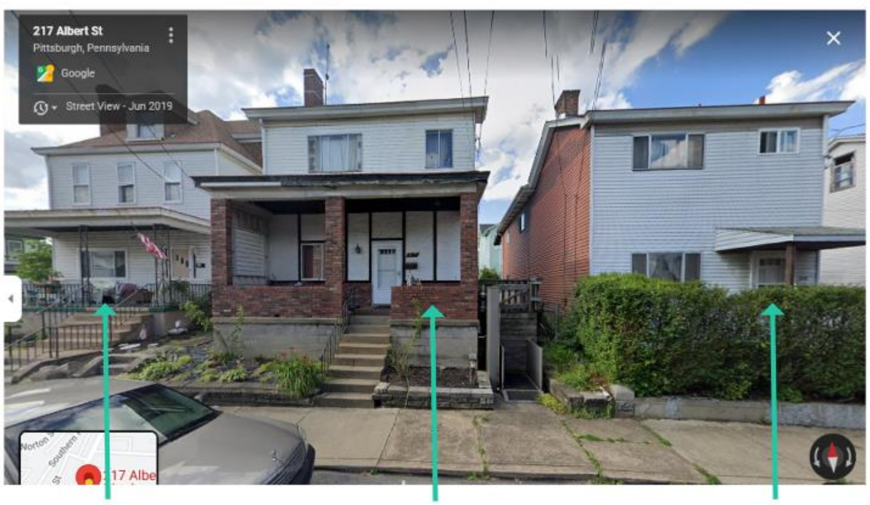
One problem: The county had been divided up into too few subregions to properly calibrate the computer models.

CONSAD noted almost in passing what may have been a far more impactful decision by Sabre Systems. In calibrating its computer models, Sabre Systems did not use data on any property sales in which the transaction value was recorded as $10,000 or less.

Why was that decision fateful? One challenge in CAMA-based property assessment is determining what real estate transactions truly represent market values. In most markets, extremely low-valued real estate transfers are often not "arms-length" transactions, instead representing transfers between family members or other interested parties. But many local communities across Southwestern Pennsylvania had not experienced significant real estate appreciation in decades. As a result, many $10,000-or-under transactions in Allegheny County did indeed represent market values.

The blanket elimination of all sales values under $10,000 had a predictable result. Low-valued properties were systematically overassessed while high-valued properties were underassessed. Sabre Systems would not be retained for a follow-on reassessment that was completed by its competitor, CLT Systems.

The follow-on assessment of 2002 was completed for use with 2003 tax bills, but plans for a new reassessment every three years were later abandoned. More litigation emerged later in the decade, and the cases would again be consolidated before Wettick. His 2009 order forced the county to conduct a new mass reassessment. When finally completed in 2012, the county announced it would retain the 2012 values as its "base year" for assessments indefinitely into the future.



House 1	House 2	House 3
Year built: 1915	Year built: 1915	Year built: 1900
Lot area: 3,120 sq. ft.	Lot area: 3,120 sq. ft.	Lot area: 3,120 sq. ft.
Living area: 2,021 sq. ft.	Living area: 2,179 sq. ft.	Living area: 1,712 sq. ft.
Purchased: Feb. 2021	Purchased: Nov. 2012	Purchased: Oct. 1988
Sale price: $230,000	Sale price: $35,000	Sale price: $29,500
County tax: $845	County tax: $263	County tax: $215
City/school tax: $3,237	City/school tax: $1,039	City/school tax: $755

Which brings Allegheny County back to a familiar place. A full decade has passed since the most recent mass reassessment of property values and again, lawsuits are emerging challenging the accuracy and fairness of tax bills and the ongoing appeals process. What also remains the same is that the prospect of new property assessments remains a third rail of local politics, something to be avoided at all costs.

In a county with some history of regular re-evaluation of property tax values, which even spurred the development of industry-leading technology, there seems little prospect of systematic countywide assessment, something that is a common practice outside of Pennsylvania.

RHODE ISLAND

Rhode Island limits solar power property taxes

The state legislature amended their local tax laws to lock in the assessed value of land on which renewable energy projects are built.

The Rhode Island state legislature has said that land values may no longer be increased due to the presence of renewable assets. There was a bit of a dance to get the amendment passed, according to the local press.

The vote was on an amendment to Rhode Island House Bill 8220 – Levy and Assessment of Local Taxes. The amendment added language that included the following key text:

Renewable energy resources shall only be taxed as tangible property . . . and the real property on which they are located shall not be reclassified, revalued or reassessed due to the presence of renewable energy resources.

A second refinement affects land that was previously classified as farmland, a tax advantageous state. Farmland that was reclassified to allow it to host renewables "shall revert to the last assessed value immediately prior to the renewable developer's purchasing, leasing, securing an option to purchase or lease, or otherwise acquiring any interest in the real property."

Reporting by the local Providence Journal states that the law was supported by the local solar power companies, Green Development and Revity Energy. The Providence Journal notes that both companies have connections to key politicians, at least via donations made to various campaigns.

The law was originally blocked by a 4-3 vote in the Senate Committee on Housing and Municipal Development, due to local community pushback. However, state politicians later pushed the same bill of a different name via the Senate Judiciary Committee – where it passed – and was then approved on the floor by a vote of 28-10.

Revity Energy used an example of land that was purchased at $305,800, and later reassessed at $1,619,300 in 2020 after being developed into a solar project. A second reassessment increased its value to $2,969,300 in 2021. Revity says the solar facility now owes $55,021.13 in property taxes – up almost 1000% – in addition to the $69,375 in tangible taxes.

Local communities pushed back against the law saying that without increasing the tax bill on land under solar facilities, the local jurisdictions would be pushing general land costs onto other taxpayers.

TEXAS

How to slug it out with your governing bodies over property taxes

Get local governments to lower tax rates to make up for high property appraisals.

Many Texas property owners are overwhelmed with the thought of protesting their appraisals and their tax rates. Watchdog Dave Lieber introduces a new way to combat property tax increases. He calls it armchair protesting.

Let's say you followed The Watchdog's advice and filed a protest to challenge your property appraisal. Now comes part two of the plan to keep your property taxes low.

Best part is you didn't have to file a protest to get involved with this next step. It's never too late to join this tax-cutting party.

There's a new system that allows you to engage in what The Watchdog calls "armchair protesting." You don't have to leave the house.

In the next few weeks every property owner is supposed to receive a postcard in the mail inviting them to visit a government website: Texas.gov/PropertyTaxes.

From there, you can visit your county's website, and that's when the fun begins.

Last year, when the postcards arrived, many thought they were some kind of scam. It sure looked like one. But here's the language on the 2022 card that you should see to know it's authentic:

"Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information regarding the amount of taxes that each entity that taxes your property will impose if the entity adopts its proposed tax rate.

“Your local property tax database will be updated regularly during August and September as local elected officials propose and adopt the property tax rates that will determine how much you pay in property taxes.”

When you get on your county’s website, you type in your address and up pops your previous tax rates and current proposed tax rates for your county, city, school district, college district, hospital district and any other taxing entities.

The key figure to look for is the “No-New-Revenue” rate. That’s the tax rate that would keep a government raising an amount of taxes not much larger than the previous budget year. That’s a target to aim for.

But governments can still skip the “No-New-Revenue” rate and raise a lot more in taxes, but there’s a hitch. If school districts increase their tax revenue more than 2.5% compared to the previous year, they must win voter approval in the November election. Expect many school districts to grow just under 2.5% to avoid an election.

For cities and counties, a taxpayer-approval election happens when the revenue collections exceed 3.5% growth compared to the previous year. Expect many of them to come in just under that mark.

In the past, if the rate of growth was 8% or higher, residents could petition for a “rollback” election. That was a lot of work.

Now “taxpayer-approval” elections will be automatic if the proposed rate is too high.

All this applies to larger counties, not smaller counties with a population less than 30,000. For them tax-approval elections are not automatic but must still be created through a petition. State lawmakers had to compromise to get rural lawmakers’ votes.

In any event, the goal is to force elected officials to set budget priorities, just like families do when setting their own household budgets.

Imagine that.

How to armchair protest

Now comes the fun part. In the old days, meaning two years ago, if you wanted to protest the tax rate in your community, you had to jump through a lot of hoops.

First, you had to check a government's website and find out when the two different required public budget hearings were scheduled.

You had to attend one, sign up to speak and then when it's your turn, plead with the officials to lower their tax rate. When I attended budget hearings, there'd usually be a half dozen or so people in attendance willing to do this.

Now this new website that lists all your tax information is the way to go. Armchair protesting.

Armchair protesting works like this.

On your county tax website, you will be able to find not only your personal tax rate information, but also the information for the two budget hearings if you'd like to leave your armchair and attend.

Otherwise, you can use the email address link provided and fire off an email to the governmental body.

Don't want to do this with a computer? There's also a phone number you can call for every government body to verbally register your protest or put in a good word.

You don't have to be a tax cutter to do this. If you support larger budget growth, you can email or call about that, too.

They're almost making it too easy. You don't have to leave the house, but your voice can still be heard.

A sample tax rate letter

Here's a sample letter I created to show you how to do this:

"Dear Mayor and City Council. First, thank you for what you do for our city. I am [name], residing at [address], and I'm writing you to go on record that we stick to the "No-New-Revenue" tax rate. With inflation rampant and energy costs up, let's tighten our belts. I implore you to make cuts wherever possible, just like my family must do. Thank you."

Remember this begins when property owner postcards arrive in the coming days from your county.

The website will begin to populate with new numbers once governments post their tentative budgets. Hearings are in August and September. Now this info is so much easier to find.

You know that the tax rate is multiplied by the appraised value of your property to get your tax bill. Protesting your appraisal only gets you halfway there.

As reader Jeff Donaldson of Coppell told me: “Property appraisal protests seem a bit useless if the city or county aren’t reducing the values upon which taxation is based.”

Galveston County Assessor/Collector Cheryl E. Johnson tells her constituents: “Now the burden is yours. Speak up. The squeaky wheel does get the grease and squeaking now is better than squawking later when the bill arrives, and it is too late.”

That’s the whole point of this part two. Backtalk to your governments. Do it from your armchair. You’re now officially invited.

Tax terms to know

Proposed tax rate is the rate per $100 of value the government is seeking to approve in its new budget. If the proposed rate is higher than the No-New-Revenue rate shown below, it means the government is planning to increase taxes compared to the previous year.

No-New-Revenue rate is the tax rate that matches the previous year’s tax collection. For tax cutters, it’s the goal.

Voter-approval rate is the highest proposed tax rate allowed before it triggers an automatic taxpayer-approval election in November.

The website to find your personal tax information is Texas.gov/PropertyTaxes. But it doesn’t get going until August and September.

UTAH

Answering your questions about property taxes

Later this month, property owners will receive the valuation notices from their properties. Spontaneous exclamations of “whoa” will arise from around the county, which appropriately will lead to questions. Here are some answers.

First, “Why did my value change? The Assessor’s Office revalued my property last year.”

The Utah State Constitution requires the county assessor to revalue all locally assessed taxable property each year in proportion to its fair market value. What does “fair market value” mean? Utah law defines market value as what you could have reasonably sold your property for under normal circumstances with neither the buyer nor seller under any undue pressure to buy or sell.

Next, "How does the county value my property?"

Remembering the definition of fair market value above, the Assessor's Office most often uses sales of competing properties to assess property. We saw unprecedented changes in the value of real estate in 2021, particularly homes. This phenomenon certainly was not unique to Weber County. Davis, Salt Lake and Utah counties experienced similar gains. This means the assessed value of property will also increase comparatively.

"Will this value change influence my property tax?"

The short answer is yes. On its most basic level, two items influence the individual property tax. The first is the combined budgets of all of the tax entities in your property tax area. The second is the taxable property value. In essence, the greater the taxable value the larger the share of property tax. Utah's property tax system bases the property tax on the proportional share of the taxable value in the area. Meaning the greater the share of the value, the greater the share of the property tax.

Finally, and most importantly, "Can I appeal this tax increase?"

No, you can only appeal the assessed value; you cannot appeal the property tax. Each property owner has the right to file a valuation appeal. Remembering the Utah Constitution and state law require the county assessor's office to value property at what it would reasonably sell for, review the valuation notice and ask if the property would sell for more than, less than, or close to the assessed value. If the assessed value is close to what the property would sell for, then there is no basis for appeal.

If you believe the assessed value is too high, please file an appeal. We would recommend that you consult a real estate professional before filing an appeal to evaluate if the real estate market would support an appeal.

You can find some helpful appeal tips and tricks on our website by searching "Weber County valuation appeal" or going directly to the Assessor's home page and clicking the Valuation Appeal link.

In summary, here are some things to remember. The county assessor's office estimates property values utilizing available information each year. Assessed values for residences increased dramatically across Utah. You can only appeal the value. You cannot appeal the tax.

Participate in the truth in taxation hearings with those entities proposing to increase their tax rates in your area. These hearings are available and advertised with the goal of informing residents and hearing your voices. Do your due diligence and stay informed.

We know these changes are impactful. We aim to inform and assist however possible. Please contact your Weber County Assessor's Office with your questions and concerns. You can contact our office via email at assessor@co.weber.ut.us or by phone at (801) 399-8572.