IPTI Xtracts

Property Tax and Assessment News from Around the World

UNITED STATES – August 2022

Contents

Which states have the lowest and highest property taxes in the US?

No matter where you live, if you own a home you will have to pay property taxes. But the amount you have to pay varies across the United States.

Property taxes are used to fund essential government services like the fire and police departments, water systems and schools, among other things. So, no matter where you live, if you own a home you will have to pay property taxes.

However, property taxes are calculated differently depending on where you live with home values and rates being set at the local level. Both of these factors can drastically change how much you have to pay the tax collector.

How are property taxes calculated?

On a periodic basis, depending on the state and local statues, a tax assessor will come around to estimate the perceived value of your home and property. Assessors use different methods to make their calculation of a property's assessed value.

They may use an individual method or a combination of formulas to reach their determination. After the market value of your property has been determined for tax purposes you'll be sent the assessment and a property tax bill. Market value for tax purposes is not the same as fair market value, which is the price someone would be willing to buy the property.

If you feel that the assessment is significantly higher than what it should be, you can appeal, and many property owners do. Between 20 and 40 percent win their appeal to get a lower assessment and thus a lower property tax bill.

Common methods look at cost and sales comparison

Assessors that use the cost method, will look at how much the expense would be to the owner to replace a property in the event it were rebuilt from scratch. The structure's depreciation in value and value of the land it is on are taken into account.

In a sales comparison, the assessor will judge your property's value by comparing it to similar properties that have recently sold in the same area. Variables that could affect the value making the house more of less valuable than another will be used to adjust the assessment.

For commercial and business properties the tax assessor may use the income method. This estimate is based on how much income the property would bring the owner were it rented. Current market rental rates and operating expenses among other things are factored in.

Tax Rates.org provides an online property tax calculator that can give a ballpark idea of the tax bill that you can expect to hit with.

States with the highest and lowest property taxes

Property taxes can range from a fraction of a percent to over two percent. Depending on the value of your property this can mean a tax bill of a few hundred dollars to thousands of dollars. The average American homeowner in pays about $2,400 in property taxes, according to Business Insider.

Here's a look at the ten states with the lowest property taxes:

Louisiana (0.18 percent)
Hawaii (0.26 percent)
Alabama (0.33 percent)
Delaware (0.43 percent)
District of Columbia (0.46 percent)
West Virginia (0.49 percent)
South Carolina (0.5 percent)
Arkansas (0.52 percent)
Mississippi (0.52 percent)
New Mexico (0.55 percent)

Here's a look at the ten states with the highest property taxes according to Yahoo News using data from the Tax Foundation, GOBankingRates:

New Jersey (2.13 percent)
Illinois (1.97 percent)
New Hampshire (1.89 percent)

Vermont (1.76 percent)
Connecticut (1.73 percent)
Texas (1.60 percent)
Nebraska (1.54 percent)
Wisconsin (1.53 percent)
Ohio (1.52 percent)
Pennsylvania (1.43 percent)

Work-from-home trend could result in $500 billion of lost value in office real estate

Researchers find major changes in lease revenues, office occupancy, lease renewal rates.

Researchers from the NYU Stern School of Business and the Columbia University Graduate School of Business say the work-from-home movement will result in $500 billion of lost value in office real estate.

In a recent study, the researchers found a 32% decline in office values in 2020 and predict a 28% fall "in the longer-run." The work-from-home shift since the pandemic has caused significant changes in lease revenues, office occupancy, lease renewal rates, lease durations, and market rents, researchers say.

Robust tools for working from home had been in place for years, but the necessities of the pandemic pushed widespread adoption of remote work. According to the researchers, office occupancy dropped from 95% in February 2020 to 10% within a month. By May 2022, it had only bounced back to 50%.

If the trend remains strong, a lot of office space might not be necessary. That would mean massive financial implications for land values and valuations in lending, nearby retail space, and tax resources for local governments.

The declines don't fall evenly. There is "some evidence of a 'flight to quality,' particularly in rents," researchers say. But rents may have yet to bottom out, as vacancy rates are at 30-year highs in many cities, and on average two-thirds of leases haven't come up for renewals yet.

CALIFORNIA

L.A. County property valued at $1.89 trillion for 2022

Los Angeles County Assessor Jeff Prang certified the 2022 Assessment Roll, reflecting economic growth for the 12th consecutive year with the increase in assessed value of all taxable property countywide.

The 2022 Assessment Roll grew by a record $122 billion, or 6.95%, over the prior year to a $1.89 trillion in total net value. The total net value translates to nearly $19 billion in property tax dollars for public services such as public education, infrastructure, first responders and health care workers, as well as other services.

“I am pleased to report the 6.95% increase in assessed property values in Los Angeles County shows we are slowly emerging from the pandemic that has been with us for the past two years,” Prang said. “Although the housing market is showing signs of leveling off now, it had been robust with low interest rates, inflation and a high demand during the COVID restrictions.”

The roll is the inventory for all taxable property in the county and, as such, can provide some insight into the health of the real estate market. Assessments are based on the value of property as of the lien date of Jan. 1, 2022.

The roll is also driven in large measure by real property sales, which added $69.6 billion to the roll; the Consumer Price Index adjustment mandated by Proposition 13 reached its full potential of 2%, adding an additional $34.2 billion; and new construction added $6.3 billion.

“As I said when I released the May forecast, the growth in the single-family residential market was set to produce a record-breaking increase in transfer assessments and it did, adding $69.6 billion,” Prang said. “However, lingering economic distress, the continued concerns of COVID-19 variants and evolving business trends have resulted in numerous challenges for the county. As always, however, we pulled together and have produced a thorough, accurate, and fair roll in a timely manner.”

Prang also reminded residents that the growth does not mean property owners will be subject to a corresponding increase on their annual property tax bills. Most property owners will see only a 2% adjustment prescribed by Prop. 13.

The 2022 Assessment Roll comprises 2,589,521 million real estate parcels and business assessments, including 1,889,000 single-family homes, 250,000 apartment complexes, 248,000 commercial and industrial properties and more than 165,000 business property assessments.

Prang was first elected in 2014 and re-elected in 2018 and 2022. He runs the largest office of its kind in the nation, employing more than 1,200 people with an annual budget cresting near $200 million.

COLORADO

Denver is nickel-and-diming its most vulnerable residents with fees

The city should dig into its existing budget to pay for what it wants

Coloradans are facing a growing avalanche of new and increased fees that local governments and utilities are using to slowly but surely pick our pockets.

Every month these fees chip away especially hard on the working poor and senior citizens on fixed incomes who barely can survive. These fees, along with higher food and gas prices, impact the middle class as well.

Often we don't know our pockets have been picked until our bills arrive.

Let me give you just a few examples.

The Denver City Council recently approved fees on trash collection for the first time in the city's history. Denver voters also will see a new proposed fee for sidewalk repairs on the fall ballot.

So, Denver residents in 2023 will pay $9 a month for a small garbage bin (35 gallons), $13 for a medium bin (65 gallons) and $21 a month for a large bin (95 gallons). For someone on a fixed income, $108 a year for trash removal is a big hit.

I'm not impressed with the city pushing the fee dressed up as a way to increase recycling. Denver residents often gripe about how our city has gotten dirty from trash in the last decade, but let's not charge for trash collection and instead make cleaning up the city — especially downtown Denver — a priority with existing general budget funds.

If this trash fee had been on the November ballot, it surely would have failed.

The sidewalk fee proposal on the ballot would cost the average single-family home on a local street, with a 50-foot property frontage, about $107.50 a year. I don't disagree that sidewalk repairs are necessary, but again, the city should budget for this expense instead of tacking on another fee.

There also is a petition drive to put on the fall ballot a new tax in Denver on marijuana, which is basically a tax that statewide voters already rejected. That means Denver residents would pay a higher tax on marijuana than their neighbors. There's still a lot of unanswered questions on this one.

Now, I'm pleased the library district's idea to replace the Denver Public Library was dropped, because there has been enough attempts to take power away from Mayor Michael Hancock and the institution of mayor. Denver has a strong-mayor form of government that has benefited the city for decades.

If a mayor doesn't have the institutional controls to manage the government, you might as well have a city manager because authority and power has been shifted to the City Council.

I would support a mill levy increase that helps the libraries but keeps the mayor's power intact.

Meanwhile, Coloradans are dealing with increased fees already showing up on electric and water bills. The average electric bill for Xcel Energy's residential customers increased $5.24 a month. This 6.4% increase was approved in April by the Colorado Public Utilities Commission.

Then, this summer, the Commission gave Xcel approval to collect a half billion dollars from its customers to cover the spiraling costs of natural gas during a winter cold snap in 2021.

Gov. Jared Polis didn't like the Xcel increase. He can't stop it, but maybe he will appoint new members to the commission who support consumers.

Late last year, the Denver Water Board also approved a rate increase. Most single-family residential customers, depending on where they live, have seen an increase in their monthly bill by a range of about 47 cents to $1.34.

An increase of $100 here and $100 there and the financial hole gets deeper and deeper for our most vulnerable residents, along with many middle-class households.

Individuals and families are having to make tough choices as inflation hits us all. We should expect our elected officials to do the same.

Instead of burying our residents with an avalanche of new and increased fees, sharpen your pencils and find a way to get these needs done in the general budgets.

CONNECTICUT

Impact of High Voltage Transmission Lines on Property Values

Because there are likely to be many more high voltage electric transmission lines (HVETL) constructed, it is important to focus on the impact these lines may have on commercial property values.

The challenge is that the research is spotty and is more focused on residential than commercial properties, leaving individual business property owners to fend for themselves when a HVETL is proposed.

Against this backdrop, an interesting article was published in The Appraisal Journal in 2019, the prestigious publication of the Appraisal Institute, entitled "High-Voltage Transmission Lines and Residential Property Values in New England: What has Been Learned." Author Dr. James A. Chalmers reviewed 12 studies targeting thousands of Massachusetts, Connecticut and New Hampshire residential properties. He concluded that only a very small number of parcels were adversely affected, usually when they were in close proximity to and had an unobstructed view of the lines. The overwhelming majority of the properties studied produced a "uniform result of no statistically significant proximity, visibility, or encumbrance effects," Dr. Chalmers reported.

Commercial properties proximate to an existing HVETL usually make difficult study assignments because of the lack of adequate data and the differences between commercial properties which reduces the ability to estimate impact.

In the case of construction of a new line, there is almost certainly going to be some impact on a commercial property beyond the actual easement required by the utility company.

Construction of a HVETL through a developed parcel is more difficult to measure in terms of damages/reduction of value than in the case of an undeveloped property. Establishment of a new line on the perimeter is also likely to reduce impact.

In this writer's experience, the key issue is the impact of the HVETL on the balance of the property not required for it. Estimating impact requires an evaluation of the facts and circumstances of each project. A commercial property owner facing the construction of a new or augmented HVETL over its property should be proactive and retain the experts necessary to gather data and to research the issues.

Remember that Connecticut utility companies have eminent domain powers – although the procedures they must follow tend to be more cumbersome than those applicable to public authorities. Negotiation of the dollar impact of an HVETL on a property, instead of litigation, is usually the better way to go.

FLORIDA

Bracy proposes special tax on out-of-state homebuyers and real estate investors

Out-of-state real estate investors and homebuyers would pay a special tax under a state senator's plan designed to tackle sky-high rents pricing tenants out of Orange County.

Sen. Randolph Bracy, who is running for U.S. Congress, unveiled a proposal Tuesday he intends to submit at the next Orange County Commission meeting on Aug. 9.

“I would like to institute special taxes on these companies and individuals in order to discourage their buying, selling and renting of properties,” Bracy said. “I believe we should be keeping it in the community, and let’s keep it affordable.”

Bracy’s plan also calls for approving more high-density apartment buildings, converting vacant commercial properties into housing and providing grants and tax breaks to developers of affordable housing.

The tax would be levied at closing on out-of-state investors and individual buyers who don’t own property in Florida, Bracy said.

The tax amount hasn’t been determined, he said, but revenue could be used to build more affordable housing and offer assistance to renters.

Orlando’s rental prices have exploded, forcing tenants to move out of the city to find less expensive housing. The average asking rent in Orlando is $1,819, more than $150 above where it was in January, according to CoStar Group, which tracks rental rates.

Real estate investors have been snatching up more properties as housing demand has soared, buying nearly half of the properties sold last year in the predominantly Black ZIP code of 32805, according to an Orlando Sentinel investigation.

Bracy said out-of-state investors are worsening the region’s affordable housing crisis.

“I have had people that have said they’re moving out of Orlando ... because they can’t afford to live,” Bracy said. “We have out-of-town companies buying the properties and raising [rent] to where it’s unaffordable. I think we have to look into that.”

David Howard, executive director of the National Rental Home Council, said discouraging out-of-state investors will result in less rental housing.

“The county should instead be focused on policies and incentives designed to increase the supply of all types of housing, owner-occupied and rental,” said Howard, whose group represents rental homeowners large and small.

Taxing out-of-state investors and buyers differently than in-state ones could spark litigation citing the equal protection and commerce clauses of the U.S. Constitution, said Bob Jarvis, a law professor at Nova Southeastern University.

Jarvis said he thinks Bracy's special tax likely would pass legal muster, but it could backfire politically by causing real estate agents and companies to lose business to other counties in Florida that don't have such a tax, he said.

"As a lawyer I'd say, 'Go forth and prosper,'" Jarvis said. "As a PR guy, I would say, 'Are you insane?'"

State Sen. Linda Stewart, D-Orlando, and a representative from U.S. Rep. Darren Soto's office joined Bracy at an event unveiling the plan. Bracy said he met with landlords, tenants and developers while crafting it.

Another proposal championed by Orange County Commissioner Emily Bonilla would create a one-year cap on rent increases for many properties. A draft proposal calls for a 5% cap or limiting rent increases to the consumer price index, whichever is higher. The consumer price index rose about 9% in the 12 months ending June 30.

Bonilla said she doesn't think Bracy's proposal will interfere with her effort, which applies to rental properties with four or more units.

The County Commission is set to consider Bonilla's proposal on Aug. 9, which opponents say could draw legal challenges, too.

Commissioners recently approved a separate measure requiring landlords to give 60-day written notice before imposing a rent increase of more than 5%.

MICHIGAN

How Detroit moved on from its legendary bankruptcy

The rise, fall and future of Detroit

KEY POINTS

- Detroit fell into bankruptcy amid auto industry globalization and local suburban sprawl.
- The city bounced back by attracting new investments by awarding tax abatements to commercial developers while raising consumption and property taxes on residents.
- Local residents say the changes have the potential to be beneficial, but also raise concerns over gentrification and displacement.

A new wave of development is rippling through downtown Detroit.

"Walking around Detroit in 2008 or 2009 is not the same as walking around in 2022," said Ramy Habib, a local entrepreneur. "It is absolutely magnificent what happened throughout those 15 years."

Between 2010 and 2019, just 708 new housing structures went up in the city of Detroit, according to the Southeast Michigan Council of Governments.

Much of the new construction traces back to the philanthropic wings of large local businesses. For example, Ford Motor is nearing completion of a 30-acre mixed-used development at Michigan Central Station. The station sat abandoned for years as the city fell into bankruptcy.

Detroit's decline into insolvency formed amid 20th century globalization in the auto industry, according to economists. The city's population fell from 1.8 million to 639,000 in the most recent but controversial count by the U.S. Census. "With the population leaving, with the infrastructure staying in place, it meant strains on the city. Cumulatively, they started to mount over time," said Raymond Owens III, a former senior economist at the Federal Reserve Bank of Richmond.

The 2007-08 Great Recession left another round of scars on the city as scores of homes fell into foreclosure. The U.S. Treasury Department has since funded the removal of 15,000 blighted structures in the city. "A lot of Black people are leaving the city. So sometimes that identity can change and shift in certain communities," said Alphonso Carlton Jr, a lifelong Detroit resident.

Local leaders have used tax and spending policies to advance economic development downtown. In July 2022, the Detroit City Council finalized a tax abatement for the real estate developer Bedrock to finance the $1.4 billion Hudson's site project. The abatement could be worth up to $60 million over its 10-year span. Bedrock is in a family of companies controlled by billionaire investor Dan Gilbert, who moved several of his businesses downtown in 2010.

Bedrock told CNBC that decision was consistent with the council's handling of other major developments, due to high local tax rates. One local analysis suggests that in 2020, Detroit's effective property tax rate on homes was more than double the national average. Detroit's new tax, spending and placemaking policies have drawn the interests of bond investors in recent years, providing another source of revenue for the local government.

NEBRASKA

Property valuations must follow state statute

Property valuations sometimes trigger questions and concerns for area residents when they find assessment of their property has risen.

State statute dictates specifically how valuations are determined, County Assessor Julie Stenger said.

Monday, Stenger's office presented its three-year property assessment plan to the Lincoln County commissioners. In that report, her office revealed a 4% increase for the south side of North Platte and a 7% increase for the north side.

Stenger said any misunderstandings people have about the process can usually be resolved by communicating with her and her staff.

The Nebraska Department of Revenue keeps a sales file for every county in the state. Sales are documented by the Register of Deeds and copies sent to the assessor's office and then to the state.

"Each year the data is used to generate reports," Stenger said. "For residential, we use two years of sales to calculate our values, for ag and commercial we use three years of sales because there generally are not as many sales."

Valuations had to be certified by March 1, 2022. Data show the current assessed value and the state has the sale price and calculates the ratio of value to sale price.

"By state statute, commercial and residential has to be 92% to 100% of what sales show," Stenger said. "Ag has to be 69% to 75% of what sales show."

The Department of Revenue and the Tax Equalization Review Commission looks at these factors to determine if a county is in compliance.

"Right now, on residential, Lincoln County is at 94%," Stenger said. "We are in compliance because we fall between that 92% and 100%."

She said there were 1,248 residential sales that occurred within the two-year period from Oct. 1, 2019, through Sept. 30, 2021, that are used to determine the percentage used to calculate compliance.

If the county is not in compliance, TERC will make an adjustment, but Stenger said they generally do it county-wide rather than adjusting individual villages or areas.

"That means," she said, "if Lincoln County doesn't meet the criteria, then everyone's valuations are raised."

Stenger said it is better for her office to make the necessary changes so they only affect the village or area that is not in compliance.

“If residential is low, TERC raises valuations by 7% for everyone in the county,” Stenger said. “But if we do it by these groupings, such as lake properties, the city of North Platte, it breaks it down (more specifically).”

As an example, Stenger said if a village is low at 82%, her office can go in and fix that for that specific village without raising the valuations in the other groupings within the county.

“That’s why it’s best for us to do it because we can look at the more specific areas and make the adjustments,” Stenger said. “We had to do that this year for our residential for the city of North Platte. The data showed we were way too low.”

North Platte is split between south and north with the dividing line at the railroad tracks.

“The sales (over the two year period) showed that our north side needed an increase of 7% on both land and improvements and the south side needed to increase by 4%,” Stenger said. “Our lakes were also low this year, which includes Jeffrey Lake (near) Brady and Lake Maloney. Those also got a 4% increase.”

Additionally, state statute requires the county to physically inspect all properties every six years. That cycle comes up in 2023.

“We will be physically out looking at the north side of North Platte and Lake Maloney,” Stenger said. “We will be out taking photos.”

She said the assessor’s office vehicles have a logo on them so they are easily identified.

“We don’t go inside any yards or gates or anything,” Stenger said. “If we have information that there was a permit to build a new garage or a new deck or new addition to a house, we will get out and measure.”

Stenger said sometimes a change on the property is seen during inspections that isn’t on the card, so the inspectors will take a closer look in those cases.

“We always knock on the door and if they are not home, we leave a hang tag with a phone number for questions about the inspection and letting the homeowners know we were there,” Stenger said.

In 2024, the county will inspect the south side of North Platte.

For property owners whose valuation went up despite no improvements, Stenger said it can be tricky.

“We get that,” Stenger said. “You’d think it would depreciate, but statutes are written based on the market and the market is really, really strong right now.”

Across the state, houses are being sold, what Stenger said, is far above assessed value, which drives up valuations.

“We are going on our second year of high values,” Stenger said. “When that happens, you may have to go in and rebuild all your depreciation tables. You have to have that house valued with what is its market value.”

Replacement costs factor heavily into those values and throughout the pandemic, they have risen because of the supply issues.

“We follow state statute here and I think that’s really hard for the taxpayer to understand sometimes,” Stenger said. “They come in thinking we’re raising their value because the county wants to buy a new road grader or maintainer or something.”

She said valuations have nothing to do with the county’s budgeting process, but are driven solely by the law.

“We try to encourage people to understand that just because your valuation goes up doesn’t mean your taxes go up,” Stenger said. “The county is pretty frugal. If you look over the years when we have had some pretty significant increases in valuation, the county’s levy will drop.”

It is important to note, Stenger said, that the county commissioners set the tax request, not the county assessor.

Charity Farley, lead appraiser, said it is important for people who have questions to come in and talk to someone in the assessor’s office.

“I would say that most people who come in and have questions, generally they have a better understanding of it afterwards,” Farley said. “They may not like it, but at least they understand it and we encourage people to come in and ask those questions. We’d rather the public be informed.”

Tax statements for 2022 will be mailed out in December and those values are unchangeable for the 2022 tax year.

"March 19, 2023, that is when we will certify our new 2023 values," Stenger said. "We send out a postcard on May 31 notifying property owners there has been a change on their valuation."

The postcard indicates they have from June 1 to June 30 to file a protest form for the 2023 valuation with the County Clerk's office.

"That's the only time they can protest," Stenger said.

Protests are then scheduled in front of the Lincoln County Board of Equalization. Following the hearing, the board makes a decision to accept or deny the protest.

The property owner has 30 days to appeal the decision to TERC if they are not satisfied with the Board of Equalization ruling on the protest.

"We encourage people to come in at any time if they have questions or if something's not quite right," Stenger said.

The Assessor's Office is inside the Lincoln County Courthouse, 301 N. Jeffers St. To contact the office by phone, call 308-534-4350.

NEW JERSEY

Ivana Trump was buried near the first hole of Trump National Golf Club. Her gravesite could offer tax breaks for the business.

- Ivana Trump was buried near the first hole of Trump National Golf Club in New Jersey.
- Tax code in New Jersey exempts cemetery land from all taxes, rates, and assessments.
- Under the code, the gravesite of the former president's ex-wife may have tax implications for his golf business.

The location of Ivana Trump's grave — near the first hole of the golf course at Trump National Golf Club — may have tax implications for the business owned by the former president.

Tax documents from the Trump Family Trust, published by ProPublica, show the trust sought to designate a property in Hackettstown, New Jersey, as a non-profit cemetery company, though the course itself is 20 miles away in Bedminster.

Ivana Trump, former President Donald Trump's ex-wife, is the first person known to have been buried at the Trump-owned golf course.

Under New Jersey state tax code, any land that is dedicated to cemetery purposes is exempt from all taxes, rates, and assessments. Cemetery companies are also specifically exempt from paying any real estate taxes, rates, and assessments or personal property taxes on their lands, as well as business taxes, sales taxes, income taxes, and inheritance taxes.

In the New Jersey Law Revision Commission, a "cemetery company" is defined as "a person, corporation, association or other entity that owns or operates a cemetery, but does not include a religious organization that owns a cemetery which restricts burials to members of that religion or their families unless the organization has obtained a certificate of authority for the cemetery."

Trump has planned for at least a decade to build variations of a cemetery on the course. NPR reported in 2012 that his intention was to build a mausoleum to one day be buried in himself. He later amended his proposal to create a cemetery on the property to suggest building more than 1,000 possible graves.

He later changed designs again, planning to create a "10 plot private family cemetery" in the same location, The Washington Post reported in 2017. Trump further amended the proposal to include a 284-plot cemetery, which would have gravesites available for sale.

Ivana Trump died July 14 in her Upper East Side home in what officials ruled an accidental death after she sustained blunt force injuries to her torso. She was 73 years old.

Representatives for Donald Trump and the Trump National Golf Course Bedminster did not immediately return Insider's request for comment.

NEW YORK

Empty Amazon warehouse in Hamburg gets scrutiny over tax breaks

As Amazon.com seeks more than $124 million in tax breaks for a massive distribution center in Niagara County, the e-commerce giant is facing scrutiny in Hamburg over a warehouse that was completed in March but remains empty – despite the company getting nearly $7 million in tax breaks for that smaller project.

Workers spent 11 months building the 181,500-square-foot building at the intersection of Lakeshore and Bayview roads, and have completed the fit-out of the $47.2 million facility with the shelving, racking and other equipment necessary to operate it.

But Amazon has not yet occupied the warehouse, and has not given a firm date on when it plans to do so. Amazon officials did not respond to requests for comment on Friday.

"It's finished. It's fit-out. But they have not moved in yet," said Sean Doyle, executive director of the Hamburg Industrial Development Agency. "It's a concern. We're monitoring it."

The Hamburg IDA had approved a package of $6.85 million in sales, mortgage recording and property tax breaks for the project in February 2021. The company pledged to employ at least 100 workers within two years of completion – 50 full-time employees and 50 part-timers – but has not yet hired any.

However, Amazon has until March 2024 to reach that goal, or face potential clawbacks for a breach of contract. The 10-year payment-in-lieu-of-taxes on the property doesn't start until 2023.

"They're compliant," Doyle said. "They're in that period where you get two years after project completion to get to full employment."

Amazon has been aggressively expanding for several years, capitalizing on the massive increase in online sales and demand for home delivery from consumers during the Covid-19 pandemic. It has doubled its U.S. warehouse capacity since the end of 2019, to 387.1 million square feet, with over 1,200 distribution centers.

But that expansion has now outpaced its retail business, which is slowing. The company admitted earlier this year that it now has too much space, which contributed to excess costs in the first quarter, and its first quarterly loss in seven years. So it's subletting 10 million square feet of warehouse space and reducing spending on new facilities, while halting or delaying work on at least 16 projects nationwide.

Doyle did not say that was the case in Hamburg, however, and even speculated that the project might have been finished sooner than the company expected, given the well-documented supply-chain problems with building materials. He said Amazon officials will be providing updates to the IDA board at its Aug. 17 meeting.

"The last I've talked to them, they're fully committed," Doyle said.

Amazon is paying rent to the developer, and is working on final details, including activating the 250 electric-vehicle chargers, he said. He added that the company had planned to occupy the warehouse by the December holiday season.

"I don't see that happening, just practically," Doyle said.

In the meantime, Doyle said, the company and its developer – Bayview Road Associates, an affiliate of Frank Campofelice's Walden Development Group – have met the construction spending and employment goals, generating about $13 million in wages for construction jobs, with 84,000 hours of local labor. Amazon and Bayview also earned the sales-tax exemptions of more than $1.314 million on purchases of equipment and materials.

So in combining the wages and tax revenues so far, he explained, the project has produced $9 of economic benefit for every $1 of incentives.

"At this point, we're just monitoring it," Doyle said. "The project is compliant. And it's been a success so far in terms of the local labor."

Located in the Lake Erie Commerce Center and designed by architectural firm Gensler, the new facility was built on 57.4 acres of land owned by Walden, across from a FedEx Corp. distribution center that was built several years ago. The project was supported by construction unions, but criticized by community and labor activists such as the Coalition for Economic Justice and state Sen. Sean Ryan, D-Buffalo.

25 legal challenges pending over Lock City reval

Revaluation of properties in the city of Lockport, a three-year work in progress, is nearing conclusion. After an 11-year lapse in maintaining equity in the city tax roll, total assessed value has been set at almost $1.36 billion.

The assessment grievance process resulted in the loss of about $10.5 million of taxable value from GAR Associates' tentative total, according to city Assessor Tracy Farrell. Still, she said, the 2022 assessment roll shows total taxable value in the city is about $536 million more than it was a year ago.

Farrell says this is good news for property owners, because it means "the tax rate will go down."

Not every property owner is pleased with the process. As of Friday, five homeowners had filed a petition for Small Claims Assessment Review (SCAR), a procedure for challenging determinations of the city Board of Assessment Review. Five is a low number, according to Farrell; she believes it indicates most homeowners in the city are satisfied with their new assessment — or at least she hopes it does.

Also as of Friday, 20 commercial property owners had filed lawsuits against the city over their new assessments.

One of them is Jack Martin, who owns 12 West Main St. and 16 West Main St. Martin said he obtained appraisals from Niagara Falls-based SMG Appraisal suggesting property values of $105,000 and $205,000 respectively, far less than GAR Associates valued his properties. The firm hired by the city raised the assessment on 12 West Main to $175,000 from $74,900 and raised the value of 16 West Main to $335,000 from $120,000.

Martin's attorney in his suit against the city, Brian Hutchison, argues that there are very few "comparable" sales by which to assess Martin's properties fairly. Hutchison said the BAR was unswayed by the private appraisals, and he took issue with the amount of information, including Martin's tax documents, that the BAR requested before ruling on Martin's requests for reduction.

Farrell said she had not seen those appraisals and would be interested in having a look. The documents that the BAR sought, including IRS tax forms, pending rental contracts and rent comparables, were necessary for the BAR to arrive at "fair" assessments, she added.

Overall, Farrell said, the latest revaluation project was a lot less contentious than it could have been.

"I don't think it was that bad," she said. "I was expecting the worst and was pleased with the results."

NORTH CAROLINA

Commissioner Masters opens up about property tax rate, revaluations

Some locals opening their latest property tax bills were met with sticker shock, but commissioner Harley Masters said any increases are primarily the result of property tax reappraisals.

Previous commissioners didn’t raise the property tax rate for five years, which meant predictable tax bills during that time.

But during that time of predictability, commissioners also approved a salary study, the purchase of property for a new middle school, funding for Mayland Community College’s hotel project and other things. In 2021, officials were forced to use general fund money to balance the budget. Other cuts followed.

“If a county lets their general fund balance get below 8%, the local government commission will come in and set a tax rate of their choosing,” Masters said. “I, for one, do not want that to happen.”

Instead, the commissioners during the most recent round of budget discussions for the next fiscal year cut the tax rate from 58 cents per $100 of valuation to 56 cents. But because many property value evaluations rose, many overall bills did, too.

Property owners were given the chance to appeal the appraisals. Elderly, disabled and veterans can choose a deduction to offset the values, provided they meet the requirements.

North Carolina General Statutes require regular property reappraisals. Said reappraisals must be 100% of market value at that time. Appraisal values are based on all property in the area that has sold recently.

“That means sometimes the value of your home will go up and sometimes it will go down,” Masters said. “The commissioners have no control over how much citizens sold or bought property for, but the fact is that people that bought or sold a house or land for three times the market value is what drove these prices up.”

Area properties are appraised every four years. It used to be eight years before a previous board of commissioners changed it so citizens could avoid potentially large price hikes after eight years. The four-year appraisal cycle is common in the state.

Among its peers in the state, Mitchell County is in the lower third of the tax rate charts. Pender County, for example, has a tax rate of 64.5 cents, good for 42nd out of the 100 counties. Carteret County boats the lowest rate in the state at 33 cents and Scotland County hits residents for $1, making it the most expensive of the state’s counties. The bulk of tax dollars supports essential state-mandated services like EMS, law enforcement, public health, fire departments, schools and social services. Despite inflation, fire departments have kept the same budget for two decades.

Tax dollars aren’t earmarked for the new law enforcement center, new middle school or recreation center. All of those projects are funded through state grants.

The county budget is public record and can be inspected at the Administration Building in Bakersville.

“I advertised budget workshops when we were going through the budget process a few months ago and only two citizens attended,” Masters said. “I can say for a fact that there haven’t been any drastic purchases in the last 20 months with county tax dollars during my time as commissioner.”

Those worried about their ability to pay their tax bill can meet with officials from the tax office to discuss their circumstances.

“If you want to yell at someone, then come yell at the commission board in a live meeting,” Masters said. “The employees at the tax office are only doing their jobs.”

NORTH DAKOTA

Abolish most hated tax

Here we are in the middle of a recession, with inflation higher than the 1980s and Ward County and Minot are working to increase property tax.

Whenever these entities can't balance their budgets they raise property taxes. This is the most hated tax in history and is unfair, (not all people are taxed the same) un-American (it started with William the Conqueror), and the government actually owns our property even though our name is on the title (we still have to pay for the privilege of ownership).

I believe it's high time we as freedom loving North Dakotans rise up and abolish this most hated tax. We can do it as the state is flush with money, so much so that people of power and influence (Governor Burgum and others) are coming up with all sorts of ways to spend the excess and guess what, we taxpayers aren't part of the solution. No, it has to be spent on Teddy Roosevelt's library, a bit-coin mine by Williston and carbon capture wells to store CO 2 because of the climate change hoax.

Will any of these projects improve the lives of tax paying North Dakotans or just line the pockets of the rich investors? I think the later is true as the bit-coin mine will negatively impact us with higher electric rates and higher natural gas rates as it will require 700 MWs of electricity to run it, (one coal fired power plant puts out 400-500MWs) so where is the power coming from? Building a natural gas power plant could be one answer so that will create a bigger demand for natural gas hence higher gas prices.

I think we should be using all this money to help out taxpayers by paying off property tax and creating a diverse business boom because we'd be the only state in the country without property tax. Think about it, it can work!

PENNSYLVANIA

City Announces Update on Property Tax Assessments, including Timing of Written Notices

PHILADELPHIA — The City's Office of Property Assessment has posted the results of reassessments of all properties in Philadelphia, and announced today that written notices of new property values will be mailed to property owners later this month. Property owners should start receiving written notices in the mail in late August.

The new values of more than 580,000 residential, commercial, industrial, and institutional properties in Philadelphia are to take effect for Tax Year 2023, with property taxes due on March 31, 2023. Citywide reassessments scheduled for Tax Years 2021 and 2022 were postponed due to the operational issues posed by the implementation of CAMA (TY21) and the COVID-19 pandemic (TY22). Thus, this year represents the first such reevaluation of market values since before the pandemic.

The new values are available online at property.phila.gov and will be mailed to property owners this month. Property owners who believe their valuation is incorrect have until October 3, 2022 to submit a formal appeal. Property owners can also request an informal First Level Review (FLR) with OPA, with FLR applications due September 30, 2022.

Requesting a First Level Review does not preclude property owners from filing an appeal with the Board of Revision of Taxes (BRT). They may file both as long as they adhere to each deadline. More information on this process is outlined below.

Reflecting the strong real estate market in Philadelphia, the citywide reassessment found that the aggregate value of all properties in Philadelphia has risen by approximately 21 percent since Tax Year 2020.

To reduce the potential impact these rising values may have on residents, Mayor Jim Kenney and City Council agreed to a package of relief measures and reductions in the Wage and business taxes. These measures will ensure that the general fund revenues resulting from new assessments are put directly back into the hands of taxpayers.

“Growing property values reflect well on Philadelphia being a place of choice and represent an opportunity to build wealth for some. But homeowners—especially our most vulnerable—deserve protections, which is why I signed into law $298 million in new homeowner and rent relief over five years, representing a historic commitment to Philadelphians,” said Mayor Jim Kenney. “We pledged at the outset of this process to work closely with City Council on tax relief and reforms and — in partnership with City Council — we’re working to deliver on that promise by providing substantial relief to homeowners that have been affected by the long-term boom in the real estate market.”

How to Appeal a Valuation

Property owners who believe their valuation is incorrect can request a First Level Review (FLR) with the OPA. FLR forms are included with the Notice of Valuation that is being mailed to property owners this month. FLR forms are due to OPA by September 30, 2022.

There is also a formal appeal process conducted by the Board of Revision of Taxes. The deadline for filing a formal appeal with the Board of Revision of Taxes is October 3, 2022. The deadline for filing a formal appeal is established by state law and is not impacted by the filing of a First Level Review.

Requesting a First Level Review does not preclude you from filing an appeal with the Board of Revision of Taxes. You may file both as long as you adhere to each deadline.

Formal appeals are due to the BRT by the first Monday in October (October 3). Details on both appeals options can be found here.

"The goal of this year's reassessment is to ensure that assessed values more accurately reflect sales and market forces," said James Aros, Jr. Chief Assessment Officer, Office of Property Assessment (OPA). "By doing so, we accomplish one of OPA's core missions: to minimize the inequities among comparable properties by ensuring that similar properties have similar assessments. If folks believe their valuation is incorrect, we encourage them to request a First Level Review with OPA, along with a formal appeal with the Board of Revision of Taxes, as soon as possible."

Real Estate Tax Relief Programs for Homeowners

Tax relief programs are available for homeowners. From the Homestead Exemption to LOOP to the Senior Citizen Real Estate Tax Freeze and more, these programs are managed by the Department of Revenue. The City offers many Real Estate Tax relief programs for homeowners.

Expanding Tax Relief & Wage Tax Reductions

Homestead Exemption

In June, Mayor Kenney signed into law Bill No. 200012, which increases the City's Homestead Exemption from $45,000 up to $80,000, effective for Tax Year 2023. This means $80,000 of a property's assessed value will be exempt from property taxes. This change will be reflected in Real Estate Tax bills for 2023. Homeowners who are already enrolled in the homestead program will automatically see this change and do not need to re-apply. With this change, most homeowners will save about $1,119 on their Real Estate Tax bill.

The Real Estate Tax Estimator widget is also live on property.phila.gov. The Real Estate Tax Estimator widget helps taxpayers estimate their future tax bill with the increase to the Homestead Exemption. To use it, just type in your address and the feature will give users a chance to choose between: $0, $45,000, or an $80,000 Homestead value.

Longtime Owner Occupants Program (LOOP)

The Mayor also signed an expansion of the LOOP program into law (Bill No. 220497). LOOP is an income-based program for homeowners who have lived in their home for ten years or more and experience a significant increase in their property assessment. Bill No. 220497 also allows an alternative path into LOOP for homeowners who don't meet the 50 percent in one year threshold, but have sustained assessment increases of 75 percent or more over a five-year period. Under the plan, the total amount of funds available for disbursement among qualified homeowners in a single fiscal year increased to $35 million from the current $25 million.

Senior Citizen Freeze Program

The Mayor also signed an expansion of the Senior Citizen Tax Freeze program into law (Bill No. 220499). The Senior Citizen Property Tax Freeze program allows low-income senior citizens, age 65 or older, to permanently freeze their tax bills. With these latest changes, eligible seniors will have the chance to retroactively enroll in Senior Tax Freeze. This means that if someone is 70, but is just learning about the program and was qualified when they were 65, they can freeze their property value at the amount it was when they were 65. Accordingly, those seniors will only pay taxes on their assessment from the year they first became eligible, going as far back as 2018.

Additional Relief Efforts

The FY23-27 Five Year Plan also expands rental assistance by allocating $30 million over two years; expands community outreach by allocating over $4 million for taxpayer awareness and assistance programs; and allocates $1 million for anti-displacement legal services for low-income Philadelphians involved in landlord-tenant disputes and other matters exacerbated by the increased assessments.

Wage & Business Tax Reductions

The FY23-27 Five Year Plan also includes $187 million in Wage Tax and Business Tax reductions over five years. The residential rate for the Wage Tax is being reduced to 3.79 percent (from the current 3.8398 percent), and the non-resident rate is being reduced to 3.44 percent (from the current 3.4481 percent). These are the lowest Wage Tax rates in Philadelphia since 1976.

Property tax assessments are unfair, but lawmakers lack the will to change them

The General Assembly's steadfast refusal to mandate that every Pennsylvania county conduct regular property reassessments for tax purposes is patently unconstitutional, reiterates a new analysis by the Allegheny Institute for Public Policy.

"The Pennsylvania Legislature has known of the property tax problem for a long time," says Jake Haulk, president-emeritus of the Pittsburgh think tank.

But when presented with studies that say the state must require regular property reevaluations, it can't even bring itself to hold hearings.

"It thus condemns property owners to fend for themselves at considerable expense to challenge wrongful assessments and rewards those who are perennially under assessed," the Ph.D. economist reminds (in Policy Brief Vol. 22, No. 27).

"And that is in violation of their duty to uphold Article VIII, Section 1, of the Pennsylvania Constitution," he says.

States that constitutional provision:

"All taxes shall be uniform, upon the same class of subjects, within the authority levying the tax and shall be levied and collected under general laws."

Additionally, Article VIII, Section 2(b), para (ii), grants the General Assembly the power to "establish as a class or classes of subjects of taxation the property or privileges of persons who, because of age, disability, infirmity or poverty are determined to be in need of tax exemption or of special tax provisions … "

"The writers of the Constitution intended for tax levies to be fair and presumably that would mean a property tax would be based on the actual value of the property of each owner with exceptions as provided in the language cited above," Haulk says.

How is it then that there can be so much disparity in treatment or uniformity in property tax levies? In short, because assessments for tax purposes of individual properties in most counties do not change as market values change.

That's because complete revaluations of all properties are not done on a regular basis—as are required in most states. In some counties, evaluations have not been done in decades and those that have are generally a result of a court order.

"Compounding the problem of poor and inequitable assessment regimes [is] the very heavy reliance on property taxes to fund schools and local governments that exacerbates the inequities in assessed values," the think tank scholar adds.

Allegheny County's last countywide reassessment was in 2012. The values of properties established in that reassessment form the "base-year valuation," which is then used to set the property's taxable assessment value. That assessment continues unless there is major remodeling on the property or the assessment is successfully appealed.

The assessment could also change if the property is sold at a price well above the base-year value, and a taxing authority (school districts, in particular) appeals the assessment as being too low. This has been a successful tactic.

But if an owner believes their property value has fallen behind the rise in value in comparable properties elsewhere in the county or has, in fact, declined, the person might file an appeal to have the assessment lowered.

Property owners who believe their assessment is too high can also challenge the base-year valuation or appeal the assessment on the basis of the market value of the property. The latter undoubtedly is the most used.

In a 2015 ruling, Allegheny County Common Pleas Judge R. Stanton Wettick ordered that the county Board of Property Assessment Appeals and Review to “apply the Common Level Ratio to its findings of fair market value where the appellant elects a current market value methodology.”

The Common Level Ratio (CLR), to be used only in assessment appeals, is the arithmetic median of the individual sales ratios for every valid sale received from the county for the previous calendar year. The sales ratio is the assessed value divided by the sales price for each valid property sale.

But the CLR can exacerbate the inequities of the system. Note that when the CLR goes into effect, it is already dated; some of the sales used were completed up to 18 months before a new CLR is calculated.

As calculated by the State Tax Equalization Board, the CLR for Allegheny County is 63.6, effective July 1 of this year. That means half the properties with a ratio above 63.6 are paying more than their fair share and the half below paid less than their fair share. And the further the sales ratio for a property is from the CLR, either higher or lower, the greater the unfairness in tax liability.

“In short, even as the CLR can be used to remove severe inequities, it is not an ideal—or even nearly ideal—solution to achieving uniformity in taxation as required by the Pennsylvania Constitution,” Haulk stresses.

All this said, if the legislature won’t require regular property valuation updates, counties could do it themselves.

“But it takes the will to do the right thing rather than the politically expedient thing,” Haulk concludes.

SOUTH CAROLINA

Why You Still Need Fee In Lieu Of Tax Agreements

At the conclusion of this year's legislative session, the South Carolina General Assembly passed The Comprehensive Tax Cut Act of 2022 (the "Act"). Among a number of other significant tax changes, the Act effectively increases the property tax exemption amount from 14.2857% to 42.8571% for manufacturing property. This change indirectly lowers the property tax assessment ratio for manufacturers from 10.5% to 6%. This marks a significant departure from the decades-long practice of assessing manufacturing property at 10.5%

What is the impact?

This change is tremendous news to manufacturers with real property assets which predate fee in lieu of tax agreements ("FILOTs"); manufacturers who acquired assets after their FILOT investment period had run; manufacturers whose FILOT is expiring; and small and medium-size manufacturers who never received a FILOT in the first place.

Pursuant to the Act, South Carolina counties will now be reimbursed (up to a statewide cap of $170 million) for the tax revenue losses resulting from the property tax assessment ratio reduction. If local governments hit the reimbursement cap, the Act provides that the property tax assessment ratio reduction will be proportionally reduced so as not to exceed the cap. The Act provides that the reduced assessment ratio goes into effect for "property tax years after 2021." Given that we are currently in property tax year 2023, the reduction goes into effect this year.

Why Should Your Company Continue to Consider a Fee Agreement?

Now that property tax assessment ratios for manufacturing companies are set at 6% without the need to obtain a FILOT, when should companies still consider seeking a FILOT?

Contractually Locked Assessment Ratio & Fixed Millage Rate

FILOTs typically lock in the assessment ratio and the millage rate that will apply to covered property for 30–40 years. Just as the General Assembly acted to reduce the assessment ratio this year, it could also repeal or amend the assessment ratio again in future years. As a result, it can be beneficial to have the contractual agreement in the FILOT to guarantee the assessment and millage rates for the duration of the project. While some counties lock in a millage rate for the entire duration of the Fee Agreement and others are subject to adjustments every five years, there remain savings for companies as millage rates tend to increase over time. Given current inflation, population growth, and the possibility of reduced income due to the assessment ratio reduction, South Carolina counties may more aggressively seek to increase their millage rates. FILOTs also lock in real estate values for the duration of the FILOT. Locking in the real estate value can save projects a considerable amount of money over the term of the FILOT.

Pairing of Special Source Revenues

Additionally, counties often offer Special Source Revenue Credits (SSRCs) along with FILOTs. SSRCs are separate credits that can be applied to reduce companies' annual FILOT payments. While it is possible for SSRCs to be offered through standalone SSRC Agreements, they are more commonly offered alongside FILOT Agreements. The process for obtaining approval of a standalone SSRC Agreement is the same as that for obtaining approval of a FILOT, so given the benefits of a FILOT as outlined above, projects that are eligible for SSRCs will likely want to continue to pair those SSRCs with a FILOT as well.

Larger manufacturing projects will still want to utilize a FILOT, particularly if they qualify for a Super FILOT. In order to qualify for a Super FILOT, a company must be planning on an enhanced investment in the State through either a $400 million capital investment or a $125 million capital investment with a commitment to create 125 new full-time jobs. Super FILOT Agreements further reduce the assessment ratio to 4%, which allows for the company to achieve greater savings during the term of the Super FILOT.

Exemption from Rollback Taxes

Additionally, for larger sites, it is also particularly beneficial to have a FILOT Agreement to remain exempt from rollback taxes. Rollback taxes occur when a property changes from agricultural use to commercial or residential use. Fee Agreements can operate to eliminate rollback taxes which can result in significant savings for companies that are changing the use of the property from agricultural to commercial.

Ultimately, while the Act provided many benefits for companies outside FILOT Agreements, there can be additional benefits from entering into a FILOT Agreement.

TEXAS

Property taxes in Plano are going down — but most homeowners will have a higher tax bill. That may sound strange, but Plano city officials say it's just how the math works.

Tax appraisals for properties in the area have gone up, which means the taxable value has increased. Bo Baffin, the chief appraiser for Collin County, said the rising home values in Collin County are following a statewide trend.

“Over the last couple of years, the residential property values have exploded, not just in Collin County, but pretty much across the state,” he said.

The average home value in Plano in the 2021-2022 fiscal year was $396,673 according to city data. In the 2022-2023 fiscal year, the average home in Plano is worth $493,960. That’s an increase in value more than $97,000. Under state law, homeowners are responsible for no more than an additional 10% from their home's previous value — so the average homeowner in Plano can expect to pay taxes for a property value of $436,340.

Baffin calculates property values for the county by looking at what buyers and sellers consider in the market. He said he looks at many factors, including the local school district, property size, location and amenities.

Plano City Council is set to adopt a new property tax rate Sept. 12. The council has several rates to consider.

The maximum rate council members can set is 43.8 cents per $100 of assessed property values — any higher, and it'd have to be approved by the voters. Plano's current is rate 44.65 cents. Mark Israelson, the city manager, has proposed lowering the rate by two cents.

Even though the rate he's proposing is lower, Israelson said the average homeowner in Plano should still expect higher property tax bills because of the increase in home values. The average homeowner in Plano paid $1,417 in property taxes in 2021 — under Israelson's proposed rate, the average homeowner would owe $1,685 in property taxes.

There's another rate on the table called the no-new-revenue rate. That rate is calculated by the tax assessor. It's designed to keep the revenue from property taxes roughly the same as the previous year. When property values go up, the no-new revenue rate goes down. The no-new revenue rate for Plano the upcoming fiscal year, which starts Oct. 1, is 41.77 cents per $100.

As city manager, Israelson calculates Plano's budget based on the city's resources and resident needs. After assessing the needs of the community, he recommended a rate that's a little higher than the no-new revenue rate.

Karen Rhodes-Whitley, the city's budget director, said going down to the no-new revenue rate would mean the city would have to cut $4.5 million from its budget.

The average homeowner in Plano would still see an increase in their tax bills under the no-new revenue rate. Rhodes Whitley said if city council wanted to set a rate that would not raise tax bills, the rate would have to be as low as 35 cents.

"We can't go down that low," she said. "We really would have to cut services."

Israelson said the city doesn't want homeowners to pay more in taxes than what's needed to provide necessary services.

"We only want to ask for the amount of resources needed to meet that level and to achieve those goals," he said.

The council is set to continue budget discussions on Monday. A public hearing may be scheduled for Aug. 22 or Sept. 12, the day city council is set to adopt the tax rate.

Tax exemptions reduce property taxes

Did you know that 71% of property taxes go to other taxing entities and only 29% goes to the city of El Paso?

In fact, the average property tax bill for an El Paso homeowner is 33% less than that of the other large Texas cities.

While 71% of your taxes goes to school districts, the county, University Medical Center, and El Paso Community College, only 29% supports city services that address residents' priorities for our entire region, including: safe and beautiful neighborhoods; a vibrant regional economy; and recreational, educational, and cultural opportunities.

One of the key tools to provide property tax relief is through tax exemptions, which decrease your taxes. Property tax decreases in the form of tax exemptions are reductions and savings to your tax bill. In 2015, the City Council approved a tax reduction by way of a $5,000 tax exemption for disabled and senior citizens; and in 2021, the council approved another reduction of $2,500 by way of a tax exemption. Out of the five taxing entities mentioned earlier, the city of El Paso offers the largest reduction or discount: $42,500 off the value of your home for seniors and disabled, with 40% —or 52,828 homes — receiving this significant tax relief.

The city of El Paso has not increased property taxes since 2020, and for the upcoming budget, the city is recommending a significant property tax rate reduction. This year, the City Council will be reducing taxes and providing a saving for all residents by reducing the budget by millions.

Each year, our budget has been focused on areas of neglect in the city. For example, for decades, the East Side was neglected, but that is no longer the case. A new Police Command Center and Fire Station have broken ground on the East Side. We have also seen a sports park expansion in East El Paso. We have completed a state-of-the-art recreation center with a 50-meter pool and diving well; a water park with a surf machine; and a variety of other new recreation/senior centers, aquatic facilities, playing fields, and library renovations, across the community.

Investment in our police and fire departments has been a top priority. An increase of over $80 million to our first responders has resulted in increased number of police officers and firefighters; new police cars, fire trucks, ambulances; new fire stations, regional command centers, and training academies.

We have also completed nearly 500 street maintenance projects, including resurfacing, reconstruction, traffic signals, lighting, and improved medians.

Providing these services supports the city's vision and requires thousands of employees to make it happen. The city has over 6,000 employees, including over 2,100 police officers and firefighters, and is the sixth largest employer in the region. In fact, 75% of the city's annual budget goes toward paying the salaries, benefits, and taxes for our workforce.

We have made public safety, streets, parks, and neglected areas of the city a priority. As you drive around town, we know you can see the difference. We also know you can see the neglect that happened for decades, which means we still have so much more to do. For these reasons, it is our priority to ensure your areas of concern remain at the forefront as we develop the budget. This year, our highest priority is to give the taxpayer a tax break. We will deliver in a big way. We will also continue to invest in our community to ensure it remains an exceptional place to live, work, and play.

Thank you to the city council for unanimously voting to direct the city manager to reduce taxes.

UTAH

The dark side of Utah's surging home values: An 'unprecedented' tax burden

Home values have risen historically fast — landing Utah homeowners with unusually high 2022 property tax bills

Usually, under the state's truth in taxation laws, if property values all increase at the same pace, homeowners won't notice much of a difference on their yearly property tax bill — unless they're facing a tax hike.

But this year, in the wake of 2021 — the year of relentless and shocking home price increases as the West and the nation's housing market went haywire — is like no other.

County assessors say they've never seen a year like it. And since they're required by the Utah Constitution to assess home values based on market value, they're aware of the sticker shock hitting Utah homeowners when they open their property tax notices.

"We sympathize with them," Tooele County Assessor Jake Parkinson said. "It's unprecedented to see an increase not necessarily because of (proposed tax hikes), but because of your value going up and your piece of the property tax pie getting bigger is frustrating to taxpayers."

This year, it's a double whammy. On top of tax rate hikes 90 taxing entities across the state are seeking, homeowners are indeed seeing unusually high increases to their property taxes — to the tune of hundreds of dollars a year.

Seth Cox is one of them.

When he opened his email to view his 2022 property tax notice for his Lindon home, the number slapped him in the face. And yet, fully tuned into the direction of Utah's housing market over the past several years, Cox said he knew, with dread, the dollar amount was probably correct.

"Everybody's seen home values go up like crazy," he said.

Cox's property tax notice showed his home's full market value went from $624,900 in 2021 to $939,700 this year. As a homeowner, seeing property values go up is mostly a good thing. Anyone would welcome that return on investment — especially in just one year.

But there's an unmistakable downside, especially if you're not planning to sell.

Even without a proposed 24% property tax increase the Central Utah Water Conservancy District is seeking, Cox's yearly property tax is set to go from $3,240 in 2021 to almost $3,868 this year — a $628 difference. If the tax hike passes, he'd be facing about $207 more a year, with a yearly tax bill of over $4,040.

Ouch.

"It's going to make my mortgage payment go up," Cox said with a sigh. As web developer, Cox said he's got a healthy and steady income — but that's a steep hike that his family's household budget will have to absorb.

"I don't think we'll be in dire straits because of this," he said, but added it comes at a time when record U.S. inflation is a "bigger concern for me more than anything."

"It's one more thing, you know," Cox said. "What's going to be the straw that breaks the camel's back? I don't know. But it's just one more thing that keeps getting piled on top."

Cox added he can't imagine how these property tax increases are impacting families on tight budgets — especially retirees on fixed incomes who bought their homes decades ago and likely never fathomed that their home values or property taxes would reach such heights in such a short time period.

"It's going to hurt everybody," he said.

'Sticker shock': Why are property taxes so high this year?

For the past several weeks, as 2022 property tax notices started hitting Utahns' mailboxes and inboxes last month, Salt Lake County Assessor Chris Stavros said taxpayers are indeed experiencing "sticker shock."

And he identifies with them.

"We don't dictate the market, we interpret the market. This is the market forces at play," Stavros said. "Those increases are data supported. ... That's the reality of the market."

The increased tax burden isn't because county assessors are taking advantage of the housing market to rake in the cash for their county governments. It doesn't work that way.

"There is a misperception with taxpayers that the assessor can just increase values to create a windfall of revenue, and that can't happen" because of Utah's tax laws, Stavros said.

How does Utah's truth in taxation law work? Few people can explain it as well as Utah State Tax Commission chairman John Valentine.

"What's supposed to happen," he said, "is if a taxing entity has the same amount of revenue as last year, plus a permitted amount of new growth, then they don't have to have a truth in taxation hearing, but they have to adjust the rates downward if the properties in their taxing jurisdiction go up."

So "as values go up, the rates drop accordingly to produce the same amount of revenue for the taxing entities," Stavros said, excluding revenue from "new growth" or new properties that were built over the past year.

But this year, it's not so simple. "There's some dynamics ... that people should know about," Stavros said.

Value increases weren't evenly distributed across all property types. Because taxing entities' certified tax rate is based on the aggregate, or total number of properties within a taxing entity's jurisdiction, sometimes property owners' tax burden depends on how other properties — not just residential, but also commercial and other property types— fared in the same time period.

Here's where it gets tricky — and why homeowners are bearing the brunt of this year's tax burden.

“What’s happening is that house (values) have gone up faster than businesses, industrial property or agricultural property,” Valentine said. “Since houses are going up faster because of the hot housing market, industrial properties and commercial properties didn’t go up very much, primarily due to, still, the effect of COVID and the slowdown of business.”

As Utah State Tax Commission officials have seen revenue numbers reported from taxing entities from across the state, they’ve seen “this differential occurring where the housing component went up faster than the rest” of other properties, Valentine said.

“So the taxing jurisdiction may not have additional revenue, but it shifts who’s paying the tax,” he said.

Valentine told the Deseret News statewide figures weren’t yet available for review as counties are still in the midst of their tax process for the year, but that’s the pattern state tax officials have seen so far as county assessors file preliminary numbers.

So add not just record home price increases but now a jarring tax burden shifted to homeowners to the growing list of consequences from the COVID-19 pandemic’s dramatic impact on the housing market.

Zoom in: ‘Historic’ home value hikes

More than 28%.

That’s how much residential properties increased across Salt Lake County in 2022, according to Stavros

In 2021, the median value of residential properties in Salt Lake County was $435,700. That’s up from $388,500 in 2020, $368,300 in 2019 and $339,900 in 2018, according to records provided by the Salt Lake County Assessor’s Office.

In 2022? The median value of residential properties in Salt Lake County was $561,100.

That increase — 28.7% to be more precise — is “right in line” with the yearly home price increases that have been reflected on Utah’s Multiple Listing Services, or MLS, real estate data, Stavros noted. “We feel that even though we had to increase valuations substantially, they’re clearly in line with the market.”

That figure is remarkable, Stavros and his chief deputy assessor Tyler Andrus said, noting the last time they had seen those types of value increases was 2005 and 2006, before the housing bubble popped and sent the global economy into the Great Recession. And it shattered those levels.

"The percent increase was 10% more than we've ever seen for residential values in our assessed values," Andrus said. "I mean, it is truly historic."

"This is unprecedented," Stavros said.

Another factor that's "really making this year interesting," Stavros added, is the shift in tax burden from commercial and other property owners to residential owners "because residential values are increasing exponentially more than commercial."

Commercial properties, Stavros said, still increased in value — but by 11.8%, less than half of the rate of residential properties. That has led to a "natural shift" in tax burden to homeowners.

Also don't forget there are 23 taxing entities that are seeing tax hikes in some form, Stavros noted. "So, you know, we have that in play."

Some homeowners, however, might be seeing more — or even less — of an increase to their property tax bill than their neighbors. That could be explained in that they might reside in differing taxing jurisdictions — or if their property value went up less than the median increase. If that's the case, any tax increase would have "little or nothing to do with our assessment" increase, Stavros said. If their value is more than the median, however, assessed value could have certainly impacted their property tax bill.

Now let's hop west over to Tooele County — a rural community that's among the counties that have seen the brunt of Utah's housing boom.

Tooele County is among the Wasatch Front counties with the highest shift to homeowners.

"Real property in Tooele County — residential property — went up (over) 40% last year," Parkinson said, compared to a 13% increase in commercial property on average.

Parkinson pointed to one Tooele County homeowner who has seen their property taxes increase from $1,833 in 2018 (when their home value was about $213,000) up to over $3,000, with a home value of now over $443,000.

"It's almost doubled. And very little of that is actually" because of a tax increase, Parkinson said. "The rest is from tax shift."

The tax shift: By the numbers

Parkinson said he and other county assessors have been tracking — with concern — this year's tax burden shift on homeowners as values have rapidly outpaced other property types. He said he and other Utah assessors have been collecting that information and sharing it with Utah lawmakers to consider potential solutions.

“All options should be on the table so we’re considering the impact these taxes are having on Utah families,” Parkinson said.

Statewide, the tax burden on real property (which includes residential, commercial and all land and improvements), has shifted from 85% of the state’s total aggregate property tax in 2017 to 90% in 2022, according to data county assessors, including Parkinson, have compiled. Business personal property taxes and centrally assessed taxes (which includes taxes on mines, airlines, utilities and railroads), made up 5% and 10%, respectively, in 2017, but that’s shifted to 4% and 6%, respectively, in 2022.

“So you’re shifting all of that value — boom — to (homeowners),” Parkinson said.

Tooele County saw a 42.2% increase on residential property, according to assessors’ data provided by Parkinson. Summit County saw a 42.6% increase. Utah County homeowners’ burden increased 38.6%. Davis County’s getting a 32.3% increase. Salt Lake County, 26.5%. Down south, Washington County saw a 42.5% increase.

But Wasatch County homeowners have been hit the hardest, with a 48.6% increase.

“The good news is the system is working how it was designed,” Parkinson said. “This is what the Legislature wanted to have happen so the taxing entities bring in the same revenue. The bad news is it’s hitting taxpayers.”

Lawmakers have the option to consider increasing the primary residential exemption — which allows assessors to exempt 45% of the fair market value of a primary residential property — to help soften the shift, Parkinson said.

But that’s no quick fix. It would require a state constitutional amendment, which means it would need to be a ballot question for voters. Lawmakers could also consider a different rate for residential properties and other property types.

“Everything should be on the table,” Parkinson said.

I can’t pay my property tax bill. What should I do?

Both Parkinson and Stavros also urged homeowners to consider filing an appeal if they believe their assessed value is not aligned with the market. The deadline for county-assessed properties is Sept. 15.

They also urged taxpayers in areas that are facing tax hikes to participate in truth in taxation hearings and tell county leaders what they're facing.

Counties also have tax relief programs for struggling homeowners. Go to your county's website or call the treasurer's office for more information. For Salt Lake County taxpayers, more information is available at slco.org/treasurer/tax-relief.

Truth-in-taxation hearings on property tax hikes to start this month

Across Utah, communities will hold a series of "truth-in-taxation" hearings as municipalities, water districts, school districts and even library boards propose increases in property taxes.

Altogether, 90 different taxing entities have proposed tax hikes. Depending on where you live, you may face several different property tax increases for everything from schools to public safety.

"You get someone who answers the phone when you call 911. You get roads, you get sidewalks, you get clean water, you get libraries, you get parks, you get recreation opportunities. You get all of the quality of life that cities provide," said Cameron Diehl, the executive director of the Utah League of Cities and Town, a group that lobbies for municipal governments at the state legislature.

A recent survey by the League found that public safety was the top reason municipal governments were proposing increases (46%); followed by growth and inflation (tied at 37%); personnel (35%) and infrastructure (33%).

Other entities like water districts have infrastructure needs to keep up with Utah's massive growth.

Truth-in-taxation hearings are legally required whenever a property tax increase is proposed. Taxing entities explain the need for the tax increase and take public comment.

Some communities have gone decades without raising property taxes, which has led to some sticker shock for residents. The Utah Taxpayers Association, a tax watchdog group, has called for cities to raise taxes every five to eight years to keep up with inflation (while acknowledging some elected officials don't want to do that because it's politically unpopular).

To find out where truth-in-taxation hearings will be held, contact your county auditor's office.