

10 Tips to Temper Your Property Taxes

In the 1930s real estate taxpayers in Cook County, IL formed the Association of Real Estate Taxpayers and organized one of the largest tax strikes in history. (There is evidence of this same occurrence taking shape on Facebook today!) In 1978, California passed Proposition 13 which drastically limited property levels in the state. Then in 1992 the state of Colorado approved a Taxpayer Bill of Rights requiring increases in overall tax revenue be tied to inflation and population increases.

All of these actions occurred because property tax payers felt over assessed and unfairly taxed. But you don't have to go that far to affect your property tax bill. You can call Ennes & Associates! Kind of kidding...but hiring a licensed and certified property tax professional is one of the most effective ways to control this bottom line expense.

Commercial properties have been hard hit by buffeting forces. High vacancies, falling rent revenue, depressed values and foreclosures have pushed property values lower and lower. Because of this, these factors also present opportunities for assessment reductions.

If you decide to go it alone here are a few things you can do every day to put yourself in the best position to talk with an assessor about your property's value:

1. Monitor your property assessment. Be sure to check each year and watch for changes. Once an assessment is released you have a limited amount of time to protest it.
2. Annually document the value of your real property. You can do this by getting an appraisal or simply talking to a local realtor. They can let you know about changes in the area, local economy, or building values that might affect your property's value. This way you can monitor how well the assessor is doing in determining your value. Then, you are more apt to know if the assessor is high or low instead of relying on your "gut feeling".
3. Carefully document your income and expense. This affects your value. As a property's income falls so does its value.
4. Keep a list of deferred maintenance along with estimates of the "cost to cure". Again, this is an item you can bring up to an assessor when contesting your assessment.
5. Meet with your local assessor prior to the release of your assessment so you are aware of potential changes to the assessment roles. Forewarned is forearmed.
6. Some local taxing jurisdictions do consider vacancy when setting an annual assessment. There are usually minimum levels of market vacancy that need to be met but it is worth talking with an assessor about it.
7. Participate in groups like your local Chamber of Commerce or a state association that have a voice that politicians will listen to. Joining your opinion on local budgets and levies with a larger group can often times have a greater impact.
8. Track the assessments of comparable properties.
9. If you have a landlord, find out what is being done to monitor and protest taxes. All too many landlords don't aggressively monitor the assessments because it is a pass through expense. Find out if you have the right to protest. If you don't, demand that action be taken to keep your assessment in line with comparable properties.
10. Take Property Taxes seriously. They are a substantial operating expense that directly affects your bottom line. Those taxpayers that stay on top of them by aggressively reviewing and protesting are rewarded for their efforts.

Ennes & Associates can do all of this for you. We carefully review each property, trends in the area and market, and work closely with local taxing authorities to be sure you pay only your fair and equitable share of the burden. Visit us at www.ennestax.com or call 1-847-577-6500 today.

Let's Do Away with the Property Tax!!

Not a good idea from our point of view, but in North Dakota a proposed constitutional amendment to abolish North Dakota property taxes has received enough signatures and will appear on the statewide election ballot as Measure 2 on June 12, 2012. The proposed amendment states that North Dakota and its local governments may not impose property taxes after January 1, 2012 and that the Legislature will have to find another way to raise replacement revenue to cities, counties and other local taxing bodies. While this might catch your fancy up front there are a number of social issues that this type of legislation impacts.

One of these considerations is that the property tax is one of the last taxes that is controlled locally. The amount of property tax collected from the local community is controlled by the amount of spending by local taxing bodies. It is collected and spent locally. The tax rate is a major component of your tax bill. The tax rate is the relationship between the assessed values and the amount of money each local taxing body budgets and spends. Local taxing bodies include schools, villages, libraries, etc.

Each of these taxing bodies' budget process is open to the public. Public hearings are held for each taxing body before they adopt their budgets. At that time any concerned citizen may voice their opposition to spending increases, thus making those bodies more accountable to the local people they serve.

If all or part of a property tax is replaced by a larger sales tax or business tax then that local control is removed. The spending of those taxes would be controlled by the state or federal government. How's that been working for you?

Another argument for replacing the property tax is that school funding would become equal throughout the public school systems within a state. While this may or may not have an effect on the quality of education in those same districts, it raises some interesting questions about the affect it will have on property values throughout the state.

Are You Special?

When it comes to property tax special use can mean special opportunity in this real estate environment. If your assessor relies on standard valuation techniques they may be overvaluing your property and you may be overpaying on your taxes.

Take an auto dealership for example. The US auto industry has been in flux. Nationwide the number of dealership properties is significantly reducing. The end result will be fewer and larger dealerships. In many markets there is a huge surplus of these closed dealerships sitting on the market looking for an alternate use. This has an impact on the value of remaining active dealerships.

Hotels are another example of a special use property. They have seen occupancies fall and revenues plunge. Assessments have been slow to reflect this. Ennes & Associates can make sure your property tax assessment reflects these special use trends. Call us today.

One deciding factor in most family home purchases is the desirability of schools in the area. In some cases, homeowners have been willing to pay higher taxes to keep their areas schools on the cutting edge of education. This, in turn, makes these areas more sought after and thus they reflect higher values.

Will legislated equity in funding cause these schools to lose some of that edge? Will parents turn to private education for their children putting the public schools in the district in peril? These and many more questions remain to be answered.

And lastly, the property tax is a static tax. In other words, it is not quickly or dramatically affected by political, economic or market conditions. Revenue produced by this tax remains relatively stable. Even in today's rough economy this largely remains true.

However, alternatives to the property tax are mostly dynamic. They are affected by many outside sources. If the economy is healthy and growing the revenues from these taxes expand. Local governments quickly respond by spending. They start new programs, add to existing programs. When the economy downturns they see a decrease in the amount of tax collected. They usually respond to this loss by increasing taxes rather than cutting spending. How many states started out with sales tax of 1.5% and are now collecting 8%?

The present property tax system is not perfect. Inequities in school funding, arbitrary increases by local taxing bodies and unjust assessments are just a few of the more obvious problems. The future of the property tax is being written today in legislation that is being proposed and passed throughout the country. These laws will affect education, property values and society in general for years. We urge you to watch both from a private and business perspective and let your state and federal reps know how you feel.

Damage Control

Many state and local taxing bodies are granting property tax relief to those who suffered during the recent rash of flooding, tornadoes and damaging high winds.

Relief is usually available to those property owners who have partial or complete property loss due to a specific natural disaster. If that fits your situation be sure to check with E & A or your local assessor to see if relief is available and if you qualify.

Savings Ticker.....Savings Ticker.....Savings Ticker.....Savings Ticker.....Savings Ticker.....Savings Ticker.....Savi
\$143,142 cumulative savings for a Garage in OH
\$70,000 cumulative savings for an Office Building in Aurora, IL