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Property Tax and Assessment News from Around the World

UNITED STATES - May 2017

NEW YORK - Record number challenge Nassau tax assessments for first time

Thousands of Nassau property owners who had not challenged their assessments since County Executive Edward Mangano overhauled the process in 2010 filed appeals this year, raising the prospect of millions of dollars in savings for them and an even larger shift in tax burden from those who appeal to those who don’t.

The upsurge in first-time filers’ appeals — in record proportions — following three years of declines came during a tax season in which Newsday documented for the first time how Mangano’s overhaul had caused a $1.7 billion shift in taxes over seven years from those who had appealed successfully to those who had not. The series “Separate and Unequal,” an 18-month investigation that included several data analyses, determined that a typical taxpayer who had appealed even once experienced an increase of only $466 over the seven years. The typical non-appealer, whose properties tended to be worth less, absorbed an increase of $2,748.

A new data analysis establishes that the non-appealers got the message:
•Almost one in five of those who had not appealed before did so, nearly double the average share since the advent of Mangano’s program.
•With first-time filers increasing by 6,420 to 26,699, the overall number of appeals grew by the largest annual increase since the overhaul’s first year to a record of about 216,000.
•A record 12 percent of previous non-filers in minority areas, where the proportion of those who hadn’t challenged is among the largest, appealed for the first time, a development that will likely serve to narrow the unequal tax burden carried in those communities.
•A record 19 percent of previously unappealed homes owned by members of two of the most economically pressed populations — disabled residents and low- and middle-income senior citizens — filed for the first time.
•Aside from appealing in record numbers, the first-time challengers broke another record by filing more than ever before without the help of tax appeal firms, which charge fees that often amount to half of a property owner’s first-year tax savings.

Plainview resident Jennifer Gordon, 42, said she had been thinking about appealing for years with no idea of how widespread the success of the challenges was — fully 78 percent of those who appeal. She and her husband, Shalom, 43, decided to file on their own after reading Newsday’s investigation.

“When I saw the article I thought this is outrageous, because I thought we were suckers,” Jennifer Gordon said.

Overall, 72 percent, or 293,797 property owners, have filed at least one appeal since the overhaul began, according to Newsday’s latest data analysis. The remaining 112,143 unappealed properties will bear much of the cost of tax breaks achieved by those who appealed this year. Those costs reached $405 million for the last tax year, Newsday found in its investigation, and will grow by tens of millions of dollars by the time appeals filed this year are resolved.

The shift occurred over the years because the appeals shaved so much assessed value off the rolls that the county, school districts and other taxing authorities had to increase tax rates to maintain their budgets. The rate increases pushed up the tax bills of those without assessment reductions more than it did for those who won their appeals, resulting in non-grievants essentially paying for others' tax savings.

The overhaul's other main component, a freeze on assessments at their 2011 levels, amplified the shift by locking in the reductions into the future. In the first year, $138 million was shifted to those who didn't appeal successfully, and that figure grew steadily each year afterward until the seven-year total reached $1.7 billion.

The Gordons got assistance in filing an appeal from Jeff Gold, a Bellmore attorney who helps property owners file claims on their own for free or for $300 with his direct help. Even before the Newsday series, Gold said membership in a Facebook group he operates doubled to 8,000 members this year as he gave free seminars sponsored by county legislators.

Compare your tax bill to others

"People learned that it is easy to do yourself and that they can get their questions answered in a non-judgmental manner," Gold said.

County officials extended the period in which property owners could file a grievance this year from March 1 to March 17, once the day after the first part of Newsday's three-part series was published and again due to a snowstorm.

Robin Laveman, whom Mangano appointed chairwoman of the Assessment Review Commission, which is the initial arbiter of challenges, credited the increase in appeals this year to two factors: an extension of the grievance period that occurred a day after Newsday began publishing its investigation, and workshops held by her office to help property owners file an appeal without hiring a tax firm.

"We held over 45 community meetings mostly attended by homeowners that had not filed previously," Laveman said in a statement.

Both the commission and Newsday offered video tutorials on their websites on how to appeal without the use of a tax firm. After reading Newsday's investigation, County Legis. Siela Bynoe (D-Westbury) reached out to community leaders and sent a letter to her constituents highlighting its findings and the importance of filing.

She said the findings propelled elected officials and business leaders in her district, which has a substantial minority population, to "put a significant amount of effort into ensuring that the community was aware of the program and the ease of filing."

The investigation found county officials had failed to promote or fully explain the importance of filing since the overhaul began and wrongly told some property owners who either attended workshops or tried to appeal on the county's website that they wouldn't obtain a reduction.

Strikingly, this year more than a third of first-time filers chose not to use a tax firm to file appeals. That is the largest share since the overhaul began. Overall, there was a record 59 percent increase in the number of appeals filed without the help of a tax appeal firm. That brought the total to 15 percent of all appeals, also a record. Filings by tax firms also increased 13 percent, from 159,206 to 180,210, just slightly more than the previous record.

Mangano's overhaul was intended to fulfill a campaign promise to fix the assessment system, and particularly the county's high cost of property tax refunds. The county owes the refunds whenever property owners win assessment reductions after their tax bills have been sent out, resulting in them being overbilled. At the time, the county was spending $100 million annually on refunds and had borrowed more than $1 billion to pay for them.

Tax firms reap millions from Mangano overhaul

The high refund cost was partly due to a state law that requires the county to pay back not just the taxes it overbilled to the successful grievants but those overbilled by all of the nearly 300 towns, cities, schools and other agencies participating in the assessment system. It was also due to the tens of thousands of residential property grievances filed annually by tax appeal firms that were usually rejected after being challenged as unwarranted by county officials. The result was months of battling that often stretched on well after the bills went in the mail.

The overhaul sought to relieve the refund burden by offering reductions before tax bills went out that were so low tax appeal firms would settle their cases quickly. This substantially reduced the cost of residential refunds and allowed the county to lay off a third of its assessment-related workforce. Along with a more recent plan that covers commercial property refunds, the overhaul will save taxpayers between $115 million and $299 million through 2017, a Newsday analysis determined.

Mangano’s overhaul reversed years of successful efforts to improve the accuracy and fairness of Nassau’s assessments after the county settled a lawsuit alleging it was overtaxing minority homeowners in 2000, according to a Newsday study that showed the county’s residential assessments had fallen out of compliance with all major assessment accuracy and fairness standards.

A reassessment of all county property that could return accuracy and fairness to the system will be completed by January 2018 in time for the next grievance period, according to county officials. But the future shape of the system has already become an issue in this year’s race for county executive.

With help from Gold’s Facebook group, Old Bethpage resident Kathryn Kastner, 50, said she filed an appeal without the help of a tax firm using the county’s website.

“I couldn’t believe how easy it was,” Kastner said. “I did it on my phone on my lunch break sitting in my car.”

Kastner’s home had not been appealed since the start of the overhaul and she said ownership issues prevented her from appealing on her own until this year. She said the county’s property tax overhaul is not fair.

“It would be nice if it was just accurately assessed and everybody got their fair share,” Kastner said, “but with Nassau County nothing surprises me anymore.”

Behind the numbers

Newsday’s breakdown of the assessment challenges this year focused on 212,703 of the roughly 216,000 grievances. Properties that were excluded mainly include those owned by utility companies or those that did not pay taxes for a handful of reasons at least once since the county’s overhaul began in 2010. This was done to focus on properties affected by the overhaul, to allow for a comparison of properties over the length of the overhaul and to maintain consistency with earlier Newsday analyses.

WISCONSIN - Is there a 'good' tax?

"Taxes are what we pay for a civilized society," Supreme Court Justice Oliver Wendell Holmes said 90 years ago.

Taxes pay for much of the goods and services we take for granted, such as roads, fire and police protection, consumer protections, schools, parks, and our social safety net. Taxes make up the largest part of the revenue in our state budget.

Taxes are a part of our daily lives, through the money we pay in sales tax or a deduction in our paycheck for income tax. Once a year, property owners send in a check to their local government for property taxes on their homes and farms.

Property tax is probably the most unpopular tax. A subset of this tax, the personal property tax, came under fire at the recent Senate committee hearing.

"When the tax bill came, I always viewed this tax as a penalty." Quentin Schultz of River Falls told our committee. He joined dozens of business owners who traveled to Madison with hopes of getting rid of the personal property tax.

About three percent of the property tax paid is for things that are not land or buildings. Our committee heard from a diverse group of businesses who asked for things such as the equipment to bake bread or their ski lifts at a ski resort to not be taxed.

Over the years, business groups advocated for loopholes or "exemptions" to the personal property tax. In a January 2017 paper, the nonpartisan Legislative Fiscal Bureau listed 18 pages of "exemptions" to the personal property tax. The list includes many common items from A to Y: from animals to youth hockey.

Business owners at the committee hearing gave many examples of how difficult it was for them to know what was and was not taxed, and how expensive the tax was for them to keep records. Many complained the tax on them was unfair, calling it a "bad" tax.

But is there ever a "good" tax?

To answer this question, I turned to the teachings of many economists I learned from over the years. Recognizing that all taxes have negative effects, a "good" tax is broad-based — it affects everybody. It has a low rate and does not have loopholes. When a tax is broad-based and has a low rate, everyone pays something but no one pays too much.

A "good" tax is easy for taxpayers to comply with and easy to collect. Finally, a "good" tax causes little change in normal economic activity. The personal property tax fails this standard on many levels.

Lawmakers following the wisdom of "good" tax policy would choose a reform that gets us closer to these standards. To be revenue neutral, any lowering of the state's revenue should be made up somewhere else.

The "somewhere else" or how the lost revenue would be made up was never discussed in the committee hearing. The cost of this personal property tax change would be about $520 million. For comparison, that is about that same amount Gov. Scott Walker put in his budget as a "per student" increase for all public schools.

Lawmakers who support eliminating the personal property tax said they planned to add state money to offset the loss to local community. They also said, without that additional state money, homeowners would pay higher property taxes. Some communities would see a much higher increase in property taxes. For example, the City of Blair in Trempealeau County receives 22 percent of its property tax revenue from personal property taxes.

The proponents of the bill suggested the money lost to communities like Blair would be made up in more state aid. However, no one could answer my question of where this money would come from.

I applaud my colleagues who want to get rid of a "bad" tax. However, we must have an honest discussion about how we are going to pay for local services upon which people depend.

History shows us that local government bears a heavy burden to make up for cuts in state funding. Eliminating the personal property tax increases that burden. If promises to make up for the loss of revenue are not met, it will affect local programs and local taxes.

If we are going to eliminate "bad" taxes, we must consider the consequences and discuss either who pays more or what goods and services we want to do without.

WISCONSIN - End the 'dark store' property tax dodge

Let's say you are a real estate investor.

You are planning to purchase a commercial building. You are considering two. They are about the same in size, physical condition and architecture, and are in similar locations.

The biggest difference between the two buildings is one has been vacant for a couple of years, while the other is fully occupied by a tenant with 10 years left on the lease.

Which building would you be willing to pay more for? Which is more valuable in the marketplace?

The answer is obvious. The building that is occupied by a tenant is clearly more valuable than the similar but vacant building.

However, for the purposes of property taxes, retail chains with stores in Wisconsin have been arguing that their buildings should be assessed as if they were vacant. Those retailers say the value of the property should be based only on the bricks, mortar and the dirt is sits on, and not on whether or not there is a tenant; nevermind the fact that having a tenant in place clearly makes the property more valuable.

Since a 2008 Wisconsin Supreme Court case won by Walgreen Co., chain retailers such as Walgreen, Menards Inc. and Target Corp. have used this so-called “dark store argument” to successfully challenge their property assessments, getting those assessments, and therefore their property taxes, lowered.

Guess what happens when retailers are able to make this argument and have their properties assessed lower, at a below-market value, as if they were vacant? The property tax burden is shifted onto everybody else, including homeowners.

Some municipalities have cried foul about this and fortunately, some in Madison are listening. Bills sponsored by state Rep. Rob Brooks (R-Saukville), Sen. Roger Roth (R-Appleton) and Sen. Duey Stroebel (R-Cedarburg) would end the “dark store” assessment argument and require assessments to be done based on market value, which is the way it should be.

But Wisconsin Manufacturers & Commerce, which has considerable influence, is taking the side of the chain retailers and opposing the legislation. WMC wants to support business, which is great. But in this instance it is wrongheadedly supporting a practice that unfairly shifts the property tax burden. Property taxes are already too high for homeowners in Wisconsin.

WMC says some assessors are overly aggressive in seeking higher assessments for commercial property. Assessments should obviously be done fairly, and property owners have every right to challenge them. But it can’t be ignored that an occupied commercial property has more value than a vacant one, and the assessment ought to reflect that.

I know brick-and-mortar retailers are struggling to compete in the increasingly digital retail environment, but they still need to pay their fair share of property taxes. They are trying to take advantage of the “dark store argument” to get a property tax break.

End the “dark store argument” and assess all property in the state fairly, based on what it is worth in the marketplace.

WEST VIRGINIA - Justice revives bill shifting tax burden for education

Gov. Jim Justice this week revived a bill that would reduce annual West Virginia pre-kindergarten through 12th-grade public education funding by tens of millions but automatically raise counties’ regular-levy property tax rates to make up for the loss.

But it might die again, at least for this year. Senate Finance Committee Chairman Mike Hall, R-Putnam, said after his committee met Wednesday afternoon that he doesn’t expect the Legislature to pass the bill during the ongoing special session.

Hall said he thinks lawmakers are going to adjourn for a few days, “and the indication is that the House of Delegates has no interest in the bill.”

He said some lawmakers learned that the bill wouldn’t just raise real estate property tax rates but personal property tax rates, as well. Personal property taxes impact things like vehicles and business inventory and equipment.

He said that seemed to drop enthusiasm for it.

“It’s probably on the shelf,” the senator said. “I don’t anticipate that this particular bill would be dealt with anytime soon.

“I know that, also, members of the business community were unaware that it affected their inventory and machinery and equipment, and so they were beginning to study it, too,” Hall said. “So we just haven’t really worked this thing through the affected parties enough yet.”

In March, during this year’s regular legislative session, the Senate passed Senate Bill 609 by one vote, but the House of Delegates never took up that bill.

Near the end of the regular session, the Senate also added language from SB 609 into a House bill, but that House bill only passed after the Senate agreed to remove the SB 609 provisions.

This week, Justice added Senate Bill 1008, which is similar to SB 609, to the agenda for the ongoing special session.

Lawmakers and the governor still haven't been able to agree to revenue increases and/or spending cuts to pass a budget, which they must do to avoid a partial state government shutdown on July 1.

The Democratic governor and Senate Republicans have been backing, and the House has been bipartisanly opposing, a revenue plan that cuts income taxes and severance taxes on coal while imposing an increase in the state sales tax. Despite the sales tax increase, it would create budget shortfalls starting in the 2018-19 fiscal year and afterward.

Justice's press office didn't respond to Gazette-Mail requests for a call to explain how the newly introduced bill and SB 609 differ, or why Justice decided to add the bill to the special session.

Justice Press Secretary Grant Herring did write in an emailed response that there are two major ways the new bill differs from SB 609. He wrote that it wouldn't take effect until the 2018-19 fiscal year and it wouldn't allow county school boards to opt out of the tax rate increases — save for counties, like Doddridge, that don't receive funding from the state school aid funding formula.

Recent data show that Doddridge is the only county in that situation. It has so much local property tax revenue already that the state school aid funding formula doesn't give it any money.

SB 609 would reduce the state funding and raise counties' property tax rates for the 2017-18 fiscal year, which starts about a month from now. The bill's opt-out provision would enable school boards to nix the tax increase on residents if they were willing to take the significant financial hit to their state funding.

Amy Willard, executive director of the Office of School Finance, previously provided numbers on what each county school system would have lost if SB 609 had passed and the local school board completely opted out of the tax increase.

Kanawha, for example, would lose the most: $9.3 million. Monongalia would lose $5 million, Putnam would lose $2.7 million, Logan would lose $1.3 million, Wayne would lose $1.1 million and Boone would lose $900,000.

Willard said that if school boards allowed their regular-levy tax rates to be increased under SB 609, they effectively would have had no funding change for the 2017-18 fiscal year, meaning the state funding cut would have been canceled out.

She said the planned rate next fiscal year for a Class 2 property — owner-occupied residential property and farms — is 38.8 cents per $100 of assessed valuation, and the new rate under SB 609 would be 45.9 cents per $100 of assessed valuation.

She said the change would mean a person with a home appraised at $75,000 would pay $31.95 extra on his or her annual tax bill for that house, while someone would pay $42.60 extra on a $100,000 house.

Hall said Justice's newly introduced bill would have essentially increased property tax revenue for public school systems by $80 million but not changed their funding level, thus freeing up $80 million in state general revenue money that's currently provided through state revenue sources. That freed-up $80 million in general revenue could be eliminated through tax cuts or allocated elsewhere.

Texas Senate looks to resurrect bathroom, property tax bills

The Texas Senate, hoping to resurrect its versions of bathroom and property tax proposals dear to Lt. Gov. Dan Patrick, grafted both of them onto unrelated county affairs legislation early Wednesday and tentatively voted to send the package back to the House.

The House can reject the legislation outright, or offer to go to a conference committee to try to work out the differences. Patrick has threatened to kill must-pass legislation in order to get his way on the two issues — an action that would force lawmakers into a 30-day special session with an agenda set by Gov. Greg Abbott. They were among 48 legislative additions to a House bill and part of a late effort to save Senate legislation that didn't survive a Tuesday House deadline.

But in light those amendments, bill author Democratic state Rep. Garnet Coleman of Houston said he plans to kill the bill altogether when it comes back to the House.

“The bill is dead. I don’t need it,” Coleman said of his legislation, an omnibus county affairs measure. “They spent two hours on a bill that I was never going to pass if they did these things.”

The differences on the bathroom bill are substantial. The Senate would require transgender Texans to use the restrooms in publicly owned buildings that match their biological sex and would bar local governments from adopting or maintaining their own laws on the subject. The House's proposed compromise — which the Senate plans to reject — would apply only to elementary and secondary schools; after it passed last weekend, Patrick and others criticized it as a change that does very little.

The main difference on property taxes is whether to require local governments to hold automatic tax rate elections whenever they have proposed property revenue increases of 5 percent or more. The House version left in place current law that does not require such rollback elections, but allows voters to petition for one when revenues increase 8 percent.

In the early morning hours on Wednesday, the Senate adopted both the bathroom and property tax amendments to House Bill 4180 on votes of 21-10. The Senate, however, did not appear to have the votes to immediately advance the bill out of the chamber, a parliamentary move it can make if a measure has enough support.

“It looks like you’re one vote short, so we can do it tomorrow,” Patrick told state Sen. Lois Kolkhorst, R-Brenham, the bill’s Senate sponsor.

The Senate had adopted the amendments with little debate or discussion. “This is the process that we’re at in looking at vehicles to move bills that have otherwise died,” Kolkhorst said as she accepted an amendment by state Sen. Paul Bettencourt, R-Houston, to tack the property tax bill — Senate Bill 2 — on to HB 4180.

When it came to the bathroom bill amendment, Kolkhorst acknowledged House inaction on her more restrictive version of the bill, Senate Bill 6.

"I’ve looked for days for some vehicles to put this amendment on, understanding that Senate Bill 6 would not be heard in the House,” she said. "And there was no other vehicles to put this on, and this one, I think, is germane."

A final vote in the Senate is futile, Coleman said. After the Senate used a catch-all county affairs bill as a vehicle for an anti-LGBT measure at the end of the 2015 session, Coleman said he made sure this year's bill contained nothing he cared about in case lawmakers attempted something similar.

As the bill author, Coleman could request a conference committee on the legislation to iron out changes made by the Senate, but the Houston Democrat — who is staunchly opposed to measures that would negatively affect the LGBT community — said the House won’t take up the legislation.

"What they thought was that I had something invested in the bill and I didn’t," he said

TEXAS - Developers getting big property tax break for "agriculture" and "wildlife management"

Many of us just received that painful notice from the Bexar County Appraiser. Our home value went up and that means another increase to our property taxes.

News Four Trouble Shooter Jaie Avila's investigation found developers who own high priced real estate all over town have figured out a way to get a big break on their property taxes.

Many Texans have livestock on their property or do some kind of farming and they get an agricultural exemption: a discount on property taxes. But when you see the huge tax breaks some developers are getting, you'll wonder if it's really agriculture, or just bull.

Danielle Cunningham is one of many homeowners upset property tax bills keep going up every year.

“Nothing's changed, why does the property value increase so much so fast,” asks Cunningham.

That's not the case for everyone. Take for example a prime piece of property right on the HWY 281 North Access Road at 1604. Nine acres are already being advertised for development.

There does not appear to be any cows or crops out there. It looks like a big overgrown field, but the property owner got a big tax break for Wildlife Management.

Initially the appraisal district denied the ag exemption, but the owner M2G Ventana Ltd, also listed as Milam Real Estate Capital, agreed to put out water and food for birds and squirrels and periodically count the birds.

That was enough. Its 2016 appraisal value dropped by more than two-thirds, from $1.7 million down to $523,000.

Milam Real Estate Capital's managing director told us someone would call us back with a comment, but so far we haven't heard back.

That's not the only example. We obtained a list of 85 properties that were initially denied an agricultural exemption last year, but the owners appealed, were given the exemption, and only paid a fraction of what their taxes would have been.

Two properties on the Northwest side off of Galm Road were valued by the appraisal district at $1.4 million last year. The developer fought to get an ag exemption and that lowered the property value down to $1,300 for both pieces of property. They ended up paying $32 in property taxes.

The owner at the time was the 4GB-1 LLC, the Grothues family which owns MG Building Materials. President Larry Grothues did not return repeated phone calls for comment.

Earlier this year the property was sold to New Leaf Homes.

We want to make it clear these developers didn't break the law, they're taking advantage of what the Bexar Appraisal District allows them to do.

Chief Appraiser Michael Amezquita says the legislature sets the requirements for getting an ag exemption.

"The appraisal district has a duty to approve those accounts irrespective of how we feel about it. So you know we may suspect that it's less than ag but the fact of the matter is, if it meets the requirements of law, we're going to approve it," says Amezquita.

If a developer changes the use of the land, there is what is called a "rollback". They must pay back the tax savings they received plus seven percent interest for the previous five years. But, of course, the appraisal district has to be aware of the change and developers who have owned the land longer than five years still come out ahead.

"It certainly is a detriment to every other tax payer that doesn't have that same benefit," explains Amezquita.

"Small people don't have a voice anymore," says Cunningham.

So why doesn't the legislature crack down on this? Because it's going the other direction. Several bills still active in Austin would expand the agricultural exemption and eliminate the interest on those rollback payments.

NEW YORK - Trump's tax plan may also cut NY property-tax deductions

Some state lawmakers are fearing a proposed overhaul of federal tax code would also cut New Yorkers' tax deductions on state taxes.

The issue raised by the Senate Independent Democratic Conference is the latest pushback against a plan by Republicans in Washington to end federal income-tax deductions for state and local taxes.

The state senators said not only would the move cut federal deductions, it would no longer allow New York taxpayers to claim a property-tax deduction on their state returns either. State law links the itemized deduction at the state level to federal itemized deductions, the senators said.

"Donald Trump's tax plan would rob middle class New Yorkers and force some residents who already pay the highest property taxes in the nation, to pay even more," Sen. David Carlucci, D-Clarkstown, Rockland County, said.

"With state taxation rates impacted by federal policy, the elimination of this deduction would amount to a double tax on New Yorkers who struggle to make ends meet as it is."

Carlucci said he is introducing legislation that would decouple the state tax deductions from federal policy, saying $21 billion in tax deductions for New Yorkers is at stake.

Gov. Andrew Cuomo has also railed against the House Republicans' plan. His office estimated a slightly smaller impact: A $17.5 billion increase on New Yorkers federal income taxes, or an average $4,500 per household.

Advocates of the change have said that other states should not have to subsidize New York's high state and local taxes, and thus the deduction should be eliminated. Also, the proposed tax changes could make up for much of the loss to New Yorkers through other tax cuts, supporters said.

But Cuomo said New York shouldn't be punished by the federal government.

"We have more poor people. We have more people without health care. We have more homeless people," Cuomo said Wednesday on CNBC. "And we believe in a state like New York that you cut food stamps on the federal level, we believe people shouldn't go hungry."

The proposed federal changes would hit high-income, high-tax states like New York and California. In New York, Cuomo estimated the loss of the deduction would hit 3.3 million taxpayers.

The eight-member IDC, which shares power in the Senate with Republicans, figured the cut on state income-tax deductions saves New Yorkers about $700 million a year. It is the second largest deduction after the mortgage and investment interest deduction at the state level, the senators said.

The average deduction in 2014 on state income taxes was about $9,880, the IDC said in own report on the issue.

"The bad tax proposals coming from Washington will hurt millions of hardworking New Yorkers who already pay steep property taxes. This trumped-up tax plan only hurts our middle-class who could least afford to pay more taxes," IDC Leader Jeff Klein, D-Bronx, who represents a portion of Westchester County, said in a statement.

On Tuesday, New York real-estate agents also criticized the proposed federal change, saying it would impact home sales and prices.

INDIANA - Tax Court affirms board's valuations of Bloomington CVS store

In a case involving the same litigants, attorneys and issues previously raised by the Monroe County assessor and CVS corporation, the Indiana Tax Court has affirmed the Indiana Board of Tax Review's final determination as to the assessed value of a CVS store in Bloomington.

During the 2007 through 2013 tax years, the Monroe County assessor assessed the Bloomington store's property at values ranging from roughly $2.9 million to $3.1 million. CVS, however, thought the assessments were too high, so the store appealed to the Monroe County Property Tax Assessment Board of Appeals, which affirmed the assessments for each year.

During a subsequent administrative hearing before the Indiana Board of Tax Review, an appraisal report submitted by CVS alleged the cost approach was not applicable and, instead, relied solely on sales-comparison and income approaches. Those approaches yielded assessed values of $1.75 million to $2.04 million.

The assessor's appraisal report, however, used all three approaches to reach values similar to, though slightly lower than, what had earlier been assessed. Further, the assessor presented another report that found CVS' report was flawed because the cost approach was not applied and the sales-comparison and income approaches used non-comparable properties.

In November 2015, the Indiana Board issued a final determination finding CVS' valuation under the income approach was the best evidence of market value-in-use. The board then found assessed values ranging from $1.85 million to $2.2 million.

The assessor appealed in Monroe County Assessor v. SCP 2002 E19 LLC 6697, a/k/a CVS 6697-02, 49T10-1512-TA-32, arguing the board's final determination was "random, not supported by substantial evidence, and lacks a coherent/rational basis for the values it reached." Specifically, the assessor claimed the final determination was contrary to law because "it did not value the subject property in accordance with Indiana's market value-in-use standard" under Indiana Code sections 6-1.1-4-43 and -44.

But Indiana Tax Court Judge Martha Blood Wentworth disagreed, writing Thursday she had rejected a similar argument involving another CVS store in Monroe County Assessor v. SCP 2007-C-26-002, LLC, 62 N.E.3d 478, 481 n.1 (Ind. Tax Ct. 2016). Thus, Wentworth declined to address the same argument in the current CVS case.

The assessor further argued the final determination was not support by substantial or reliable evidence and that the board should not have relied on CVS' income approach because its values were close to those under the sales-comparison approach, which the board had rejected for including properties inconsistent with Indiana Code section 6-1.1-4-44(d)(1).

But "the Assessor has not identified evidence that demonstrates that the Indiana Board's final determination is against the logic and effect of the facts and circumstances in this matter," Wentworth wrote. Thus, there was substantial and reliable evidence to support the final determination.

ILLINOIS - High property taxes fuel record number of Cook County assessment challenges in 2016

The Cook County Board of Review has settled a record number of cases in closing its 2016 session, fueled largely by property taxpayers seeking relief from some of the highest property taxes in the country.

According to a CCBOR press release, commissioners adjudicated assessment appeals on 422,449 parcels in 208,147 cases, which is the largest number of cases filed in the board's history.

More than 85 percent of those appeals came from residential homeowners.

Commissioner Dan Patlak said the increase can also be attributed, in part, to the commissioners' commitment to increasing awareness and availability of the system to Cook County residents.

"We have held a large number of assessment seminars to inform residents of the system, which has helped them tremendously," Patlak told the Cook County Record.

The board was created as a check and balance to the Assessor's office, the press release noted, as a way for property owners to appeal the assessment placed on their property. Each year, the county collects and distributes to various taxing districts over $13 billion in property tax revenues annually.

Each property owner is responsible for property tax based on the assessed value of their property, which is set by the Cook County Assessor's Office. The Board of Review offers property owners the ability to dispute the assessment placed by the assessor's office.

The board hears more than 400,000 property index number appeals comprising 180,000-200,000 dockets every year.

The year 2016 was the second year of the board's Digital Appeals Processing System (DAPS), which created a more streamlined digital workflow for the appeals process. Prior to 2016, the board relied on a paper-based system. The system made it more accessible to residents, particularly after the board offered community programs to educate property owners on the system and how to file appeals.

Patlak said DAPS allowed the board to adjudicate a record number of appeals on time.

"We had the highest number of cases filed in the history of the board, a dedicated staff that tirelessly tackled this tsunami, and as a result, tax bills will be mailed out on time," he said.

“The record numbers can be attributed to people that are just overwhelmed with property tax,” Patlak said. “Many of these people are looking for some way to find some relief."

Patlak noted property owners do not need an attorney to file an assessment appeal.

“Property owners can file on their own, it’s easy and can be done over the internet,” Patlak said. “There are also assessors available to help individuals."

FLORIDA - Palm Beach County property values on the rise for sixth year

Palm Beach County's total taxable property value has increased for the sixth consecutive year, surpassing the peak of the housing boom, according to estimates released Friday.

That's good news for residents' home values and local governments' budgets, but it could also mean higher tax bills.

Taxable values increased 7.1 percent this year, totaling $176.5 billion countywide when including new construction, according to County Property Appraiser Dorothy Jacks. That number has eclipsed the historic high of $169.5 billion reached in 2007.

“These numbers are healthy, and a sign Palm Beach County is still a good place to live,” she said.

Ken Johnson, a real estate economist at Florida Atlantic University, said he expects that growth will slow in the next few years. He cited several factors for the rising values. Incomes are rising slightly, and employment is more stable. People continue to flock to South Florida, and land is limited for new construction.

“I don’t think we are going to see a crash by any means,” Johnson said. “We’ve got a sounder lending market, a sounder employment base, but I see prices going flat in the near future.”

Local boards will use the information when crafting their budgets for next year. Because values have increased, homeowners would pay more if boards don’t reduce the tax rate.

Residents with a homestead exemption won't face as much of an increase. Their property tax increases are capped at 2.1 percent under state law.

The projected property values could still change as estimates are finalized in coming months. Property owners in August receive notices with their estimated taxable values and the proposed tax rates.

Delray Beach posted one of the biggest boosts in property values, going up about 9 percent to $9.6 billion citywide, according to the estimates. Local governments are getting a boost in revenue through a sales tax increase approved by voters, which will generate $2.7 billion over the next decade for school, road and other repairs.

Glickstein said the city likely will consider lowering the property tax rate, but he said it’s too early in the process to say by how much.

“I'm happy to see our values continue to increase,” he said. “This increase, which exceeds that of any other large city in the county, shows we are on the right track in terms of what we offer as a place to live and do business.”

Boca Raton properties went up nearly 7.1 percent to $22.5 billion, and Boynton Beach rose 7.4 percent to $5.4 billion.

Cities farther north also posted gains, including Lake Worth at 11.3 percent and West Palm Beach at 8.2 percent.

The median home price in Palm Beach County stood at $327,000 in April, 7 percent higher than a year ago, according to the Realtors Association of the Palm Beaches.

While the rising values are great for investors, it's becoming increasingly difficult for low- and moderate-income families to find affordable properties, Johnson said.

“It’s going to be tough,” he said. “We are getting close to where we were in 2004 and 2005, when it was hard to find homes for firemen, police officers, teachers.”

GEORGIA - Property taxes 101

Today’s property tax system dates back to 1066 when William the Conqueror parceled out land among his supporters who paid him in return for his protection. In 2017, property taxes are the primary means of funding local government and education services.

All property in Whitfield County is taxed each year, and whether you own property and pay taxes directly or rent and pay indirectly it’s important to understand the taxing process.

Four major taxing authorities operate independently in Whitfield County. The Whitfield County Board of Commissioners, Dalton City Council, Whitfield County Board of Education and Dalton Board of Education each set millage rates once a year. The amount you pay is based on where you live and the assessed value of your property.

Whitfield County authorities tax on 40 percent of assessed property value, the norm throughout Georgia, while Dalton authorities tax on 100 percent of value. This difference can lead to confusion, so to compare millage rates on an equal basis just multiply a Dalton rate by 2.5, since tax on 100 percent value equals 2.5 times the tax on 40 percent.

Annual property tax statements from the Whitfield County tax commissioner itemize each applicable taxing authority’s millage rate, property value and tax owed.

The table below shows millage rates for 2016 and changes over five years. M&O stands for Maintenance and Operations costs, and Dalton’s rates have been adjusted to a 40 percent basis.

Dalton property owners pay county taxes at the incorporated rate plus city and Dalton school taxes. Property owners outside the city pay county taxes at the unincorporated rate plus Whitfield school taxes.

Additional information:

• The tax digest is flat to declining, yet all four taxing authorities have been deficit spending.
• Georgia limits county schools to a 20 mill maximum rate, but Dalton schools can tax up to the city charter’s limit of 35 mills.
• Both school systems received millions in additional state funding this year because our community is poorer, yet still did not balance their budgets.
• The transfer payment from Dalton Utilities, $10.2 million in 2016, up from $9.8 million in 2011, funds about one third of Dalton city’s M&O expenses.
• SPLOST (Special Purpose Local Option Sales Tax) and ESPLOST (Education Special Purpose Local Option Sales Tax) funds are used to pay for ongoing needs such as vehicles and computers, items formerly part of M&O budgets. Voters approve these taxes.

Too many of our elected officials can’t say no to spending requests much less require budget cuts. This is where we citizens come in because unlike the subjects of William the Conqueror, we can impact decisions that impact our pocketbooks.

M&O 2016 millage 2011 millage % change

Dalton city government 6.27 6.96 -10%

Whitfield County (unincorporated)
11.56 5.06
+128%

Whitfield County (incorporated)
9.56 5.06
+89%

Dalton Public Schools 20.50 19.61
+5%

Whitfield County Schools
18.76 14.76
+27%

Texas House backs property tax changes, but is it enough to satisfy Patrick?

The Texas House on Saturday responded to Lt. Gov. Patrick's threat of forcing a special session by unanimously approving property tax legislation. But the lower chamber excluded the Senate's key provisions requiring voter approval of some tax rates — something Patrick wanted included.

Property tax changes and the so-called bathroom bill were the two items Patrick this week said needed to move by May 29 to prevent a special session. But it wasn't immediately clear Saturday afternoon if the lieutenant governor would accept a version of the property tax legislation that excluded the election provision many in the upper chamber considered vital. Conservative House members also wanted such language but were unsuccessful in getting it added.

The property tax changes, which mainly pertain to notification requirements and how appraisal boards are set up, had been part of Senate Bill 2. State Rep. Dennis Bonnen, R-Angleton, has been trying to get the property tax bill through a legislative obstacle course — at one point sending it back to his House Ways and Means Committee to revive it.

But he got a chance to add it to another bill Saturday and pounced, offering it as an amendment to Senate Bill 669 — a bill aimed at property tax appraisals.

Under his proposal, local governments would have to announce a "no-new-revenue" tax rate each year and compare it to the rate they're actually proposing. Taxpayers would get a copy of that and could intervene before the rates are finally set.

"It will end the practice that happens on occasion where a mayor or city council says, 'We lowered your tax rate, but we increased our revenue,' " said Bonnen. "If you don't like what's happening on this rate, it tells you the date of the public hearing on that tax rate and it tells you the place."

Bonnen said his bill provides an answer for taxpayers who have persistent problems figuring out who raised their property tax bills — by forcing local governments to announce what they're doing and revealing it before they do it.

"We're holding everyone accountable," he said.

His committee stripped from the Senate version of the bill provisions that would require cities and counties to get voter approval for their property tax rates if revenues exceed 5 percent compared to what the entities collected the year before. The House's version leaves that "rollback" threshold at 8 percent and only triggers an election if constituents successfully petition for a vote.

State Rep. Jonathan Stickland, R-Bedford, asked Bonnen why his proposal doesn't include automatic rollback elections. He said he would vote for Bonnen's amendment but wanted to know why it doesn't go further. And he told the House that the Senate bill was the better option.

"This is a farce," Stickland said. "This is part of a victory, part of a victory."

He said he thought the automatic rollback election was essential to property tax reform.

Bonnen questioned that, suggesting it would give local governments the ability to raise revenues by 4.99 percent every year without giving voters a chance to overturn them.

He said rollback elections are "significant," but said giving taxpayers better information about what their governments are doing with taxes is more important and potentially more empowering.

“I don’t want my property taxes to go up 5 percent every year and wait for someone to tap me on the shoulder at that point” to get his attention, Bonnen said.

Patrick’s office and Gov. Greg Abbott’s office did not immediately respond to a request for comment Saturday.

2015 big year in property tax of gas companies

Gas and oil companies paid $1.1M in property taxes in 2015, $1.6M between ‘10 and ‘15

Oil and gas activity in Columbiana County may have slowed to a crawl, but there is still enough going on to have generated $1.6 million in property taxes between 2010 and 2015.

A report issued in April by Energy In Depth Ohio and the Ohio Oil and Gas Association stated nearly $1.1 million of those taxes came in 2015 as production significantly increased.

“Like many other Ohio counties, Columbiana County has been producing oil and gas for decades, and prior to the shale revolution, the total ad valorem tax from conventional production had been around $70,000 per year. But thanks to fracking that number jumped to $1,072,685 in 2015,” wrote report author Jackie Stewart.

According to OOGA, 60 wells are currently in production in the county at 20 locations and they produced a combined 491,295 barrels of oil and 61.4 million mcf of shale gas between 2010 and 2015. A mcf is equal to 1,000 cubic feet.

Stewart pointed out that these taxes are based on production from two years before, so the 2015 figures are based on 2013 production. “Considering Columbiana County’s Utica shale production showed moderate increases in 2014 and 2015, the county can expect higher tax receipts in 2016 and 2017,” she said.

In February, EID and OOGA issued a report detailing the property taxes generated by oil and gas production in Belmont, Carroll, Guernsey, Harrison, Monroe and Noble counties, where the activity is greater. They decided to expand the report to include other counties.

“In addition to this spike in tax revenue, Columbiana County Utica shale development has led to a $1.1 billion natural gas-fueled power plant, which will yield an incredible $30 million windfall to the county, townships and local school,” Stewart said.

Ad valorem taxes are the taxes paid by the operators of producing wells. School districts stand to benefit the most since they receive 70 percent of all property taxes.

The money from the property tax is nothing compared to what would come from the Nexus pipeline project, however. The pipeline would transport natural gas from the collection and processing plant in Kensington to Michigan and Canada, but property owners and communities have filed lawsuits seeking to block the proposed route.

EID and OOGA are reporting the pipeline could produce $33 million in taxes over the first five years of operation, with the county, United Local school district, county vocational school and the Franklin, Hanover, Knox and West townships being the beneficiaries.

The following is a breakdown by each government agency and how much they would benefit over the first five years:

United Local School District: $18.9 million
County Commissioners: $7.2 million
Franklin Township: $330,688
Hanover Township: $3.5 million
Knox Township: $241,740
West Township: $907,295
County Vocational School: $1.7 million

Numbers reveal how bad NYC's property taxes are

How benefits for homeowners hurt everyone else

A coalition of real estate developers and civil rights groups have filed a lawsuit to force reform of the city's unfair property tax system, charging it is illegal and racially discriminatory.

No one disagrees that it is unfair—not the mayor, not the speaker, not anyone I know—but some argue that eliminating the huge breaks it gives homeowners would be counterproductive.

For context, check out a nationwide report on property taxes issued this week by the Lincoln Institute of Land Policy. It has some eye-opening comparisons of New York with other places around the country.

Consider:

New York City has the biggest property tax rate discrepancy in the nation between single-family homes and apartment buildings, with the latter taxed five times as high. It is the 12th consecutive year New York has led this dubious list, and the table shows how much worse New York is than the other top five cities.

City	Tax ratio
New York	4.97
Columbia, S.C.	3.72
Indianapolis	2.60
Birmingham, Ala.	2.17
Charleston, W.Va.	2.11

Apartment property taxes in New York are higher than anywhere else as a result. The table below compares New York with other cities that have the highest effective tax rates in their own states based on $600,000 of property value.

City	Apartment tax rate
New York	5.47%
Detroit	4.97%
Aurora, Ill.	3.81%
Bridgeport, Conn.	3.59%
Des Moines, Iowa	3.05%

Because New York gives such special treatment to homeowners, it taxes commercial property owners heavily to make up the lost revenue. Here are the five highest effective commercial property tax rates for the largest city in each state.

City	Commercial tax rate
Detroit	4.09%

City	Commercial tax rate
New York	3.93%
Chicago	3.86%
Bridgeport, Conn.	3.81%
Providence, R.I.	3.71%

These figures are powerful evidence that the system harms too many people to continue as is.

New York City Real Estate Taxes Are the Unfairest of Them All

Co-ops and condos pay five times as much as homeowners, worst in the nation.

Since reforming New York City's lopsided and unfair property tax system has proven "too political" for several generations of politicians – including the current mayor, Bill de Blasio – a group of activists and landlords calling itself Tax Equity Now has filed a lawsuit asking the courts to force reform. The group includes the giant landlords Durst, Related, and RXR, and its pet peeve is that one-, two-, and three-family homeowners enjoy a massive tax advantage over apartment dwellers, including co-op shareholders, condo unit-owners, and renters.

Now, as Crain's reports, the Lincoln Institute of Land Policy, a Massachusetts-based think tank, has issued a nationwide comparison of property taxes, and there can no longer be any argument that New York City's system needs to be changed – unless, of course, you happen to own a one-, two-, or three-family home.

According to the study, New York City has by far the nation's largest discrepancy in tax rates between homeowners and apartment dwellers – with the latter paying nearly five times as much as the former. In the second worst city, Charleston, South Carolina, the disparity is 3.72. This is the 12th straight year New York City has topped this ignominious list.

Not surprisingly, New York City also has the nation's highest tax rate on apartments, based on $600,000 of property value – 5.47 percent compared to runner-up Detroit's 4.97 percent. Since co-op and condo tax assessments are pegged to neighborhood rents, the high rents that result from high taxes on rental properties are reflected in the inflated tax bills that go to New York co-ops and condos. Only Detroit surpasses New York City on its taxes for commercial properties.

Mayor de Blasio, who is enjoying a comfortable lead in the polls and his highest job-approval ratings, has expressed a desire to postpone discussion of property tax reform until after the November 7 election.

NEW YORK - 'Grievance Day' is Tuesday in most communities

The state Department of Taxation and Finance is reminding property owners — homeowners and businesses — that now is the time to review their assessments.

The deadline to challenge a property assessment, also known as "Grievance Day," is Tuesday, May 23 in most communities. Tentative assessment rolls, which list the assessed value of each property, are generally made public in the beginning of May. Access the rolls on the websites of towns and cities, or by visiting your local assessor's office.

The fourth Tuesday of May is Assessment Grievance Day in most communities across the state, noted Acting Commissioner Nonie Manion. "If you wait until your tax bill arrives, it'll be too late to challenge the value assigned to your property or to ensure you're getting the exemptions you deserve."

While most communities use this date, Rome's Grievance Day is on the first Tuesday of August each year. This year, that's Aug. 1.

Those who believe the market values listed on the assessment rolls for their properties are significantly higher than the prices for which the properties could be sold should visit www.tax.ny.gov/pit/property/contest/contestasmt.htm.

The local Board of Assessment Review will review each case based on the information provided by the owner. When filing for assessment review, provide a market value estimate of the property. Support that estimate with documentation about the sale of comparable homes or properties in the community. A recent appraisal can be helpful, but isn't necessary. The Tax Department's website also includes information on how to estimate the market value of a home.

"This is an important reminder because it's ultimately up to you to ensure that the market value determined for your property is accurate," added Acting Commissioner Manion.

Assessment rolls also list the property tax exemptions each property receives. If you applied for an exemption that you're qualified for, and it doesn't appear on the assessment roll, you can use the grievance process to appeal to the local Board of Assessment Review.

NEW JERSEY - PILOTS are a win-win for developers and N.J. municipalities alike

PILOTs (payments in lieu of taxes) have become a critical tool of local government to encourage the needed improvements in distressed, undervalued and aging downtowns.

As envisioned in the Smart Growth plan guidelines set by the State of New Jersey, PILOTs are a valuable incentive for real estate investment that ...

- Enables developers to mitigate risk, attain financing and move forward with more certainty on projects, and
- Allows municipalities to revive neighborhoods and provide public benefit, while continuing to generate revenue.

Such is the case in Hackensack, which formerly had been home to a thriving business community until the 1970s.

In an effort to revitalize Hackensack's struggling downtown, the Hackensack Main Street Business Alliance was formed in 2004 to attract new retail and residential projects to the Special Improvement District now designated along Main Street. In partnership with the City, the Alliance retained planners and other professionals to make significant zoning changes which will enable the creation of mixed-use neighborhoods where people can live/work/play in a vibrant downtown with the help of PILOTs.

How PILOTS Work

A PILOT helps a developer anticipate the financial stability of a development project, taking into account all the expected costs: land price, approvals, infrastructure, utilities, market value upon completion, cost of financing and most important future tax liability.

Property taxes are traditionally based on an assessment of the property's current value and can vary widely from year to year (depending upon market conditions and fluctuating tax rates). However, payments under a PILOT program are stable over time because generally, they are based on a percentage of the (rental or sales) income of the project, commonly 10% to 15% of the project's annual gross revenue.

By basing the PILOT payments on the project's revenues the City shares in the success of the development as the property's occupancy rates and rents increase over time. PILOTs have a maximum term of 30 years, but terms can vary depending upon the size of the project. As stated, PILOT payments escalate over time; as the project's income increases, so do the payments to the municipality.

Another positive is that by law, PILOTs always generate more revenue than the current property generates, and they help reduce the property tax burden on all of the City's taxpayers by generating new revenue that would otherwise not exist. Plus, the new development brings people back to the city's center to support and grow surrounding local businesses.

How PILOTs Are Working in Hackensack

In Hackensack, the City sees PILOTs as a "time-released" real estate tax that's phased in over time, as project income increases. Contracting for set payments over time vs. taxing the property based on the future appraised (and uncertain) value is a win-win for both parties. The ensuing lower risk yields more access to developer financing, while stable revenue brings in predictable cash flow for the City.

So far, approved projects in Hackensack have negotiated fair PILOTS which have helped launch the initial Metro Merida Project at 94 State Street and the Bank America redevelopment site at 210 Main Street, among others. As a result, millions of dollars are being invested and the City is attracting serious interest from regional developers that are new to Hackensack. As a byproduct, property values in the downtown have risen significantly. For Hackensack and other urban renewal districts, PILOTS are one of the most useful tools for municipalities wishing to foster redevelopment.

The best part of PILOTs in Hackensack is that they produce increased revenue for the City from day one and continue to grow that revenue over time. These economic incentives are helping to attract developers to the City, revive the downtown, increase property values for all in the community and produce revenue where little or none existed before.

MICHIGAN - Going Dark? Disputed assessment for new store

Graham Jaehnig Ben Campioni, co-owner of the new True Value Hardware store opening next week at the former Louie's site in Osceola, said just because he's taking an assessment dispute to the state Tax Tribunal doesn't mean he's seeking dark-store status, as Oceola Township Supervisor Steve Karpiak claims.

A dispute between Osceola Township and the owners of the new hardware store opening in the township over the value of the building is ongoing at the state Tax Tribunal level.

The Campioni's True Value Hardware, located on U.S. 41, is opening on Wednesday. The building previously housed a Louie's Market, which closed in 2014.

Ben Campioni, co-owner of the property, said he had bought the property about a year-and-a-half ago. He said the township raised the assessed value $600,000 over its value under the previous owner of the site.

"I bought a building, and they raised the heck out of my taxes," he said. "I'm paying more than the previous owner was for an operating business."

Campioni said two assessors had evaluated the building and each come up with a value significantly under the township's assessment.

"We're not trying to not pay our fair share of taxes, we just want to pay the actual value," he said. "We paid all of our taxes, but we were overcharged.

We're not trying to claim dark store. We're not trying to claim anything. We just want to what two assessors have assessed the property at."

Osceola Township Supervisor Steve Karpiak said the Campionis had appealed a Board of Review determination of the taxes due, which went to the state Tax Tribunal.

"This case has been going on for almost a year now … should they win, we'll be in the same situation Marquette Township was, where money will have to be reimbursed to the owners," he said.

In the Marquette Township case, the tribunal ruled the township had to refund $755,000 in taxes collected to Lowe's.

Menard's appeal to the state Supreme Court against Escanaba could result in an important precedent one way or another on the "dark store" theory of property tax assessment, in which big-box retailers say the value of their building should be based on sales of comparable abandoned buildings.

Karpiak said under state rules, buildings should be valued at their highest level of use. He used the example of an expensive house that has had its furniture removed. In the store's case, he said, it's in a premium location on U.S, 41, and has had improvements put in such as a turn lane.

"This site has a lot of potential," he said. "You look at the structure, you look at the age, and you look at its potential. Obviously one house of the same size on the lake is going to be worth more than a house that's inland."

ILLINOIS - Studies: High corporate, property taxes stunt job growth in Illinois

Illinois imposes a higher tax burden on its businesses than most of its Midwest neighbors, according to newly released economic data that some observers say proves the state lags in attracting businesses.

An April Anderson Economic Group study ranked the tax burdens on businesses for all 50 states and the District of Columbia. Illinois businesses paid 9.4 percent of their profits in taxes to the state in 2015, while businesses in most of Illinois' neighboring states paid percentages in the range of 7 to 8.7 percent, according to the study.

Only Minnesota, with a rate of 9.7 percent, was higher in its business tax burden.

"Taxes are certainly not No. 1 on the list when businesses are considering location," Jason Horwitz, a senior consultant with the Anderson Economic Group who helped to prepare the report, told Illinois News Network.

But Horwitz pointed out that the state's corporate income tax, at 7.75 percent, is among the highest in the nation. This might not be a major factor in a business's decision to locate in the Chicago area, which has a great deal of talent and infrastructure, but it can bear on businesses considering to locate their operations further south in Illinois, he said.

A lower corporate tax in a neighboring state could lure a business to locate there instead of the southern areas of Illinois, Horwitz said, which is indicative of downstate Illinois' stagnant job growth.

The study also makes clear that of the taxes imposed on businesses around the nation, the corporate income tax is a smaller burden than two other taxes. Topping the state tax burdens for businesses is the property tax and general sales tax.

A recent blog post by Illinois Rep. Keith Wheeler, R-Aurora, said that Illinois businesses are moving out of state or closing down due to high property taxes in the state. A report by the Tax Foundation, a nonprofit tax policy institute based in Washington, found that on a ranking of states with the best business climates, Illinois was 46th based on overall property tax burden. A recent WalletHub study found Illinois had the second highest property taxes in the country.

The small business climate in Illinois is chock-full of uncertainty, according to Wheeler, who expressed concern that state legislators are proposing legislation that is hostile to business.

"Small business has been called the backbone of the American economy for good reason," the lawmaker said in a recent blog post. "Small businesses create more than two-thirds of the net new jobs and employ more than half of the country's workforce."

An April briefing report by the Illinois Commission on Government Forecasting and Accountability, which was created by the General Assembly to study economic trends, found a dichotomy in the state's economic performance of late. Although unemployment fell to just under 5 percent in March, nonfarm payroll employment also declined for three straight months, while recent gains in manufacturing jobs have dropped, the report said.

And eight of the state's metropolitan regions reported a loss in payroll jobs between March 2016 and March of this year.

"Illinois is likely to continue to lag both the nation and Midwest with widely divergent trends in its metro areas as population declines and manufacturing employment weakens and jobs move out of state," the commission's report said.

Horwitz emphasized that the Anderson report's numbers should be taken in a nuanced manner. North Dakota and Wyoming are shown to have high business tax burdens, but that is due more to geography and natural resources, he said, noting that the two states have severance taxes on oil production.

A key point to take away from the study is that businesses pay a variety of taxes far beyond the corporate income tax, Horwitz said.

For many business owners in Illinois, the reports on Illinois' tax burden numbers ring true.

"The tax burden is so severe here in Illinois and so intense and, frankly, unfair that it retards job growth," Al Panico, the president and CEO of The Line Group Inc. in Arlington Heights, told Illinois News Network.

Panico, whose company manufactures metal parts for multiple industries, sees a direct correlation between the state's higher business tax burden and businesses moving out of the state. The corporate income tax can add thousands of dollars to businesses' annual tax burdens, according to Panico.

"There are other reasons businesses move out of Illinois as well," he said, citing high workers' compensation rates paid by companies, pension fund financial burdens and other types of taxes, such as Cook County's soda tax.

The state needs to get a balanced budget, come up with a way to cap property taxes and reform the pension system to cut costs, Panico said.

"The first thing they need to do is workers' compensation reform," he said.

Do Zillow 'Zestimates' mislead home buyers? Illinois lawsuit claims yes

The app-generated value is not an appraisal, Zillow stresses

Nationwide, Zillow's so-called Zestimates are within 5% of the actual sale price 53.9% of the time, within 10% of the sale price 75.6% of the time and within 20% of the sale price 89.7% of the time, the company says.

Suburban Chicago home builders filed legal action last week against the real estate marketing company Zillow, whose at-your-fingertips property-value approximations are misleading would-be home buyers with lowball figures that have stalled sales, the suit claims.

The so-called Zestimates that the Seattle-based Zillow app has calculated since 2006 pose as accurate appraisals in violation of the legal description in Illinois of an appraisal, which needs to be conducted by a licensed appraiser, according to the class-action complaint. It appears to be the first of its kind against Zillow Z, +0.56% over its Zestimates.

Zillow, for its part, maintains that its approximations are not actual appraisals, nor do they claim to be.

"We believe the claims in this case are without merit. We always say that the Zestimate is a starting point to determine a home's value, and isn't an official appraisal. It's a computer-automated estimate of your home's value," Emily Heffter, a Zillow spokeswoman, told MarketWatch.

Zillow says its value estimates are based on public records and other data using "a proprietary formula." Public records such as those posted on property-tax assessment sites can also be far off prevailing sales prices. Zillow also provides a disclaimer about the accuracy of its approximations.

In Chicago, a Zestimate comes within 5.9% of the eventual sale price just over 44% of the time. Nationwide, Zillow Zestimates are within 5% of the actual sale price 53.9% of the time, within 10% of the sale price 75.6% of the time and within 20% of the closing price 89.7% of the time, according to the company.

The attorney representing the complainants, Barbara Andersen, was herself behind an earlier suit against Zillow when Andersen's listed town house carried a Zestimate that she claimed compared her property to new construction relatively close by, but was well below what actual town houses across the street had sold for, Crain's Chicago Business reported. Andersen dropped her own case when she picked up the newer case and told Crain's the class action is on behalf of all of the millions of homeowners in Illinois.

In the newer case, Andersen skips the question of a Zestimate's accuracy on individual properties and focuses on Zillow's overall practice of posting estimates without homeowner consent and in violation of state statutes that govern appraisals, Crain's said.

Zillow's Heffter countered that the law specifically states that automated valuations like the ones her company creates don't count as appraisals. Section G of the Illinois licensing statute states "nor does this Act apply to the procurement of an automated valuation model," and goes on to define an automated valuation as an estimate of value based on public property records.

The suit claims that home buyers read the estimate as an appraisal, regardless of whether it is one.

"The calculation pulls in data based on square footage, number of bedrooms and other publicly available data and compares it to similar homes in the same part of town," said Heffter. "Obviously, we don't see every home in the country."

In some cases, the value of the newly listed home greatly outruns anything nearby for comparison. For instance, replacing a $300,000 teardown in a neighborhood of mostly $300,000 homes with a million-plus-dollar property will be problematic for the Zestimate comparison. The Schaumburg, Ill., developer participating in the suit, Castle Bldrs., tends to develop lower-value teardown properties into high-end homes, its current listings reveal.

Clearly, Zestimates is a lucrative feature for Zillow, which helps it lure advertising. In the first quarter, the company reported $245.8 million in revenue, up 32% over the year-earlier period. Revenue included $175 million in payments from "premier" agents buying ads.

Some of the burden of understanding the valuation process lies with consumers, as an appraisal will track home upgrades, quality of finishes and other distinguishing features.

"I'm sure if people do try to use Zestimates when negotiating, they are not being represented by an agent," said PJ Duffy, an agent with @properties who works in Chicago and its suburbs. "An agent is obviously going to have firsthand market knowledge and can advise their client about what the property is really worth."

Of course, Zestimates or not, a home's ultimate value is simply whatever amount another party is willing to pay.

Illinoisans crushed under weight of sales, income, property taxes

Illinoisans pay more in total taxes than anyone else in the nation, so any thoughts about adding to that burden need to be forgotten, a tax analyst argued recently.

"Any way you measure it, Illinois governments already collect more than enough money from taxpayers," Craig Lesner wrote for the Illinois Policy Institute. "Illinoisans pay the highest property taxes in the nation, and when total state and local taxes are tallied up, Illinoisans face the highest overall tax burden in the nation. Illinoisans can't afford to pay more taxes."

Lesner is the budget and tax research director of the institute.

According to the Governor's Office of Management and Budget, 72 percent of lllinois' expected revenue of $32.4 billion for this fiscal year will come from income and sales taxes, which account for 47 percent and 25 percent of the total, respectively.

The state garners approximately $3.8 billion, or 12 percent of its revenue, from taxes on cigarettes, liquor and insurance; and $3.2 billion, or 10 percent, from federal reimbursements, which primarily go toward funding the state's Medicaid programs.

Public utility taxes, levied against electricity, telecommunications and natural gas companies, bring in $899 million, and taxes on riverboat gambling and the net profit of the state's lottery amount to $990 million. Both of those round to approximately 3 percent of revenue.

In comparison, sales taxes net $8.2 billion and income taxes bring in $15.4 billion.

Lesner referred to a recent report by WalletHub that looked at state and local taxes of every state to determine the effective tax rate for median households. Illinois ranked last, behind every state and Washington, D.C., with an effective state and local tax rate of 14.76 percent — 37.66 percent higher than the national average.

For median-income U.S. households ($54,286), Illinois state and local tax rates would take $8,011. The median Illinois household would pay $8,162. Illinois' prospects were improved when WalletHub adjusted the rankings based on the Cost of Living Index, moving up the state to the 43rd position.

According to WalletHub's data, the effective real estate tax rate for Illinois residents of 7.56 percent is nearly the highest in the country, with only New Jersey being higher. The state's effective income and sales tax rates are slightly worse than average, earning Illinois the 20th and 27th positions in those rankings, respectively.

State taxes have led to $70 billion in revenue over what the state would have collected between 2003 and 2016 had revenue increased only to account for inflation and population growth, according to data presented by Lesner.

"But politicians didn't use that excess money to pay down pensions or debt," Lesner wrote. "Instead, they used it to prop up higher spending on government-worker benefits."

A separate Illinois Policy report found that approximately $2.7 billion in tax revenue goes toward paying for health care benefits for state workers.

Even with the high tax burden on its residents, Illinois is still not bringing in enough revenue to account for its spending. For this fiscal year, the Governor's Office of Management and Budget expects spending to reach $38.1 billion — for a budget deficit of nearly $6 billion.

"Some politicians are calling for another income tax hike," Lesner wrote. "But as the numbers show, Illinoisans are already shelling out a pretty penny – and the General Assembly hasn't proved itself capable of managing the money."

CONNECTICUT - Report: CT's property taxes among highest in U.S.

Connecticut's property taxes are among the highest in the country, but they pale in comparison to those near New York City and in New Jersey, according to an analysis by the Tax Foundation, a conservative think tank.

In Connecticut, Fairfield County has the highest median property tax bill in the state at $6,931, followed by New Haven ($5,372) and Middlesex ($5,136) counties, according to the Tax Foundation.

Hartford County's median property tax bill is $4,930.

Three New York state counties that surround New York City (Nassau, Rockland, and Westchester) have the highest average median property tax bills in the country, exceeding $10,000. New Jersey counties also rank near the top, with median property taxes in Passaic, Bergen, and Essex counties all exceeding $9,000.

The property tax assessments were based on the most recent Census data from 2011 to 2015.

The release of the data comes as Connecticut lawmakers weigh major cuts of municipal aid in order to close a projected $5 billion deficit for the next two fiscal years. That could lead some cities and towns to raise property taxes even higher in the years ahead.

TENNESSEE - Shrinking Property Tax Base

It is municipal budget time once again.

Hamilton County government has started the budget shortfalls and capital needs cry for additional funding.

I support funding essential services, let me repeat essential services, in government, such as public works, emergency services, and public schools.

Hamilton County is mandated by Tennessee Code Annotated to provide broad public services that are core to public interest, and are a constitutional obligation. I understand Hamilton County government's need for additional funding to operate. Hamilton County is the hub or core of government services.

The cities exist by optional charter approved by our state legislative. If a city relinquished their charter, the county would be constitutionally obligated to expand emergency services and public works operations into the cities.

In both cases, county government and cities must fund services.

If funding of essential services is paramount, why do our local governments intentionally shrink their own property tax base?

I equate the actions of our county and city governments the same as a transportation company that would cut their own tires. That is precisely what county and city governments have carried out over a 12 year period through the windfall issuance of Payment in Lieu of Taxes, called PILOT.

A local financial watch group, ATM, has studied the financial impact to our property tax base for years, and produced the most comprehensive and analytical reports regarding impact of PILOT on we the people.

It is undisputed that both Hamilton County government and the city of Chattanooga have arbitrarily approved every PILOT placed before their elected bodies without any accounting of total impact or even tracking.

Helen Burns Sharp compiled the first PILOT accounting and measured impact.

Sharp and ATM cataloged and mapped every PILOT to establish the financial impact on our property tax base.

Prior to Sharp's work, the county and city were arbitrarily approving every PILOT without any measure of impact to the property tax base. After Sharp presented her data to city government, all of a sudden local government data bases sprung like fescue grass in the spring.

Helen Burns Sharp and ATM states the following,

"In 2016, PILOT agreements resulted in some 15,000,000 dollars of lost revenue to the city and county. An " in-lieu" agreement typically lasts at least 10 years. $375 million is a conservative estimate of the amount of tax revenue that will not be collected from benefitting companies while these existing agreements are in effect. The City gets almost 60 percent of its general fund revenue from property taxes."

Think about that, last year, in 2016, our city government operations lost $15,000,000. Then, consider this, the PILOT approvals continue and are growing in issuance. ATM reports that there are two types of PILOTs our local governments are issuing, 1) Jobs PILOTs through the Chamber of Commerce for their members, and 2) Housing PILOTs. It is very rare to see a PILOT denied.

The property tax base for the city and county continues to shrink each year due to PILOTs, or tax exemptions being issued to corporations.

What does this mean? The people that are subject to property taxes will pay more. Each time a parcel leaves the tax base with improvements, the people remaining in the tax base fund their services.

Each time a PILOT is issued we all get a property tax increase.

Funding of local government services require X number of dollars plus increases due to inflation to operate. When a property is improved and not paying property taxes, the PILOT property still receives municipal services, but does not contribute proportionally to the property tax base.

The city of Chattanooga receives 60 percent of its revenue from property tax income. This is a huge issue.

The ATM group has published a report and map that is staggering. Of course, the ATM is a citizen group and gets little notice of their findings from media. If the Chamber of Commerce had these findings, it would have been on every media outlet.

The ATM map is huge news.

The ATM group mapped all the PILOT lands that are exempt or partially exempt from property taxes for sometimes 15 years or more. The ATM study concluded that 26.9 percent of the land mass in the city of Chattanooga has PILOT property tax exemptions, and another 1.7 percent has partial city property tax exemption. Those are staggering numbers considering that 60 percent of the city of Chattanooga's revenue is from property taxes, according to ATM.

Hamilton County has the same situation, since the properties in the city are subject to Hamilton County government taxes. Further, I would encourage ATM to map Hamilton County's PILOT irresponsibility. I would like know how much damage county government has done to the unincorporated property tax base.

Our local governments have x acres of land area to generate property taxes from, and they are rendering their lands property tax exempt for sometimes over 15 years.

The city of Chattanooga has x acres and ATM's extensive data clearly indicates the city has property tax exempt 26.9 percent of their land area. Yet, that 26.9 percent receives municipal services. Isn't that special?

Back to the transportation company who cuts their own tires, how do they continue to exist if the bulk of their revenue is from transporting?

I don't blame the corporations for seeking all financial advantages available to them, it is their job. I do expect government to be more discerning in approving PILOTs, instead of winning their popularity contest.

There should be better criteria for approval, not the windfall method of whoever applies.

Fact is, municipal services without revenue growth will fail.

Hats off to the brains at ATM watch group compiling analytical data that proves what so many have suspected regarding our shrinking property tax base. The ATM page has a map and reports that presents the cold-hard facts at ATMChatt.

New York: A Property Tax Epicenter

Property taxes are notoriously high in places like New York, but Just how high?

COMMERCIAL Café answers this question in a recent study, which lists the top 100 property taxes in the country.

What COMMERCIAL Café found is that 83 of the 100 highest property taxes in the country are in New York City, topped off by the General Motors Building, which paid a total of $71,681,674 in taxes in 2016.

Manhattan tax-paying buildings as a whole paid a combined $2 billion in property taxes that year. The most expensive street in America seems to be The Avenue of the Americas in New York, as it holds 15 of the properties on COMMERCIAL Café's list.

While New York held the largest share by far of highest property taxes, the next highest state, Illinois, holds only 7 spots on the list, a small sum compared to New York's 83. Other states represented are California, Minnesota, Maine, New Jersey, and Texas.

What set New York apart, according to COMMERCIAL Café, is its strong commercial real estate market, as many of the largest corporations in the world are based in the city. Outside of Manhattan, the Willis Tower in Chicago holds the top spot in the country in property taxes, sitting at number 13 on the list.

What may surprise some is the buildings that did not appear on COMMERCIAL Café's list. Iconic buildings like the One World Trade Center, the Chrysler Building, and the Woolworth Building were all missing from the list due to their tax-exempt status. Trump Tower is also excluded, as its 486 privately-owned condominiums make calculating exact property taxes difficult.

On the West Coast, Disneyland Resort is the only property to make the list. The resort payed $16 million in property taxes in 2016. Other notable properties outside of New York include Texas's only contribution to the list, the NorthPark Center in Dallas, with over $17 million in property taxes.

TEXAS - It's not a revenue cap; it's a property tax cap, and it should remain

Mayor Sylvester Turner, as candidate and now in office, has declared his intent to ask voters to remove the "revenue cap" that he - and most media reports - have incorrectly characterized.

There is no cap on city tax revenues. There is, however, a cap on how much the city can charge in property taxes every year. This distinction is important because property taxes only make up about 25 percent of the city's total revenues. Under the City Charter, that is the only source of revenue that is capped. There is absolutely no cap on 75 percent of the city's revenues.

And even to describe the charter limitation as a "cap" on property taxes is somewhat misleading because the charter still allows the property tax collections to increase every year by the sum of inflation and population growth. And increase, they have.

Since the charter amendment was enacted, the city's property tax receipts have increased by 70 percent, rising from $646 million to $1.1 billion. The average increase since 2005 has been just under 5 percent. Twice since the charter was amended, the city has benefited from double-digit increases. For the last three years, the average increase was almost 7 percent.

And, according to the city's most recent monthly report, property tax revenues so far this year are up an eye-popping 15 percent. Eventually, that number will come down some due to refunds from appeals of property appraisals, but the city is still projecting an increase of more than 5 percent even with these refunds. I feel certain that the city has overestimated the amount of refunds; it is a little embarrassing to ask voters to repeal the property tax cap in a year when the property taxes are increasing by double digits.

Turner will inevitably make the case that he must be able to raise your taxes to pay for more police officers since everyone knows we need more officers. But you might recall that we have seen this movie before.

In 2006, the city asked voters to increase the property tax cap by $90 million, which was supposed to be dedicated entirely to public safety. So, what did we get for that $90 million increase? A whopping increase in the HPD head count of 212 (a 3 percent increase). And incredibly, the Fire Department actually has 244 fewer employees than it did in 2006. I do not know what the $90 million was spent on, but it certainly was not spent on increasing the size of our public safety personnel. The city did, however, somehow find the money to increase the head count outside police and fire by more than 1,000 employees.

But here is the real kicker: The provision in the City Charter that sets out the limitation on property taxes begin with these words:

"The City Council shall not, without voter approval ..."

In other words, anytime the city administration and City Council believe they must increase taxes by more than the cap, all they have to do is ask your permission. In the 12 years since the property tax cap was adopted, City Council has never asked voters for more money.

What Turner wants is the unrestricted ability to increase your property taxes. So far, the cap has had relatively little effect on the city or taxpayers. But it has stopped City Council from indiscriminately increasing your property taxes year after year. And therein lies its true value.

Last year, Chicago increased its property taxes by more than 20 percent and plans to increase them by another 30 percent over the next four years.

That will never happen in Houston - as long as we have the property tax cap.

NEVADA - Clark County property tax rate doesn’t budge for 10th year

Clark County anticipates its property tax rate will remain flat for the 10th consecutive year, according to the budget county commissioners unanimously approved Monday.

County commissioners will be asked next month to approve a tax rate of 0.6391 for the 2018 fiscal year, which runs from July 1 to June 30, 2018. That means the owner of a new $300,000 home without abatements would pay the county about $672 in property taxes.

That figure does not include additional property tax rates assessed by entities including the state, local governments, the Metropolitan Police Department and the Clark County School District.

Overall, the county has budgeted to collect $649 million in property taxes next year, about $25.5 million more than budgeted for fiscal 2017. Clark County Manager Yolanda King attributed that increase, about 4.1 percent, to rising property values and new properties being added to the tax rolls.

Still, those revenues are close to $211 million less than the county’s peak in 2009.

The revenues will help fund county operating expenditures totaling close to $1.33 billion, an increase of about $25 million from the current fiscal year.

Under the new budget, the county’s parks and recreation department will receive its first share of operating funds since fiscal year 2010. Approximately $1.7 million will be allocated to the self-funded department.

About half of the operating expenditures will be spent on public safety, Metro and the Clark County Detention Center. It will help Metro hire an additional 47 civilian employees and 67 police officers, allowing the agency to have a ratio of 2 officers for every 1,000 residents it serves, police spokesman Jose Hernandez said.

The county also has budgeted the addition of close to 60 part-time positions to its elections and parks and recreation departments, county spokesman Erik Pappa said. The Clark County Water Reclamation District will also get new employees.

University Medical Center will have funds to hire more than 200 employees to increase its nurse-to-patient ratio and staff new clinics.

During the budget discussion Monday, Commissioner Mary Beth Scow directed staff to compare how much Clark County spends on employee salaries in relation to “similar counties in the U.S.” Her request was spurred by a Review-Journal article last week that showed more than 1,400 county employees made more than $100,000 last year.

Commissioner Marilyn Kirkpatrick expanded the request to also compare the county to local city governments.

“That’s where we’re losing folks, and that’s where the big difference is in some of the pays,” she said. “If you compare us to the city, and I’ve done that in a few departments, we’re way below the market.”

Voter approval provisions stripped from controversial property tax bill

State Rep. Dennis Bonnen said there weren't the votes on the House Ways and Means Committee to pass Senate Bill 2 if it had new election requirements for tax rates local governments set.

The most controversial provisions of the Texas Senate’s property tax bill — the thresholds for when cities and counties must get voter approval for their tax rates — were stripped from the legislation in a House committee Friday.

But that doesn't necessarily mean those triggers will stay out. They were a key piece of state Sen. Paul Bettencourt's Senate Bill 2, which passed the upper chamber 18-12 earlier this session.

"The Senate passed the bill we wanted," said Bettencourt, R-Houston.

The House Ways and Means Committee on Friday amended and passed an already reworked version of SB 2 to remove the provisions, which have drawn ire from city officials, county leaders and first responders for months.

“We didn't have the votes to move the bill out of committee with them in the bill,” said Ways and Means Chairman Dennis Bonnen, R-Angleton.

If the bill makes it to the full House floor, lawmakers could amend it to put proposed new election thresholds back in. But if the current bill gets sent back to the Senate for signoff without them, the matter could become a showdown between the two chambers. Bettencourt said the Senate's version of the bill is a high priority for Lt. Gov. Dan Patrick.

"It's very important to the average Texan, more importantly, because they're the ones paying the bills," he said.

In testimony in the House committee this week, Bonnen made it clear that the two chambers view SB 2 very differently. Bettencourt has portrayed it as a bill that will provide Texans with relief from fast-rising property tax bills. Bonnen said it does no such thing and painted it as a piece of legislation that could at least help Texans better understand how property tax rates are set, why tax bills rise and which taxing entities are charging them which amounts.

The bill has split Texans, who are dissatisfied with property taxes, and the local leaders they elect to city councils and county commissioners courts. Landowners and proponents of the bill say that the automatic election requirement would hold local government officials accountable for the taxes they levy against Texans.

Critics of the bill say voters can already oust elected officials for passing local budgets and tax rates they don't like. They also say it glosses over the fact that an election could be triggered when the actual tax rate remains flat because rising property values play a major role in calculating the election trigger. Many local officials also say the bill would threaten their ability to hire police officers, build new parks and fill potholes.

The current and proposed thresholds that could allow a rollback election aren't based entirely on the actual tax rate, which is the amount per $100 of property value that a government entity levies against landowners. Instead, the formulas focus on how much total tax revenue a local entity receives from properties from one year to the next. So a city or county could hit the threshold for an election without changing its tax rate if there was a significant increase in local property values.

Currently, an 8 percent property tax increase or higher allows voters in a city or county to gather signatures to call for an election on the new rate. The Senate version of the bill initially lowered that threshold to 4 percent and made the election a requirement. Bettencourt changed the threshold to 5 percent amid pushback.

Bonnen's version originally set two thresholds for most cities and counties. If the overall collections were to increase by 3 percent plus inflation, residents could petition for an election. If collections were to increase by 6 percent plus inflation, an election would be automatic.

When asked if he thought the Senate could live without a remake of current election thresholds, Bettencourt said he's learned from this week's raucous, last-minute slaying of bills on the House floor not to anticipate what may happen in the lower chamber.

"At this point, only a fool will do so," he said.

NEW YORK - Tax breaks for Madison Square Garden mean Sabres, not Rangers, will be home team

When the Buffalo Sabres and New York Rangers square off in the 2018 NHL Winter Classic in Queens, the Sabres will be the home team despite being headquartered 385 miles away.

Why? The answer appears to be property taxes (or lack thereof).

Madison Square Garden, the privately owned Manhattan home of the Rangers and the NBA's New York Knicks, would risk a lucrative property-tax exemption worth more than $40 million a year if either team plays home games in New York City outside the iconic arena.

The home-game requirement is laid out explicitly in New York state law, which says property taxes for the arena would kick in immediately if it's violated.

"If one or both of said teams shall cease to play their home games in said property at any time, the tax exemption provided herein shall cease immediately and such property shall immediately be restored to the tax rolls," New York's Real Property Tax Law states.

Home or away?

The Winter Classic is the NHL's marquee annual event, pitting two teams against each other in an outdoor stadium on or around New Year's Day.

NHL Commissioner Gary Bettman announced Tuesday that the Sabres and Rangers would match up for the 2018 edition, which will be held Jan. 1 at Citi Field, the home of the New York Mets.

It will be the 10-year anniversary of the first Winter Classic, which pitted the Sabres against the Pittsburgh Penguins in a snow-filled game at what was then known as Ralph Wilson Stadium in Orchard Park.

The NHL says the decision to make the Sabres the home team was based on a variety of factors, but did not elaborate. The decision was made in consultation with the Rangers and Sabres, according to the league.

A spokesman for the Rangers declined comment, while a Sabres spokesman did not immediately respond.
The Sabres being the home team will have little, if any, impact on the game itself. But it means they will play 40 games at Buffalo's KeyBank Center during the 2017-18 NHL season, rather than a full 41-game home schedule.
The Rangers will play a full 41-game schedule at the Garden.

Longstanding fight

The tax break for Madison Square Garden dates back to 1982, when New York City was still recovering from a fiscal crisis and the Knicks and Rangers were threatening to leave.

Since then, it's become a recurring controversy.

Some state and city lawmakers have long called for it to end, pointing to the profitability of The Madison Square Garden Co., the publicly traded company that owns both franchises and the arena. The company has a market value of nearly $4.8 billion.

Supporters of the exemption argue the draw of the teams -- which play more than 80 combined home dates a year at the Garden -- benefits the city financially.

The value of the exemption has grown in recent years, fueled largely by major renovations to the Garden from 2011 through 2013.

For New York City's coming fiscal year, the tax break is expected to cost the city about $42 million, according to the NYC Independent Budget Office. Prior to the renovations, the exemption topped out at about $17 million.

Home away from home

It's not the first time the Rangers have been the away team in New York City.

In 2014, the Rangers played two games at Yankee Stadium in the Bronx, with the New York Islanders and New Jersey Devils serving as the respective home teams.

The New York Times noted the requirements of the property-tax exemption at the time.

Having the Rangers serve as the away team also served a financial benefit to the NHL, since the league reimburses the home team for a lost date at its arena, according to the Times. The Rangers draw more ticket revenue than the Islanders and Devils.

The Rangers and Sabres, meanwhile, both drew about 18,000 fans on average to their home games this season, though the Rangers charge more for tickets.

NEW JERSEY - Voters say Trump's plan to kill property tax deduction is a bad idea

New Jersey officials would have plenty of support as they seek to block President Donald Trump's effort to end the federal deduction for state and local taxes.

In a Quinnipiac University poll released Thursday, 57 percent said Trump's plan to eliminate that tax deduction and all others except those for mortgage interest and charitable donation was a bad idea. Just 35 percent applauded his proposal.

The loss of the state and local tax deduction would be especially tough on New Jersey residents, who pay the highest effective property tax rate at 2.31 percent, according to an ATTOM Data Solutions study published by RealtyTrac.com.

The federal deduction for state and local taxes is on the chopping block.

Trump's tax plan, which included several major tax breaks for wealthy Americans such as himself, was seen as hurting the country by 49 percent of those polled. Just 29 percent said it would help the nation.

Voters disapproved of the plan by 52 percent to 30 percent, and 57 percent said it would increase the federal deficit, as opposed to 27 percent who said it wouldn't.

More than 6 in 10 voters polled, 63 percent, said Trump's proposal would help wealthy individuals, while just 31 percent said the middle class or lower-income taxpayers would benefit.

Almost one-third, 31 percent, said the plan would hurt them while only 2 in 10, 20 percent, said they would be helped. Another 42 percent said the proposal would have no impact on them.

During the campaign, Trump proposed a tax-cutting plan giving most of its benefits to the richest 1 percent of Americans and increasing the federal deficit by trillions of dollars, according to independent analyses.

The state and local tax deduction is estimated to cost the U.S. treasury an estimated $63.3 billion in 2018, the ninth largest tax expenditure, according to the Tax Policy Center, a Washington-based research organization jointly operated by the Urban Institute and Brookings Institution.

Eliminating the deduction would increase the average annual tax bill for a New Jersey resident by more than $3,500, according to the Tax Policy Center, a Washington-based research organization jointly operated by the Urban Institute and Brookings Institution..

More than 4 in 10 New Jersey taxpayers itemized rather than took the standard deduction on their 2014 federal returns, behind only Maryland and Connecticut, according to the Tax Foundation, a research group in Washington. The tax deduction was worth 8.7 percent of the state's adjusted gross income, second only to New York.

Unknown is how Trump personally would benefit from his tax plan since he has refused to release his income tax returns, as he promised to do before winning the presidency and as how every president before him has done for 40 years.

More than two-thirds of U.S. voters, 69 percent, said Trump should release them, with just over one-quarter, 26 percent, disagreeing.

Protesters gathered in Newark; Washington, D.C.; and other cities on April 15 to demand that Trump make his returns public.

Rep. Bill Pascrell Jr. (D-9th Dist.), has tried to get the House Ways and Means Committee he sits on the request the returns, as it can do under a 1924 law enacted in response to the Teapot Dome scandal.

Pascrell has said that the returns would show whether Trump had any financial ties to Russia, which U.S. intelligence agencies said intervened in the presidential election to help him get elected.

Trump has said he will release his returns once they are no longer being audited.

The poll of 1,078 voters was conducted May 4-9, and had a margin of error of 3 percentage points.

MASSACHUSETTS - Make tax-exempt property owners answer for themselves

Hospitals, private schools, colleges, museums — these institutions bring visitors into our communities, employ thousands of residents and often are among the best corporate citizens. They put on programs for neighbors, sponsor local events and are helpful for smaller groups and causes that need meeting rooms and resources.

Most don't pay property taxes, shielded from the collector by a law that exempts land owned by government, churches and nonprofit groups. Sure, cities and towns provide the same services to these organizations as they do for-profit businesses, but the benefits that come from their presence are often unquantified, unless of course a payment to the local treasury is part of the arrangement.

Regrettably, taxpayers aren't always privy to details of those arrangements. Nor are there guarantees that charities will put into a community what they take out. While it seems harsh and maybe counterproductive to strap these institutions with mandatory taxes, we're all for some open discussion of what each receives from its host and what, in turn, it brings to the table.

Lawmakers weighing proposals to give city councils and selectmen to ability to force payments from these groups should consider an intermediary step. Private schools, hospitals and the like of a certain size should either make some portion of a payment to their community, or engage in an open dialogue about the services it receives and the benefits of its presence.

This is already happening in some communities, with some nonprofit institutions. North Shore Medical Center sends $1 million a year to the city treasury in Salem, for example, in what's known as a payment in lieu of taxes. As the hospital looks to expand its footprint, Salem Mayor Kim Driscoll has negotiated a $1.7 million deal that will help the city pay for police, road improvements and school programs.

In Andover, the town asks institutions with land and property valued at $4 million or more to pay one-quarter of what their property tax bills would otherwise be. Phillips Academy, a resident of the town for the past 239 years, makes an annual payment that was scheduled to be $382,000 this year. As of two years ago, that was short of about $700,000 the school would pay if it was covering a quarter of its tax bill. But Selectman Paul Salafia noted at the time of the last discussion that Phillips probably spends $1 million per year on the town if one considers the taxes it pays on non-educational property, improvements it makes to local roads, and the scholarships it renders to Andover students who attend classes there.
Geoff Beckwith, executive director of the Massachusetts Municipal Association, argues that local leaders should have even more leverage to demand better deals — especially when these institutions expand and take property off the tax rolls. He tells reporter Christian Wade, "Increasingly, this threatens the ability of communities to provide police, fire and other services, but it also increases property taxes paid by others."

But the last thing anyone wants to do is start squeezing out of existence the food pantries, thrift shops or other local charities that could be plunged into the red by a big tax bill.

Whatever Beacon Hill does with this, Amesbury Mayor Ken Gray and others note that local leaders should keep the ability to negotiate, especially when they know the many benefits that befall a community because of the presence of its non-profit citizens. It's a fair point — with the caveat that cities, towns and these leading community lights should at least be having a public discussion of how much will be paid, what isn't, and who's getting the better end of the bargain.

When did the US government begin taxing real estate property?

The United States government does not presently assess *ad valorem* taxes on real estate. The federal government is quite likely constitutionally barred from doing so, by the Taxing and Spending Clause, which requires that all direct taxes be imposed in proportion to population:

No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or enumeration herein before directed to be taken.

(Constitution of the United States, Art. I, Sec. 9, cl. 4.)

Any direct federal tax on property would have been equalized so that the burden of that tax fell on the people of each state in proportion to that state's *population* (not the assessed value of properties in that state). The resulting tax, unless assessed as a *capitum* (a fixed tax on each property owner) would have assessment rates that would vary significantly from state to state. The resulting tax scheme would be both highly unpopular and so prone to absurd results that it's quite possible that a court would find that it assessment method fails to provide due process as required by the Fifth Amendment.

Despite this, Congress has from time to time attempted to establish federal real estate taxes, the most recent being in the Revenue Act of 1861. The 1861 Act imposed property taxes on all real property in the United States, equalized in proportion to state population (in keeping with the Taxing and Spending Clause). However, no tax was ever assessed under the 1861 Act; it was repealed and replaced less than a year later by the Revenue Act of 1862, which did not include any direct taxes on property, featuring instead a progressive income tax (later found to be unconstitutional, leading ultimately to the adoption of the Sixteenth Amendment) and a variety of excise taxes.

Ad valorem taxes on property in the United States are assessed by state (rarely) or local (usually) governments. Some of these tax schemes have been in place, in some form or another, since the 18th century, dating to before the founding of the Nation.

WISCONSIN - GOP bills target 'dark store' big-box tax strategy based on Madison court ruling

State lawmakers are introducing bills to close what critics call the "dark store loophole" and increase how much mega-retailers, such as Eau Claire-based Menards pay in property taxes.

Republican state lawmakers have unveiled a pair of bills they say would prevent owners of big-box retail stores from lowering their property tax bills while shifting local tax burdens to small businesses and homeowners.

Rep. Rob Brooks, R-Saukville, and Sens. Duey Stroebel, R-Saukville, and Roger Roth, R-Appleton, announced the legislation at a Capitol news conference Wednesday. At least one Democrat, Oshkosh Rep. Gordon Hintz, also supports the measures.

Opponents of the bills fault "activist assessors" for creating the problems the bills are meant to address: the so-called "dark store" strategy.

In recent years, owners of big-box retail stores have used that strategy — stemming from a court ruling about a Madison Walgreens store — to lower their assessments to reflect the value of other stores that are "dark," or vacant. The ruling was in 2008, when the state Supreme Court found Madison city assessors had overvalued a Walgreens store.

The bills' opponents, which include Wisconsin Manufacturers and Commerce, the state's powerful business lobby, say they amount to a tax increase on businesses.

But Roth said the current standard — which owners of huge commercial properties are using to appeal to lower their tax bills — shifts the cost of paying for city services to other property owners.

"We do not want to see that cost shift go to our residential property taxpayers," Roth said. "That, fundamentally, is why I support this bill."

One of the bills would overturn the 2008 court ruling, writing in law that "property be assessed at its highest and best use," according to a summary prepared by the bill's authors.

It also would clarify that, for property tax purposes, real property includes any leases, rights and privileges pertaining to the property.

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The other bill would require assessors to value property based on comparable properties "within the same market segment and similar to the property being assessed with regard to age, condition, use, type of construction, location, design, and economic characteristics," according to the summary. Vacant stores could not be used as comparable properties for valuing open stores under the bill.

Officials for Wisconsin municipalities said the dark store strategy is causing their municipalities to be bombarded with assessment appeals for big-box stores, which in turn is burdening them with legal costs.

Wauwatosa Mayor Kathy Ehley said her city has seen an increasing number of appeals of its valuations of large retail stores, which is causing the city to spend more on legal bills. Successful appeals "shift the tax burden to small businesses and individuals," Ehley said.

Madison Ald. Mark Clear said the city refunded almost $500,000 in property taxes to Walgreens after the 2008 court case. Clear said he hopes Dane County lawmakers will support the bill.

"It's a very nonpartisan issue that affects all cities in the state, and Madison has been hit especially hard by it," Clear said.

Gov. Scott Walker has not taken a position on the bills, according to a spokesman, Jack Jablonski.

NEW YORK - Governor Cuomo Signs Legislation to Cut Property Taxes and Cost of Local Government

County Officials Will be Required to Prepare Plans For Shared, Coordinated and Efficient Public Service

State Matches Net Savings of Plans That Eliminate Duplicative Services and Unproductive Government Overhead For Real, Recurring Property Tax Savings

Major Component of Governor's Middle Class Recovery Act – Builds on Actions to Reduce the Burden of Local Property Taxes, Including the Property Tax Cap

Governor Also Announces Impact of Proposal to Eliminate State and Local Deductibility from Federal Taxes

New Website Launched Detailing County-Wide Shared Services Initiative and Citizen Participation at *www.ny.gov/SharedServices*

Governor Andrew M. Cuomo today signed landmark legislation to empower New Yorkers to control the cost of local government by requiring counties to assemble local governments and find efficiencies for real, recurring taxpayer savings. To ensure transparency and an active role for citizens in reducing their tax burden, public hearings will be required as part of the development of shared services plans. The FY 2018 Budget continues the Governor's efforts to relieve the property tax burden by building on the success of the two percent property tax cap and requiring local governments to develop county-wide shared services plans.

The Governor also announced the potential impact of a proposal by the federal government to eliminate the ability for New Yorkers to deduct state and local taxes from their federal tax returns. On Long Island alone, approximately 950,000 taxpayers would see their taxes increase $4.3 billion, an average of almost $4,600 per taxpayer.

"New York must continue to lessen the burden of property taxes for all residents, lift middle-class families up out of challenging times, and empower voters to engage their local leaders to make real, positive fiscal change," Governor Cuomo said. "By reining in excessive property tax costs and building on accomplishments achieved over the past six years, our efforts to reduce wasteful spending and increase public involvement in local government with these shared services plans will lessen the tax burden for residents and ensure New York remains the greatest state in the nation."

The Governor announced a citizen participation tool to encourage active engagement in the process. The new County-wide Shared Services Initiative website, at www.ny.gov/SharedServices, includes:
Educational information on implementing shared services plan;
Examples of shared services, what other communities have done and how it helped them reduce property taxes;
Answers to questions from citizens and local officials about developing a county-wide shared services plan that generate savings and receiving matching funds from the state; and
Schedule of workshops being held across the state for local officials to learn more about implementing shared services – nearly 500 local officials have already signed up to attend.
The initiative establishes a shared services panel in each county, which is chaired by the Chief Executive Officer of that county who is the county executive, county manager, county administrator, the chair of the county legislature or chair of the board of supervisors. Working together, the panels will develop a county-wide shared service property tax savings plan that creates actual and demonstrable property tax savings.

The CEO of each county must adhere to the following timeline:

Create Shared Services Panel Immediately
The CEO shall chair the panel and invite each local government to join the panel. The panel must consist of the mayor of every city or village and the supervisor of every town within the county.
The CEO may and is encouraged to invite leaders from school districts, BOCES, and special improvement districts within the county as additional panel members.
Submit Plan to Legislative Body by August 1, 2017
The CEO will consult with local governments, businesses and civic groups and public sector unions and take recommendations from them in developing the plan, which will then be submitted to the panel.
The plan should include a tax savings plan summary that outlines: participating cities, towns, villages, school districts, BOCES, and special improvement districts; participating entities' 2017 property taxes; total anticipated savings; anticipated savings listed as a percentage of participating entities property taxes; anticipated savings to the average taxpayer; and anticipated costs/savings to the average homeowner and business.
The CEO will then submit the plan to the county legislative body, along with their certification of the accuracy of the property tax savings. The county legislative body will then review the plan and may by a majority vote issue an advisory report with recommendations to the CEO.
Hold Three Public Hearings and Panel Vote on County-wide Shared Services Plan No later than September 15, 2017
The CEO may modify the plan based on any recommendations received from the county legislative body and if the plan is modified, submit an updated certification of the accuracy of the property tax savings.
The CEO must hold at least three public hearings in the county to receive input from residents. Public notice of these hearings should be at least one week prior to the public input date. All hearings are required to take place before the final submission of the plan to be voted on by the panel.
Prior to the panel vote of the plan, panel members may remove any proposed action that affects their local government with written notice of the removal provided to the CEO prior to the final vote. A majority vote of the panel is then required for plan approval and each panel member must state in writing the reason for his or her vote.
Present Final County-wide Shared Services Plan to Residents by October 15, 2017
If the plan is approved, the CEO finalizes the plan and submits it to the director of the Division of Budget. The CEO must then communicate to residents of the county what the final plan entails and what the tax savings will be.
Actions in 2018 on Plans not Approved in 2017
If a county does not approve a shared services plan in 2017, it is directed to re-initiate the process in 2018 with identical due dates of August 1, 2018 for plan submission to the county legislative body and September 15, 2018 submission of approved plan to the Division of the Budget.
Matched Net New Savings

The FY 2018 Budget authorizes the state to match savings achieved by counties in the first year of shared services. Plans may be eligible for a one-time match of net savings that result from new actions implemented through the tax savings plan. Eligible savings are the net new savings between local governments achieved from the new actions that were part of the county-wide shared services plan and implemented between January 1, 2018, and December 31, 2018.

Cutting Property Taxes and Costs of Local Government

The FY 2018 Budget continues the Governor's efforts to relieve the property tax burden by building on the success of historic mandate relief, including eliminating growth of the local share of Medicaid – saving counties $3.2 billion in FY 2018. Additionally, the FY 2017 Budget extended reforms made to binding arbitration. For an additional three years, arbitrators must give significant weight to a distressed local government’s ability to pay and consider the property tax cap when making awards. In 2013, Governor Cuomo lowered the costs of public safety by removing statutory salary requirements for municipal chiefs of police and allowing localities with populations of 10,000 or more to recover costs of police training. In addition, $80 billion will be saved by the state, local governments and school districts over the next 30 years as a result of pension reform achieved in 2012.

In addition to these major mandate relief accomplishments, the Property Tax Cap is at the center of the Governor's efforts to help reduce the burden of property taxes for all New Yorkers. Aided by more than $100 million in State efficiency programs, it has driven local governments to control costs and save the typical homeowner $2,100 through 2016. When combined with the Property Tax Freeze, the Property Tax Cap has saved taxpayers more than $17 billion through 2016.

Although the typical New York homeowner pays 2.5 times more in local property taxes than in state income taxes, the FY 2018 Budget will empower residents to control the cost of their local government by engaging with their local leaders to make real, fiscal changes. This legislation will require counties to find efficiencies for recurring taxpayer savings, while ensuring citizens have an active role in reducing their taxes through public hearings required as part of the development of the shared services plans.

Suffolk County Executive Steve Bellone said, "Thanks to Governor Cuomo's efforts, we now have a unique opportunity to reduce costs, share services, and save money for Suffolk taxpayers. I am proud to support this vital initiative and look forward to working together with our partners in state and local government to deliver services more efficiently for our residents."

Town of Babylon Supervisor Rich Schaffer said, "For too long, New Yorkers have been overburdened by the cost of high property taxes and after decades of financial strain, Governor Cuomo has pushed forward a plan to reduce those costs and help strengthen our middle class. When local governments team up and work together, we can find ways to eliminate duplication and provide cost-saving solutions – reducing taxes for our residents and allowing our communities to thrive for years to come."

Town of Oyster Bay Supervisor Joseph Saladino said, "This new law is one of the most important initiatives for the residents of the Town of Oyster Bay and the people of New York State. I so appreciate Gov. Cuomo for giving us the tools to bring efficiencies and taxpayer savings. Now we will bring together our local municipalities to save money for our taxpayers. That's our priority. I'm privileged to be working with the governor in getting the job done."

MINNESOTA - Drop the business property tax inflator

Gov. Mark Dayton and the Legislature are headed toward this session's finish line with a lot of work left to do and, so far, not a lot of agreement on how to do it.

One of those areas is tax relief. While Dayton, the House and the Senate all have differing ideas on how taxes might be reduced in light of the $1.65 billion surplus, we hope they can all agree to what we feel would be a correction on the business property tax.

The business property tax, started in 2002, is levied on businesses on top of the taxes they already pay to school districts, cities and counties. The business property tax accounts for about 30 percent of a business' tax bill.

Unlike most other tax rates, which are decided upon each year, the business property tax comes with an automatic inflator, meaning the tax has gone up every year since its inception, from about $585 million in 2002 to $863 million in 2016.

"The most onerous part of this is it's on autopilot and we don't think any part of government should be on autopilot," said Jim Pumarlo, director of communications for the Minnesota Chamber of Commerce, during a visit with the Dispatch Editorial Board.

Joining Pumarlo was Lisa Paxton, a Minnesota Chamber of Commerce board member and small business owner in Baxter. Paxton, whose Baxter business is valued at $270,000, said her taxes were $7,558 per year. A Baxter home of similar value only paid $3,200 a year, she noted.

Paxton questioned how small businesses like hers are expected to expand and add new employees while dealing with rising costs in all areas, especially with the business property tax that increases every year.

"I struggle with that as I don't receive any more services," Paxton told the Dispatch Editorial Board. "It's difficult to think about improving that property. I'm not interested in expanding."

We agree the tax is unfair to business owners. While the Minnesota Chamber of Commerce would like to see the business property tax abolished altogether, we think a more prudent start would be the elimination of the inflator followed by a yearly look at the state's budget to determine if the business property tax—or any tax for that matter—warrants a decrease.

Small businesses, certainly in the Brainerd lakes area, are still the heart of our state's business community and we should do what we can to feasibly support their growth. Removing the inflator, which increases the tax statewide by about $40 million per year, is one small area where we could start. We hope state legislators agree.

NEBRASKA - County Assessor successfully defends pastureland values

Faced with a possible tax valuation increase of 41% this year on pasture land, a dozen landowners joined Lincoln County Assessor Julie Stenger Monday for an all-afternoon tele-conference with the Nebraska tax equalization board.

Stenger and her staff of appraisers have already scheduled a 13% increase on the land -- the most fragile grassland in the county -- in the northern and southwestern parts of the county.

The state Tax Equalization and Review Commission considered raising the tax valuations by another 28%.

That brought a set of landowners, who, despite the demands of calving season, sat through a hearing that lasted nearly four hours.

TERC chairman Robert Hotz said it appears the land is undervalued, based on sale prices over the last three years.

Stenger testified first for nearly 30 minutes.

She maintained that high sale prices were an anomaly – a bubble caused by a highly unusual combination of events – extreme drought, hefty disaster payments to ranchers from the federal government, and record-low interest rates.

“It is not representative of today’s market at all,” Stenger said. “We’ve seen land values level off and decrease, and that’s true statewide as well as in Lincoln County.

Stenger said she is equalizing valuations in Lincoln County with values in adjoining Logan and McPherson County. In some cases, the same ranch owns land in both counties, and it would not be fair to have sharply higher taxable values in one county than another on the same type of land.

Stenger, and most of those who testified, said drought drove up the prices of cattle. That, coupled with a federal disaster payment, gave cattle owners an unprecedented amount of income. Some ranchers used the money to buy more land, driving the price to record highs.

Land sales during the three years of Oct. 1, 2012 to Sept. 30, 2016 are used to calculate taxable valuations for 2017, according to a formula set out in state law.

However since then, prices have collapsed. Cattle are worth about half of what they were just two years ago, rancher and former state senator Tom Hansen said.

Hansen told the state commission that some pastureland in northern Lincoln County sold for $1,200 an acre to an out-of-state buyer during the peak. The same type of land is now selling for around $650 an acre.

Skip Marland, a real estate appraiser and broker for 40 years, called it a “very fast-moving whirlwind market” with a “knee-jerk” fall in the last two years. Marland believes the market is still trending lower, but he said out-of-state buyers do not want to buy land in Nebraska because property taxes are too high.

Farmer and rancher Don Lydic of rural Maxwell, who was a Custer County Extension Agent for 22 years, encouraged the commission to find a “wider tax base” than property.

“I believe land values are on a continued downward spiral,” Lydic said. “The bubble has definitely gone out.”

Duane McClain, who operates a ranch real estate company, said if tax values were raised 28%, it would raise the cost of owning a cow by $82.55 a year, when currently cattle owners only break even in the best of circumstances.

The price of calves has fallen from $1,600 a head to about $800 a head, he said.

“It was an income stream never seen before,” McClain said.

Hotz repeatedly said although unusual circumstances caused the market to soar, the circumstances affected everyone in the business, so he wondered why it should not be considered an authentic market.

“If we got a drought assistance payment every other year, on top of high prices…” McClain replied. “That’s an event you just don’t typically see.”

Stenger also told the commission that if valuations were increased by 28% like they wanted, it would drive the “co-efficiency of dispersions” beyond acceptable bounds. That co-efficiency is the difference between actual sales prices and the average price. The Nebraska Supreme Court recently ruled that those prices cannot be too far-flung, Stenger told the Bulletin after the hearing.

Hotz told Stenger that is a good point, and he complimented her for her work as assessor.

Finally, the three members of TERC voted unanimously not to insist on the higher valuations, to the joy and relief of those still in the room.

The sandhill pasture land, most of which is in the northern part of Lincoln County, will be valued at $525 an acre in 2017, Stenger said.

That is still a significant increase.

The same land was valued at $290 an acre in 2013, before the effects of drought took hold and the market went wild.

NEW JERSEY - These towns will give you a property tax break for buying locally

You hate taxes but love buying stuff. So what’s better than reducing your tax burden by purchasing a slice of pizza or new floors for the house?

A growing number of New Jersey municipalities are introducing property tax rebate cards into the community — an idea birthed by Marlboro Township in 2012.

Residents register cards with their homes, and when they present their cards upon making a purchase at participating businesses, portions of those purchase are eventually shaved off their third-quarter property tax bills.

Since May 2016, Union Township residents realized $4,350 in property tax savings as of February with the Union VIP card, according to Fatimah Raymond, executive director of the town’s Special Improvement District.

“I would like to see that number grow, but that really comes with more businesses signing on, more people shopping locally,” Raymond said.

Nestled between three major highways, Raymond said, their downtown area gets “lost.” So this program encourages residents to shop local and, in turn, invest in their town.

Rebate rates range from 0.4 percent at the Delta gas station to 11.25 percent at Union’s United Taekwondo Academy.

Participating businesses in Brick have brought in $1.6 million worth of card-related sales since Buy in Brick launched in October 2014. More than 12,000 cards have been issued, saving taxpayers over $120,000, according to Mayor John Ducey.

“Somebody actually had their mother’s repast at one of our participating merchants and had over a $250 credit on their tax bill from that one transaction,” Ducey said.

Involved businesses also receive free advertising, Ducey noted. Program signs along township roads tell shoppers where they can see a return on their spending, and mailers inform residents of each merchant’s rebate offerings.

More than anyone else in the township, Marlboro Mayor John Hornik managed to gather $600 in property tax savings a few years ago by using the Shop Marlboro card. Since 2012, residents shaved a total of $230,000 off their property taxes.

According to Hornik, his administration worked with a private entity to create the first-of-its-kind program in the nation.

“For too long, businesses in all these towns have gone without the help of local government,” Hornik said.

Shop Marlboro has meant $4 million in business for participating restaurants, shops and service centers.

Haddonfield, Ocean, Old Bridge, Somerdale and West Orange are a sample of other New Jersey municipalities with a card program in place.

Hornik said “every township and city in New Jersey” should adopt a program like this that’s a win-win-win for residents, businesses and the municipality.

“Nobody owns a patent or a copyright on a good idea when you’re a municipal leader or an elected official. The way we all become better is if you share it,” he said.

NEW YORK - Trump plan to end exemption for property tax gets chilly reception

Leaders of statewide groups representing county governments and real estate professionals are among those registering strong concerns about President Donald Trump's proposal to do away with the deduction for property taxes on federal returns."I think eliminating that tax deduction will definitely curb home ownership," said William Cherry, the president of the New York State Association of Counties and the elected treasurer of Schoharie County's government.

He said the ability to take a deduction for property taxes "makes perfect sense because otherwise you are paying taxes twice." He noted his comments reflected his own views based on his personal experiences, as the Association of Counties has not taken an official position on the tax plan advanced by the Trump administration last week.

Also voicing strong reservations with the proposed elimination of the deduction for property taxes was Christine "CJ" DelVeccio, the president-elect of the New York State Association of Realtors.

"The biggest economic driver we have across the United States is real estate -- home ownership -- and this would hurt home ownership," DelVecchio said.

DelVecchio said states such as New York and California, both strongholds for the Democratic Party, would likely get the brunt of the negative impacts from Trump's proposal.

Other elements of the Trump tax plan include the doubling of the standard deduction, trimming the current seven tax brackets to three and eliminating an assortment of tax breaks.

The one-page plan provided few details, with Treasury Secretary Steven Mnuchin explaining that the White House wants to create relief for the middle-class, not the wealthy.

But Rep. Brian Higgins, D-Niagara Falls and Buffalo, said Thursday the Trump plan is "based on a discredited economic theory known as trickle-down economics" -- with the biggest beneficiaries being the rich.

Higgins said he was optimistic that the New York and California congressional delegations will lead the fight against eliminating the exemption for state and local taxes. "I think you will see bipartisan support for rejecting that idea."

On the other side of the congressional aisle, Rep. John Faso, R-Kinderhook, said he was concerned that the deduction for property taxes could be in jeopardy because some of his colleagues from states with lower taxes view it as a subsidy for "high spending" states such as New York.

"I respond this is a matter of federalism, and you shouldn’t subject this income to a double taxation," Faso said on public radio station WCNY last week.

A spokesman for Rep. Elise Stefanik, R-Willsboro, would not indicate whether she has a position on the specific proposal to wipe out the deduction for property taxes. Tom Flanagin, the spokesman, said in an email response that Stefanik is "a strong supporter of fundamental tax reform" and "applauds" Trump for making changes to the tax code a priority.

The tax debate is playing out in Washington as New York school boards prepare to put school budgets to voters May 16.

The state School Boards Association reported Wednesday that the average proposed school district tax levy increase for 2017-18 will be 1.48 percent. The percentage of the increase, the association noted, is more than half a percentage point below the 2 percent property tax cap.

The association also said just 12 school districts will try for tax levy overrides this year, down from 36 last year, because their increases exceed their allowable tax levy limits. The districts seeking voter approval for the override need to get the backing of at least 60 percent of voters.

Niagara Falls is one of the 12 districts in New York that is trying for approval for an override.