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Property Tax and Assessment News from Around the World

UNITED STATES - January 2018

Wisconsin Supreme Court upholds 'mass appraisal' method of assessing Milwaukee apartments

The conservative bloc of the Wisconsin Supreme Court splintered in a ruling that upheld Milwaukee's assessment of some apartment buildings via a widely used method the owners — and dissenting justices — say is unfair and illegal.

The 5-2 decision Wednesday came as a relief to local governments that had filed a friend-of-the-court brief in the case, warning that the opposite outcome would dramatically increase the costs of assessing all properties individually.

Metropolitan Associates, which owns about 3,000 units in the city, challenged its assessments of seven older south side properties using a formula-based "mass appraisal" method. In court, each side offered more specific appraisals, and the judge found the city's more reliable.

Metropolitan argued that the particular properties had higher expenses than the industry averages relied on by the mass appraisal, which led the city to arrive at presumed higher net operating income and, therefore values, for each building.

On appeal, Metropolitan tried to show the actual, historical data of expenses and income from each property supported lower assessments. But the Board of Review, circuit court and the Court of Appeals all ruled in favor of the city.

"It was a test case," said Stanley Kritzik, managing partner at Metropolitan. "There was a lot at stake, no doubt about it." He said the difference in assessments, over dozens of properties and years, cost Metropolitan "several million dollars" in taxes.

He said he was disappointed in the decision, but that Metropolitan would not change its approach to more expensive maintenance and management of its buildings. "We're in this for the long haul," he said.

At the Supreme Court, Metropolitan said the case presented a major conflict with the principle that assessors must value properties individually, using the actual income and expenses, not hypothetical ones.

The majority opinion, written by Justice Ann Bradley, found the city followed the law and declined to reassess the circuit court's finding of facts.

Justice Rebecca Bradley wrote a strong dissent, joined by Justice Daniel Kelly. She flatly declared the mass appraisal "technique is not authorized by statute, and it is structurally incapable of identifying the fair market value of a specific property."

She said that just because the Department of Revenue publishes the manual that encourages the use of mass appraisal doesn't make it proper. The manual is supposed to help assessors determine fair market value — the price a property would fetch in an arm's-length, private-party sale. The Revenue Department cannot make the law, only conform to the law, including past court rulings on assessments, Rebecca Bradley wrote.

"The statute requires the assessor to identify the value of a specific property, whereas the existential purpose of the mass appraisal technique is to avoid that task," she wrote for the dissent.

"It seems odd that our entire jurisprudence on this subject depends on whether the assessor has enough time, but there you have it."

Kritzik said he understands the city can't individually assess each property each year, and Metropolitan's case wasn't challenging mass appraisal in general. But when an owner challenges a particular assessment, he said, it didn't seem fair that the city could determine expenses that contradict actual, recorded historic expenses kept by the company.

"They city says, 'You're spending too much.' Would they prefer we have potholes in our parking lots and leaky roofs?" he said.

WISCONSIN - 'Dark store' loophole a problem for property taxpayers

Walmart has sued the city of Watertown, seeking to reduce its tax assessment. And the cities of Johnson Creek and Lake Mills both have been sued, by Menards and Walgreens, respectively. What's going on?

Based on a 2008 Wisconsin Supreme Court ruling involving a Madison Walgreens, big box stores across the state have filed more than 139 lawsuits against the cities, towns and villages where they do business, seeking to lower their property tax assessments.

The "dark store" loophole affects citizens from across the state.

Big box stores like Menards, Walgreens, Target and Walmart, to name a few, are successfully arguing in court that their property should be assessed as a vacant or "dark" building of the same size, not including the value of the business on the property. Such victories have dire consequences for municipalities large and small because they allow big box stores to push a significant tax burden onto small businesses and homeowners.

These large, thriving corporate entities receive ample city services — police calls, emergency services, road construction and maintenance that they would not receive if they were vacant buildings. They should be taxed accordingly.

Municipalities across Wisconsin will be deeply affected if these stores are able to take advantage of this and other loopholes to reduce their property value. For example, Walmart is suing the city of Monona, seeking a 63 percent reduction in its assessment. If Monona's Walmart is successful in reducing its assessment, Walmart's tax bill would be reduced by an estimated $433,000. Of this, the city would lose $111,000 in yearly tax revenue, and the Monona Grove School District would lose about $245,000 each year. As a result, the city would have to cut services, or raise taxes on homeowners and small businesses. To maintain the current level of city services, it would cost the average homeowner an additional $113 in property taxes every year and the average commercial property, or small business, about $600 more.

The impact is comparable in other cities that have been sued.

Big box stores like Walmart and others would be successfully pushing the tax burden onto city residents and small businesses, while benefiting from city tax resources.

Assembly Bills 386/387 and Senate Bills 291/292 are pending and, if passed into law, would close the loophole. These bills have overwhelming support from Republicans and Democrats but Sen. Scott Fitzgerald, the senate majority leader, has refused to bring the Senate bills to the floor for a vote. Not surprisingly, Walmart, Walgreens, along with the business lobbying arm, Wisconsin Manufacturers and Commerce, are against the bills. The Assembly will not consider the issue until the Senate votes. The Senate should vote now; time is short before the legislative session ends.

Contact Sen. Fitzgerald's office at 608-266-5660 and urge him to stand up for the residents and small business owners of Wisconsin by closing these loopholes — quickly. Other states like Michigan and Indiana faced the same challenge and passed similar legislation with bipartisan support. It's time Wisconsin followed suit.

Contact your representatives and urge them to support this common-sense legislation. Sen. Fitzgerald should not allow big box stores and big lobby groups to push their tax burden onto our residents and small businesses. While your elected representatives will tell you they have reduced your taxes via the state budget, they are in fact raising them by refusing to let these bills come to a vote.

TEXAS - LOCAL GOVT. EMPLOYMENT SURGE PUSHING PROPERTY TAXES HIGHER

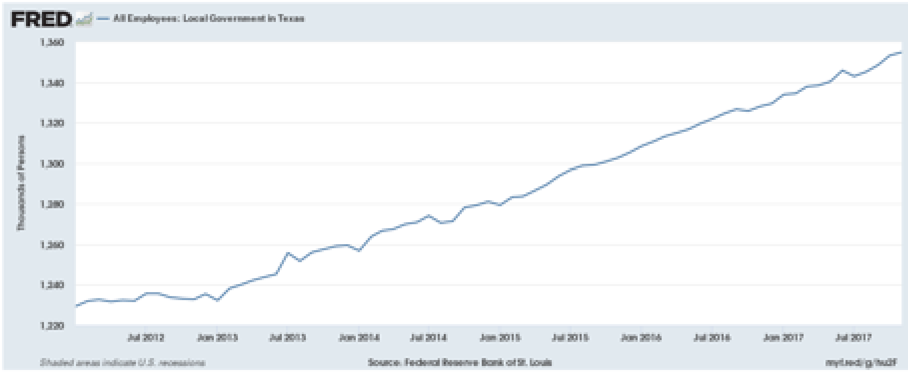
Property taxes continue to skyrocket, at great expense to taxpayers and at great gain to Texas' local governments.

Despite repeated attempts to stifle a growing tax burden, the local property tax "remains the largest tax assessed in Texas" representing nearly half of all Texan tax revenue (47.92% in 2015).

Not only is the property tax problem large—draining $52 billion from the economy in 2015—but it's growing fast, jumping 6.31% in 2015 alone.

Propelling this increase is the rapid growth in local government employment. In the past five years alone, the number of local public employees has grown by 10%, according to Governor Abbott's new report Bicentennial Blueprint: Framing Our Future. This hiring spree has pushed employment to concerning levels, with local governments employing 1.4 million Texans total, representing more than 1 in 10 people in the labor force.

LOCAL GOVERNMENT EMPLOYMENT IN TEXAS: 2012-2017



Source: Texas Governor's Bicentennial Blueprint: Framing Our Future

The surge in local government employment helps explain why, in comparison to other states, Texas ranks "fourth highest for property tax burden as a percentage of median home value."

For many Texas home and business owners, this policy of excess has led to real world hardship as high and ever-increasing tax bills force them to move or close their doors. The problem has consistently been recognized, earning the title "largest job killer" by Governor Rick Perry in 2006. Since then the tax has raised by 30%.

It is often said everything is bigger in Texas, and that is certainly true for the property tax burden. It is well past time for Texas to take on meaningful property tax reform and protect taxpayers from this fast-moving monster.

PENNSYLVANIA - Assessing a reassessment: A look south to Washington County

Been there, done that. Learn from us.

Such is the sentiment among Washington County officials who have gone through a years-long reassessment process that started with a lawsuit filed in 2008 similar to the one now making its way through the court system in Beaver County.

Like Beaver County, Washington County was last assessed in the early 1980s — 1981 to be exact for Washington County, a year before Beaver County's last assessment went into effect in 1982.

After losing its case in court, Washington County's reassessment started in 2013 and went into effect in 2017.

It remains to be seen when Beaver County's reassessment will start. In December, the court ordered a firm be hired for a reassessment by June and that it be completed by June 2020, but the county is appealing that decision.

That isn't to say officials here aren't preparing for a reassessment, even if they're resisting it.

On Jan. 19, county Commissioner Daniel Camp, Chief Assessor Kevin McIlwain, and solicitors Garen Fedeles and Nathan Morgan traveled to Washington County to listen to and learn from the officials there, namely Washington County Tax Revenue Director Debbie Bardella and Chief Assessor Brad Boni. On Tuesday, The Times interviewed Bardella and Boni.

"If you can prepare and really be thoughtful of how you're doing all of this, (it helps)," Boni said.

Communicating with property owners and explaining the nuts and bolts of the process to people is a key, he added.

It takes planning. And time. And money; in Washington County's case, the initial contract with Tyler Technologies to do the reassessment was $6.96 million, Boni said.

An additional $1.6 million in costs were also incurred during the process, according to a 2016 story in the Washington Observer-Reporter, bringing the total to about $8.75 million for the reassessment.

Washington County has about 120,000 parcels, and the cost broke down to about $38 per parcel to complete the reassessment, Boni said. Beaver County has about 96,000 parcels, according to the court's reassessment order.

Property values increased by 10 1/2 times on average in the 36 years between Washington County's assessments, Boni said.

It's important to note that the increase in assessed value doesn't mean property tax bills increased by that much, Boni said. Communicating that to residents was a big part of his job during the reassessment process.

"On average, for most people, (their) tax liability didn't change," Boni said.

Once people learned that, a lot of the complaints about the reassessment ended. That's not to say there weren't issues, but "I think it was about as well received as it could be," he said.

"All along the way, there were system checks and public interactions as part of the process," Boni said.

It took two years for the door-to-door "data collection" process where each property was evaluated. Those who weren't contacted at the time received mailers and door-hangers, and the most people responded.

After gathering that data, the county sent out verification letters to property owners to ensure that information was correct, Boni said.

That process ended in the middle of 2015, and the county then began a series of 10 public forums that were hosted by the county's school districts, further explaining the process.

Those meetings again laid out to people how the process was going and what to expect next.

"They came with questions, they came to learn, they wanted to know how does this work," Bardella said.

Between April and June 2016, the reassessment firm sent out preliminary value notices to property owners so that they could contact the county with discrepancies, and then on July 1, 2016, the final change of assessment notices were completed.

People had until Aug. 10, 2016, to appeal their assessments, and the county received 12,000 appeals requests, 9,500 of which were heard by five appeals boards set up by the county. About 2,500 of those who appealed didn't show up for their hearing, Boni said.

"We had some 12-hour days; we had some Saturdays," Boni said.

The appeals were finished by Oct. 31, and the new assessed values were certified Nov. 15, 2016, and went into effect in 2017.

The keys through the process were preparation, planning and communication, Boni said.

He advised Beaver County officials to be "really thoughtful of how you're doing all of this," Boni said.

Public outreach was needed, and although Washington did it, Boni said, more could have been done.

"The key is communication," Bardella said.

Because both counties have gone so long between assessments, many of the people who lived through the assessment in the 1980s aren't around. A new generation has taken hold, so many are unfamiliar with the process, Bardella said.

"It was a big learning (curve)," she said.

Beaver County's officials appeared willing and ready to learn, Bardella and Boni said.

"We were really impressed with the group that was here," Boni said. "They want to know how they can best serve their constituents in Beaver County."

New York property owners are paying big time

The good news is that the entire city is still worth more than $1 trillion, and your property is probably worth more. The bad news? You will likely have to pay more if you own property.

The city's Finance Department has released the tentative assessments and property values for the next fiscal year.

A year ago, the tentative full market value of all properties grew 8.7 percent, to $1.157 trillion, while the tentative billable assessments rose 8.5 percent, to $226.248 billion. Both were expected to rise by similar amounts for this tax roll.

Indeed, the tentative full market value (FMV) rose 9.43 percent to $1.257 billion and the tentative billables rose by 8.36 percent to $243.2 billion.

Although the FMV of Class 1 homeowners rose by 10.44 percent and the FMV of Class 2 multifamily rose by 10.68 percent, the latter will have its billable taxable value go up the most — by 11.51 percent versus Class 1's 4.09 percent due to caps on homeowner increases.

By contrast, the tentative FMV of the most valuable Class 4 commercial properties rose 7.44 percent with its taxable billable staying almost the same at 7.85 percent.

The Finance Department did not return e-mails or calls for comment regarding this year's numbers.

But the Finance Department will mail notices to taxpayers that detail their tentative property tax assessments for the fiscal year that starts July 1, 2018. Be sure to read the bottom as it may include your requirements for filing real property income and expenses or benchmarking reports.

And you can fight city hall or at least try. While most Class 2 and 4 buildings have until March 1 to file with the Tax Commission for a correction of their tentative assessments, Class 1 homeowners have until March 15.

The values will be fixed in late May, and the City Council will then set tax rates.

New property records show the market value of last year's most valuable building, 767 Fifth Ave., grew by $112.9 million, to $1.943 billion. Its actual assessed value is $874.36 million, but due to phase-ins, its tentative billable is up $37.8 million, to $765.3 million.

The Empire State Building's market value rose by $39.9 million, to $920.9 million, and its actual assessment was bumped $17.9 million, to $414.4 million. With certain exemptions, its tentative billable will be up $8.3 million, to $387.99 million.

The 8.8 million square feet at the World Trade Center is worth $255 million more with a fair market value of $3.498 billion, but an actual assessed value of $1.5 billion. While entirely exempt, it pays a special tax to NYC, as do the new Hudson Yards properties.

In last year's fiscal 2017-18, 44,854 parcels such as hospitals and government properties were fully exempt, representing $14 billion in taxes, and 515,533 were partially exempt, representing $2.88 billion in taxes.

New York City's annual Notice of Property Value: Taxpayer aggravation and uncertainty linger

President Trump arrived in January of 2017, but the January 2018 arrival of his Federal tax plan could pop his own New York real estate bubble. Whether you seemingly benefit from the plan or not, data suggests it's a financial negative for New York. While the marketplace hasn't had meaningful time to react, new real estate tax assessments have already been formulated. Ironically, I think real estate taxes will increase as opposed to the perception these new rules will make New York "tighten the belt." Any drop to sales tax or local income tax collections must be accounted for on the real estate tax side of the ledger.

In New York City, assessments should arrive like tardy lumps of coal on January 16th with your annual Notice of Property Value. The notices are normally mailed by the NYC Department of Finance in mid to late January and are simultaneously available on their website. The release of the new assessments opens the 2018/19 real estate tax protest filing period, which closes – for NYC properties – on March 1st, 2018. These new assessments will impact NYC tax bills starting July 1st, 2018.

While I have written many times as to the overall value of an annual protest, it is indispensable when markets are poised to pivot downward. If you believe in the cyclical nature of markets, a downturn is statistically long overdue. If you understand how assessors assess, you realize NYC assessors are currently using 2016 performance to value all properties for taxes that run through June of 2019!

The annual Notice of Property Value (NOPV) ordinarily includes details as to your property's inventory (e.g., s/f, age and number of stories). Just as important, it discloses the city's estimate of your income and expenses utilized in valuing the property. To enhance transparency, the NOPV generally itemizes the financial factors considered including gross income, expenses, net operating income (NOI), base cap rate and overall cap rate.

Nonetheless, taxpayer aggravation and uncertainty linger because the income and expense approach to value is frequently more art than science. By law, and in practice, assessors use your property's cash flow as well as comparable properties to arrive at an anticipated revenue stream. In other words, NYC isn't constrained to assessing and taxing what you in fact collect from tenants. This counterintuitive inequity renews each January to mystify diligent taxpayers who review their annual notices. Many taxpayers imagine the figures should match their RPIE, or tax return, which were filed as legally required.

Magnifying NYC's vague and unjust system are the blunders, by the city, which are habitually made as to a property's size or use. Timely review of your annual notices is critical, because not identifying problems before March 1st means no assessment protest. Many property owners initially recognize the adverse change when the tax bill due July 1st is received in June. Other taxpayers detect the increase when escrow statements arrive with irreversible news, as the opportunity to challenge the assessment has expired.

Similarly, blindly accepting the NOPV as accurate can prove to be an error. Even if your actual collections and expenses match the NOPV exactly, it is still feasible that you are over-assessed. As an example, NYC occasionally considers collections as triple net, even though no tenant is liable for 100% of the real estate taxes. Erroneous triple net treatment by the NYC DOF commonly leads to an over-assessment. A more relevant example, in light of the economic environment, is a property that was operating well but perhaps lost a major tenant subsequent to filing the RPIE. In that example, disputing the assessment and clearly demonstrating a distressed situation - despite recent performance - can bolster the case for a reduction.

Clients and other property owners have recently advised me that "the assessor realizes what's happening and will probably reduce assessments." In my twenty years of challenging assessments I have never seen any local assessor proactively reduce valuations overall, let alone for things that might happen.

Prime example, in January of 2009, NYC released an overall assessment roll which increased in value year-over-year despite the entire world being in financial freefall for months. Combine that historical approach with a macro financial situation more akin to calendar 2006 and you have an assessor's office with little reason to proactively reduce assessments for 2018 even though the storm watches, if not warnings, have universally begun.

As always, I urge you to review all of your annual notices on-line (nycprop.nyc.gov) for inconsistencies, instead of hoping to receive a timely hardcopy from the city. Many facets of tax certiorari can be counterintuitive, so it's usually best to seek the advice of a licensed professional to determine whether a protest is prudent even with the aforementioned macro conditions in mind.

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NEW YORK - Gov. Cuomo Proposes Value Capture Plan For Developments Near New Subway Stops

Gov. Andrew Cuomo has proposed a new way to fund subway improvements by taxing landlords on increased property values.

The proposal, which is short on details and still must pass through the state legislature, would create "transit improvement districts," within which building owners would pay additional taxes based on estimated growth in property value due to new or improved subway and Metro North stops, the New York Times reports.

The strategy is called "value capture," and it is already in place in cities like Seattle, Los Angeles, London and Hong Kong, according to the Times. It has the support of the Regional Plan Association, which highlighted transit improvements as crucial to the continued health of the city in its recently released Fourth Plan. Cuomo's proposal would not apply to completed projects, such as the Second Avenue Subway, and would only come into play for new projects costing over $100M.

Among the proposal's critics is the office of Mayor Bill de Blasio, which bristled at the concept of a property tax system that bypasses the city government, according to the Times. Cuomo's plan states that the MTA would levy the tax and keep 75% of proceeds, with the remaining 25% going to the city.

To foster cooperation between the state-run MTA and the city, the proposal includes the use of a four-person board, including one city representative, that would have to unanimously approve all tax decisions.

The value-capture plan would be a more direct version of what Mayor Michael Bloomberg used for Hudson Yards, where he pledged $1.8B of city money to fund the extension of the 7 line based on anticipated property tax revenue from development in the new district.

New Jersey sees slowest property tax rate growth in four years, according to study

New Jersey residents got a rare bit of good news regarding their property taxes, which are ranked the highest in the nation: average property tax rates rose by the smallest amount in four years in 2017 form 2016, up just 1.6 percent to $8,690.

According to a study by the news team at New Jersey 101.5 that examined County and State Treasury Department information, the average property tax bill was up in nearly 500 municipalities in the state, including nearly 300 that were up by more than 2 percent. The average tax rate, however, was down in 67 municipalities.

Small towns such as Walpack Township and Loch Arbour saw an average property tax decrease by 30.1 percent and 24.4 percent, respectively, while Sea Bright in Monmouth Country and West Wildwood in Cape May County saw average increases of 15.9 percent at 12 percent, respectively.

Walpack and Loch Arbour saw the biggest decreases in average property taxes. Atlantic City, Salem City, Interlaken in Monmouth County and Trenton followed behind with average property tax decreases of 19 percent, 16.3 percent, 15.1 percent and 14.7 percent, respectively.

In addition to Sea Bright and West Wildwood, Pennsville in Salem County, Teterboro in Bergen County, Seaside Park in Ocean County and Oldmans Township in Salem County saw the biggest average property tax hikes with increases of 8.3 percent, 7.9 percent, 7.7 percent and 7.2 percent, respectively.

Outgoing Gov. Chris Christie said in a public statement that the slow growth in property tax rates are attributable to the 2 percent property tax cap policy passed in 2010. While the cap is set to expire in 10 days, state Senate President Stephen Sweeney, a Democrat, said in a public statement that the broader 2 percent cap will be renewed.

NEW HAMPSHIRE - Supreme Court sides with Eversource in Merrimack Station valuation case

The power plant in Bow was worth less than half of the amount the town used to calculate its tax bill, the New Hampshire Supreme Court ruled Thursday.

In a decision posted Thursday afternoon, the court affirmed a Merrimack County Superior Court judge’s ruling that Merrimack Station was worth less than $70 million in 2012 and 2013, and not $159 million, which the town used for tax purposes.

“The search for fair market value is ... akin to a snipe hunt carried on at midnight on a moonless landscape,” the decision read.

The state's highest court ruled there was nothing wrong with the assessment methods of the plant's owner Eversource, previously known as Public Service of New Hampshire.

"Accordingly, we cannot say that the trial court erred by granting PSNH an abatement of taxes on its property in the town for tax years 2012 and 2013," the decision says.

The case has stark implications for Bow taxpayers; according to various town estimates, Bow could owe Eversource a tax refund of at least $8.5 million. If Eversource decided to pursue differences in valuation for the 2014, 2015 and 2016 years, it could add even more to the amount the town will need to refund. By contrast, the town's operating budget is about $10 million.

In preparation it might lose the case, the town has been setting aside money and has about $1 million saved up so far.

"We've been prepared for this possibility," Bow select board chairman Harry Judd said.

But town officials have held back on details about exactly how much money has been set aside, and the decision to start saving it up.

While the town's budget calculates expenditures in finite detail – even down to the cost of postage to send out tax bills to residents – the money the town has been collecting in taxes and saving to pay Eversource wasn't approved by voters and doesn't show up on town documents.

The money is not in a dedicated fund, Judd said.

"The selectmen decided that was the appropriate way to proceed," he said, adding the town's finances are audited each year.

In a December newsletter, Bow town manager David Stack wrote that most of the town's 2017 property tax rate increase was due to the plant.

One quarter of the increase was related to the board's decision to lower the plant's assessment rate to match the $75 million sale price announced by the Public Utilities Commission in late November, Stack wrote.

The rest of the increase was attributed to a $1.2 million increase in the amount of funds raised for potential property tax abatements.

"Both of these actions were taken by the Board of Selectmen to help alleviate the total financial impact of the plant's value change," Stack wrote.

A statement from Eversource spokesman Martin Murray said the company was pleased with the court's ruling and would be working with the town to decide the most appropriate way to implement the court's decision.

"We pay our taxes in full and on time but have a responsibility to our customers to challenge those assessments we believe are excessive," the statement read.

It's also too early to say how the town will have to pay back its refund, Judd said, but he said the town has been in communication with Eversource prior to the decision and will continue to work on the issue.

"Until a few hours ago we had no certainty on this, whether we would prevail or not," he said.

That newfound certainty is going to be a big challenge for the town's budget committee, which was set to tackle the select board's budget Thursday night.

"It's a big deal – it's a lot of money," said budget committee chairman John Heise. "We've spent that money and now we have to give it back, and it's not in our wallet."

Heise said there had been previous discussions of what it would look like to bond the refund out over several years. He noted that paying it back in a shorter period of time could add thousands of dollars to a person's tax bill.

Last year, Heise said during a public hearing on the school district's budget that if the refund was due in one year the tax rate would spike $10.78 per $1,000 of assessed property value, or an additional $3,234 on the taxes for a home valued at $300,000.

Bow has the ability to ask the court to reconsider. Judd said the select board would have to make that decision, but said it was unlikely.

The ruling caps years of court battles between the town and Eversource. Superior Court Judge Richard McNamara ruled in October 2016 that the value of all Eversource property related to the plant was worth $66.6 million in 2012 and $67.4 million in 2013. The town valued the plant at $159 million when it sent the company a tax bill.

A year later, the two parties met again in the Supreme Court.

Bow attorney Paul Fitzgerald argued that valuing the plant's property at its net book value rather than its fair market value was improper. He also argued that the value of the plant's two combustion turbines, essentially generators used during peak periods and emergencies, are valuable because they generate additional revenue while running, despite Eversource's characterization of the engine as "decrepit" and of zero value. He argued the turbines should be valued separately from the plant itself.

Another key point of Bow's argument was Eversource's decision to invest in a $422 million mercurial scrubber because it saw the plant as valuable.

But Eversource saw it differently, countering that the turbines, although they do create a revenue stream, have no independent value. They also said that the mercurial scrubber was necessary due to regulations at the time, and that the plant would have had to close if it wasn't installed.

As of Wednesday, Merrimack Station is owned by Connecticut-based Granite Shore Power.

ILLINOIS - Too many governmental entities spoiling property-tax broth

As soon as Urbana Alderman Erik Jakobsson suggested the possibility of abolishing the city's township government and folding it into municipal government in the name of frugality and efficiency, special pleaders stepped forward to defend the status quo.

They contended that abolishing Cunningham Township government, an invisible branch of rule that is a throwback to government of 100 years ago, would be a disaster because the township's services could not be duplicated.

One speaker asserted that it is "absurd to think that the city council can simply absorb the township."

It is, of course, not absurd. It has been done elsewhere. All that's required is the will of public officials to push back against lobbyists protecting their political interests and voters who recognize that Illinois, with roughly 7,000 units of local government, by far the most in the nation, has far more property-tax eaters than it can afford.

But will that happen? More important, if local officials and voters don't step up to the plate, what will homeowners do in the face of the rising property taxes needed to pay for thousands of avaricious taxing bodies?

A recent report prepared by Orphe Divoungey, an economist with the Illinois Policy Institute, asks the question whether property-tax pain is subsiding.

"Unfortunately, no. Government data show average property taxes paid in Illinois grew more than six times faster than household incomes from 2008-2015," Divoungey's report states. "And, more recently, those property-tax bills have risen as returns to investment in home equity have declined in Illinois — meaning property taxes are too often sucking away those savings of middle-class families."

While property taxes grew at a 48 percent clip between 2008 and 2015, the report states that average household income "increased by only 7 percent" during the same period.

"In other words, property taxes grew more than six times faster than household income in Illinois," Divoungey writes.

Much of the discussion related to skyrocketing property taxes, which support public schools, park districts, townships, etc., has focused on the revenue side of the equation — for instance, raising the state's income tax while reducing property taxes.

That approach never has gotten very far in the Legislature, where members of the House and Senate repeatedly have raised the state income tax while taking no action on property taxes other than to make it easier for local officials to increase them.

That's why the IPI report focused on the cost side, starting with a freeze "as a first step." Gov. Bruce Rauner proposed something of a freeze during last year's budget negotiations with Democratic legislative leaders, but his plan ultimately went nowhere.

That's why Divougney, among others, contends "legislators must act to rein in the cost drivers that push those (property-tax) bills higher and higher."

In others words, Divougney said, it's time to cut and consolidate local units of government.

"A great place to start is in Illinois' duplicative school district administrations," he said.

A joint 2017 report prepared by Chicago's Better Government Association and Metropolitan Planning Council explained why in infuriating detail.

The report noted that Illinois has 850 school districts, 26 percent of which are one-school districts. The administrative costs of operating one-school districts are 67 percent higher than multi-school districts. That's just one of the reasons why schools in Illinois spends $518 per student in administrative costs compared with national average of $216 per student.

The report recommended that school districts make a commitment to cutting back on the bloat by doing things like consolidating "geographically contiguous one, two, three or four-school districts into single administrative offices."

Does that sound feasible? Yes.

If private-sector corporations can handle payrolls for many thousands of people, why can't two or three small school districts consolidate their administration back-shops to handle payrolls, among other duties, for a couple hundred employees?

But will it be done? Do public officials have either the desire or the stomach to take on what surely would be a difficult job?

There's been hardly a peep uttered since the report was issued nearly a year ago, at least in terms of making any commitments to cost-cutting.

That's why property taxes keep going up and tax-weary Illinois residents, particularly upper-income earners, keep moving out.

"Surging property-tax burdens as Illinois loses people to other states in record numbers is a toxic mix. Indeed, local governments across the state continue to hike property taxes while the state is shrinking," the report states.

llinois property taxes rise six times faster than income during recession

Two recent studies said property taxes weren't really so bad in Illinois.

Bet your experience is very different.

Now another study using data from the U.S. Census Bureau's Current Population Survey is telling us that, yes, property taxes are high here — but that's not the worst part.

Between 2008 and 2015 during the Great Recession, property taxes grew six times faster than household incomes in Illinois, according to research by Orphe Divounguy, the Illinois Policy Institute's chief economist.

"The real property tax burden – property taxes as a share of income – shows just how far Illinois families have to stretch their budgets," Divounguy said. "We have seen that burden grow almost 40 percent between 2008 and 2015."

The burden grew 40 percent during the recession as household incomes grew just 7 percent during those seven years.

Think rich counties around Chicago are driving those numbers?

Well, the average property tax bill in St. Clair County doubled between 2000 and 2015, from $1,030 to $2,051. Madison County wasn't quite as bad, growing 82 percent from $1,344 to $2,442. The state average was a 93 percent change during those 15 years.

New Jersey is the only state that puts more of its household income towards property taxes. Just how attractive does that make Illinois to those buying a home?

Property tax caps, government consolidation and a functioning state government would all go a long way towards fixing the problem. Trouble is, it doesn't seem like anyone in Springfield is even having this conversation and when locals have the conversation it is usually about raising property taxes even more.

Commercial real estate comes out on top in tax law overhaul

While housing sector proponents gave a thumbs down to the new tax law, most commercial real estate industry execs are celebrating the federal overhaul.

Housing took a hit with fewer deductions in the just-passed tax law rewrite.

But lower corporate tax rates and special treatment for many real estate companies could give the commercial property sector a boost and more profits for big builders.

"The first major tax reform in more than three decades, the act recognizes the important contribution that commercial real estate is making to the economy by supporting pro-growth initiatives and acknowledging the long-term nature of commercial real estate investment," Thomas J. Bisacquino, president of the industry trade group NAIOP, said in a statement. "This legislation represents an important victory for NAIOP members and the commercial real estate industry."

The final legislation kept tax-free exchanges of real estate and continues taxation of real estate carried interest as capital gains.

Real estate firms also continue to be able to deduct their business interest expenses.

And the taxes for the so called pass-through businesses — a common real estate vehicle — were reduced.

The popular historic preservation tax credits that have helped revitalize urban areas were reduced, but not eliminated as originally proposed.

Some analysts are predicting a surge in private capital in commercial real estate to take advantage of the new tax benefits.

The commercial property sector was already enjoying one of the best periods in decades before the new tax regulations were made law.

While the residential real estate industry is worried that the tax deduction changes could drive down home values, commercial property owners see a new spurt of investment.

"While tax reform may have a modest impact on real GDP growth, overall, commercial real estate is a winner, though some subsectors fare better than others," Revathi Greenwood, Cushman & Wakefield Head of Americas Research, said in a report.

"Multifamily looks to be a winner — at the expense of single-family residential — especially in states and municipalities with high state and local taxes.

"The retail and industrial sectors should see modest benefits, while the office sector will see minimal impact."

NEW YORK - Scarsdale 2016 revaluation upheld in state Supreme Court

The bid by Scarsdale homeowners to overturn the village's 2016 revaluation was dismissed Friday in state Supreme Court.

Justice Bruce Tolbert found that the committee that filed the lawsuit lacked standing to make its claim.

The attorney for the homeowners said the ruling was based on technicalities that were previously addressed.

Tolbert's ruling came almost a year after about 150 Scarsdale homeowners, who organized themselves as the Scarsdale Committee for Fair Assessments, sought to invalidate the revaluation of village properties, conducted by John F. Ryan Associates.

The residents alleged that the village had systematically undervalued the village's most expensive properties while boosting those on the lower-end of Scarsdale's high-flying real estate market.

They also alleged that the village had manipulated the values of certain homes to curry favor with members of the Scarsdale Board of Trustees.

Tolbert found that the committee couldn't file the lawsuit because it was not a taxpayer who was liable to pay taxes.

"It is a group of like-minded people who allege harm based on unfair assessments, and the unfair requirement to pay higher real estate taxes," Tolbert wrote. "As a committee, they do not have standing by which to plead."

Committee member Mayra Kirkendall-Rodriguez said the group is considering an appeal.

"Property owners should have a right to challenge a municipality's assessment roll when larger homes are systematically valued at 90 percent of market value while smaller homes in the same municipality are valued at 100 percent of market value or higher," she said. "The percentage value is supposed to the same, no matter how big or small your home may be."

More problems

Scarsdale Assessor Nanette Albanese, who came under harsh criticism at several meetings in 2016, welcomed Tolbert's decisi

"I'm not surprised but I'm happy," she said.

Tolbert's ruling found more problems with the lawsuit. Tolbert said a "fatal flaw" in the lawsuit was the failure to name as defendants the Scarsdale school district or Westchester County, whose tax levies are collected by the village, based on the assessments under question.

Tolbert questioned the lawsuit's central premise – that the revaluation conducted was unfair.

"Just because real estate taxes became higher by virtue of the second revaluation does not mean that the second revaluation in and of itself was invalid," Tolbert wrote.

Reval history

The committee asked the court to order Scarsdale to revert to values set by the 2014 revaluation, which were in place for 2015. A Tax Watch analysis found that the 2014 revaluation increased by 29 percent the taxable value of 250 homes valued at more than $3.5 million. It added $302 million in taxable value.

The 2014 revaluation raised by 0.5 percent the value of 250 homes valued at $1 million or less.

Ryan's revaluation turned the tables. The 250 low-end homes saw their values rise by 11 percent, or $11 million, while the top-end homes valued at $3.5 million and more saw their values drop by 11 percent, or $146 million.

Tolbert said reverting to the 2015 assessments rolls would roil Scarsdale public affairs.

"To grant this relief sought by petitioner would in fact cause severe disorder and confusion in public affairs and additionally is void of public policy."

Attorney Bob Bernstein, of Edgemont, who filed the case, said he'll await word from the committee on whether it wants him to appeal.

"The case was dismissed on technicalities that were addressed months ago," he said. "Everyone of those 150 property owners on the committee have a financial stake in the case. The argument on standing is flat out wrong.

NEW YORK - Tax Abatement, Zombie House Programs Aim For Improvements

Two new programs went online in 2017 that will hopefully help Jamestown officials improve city neighborhoods.

One of the new initiatives was the Local Property Tax Abatement Incentive Redevelopment of Vacant and Condemned Properties program.

The new local law, which was signed in October, will be for single or two-family residential properties that are vacant, legally condemned and have outstanding state and local code violations where the cost of remedying the violations exceeds the property value. Also, the program includes the construction of a new single or two-family residence of at last 1,200 square feet on a parcel where a previous house has been demolished.

The tax abatement will be granted through an application filled out by the owner of the property with the city assessor's office, which needs to be done before March 1 to qualify for that tax year. The application will include the scope of work, with cost estimates and quotes from contractors, plumbers and electricians who are licensed to do work in the city. The abatement covers 11 years, with zero percent for years one through three; 20 percent for years four and five; 40 percent for years six and seven; 60 percent for years eight and nine; 80 percent for years 10 and 11; and 100 percent starting year 12.1

The idea for the program was suggested by Marie Carrubba, Ward 4 councilwoman, about two years ago after she had heard about a similar program approved in her former hometown of Batavia. Carrubba then reached out to Vince DeJoy, city development director, about creating a program for Jamestown to assist developers in saving abandoned properties or creating new structures on vacant lots.

DeJoy said, as of Wednesday morning, state officials were close to finalizing the form necessary to start the program. He said once the state Department of Taxation and Finance finalizes the form, city officials will be able to start evaluating cases. He added that the first possible case where the new program will be used involves Habitat For Humanity building a new house on a vacant lot created by a demolition along Norton Avenue.

"There was a foreclosed property that suffered water damage due to poor drainage on the site," he said. "(The Jamestown Urban Renewal Agency) currently owns the property and we are going to do what we can from the city's perspective to alleviate the water drainage, storm drainage issues. It is a result of topography on the parcel. We're going to change the topography of the site to drain to the curb instead of having standing water, which destroyed the house."

DeJoy said city officials won't be able to fix the drainage issue on the parcel until spring, but once a solution is found, the construction of the new house will start.

"It will likely be the first one to qualify for the program," DeJoy said.

In October, Sam Teresi, Jamestown mayor, said the new program won't fix all of the city's housing problems, but if just three to four houses are renovated annually the city could save more than $100,000 because the average cost to demolish a property is between $30,000 and $40,000. He said the biggest benefit will be for city neighborhoods who will no longer have to deal with a blighted house on the block.

Another housing initiative helping to improve city neighborhoods is the Zombie and Vacant Properties Remediation and Prevention Initiative program. Zombie properties are houses that are vacant and abandoned that are not maintained during a prolonged foreclosure proceeding.

In October 2016, city officials were approved for the program and received $149,970 in funding. The money for the Zombie Remediation and Prevention Initiative program will address housing vacancy and blight by bolstering municipalities' capacity for housing code enforcement, for tracking and monitoring vacant properties and for legal enforcement capacity to ensure banks and mortgage companies comply with local and state law. The grants also require communities to develop innovative programs and policies and connect at-risk homeowners to services so they can avoid foreclosure and stay in their homes.

The primary use for the state grant is to hire an attorney, which city officials did when they hired Todd Thomas to be an independent contracted lawyer. However, after Thomas was appointed to be the city clerk and administrative director in August, DeJoy said they hired Kristy Woodfield to be the attorney working on behalf of the city when it comes to zombie properties.

"She has been extremely aggressive working with banks and going after mortgage companies holding properties that aren't being maintained," he said. "Because of litigation, I cannot discuss specific properties. However, she has filed a number of motions."

DeJoy said one of the cases Woodfield is working on might be the first to take advantage of a state law.

"It is a legal procedure for the city to take title to a property," he said. "It is a long process, but we may see some fruits from it this spring."

Once the city takes control, DeJoy said the Jamestown Urban Renewal Agency can then market it as a development property.

"We feel the property is very marketable and will dramatically change a neighborhood," he said. "It has been a zombie in a stable, good neighborhood. Whoever takes on the property will have a great opportunity to have a good house, with good bones. We're going through the legal process and hope to have something to report on in the next couple of months about how we were successful using a law on the books that no one has used."

NEW YORK - Court Dismisses Article 78 Filed by Scarsdale Committee for Fair Assessments

The long awaited decision by the court on the Article 78 proceeding filed in January 2017 by the Scarsdale Committee for Fair Assessments is in: Judge Bruce Tolbert of the Supreme Court of the State of New York denied the Article 78 in its entirety and granted the motion to dismiss.

The Article 78 asked the court to annul, void and rescind the 2016 tax assessment roll for Scarsdale and roll back valuations to 2015 assessments. If the Village failed to roll back the assessments, they asked that the petitioners who would pay more taxes on the 2016 roll than the 2015 roll be refunded the difference.

In April 2017 another group of Scarsdale residents filed a motion to intervene to "correct the false record put forth by the Committee and make clear that "all other taxpayers in the Town/Village of Scarsdale" do not agree that the Committee represents their interests." In fact, the motion says that the intervenors "Object to the Village wasting its time and money defending the Article 78" and also "Object to the prospect of Scarsdale's tax assessment procedure being dictated by a judicial monitor rather than proceeding under the established municipal and state regulatory procedures and administrative remedies that govern residential property tax assessments."

Kevin Reed, one of the attorneys who filed the motion to intervene said, "Our clients filed their motion to intervene in the Article 78 proceeding to make clear to the Court that the self-appointed Scarsdale Committee for Fair Assessments does not represent all Scarsdale taxpayers. If the motion is granted, our clients will advocate to the Court that that the Article 78 proceeding is without merit, that a rollback of the 2016 assessment would cause the Village more harm than good, and that grievances with the results of the 2016 assessment should be pursued on an individual basis through the administrative and judicial mechanisms provided by New York State law."

In the decision dated 1/5/2018, the court rejected the Committee's Article 78 petition on every front. Most importantly, the court dismissed the Committee's central argument—that the Ryan Revaluation was fundamentally flawed and unfair—holding that the challenge to the Ryan Revaluation was "false[]" and based only on a "vague argument" that amounted to an "idea that 'we liked the first one better.'" The decision says, "There is a lack of substance and empirical data by what is presented by the movant in this matter. Clearly, there is a need of sound theory and objective data which is necessary to overcome the presumption regarding the validity of the challenged assessment."

The court found that the committee lacked standing to plead as they are not "a person or a corporation who is a taxpayer." The decision says, "this formed committee, the Scarsdale Committee for Fair Assessments, is not a property owner in its own right, nor is it an incorporated entity."

The court also noted that a full-scale roll-back to the Tyler Revaluation would cause "chaos" and "disrupt[ion]" to the Village. The Committee's Equal Protection claim was rejected for the simple reason that "all of the residents of Scarsdale were treated the same" as they were all subject to the same, valid revaluation.

At a more basic level, the court questioned why the Committee chose to proceed through an Article 78 proceeding rather than individual grievances, as many individual Scarsdale residents do every year. This point was reinforced by the intervenors who volunteered to participate in the action on the side of the Village. The court noted that some of the intervenors "saw a raise in their real estate taxes with the 2016 assessment," and "some have sought Article 7 relief as well." The court observed that this stood in contrast to the Committee, whose members could have sought individual relief but instead chose to seek a full-scale roll-back, which was "clearly against any public policy agenda of any municipality including Scarsdale."

Commenting on the dismissal, Scarsdale Village Attorney Wayne Essanason said, "The decision speaks for itself."

Is Property Tax Next in Line for an Overhaul?

Normally, as each year comes to a close, most local taxing authorities are preparing to notify taxpayers of their upcoming property tax obligations and to collect those payments. Because of the recent passage of Pub. L. No. 115-97, local taxing authorities in high-tax states are closing out the year looking for creative ways for taxpayers to take advantage of the current federal state and local tax (SALT) deduction that will be capped at $10,000 after 2017.

Despite best efforts by some high-tax states to help taxpayers prepay 2018 property taxes before the end of the year, on Dec. 27, 2017, the IRS issued guidance indicating that prepaid property taxes cannot be deducted if, in fact, the prepayment for the 2018 levy was based on an estimate rather than an actual property tax assessment, as Bloomberg Tax's (subscription required) has reported. Nevertheless, some high property tax states, like New York[1] and New Jersey[2] and are still looking for a work-around. In New York, Gov. Andrew Cuomo (D) issued an executive order requiring local-level authorities to both deliver tax warrants and receive prepayments. New Jersey, on the other hand, issued its tax bills around July 2017; the payments are due in 2018, making it more likely that folks in New Jersey can take advantage of prepayment in order to preserve the federal deduction for the 2018 property tax paid this year.

Newly emerging issues concerning the cap on SALT deductions raise questions about whether states and local governments will start the new year looking for a more permanent solution to ease property tax burdens for individuals without reducing the essential revenue that cities, counties, and municipal governments rely on to fund public services, and without driving out businesses who will migrate elsewhere if they are subject to a significant increase in property taxes. The answer is not going to be simple. In addition, other variables will play into the property tax equation making any potential 2018 fix challenging for state legislatures.

One of significant challenges that states and localities will likely face in balancing the equities is dealing with the changing landscape of the economy as brick-and-mortar retailers shutter their doors. Additionally, stemming from that issue, many states are also dealing with emerging “dark store” property valuation litigation. For those who have not heard the buzz, “dark store” litigation emerged as a result of some big box retailers seeking to reduce property taxes by requesting that operating stores be valued as if vacant or dark. The National Law Review states that “[t]hese challenges can have a dramatic impact on municipal budgets as local governments are forced to increase property taxes for other property owners to compensate for the lost revenue." Thus, while the death of retail is likely to erode property tax revenue on its own, cities and counties may take a greater hit if, in fact, courts and tax tribunals agree with the "dark store" theory.

The recent change in the federal tax code, the death of retail, and money spent litigating valuation issues, among other things, may force local taxing authorities in some states to reassess their property tax systems in order to continue providing essential services. But, in light of Pub. L. No. 115-97, looking to homeowners for the revenue is probably not the answer, considering the newly imposed deduction caps. Local governments could arguably ease homeowners' tax burdens by increasing exemptions or credits for individual taxpayers, but cities and counties will need a plan to make up for the loss in revenue. Such a plan may include reconsidering existing property tax exemptions and finding other sources for raising revenue (e.g., income, sales, or excise taxes), to shift the heavy reliance on property taxes. Whatever state and local governments decide on, 2018 promises to be an exciting tax year.

[1] On Dec. 22, 2017, New York Gov. Andrew Cuomo (D) issued an executive order authorizing county legislative bodies to issue and deliver warrants for collection of taxes and authorized officers to receive payments on each business day including and following receipt of the warrants. Property taxes for the 2018 levy can be paid through Dec. 28, 2017, in person and through Dec. 31, 2017, online or by mail if postmarked on or before December 31.

[2] Gov. Chris Christie (R) signed an executive order of Dec. 27, 2017, directing municipalities to accept payments for 2018 property taxes which, pursuant to N.J. Rev. Stat. §54:4-66(a), are payable in February, May, August, and November. Bills are mailed annually around July.

HAWAII - Appeals of property tax assessments at all-time low

Big Island property owners aren't fighting their tax assessments as hard as they used to.

The Real Property Tax Review Board heard just 195 appeals last year compared to 399 in 2016. The count hovered at about a thousand before that, with an all-time high of 1,516 cases in 2008. There are some 140,000 parcels in the county.

"This is the lowest we've seen," said Assistant Real Property Tax Administrator Lisa Miura. "Appeals are very low for everybody."

Some $326.5 million in property values were disputed last year, with most cases, as is typical, coming from West Hawaii, where property values are higher. Of the cases, 119 were from West Hawaii and 76 from East Hawaii, according to the board's annual report to the mayor and County Council.

Miura said this coming year might show whether the low complaint rate is a fluke or a trend, as property values continue to rise, and a tax rate hike instituted last year continues.

One area of increasing concern is the use of residential property for short-term rentals, such as through online companies such as Airbnb and VRBO. Some neighbors worry the vacation rentals are ruining the ambiance of neighborhoods, while others say it's a way for families to afford to own a home.

Mayor Harry Kim said the administration, which previously was working on a bill, turned the project over to the County Council. Two council members are working on legislation expected to be introduced this month, he said.

"In the meantime, we as a county are working with the state Legislature to make sure there's good coordination on this issue," Kim said.

The County Council Finance Committee, which meets in Hilo at 10:45 a.m. today, is scheduled to take up a report from the Real Property Tax Review Working Group. The group's 24-page quarterly status report covers progress made on agricultural exemptions, tax categories and Finance Department staffing, among other issues.

The group was created last year with these goals: Increase fairness of the county's real property tax program, identify and incorporate best property tax administrative practices, propose additional tax programs as appropriate and identify public policy goals and incorporate them into the county's real property tax program.

The working group and the tax board say the county should do away with a tax exemption program known as the “non-speculative residential” program. A 2008 law closed the program to new property owners, but those who were grandfathered into the 1958 program might have an unfair advantage over other property owners who can’t participate, Miura said.

The program allows property owners to freeze their property value for five or 10 years by dedicating it to their own homestead use. The county’s homeowners property class and a homeowners exemption have taken the place of the program for all but 483 property owners.

FLORIDA - Legal fight over Pensacola Beach taxes may go to Florida Supreme Court

Because of the millions of dollars in tax revenue at stake, longtime Escambia County Property Appraiser Chris Jones says continuing his legal fight to tax some beach leaseholders is the right thing to do.

Jones said Wednesday that attorneys for his office would file a motion in the coming days asking the Florida Supreme Court to take up the case, which was rejected by an appellate court in October.

Since 2004, Escambia County and the Escambia County School District have received $200 million in tax revenues from Pensacola Beach, Jones said. During the same time, the county has spent about $1.7 million to fight lawsuits involving beach taxes, said Jones, who has served as the county's tax appraiser since 1995.

Jones said the latest appeal to the Florida Supreme Court would likely be the final legal step for the county.

"No one will be happier than me when this all over, but we have an obligation to continue," he said.

Some county leaders, including County Commission Chairman Jeff Bergosh, and the attorneys for beach leaseholders have questioned the logic of continuing to appeal a case that lower courts have rejected.

The appeal to the state's highest court will cost between $5,000 and $10,000, which Jones said was a tiny amount compared to the overall cost of the long running litigation and a necessary expense because of the tax revenue the county stands to lose.

At issue in the latest case, which was filed by condominium owners at Portofino Island Resort and the Beach Club Towers on Pensacola Beach, is whether the county can tax land on which the condominium towers are built.

Todd Harris, an attorney for the condo owners, said settling the issue is important to thousands of Pensacola Beach condominium owners.

More: Appeals court affirms ruling in favor of condo owners in Pensacola Beach over property tax

"What is at stake for them is getting the land issue fully and finally resolved. For each person who has a lease out there, it is a matter of thousands of dollars a year," he said.

Lawsuits involving taxes on Pensacola Beach and Navarre Beach began in the 1980s. The two Santa Rosa Island beaches are unique because all residential and commercial development on the beaches takes place on land that is leased rather than owned.

The situation dates to 1946 when the federal government deeded much of Santa Rosa Island to Escambia County. The agreement stated the county could not sell the beach land and must use it "for such purposes as it shall deem to be in the public interest."

In the 1950s, Escambia County leaders decided to develop Pensacola Beach to bring in tourism revenue. Because county leaders were prohibited from selling the land, they created a series of 99-year lease agreements.

Escambia County later handed over control of Navarre Beach to Santa Rosa County through a 99-year, automatically renewing lease agreement.

In the 1980s, county tax appraisers turned to beach developments as a source of property tax revenue and the lawsuits began. The lawsuits alleged the counties could not asses taxes on property that was leased rather than owned.

In the long and complicated series of cases, courts have ruled that the counties can tax improvements to the properties. Still undecided is whether counties can tax the land underneath condominium buildings. In the latest cases, the courts have said it depends on the wording of the leases and whether the leases are automatically renewable after 99 years or subject to renegotiation.

Jones said about half of the 4,500 leases on Pensacola Beach have language that could exempt them from the land taxes.

More: Despite many rejections by appeals courts, property appraiser continues fighting beach case

"Right now, half of the land is taxable and half of the land is not. We think the (state) Supreme Court would want to resolve that ambiguity," he said.

Because all of the Navarre Beach leases are perpetually renewable, Navarre Beach is no longer involved in the lawsuits.

The Escambia County School District has filed a friend of the court brief in support of Jones, asking the high court to hear the Escambia County case, said Malcolm Thomas, the district superintendent.

Thomas said the district holds about $6 million in a reserve fund because of uncertainty created by the lawsuit. If the high court does not hear the case, the school district will have to return the money to the beach condominium owners, he said.

"What we would like to be able to do at some point is to get final answer so that we will know if we can keep that money and use it for the school district or if it will have to go back to the taxpayers," he said.

Jones said the county has a similar reserve fund.

If the Florida Supreme Court declines to take up the case, Jones said his office will have to evaluate all of the leases to determine what the annual losses in county tax revenue will be moving forward.

A 2017 bill by U.S. Rep. Matt Gaetz, R-Fort Walton Beach, attempted to resolve the tax disputes by overturning the 1946 deed agreement and allowing beach residents to obtain titles to their land.

The bill stalled in a U.S. Senate Committee after U.S. Sen. Bill Nelson, D-Florida, pulled his support.

Opponents of the bill claimed outright private ownership of Pensacola Beach and Navarre Beach property would lead to more development of the beaches and to the no trespassing signs and gated access common elsewhere in Florida.

CALIFORNIA - Should Prop. 13 exemption be immortal?

Yes, all Californians eventually will die. But why can’t our property tax discounts live forever?

That’s the question raised by the California Association of Realtors' glorious new ballot initiative to make our state’s Proposition 13 property tax savings even more generous.

The “People’s Initiative to Protect Prop. 13 Savings” reminds us of a Californian truth as undeniable as the Golden Gate Bridge: Limiting property taxes is the fundamental organizing principle of post-modern California.

Under our Prop. 13 regime, the taxable value of every California home is set at the date its owner purchased it. From that original base, a home’s assessed value cannot increase by more than 2 percent annually — no matter how much the market value goes up. In this way, Prop. 13 provided homeowners an ever-escalating discount on property taxes as the value of their homes rose.

This subsidy is the best-protected piece of our state’s finance system. Californians will cut school funding and raise income or sales taxes, but Prop. 13 tax savings are untouchable.

But something as fundamental as Prop. 13 can always use more protection. This new initiative shores up a fundamental weakness: Homeowners don't get to keep their low property taxes forever. Tragically, they lose that discounted tax assessment once they sell their property and move on to a new home.

Fortunately, this initiative would end this outrage.

The proposal would allow anyone over 55 years old to sell their California house and carry those same low property taxes to their next home, no matter the new home's market value, or its location in the state, or the number of moves they make.

Call it a new birth of freedom. Prop. 13 only protected older homeowners from being forced out of their homes by rising property taxes. This Son-of-Prop-13 also frees older homeowners who might feel trapped in their homes by their unwillingness to surrender those property tax savings. Your tax savings would no longer follow just your house — they'd follow you.

If the initiative passes, longtime homeowners will finally be free — to sell their homes at the huge profit they've run up over the years, without losing their property tax discount. Hallelujah!

(Purely coincidentally, this would create more commissions for Realtors, whose statewide organization filed the initiative.)

I have only one concern: This plan doesn't go far enough.

Why limit property tax protections to just the old and living? To express the central importance of property taxes here, I propose — modestly — that every California homeowner be entitled to property tax savings that extend beyond their death.

That would allow you, or your estate, to transfer your property tax savings to whomever you want (a nephew, a neighbor, a bridge partner), for however long you want.

Think also of the children — especially children related to these longtime homeowners burdened with all that home equity. Under my proposal, that equity could be passed on without a reassessment that would make higher property taxes cut into your inheritance.

I recognize that not everyone in California will support this boost to inherited wealth. For one thing, the initiative would cost schools and local governments $2 billion, and mine would cost many billions more.

For another, critics see Prop. 13 as generational theft since it reserves for older homeowners money that would be better spent on education, housing and infrastructure so that California — with the nation's highest poverty rate — could have a brighter future.

But Prop. 13 critics don't recognize what our state has become. Don't they know that the old represent the fastest-growing demographic in our state, while the number of children is declining? Why prioritize the education of the next generation when old people are the future?

Sure, some people would call our plans extreme. Some people might suggest we are prioritizing property taxes over more important aspects of life.

Some people just don't understand what California is all about.