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NEW JERSEY - N.J. property taxes hit a record high in 2017

New Jersey's already-sky high residential property taxes set a new record in 2017, with the average tax bill ringing up at \$8,690.

That tax bill is \$141 -- or 1.6 percent -- over the \$8,549 homeowners paid, on average, in 2016.

The burden falls hardest in Bergen, Essex and Union counties, where the average bill exceeded \$11,000. Counties with the highest property taxes tend to be concentrated in the northern and central parts of the state.

The new figures released Friday by the Department of Community Affairs closes the books on property taxes during former Gov. Chris Christie's eight years in office.

The average tax bill was \$7,281 when Christie came into office. During the two terms of his administration they rose a total of just over 19 percent, representing a significant slowdown in the rate of property tax growth from previous governors.

The Department of Community Affairs releases town-by-town property tax data each winter, each year's average predictably setting a new record for a state with the highest property taxes in the nation.

But this year, homeowners are facing uncertainty in their property tax bills on several fronts, prompting worry that they could grow at a faster rate.

Gov. Phil Murphy said he signed a common interest agreement earlier this week with states interested in filing a federal action.

Officials from counties and municipalities warn they may be forced to raise property taxes in the aftermath of the expiration of a 2 percent cap on the raises police and firefighters can win in arbitration.

While the number of contract disputes that land in interest arbitration are few, local government officials say those raises inform contract negotiations across the state.

In the decades before the cap was installed, arbitration awards ranged from 2 percent to nearly 6 percent.

While they're still hemmed in by a 2 percent cap on annual increases in government spending, officials say higher arbitration awards would force them to cut programs or take advantage of the exceptions to the 2 percent cap for things like employee retirement benefit costs and debt service.

An analysis of the cap released this fall found it saved taxpayers \$530 million on police and firefighter salaries and more broadly found the duo of caps saved taxpayers \$2.9 billion.

In his final State of the State address, Christie urged lawmakers to renew the cap he signed into law, saying New Jerseyans can't afford big jumps in their bills each year.

"Seven days, I'm just another property taxpayer," he said last month. "And as another property taxpayer, I am begging you. Stand up to these interests. Pass the arbitration cap like you've done twice before. And do not return the citizens of our state to 7 percent annual property tax increases."

Gov. Phil Murphy notably has not released a specific plan to lower property taxes, but he's said he wants to put an additional \$1 billion a year into education funding that could relieve the burden on local school districts to raise more revenue.

And Republicans in Washington installed a \$10,000 cap on the state and local taxes that will hit hard homeowners in such high-tax states as New Jersey, where property tax bills alone can easily exceed \$10,000.

The property tax break took the edge off the state's notoriously high property taxes, but the truncated version will leave New Jersey homeowners feeling every dollar of their tax bill.

Murphy announced last month he's joining with New York and Connecticut in a federal action against the GOP tax law that caps the deduction and raises taxes on wealthy blue state residents.

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He's spoken in support of allowing local governments to construct support funds that would allow taxpayers to classify their property tax payments as donations that are fully deductible, and he said he's taken interest in a proposal made by Cuomo to shift from personal income taxes to payroll taxes, which can be deducted fully.

Lawmakers introduced a charitable bill fund in the Senate, which would allow municipalities, counties and school districts to offer property tax credits worth 90 percent of donations made to these accounts.

Tax experts, however, are skeptical these schemes will stand up to IRS scrutiny.

INDIANA - Property tax appeal could make history, save millions

Boone County officials have taken steps over the past two weeks to prevent millions in tax revenue loss for multiple municipalities. To prevent that loss, the county opted to spend as much as \$400,000 to fight a property tax assessment appeal filed by the Whitestown Meijer store.

The Boone County Commissioners and Council have each authorized proceeding with the appeal after Boone County Assessor Lisa Garofollo and County Attorney Bob Clutter made their case.

Clutter said Meijer and several other big box stores have been filing these assessment appeals all over the Midwest.

Locally, the Meijer appeal is for all tax years since the store opened in Whitestown in 2014. Garofollo said that if the appeal is successful, the county would have to pay back \$300,000 to \$375,000 for each year Meijer has appealed.

The county is not the only entity that stands to lose money, as the store also pays taxes to the town of Whitestown, Zionsville Community Schools and the Hussey-Mayfield Public Library.

Going forward, each entity would also get that much less money from Meijer in property taxes, which would amount to millions in lost revenue in the coming years.

The Whitestown Lowe's and CVS stores and the Lebanon Menards have also filed appeals.

The Meijer appeal began with the Boone County Board of Property Tax Appeals and will be forwarded to the Board of Indiana Tax Review. If unsuccessful there, Clutter said the case could potentially go to the Indiana Board of Tax Appeals and the Indiana Supreme Court, if need be.

In their tax appeals, the big box stores assert that all retail buildings should be assessed and appraised the same for property tax purposes; whether an occupied building like the Whitestown Meijer, or an empty one like the former Lebanon Big Lots.

Garofollo believes the current rate is correct for a building housing an operating business.

Many of the appeals filed by other counties have been unsuccessful, or have been settled outside of court. For example, a Meijer appeal in St. Joseph County was settled out of court, and the county had to re-pay \$500,000 for a Mishawaka store, according to the South Bend Tribune. For a Merrillville store, the Chicago Tribune reported that Meijer had to be re-paid \$2.3 million, causing the town and Lake County to tighten budgets.

However, Clutter, Garofollo and others felt strongly that Boone County officials should do the best they can to reverse the tide for municipalities. Commissioner Jeff Wolfe said the county is taking a stand for municipalities everywhere.

"This could cost billions of dollars around the state," Wolfe said. "This could really hit some of our municipalities really hard ... The ripple effect will be significant. We have to take a stand now."

Council president Steve Jacob said the council's decision is for the sake of the current board and for all members in the future.

"None of us will be on this council by the time the impact of this is fully felt," Jacob said. "We are making a decision for council members 20 years down the road."

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One reason they feel this way is because the appeal will have a far reaching impact for big box stores in Boone County and could set a precedent for the many other cases pending around the state. Walmart, Target, Kroger, Menards, CVS and possibly even factories could attempt appeals like this, they fear.

“Down the road is what really concerns me,” Garofollo said. “What I assume would happen is, if we lose this case, every big retailer in Boone County could be next in line.”

Whitestown Town Manager Dax Norton had strong words for Meijer and other big box retailers filing tax appeals. He said the appeals show a lack of good corporate citizenship, especially when considering the town has invested millions and taken out bonds to improve the area around these stores.

“This is very detrimental from the perspective of a municipality,” Norton said. “Big retailers should be willing to pay their fair share for services in their communities.”

Chief Financial Officer for Zionsville Schools Mike Shafer said the impact for the school district will be small when compared to the impact on Whitestown and Boone County, with only between \$28,000 and \$56,000 that may need to be refunded.

“The vast majority of the taxes on that particular property go to the TIF district rather than to Zionsville Schools,” Shafer said in an email. “In other words, any truly significant impact the Meijer appeal might have will impact the Boone County RDC (Redevelopment Commission) and the Town of Whitestown.”

Norton also noted the tax appeals would take money from Whitestown’s and Boone County’s Tax Increment Finance, TIF, allocations. A larger Boone County TIF area covers both buildings, while Meijer sits in an area of overlapping districts for the county and town.

The commissioners have signed three agreements with experts and attorneys hired to argue the appeal. Clutter said Indianapolis law firm Plews Shadley Racher and Braun was tapped because their attorneys have experience arguing cases before the tax board. The county also signed agreements with Samuel Kohn and Associates for appraisals and Korepacz Realty Advisors for an appraisal evaluation methodology study.

The working estimate for the total appeal is about \$400,000, but the price will ultimately be determined by how long it takes to resolve the case.

The appeal is set to be heard in April, but Clutter said attorneys will request a continuance to buy more time to build a solid case.

INDIANA - Amazon and Local Property Taxes

Indianapolis is in the running for the second Amazon headquarters. Indy is one of 20 cities on the list, but still, there's a chance. That's a \$5 billion investment, with 50,000 employees at an average salary of \$100,000.

The effects would be big, but let's look at the little piece that I know about. How might the Amazon investment affect local property taxes? Tax rates in Marion County range from \$2.25 to \$5.50 per \$100 assessed value - from 2.25 percent to 5.5 percent. Which rate would depend where in the city Amazon would locate. Take an in-between rate like \$3 and multiply by the \$5 billion investment, and you get \$150 million. Total property taxes are about \$1.1 billion in Marion County now, so that's nearly a 15 percent increase in revenue.

That's big. It's also wrong, for lots of reasons.

The property tax is based on the assessed value of land, buildings, and business equipment minus deductions. Indiana will offer Amazon a package of incentives, which could include local property tax abatements. Abatements reduce the taxable assessed value of a property, cutting the owner's tax bill. Abatements can start as high as 100 percent, and then gradually fall to zero over several years. A larger part of the investment would be taxed as the abatement runs out.

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This implies, though, that the full initial investment would never be taxed. Business equipment depreciates rapidly for property tax purposes, usually on an eight-year schedule. By the time the abatement wears off, as little as 30 percent of the original equipment investment could be taxed.

Amazon likely would negotiate for a lower assessed value on its buildings. They might argue that the \$5 billion investment includes features specific for its business model, which would have little value to another buyer if the property were sold. A comparable sales assessment might be much less than the initial investment.

So that \$5 billion investment would not produce \$5 billion in new taxable assessed value. Still, it would be sure to add hundreds of millions at least. That would yield more revenue, right?.

Maybe it would. Maybe it wouldn't.

Amazon will pay millions in new property taxes, but as rates fall most of this payment will cut existing tax bills. That's great for taxpayers, but it doesn't add much to local government budgets.

Then there are the Constitutional limits on tax bills - the circuit breaker caps. Caps are set at a percentage of assessed value before deductions. If a tax rate is so high that a tax bill would exceed the cap, the taxpayer doesn't pay the full tax bill, and the local governments receive less revenue. Amazon probably would get enough abatements that their tax bill would not exceed their cap. They'd pay their full amount.

But tax rates would fall with Amazon's new assessed value. Fewer existing taxpayers would hit their caps. In effect, Amazon would pay taxes that existing taxpayers don't pay, because they pay their capped bill.

Taxpayers get about \$150 million in circuit breaker credits in Marion County. You'd need a taxpayer-by-taxpayer analysis to really know how much credits would drop, but a plausible guess is in the \$10 million to \$30 million range. That would be added revenue for local governments.

Amazon's effect on property tax revenues wouldn't be as big as a \$5 billion investment implies. But it could still be pretty big. And those 50,000 employees would pay property taxes on their houses, and local income taxes, and other taxes and fees.

Of course, budgets have a spending side too. Amazon employees and their families would want local services. How many new schools would we need for ten or twenty thousand new kids?

How is truth in taxation working? New Utah Foundation report examines property tax trends

While property taxes account for about one-fourth of all the tax revenue collected by state and local governments in Utah, the burden of property taxes in the state is relatively low -- 34th in the nation.

Those are among the conclusions of a new Utah Foundation research report, *The Essential Tax: Property Taxation in Utah*.

The key findings of the report include:

Utah's property tax burden ranks 34th among states. The tax burden has been stable over time, both in terms of income and its ranking among states.

Utah's Truth in Taxation law appears to have prevented property tax revenues from increasing as quickly as property values. Revenues for school districts and special and local districts statewide have increased faster than inflation and population growth combined. By contrast, cities and towns have only been able to match population growth and inflation while county revenues have grown even more slowly.

Residential property has a much more favorable tax status than business properties. Not only do residential homes receive a 45% discount, but residential taxpayers are also exempted from personal property taxes.

Residential properties still provide nearly half of all property tax revenues.

More than half of all property tax revenues go toward public schools.

"Growth in property tax collections has favored some entities, such as school districts and special service districts, with revenue growth keeping up with or even exceeding inflation. Cities and counties, on the other hand, haven't seen their revenue grow as

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quickly,” explained Utah Foundation Research Analyst Christopher Collard, the lead author of the report. “Many cities haven’t held a Truth in Taxation hearing for years, and some have never done it.”

The Essential Tax: Property Taxation in Utah is available at www.utahfoundation.org.

New York taxpayers have highest burden in nation

New York has once again landed a prize it doesn’t want — the highest tax burden in the nation.

Another study, this one conducted by the financial news site 24/7 Wall Street, found that New Yorkers on average paid 12.7 percent of their income in state and local taxes — a larger percentage than residents of any other state.

Oil-rich Alaska had the lowest tax-share burden at just 6.5 percent.

New York was the fourth-wealthiest state with an average per-capita income of \$59,563 — but tax collections averaging \$2,208 per resident were the second-highest per capita in the US.

The website culled state and local income tax data from 2012 to 2016 as part of its analysis.

In general, the wealthiest states imposed the highest taxes. Barely behind New York in the tax burden competition were Connecticut (12.6 percent), New Jersey (12.2 percent) and California, Illinois and Wisconsin, where 11 percent of income went to state and local tax collectors.

Gov. Andrew Cuomo’s office dismissed the study as outdated and said it failed to account for tax cuts implemented in New York since 2012. The analysis reviewed state and local tax burdens for the 2012 fiscal year and reviewed property tax collections for fiscal year 2014, state income tax collections for fiscal year 2015 and personal income data for 2016.

“This is old data that doesn’t reflect all of Governor Cuomo’s reforms that led to the lowest middle-class tax rates in more than 70 years, the lowest manufacturing tax rate since 1917, the lowest corporate tax rate since 1968 and a property-tax cap, freeze and cut,” said Cuomo spokesman Richard Azzopardi.

But Syracuse state Sen. John DeFrancisco, a Republican candidate for governor, said “people are voting with their feet” to leave or avoid New York because of its high tax-and-spend reputation.

DeFrancisco said New York needs to slash spending, singling out Medicaid, the insurance program for the needy, as one in need of immediate reform. “One-third of the people are on Medicaid right now. That makes no sense. We need to look at the Medicaid eligibility standards,” he said.

He also said the state needs to trim education mandates.

DeFrancisco also called on the state to phase out tax subsidies that cater to politically influential industries — singling out the \$420 million film and TV program.

“It’s pay-to-play,” he said, referring to campaign donations Cuomo has received from Hollywood. Cuomo allies noted DeFrancisco’s own law firm previously benefited from tax credits.

WISCONSIN - No 'dark store' fix this year

Local officials hoping that the Wisconsin Legislature would address so-called “dark stores” this year will be left waiting, according to Senate Majority Leader Scott Fitzgerald.

At the annual Wisconsin Counties Association Legislative Exchange Wednesday, both Fitzgerald and Assembly Speaker Robin Vos said legislation aimed at closing the “dark stores” property tax loophole would not pass in 2018.

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“Dark store” legislation would prohibit retailers such as Target, Walmart, Walgreens, Menards and others from using a tax loophole to challenge, and often lower, their property tax assessments.

Fitzgerald cited the issue being too complicated and needing further study before the Legislature acts as the reason for the delay in a vote, according to the Associated Press.

The loophole allows large retailers to use abandoned properties as comparable sites when challenging their yearly property tax assessments, which means less revenue for the local municipalities. This loss in revenue, in turn, forces municipalities to shift the tax burden to residential homeowners and the owners of small businesses.

Officials around Kenosha County have been pushing for the Legislature to close the “dark stores” loophole for some time, going so far as to take part in a “Dark Store Day” in December 2017 in order to raise awareness and encourage residents and homeowners to contact state legislators and pressure them to pass Senate bills 291 and 292 addressing the issue.

Local municipalities react to decision

With the Legislature seemingly not taking up the issue this year, Kenosha Mayor John Antaramian is calling on Gov. Scott Walker to step in and push the issue to some resolution.

“I think at this point in time, if the Legislature has decided not to address it, the governor needs to step up and make a statement so that there is not a shift in taxes to the homeowners while these retailers are not paying their fair share,” Antaramian said.

On Wednesday, Somers Village President George Stoner voiced his frustration with Fitzgerald’s comments on putting off a vote on the bills, taking particular issue with Fitzgerald’s reported reasoning behind the decision.

“I’ve been working on this for two years,” he said, adding the Somers Village Board approved two resolutions in support of the bills. “It’s not complicated one bit.”

Stoner’s frustration over the issue not only stems from its impact on the local community, but also its effects statewide.

“It is very upsetting,” Stoner said. “It’s hurting every taxpayer in the state of Wisconsin.”

Antaramian, like Stoner, had little patience for Fitzgerald expressing that legislators needed more time to study the issue.

“It’s about a 4-year-old problem,” Antaramian said. “I think that they’ve had a fair amount of time.”

However, while Antaramian stated that he believes that not holding a vote is the wrong decision and he is “disappointed” with the bills being put off this year, the city will continue to work to help the people that the loophole affects.

“We will continue to protect homeowners as best as we can,” he said. “The homeowners should not be responsible for picking up the tab for these companies.”

Stoner and other elected officials, including Pleasant Prairie Village President John Steinbrink, have previously expressed their opinion that the bills would receive “overwhelming” support if they were allowed to be voted on, a sentiment Stoner repeated Wednesday.

“It would pass if they would put it on the docket to get voted on,” Stoner said. “They are being obstructionists.”

“It is the single most important piece of legislation to be voted on.”

Wanggaard ‘disappointed’

Sen. Van Wanggaard, R-Racine, also expressed his disappointment at the possibility of the “dark stores” legislation not being brought for a vote this session.

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“If true, I’m disappointed that the dark store fix will not be coming for a vote this session,” Wanggaard said. “Closing the dark store loophole means fairness for all property taxpayers. Properties should be taxed based on their value to comparable properties – not abandoned properties.”

WISCONSIN - Franklin urging state lawmakers to remove 'dark store' tax loophole for national chain stores

The city is attempting to “close loopholes in property tax law” with a resolution urging Wisconsin lawmakers to protect homeowners.

The resolution, requested by Franklin Mayor Steve Olson and passed Feb. 19, states that Wisconsin homeowners pay nearly 70 percent of the total statewide property tax levy, a “disproportionate burden.” It asserts this will worsen unless legislation is passed to close property tax loopholes, which national chains use to gain reductions in property taxes.

The loophole is commonly called the “dark store” strategy. Essentially chain stores argue the assessed value of a new and thriving store should be based on comparing that building to a vacant or abandoned store from a different market. The resolution cites their property could then potentially be assessed at only half of its actual value on the open market.

The argument is that the value of the land and building have nothing to do with whether a store is operating or at which level it's operating.

“Now, therefore, be it resolved that the common council of the city of Franklin does hereby urge the governor and the legislature to protect local businesses, apartment owners, and homeowners from tax shifts by passing legislation to close the dark-store and Walgreens property-tax loopholes,” the resolution from Franklin reads.

What is the financial impact? On his official Facebook page, Olson shared an image of a signed check the city wrote out for \$25,000 for Lowes, adding another check would be signed for \$35,000 of “your money” — as in Franklin resident money paid through taxes.

“While the State Legislature is pushing through bills with little meaning for taxpayers, municipalities are writing checks to big box stores who have sued us using a bad court interpretation of the state tax manual allowing them to reduce their property assessments by a lot,” Olson wrote Feb. 16. “I was sick to my stomach this afternoon signing the first of two checks to Lowes after they sued Franklin.”

The resolution will be sent to Governor Scott Walker and Franklin’s legislative delegation.

WASHINGTON - Our antiquated tax system can be changed and made fair for all

As income inequality becomes more pronounced — as a greater percentage of our collective wealth goes to those at the highest levels — the tax system becomes even less fair.

As property-tax bills go out, King County property owners are learning how the state’s education fix will affect them personally.

Driven by the \$7.3 billion state schools package passed last year, property taxes will increase about 17 percent on average across King County. But that’s just the average. Depending on how your property value changed compared to others, or whether your community approved a new levy to pay for local needs, you could see a property tax hike between 9 percent (Normandy Park) and 31 ½ percent (Carnation) for the median home.

For many homeowners — particularly seniors and others on fixed incomes — these increases can be tough. Exemptions and deferrals are available, and the King County Assessor’s Office can help you learn if you qualify. But more must be done to make the state tax system fair and manageable for all.

Hiking property taxes in Democratic King County was the former Republican state Senate majority’s parting gift — a neat solution to addressing the Supreme Court’s order to better fund schools statewide. While next year the taxes may actually decrease in other areas of the state, higher property values in King County mean that won’t be the case for most of our region’s

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homeowners. But, with Democrats now in control of the state Senate, the Legislature can enact fairer and more responsible tax options.

One proposal that should pass this year is House Bill 2597 sponsored by Rep. Pat Sullivan and its companion bill in the Senate, Senate Bill 6314 sponsored by Sen. Manka Dhingra, which allows King County and other cities and counties to provide lower-income seniors, people with disabilities, and veterans an exemption from voter-approved property tax increases.

Dhingra has a second proposal that she's championing with Rep. Kristine Reeves, Senate Bill 6251/House Bill 2608, to tie this exemption to a county's median income, helping to nearly double the number of lower-income seniors, veterans, and people with disabilities who would be eligible for a tax break in King County.

Another even more ambitious reform that merits consideration is Rep. Kristine Lytton's proposal to reduce the state property tax and impose a capital-gains tax. It is one of several innovative ideas to move away from overreliance on a nearly century-old system of property and sales taxes under which low-income Washingtonians pay seven times more of what they have in taxes than do the wealthiest residents.

These bills would provide real relief, and deserve bipartisan support. But we should take this moment to begin a broader discussion about taxes and governance. Washington has the most unfair tax system in the nation. It is time for a change.

We believe a fair tax system is one based on the ability to pay. It is not fair to expect those with limited means to pay a greater percentage than the wealthy for the schools, roads, police, and transit that are essential for a growing economy and strong community.

Our region does not have a prosperity problem. Far from it — more wealth is being generated than at any other time in history. Many people are doing better than ever. Yet there is a disconnect between how much you are asked to pay, and how well you are doing in this economy.

As income inequality becomes more pronounced — as a greater percentage of our collective wealth goes to those at the highest levels — the tax system becomes even less fair.

We need reform. We urge the legislature to begin with three guiding principles:

- Build a tax system that is based on ability to pay.
- Make the system simple, efficient and transparent.
- Align the system with the modern economy, instead of an outdated structure that relies so heavily on a narrowing base of property and sales tax.

Our tax system is not beyond our ability to change. Somebody made it up. We can remake it. We can come up with something that meets the needs of our 21st century economy, and meets the basic definition of fairness.

NORTH CAROLINA - Lowe's wins property tax appeal vs. Forsyth

A three-judge panel of the N.C. Court of Appeals vacated Tuesday a final decision of the N.C. Property Tax Commission related to the valuation of a Lowe's Home Center in Kernersville.

At dispute is the ad valorem tax assessment of the property at 145 Harmon Creek Road, which initially was set by the Forsyth County Board of Equalization and Review.

The Forsyth board assessed the value of the property — consisting of 135,652 gross square feet and 19.6 acres — at \$14.57 million, or \$107.43 per square foot. Lowe's appealed the valuation and had an independent appraiser value the property at \$6.34 million.

Forsyth also hired an independent appraiser, who came up with a \$16.1 million value that the board adopted.

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The N.C. Property Tax Commission dismissed Lowe's appeal in August 2016. The appeals court panel heard the appeal Aug. 21. The panel ruled that the \$16.1 million value was not based against comparable valuation at other Lowe's locations, and that Forsyth used "an arbitrary and illegal method of valuing the property."

NEW YORK - State Land Tax Cap Could Cost Adirondack Communities

The Cuomo Administration has proposed to cap Forest Preserve property tax assessments and change state law from the current system of locally assessed property taxes to a system of Payments in Lieu of Taxes (PILOTs) with a rate set by the State Comptroller.

The state is doing this to save money because Forest Preserve assessments and the PILOT for tax payments would be centrally controlled. This proposal raises issues about a likely decrease in state lands tax payments over time and subsequent tax shift to private lands in Forest Preserve communities in the Adirondacks and Catskills.

Forest Preserve taxes are a serious matter for local communities in the Adirondacks. Of course, payments differ town-by-town depending on the acreage of Forest Preserve. The state used to provide an annual tax payment estimate for Forest Preserve, conservation easements, transition assessment, and annual aggregate assessments, among other state lands property tax programs, but the Cuomo Administration ended this program so the last town-by-town data we have is from 2010. At that time, the State of New York was paying over \$75 million for all state lands in the Adirondacks. It is likely that today, given acquisition of new lands and increasing property values, that this figure tops \$80 million.

Some towns with high Forest Preserve land holdings reap great benefits. In 2010, Essex saw \$1.9 million in tax payments from the state, Minerva \$3.1 million, Newcomb \$3.7 million, North Elba \$1.8 million, North Hudson \$1.1 million, Franklin \$1.1 million, Harrietstown \$2.3 million, Santa Clara \$2 million, Arietta \$3.6, Indian Lake \$2.6 million, Lake Pleasant \$1.8 million, Long Lake \$3.1 million, and Wells \$2.4 million, among others. Many other towns with smaller Forest Preserve holdings receive far smaller payments, such as Chesterfield and Crown Point in Essex County with around \$100,000 each.

If one is a numbers-cruncher at the Budget Division, an \$80 million program likely catches your eye when you're tasked to come up with ways to close a budget gap. We've seen this before. This cap proposal is akin to efforts made by Governors Mario Cuomo, George Pataki and David Paterson. All these Governors looked at the issue as a way to reduce state spending. If the state set its own assessments on its own lands, then it could control costs.

If this goes through, it could be jarring for Adirondack communities in the years and decades ahead as the growth in assessed value of Forest Preserve lands is capped by the state and tax payments are regulated by a formula.

I've always looked at state payments of Forest Preserve taxes based on local assessments as an important part of the state's annual management and maintenance of the Adirondack Park. State tax payments are a cornerstone of Park policy, something that helps make many Adirondack communities viable. The state has clearly invested heavily in a variety of essential Adirondack Park institutions, from Gore and Whiteface Mountain Ski Area and Olympic facilities, to support for museums, colleges, health care networks, and highways, among a variety of other programs and projects. This proposal seems like a radical change to a core part of the Park's civic infrastructure, a breach of faith for all who believe in the Adirondack Park and want to see it succeed.

State law has long required state payment of taxes on Forest Preserve lands, but for decades the state assessed its own lands and this was controversial. In the 1980s, this resulted in a major lawsuit and decision. At that time, the State of New York, through the State Board of Equalization and Assessment, now long absorbed into the Department of Taxation, generated property value assessments for state lands, such as the Forest Preserve. The Town of Shandaken, home of Phoenicia, in the Catskill Park, sued the state in 1983-84, arguing property tax assessments were the rightful function of local governments citing the State of New York's strong home-rule laws. Shandaken is a town of roughly 75,000 acres and in the mid-1980s, 45,000 acres were in the Forest Preserve.

The court case went to the New York's highest court, the Court of Appeals, after Shandaken lost in the State Supreme Court in Ulster County and prevailed at the Appellate Division, Third Department, in Albany. The Court of Appeals decision rendered the primacy of local assessments for determining the value of Forest Preserve lands.

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This decision had a ripple effect across Forest Preserve communities in the Adirondacks and Catskills. Many local governments at the time had long bristled at the state assessments, which they believed were too low, and wanted to conduct their own. In the wake of the “Shandaken” decision, the Adirondack Park Agency Local Government Review Board published a newsletter with the headline “There’s Gold in Them Thar Hills” that notified local governments about the decision and encouraged them to aggressively take over their assessments. As a result, assessments across the Forest Preserve increased.

Since the 1980s, property valuation and assessment across the Adirondacks have notably improved. Most towns now keep their assessments current and are at or near full value assessments based on regular revaluations of properties, though some like Stony Creek and Johnsbury have not revaluated their assessments in decades. The Office of Real Property Services, now within the Department of Taxation, also surveys Forest Preserve lands and performs assessments on a sample each year.

Forest Preserve lands, like private forestlands, are taxed according to a variety of factors, such as road frontage, interior roads, shoreline, accessibility of shoreline areas, and timber value, among other things. While it may sound strange, state foresters periodically cruise timber in places like the Seward Range or through the Silver Lake Wilderness. The state’s assessments are shared with local municipalities, which can then use their own assessments or the state assessments. It’s a rational process, though each year the state will grieve a few assessments that it considers egregious or obvious efforts to gouge the state. Generally, these are negotiated to an agreement, though periodically they end up in court, such as we saw with the Town of Clifton several years back.

The state claims that the proposed changes in the Governor’s budget will bring tax saving through administrative efficiencies and staffing reductions. In theory, it would also save some Adirondack communities significant resources as assessments on state lands would not be necessary. But there are real questions about long-term impacts from a possible shortchanging on Forest Preserve assessments, slowing in the growth of state tax payments on the Forest Preserve, and a tax shift to private lands.

This plan was rolled out as part of the budget and it will not be voted on separately but rather as a part of a massive state budget package. This plan was rolled out without analysis, projections, or details about all impacted programs. Something as important to the core of Adirondack Park management, such as state payments of local taxes on state lands, which could have serious long-term impacts on Adirondack communities and the Forest Preserve, should be undertaken only with sound analysis and data that are open for scrutiny and independent assessment.

It appears that one hand of the Cuomo Administration does not know what the other is doing. The Budget Division did not ascertain the potential impacts on programs of the Department of Environmental Conservation. If the Cuomo Administration is serious about undertaking these kinds of changes they should do so based on good studies that include projections of impacts. They should reach out to effected communities and hear their concerns. Undertaking major policy changes like this within budget negotiations does not make sense.

NEW YORK - High taxes? So much of NY's property is exempt

About 58 percent of properties in New York were eligible for a property-tax exemption in 2016, worth a whopping \$457 billion outside New York City alone.

But that's about 5 percent less than it was a decade ago amid ongoing questions about the impact the exemptions are having on New York's property taxes, which are among the highest in the nation, the report from state Comptroller Thomas DiNapoli found.

“Property tax exemptions can be a valuable tool to improve housing affordability or fuel economic growth,” DiNapoli said in a statement.

“Since exemptions result in other taxpayers generally bearing financial responsibility for the offset in tax burden, it is vital that exemptions be carefully considered and periodically reevaluated to determine their effectiveness.”

The \$457 billion value of these property tax exemptions is about 30 percent of the total property value in New York of \$1.5 trillion outside New York City.

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A series by the USA TODAY Network in New York in 2016 highlighted the amount of tax-exempt property in the state, pointing to it as a reason why New York homeowners and businesses can be stuck making up the difference.

The exempt land is sizable in communities with major colleges or state facilities.

For example, 78 percent of the property in Romulus, Seneca County, is exempt because of the Five Points Correctional Facility and Willard Drug Treatment Campus there.

In Ithaca, 58 percent of its property is exempt because of Cornell University and Ithaca College, as well as its community college, the report found.

Because Peekskill in Westchester County is home to the Charles Point Resource Recovery Facility, 50 percent of its property is tax exempt.

In the town of Ramapo, Rockland County, 21 percent of the land is exempt for religious organizations.

In 2016, there were 2.7 million properties in New York outside of New York City that were eligible for a tax exemption.

The figure included \$141 billion that homeowners receive in tax breaks through the STAR program, which provides a rebate on school taxes for income-eligible homeowners.

Other property tax exemptions go to property owned by the government, religious organizations, educational institutions, hospitals and other nonprofit organizations, and exemptions for installing renewable energy technology.

In 2016, local governments received \$34.7 billion from property taxes and assessments; 39 percent of the revenue of local governments comes from property taxes.

The number of business investment property exemptions has decreased significantly over the last 10 years, DiNapoli's report found.

The number of properties eligible for that exemption decreased by 44 percent.

The report also makes mention of changes to the federal tax law having potentially a significant impact on New York.

A \$10,000 cap on state and local tax deductions went into effect on Jan. 1, and DiNapoli said that could have an impact on local finances.

NEW YORK - Property Tax Exemptions in Jamestown at 37 Percent, Higher than 30 Percent Upstate NY Average

State Comptroller Thomas DiNapoli issued a report Monday highlighting recent trends in property tax exemptions in New York State outside of New York City and the impact they have on local governments and school districts.

The report illustrated the large number of properties that qualify for full or partial tax exemption status in the state, and also offers evidence that eligible properties within the city of Jamestown are about 7 percent higher than the statewide average.

In 2016, 2.7 million properties in the state outside of New York City (58.3 percent) were eligible for some type of tax exemption, according to DiNapoli's report.

The value of these exemptions totaled \$457 billion, approximately 30 percent of total property value (\$1.5 trillion). When compared to 2006, this represents a five percent decrease in both the number of properties eligible for exemptions (2.9 million in 2006) and their total value (\$479 billion).

The state percentage of exempt properties is 7 percent lower compared to the local exemptions in Jamestown. According to Jamestown Mayor Sam Teresi's 2018 Budget Presentation, there are currently 8,392 individual exemptions (on 14,730 total tax parcels), which have removed \$387,313,378 from the city's assessment rolls. That means approximately 37 percent of the \$1.05 billion in assessed property value within the city is on the "exempt" or non-taxable rolls.

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“Property tax exemptions can be a valuable tool to improve housing affordability or fuel economic growth,” said DiNapoli. “Since exemptions result in other taxpayers generally bearing financial responsibility for the offset in tax burden, it is vital that exemptions be carefully considered and periodically reevaluated to determine their effectiveness.”

Teresi took a harsher tone in October 2017.

“The recent statewide growth in and impact of tax exempt entities severely erodes the tax base of local governments and school districts, unfairly transfers the tax burden to remaining homeowners and businesses, and further compromises New York’s position as a fair and competitive environment in which to live and invest,” Teresi said in October as part of his budget address. “It is high time that the State Legislature recognizes and utilizes the authority vested in it by the State Constitution and starts dealing head on with the growing statewide problem.”

BREAKDOWN OF EXEMPTION CATEGORIES

According to the Comptroller, the largest exemption category in New York, both in total dollars and number of exemptions, is the “residential” category. In this category, the state’s School Tax Relief program (STAR) – which applies to a large portion of owner-occupied primary residences in the state outside of New York City – represents the majority share. STAR accounted for 2.4 million partial exemptions in 2016, worth \$141 billion, or 31 percent of all exempted value. However, unlike other exemptions, STAR creates no direct additional burden on other local property taxpayers, since the school tax on the exempt amount is reimbursed by the state.

The next largest categories of exemptions are for local government and school district exemptions (\$103.6 billion, 23 percent of all exemptions); non-profit organizations such as hospitals, education institutions and churches (\$66.1 billion, 14 percent); and state-owned property (\$44.8 billion, 10 percent).

The report also revealed:

- The number of business investment property exemptions and their value has dropped steadily over the past decade, from \$2.5 billion in 2006 to \$938 million in 2016. As of June 2017, almost 650 local governments and school districts have either reduced the percentage or disallowed this exemption entirely.
- For Fiscal Year Ending 2015, 109 Industrial Development Agencies reported they had granted \$1 billion in property tax exemptions that were offset by \$500 million in payment-in-lieu-of-tax agreements.
- To offset the loss of property tax revenue, some local governments charge user fees to not-for-profit organizations to help pay for services such as water, sewer and refuse pick-up. They have also arranged for voluntary payments to defray the cost of other municipal services such as police and fire protection.

The Comptroller’s report includes several examples from around the state of significant exemptions granted for government-owned property; large exemptions for business and private power-generating facilities; and substantial exemptions for not-for-profit organizations.

NEW JERSEY - Jersey City divided as new tax assessments finally roll out

New assessments released citywide as part of the long-delayed property revaluation are exposing anew divisions between residents of Jersey City’s Downtown and those who live in the city’s less affluent neighborhoods.

Hundreds of Downtown residents have crowded community centers, churches and schools in recent weeks to express anger about the enormous tax hikes expected to accompany their new assessments. The owners of one Washington Street brownstone may see their annual tax bill increase by \$36,066.

The story is markedly different in areas of Greenville, the West Side and the Heights, where residents are seeing dramatic decreases in their proposed tax bills. Homeowners in the County Village section could see their taxes plunge by more than 60 percent.

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Community leaders on the city's south side have said for years that residents there are overtaxed compared to Downtown residents, a disparity they say was aggravated by Mayor Steve Fulop's decision to halt a reval that started in 2011. At a tense community meeting in April 2016, the Rev. Alonzo Perry Sr. warned Fulop that stalling the reval was hurting the city's poorer residents and benefiting wealthier taxpayers.

Today, as residents are finally getting a look at their new assessments, Perry told The Jersey Journal his warning has been proven right.

"We've seen that a lot of the development Downtown was being subsidized by people in the poor areas of the community," he said. "The numbers bear that."

When the reval wraps up later this year, it will be the first complete citywide reval since 1988. The process is intended to square every property's assessment — its value on city tax rolls — with its true market value.

The 30-year delay between revals is leading to skyrocketing assessments and tax hikes, especially Downtown, where property values since 1988 have risen at an extraordinary clip.

A meeting about the reval last night at Downtown's Grace Church Van Vorst drew more than 100 people, including Mark Steier, an attorney who lives in a rowhouse on Jersey Avenue, blocks from the Grove Street PATH station. The assessment on Steier's single-family home could jump from \$140,000 to \$1,014,000, and his annual tax bill from \$10,920 to \$16,427.

"It's a wallop," he told The Jersey Journal.

Grim-faced residents gathered inside the church told Fulop and Downtown Councilman James Solomon that the proposed tax hikes would force them out of their homes and change the fabric of Downtown Jersey City.

"They're killing the people," said Jim Rivera, whose Jersey Avenue rowhouse is slated for a \$6,459 tax hike. The house has been in Rivera's family for 50 years, he said.

The new assessments are still only proposed — homeowners can appeal them — and the tax hikes are tentative until the city, county and school district adopt 2018 budgets.

Solomon — whose own tax bill may rise from \$4,547 to \$11,167 — told The Jersey Journal he understands homeowners' anger.

"More people than not are frustrated by the size of the increase and what it says about the process by which it happens," Solomon said. "This kind of cliff that it all shoots up in one year."

Fulop remains a target of criticism for his decision to halt the 2011 reval and refuse to conduct another one until New Jersey ordered the city to do so in 2016.

At last night's meeting, Steier suggested he could sue the city for its "reckless actions" in not conducting the reval sooner.

"I have no doubt that of the people in this room, maybe 10, 12, 15 percent are attorneys, and will due process the s*** out of this," he said.

Fulop responded by telling the crowd that while they may see large tax hikes, most homeowners in the city will see decreases. Residents in Greenville and Bergen-Lafayette, Fulop said last night, have been "subsidizing Downtown or another part of the city for 30 years."

"This is obviously a very, very imperfect situation," Fulop said.

Count John Flora among the residents happy with his new assessment. Flora is public school teacher who lives in Society Hill with his wife, and the taxes on their condo are expected to drop from \$5,546 to \$3,969.

Flora criticized current and past Jersey City politicians who chose to delay the reval until now, and he noted that the new assessments were not released until after Fulop's November re-election.

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"Well played by the current administration, as far as timing goes," he said. "I say well played as a politician, but not so well played as a person claiming to be invested in their city beyond their time in public office."

NEW JERSEY - 10 homes socked with huge tax hikes thanks to Jersey City reval

Jersey City is conducting its first complete property revaluation since 1988 and the new assessments have started rolling in.

Appraisal Systems, the company hired to oversee the process, has been uploading the new assessment information online, thousands of properties at a time. The company expects to release a new wave of assessments each week for the next month.

Revals are intended to square each property's assessment — the value on city tax rolls — with its true value. Because many properties have not been assessed since 1988, the average city property is assessed at less than 24 percent of its true value.

As expected, the city's Downtown, where property values have soared since the last reval, is home to many of the large assessment hikes — and tax increases. Excluding tax abated properties, the 500 properties with the highest tax hikes have Downtown addresses.

Property owners are still able to make informal appeals to Appraisal Systems and then formal appeals to the Hudson County Board of Taxation, so the new assessments are still only proposed. And there is no 2018 budget yet for the city, county or school district, so the tax hikes are tentative as well.

The city is predicting a new tax rate of 1.62 per \$100 of assessed value.

Here are the 10 residential properties expected to get the highest tax hikes so far.

\$36,066 tax hike: 203 Washington St. 5,972 square feet

Current assessment: \$175,000

New assessment: \$3,068,900

Current taxes: \$13,650

New taxes: \$49,716

\$29,480 tax hike: 104 Morris St. 4,488 square feet

Current assessment: \$125,000

New assessment: \$2,421,600

Current taxes: \$9,750

New taxes: \$39,230

\$29,115 tax hike: 69 Sussex St., 4,696 square feet

Current assessment: \$135,000

New assessment: \$2,447,200

Current taxes: \$10,530

New taxes: \$39,645

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\$28,712 tax hike: 41 Coles St. 4,800 square feet

Current assessment: \$125,000

New assessment: \$2,374,200

Current taxes: \$9,750

New taxes: \$38,462

\$27,830 tax hike: 483 Jersey Ave., 4,390 square feet

Current assessment: \$130,000

New assessment: \$2,343,800

Current taxes: \$10,140

New taxes: \$37,970

\$27,267 tax hike: 283 York St. 3,600 square feet

Current assessment: \$165,000

New assessment: \$2,477,600

Current taxes: \$12,870

New taxes: \$40,137

\$26,747 tax hike: 71 Bright St. 5,084 square feet

Current assessment: \$160,500

New assessment: \$2,423,800

Current taxes: \$12,519

New taxes: \$39,266

\$26,034 tax hike: 48 Bright St. 5,664 square feet

Current assessment: \$222,000

New assessment: \$2,675,900

Current taxes: \$17,316

New taxes: \$43,350

\$25,011 tax hike: 77 Grand St. 7,768 square feet

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Current assessment: \$350,000

New assessment: \$3,229,100

Current taxes: \$27,300

New taxes: \$52,311

\$24,750 tax hike: 272 Barrow St. 2,808 square feet

Current assessment: \$210,000

New assessment: \$2,538,900

Current taxes: \$16,380

New taxes: \$41,130

MAINE - Owners of Wayne solar farm challenge property taxes in potential landmark case

The property assessment challenge is one of several being mounted by Maine residents who have invested in solar but are finding higher taxes that diminish their energy savings.

Rosanne Graef knew the costs would be steep when she, along with eight other families, invested in a set of solar panels that would stand on her old family property in Wayne. But the investment would cut Graef's fossil fuel usage, which seemed like a worthy reason to proceed.

When the array went online in 2016, it was one of the first community solar farms in Maine. Rather than producing electricity at their homes, the farms' members live in different parts of the state and receive a corresponding credit on their power bills for every kilowatt generated at the Wayne site.

But like dozens of Mainers who helped grow the state's solar industry in recent years, Graef and her fellow farmers now face an unexpected challenge to the viability of their project: higher local taxes.

After the array was built, the town assessed its value to be \$137,300 — \$87,300 more than what Graef and the other owners think its value should be. The resulting taxes, they say, could cut into their already slim savings and double the number of years they thought they'd need to recoup their costs.

After Wayne officials denied the farm's request for a tax abatement, its members appealed the decision to the Kennebec County commissioners. Their case will be heard at a March 6 meeting.

Wayne isn't the only Maine community in which a growing market for clean energy has bumped against the standard ways of collecting taxes.

In South China, members of another community solar farm also think they were over-assessed and are considering requesting an abatement. In York, a groups of residents who installed solar panels on their roofs have applied for abatements, but the town recently denied those requests. In Brunswick, the owners of various solar projects have been discussing their tax assessments with the town.

As those challenges mount, advocates for the solar industry warn that the traditional ways communities tax property could scare Mainers from making further investments in clean technology.

Those investments contribute to society by reducing the amount of carbon that's burnt, they argue, but require significant upfront and ongoing costs, such as for insurance, rent and maintenance. They also say that Maine should follow at least 20

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other states, including several in New England, that have exempted residential renewable energy equipment from property taxes.

“Truly, there should be an exemption like there is in other states,” said Kristin Collins, an attorney for the owners of the Wayne project, which is called Sky Ranch Community Solar Farm. “The margins are so slim, so if you bump up taxes just a little bit, it might tip the scales. A small amount of tax increase may go a long way in discouraging this type of investment.”

About 25 states, along with Washington, D.C., have laws that exempt renewable energy equipment from property taxes, according to a database run by the N.C. Clean Energy Center Technology Center, at the College of Engineering at N.C. State University in North Carolina. Another three, including New Hampshire, have passed laws giving local governments the option to pass exemptions.

Maine is alone among New England states in not having such a law on the books, and some industry watchers say it’s falling behind as a result of that and other factors.

The number of new residential solar installations in Maine roughly tripled between 2012 and 2016, but the state is ranked 39th in overall solar development, according to the Solar Energy Industries Association. Less than one percent of the state’s electricity comes from the sun.

Another challenge to the state’s solar industry was the decision by the state’s Public Utility Commission to gradually phase out a financial incentive, known as net metering, that allowed solar panel owners to receive a credit on their electric bill equal to the value of any excess energy they generate.

Opponents of net metering, including Gov. Paul LePage and Central Maine Power, have argued that it increases costs for other electric customers, and a bill that would have temporarily preserved the incentive was vetoed last summer.

Towns, meanwhile, say they’re simply following the rules for determining property value, but also acknowledge the unique quality of the cases before them.

“This is new territory for assessing,” said Aaron Chrostowsky, Wayne’s town manager. “This has the opportunity to be a landmark case for municipalities in Maine.”

GRAZING ON SKY

In Wayne, Sky Ranch Community Solar Farm takes up less than 1 acre of a 90-acre property on Morrison Heights Road, which overlooks Androscoggin Lake. The land belongs to Graef. Her father, a commercial pilot, enjoyed flying small planes from a grass airstrip there that also was called “Sky Ranch.”

After hearing a presentation from the Sierra Club, Graef decided to lease the land to a group of people, including herself, who would install a 49.6-kilowatt solar array and use its power to offset their bills from Central Maine Power Co. The company that built the array, ReVision Energy, has encouraged that approach for people who may want to invest in solar, but can’t install panels on their homes. About 10 other farms exist around the state, according to one company official.

Graef, who lives in Portland, mainly wanted to help the environment and recognized that any savings from the project would be a long time coming. Still, when her first tax bill arrived, it struck her as too high.

She applied for a tax abatement, along with the eight other families who belong to the solar farm. They have mailing addresses in Portland, South Portland, Freeport, Orr’s Island, Mount Vernon and Camden, according to documents provided by the town.

“Nobody was prepared for these taxes,” Graef said. “Most of us knew people who had solar panels on homes and they weren’t assessed (in a similar way). ... I know there’s a perception being bandied about that solar power is for people with money, but the people that can afford that investment are making it on behalf of everyone.”

Graef and the other members paid their taxes at the assessed rate, she added, as they didn’t want a lien placed on the property.

But the town denied their abatement requests.

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Matthew Caldwell of the Pittsfield firm RJD Appraisal wrote letters last August to the individual members of the farm. They had failed to demonstrate his assessment was “manifestly wrong,” a legal standard established in a 1999 case, *City of Biddeford v. Adams*, according to Caldwell. He also indicated that Wayne has no policy excluding solar panels from tax valuations.

“In closing, you have not supplied sufficient evidence to demonstrate that your assessment is illegal, unjust or excessive,” Caldwell wrote.

In an email, Caldwell declined to speak with the Kennebec Journal and referred questions to the town’s attorney, citing the ongoing appeal process.

Attorneys representing the solar farm, though, say he missed the mark.

Collins, in a letter appealing the denial to the Kennebec County commissioners, said the assessor should have used a different method to determine the solar farm’s value. She estimated the fair market value of the Wayne property to be \$50,000 — roughly a third of the town’s assessment. In an interview, she said that she engaged a private appraiser to determine that amount.

Rather than valuing the solar farm on the basis of its replacement cost, Collins said, the assessor should have considered it an “investment property” whose value is more dependent on income and costs.

Another attorney who has approached the town of Wayne about the assessment of Sky Ranch Community Solar Farm is Steve Hinchman, chief counsel and director of development for the company that built the array, ReVision Energy,

While it’s hard to forecast how productive a solar array will be, Hinchman estimated that it could take 30 years for the members of the Wayne farm to see a return on their investment at the current tax rate.

Between the credits the owners receive on their electricity and costs such as license and meter fees, he estimated the farm would have net energy savings of about \$4,600 per year. In a 2016 letter to Caldwell, he suggested “the proposed property tax would take almost half of that.”

“The members of the solar farm were really left with no choice but to appeal it as unfair and unreasonable,” Hinchman said during an interview last week. “I’ve never really heard of a property tax taking 40 percent of the annual net revenue of equipment in taxes alone. It’s punitive.”

ENCOURAGING SOLAR

It’s not clear what decision the Kennebec County commissioners will make in the solar farm appeal. The three commissioners have not stated their opinions, as no hearing has been held, said County Administrator Robert Devlin.

But given the current and potential challenges to the assessments of other solar projects around Maine, advocates for the industry say that Maine should consider creating a property tax exemption for panels and other equipment, so that the industry will have a better chance of growing here.

Another person who is following the outcome of the Wayne farm’s appeal process is Robert Flory, the president of a community solar farm in South China. The owners of that array are also thinking about requesting an abatement on their taxes, Flory said.

In Brunswick, Assessor Cathleen Jamison said that owners of solar properties have been meeting with her to discuss their taxes, but haven’t filed a formal abatement request.

In York, about a dozen residents with solar panels on their roofs recently had their abatement requests denied.

“Some towns do tax them and some don’t,” said York’s assessor, Rick Mace, who compared the recent round of abatement requests to the “uproar” when towns first started taxing lobster traps.

If residents are concerned about the taxes on their solar panels, Mace urged them to contact their lawmakers and seek legislation providing more direction to towns. He didn’t take a position on the merits of an exemption, but said the state currently has no law that allows towns to exempt solar equipment from property value.

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"Let's get statutes on the books, if that's the intent," he said. "But until that happens, there's nothing I can do."

William Healey, president of the Maine Association of Assessing Officers and the assessor for Lewiston, didn't respond to requests for an interview about the challenges of assessing solar.

Steve Kahl, an associate professor of science at Thomas College who has developed renewable energy projects, said that Maine's lack of a tax exemption for residential solar projects is part of a larger neglect by the state's leaders of a promising industry.

Local officials should make sure they aren't taxing solar projects in a manner that would dissuade residents from pursuing them, he said, and state officials should consider creating more incentives for the industry.

"With the rest of the states to the south moving much faster to renewable energy, it just makes sense to move in this direction," he said. "We're fighting an uphill battle."

ILLINOIS - Ford County assessor resigns amid backlash over reassessments

Amid complaints from unhappy taxpayers about the reassessment of their properties in northern Ford County, Supervisor of Assessments Patricia Langland has resigned, effective Monday.

"I have completed a resignation of my position effective Feb. 19, 2018," Langland said in an email Sunday to the Ford County Record, a News-Gazette Media community newspaper. She did not immediately return messages seeking further comment.

Her resignation was effective the same day that the Ford County Board was slated to hold a special meeting to discuss, among other things, Langland's job.

Listed on the meeting's agenda was "discussion and possible action" regarding the supervisor of assessments position.

The meeting, however, was canceled Monday afternoon after the Record informed State's Attorney Andrew Killian that it would violate the Illinois Open Meetings Act, which prohibits nonregularly scheduled board meetings from being held on legal holidays. Monday was Presidents Day.

After consulting with Killian, Board Chairman Randy Berger announced Monday afternoon that the meeting would be rescheduled for 7 p.m. Thursday in the board room at the sheriff's office in Paxton.

Berger said the agenda will likely include a discussion and potential action regarding the assessment supervisor's job.

At some point — and it could happen Thursday — the board will need to vote to accept Langland's resignation, Berger said.

When asked if he had a replacement in mind already, Berger said, "Not really."

Langland fought off criticism for several weeks this winter after she and multi-township assessors serving the northern towns of Ford County reassessed 1,300 properties in that area. A number of residents were upset that their properties' assessed values jumped significantly, with seemingly no logical explanation.

"There are a whole bunch of them that don't make a bit of sense," Roberts resident Larry David said. "One lady bought a place over here for \$8,000, and magically, within less than a year, it's a \$76,000 home."

Residents have flooded the county board's meetings in recent weeks to complain about the reassessments and push for Langland's resignation or firing.

Meanwhile, 103 residents have filed appeals of their new assessments with the Ford County Board of Review, which will hear each one individually at a date to be determined. The board is scheduled to meet Thursday to discuss and possibly take action related to the re-assessments and the setting of dates for hearing the appeals.

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The re-assessment of the properties in northern Ford County was done in order to make the assessments there more "equitable," Langland said in January. It was determined that the eight towns' assessments were "out of balance" based on a standard set by the state called the "coefficient of dispersion," she said. The complicated mathematical formula showed that many properties in towns like Roberts were assessed either "too high or too low," Langland said.

Langland said until now, owners of similar homes had paid disparate rates, with some paying \$2 per square foot and others \$30. She said illegal "sales-chasing" had been going on for years in Ford County, adding that assessing properties that way — based on what was paid for property — is inequitable.

Instead of re-assessing the properties based on recent trends in home sales, Langland and the multi-township assessors based the new values on "equity," Langland said. She said there were not even 25 homes sold in the northern part of Ford County in the past year, so basing values off the market in that area would not be practical or accurate.

Langland said when properties were re-assessed, she and the multi-township assessors came up with nine categories of properties based on condition, style and age.

In the end, Langland said she accomplished what she set out to do: make the values more equitable. Now, she said, the cost per square foot will be the same for each property in a category in a given town.

A native of rural Beaverville in Iroquois County, Langland began working as Ford County's supervisor of assessments on July 1, 2016, taking over for the retired Candace Short, who held the position for the previous 13 years. Langland was appointed by the county board in June 2016 to a four-year term.

Langland was previously employed as Calhoun County's chief assessment officer. Earlier, she sold real estate for 18 years, was a licensed Illinois appraiser for four years, and served as secretary of the board of directors of the Certified Illinois Assessing Officers.

Shortly after being hired in Ford County, Langland said she did not anticipate making any "big changes" to the way properties in Ford County are assessed or how her office operates.

Langland said then that Short "had everything really well in line, so there doesn't have to be great, big changes."

ILLINOIS - Berrios property tax assessments for Cook County homeowners are flawed and unfair, study confirms

Cook County Assessor Joseph Berrios has been producing error-ridden property assessments that effectively punished poor homeowners while providing tax breaks to wealthy ones, according to a much-anticipated independent study of the county's residential assessment practices.

The study, which reviewed assessments from 2014 to 2016, concluded that the county operates "a very regressive system" that causes "a wealth transfer from owners of lower-value homes to those of higher-value homes."

County officials released the study Thursday to a handful of reporters before holding a small, closed-door briefing in the afternoon. The quiet release of the explosive report comes as Berrios, who is also chairman of the Cook County Democratic Party, faces a serious, well-funded primary challenge.

The study, conducted by an assessment expert from Virginia for the Civic Consulting Alliance, corroborates findings from the Chicago Tribune's investigation "The Tax Divide," which exposed widespread errors and inequities in residential assessments under Berrios from 2011 through 2015. It also counters months of assertions from Berrios' office that his assessment process is sound.

Cook County Board President Toni Preckwinkle — a Berrios ally — commissioned the independent study of residential assessments the same morning Berrios and his staff insisted to county commissioners, in the aftermath of "The Tax Divide," that the office produced fair and accurate assessments.

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The report released Thursday found problems at every level of the assessment process, including the computer programs used to produce initial valuations. The study found those programs, known as regression models, produced values that are “outside the target range” of industry standards.

The problem of regressivity — the tendency to overvalue lower-priced homes and undervalue more expensive ones — is worse in Chicago than in the suburbs, the study concluded. In the city, the owner of a \$600,000 home is likely to have an effective property tax rate that’s 24 percent lower than the rate for the owner of a \$300,000 home, the report states.

More than 90 percent of the values created by the models are eventually changed by the assessor’s office before notices are sent to homeowners, according to the report. The opaque process, which includes something called “hand reviews,” allows the introduction of “systematic bias,” it found.

The office also engaged in “selective reappraisal” by modifying the valuations of properties that recently sold based on the sales price, according to the study. That practice, known in the field as “sales chasing,” violates industry standards. Illinois’ constitution also requires that assessors treat all properties in the same way.

Sales chasing not only introduces inequities into the system but also causes assessment systems to look better on paper than they are in reality, the report said.

Khang Trinh, director of legal counsel for the assessor’s office, said at the briefing: “Our office does not sales-chase.”

The assessor’s office has asserted for months that the county’s robust appeals system offers a remedy for any flawed property valuations that may be produced. But the new study concluded that assessments were even less fair after the appeals process was complete.

“The levels of appeals in Cook County are very high and increase regressivity,” the study stated, with owners of homes worth more than \$1 million twice as likely to appeal their assessments as those who own homes worth less than \$500,000.

The study also noted the extent of work it will take to fix the problems.

“Bringing the system into compliance with industry standards will require fundamental changes in modeling, review processes, data collection and a shift away from reliance on appeals,” it states.

Preckwinkle, who made remarks at the start of Thursday’s briefing but left before reporters could ask questions, said she believed the new analysis had put the assessor’s office “on the right path.”

“Our goal, everyone’s goal, is a fair and equitable residential property tax system,” Preckwinkle said.

Now the county is faced with the task of figuring out how to put a new system in place without disrupting the collection of billions of dollars in property taxes that are used to fund everything from public schools to police and fire departments.

Since Preckwinkle ordered the study nearly seven months ago, bills have gone out to residents across Cook County, and work on the reassessment of Chicago’s 700,000-plus residential properties is expected to start in June.

Although the study calls for swift action in developing a new valuation model and dramatically improving data collection, it does not lay out a time frame for when those measures should be completed.

For months, Berrios and his representatives have insisted the office produced fair and accurate assessments while dismissing findings from “The Tax Divide,” though without providing any evidence.

“The Cook County assessor’s office strongly disagrees with the Tribune’s opinion, because the study they used and the methods they advocate are unreliable,” Berrios said at a news conference held the day after the Tribune’s first story was published in the print newspaper.

In fact, the county-commissioned independent study used the same industry standards and methods featured in the Tribune series, all of which are set by the International Association of Assessing Officers and used by assessment experts around the world.

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In the buildup to the report's release, Preckwinkle has repeatedly characterized any flaws in the residential property tax system as problems that long predated her first election to her current office in 2010 — an assertion she repeated Thursday. Berrios was elected assessor the same year.

"It's important to remember that the assessor and the Board of Review did not develop the system now in use," Preckwinkle said earlier this month. "It's something they inherited and it's been in place for 40 years."

Berrios voiced similar sentiments at the Thursday meeting.

"When I came into office, I took over a 40-year-old assessment system that needed improvements," the assessor said. "My first priority was to make sure our tax bills went out on time, which had not happened in 34 years. Getting tax bills out on time saves taxpayers millions of dollars."

However, the Tribune's investigation documented how Berrios was aware of problems with residential assessments early on in his tenure, then failed to follow through on fixes.

Beginning in 2009, errors and regressivity in residential assessments spiked to levels not seen since at least 2003, the Tribune found.

Berrios' predecessor, James Houlihan, turned to the MacArthur Foundation in 2009 for help in developing a new model to improve accuracy and reduce regressivity. But that work stalled after Berrios took office late the following year.

And although Berrios announced in July 2015 that the office had adopted new, state-of-the-art computer models to improve assessment accuracy and address persistent inequities, the Tribune found that he did not implement that system as promised.

Confronted with those findings in September 2016, officials said the assessor's office already produced accurate results and that a new valuation model wasn't necessary. The office then began disparaging the model as problematic.

The assessor's office continues to rely on outdated valuation methods and obsolete technology, the report released Thursday states.

One of the key recommendations of the new study is that office should run checks on its work — known as sales ratio studies — before sending assessment notices to the county's 1.4 million residential homeowners, as is standard practice in the industry.

Had it done so previously, the office would have known that its assessments were rife with errors and deeply unfair.

At the briefing, Berrios said he was prepared to follow recommendations for improving assessments.

"I have made a commitment that I will change whatever needs to be changed," Berrios said. "We need to make sure that everything is done properly across the board, and I am working ... to make sure that all of these inequities are taken care of to the best of our abilities."

In December, ProPublica Illinois and the Tribune collaborated on a story that found the accuracy and fairness of assessments for commercial and industrial properties were even worse than for residential properties, with skyscrapers getting massive tax breaks while small businesses were overvalued.

Because commercial and industrial properties represent nearly a third of the county's total property tax base, flaws in those assessments can cause the tax burden to shift in ways that are detrimental to homeowners and small businesses.

The new study did not address commercial and industrial assessments, and Preckwinkle has said any examination of the assessor's work on commercial and industrial properties will have to wait.

"We're focused on residential — one thing at a time," Preckwinkle said at the recent news conference. "We've got to address the residential assessments for the next three triennials before we proceed to other parts of the property taxation system."

The initial scope of the study was to assess transparency at the assessor's office. That part of the study was not completed at the time of its release. The report did call on the assessor's office to publish its sales ratio studies as they are completed.

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The assessor's office has touted its appeals system as evidence of its commitment to fairness. But the new study found the appeals process made inequities worse.

Those results mirror what the Tribune reported in June, after examining appeals in partnership with the University of Chicago's Center for Municipal Finance.

Although anyone can file an appeal, that analysis found owners of high-priced homes were more likely to do so. Those homeowners also often won reductions, even though the assessor's office has tended to undervalue more expensive properties. Those trends mean that an already unfair system became even less equitable after the appeals process was complete.

The assessor's failures have led to calls for change and exposed the county to litigation. In December, three prominent public interest law firms sued the county and Berrios in Cook County Circuit Court alleging violations of state and federal civil rights and housing laws.

Drawing heavily on "The Tax Divide," the suit contends the county's "residential property tax scheme is neither accurate nor uniform" and is "perpetuating institutional racism" by shifting the tax burden from wealthier, majority-white neighborhoods to poorer, minority neighborhoods.

The issue also is playing out in the political arena. In March, Berrios faces a Democratic primary challenge from asset manager Fritz Kaegi, who has vowed to address the inequities in the system.

"Today's CCA report is the latest in a mountain of expert analysis that over the years all point to one indisputable conclusion: Assessor Berrios has failed the taxpayers of Cook County," Kaegi said in a statement after the report's release.

A second-would be challenger, property tax consultant Andrea Raila, was knocked off the ballot Thursday by the Cook County Electoral Board, though she has vowed to appeal that decision to the Circuit Court.

Cook County Commissioner Larry Suffredin gave Berrios and Preckwinkle credit for releasing the study now, since they both could face heat over the issue in the March 20 primary. But he said Berrios should have addressed problems with assessments sooner.

"If he just got elected last month, he'd have a defense," said Suffredin, an Evanston Democrat.

Commissioner Richard Boykin, an Oak Park Democrat, also criticized Berrios, saying no further studies were needed and the CCA effort was a stalling tactic.

"I respect Assessor Joe Berrios, but I wish he would have simply faced these problems head-on," Boykin said in a statement. "The time to deal with this problem was a long time ago. If the wealthy do not pay their fair share, the burden is shifted to those who can least afford it. And that is a travesty."

This report is a collaboration between the Chicago Tribune and ProPublica Illinois, an independent, nonprofit journalism organization.

Is California ready for a Proposition 13 overhaul?

Ballot initiative to tax commercial properties at market rate would raise up to \$10 billion more for the state

A new ballot initiative that takes aim at how commercial properties are taxed under California's Proposition 13 could raise \$6 to \$10 billion more each year for schools and other programs and services, according to a new analysis by the Legislative Analyst's Office.

At the heart of the initiative, which is still being reviewed by the state attorney general's office, is a property tax law enshrined in the state constitution since 1978. Proposition 13 caps taxes for all kinds of properties — residential and commercial — at 1 percent of a property's purchase price, allowing for increases of no more than 2 percent per year, even if the value of the property triples or quadruples over time.

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The initiative would change the constitution so that commercial and industrial properties — and land not intended for housing development — are instead taxed based on their current market value. The idea, long favored by critics of Proposition 13, is often called a “split roll” since it would not affect protections for residential properties. Commercial properties valued below \$2 million would be exempt.

Another Proposition 13-related ballot initiative, backed by the California Association of Realtors, would expand protections for homeowners over 55, allowing them to take their tax base with them anywhere in the state as often as they move.

The LAO notes that roughly 40 percent of the new revenue would flow to public schools and community colleges because of the state’s Proposition 98 minimum funding guarantee. Its analysis took into account losses in income tax revenue from additional property tax deductions as well as the considerably higher administrative costs for counties, who assess the properties and collect the revenue.

Supporters of the ballot initiative — the League of Women Voters, California Calls, PICO California and other civic and community groups — expect it to receive its official title and summary by the end of the month. Then they must first collect enough eligible-voter signatures to qualify it for the November ballot, a feat rarely accomplished without an army of paid signature-gatherers.

Helen Hutchison, an Oakland resident and president of the California League of Women Voters, said she was confident the coalition would be able to raise the money necessary.

“We definitely will be outspent,” Hutchison said, “but we also know we can win this campaign.”

If it qualifies, it is sure to be fought by the state’s deep-pocketed business interests who already complain about the cost of doing business in California. The LAO’s analysis notes that the changes proposed by the initiative could influence a business’s decision to move to or expand in the Golden State.

WISCONSIN - Supreme Court Upholds Mass Appraisal in Property Tax Assessment Case

The Wisconsin Supreme Court recently rejected an argument that the City of Milwaukee did not properly follow Wisconsin’s property tax assessment law when it used a mass appraisal method to value an income-producing property.

Metropolitan Associates challenged tax assessments on seven Milwaukee properties from 2008 to 2013. The parties agreed to present evidence on one property, an apartment complex, with a resolution governing assessments on the six others.

The city assessor used a “mass appraisal” method to assess the property. Metropolitan Associates (Metropolitan) argued that a mass appraisal method did not collect the best information available, which is required under state property tax assessment law, Wis. Stat. section 70.32. A circuit court upheld the assessments. An appeals court affirmed.

In *Metropolitan Associates v. City of Milwaukee*, 2018 4 (Jan. 10, 2018), a supreme court majority (5-2) affirmed, concluding the city “permissibly utilized mass appraisal for its initial assessment and appropriately defended its initial assessment with single property appraisals demonstrating that the assessment was not excessive.”

Justices Danial Kelly and Rebecca Bradley wrote a co-authored dissent. They said the law requires assessments to closely match the amount a buyer would pay for a subject property and a mass appraisal method is not reflective of full value through private sale.

Majority View

The five-justice majority noted that Wis. Stat. section 70.32(1) directs assessment procedures under the Wisconsin Property Assessment Manual, and the manual says commercial property can be valued by a single or mass appraisal technique.

The manual defines “mass appraisal” as the “systematic appraisal of groups of properties, as of a given date, using standardized procedures and statistical testing.” A single appraisal technique looks at unique characteristics through a tiered analysis.

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The manual says assessors may perform a mass appraisal to produce initial values, but a single-property appraisal is necessary if the taxpayer challenges the mass appraisal.

Metropolitan argued that the city did not rely on the best information available in conducting a mass appraisal, and should have relied on a single-property appraisal.

But the majority noted the law requires “the best information that the assessor can practicably obtain,” and the manual specifically allows an initial mass appraisal.

“Requiring a single property appraisal after a taxpayer challenges an assessment does not mean that the value of the property must be set in accordance with the single property appraisal,” wrote Justice Ann Walsh Bradley for the majority.

“The value reflected in the initial mass appraisal can thus constitute the value of the property for tax assessment purposes as long as it is not excessive.”

The law requires the best information the assessor can “practicably” obtain, A.W. Bradley noted, and it would be impractical to always require a single property appraisal.

“Completing annual assessments in a major metropolitan area would simply not be feasible without the use of mass appraisal,” Justice A.W. Bradley wrote.

“Because its use is provided for by the Manual and it allows the City to efficiently assess a large number of properties, mass appraisal comports with Wis. Stat. § 70.32(1).”

The majority also concluded that the city appropriately defended the initial assessment to show it was not excessive, and the circuit court properly concluded “that Metropolitan failed to rebut the presumption of correctness to which city assessments are entitled.”

The circuit court had ruled that the city’s approach on sales comparison valuations was more reliable than the approach taken by Metropolitan’s assessor.

“The circuit court’s observation that the City’s approach was worthy of greater weight than Metropolitan’s was not clearly erroneous,” Justice A.W. Bradley wrote.

Dissent

Justices R. Bradley and Kelly concluded that Wis. Stat. section 70.32 details three types of analysis that assessors may use to determine value, and “the assessment in this case was not based on any of the three types of analysis listed in the statute.”

The dissenters said the mass appraisal method “is not authorized by statute” and is “structurally incapable of identifying the fair market value of a specific property.”

“[B]ecause the assessed value under consideration was the product of the mass appraisal technique, it is not entitled to the presumption of correctness,” they wrote.

They would have reversed and remanded with directions “to conduct a statutorily compliant assessment based on the sales comparison approach and properly adjusted for economic characteristics using the best information available.”

NEW YORK - Taxing Land to Pay for Trains Will Work - In Some Places

The politics of using "land value capture" to finance public works will vary depending on developers' power.

What if we made landowners pay for infrastructure and urban improvements? After all, under a recent proposal from Governor Andrew Cuomo, New York may do just that to fund subway extensions. Property taxes would go up for New York City

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landowners within a certain distance from train lines, perhaps up to 1 mile. Land value capture, as it's called, has also surfaced as a means of paying for President Donald Trump's proposed infrastructure improvements.

Although land value capture is not quite "the solution of the moment," as it has been described, there's potential for it to ease some major urban problems. It's already helping to finance new work on the Chicago subway system.

The idea is both fair and efficient. It's fair because nearby landowners do benefit from a subway extension, so it seems reasonable for them to foot some of the bill.

The efficiency stems from the economic theory of taxation, which recommends levying tax burdens on relatively inelastic resources, such as land. Because land can't run away to another country, taxing it may less distort economic activity than taxes on labor or capital.

Using land value capture for New York City subway improvements makes sense because other funding methods have failed politically. Earmarking some of the state income tax to the subway might be better, but people who don't use the subway -- the majority in New York State -- just don't want to pay. So the state must look elsewhere.

In the meantime, new subway lines are rare, even though the population and economic output of the city have grown substantially. The new Second Avenue line opened only last year, though construction started in 1972 and had to overcome numerous fiscal and political obstacles. On the older lines, delays are frequent and the system lacks modern technology. It is not unusual for signal switches to date from the 1930s. By one estimate, a much-needed revamp of the New York City subway system would cost more than \$100 billion.

Yet the corresponding value is there. Many parts of New York City could be made more convenient and more economically valuable by subway upgrades. For example, the L line to the Williamsburg section of Brooklyn was improved, much to the advantage of that now gentrified and relatively expensive neighborhood.

Note that with the state Metropolitan Transportation Authority overseeing the subway, local landowners do not dominate the political calculus for assessing potential improvements. Putting a new fiscal burden on them, through land value capture, won't mean they can shut down new construction and repair by lobbying against them.

That said, land value capture does not make sense when local landowners are the relevant interest group with the ability to make or break new infrastructure projects. In that case, landowners must be allowed to benefit disproportionately from construction, even when that is unfair.

My own locality, Fairfax County in northern Virginia, treats landowners and real estate developers pretty favorably. They have been a dominant special interest group with many state and local politicians. That might not sound ideal, but those individuals have strongly supported the building out of the community, creating jobs and keeping down home prices. If landowners had been asked to foot more of the bill, the local political pressures for pro-growth policies probably would have been less strong and a NIMBY mentality would have prevailed. Unlike with the New York City subway, here the local interests have much greater sway, and thus land value capture could clog up politics rather than inducing new construction.

Recently I spent a day at a conference discussing Henry George's "Progress and Poverty," a late 19th century work that is perhaps the best-selling economics book in U.S. history. George spent much of his life campaigning for a relatively high tax on land and thus landlords, developing the fairness and efficiency arguments I mentioned above. By the end of the conference, I concluded that George had some good economic arguments, but also that he was politically naive. At the margin we should move in George's direction, but ultimately landowners have to be part of the building coalitions rather than pure victims.

The advantage of taxing labor income so heavily, as the federal government does today, is that the workers/taxpayers are a broad-based interest group that demand something in return, namely good, or at least acceptable, government. When progress happens locally, such as the building out of the Los Angeles subway system, we don't put the entire burden on the localities that have the power to stop the thing -- we shift some of the costs to the public nationally.

We should experiment more with land value capture taxation, but keeping in mind a sorry truth: "Fairness" is not always how things get done.

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NEW YORK - Billionaire Takes A Property Tax Stand Over Pooping Geese

Golisano is refusing to pay property taxes on the lakefront home because he says the several hundred geese that have taken up residence on his lawn make it unusable for him and his family.

Billionaire Tom Golisano says he tried stringing up fishing line, spraying smelly repellent and even posting a wolf decoy, but nothing could rid his lakeside vacation home of the Canada geese that turned his lawn into a minefield of poop.

His next line of attack? Refusing to pay his \$90,000 school tax bill until officials in the Finger Lakes town of South Bristol find a way to control the birds.

"This past summer it was horrible. We'd drive in and find 100 to 200 geese parked on our lawn," said Golisano, founder of payroll company Paychex and former owner of the Buffalo Sabres hockey team. "You can't walk barefoot, can't play Frisbee, can't have your grandchildren run around. ... Here I am paying all this money in taxes and I can't use my property because of the geese droppings."

Golisano's stand over bird poop is just one part of his one-man protest campaign against a taxation system he believes is flawed and inequitable.

He's pledging to file a class-action lawsuit on behalf of other upstate homeowners who believe they are being overtaxed. And he recently launched a website, TaxMyPropertyFairly.com, to give ordinary taxpayers the tools to challenge their property tax bills.

Golisano contends that tax assessors often lack the training, time and expertise to accurately assign property values that determine what share of the local tax collection each homeowner pays.

"A lot of people are suffering significant injustice because of the assessment system," said the 76-year-old Golisano, founding member of the New York Independence Party and three-time candidate for governor.

Escaping high taxes was part of the reason Golisano changed his permanent home address to Naples, Florida, nearly a decade ago. In 2010, he spent \$200,000 in legal fees to get the property taxes on his home in Mendon, near Rochester, reduced from \$200,000 to \$60,000.

He said western New York is notorious for high property taxes. While his wife, tennis Hall of Famer Monica Seles, pays about \$4,000 a year in taxes on her New York City condo assessed at \$800,000, Golisano said a home with that assessed value in Rochester-area Monroe County would have a \$28,000 tax bill.

Golisano's fight over the bird poop in the town South Bristol, population 1,600, is based on the argument that the value of his Canandaigua Lake property is driven down by the flocks of wild geese that congregate there and it's government's duty to solve the problem.

Town Supervisor Daniel Marshall disagrees. "It's a resident's problem to take care of, not the town's," he said. Marshall said no other shoreline residents have complained about the geese. "It is a lake, after all."

New York's Department of Environmental Conservation says the state has an overpopulation of non-migrating Canada geese and it's causing problems for some homeowners, farmers, golf courses and parks. But it says nuisance wildlife on private property isn't the responsibility of the municipality. The agency recommends numerous ways to shoo them off, including those Golisano has tried. When it's a community-wide problem, the DEC suggests local officials may want to hire a "goose control officer" and devise a coordinated control plan. That's what Golisano wants.

For now, the tax fight remains unresolved. Golisano says his next step is to seek a reduced property assessment based on the goose scourge.

Golisano, whose net worth is listed by Forbes at \$3.4 billion, is renowned for his generosity to health care, higher education and opportunities for those with intellectual and developmental disabilities. There are three children's hospitals named for him, in Rochester, Syracuse and Fort Myers, Florida.

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But he doesn't want his pocket picked by local tax assessors or anyone else. In November, he sued the remodeler of his yacht for overcharging him on furnishings. A jury awarded him \$50,000, which he said he'll add to the \$2.5 million he recently donated for the Golisano Autism Center being built in Rochester.

"It's the principle," he said.

ILLINOIS - As March primary nears, study on Cook County property tax system still under wraps

An independent study to gauge the fairness and accuracy of residential property tax assessments in Cook County was scheduled to be completed in mid-December, records show, but now its first findings may not be delivered until the end of February — days after early voting commences in an election that could be affected by the results.

The study was ordered nearly seven months ago by Cook County Board President Toni Preckwinkle after the Chicago Tribune published the first three parts of "The Tax Divide," an investigation that found high error rates in residential property valuations produced under Assessor Joseph Berrios. The assessments also burdened poorer homeowners with unfairly high tax bills while giving wealthier taxpayers a break.

Planning documents from August show that the independent study is based on the same kind of statistical analysis carried out by the Tribune with the goal of determining whether assessments under Berrios have met standards used in municipalities around the world.

Several of the country's leading experts in assessments said that kind of study should take no longer than one or two months. Yet the results are now not expected to come out until a few weeks before the March 20 primary. Early voting starts Feb. 21 in downtown Chicago and four suburban locations, and in most suburbs on March 5.

"The more time you have to do a study, the more (issues) you can look at and the more careful you can be," said Richard Almy, a former executive director of the International Association of Assessing Officers. "But the analysis can be done in a couple of months if you have all the data."

A fourth "Tax Divide" story, which documented problems with assessments of commercial and industrial property, was published by ProPublica Illinois and the Tribune in December, adding to intense scrutiny of Berrios as he fights for re-election in a contested primary. His opponents — asset manager Fritz Kaegi and property tax consultant Andrea Raila — each have cited the reporting on the campaign trail and pledged to fix the problems it identified.

County Commissioner Jesus "Chuy" Garcia, who backs Kaegi, said "the voters deserve some answers" about the fairness of the assessment system. He backed the idea of doing the study but said he now believes "that was probably all a delay tactic."

"Some of us have a lot of doubt about whether this was a real, credible undertaking or not — so prove us wrong," Garcia added.

Preckwinkle's spokesman, Frank Shuftan, said Monday that the study is on schedule.

"This is a big project that takes time, given the size and number of residential properties in Cook County," Shuftan said. "The first phase was information-gathering, which was completed by mid-December. The analysis of the data is nearing completion and the consultant's measurement of the office's performance, based on the analysis, will be announced prior to the end of February."

But in August, at a planning meeting for the study, the independent group overseeing the effort handed out a document that laid out a different schedule. The document, provided to a reporter by Cook County Clerk David Orr, shows that "specific improvement areas" were to be identified before Thanksgiving and work on solutions was to be completed by mid-December.

The pro bono study is being led by the Civic Consulting Alliance, or CCA, a nonprofit consulting firm that has provided technical assistance for several Chicago mayors, as well as for Preckwinkle. The group operates under the umbrella of the Civic Committee of the Commercial Club of Chicago, a nonprofit good-government group consisting of chief executives from the region's largest employers.

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Preckwinkle and Berrios have been mum on what is being learned through the study process, with Preckwinkle saying she's not at liberty to talk about it. "All I can tell you is that there's a confidentiality agreement between the assessor and CCA about the work," Preckwinkle said in a recent interview.

Orr, who also is supporting Kaegi, called on the CCA to release the study's results immediately.

"The CCA is a credible organization, but they are unfortunately gaining the reputation of helping with what has become a big stall until after the March 20th primary election," Orr said.

A spokeswoman for the CCA and the Civic Committee declined to comment, referring questions about the study to the assessor's office.

Berrios spokesman Tom Shaer said "the assessor's office plays no role in the timing or schedule of CCA's work" and that anyone speculating on how long the study would take doesn't understand the scope of the undertaking.

"Mid-December may have been part of CCA's initial thoughts before it began the extensive information-gathering and other work required," Shaer said.

The issue of unfair property tax assessments is hanging over the re-election campaigns of both Preckwinkle and Berrios, who are friends and allies. Berrios is chairman of the Cook County Democratic Party, Preckwinkle is vice chairman, and the pair filed their re-election paperwork together as part of an endorsed slate of candidates.

The relationship between the two has caused critics of the assessor's office to question whether the study is aimed at providing political cover for Berrios. Preckwinkle announced the study at a County Board hearing in July where commissioners questioned Berrios over "The Tax Divide" — a move that took some of the heat off of her ally.

At a meeting of the Tribune Editorial Board last week, Preckwinkle declined to criticize Berrios' performance. "I've worked closely with Joe Berrios in areas where I think he's done good work," she said.

Berrios has steadfastly contended that his office produces fair and accurate assessments. The assessor disputed findings from the investigation, saying the analyses were not conducted by assessment professionals. The Tribune and ProPublica Illinois vetted their methods with top experts in the field.

Preckwinkle has said the aim of the CCA study is not to protect Berrios but to conduct a thorough review of the entire property tax system.

The CCA study will look only at residential assessments, however, leaving unexamined the fairness and accuracy of commercial and industrial assessments, which make up roughly a third of the county's property tax base.

Numerous independent studies, including by the University of Chicago and the Illinois Department of Revenue, already have found assessments to be deeply flawed.

"We don't need another study to tell us the system stinks," said University of Chicago public policy professor Christopher Berry, who studied the system while developing a new residential valuation model for the county that was never implemented. "If Toni Preckwinkle doesn't believe the studies already done by the University of Chicago, the University of Illinois, the Illinois Department of Revenue and the Tribune, then she is simply choosing not to see the truth right in front of her face. She is siding with Joe Berrios over the truth, and over her constituents."

Berry, along with a Tribune reporter, also led a graduate-level class at U. of C.'s Harris School of Public Policy that examined the county's residential appeal system. The study, which was featured in "The Tax Divide," found the process made assessments more unfair. The assessor's office dismissed the findings of that study as well as Berry's criticisms.

The planning documents from August show the CCA study is using performance measures set by the International Association of Assessing Officers, which involve comparing the assessor's estimated market values to actual sales data. Two of the most important statistics are the coefficient of dispersion, essentially a rate of error, and the price-related differential, a measure of fairness.

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The Tribune's analysis found that the office violated industry standards for both measures for years, sometimes by a large margin. Highly inaccurate assessments wound up handing unsanctioned property tax breaks to well-off homeowners while punishing those who have the least, particularly people living in minority communities.

Peter Davis, an assessing expert who specializes in sales ratio studies, said that once the data is in hand, a ratio study should take no more than a month.

In mid-January, a County Board committee scheduled a hearing to get an update on the progress of the study. Berrios, however, did not show up; his office cited a prior engagement. No new meeting has been set.

That prompted concerns that the study wouldn't be made public before voters go to the polls for the primary.

"I think Mr. Berrios and Madam President Preckwinkle are going to do everything they can to keep him from appearing before the board between now and March 20 to talk about the study," said Commissioner Richard Boykin, an Oak Park Democrat who represents large swaths of Chicago's West Side and suburban Maywood, two areas where many low-income African-American homeowners live.

"We already know what the results are," he added. "We already know that there's a problem and quite frankly, we already know that there needs to be a solution articulated for the voters before March 20."

With pressure mounting, Preckwinkle spokesman Shuftan crafted a response on letterhead from Berrios' office last week stating that some of the results were expected by the end of February. What specifically will be released is unclear, however.

Amid calls to release the study, some observers who have studied the system are convinced the exercise is unnecessary.

"What could the study possibly show that would make any difference?" said Berry, the U. of C. professor. "If it says the system is broken, then it's just confirming what we already knew and we're right back where we were in July. If it says the system is working, then it will contradict every expert who has come before, and everyone will know that the new study is bogus."

New York's Property Tax Is Theft

Under New York City's byzantine property tax system, billionaires pay lower rates than bus drivers.

In New York City, proximity to the subway is a decisive factor in real estate values. Lately, some urban reformers and liberal politicians have advocated taking some of that value back to fund the imperiled subway system itself, in the form of special taxes calculated specifically with this relationship in mind.

Value capture, as the policy idea is called, is "the solution of the moment" according to one business community leader quoted in the New York Times, and an "innovative financing mechanism" according to the president of an urban policy advocate group. Now, Governor Andrew Cuomo has gotten on board, making value capture a centerpiece of his subway system rescue plan.

It makes sense. Some private property owners benefit enormously from a publicly funded system, and it's logical that they should pay a share of that additional, unearned revenue back into the system itself — especially because that system is in crisis. But value capture is also a complicated technocratic intervention, one that would require the creation of a new bureaucracy to evaluate the specific impact of transit lines on real estate prices over time, and entail a controversial and likely difficult effort to mediate between the transit authority and the city.

That doesn't mean it shouldn't happen, but it begs the question: in a city where billionaires pay one one-hundredth the national average in property taxes, why not just start by taxing the rich appropriately under the current system?

The formula that New York City uses to assess real estate values and property taxes is absurdly complex — and as Wall Street has taught us, complexity in finance tends to favor the rich. Current property tax law was put in place in 1981, in an era when homeowners were fleeing the city and taking tax revenue with them. The resulting policy featured some very unusual details. For example, to assess market value for residential real estate, the city began estimating rental income for properties that don't generate rental income, like condos. (Supposedly that made more sense when the property values of condos and rental

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properties were kind of similar — before the massive boom in luxury condo development in the city — though some elements of the tax policy were inscrutable even in historical context.)

Since the outdated law benefits the city's most affluent and politically influential residents, they're not exactly agitating to change it. "New York City has since rebounded, of course," writes Kriston Capps at CityLab. "And as a result, the property-tax burden has shifted from owners to renters, and from the wealthier to the poorer."

The failure to readjust property tax law to meet current conditions has produced a situation in which expensive properties are dramatically undervalued for tax purposes. Today, a condo can sell for nine figures, but is taxed like a property that sells for seven figures. The owner of a \$100 million penthouse in the gleaming One57, a skyscraper in Midtown known as "The Billionaire Building," recently paid \$17,000 in taxes. That's a 0.017% tax rate.

Through this labyrinthine classification system that undervalues the homes — and the vacant pied-à-terres — of the rich, "The city is leaving money behind by failing to tax the most valuable homes at a rate closer to their market value," writes Capps. "As it stands, the smallest sliver of New York's wealthiest homeowners pays the tiniest fraction of New York's property taxes."

Unfortunately, establishment Democrats are inclined to miss the forest for the trees. Instead of straightforwardly addressing the glaring oversights and inequalities in the extant system, they habitually devote their efforts to developing Rube Goldberg-style policies that they promise will better balance the forces of power, in five years or fifteen, pending reelection. Democrats are particularly loath to make enemies of their liberal elite donor base, especially in major coastal cities where that base is entrenched in the political machinery. They thus tend to favor elaborate technocratic schemes that buy them time and make them appear hard at work for the majority of their constituency, but rarely deliver on their promises of social change — and therefore rarely bite the hand that feeds them.

This value capture idea is hardly any different. It's not a harmful idea: it rightly identifies the relationship between public infrastructure and private property values, and demands a proportional return on public investment. But it still mostly tinkers at the edges of a dysfunctional and blatantly unfair tax system that's rotten at the core. A policy crafted in a genuine spirit of large-scale redistribution wouldn't be so complicated — no differential assessments of transit line impacts on market values, no cross-departmental redistricting blueprints, no "innovative financing mechanisms." It would start by simply closing the loophole that has billionaire property owners laughing all the way to the bank.

FLORIDA - Trump sues over property tax bill for Florida golf club

Trump says the golf course is worth more than \$50m but the Palm Beach County property tax appraiser says it is actually worth \$19m

Donald Trump says the Trump National Golf Club in Florida is worth more than \$50m. Palm Beach County property tax appraiser Dorothy Jacks disagrees, saying the Jupiter course, where Trump plays when he visits nearby Mar-a-Lago, is actually worth \$19m.

The president's lawyers are now suing Jacks, saying her estimate and the nearly \$400,000 property tax bill it generates are too high, even if her appraisal is only 40% of what the president listed in his 2017 financial disclosure form.

Trump's company, Jupiter Golf LLC, does not say in the lawsuit how much it thinks the course is currently worth, but it sent the county nearly \$300,000 as a good-faith estimate of what it believes the tax bill should be. That would make the course worth \$15m.

If the course were worth at least \$50m, its tax bill would be \$1m or more at the county's 2% business property rate.

Neither Jacks' office nor Trump attorney Robert Kelley Jr would comment on Monday on the lawsuit, which was filed in December. It was first reported Monday by the Palm Beach Post.

The Post reports that Trump also appealed last year's \$18.4m valuation and that he has twice lost appeals to the county's Value Adjustment Board.

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Trump bought the club in 2012 for \$5m, but has made significant improvements. He reported revenue of \$20m from the course in the 15 months between January 2016 and April 2017.

Overall, he reported assets worth more than \$1.4bn and income of almost \$600m during that period.

Trump lost a federal lawsuit last year filed by 65 former Trump National members who had been denied refunds of deposits they had made with the previous owner, Ritz-Carlton. The club was ordered to repay \$5.7m. Trump's lawyers have filed an appeal.

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