

Legal Brief

The Real Deal: Real Estate Tax Savings



Who calculates your income taxes? The Internal Revenue Service? Of course not. But, if you are like many property owners, you permit the assessor to calculate your real estate taxes. By simply paying your real estate tax bill when it arrives, you enable the tax assessor to bill you for what they think is reasonable. In many cases, this amount can be lowered, sometimes significantly, by the process of an assessment appeal. This can mean substantial tax savings each year for the taxpayer.

Many taxpayers receive their tax bill in the mail and either forward it to accounts payable or simply pay it without taking a moment to look at the information on the bill. Others pay the "discount" amount and think they are saving money by paying early. Being better informed might save you money.

UNDERSTANDING 'ASSESSED VALUE'

Assessed value is the value of property for real estate tax purposes. Frequently, the value does not equal the "Fair Value" or the price at which the property would sell on the open market.

To arrive at the assessed value, the assessor begins with the value of your property as of the last year in which a countywide assessment was performed. In Erie County, for example, this was 2002. You may think to yourself: "Wow! If that's all they think my property's worth, I'm really pulling one over on them!" Unfortunately, this amount has little to do with your property's current value. These estimated values tend to be generally low and can be very misleading.

Most taxpayers are more likely to just pay the bill when they think you are

getting a "good deal." Today, a "good deal" means the lowest "tax value" under the law. In Erie County, for example, for tax year 2009, that value is 82.8 percent of the 2002 fair value of the property.

ARE YOU A CANDIDATE FOR APPEAL?

If you own commercial or industrial property in northwest Pennsylvania, the answer may be "yes." If you believe your taxes are higher than your neighbors', or if it has been a while since your property has been appraised or reassessed, it may be time to consider an appeal.

THE APPEAL PROCESS

In order to appeal your current tax amount, you must convince the Tax Board that your assessed value is incorrect. Saying, "My taxes are too high" simply is not enough. You need to show that the assessed value does not reflect the actual market value or is not uniform with other, similar properties. If you have recently purchased your property or closed on a major financial transaction, you may already have an appraisal that you can use. In most cases, you will need the services of a qualified real estate appraiser to help answer the question, "What is the actual market value of the property?"

The appeal process is substantially the same from county to county. Some counties have an appeal form they would like you to complete, but these forms are not mandatory. The law only requires that you appeal in writing and that the writing contain information that lets the Tax Board know that you wish to appeal. The appeal form must also indicate where notice of the appeal hearing should be sent. A hearing date will be assigned to you by the Tax Board. Many counties

(including Erie County) require either the property owner or an attorney to appear at the hearing, along with the appraiser.

If the Tax Board rules against you (usually by issuing a "no change" decision), you can appeal to the Court of Common Pleas in your county. The Court will give you a trial date, your opponent will be the Tax Board, and the three taxing districts also may choose to participate. The judge will decide the actual market value of the property based upon the evidence presented at trial.

TO WRAP IT UP...

The next time your real estate tax bills come, consider it carefully; or, better yet, have a professional look at it with you. If you think you are paying too much, you very well may be. There is no reason for you to continue paying more than your fair share. Don't let the tax man prepare your real estate tax bills for you!

For more information, contact Jack Mehler at MacDonald, Illig, Jones & Britton, LLP at 814/870-7757 or jmehler@mijb.com.

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