

## REAL ESTATE

# Property assessments can have lasting effect on future tax bills

**H**igher gas, insurance and water bills are hurting commercial property owners. In addition to these utility hikes, property owners may be subject to yet another non-productive expense — an increase in property taxes.

Twenty-four counties in Ohio are reassessing real estate, and in many counties the auditor is conducting physical reappraisals.

In Ohio, the county auditor physically reappraises — or visually re-inspects — all properties once every six years. In Cuyahoga, Lake, Lorain, Stark and Portage counties, 2006 is the physical reappraisal year.

For those counties with physical reappraisals in 2006, the revaluation will likely form the basis for future reassessments.

Ohio real estate assessments are set in three-year cycles, with the first three-year triennial based on a physical reappraisal and the second triennial determined by a statistical update of the physical reappraisal.

Therefore, a commercial property reappraised in 2006 for \$1 million could be revalued at \$1.1 million in 2009 based on the statistical increase in sales prices in the county.

An incorrect assessment not only will carry forward, but it also can have a compounding effect due to the update period.

Conversely, a successful reduction in your property tax assessment will translate into a reduction in property taxes for many years to come.

With many commercial real estate owners dealing with increased vacancies and above-average concessions, it's difficult to understand how the county can justify increasing assessments when income is going down and expenses are going up.

However, the county and their outside consultants work in large part from sales documented in public records.

Compounding the issue for the owners of commercial property are increasing tax rates and utility costs, as well as changes in financing and supply and demand.

### KIERAN JENNINGS



### ADVISER

Now is the best time to review and contest your real estate taxes. As the economy improves, the commercial values should also improve. By reducing an assessment now, it will help during tough times and assist in controlling future assessments.

However, it is important to note that filing a complaint against the property's valuation is not something to do with a "nothing ventured, nothing gained" attitude.

If your property is under-assessed the board of revision may increase the value. There are professionals who specialize in property tax appeals and can help to determine if an appeal is warranted. Because of nuances in the law, properties that appear to be fairly assessed may be over-assessed and properties that appear over-assessed may be under-assessed.

After determining if a complaint is warranted, the question becomes when to file for a reduction in taxes.

The commercial assessment notices in many cases have been mailed or will be shortly. Residential owners had an opportunity earlier in the summer for informal reviews.

Commercial owners will likely have to file a complaint to the board of revision. The board generally accepts complaints after Jan. 1, but in any event complaints must be filed (received, not mailed) with the county board of revision by the March 31, 2007, deadline. It is recommended you have a copy of your complaint time-stamped for your own records.

After a complaint is filed, the board of revision will conduct a hearing during which a complaining property owner will need to submit evidence

to support the request for a decrease in the property tax assessment.

Typically, an attorney from the board of education will oppose the complaint. If a property owner does not prevail at the board of revision hearing, the taxpayer can choose to appeal the decision to the Board of Tax Appeals in Columbus or to county common pleas court.

By appealing to the state board of tax appeals the case is heard by a hearing examiner that is experienced in deciding tax cases. In common pleas court, the judge may be more familiar with the location but may not be as experienced with the nuances of tax law.

If a property owner succeeds in getting the reappraisal reduced, the board of education may also appeal the board of revision decision.

An attorney may be needed to file the complaint and to serve as representation during the board of revision hearing. The Ohio Supreme Court, in *Sharon Village Ltd. vs. Licking County Board of Revision*, ruled the preparation and filing of a complaint constitutes the practice of law.

And although the statute still reads as though a non-attorney can file a complaint, unless the property is titled in the property owner's name (John Doe rather than The John Doe Corp. or the John Doe Trust), an attorney should file the complaint. ■

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