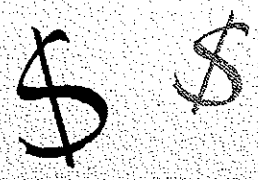




What to consider



*Whether you
rent or own,
lowering business
property taxes can
impact the bottom line*

By Kieran Jennings

Successful businesses usually invest their capital in areas where they get the greatest return. However, property taxes must be paid regardless of profit.

Property taxes are, however, a controllable expense. Lower property taxes can translate into higher business and real estate values and stock prices. A small investment of time can determine whether the assessed value of your real estate is right.

In almost all states, real estate is assessed based on some percentage of the fair market value. One of the main indicators of value is the income that could be produced from the property using current rents, vacancies and market expenses. Many real estate markets have high vacancy rates coupled with higher utility and insurance expenses. By establishing an estimated net income from these market statistics and ultimately proving a lower assessed market value, an owner may be able to reduce real estate taxes.

Even if the market has weakened, the assessment of your property value will not likely decrease unless the assessment is contested. A newly established assessment also may be used as



when contesting your real estate tax assessment



the basis for future assessments. That means reduced real estate taxes have a compounding effect. Even if your assessment in future years steadily climbs, starting at a lower base can save money indefinitely. Conversely, by missing an opportunity to control taxes, a company will continue to spend money on an item that does not have a return.

Local governments are not the only ones that keep a close eye on assessments. Local school districts receive funds based on property tax assessments. If you are under-assessed, the district may file an appeal to increase your assessment. Prior to engaging in any correspondence with anyone seeking to increase your taxes, you may want to consult a real estate tax professional. Some lawyers emphasize real estate tax assessments as part of their practice.

There are several important facts to consider when contesting real estate tax assessments. Here are five tips to follow if you plan to appeal.

■ Generally, assessment boards have a certain time

period during which they will accept appeals against tax assessments. It is important to find out just when you must contest your taxes. Furthermore, it is recommended that you have a copy of your appeal time-stamped by the board for your own records.

■ Prior to contesting your assessment, you must first determine the assessed market value of your property. In each state — and, in some cases, each taxing jurisdiction — you are assessed at a percentage of fair market value. In some states, that percentage can vary from 4 or 5 percent of the market value to 100 percent of the market value. In a jurisdiction with a 4-percent ratio, a \$100,000 assessment equates to a \$2.5 million assessed market value.

■ There may be risks to contesting your assessment. Before filing, it is essential to ensure that your property is, in fact, over-assessed as of the tax lien date. If your property is under-assessed, the assessment board may have the ability to increase your assessment rather than decrease it.

■ You may need a lawyer to contest your assessment. >

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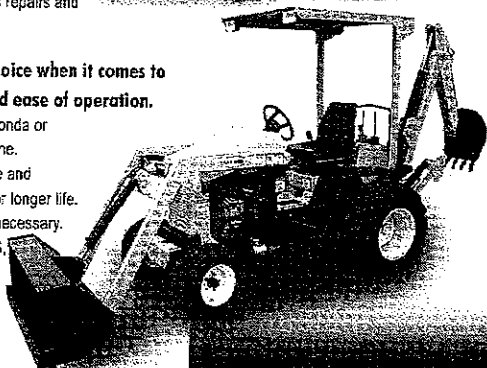
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REAL-ESTATE From Page 43 Some states have determined that appearing before a real estate tax appeal board to challenge your assessment is the practice of law. Ohio appears to have the toughest laws regarding the unauthorized practice of law. Ohio has established a precedent in certain circumstances where the filing by a non-attorney has the effect of the case being dismissed and losing the right to contest the taxes for a three-year period.

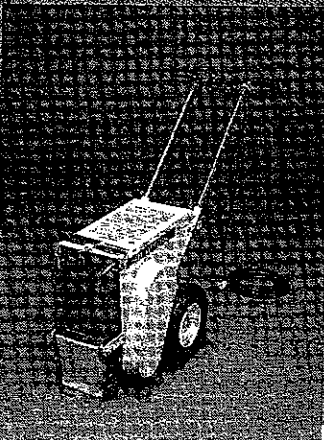
■ Determine under whose name you can challenge an assessment when you rent the property that is taxed. **RM**



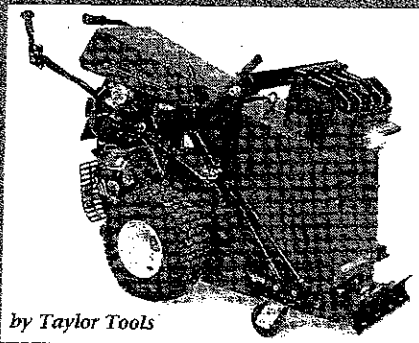
Kieran Jennings is a partner in the law firm of Siegel, Siegel, Johnson & Jennings Co., L.P.A. Kieran also is a member of the American Property Tax Counsel and has dedicated nearly all of his efforts to reducing property taxes for taxpayers in the continental United States and Canada. He can be reached at (214) 769-1604 or by e-mail at kjennings@sigellaw.com.



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