

Real Estate Taxes:

Your Largest Controllable Expense

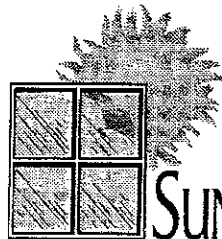
By J. KIERAN JENNINGS, Esq.

Real estate taxes are the single most challenging, yet controllable expense for a property owner. Higher property taxes negatively affect both short- and long-term returns. The short-term impact is the obvious decrease in the bottom line. On a long-term basis, increased property taxes translate to a lower selling price.

Currently, 29 counties in Ohio are reassessing their real estate values. In Ohio, the local county auditor physically reappraises all properties or updates property tax assessments once every three years. The 2003 tax year begins a new three-year reappraisal cycle for many counties, including Cuyahoga County. Unless contested, the county auditor's assessment of a property value will be applied for three years. Furthermore, the newly established assessment may be used as the basis for future assessments.

Right now, the economy is still struggling, and the real estate market is suffering from high vacancies. Owners are looking to attract tenants and keep costs down. Many properties pass certain expenses on to tenants, including real estate taxes. By keeping real estate taxes in check, owners can offer a more competitive overall rental package.

Owners who contest real estate taxes now can benefit from the slow economy. Real estate is assessed based upon the fair market value of the real estate, and one of the main indicators of value is the income that could be produced from the property using current rents, vacancies and market expenses. The current real estate market suffers from high vacancies and



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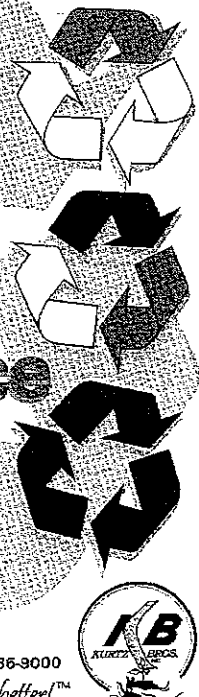
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higher utility and insurance expenses. By establishing an estimated net income from these market statistics, an owner may be able to reduce real estate taxes.

Owner-occupied properties that do not have net income attributable to the real estate still can benefit from current market data. Even if the owner-occupant is not personally affected by the real estate market, a lower assessment may be established by using current

market rental rates, vacancies and expenses.

It's important to realize that taxpayers are not the only ones keeping a close eye on property assessments. The boards of education are one of the main recipients of property tax dollars. As a result, if a property is under-assessed, the board of education may file a complaint to increase the assessment. Prior to engaging in any correspondence with anyone seeking to increase a property's taxes,

the owner should consider consulting a real estate tax professional.

IMPORTANT FACTS TO CONSIDER WHEN FILING A COMPLAINT

- Generally, the Board of Revision will accept complaints anytime after January 1 through the end of March. Complaints must be received (not mailed) by the March 31, 2004 deadline. It is recommended that you have a copy of your complaint time-stamped for your own records.
- Prior to filing a complaint, you first must determine the auditor's estimate of your property value. The assessment property tax notice provides a tentative market value. The final "assessed" value is indicated on your tax bill. If that value is not expressed as a market value, simply divide the assessed value shown on your tax bill by 35% to arrive at the auditor's opinion of

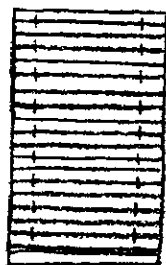


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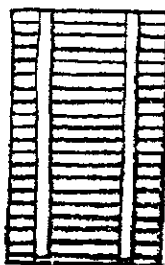
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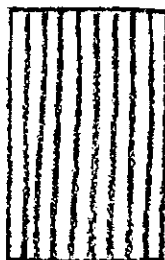
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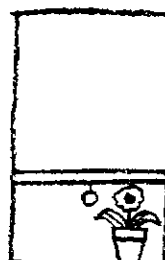
Mini blinds



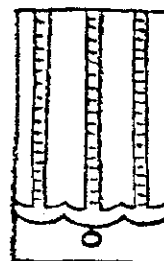
Venetian blinds



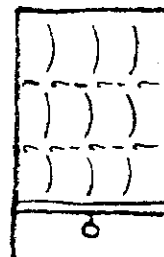
Vertical blinds



Plain shades



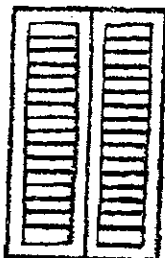
Fancy shades



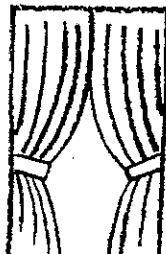
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the fair market value of your property.

- If you believe that the fair market value of your property as of the tax lien date, January 1, 2003, is less than the assessed value, your property may be over-assessed, and it may be appropriate to file a complaint to reduce the amount of property taxes you will pay.
- There are risks to filing a complaint. Before filing a complaint, it is essential to ensure that your property is in fact over-assessed as of the tax lien date. If your property is actually under-assessed, the Board of Revision ("BOR") may increase your assessment rather than decrease it.
- You may need a lawyer to file the complaint. The Ohio Supreme Court, in *Sharon Village Ltd. v. Licking County Bd. of Revision*, ruled that the preparation and filing of a complaint constitutes the practice of law. Accordingly, an attorney must prepare and file the complaint unless the property is legally titled in the name of the individual filing the complaint. In response to this case, the Ohio legislature passed a law allowing non-attorneys to file complaints in certain situations. However, there have been a series of cases that have for all practical instances nullified the law permitting non-attorneys to file complaints. Therefore, in order to avoid the risk of having your case dismissed and losing your right to contest your taxes for the three-year period, it is advisable to consult an attorney.

Editor's note: Kieran Jennings is a partner in the law firm of Siegel, Siegel, Johnson & Jennings Co. L.P.A. Kieran can be contacted at (216) 763-1004 or kjennings@siegeltax.com.

Siegel, Siegel, Johnson & Jennings has focused on real estate property tax litigation and

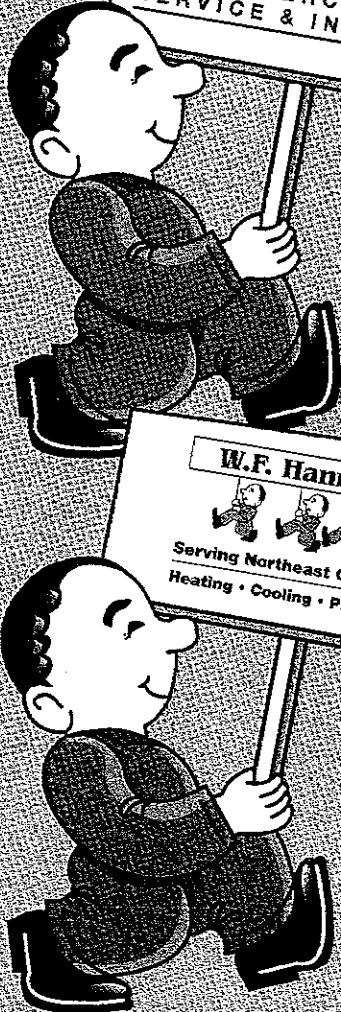
other state and local tax matters for more than four decades. With offices in Cleveland, Columbus and Pittsburgh, the firm is one of the largest real estate property tax law firms in the area, and it counts individual entrepreneurs, major real estate development firms, industrial complexes and Fortune 500 companies among its clients.

Editor's note: Siegel, Siegel, Johnson & Jennings is a founding member of the American

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