

IS THE ASSESSOR YOUR ENEMY WHEN DEALING WITH PROPERTY TAXES?

By National Bureau of Property Administration

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At a national property tax conference a prominent New Jersey attorney spoke about the “Assessor Being Your Enemy”. In fact, a strong, trusting relationship with an assessor provides far more flexibility in resolving assessment issues compared to an adversarial relationship. How do the approaches differ?

The traditional adversarial appeal process of negotiation has you and your consultant doing whatever is necessary to win your position, irrespective of longer-term consequences such as difficulties with future building permits, zoning changes or the financial impact on the jurisdiction. The negotiation is transaction or deal based, rather than relationship based. It may boil down to “see it my way or see me at the appeal hearing or in court”. This strategy may be successful in the short run or if your future relationship with the jurisdiction is of no consequence. Even if you when appeals take years to resolve in the New Jersey tax court.

Relationship based negotiation thrives in an environment of trust. The interests of both parties are understood through open discussion. How do you make integrity the focal point? Simply treat assessing officials as co-workers rather than opponents. This allows you to obtain aggressive results, without the appearance of being aggressive. So, how should you or your tax consultant proceed?

Let the assessing official know that you are there to work with him or her early in the process, rather than taking pot shots at the proposed assessment after the fact and filing an appeal. This allows you to obtain aggressive results, without the appearance of being aggressive, or casting the assessor as the enemy

To get started, you and your consultant need to focus on diligent preparation for each assignment and consider “What dangers need to be avoided?” Become proactive and focus on improving your negotiating style and trustworthiness. Consider the dangers you face.

One danger you face is more frequent revaluations, which often result in higher assessments and taxes. You should work in advance of the revaluation notice where possible with the assessor and/or revaluation firm rather than simply waiting to receive the new revaluation notice and then filing an appeal. This will allow you to maximize tax savings without an appeal.

A second danger to avoid relates to new construction. Most new construction is enrolled at a value close to cost, but greater than the market value for property tax purposes. You and your consultant should work proactively to get a favorable assessment in relationship to cost of new construction or expansion. Negotiate value proactively as opposed to waiting and challenging the assessor’s value for the new construction by way of a formal appeal.

A third danger is missing an opportunity for a tax abatement. For example, a partial property tax abatement is available state-wide in New Jersey, yet 90% plus of corporate tax payers don’t benefit due to their lack

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of knowledge. You and your consultant need to be proactive to fully understand all of the applicable real estate tax abatements and how they work.

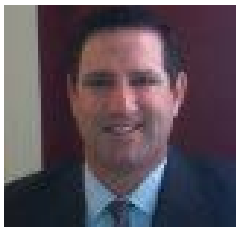
These are just three of the dangers you face and there are certainly more. Therefore, you and your consultant should protect long-term relationships with assessors. What should you expect from a strong relationship? You and your consultant should expect the assessor to have an open mind and to give you the time to share your perspective. As importantly, a strong relationship with the assessor and jurisdiction can carry over to the rest of the community at a time when you are seeking zoning changes and other variances.

Winning doesn't mean the assessor loses...it really should be a win-win situation. Your best strategy is to manage the outcome by first visualizing what you want to accomplish and identifying your dangers. Then, work proactively with the assessor to resolve assessment issues before they turn into problems that require an extended and expensive appeal.

Finally, you may be asking yourself, does this proactive approach work? Based on our 79-year track record, the answer is yes. For example, as consultants we generally have less than 20% of our service locations that require a formal appeal and New Jersey is no different.

In conclusion, negotiate informally and proactively first, before considering an appeal. An assessor relationship based upon mutual respect is reinforced by working proactively. This creates the opportunity to use intelligent, trustworthy persuasion to address the dangers you and your consultant face as you negotiate your assessments.

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