



Tax Assessment Information Memo

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Bond, Schoeneck & King, PLLC

New York

Albany ■ 518-533-3000
Buffalo ■ 716-566-2800
Ithaca ■ 607-330-4000
Long Island ■ 516-267-6300
New York City ■ 646-253-2300
Oswego ■ 315-343-9116
Syracuse ■ 315-218-8000
Utica ■ 315-738-1223

Kansas

Overland Park ■ 913-234-4400

Bond, Schoeneck & King, P.A.

Florida

Bonita Springs ■ 239-390-5000
Naples ■ 239-659-3800

WITH REAL PROPERTY VALUES ON THE DECLINE, NOW IS THE TIME TO ENSURE THAT YOUR PROPERTY IS NOT OVERASSESSED

The value of real property fluctuates with the economy, which in today's environment is ripe for tax savings. The recent crises with residential subprime mortgages may be spilling over into the commercial real estate markets. For example, the premium to insure \$10 million of triple-A rated commercial mortgage-backed securities has skyrocketed to nearly \$200,000, up from just \$35,000 in October 2007. Investors are tightening their credit standards and are forecasting precipitous drops in property values.

All too often, municipal assessors do not have the time or the resources to keep up with these changes and in many cases rely on generalities or formulaic approaches that can considerably diverge from actual values resulting in drastic over assessments of real property. The only way to correct such over assessments is to challenge your real property tax assessments in the appropriate administrative and judicial forum. However, to exercise your rights in these forums, you must be knowledgeable of the strict procedures to secure possible tax savings and/or tax rebates to which you may be entitled.

Generally, assessors determine if real property is subject to taxation each March 1, which is known as the taxable status date. Assessors determine a property's taxable status by its present condition and ownership,

which means its current use and not some future contemplated use. Once assessors determine a property's taxable status, it will assess the property based on the property's value as of the preceding July 1, known as the valuation date. Tentative tax rolls are filed each May 1, which is typically when property owners first learn of their assessments.

In order for a property owner to challenge their assessments, they must file a grievance with their local assessor's office. Generally, "Grievance Day" is the fourth Tuesday in May, which this year is May 27. At that time, the Board of Assessment Review ("BAR") will conduct hearings, after which it will determine final assessments, and the final assessment roll will be filed July 1. If you are not satisfied with the BAR's determination and you want to further challenge your tax assessment, you must commence a special proceeding in New York State Supreme Court within 30 days after the filing of the final assessment roll (usually July 31). **Failure to file a grievance by May 27 and/or failure to commence the special proceeding by July 31 will foreclose any possibility of reviewing the assessment for that tax year.** Please note that some municipalities have different deadlines, so it is imperative to know each municipality's procedures.

If you have any questions or would like to discuss this further, please contact us.

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Tax Assessment, Condemnation and Property Valuation Practice Group

BS&K has a long, steady history of representing clients in the areas of condemnation and real property taxation. Each of these areas of practice involves the valuation of real property interests, including land, buildings and fixtures. Our Tax Assessment, Condemnation and Property Valuation Practice Group is composed of attorneys who have a detailed understanding of the procedures involved and the methodologies used to determine the fair market value of real property, together with the multitude of issues which affect or influence property valuation.

Real Property Taxation

The value of real property and businesses fluctuates with the economy. However, municipal assessors do not always have the time or the resources to keep up with these changes, and in many cases must rely on generalities or formulaic approaches that can considerably diverge from actual values. This results in challenges to real property tax assessments in administrative and judicial forums. Our Group has secured tax savings and/or tax rebates in the millions of dollars for private individuals, private corporations and public corporations.

Our firm also has represented municipalities and school districts with their real property taxation issues for many years. Group members have defended the municipal valuations of pipelines, utility properties, industrial complexes and commercial properties, and have worked not only with individual entities, but consortiums of municipal clients to save expenses and consolidate resources. We have done substantial work with not-for-profit clients and business clients to obtain charitable, educational, religious, business investment and environmental exemptions.

We have addressed valuation issues associated with all types of property including private residences, domed stadiums, private lakes and lodges, reservoirs, mining operations, supermarkets, commercial rental property and businesses, a wide variety of industrial and manufacturing facilities, and utility properties. Our clients range from private individuals to several Fortune 500 companies.

We also have substantial experience with PILOT agreements, Empire Zones and related property tax agreements.

In our practice, we have substantial contact with real estate appraisers and engineering valuation consultants. We have appeared in numerous proceedings that regularly require appearances before assessors, boards of assessment review, judicial hearing officers, New York Office of Real Property Services, and the courts.

Condemnation/Appropriation

In addition to understanding the methodologies used to determine the fair market value of real property, the condemnation-appropriation practice involves a review of the legality of the taking process and advice to condemning authorities, as well as to those whose property is being appropriated. Our attorneys are also experienced in negotiations among affected parties to resolve issues prior to litigation. Our clients include condemners, as well as condemnees.

Property Valuation

Business mergers, sales and acquisitions often involve the transfer of buildings, land and equipment. Our Group is experienced in reviewing appraisals, conducting environmental due diligence, and negotiating and drafting purchase and sale agreements.

Central New York Contacts:

Kevin M. Bernstein, Chair	315-218-8329	kbernstein@bsk.com
Kathleen M. Bennett, Deputy Chair	315-218-8631	kbennett@bsk.com

Tech Valley Contacts:

Stuart F. Klein	518-533-3224	sklein@bsk.com
Robert H. Feller	518-533-3222	rfeller@bsk.com

