

# PROPERTY TAX CASE STUDY MOVING MOUNTAINS

## The Client's Challenge

Our client, Atlantic Canada's premier dealership for earth moving equipment had its headquarters in Dartmouth's Burnside Industrial Park. The property was enrolled in our PAMS™ Property Tax Manager Program and we had been successful in convincing the Regional Assessment Appeal Court (RAAC) to accept our position in 2007 and reduce the assessed value. The following year however, the provincial assessment authority, the Property Valuation Services Corporation (motto "A Truly Valued Nova Scotia"), boldly increased the assessment by 14%. We filed an appeal, rolled up our sleeves, and went to work.

## Turner Drake's Approach

The property consists of three modern, high quality buildings totalling 127,575 ft.<sup>2</sup>, located on 14.13 acres. In 2007 the RAAC accepted our position and reduced the assessment to \$10.2 million. They may have been influenced by the fact that the provincial assessor, whilst adamant that his assessment was correct, had never actually inspected the property. The following year, the assessor, unfazed by his drubbing in Court, boldly chose to go where only the foolish had gone before, and increased the assessment by \$1.4 million. A careful review of his calculations revealed that 80% of the increase was due to a higher land value. In other areas of the Burnside Park the Property Valuation Services Corporation assess land by ascribing a primary (high) pro rata rate to the first 4 acres, and a (lower) secondary rate to the remainder. For reasons apparent only to the bureaucratic mind, PVSC abandoned this methodology in the newer area of the Park, where our client resided. Since the secondary rate was 66% lower than their primary rate, their lapse in consistency penalized property owners such as our client, with large parcels. Our client's property was five times the average size of other lots, was the 4th largest in the Park, and fell within the top percentile of oversized lots. Something was sadly amiss. Using satellite imagery we calculated the area of the steeply sloping portion of the site and ensured that its assessed value was discounted by 75%. Our analysis of 62 other properties in the Park determined that the average industrial site was 2.7 acres and that 80% of all lots were smaller than 5.0 acres. Using sales data dating back 9 years we demonstrated that the 17 oversized properties in the Park sold for a lower pro-rate amount than their more anaemic siblings.

## Winning Results

The assessor proved obdurate, the matter proceeded to the RAAC, again! The Court again accepted our position, reduced the land assessment by 46%, and generated tax savings of \$39,229/annum.

