

# PROPERTY TAX CASE STUDY SALE PRICE PROBLEM

## Our Client's Challenge

Our client had sold their property and leased it back from the new owner. Service New Brunswick, the provincial assessment authority, promptly increased the property assessment by 36%. (Assessments in the province are based on the market value of the property on the base date, January 1<sup>st</sup> of the assessment year. The new assessment was within 11% of the sale price, but still below it). Since our client's tax load had increased by a third, they turned to Turner Drake for assistance. André Pouliot of our Property Tax Division took on the assignment.

## Turner Drake's Approach

The sale price was something of a stumbling block. The New Brunswick Assessment Act mandates that market value is the only basis for assessing property ... and sale prices are prima facie evidence of market value. It was necessary therefore to establish that the property was over-assessed despite the sales price evidence. In order to do so we had to establish that the sales price in this case should not be relied upon to determine market value. It was an exercise that required considerable real estate expertise on both sides: our own to marshal the evidence ... and Service New Brunswick to interpret it correctly and have the courage to exercise their professional judgement appropriately. We developed a position based on market rents, a replacement cost approach and sales information (including a prior sale of the subject property).

## Winning Results

**Service New Brunswick reviewed the data and agreed to reduce the assessment by 29%, thus relieving our client of \$11,884 per annum in property taxes.**

