

PROPERTY TAX CASE STUDY SELLING SAVINGS

The Client's Challenge

Our client owned this single storey industrial property located in Moncton, New Brunswick. It had been occupied previously by a heavy industrial servicing company but was now vacant, and was being offered for sale at a price higher than its assessed value. The vendor realized that the physical repair of the building, and its former use, militated against a quick sale. They were anxious to reduce their property taxes during the holding period, and also make the property more attractive to potential purchasers. They turned to Turner Drake for advice.

Turner Drake's Approach

The New Brunswick Assessment Act mandates that the assessed value has to be based on the property's market value at the beginning of the assessment year, i.e. January 1st 2008 in this case. Property assessment is the responsibility of Service New Brunswick (SNB), a government department that favours caution over candour and yields up information reluctantly. The assessor's working papers however were available under the Freedom of Information Act... so we obtained them. Our Property Tax Division carried out a thorough inspection of the property, and interrogated the owner. It was apparent that the building was in fair to poor condition. An environmental audit had revealed the necessity for some site remediation. Armed with this knowledge we rolled up our sleeves and went to work. We compared our findings with the assessor's calculations and prepared a position paper which identified, itemised and calculated the various types of obsolescence and other factors which impacted adversely on the property's value. The building was set back about 450ft from the highway and enjoyed little exposure to passing traffic. It was accessible only by a narrow (20ft) right of way over land to the south.

Winning Results

We were successful in negotiating a 31% reduction in the assessment with Service New Brunswick, producing tax savings of \$10,500/annum.

