

Tax-Grievance Services Are on the Rise in Suffolk

County to require licenses for advisers on overassessments.

By DIANA SHAMAN

WITH tax-grievance time in Suffolk County just over two weeks away, many homeowners have been receiving letters from tax-grievance services advising them that their houses may be overassessed and offering to file grievances for them if that is the case.

The services, many of them operated by individuals in their homes, have sprung up by the dozens in recent years. Homeowners can file a grievance on their own without paying anything other than filing fees, but many prefer not to tackle what they perceive to be a confusing and time-consuming procedure.

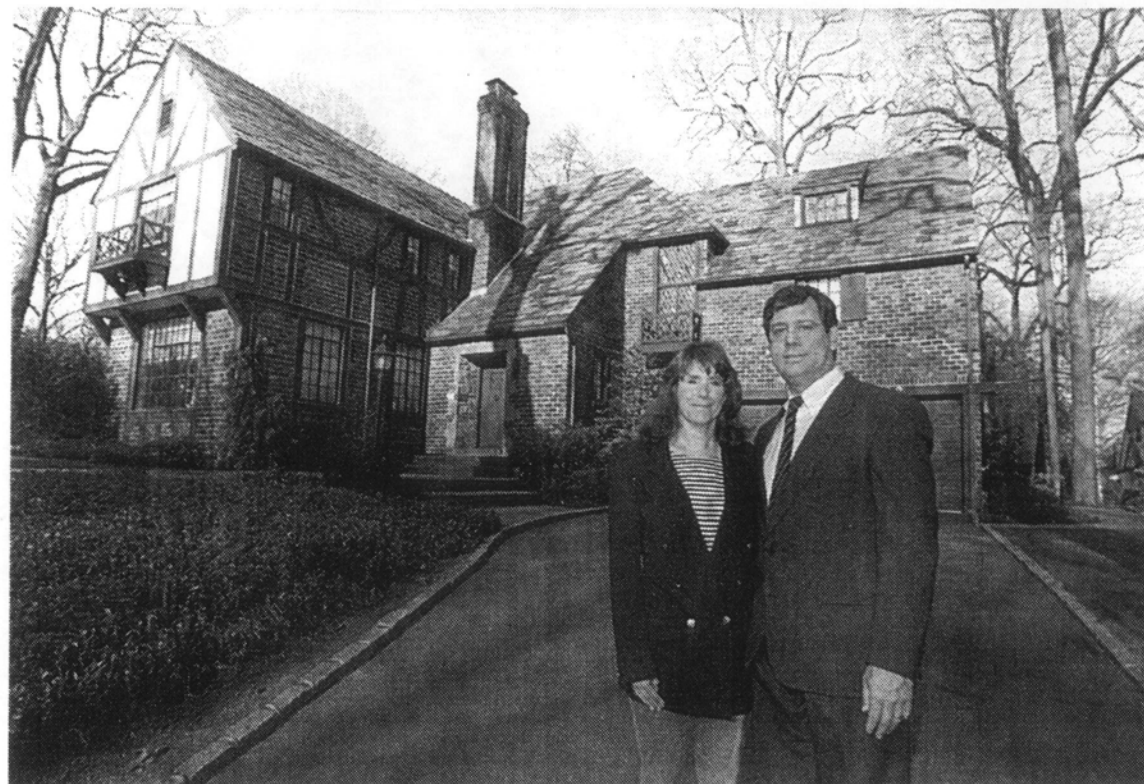
Complaints that some of these companies have questionable practices prompted legislation recently passed by the Suffolk legislature requiring entrepreneurs who have opened property-tax grievance services to take a qualifying exam and obtain a license. But the law, which the County Executive, Robert J. Gaffney, signed March 7, does not require compliance until Sept. 30, so it comes too late to regulate companies for this year's filing period.

The grievance period in Suffolk extends this year from May 1 to May 16. In Nassau, filing time was in January. The growth of professional services probably has helped swell the number of such actions filed by residential property owners. Last year, 16,770 homeowners in Suffolk filed petitions in Small Claims Assessment Review Court, compared to 6,860 the year before. In Nassau, 25,000 petitions were filed in Small Claims Court last year.

"Most of the tax services are reputable," said Suffolk County Legislator David Bishop, Democrat of Lindenhurst, who co-sponsored the licensing bill with Michael D'Andre, a Smithtown Republican. However, several cases of consumer fraud came to his attention, Mr. Bishop said, so he felt regulations were needed.

Some services, for example, charge a fee, payable in advance, to handle a grievance, Mr. Bishop said, without revealing that the fee only covers filing a grievance at the town level and not at the Small Claims Court level, where homeowners have a better chance to win. "All they do is file a piece of paper, and then they are done," he said.

Another example he cited involved a com-



Vic DeLucia/The New York Times

Andrew and Karen Belfer at their Great Neck home. Its assessment was reduced from \$728,000 to \$650,000.

pany that led homeowners to believe it was a government agency. It promised a property-tax refund in return for a fee.

Legitimate practitioners are not opposed to the new law, said Paul Michael Henry, president of Tax Reduction Services, a company based in Greenport that has been doing tax grievance work since 1989. A trade group of which he is vice president, called Association of Assessment Consultants, participated in helping draft the legislation, he said.

The consultants are angered, however, that lawyers are exempt from the licensing provision. "A lot of the problems the legislators were talking about were caused by attorneys," Mr. Henry said. "We feel that if the public is to be protected, it should be protected from attorneys as well."

Tax Reduction Services is fairly typical of how many practitioners operate. It sends out mass mailings but gives each homeown-

er specific information on the actual assessment of the house, which it culls from public records.

IF the homeowner feels he or she is overassessed and wants the service, the company charges a \$55 fee in advance to start the grievance process. The fee covers filing costs and other expenses, but not an appraisal, which can run an additional \$175 to \$300. If the grievance is rejected at the town level, as it often is, Tax Reduction Services takes the petition to the Small Claims Assessment Review Court. If successful, it collects 50 percent of the first year's tax reduction.

Mr. Henry said he handles only cases of properties that are clearly overassessed, staying away from frivolous filings. He handles up to 5,000 grievances a year and claims a 90 percent success rate. Annual tax reductions average \$1,000, he said.

Until the actual assessment is brought to their attention, homeowners are often unaware that their houses are overassessed, because assessments on property tax bills are expressed as a fraction of value. That practice has become standard because assessments are rarely updated and have not caught up with changing market conditions.

Andrew Belfer, a real estate developer, and his wife, Karen, who own a 5-bedroom, 60-year-old Tudor in Great Neck, were paying \$15,000 annually in taxes on a \$24,180 assessment. "If you look on your tax bill and see you're assessed for \$25,000, you really don't know what that means," Mr. Belfer said.

They decided to file a grievance in 1992 after Tax Reduction Services notified them that because Nassau County was assessing houses at 3.32 percent of actual value, the \$24,180 assessment meant that their house was actually assessed for \$728,000. The

house had been appraised by a bank for refinancing purposes for \$600,000, Mr. Belfer said.

Tax Reduction Services filed a grievance on their behalf, and was able to get their assessment reduced to \$650,000. They now pay \$13,000 in annual taxes.

Nassau County is considering legislation similar to Suffolk's law. Last year, a state appellate court overturned three separate State Supreme Court decisions declaring the county's method of assessing property illegal and ordering the county to reassess all its one-, two- and three-family residential properties. With that order vacated, homeowners will have to continue grieving inequities on a case-by-case basis.

Abe Seldin, the Nassau County Assessor, estimated that about 300 tax-grievance consultants operate in Nassau County alone. "Most are legitimate, but we think there should be controls," he said.

ONE of the problems has been that unscrupulous companies file tax grievances whether a house is overassessed or not, said Donald Leistman, chairman of the Nassau County Bar Association committee on tax certiorari and condemnation. "That puts a burden on Nassau or a town in Suffolk that's defending these, and takes their time away from the cases that have a legitimate gripe over overassessment," he said.

Once companies are licensed, there at least will be a record of who the principals are, so that civil and criminal action can be taken if abuses occur, said Thelma Drew, an investigator for Suffolk's Department of Consumer Affairs, the agency that will be in charge of the licensing procedure. "It should shake out those companies that weren't interested in doing the job but were looking for a fast buck," she said.

Under Suffolk's new law, fees are limited to 100 percent of the first year's reduction in property taxes, contracts can be canceled within three days and tax refunds, minus legitimate fees, must be promptly forwarded to the homeowner. Licenses cost \$300 for the first two years, and \$200 for a two-year period thereafter.

The Long Island Board of Realtors is drafting an amendment to the law that would permit brokers to be exempt from licensing requirements, as lawyers are.

"We're already regulated by the Secretary of State," said Robert J. Herrick, the president of the realtors' group.

Mr. Herrick said brokers provide a valuable service for homeowners by alerting them if their houses are overassessed, and then helping them if necessary to file a grievance. The service is often provided free, he said, because a house with low taxes will command a better price.