

Tax Quixote Shakes Town Hall

New York Consultant Wins Right to Complain for Others

By JOSH BARBANEL

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EAST HAMPTON, L.I. — It was with an unmistakable air of satisfaction that George Hammer Jr., the son of a Manhattan real-estate appraiser and grandson of a Bronx developer, plunked a cardboard box with 97 property-tax complaints on the counter in the town assessor's office and demanded to be heard.

For three years, until an appellate court ruling last month, Mr. Hammer, a realtor and owner of a Montauk hotel, had been something of a nonperson in East Hampton, ignored by officials as he battled for justice for overtaxed homeowners — and a 50 percent contingency fee.

A blustery gray-haired 60-year-old who favors a green blazer over a business suit, Mr. Hammer had gone into business as a tax-reduction consultant, a member of a new recession-driven profession that is riding a wave of populist rebellion against rising local property-tax bills.

To the consternation of local assessors, mayors, supervisors and council members, an increasing number of tax consultants like Mr. Hammer have filed tens of thousands of property-tax grievances, winning tax cuts and exposing flaws in an often inequitable tax system.

Words Ignored, Appeals Denied

But when Mr. Hammer appeared before the town on behalf of his clients, his words were ignored and his appeals denied. When he challenged the rulings in Small Claims Court and won — an average of a \$1,000 tax refund per house, he says — the town refused to pay.

"Maybe the town was a little too zealous in defending itself," said Tony Bullock, the East Hampton Town Supervisor,



Rameshwar Das for The New York Times

George Hammer Jr. has carved out a new profession for himself from the popular rebellion against rising local property-tax bills.

after a town lawsuit challenging Mr. Hammer's right to appear at hearings was thrown out by the State Appellate Division last month.

"But the town board didn't go after George Hammer; George Hammer went after us," Mr. Bullock said. "Mr. Hammer did not make our job any easier by coming in and dropping this huge load of tax appeals on us."

Now, after East Hampton spent more than \$30,000 fighting against Mr. Ham-

mer's right to do business, the town has given up and joined other governments in recognizing the right of consultants — disparaged in Town Hall as "mass filers" — to represent clients, even though the consultants are not lawyers.

Soaring property taxes have ignited a powerful anti-tax movement on Long Island and across New York State. Property taxes are going up at the rate of \$1 billion a year, and now exceed \$20 billion annually, according to the State Division of Equalization and Assessment.

Taxes Increasingly Unfair

At the same time, the property-tax system — taxes, in theory, are based on the value of property — has grown increasingly unfair in many places, as identical houses with identical market values have vastly different tax burdens.

While other states, like Connecticut, mandate a reassessment every 10 years, New York State does not, and some towns like East Hampton have not reassessed older properties for a generation.

So newer properties, especially those built during the real-estate boom in the 1980's, have higher taxes than older ones. And older properties that were sold and then reassessed (a practice known as "Welcome, stranger," barred by the United States Supreme Court in 1989) have higher taxes than unsold ones.

Enter the tax-reduction consultants, usually appraisers like Mr. Hammer or computer experts, like Paul Henry of Greenport on the north fork of Long Island, who for a percentage of the first year's tax savings help homeowners work their way through complicated tax

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appeals. Mr. Hammer requires a \$100 initial payment, Mr. Henry \$45.

The emergence of tax consultants who are not lawyers and who solicit business from regular homeowners is new. It follows a change made by the Legislature in 1983 to simplify tax appeals by homeowners, through informal hearings in Small Claims Court for a \$25 filing fee. At first nearly all these complaints were filed by individual homeowners.

But beginning in the late 1980's, a few consultants began helping homeowners out. Now there are dozens scattered across the metropolitan area, and even seminars intended to teach people how to set up their own consulting businesses.

Huge Backlog of Appeals

Suddenly these consultants began to make up an increasing share of all tax appeals, contributing to a huge backlog of appeals filed through Small Claims Court, especially when the court system ran out of money (\$75 per case) to pay hearing officers.

In Nassau County more than 35,000 tax protests were filed this year, an increase from 28,000 the year before, and 20,000 in 1990, according to Abe Seldin, the chairman of the County Board of Assessors.

"I would say that the majority of these came from these filers," he said. "There are quite a number of them and many new ones and a great deal of solicitation. A number of them are using fear tactics on the public."

For Mr. Hammer, the tax-appeal business was more than something to do during the slow season at his 70-room hotel, the Shepherd's Neck Inn in Montauk. It was in his blood.

His grandfather developed apartments and private homes in and around Pelham Parkway in the Bronx in the 1920's and 1930's. His father, George Hammer Sr., was an appraiser of commercial real estate in Manhattan, and eventually specialized in tax reduction cases.

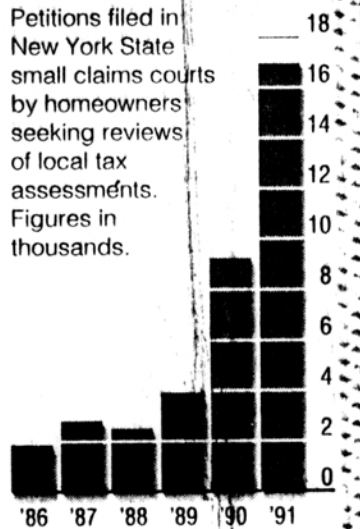
"My first exposure to tax reduction was when I was 12 years old, working on files in my father's office," Mr. Hammer said. "He eventually appraised all the most notable buildings in Manhattan."

After Mr. Hammer's father died in 1955, he moved out to Montauk to run the family-owned hotel, and continued to dabble in real estate and appraisal work. After working briefly as a Small Claims Court hearing officer in 1988, he got the idea of going into business for himself, and righting

PROPERTY TAXES

Seeking Relief

Petitions filed in New York State small claims courts by homeowners seeking reviews of local tax assessments. Figures in thousands.



Source: New York State Division of Equalization and Assessment

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some wrongs in the process.

"The tax system is unfair, and they have made an effort to be unfair, to maintain the unfairness and the inequity," he said.

In a typical tax appeal, Mr. Hammer compiles data on recent sales showing that the house was assessed at a higher value than other homes of comparable size and location.

But East Hampton did not make it easy. It went to court, and accused him of practicing law without a license. Several similar suits were filed against other consultants by the City of White Plains.

Not only did the East Hampton suit challenge his right to appear in Small Claims Court, it challenged the validity of all the court decisions awarding refunds on behalf of his clients.

When he appeared in Small Claims Court, the town sent its real-estate lawyer, Roger Ramme, at a cost of about \$150 an hour to sit in on each case. And when he appeared before the town's tax review board, the Board of Assessment Review, it informed him that it would simply ignore what he had to say.

"He was told he could talk all he wanted; the board didn't look at his oral argument as being credible," said Jeanne Nielsen, chief assessor.

Town officials saw him as someone abusing the system for personal gain, a system that had provoked few complaints over the years and produced revenue to keep the town in business.

Bullock, the Supervisor. "People can come down here and talk to the assessors that they elected, and the assessors have been very responsive, accessible and fair."

But Mr. Hammer wryly observed that he had appeared on behalf of a dozen property owners who happened to be lawyers, including one who was an appellate judge, and that none had objected to his lay status. In April the court threw out the lawsuits in both East Hampton and White Plains. Dozens of clients who won appeals are now due refunds, with 12 percent interest, according to Mr. Hammer.

Pressure on Local Officials

Mr. Hammer and Mr. Henry, who got into the tax consulting business after he filed an appeal on his own home, say their efforts will eventually lead to a fairer tax system.

By providing relief to more and more individual taxpayers, they put pressure on local governments to undertake the politically perilous path of updating assessment rolls.

In East Hampton, where even Ms. Nielsen, a neighbor and family friend of Mr. Hammer, acknowledged that fully a third of all taxpayers were paying significantly too much taxes, the town board has consistently sidestepped the reassessment question.

"The history books tell us that when reassessment occurs, elected officials lose their jobs," Mr. Henry said.

So last week, Mr. Hammer nervously made his first appearance before the Assessment Review Board at a tiny meeting room in the town office complex.

"It has been a costly and unneeded battle you have waged against your own citizenry," Mr. Hammer said in a written statement he submitted to the board, before agreeing to adjourn most of the cases for later hearings. "And I am glad, for the taxpayers, that it is finally over and that we can get on with business."

Jerry Katz, a developer, was glad, too. He had come to the hearing to complain that a house in East Hampton he had been unable to sell at a loss for \$190,000 was assessed as if it were worth more than \$370,000. He hired Mr. Hammer on the spot. The taxes are \$5,600, he said.

"This is not a real-estate recession; it is a depression," he said. When a buyer who had offered \$190,000 backed out, he cited the high taxes on the property, Mr. Katz said.

Jeannette Molloy and Ed Butler came to appeal the \$4,500 in taxes in the house they built a few years back for \$109,000 in Springs. It was assessed as if it were worth about \$300,000.

It took them a while to realize they were overassessed, they said. "If we had come from Oklahoma we would have thought that \$4,000 in taxes was ridiculous," said Ms. Molloy. "But we came from Huntington and taxes there were high too."

What if the board denies their appeal, they were asked. "Maybe we will go with Hammer," Ms. Molloy said.