

A Taxpayer's Guide:
**How to File
 A Complaint on
 Your
 Assessment**



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 Board of Equalization and Assessment
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Dear Homeowner:

Our research of Southold Town records indicates that based upon the \$150,000 purchase price of your home on or about 11/02/89, you have been overpaying your real estate taxes. We believe that you are over-assessed by at least 20%. Here's an opportunity to do something about it.

A Taxing Choice

Area residents unhappy with their property assessments can decide whether to file their own appeals, as described in a free state booklet, or hire a consulting firm to tackle the task.

Taxes, Assessments and Challenges Grievance Consultants: A Bane or Benefit?

SOUTHOLD — Shake your fist at the officials and pound on the lectern all you want, it won't do much good.

Homeowners have little to say about how much they pay each year in town or county property taxes. And while holding the power to vote yes or no on a school spending plan, a defeated budget still may lead to higher taxes.

There is no way to avoid that dreaded bill, but property owners do have the right to challenge what the town thinks their lands and buildings are worth, and with that their proportional share of the tax burden.

That procedure, which begins in earnest with Grievance Day on the third Tuesday in May, has long been an immutable part of local government. But it takes on a new sense of urgency this year as Town Halls across the East End brace for what promises to be a record number of grievance filings.

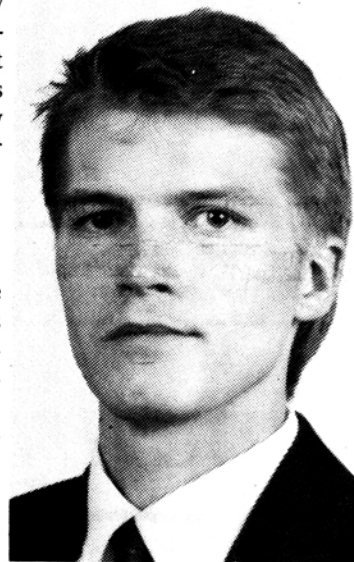
The reason for that appears to be two-fold: Frustration over taxes that continue to rise in spite of falling property values, coupled with the energetic

activities of a new breed of entrepreneur, assessment grievance consultants now actively marketing their services.

Crusaders or Opportunists?

They describe themselves as crusaders for tax equity, working only to help those caught in the web of arcane state rates and ratios that determine taxable values. Not only can you fight Town Hall, they say, but you can win, and thus pay less.

But to those elected to set the assessments, the tax consultants are little more than clever opportunists, taking advantage of the assessment quirks that accompany the current, and rare, real estate market decline. They win ar-



Scott Russell

tificial, and fleeting, reductions the assessors argue, and add to the inequities found in any municipality's tax roll.

Why pay someone hundreds, if not thousands of dollars, they say, when any property owner can talk to an assessor, and failing to gain satisfaction, file a grievance for free.

The consultants paint the assessors as mostly well-meaning public servants, diligently defending practices they

know to be less than equitable, but are powerless to reform.

Those in Town Hall view the con-

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Taxes and Challenges

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sulting business as an unfortunate by-product of tough times which, in lowering some taxes, raise the rates for others.

They will go at it in less than a month.

Paul Michael Henry is the first to admit that his company, Tax Reduction Services Inc., holds no secrets or special insights into the assessment challenge

system.

"The major service I sell is convenience," he said. "A lot of people don't want to be bothered going through the process. Anybody could learn what I know. But chances are if they're just going to do one of these, it won't justify the time."

Last year Henry's company, which works out of a small computer-laden basement office beneath a North Road, Greenport, home, filed 172 tax

grievances in the towns of Riverhead, East Hampton, Brookhaven, Smithtown and Huntington. This year, for the first time, TRS is actively soliciting business in Southold.

In his sales pitch, Henry says that he won 85 percent of his cases, and that he works on a contingency fee of 50 percent of the first year's savings. A homeowner who doesn't win, doesn't pay.

The firm did not win a single case before local grievance boards, the first

step in the challenge. It's victories instead came in quasi-judicial Small Claims Assessment Review, a court-sanctioned appeal.

"The grievance boards are nothing but a rubber stamp" of a local town's assessment practices, Henry argued. "I defy them to prove me wrong. We're not creating problems, we're correcting them. It's justice."

His Own Case

Henry argues that there is no correlation between most towns' assessment figures and property values. He said that when he bought his house in 1985 he soon determined that the assessment was 76 percent high.

His first grievance brought a 25 percent reduction, the maximum permitted, he said. The following year's challenge lowered it again by another 15 percent.

"I can't help people whose taxes are high," said the former computer consultant. "I can only help those whose assessments are high. There is no reason why anyone should pay more than their fair share of the burden."

Henry said his efforts have resulted in one-year tax savings of from \$200 to \$3,000.

Those activities have drawn close scrutiny from Scott Russell, chairman of the Southold Board of Assessors. Russell argues that Henry's promise of long-term savings is largely illusory and won't last beyond the one year in which the homeowner must pay half of what is saved.

Falling Rates

Henry and other assessment consultants, he said, are taking advantage of dropping real estate values, and the accompanying change in the State's Residential Assessment Ratio (RAR), which tracks the rise and fall of property worth.

Grievance companies are a recent phenomenon, he said, because a rising RAR, which accompanies dwindling values, increases a property owner's chances of winning a reduction on appeal.

"He's creating artificial inequities using a system that benefits people in a fallen market," said Russell. "That's why you didn't have guys like this three years ago, and you won't have them four years from now."

Russell said that his office will automatically review any assessment reduction based on an RAR challenge, and, after a year, restore the original assessment.

"Anything that's based on an RAR can't stand, whether it's filed by him or anybody else," Russell said. "We will not carry it forward. It's not right and it's not fair to the taxpayers."

A Bad Market

The basis of an RAR challenge, he said, is that a homeowner may prove with relative ease that, with property values declining, an assessment reduction is in order. The system's weakness, he added, is that the decline is universal, and not limited only to those who press the appeal.

"You shouldn't confuse reductions in assessments in bad market years with bad assessments," said Russell.

State law prohibits the towns from spot reassessing at times of rising property values, Russell continued, and it is equally unfair to reduce only a few when values fall.

He added, though, that Henry and others are only pursuing the right to challenge that any property owner enjoys. "I respect his work and diligence," he said, "But I have to address what I see as future inequities."

Anyone believing their assessment to be too high can walk in to Town Hall and ask to speak to an assessor, said Russell.

"Are there assessments that are too high? Absolutely," said Russell. "Those are the people who should come into our office and we will make changes. You don't have to pay someone to get that help. Your first stop should be at the assessor's office."

The town, he said, provides free information published by the State Board of Equalization and Assessment on how to file a grievance and, if necessary, a Small Claims Assessment Review appeal.

Henry was surprised to hear that the Southold assessors will automatically reverse all RAR-based appeal victories. If his clients must grieve again in each subsequent year, they must again pay the 50 percent fee.

"For him to go in the tax rolls and change it back, he better have a good reason," Henry said. "That's not a statement I would think would be conducive for an elected official to launch his career on."

The two do agree on one point. Henry expects his grievance business to increase dramatically this year, and Russell anticipates that his office will be flooded with challenges next month. The town received 241 last year.

"Every year it's been greater than the year before," the assessor said. "I don't see any reason why this year should be different."

—Tim Kelly