

THE MARKETS

DOW 171.85 Close: 12,778.15

S&P 500 15.23 Close: 1,416.25

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ASK A LAWYER

Deadline for filing commercial tax appeal is April Fool's Day

Q. I own commercial property and am concerned that the tax assessment on my property is too high, given the recent decline in the real estate market. How can I challenge the assessment and reduce my property taxes?

In a declining real estate market, there is a strong likelihood that the municipality has overassessed your property. The good news is, you may be able to lower your taxes by filing an appeal with either the county Board of Taxation or the Tax Court.

The first step is to determine whether your property's value is being overstated by the municipality. To do so, obtain the "average-ratio" percentage from your municipal assessor for the 2008 tax year. The average ratio (sometimes called the "equalization ratio") is a variable percentage that municipalities use to calculate your property assessment.

Now, simply take your property's total assessed value and divide that number by the average ratio. The resulting figure represents the "value" that the municipality has assigned to your property (also known as its "equalized value"). If you believe the property's actual market value is less than this "equalized value," then it may make sense to pursue a tax appeal.

Consulting an experienced attorney to provide you with more detailed advice for your particular circumstances and guide you through the appeal process is essential. Because all tax appeals

must be filed no later than April 1 of each tax year, it is critical you take action as soon as you receive your annual property tax assessment card from the municipality in January.

If an appeal is warranted, a professional appraiser then will be retained to prepare a valuation report and provide testimony to challenge the municipality's value determination before the board or tax court. Ultimately, if a settlement cannot be reached, the board or tax court will decide whether and by how much your property has been overassessed.

Simply put, if you believe your commercial property has been overassessed, a property tax appeal may be a viable way to improve your bottom line by reducing your tax bill for years to come.

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Do you have a business question for a lawyer? Send it to BusinessNews@northjersey.com.