

Mobile Construction Equipment

Travis Carlson, Sr Tax Consultant

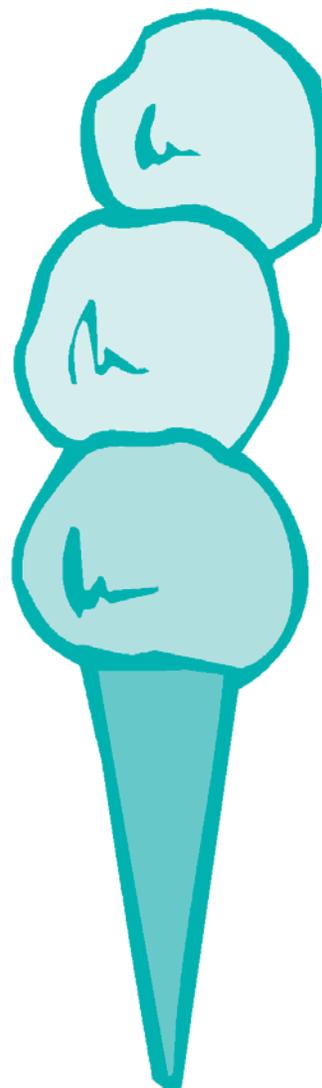
Mobile Construction Equipment consists of: Backhoes, Dozers, Excavators, Scrapers, Compactors, Off-Road Dump Trucks, Wheel-Loaders, Skid Steers, Graders, etc.

Section 401.5 of the California Revenue and Taxation Code requires that the State Board Equalization issue to county assessors data relating to costs of property and other information to promote uniformity in appraisal practices and in assessed values throughout the state.

In 1997, The State Board of Equalization (SBE) conducted a detailed analysis on used equipment values. Sales data was collected on skid steer loaders, crawler tractors, crawler loaders, wheel loaders, wheel tractors, and motor graders. This data is used to determine a pattern of depreciation (Percent Good) over the life of the assets. Percent Good factors are applied directly to historical costs to determine the "fair market value" / taxable value of Mobile Construction Equipment.

One of the first things that stands out is the study was conducted in 1997, over 15 years ago! The County Assessor is using a study that is 15 years old to value your Construction Equipment. These factors can't possibly account for the erosion of value over the last 3 years due to low construction activity. This can result in an over-assessment of your Property Taxes.

Another way the County may be over-assessing Mobile Construction Equipment is by using the Average Table. There are 3 Tables that the SBE recommends for Mobile Construction Equipment: New- Equipment Purchased New, Used - Equipment Purchased Used, or Average - Equipment Purchased New and Used). Assessors typically used the Average Table as most taxpayers do not indicate whether their equipment was purchased new or used when reporting on the 571-L Property Statement.



California Real Property Values Down! Appeal Filing Season is here.

Chris Larsen, Tax Consultant

As a part of the ongoing nationwide recession, commercial and residential property values are not recovering as quickly as we all hoped. In fact, according to the May 12th Moody's/RCA Commercial Price Indices, most property types are still well below the peak values set in 2007. From the peak in 2007, values nationwide are down on average 12.3% for apartments, 22.9% for industrial properties, 26.9% for retail, 17.3% for Office - Central Business District, and 32.5% for Suburban Office (as of March 2012).

Any property taxes that you pay are based on the value of the property, as determined by the local Assessor's Office. In some jurisdictions, Assessors have been monitoring and actively reducing real property assessments. Unfortunately, many properties are not reduced enough, or are overlooked entirely. This means you could be paying property taxes based on an unfair assessment.

If you feel that the assessed value of your property is unfairly valued, there are avenues for relief. California law permits a temporary reduction in the assessed value of real property when the current market value of the property has declined below the value of the property assessment. However, to be eligible for a potential property tax reduction, you MUST file an Application for Changed assessment within the designated filing period.

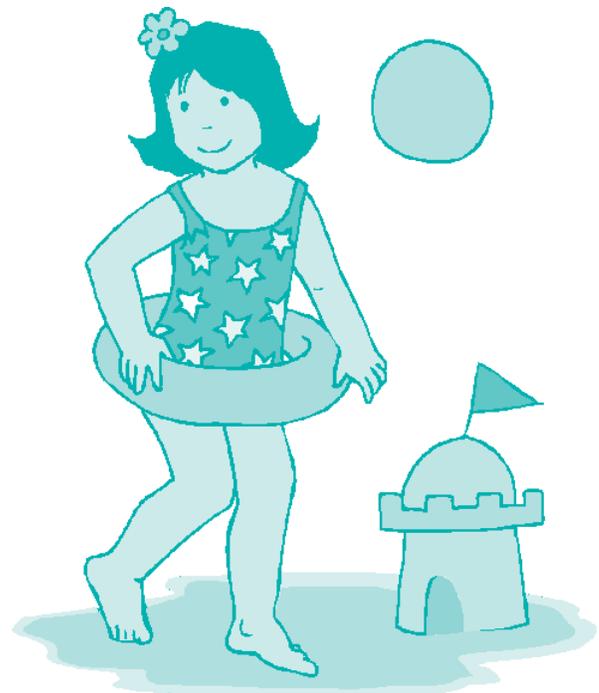
The filing season for each county in California begins July 2. For most counties, appeals must be filed by November 30. However, appeals must be filed by September 17 in Alameda, Inyo, Kings, Orange, Placer, San Francisco, San Luis Obispo, Santa Clara, Sierra, and Ventura counties.

The Real Estate Tax Division of Property Tax Assistance Co., Inc. has been successful in appealing many real estate values since the peak in 2007. We therefore, are encouraging our clients, whether they are the landlord or the tenant responsible for payment of the taxes, to consider filing appeals to preserve their rights to review the values.

Open your mind to solve problems creatively

Everyday problems usually respond to tried-and-true solutions. But sometimes you need to go beyond the obvious. Try these tactics when you need to take a more creative approach to problem-solving:

- Do some extra research. Don't assume you have all the facts you need. Before trying to solve the problem, dig deep into the background and the issues surrounding it. You may uncover something new that will lead to a fresh approach when nothing else has worked.
- Set up the problem correctly. In your rush to find a solution, you might treat the symptoms and not the underlying cause. Seek opinions and perspectives from other people, and keep an open mind about what's really going on.
- Consider the impact. Who else does the problem affect? You may gain valuable insight by including others in your analysis and solution. You'll also build support for your solution by drawing in your co-workers and other interested parties to help you implement it.
- Try a lot of solutions. Instead of zeroing in on one approach and hoping it works, experiment with as many different options as you can. Keep track of what you're doing so you can identify what worked or combine promising solutions.



Quotes

Fear is the father of courage and the mother of safety.
—Henry H. Tweedy

You will either step forward into growth or you will step back into safety.
—Abraham Maslow

A vigorous five-mile walk will do more good for an unhappy but otherwise healthy adult than all the medicine and psychology in the world.
—Paul Dudley White

Surround yourself with people who take their work seriously, but not themselves, those who work hard and play hard.
—Colin Powell

Failure is the path of least resistance.
—J.M. Barrie

Willpower is the key to success. Successful people strive no matter what they feel by applying their will to overcome apathy, doubt, or fear.
—Dan Millman

Believe in yourself! Have faith in your abilities! Without a humble but reasonable confidence in your own powers you cannot be successful or happy.
—Norman Vincent Peale

The fellow that has no money is poor. The fellow that has nothing but money is poorer still.
—Billy Sunday

Property Tax Update

Property Tax Representation through Bankruptcy Proceedings....

Gilbert Arciba, Sr. Tax Consultant

Bankruptcy (BK) is a legal status of an insolvent person or an organization, that is, one who cannot repay the debts they owe to creditors. There are six types of bankruptcy filings available; the most common in the business world are Chapter 7, 11, and 13 (Source: Wikipedia). In light of the poor economic climate, more businesses are forced to file for some form of BK protection.

Recently, I was working on several property tax appeals for a client when I was advised by the taxpayer to cease our efforts. In speaking with the client, they had been forced into Chapter 7, Liquidation. In Chapter 7, a debtor surrenders his or her non-exempt property to a bankruptcy trustee who then liquidates the property and distributes the proceeds to the debtor's unsecured creditors. The taxpayers concern was that PTA's efforts would not be compensated because of the Chapter 7 proceedings.

In a Chapter 7 bankruptcy, a trustee is appointed by the bankruptcy court. The primary responsibility of a trustee is to ensure that your creditors are paid as much as possible of what you owe to them. The more the trustee is able to recover for your creditors, the more the trustee is paid. I contacted the trustee and discussed the property tax appeals. It was in the creditors best interest to finalize these appeals and the trustee was successful in getting PTA appointed by the court.

To date, I have successfully completed several of the appeals that initially appeared to be a dead end and they have resulted in a tremendous opportunity for the taxpayer. If you come across a similar situation, feel free to contact PTA for assistance.

When I was your age . . .

Josh loved golf. One day he arrived at a golf course hoping for a tee time, and the starter asked if he'd mind making up a twosome with another golfer, an elderly man who had a grizzled gray beard. Josh couldn't say no, and they both teed off and started down the fairway.

To Josh's pleasant surprise, his partner was a very good golfer, and they played a close game. When they got to the 18th tee, Josh saw a tall pine tree standing directly between him and the green.

"You know," said the old man, "when I was your age, I'd just tee up and hit my ball right over the top of that tree."

Josh took it as a challenge. He selected his club, teed up, and slammed his ball hard and high. The ball rose into the air, then hit a branch, ricocheted off the trunk, and flew right back to land not three feet from where Josh had teed off.

"Of course," said the old man, "when I was your age, that tree was only 12 feet tall."

TOOTING OUR HORN!



Although this is an informational newsletter, we would like to take the opportunity to brag about a sampling of our successes, from various industries, in the last quarter. These are a few examples of the refunds that our clients have received from the county, due to our work.

Personal Property

<i>Accounting Services</i>	\$29,867
<i>Aircraft Sales</i>	\$61,282
<i>Business Services</i>	\$33,339
<i>Campgrounds</i>	\$232,099
<i>CD & DVD Mfg.</i>	\$77,028
<i>Cement & Concrete Mfg.</i>	\$32,964
<i>Clothing Mfg.</i>	\$83,242
<i>Data Center</i>	\$1,258,323
<i>Food Mfg.</i>	\$454,568
<i>Grocery Stores</i>	\$281,611
<i>Paperboard Container Mfg.</i>	\$20,746
<i>Real Estate Services</i>	\$37,343
<i>Steel Industry</i>	\$30,887
<i>Aggregates</i>	\$225,553

Real Property

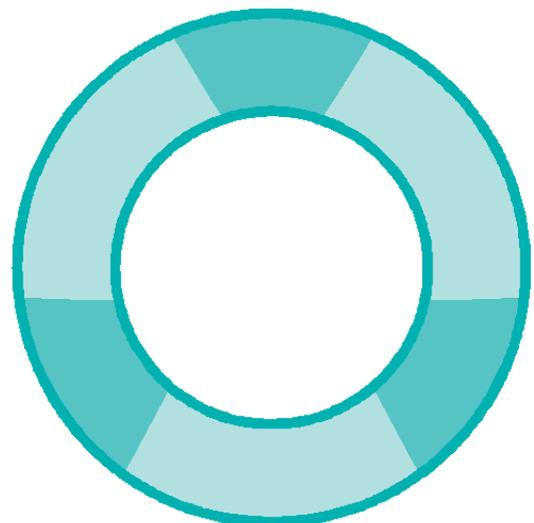
- Retail Property (2 Properties) - San Diego County - \$228,551
- Skilled Nursing Facility - Sacramento County - \$15,385
- Storage Property (2 Properties) - Riverside County - \$15,025
- Office Property - San Diego County - \$136,332
- Multifamily Property - San Bernardino County - \$106,325
- Multifamily Property (2 Properties) - LA County - \$169,009
- Multifamily Property - Santa Clara County - \$221,634
- Office Property - San Bernardino County - \$46,044
- Industrial Property (3 Properties) - LA County - \$302,788
- Storage Property (2 Properties) - Alameda County - \$44,615
- Cold Storage Property - LA County - \$81,181
- Retail Property (2 Properties) - LA County - \$32,942

Tax Tidbits

California Appeal Filing Season is Upon Us.

Appeal season opened **July 2nd**. On business personal property tax, ask yourself this question, "Can I sell my company's machinery and equipment on the street and receive the value that the assessor says that it is worth?" If not, now is the time to file that appeal and negotiate with the assessor. Of course we are happy to help, if you need us.

Appeal filing deadline for Alameda, Inyo, Kings, Orange, Placer, San Francisco, San Luis Obispo, Santa Clara, Sierra and Ventura is on **September 17th** this year. The remaining California counties have a **November 30th** deadline.



Gotto AB 404 and the Proposed L.A. County Lobbying Ordinance.

Ron Gangloff, Esq. Principal

Both AB 404 and the L.A. county ordinance seek to place significant restrictions on property taxpayer representatives operating in California. This is theoretically being done as a response to the alleged corruption inside the Los Angeles County Assessor's Office. Although the alleged corruption at this stage is based on at least partially inaccurate editorial allegations there still seems to be some impetus to move on restricting access to taxpayer representation by some of our government officials.

Many believe the appropriate action to take, in this instance, is to wait until the outcome of the allegations of assessor corruption is fully investigated. Once the actual problem, if any, is fully determined then an appropriate solution can be fashioned. Currently the assessor is being audited by the Board of Supervisors, the State Board of Equalization and is being thoroughly investigated by the District Attorney's office. The current laws that we have on the books are working. The new proposed laws amount to an unnecessary and premature attack on taxpayers rights.

At this point a task force is being formed. Stay tuned for our September Property Tax Update for more information on this important legislation.



On the Road Again



See if you can decipher these vanity license plates:

1. FREVRL8
2. JUSBKZ
3. XQZME
4. MOV OVR 1
5. SIGHTCN
6. WLD1
7. YUCME
8. N3PNUR
9. ILBAVP
10. DA BST 1
11. B SASZ
12. I NUDAT 1
13. OTA MYWA
14. WANDRN
15. PKAGRT 1

- A) Move over one
- B) Out of my way
- C) You see me
- D) Forever late
- E) Pick a great one
- F) Sightseeing
- G) Excuse me
- H) I knew that one
- I) Be sassy
- J) Just because
- K) Wild one
- L) I'll be a vice president
- M) The best one
- N) Entrepreneur
- O) Wandering

ANSWERS

10M; 11E; 12H; 13B; 14O; 15E
1D; 2F; 3G; 4A; 5F; 6K; 7C; 8N; 9L;

PTA

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Property Tax Update

Ask A Professional...

Call us July 30th through August 3rd
9:00 a.m. to 3:00 p.m. (PST)
We will answer your questions.
No charge and No pressure.

Ask us anything you have been curious about or have wanted to know, i.e., Appeal Filing, Tax Law, Valuation Issues or our opinion if pursuing a reduction might be beneficial to your company.

Please call Lisa Henry at 562-282-5911 and she will get you in touch with the appropriate consultant.

We can not give any legal advice.