

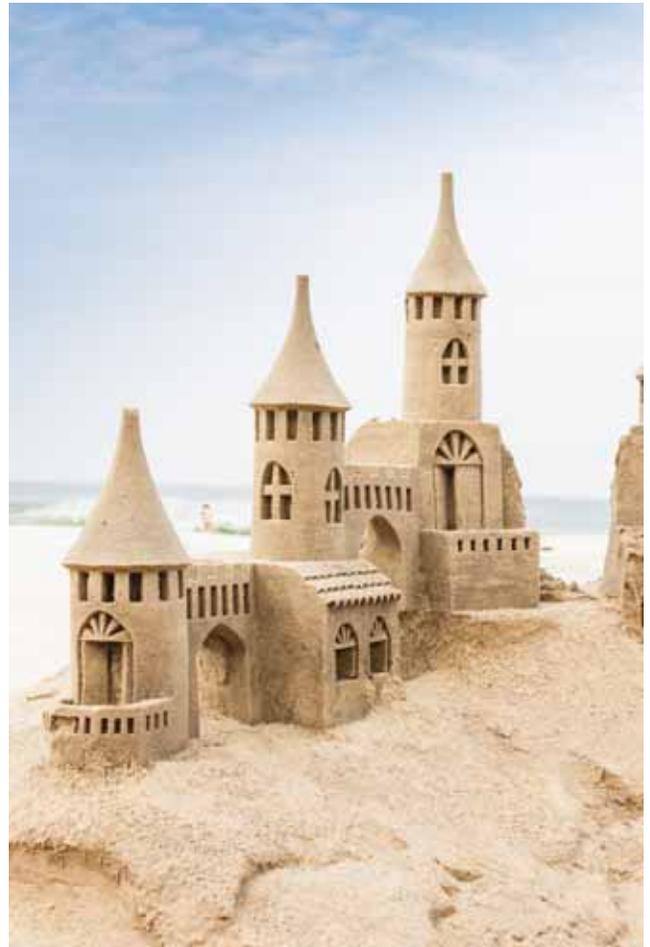
INTEREST ON YOUR PROPERTY TAX REFUND

Mandy Ingram, Tax Consultant

Many taxpayers know that if they receive a reduction on their property taxes, a refund is due. However, there are many counties now that do not voluntarily include the required interest that is also due when a refund is expected.

According to Revenue and Taxation Code §5151 "(a) Interest at the greater of 3 percent per annum or the county pool apportioned rate shall be paid, when that interest is ten dollars (\$10) or more, on any amount refunded under Section 5096.7, or refunded to a taxpayer for any reason whatsoever." (emphasis ours).

We've had some counties state that for certain reasons, interest is not due on your refund, but in our experience, this is a very rare occurrence. Many counties also now require additional paperwork in order to receive your interest, such as IRS form W-9, or a Claim for Refund form. It's in your company's best interest to make sure all paperwork has been filled out properly and returned in a timely manner. Upon receipt of your refund a quick calculation can be performed to ensure what you've received is everything due to you under the law [assessment reduction x tax rate x (3% x # of years since original tax bill has been paid)]. If the amount from the calculation is within a reasonable difference of the refund check received, it's likely the county has paid the correct amount. If there is any doubt, or if you have questions, or would like a breakdown between principal and interest amounts, the issuing Tax Collector should be able to assist you.



*"Kind words can be short
and easy to speak, but
their echoes are
truly endless."*

Mother Teresa

Arriving at a Fair Assessment

Gilbert Arciba, Senior Tax Consultant

Property Tax Assistance Inc. recently represented a client in front of the Assessment Appeals Board and the following issue arose in the course of the hearing. During the cross examination portion of the hearing, the counties certified appraiser was unable to properly define the following appraisal terms: Economic Life and Physical Life. For personal property, FMV is the basis used in arriving at the proper amount of tax.

Economic Life is the estimated number of years that a new property may be profitably used for the purpose for which it was intended. In other words, economic life is the estimated number of years that a new property can be used before it would pay the owner to replace it with the most economical replacement property that could perform an equivalent service.

Physical Life is the estimated number of years that a new property will physically endure before it deteriorates or fatigues to an unusable condition purely from physical causes, without considering the possibility of earlier retirement due to functional or economic obsolescence.

The county relies on the Cost Approach to arrive at FMV. The Cost Approach is based on the principle of substitution: a prudent buyer will not pay more for an asset than the cost of acquiring a substitute property of equivalent utility. By definition alone, cost approach utilizes the concept of Economic Life in arriving FMV.

As machinery and equipment ages, income producing capabilities of these assets decline. Technological changes play a pivotal role in this decline. Based on the cost approach, FMV is to be arrived at by applying the concept of economic life. However, County Assessors choose to rely on the physical life of equipment to determine value. Maintaining this position clearly overstates the Market value of equipment.

Recently, the California Assessor Association increased the specified life table of Computer Numerically Controlled (CNC) equipment from an 8-year life to a 12-year life.

The premise of their position is based on their major value component being related to the heavy machinery portion as opposed to the computer controls being used to function. Previously, it was assumed the value was directly related to the computer portion, therefore, supporting a shorter life.

Based on this example, California Assessors are relying on a 12-year physical life to arrive at the fair market value. The shorter life would reflect the economic life of this equipment. CNC equipment is constantly changing because of the high level of technology associated with this equipment. The value of this equipment is tied to the sophisticated software being utilized to operate. The newer more advanced software allows for faster speeds, better tolerances, and more accuracy.

County Assessors emphasize physical life in order to support an increased life table. Regardless of industry, economic life is a critical factor in arriving at FMV. As previously stated, applying a 12-year table overstates FMV. Clearly, physical life of this equipment can be 12-years. However, in economic terms, most taxpayers would be wise to invest in a newer, faster, state of the art machine. Thus, properly understanding the definition of physical and economic life is crucial to arriving at a fair assessment.



Tax Tidbits



TOOTING OUR HORN

For those of you who think you are paying way too much on your business personal property taxes, you probably are.

The appeal filing season began July 2, 2019.

You can protest those taxes with a good chance of getting a refund on taxes already paid.

Look at our **Tooting Our Horn** section for the most recent refunds that our clients have received from the counties.

Call us with any questions!

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.

Business Personal Property

Architecture & Engineering	\$83,774.19
Appliance Manufacturer	\$99,285.19
Data Centers	\$584,075.88
Diagnostic Laboratory	\$29,082.92
Drilling & Wells	\$300,067.49
Electromedical Instrument Mfg.	\$63,537.31
Food Manufacturing	\$446,595.03
Grocery Wholesale Meats	\$118,703.34
Marine Construction	\$27,258.40
Minerals Mining	\$60,667.04
Packaging Manufacturing	\$45,001.06
Rubber & Plastic Product Mfg.	\$144,641.58

PTA Real Estate Tax Division

Real Property

Multifamily Property - Placer County	\$21,147
Office Property - San Francisco County	\$143,531
Retail Property - Orange County	\$30,707
Retail Center Property - Ventura County	\$93,796
Shopping Center Property - Maui County	\$254,941



What did the Father Buffalo say to his offspring when he left for school?

Bison

Avoiding the 10% Late Payment Penalty

Ron Gangloff, Esq. EVP & Principal

Good Luck. A Los Angeles Superior Court decision denied a taxpayers request for \$250,000 penalty abatement due to employee error and complications stemming from an electronic payment system. Out of the litigation came several facts that should be startling to any property taxpayer in California. If a taxpayer pays one second past the delinquency date, a late payment penalty is imposed. Los Angeles County alone penalizes over 250,000 taxpayers a year for late payment of tax. Every year many taxpayers make an attempt to recover penalties mostly to no avail. In every instance the road to recover the penalty is extremely difficult even if the penalty was assessed due to the fault of the County. For example the county may have misapplied the timely payment to the wrong property. What should be a simple fix ultimately gets caught up in a bureaucratic nightmare which typically leads to frustration. Many times taxpayers just give up as the government is just too difficult to work with. Fairness does not come into play when the County reviews excuses for late payment. The bottom line is the late payment penalty is a huge revenue source to the county which they are reluctant to give up. Barring flood, fire or calamity no excuse which involves any fault of the taxpayer will suffice no matter how reasonable. The best way to avoid the penalty is to pay early. Don't play around with the delinquency date as that is akin to playing with fire. Keep copies of payment checks and postmark envelopes. Pay early and verify receipt of payment by the County so that if it is not received you can resend. Obviously the more tax liability at issue the more potential penalty and the more diligent you need to be in getting the tax in on time.

How lost dogs find their way home

It's a happy day when a lost dog finds its way home, but how does it get back? A New York Times article offers two explanations: Dogs' hypersensitive sense of smell allows them to create a map of scents around their neighborhood, using gardens or grocery stores and human aroma as markers. In addition, they may be sensitive to magnetic orientation. One study of dozens of canines observed that dogs tend to adopt a north-south orientation when they defecate, but that preference vanished when the magnetic field around them was disturbed.

Dogs have somewhere between 220 million to 2 billion olfactory receptor cells for scents, reports PetMD. That's compared to the mere 12 to 40 millions that people have.

A few years ago, two schnauzers got lost in thick fog while hiking off leash in the U.K. After 96 hours of searching with 120 volunteers and 2 drones, the dogs' owners decided to grill up some sausages at the spot where the dogs had last been seen. Moments later, the dogs came running. "They absolutely love sausages," said owner Liz Hampson. "They have them every Sunday for breakfast, so if there was one food they were going to come back for, it was sausages." Reported, The Telegraph.



Quotes

Twenty years from now, you will be more disappointed by the things you didn't do than those you did. So throw off the bowlines. Sail away from safe harbor. Catch the wind in your sails. Explore. Dream. Discover.
—Mark Twain

The fishermen know that the sea is dangerous and the storm terrible, but they have never found these dangers sufficient reason for remaining ashore.
—Vincent Van Gogh

Even though your time on the job is temporary, if you do a good enough job, your work there will last forever.
—Idowu Koyenikan

Successful people begin where failures leave off. Never settle for "just getting the job done." Excel!
—Tom Hopkins

A flower cannot blossom without sunshine. A man cannot live without love.
—Max Muller

Do not kiss your children so they will kiss you back, but so they will kiss their children and their children's children.
—Noah Benshea

"You only live once, but if you do it right, once is enough."
--Mae West

California Assessment Appeals and Hearing

Sean P. Keegan, EVP & Principal

SHOULD YOU BE ABLE TO "AMEND" OR "ADD FACTS" TO YOUR APPEAL APPLICATION WITHOUT THE RISK OF BEING DENIED A HEARING?

California real property owners (homeowners, multifamily or apartment operators, commercial and industrial property owners) and business owners of machinery or equipment, referred to as personal property, review their County Assessments each year to determine if the County Assessor's enrolled values are fair or exceed the current market value as of January 1st. In the cases where the County Assessment exceeds what the owner believes to be the "fair market value" (FMV), an Assessment Appeal Application is completed and submitted to the County Clerk of the Assessment Appeals Board (Board). Some "Appeal Applications" are filed to contest new construction of improvements, ownership changes, or audit escape assessments. In some situations, the County Assessor may determine that the enrolled value should be lowered. In other cases, the Board will schedule the "Appeal Application" for a hearing to determine whether the Assessment should be lowered ("Revised or Reduced") or sustained ("No Change").

We are often asked by our clients for advice regarding the "Appeal Application" filing and which boxes to check, dates to include, or the values to place on the form(s). The Appeal Application can be viewed as complex or a bit confusing when a taxpayer is filing the Appeal Application after receiving the County Assessment Notice(s). There are times where a taxpayer may err or mistakenly check off a box or omit checking off a box. It is reasonable to expect that the taxpayer should be afforded the opportunity to correct or "Amend" their Appeal Application to reflect what was intended.

Revenue & Taxation Code (RTC) Section 1603(a) specifies that "A reduction in an assessment on the local roll shall not be made unless the party affected or his or her agent makes and files with the county board a verified, written application showing the facts claimed to require the reduction and the applicant's opinion of the full value of the property." With the filing of an Appeal Application, we look to Regulation 305(e)(2)(c)(i) titled "Amendments and Corrections," which states, "Upon request of the applicant or the applicant's agent, the board, in its discretion, may allow the applicant or the applicant's agent to make amendments to the application in addition to those specified in subdivisions (A) and (B) to state additional facts claimed to require a reduction of the assessment that is the subject of the application." (Emphasis added.)

Based on an Appeal Application for the property assessment in question, the party filing this Appeal Application is allowed to present "additional facts" in a request to amend the "Appeal Application." So, "Yes" – if a proper request is made by the Applicant or their Agent to the Assessment Appeals Board (Board) for consideration of amending their Appeal Application, the Regulation 305(e)(2)(c)(1) permits the Board to use "discretion" to grant an Applicant's request to amend their Appeal Application. It is a protected right of the taxpayer to have their timely filed Appeal Application processed and to be provided with a date for their "hearing"!



PRESORTED
STANDARD
U.S. POSTAGE
PAID
LOS ANGELES, CA
PERMIT # 199

David L. Gangloff Jr., Esq.
CEO & Principal
Property Tax Assistance Co., Inc.
16600 Woodruff Ave.
Bellflower, CA 90706

For information on our services please contact:

Lisa Henry
Director Sales & Marketing
562-282-5918
LHenry@property-taxes.com

www.property-taxes.com

Bellflower, CA (Corporate Headquarters)
Property Tax Assistance Co., Inc.
16600 Woodruff Ave.
Bellflower, CA 90706
Phone 562-920-1864 Fax 562-920-5775
PTA@property-taxes.com

Bay Area Office
Property Tax Assistance Co., Inc.
1981 N. Broadway, Suite 342
Walnut Creek, CA 94596
Phone 925-942-1004 Fax 925-942-0369

Property Tax Update

*WELCOME
SUMMER!*



Have a beautiful
and safe summer!