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## **What should a commercial property owner do when the revaluation notice arrives in the mail?**

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Connecticut requires its 169 municipalities to revalue all real estate within their boundaries at least once every five years. Revaluation is a monumental task. Many communities have thousands of properties, each of which must be separately valued. In addition to a huge number of single family, condominium and multiple family residential properties, larger communities also have scores, if not hundreds, of commercial parcels. With each one, market value must be accurately determined.

Why is revaluation such a big deal? As of October 1, 2007, thirty some odd towns and cities are going through this process. The values so determined remain in effect until the next revaluation, which is 2012. During the intervening five years, mortgage interest rates may gyrate, the national economy may prosper or go into recession; property values, heavily influenced by these and other factors, can move up and down. Nevertheless, general market changes during the years succeeding a revaluation and before the next such event will almost always have no impact on an assessment for local property tax purposes. This is so because Connecticut law does not permit an assessor to change a value unless ordered to do so by the court or in circumstances when a property owner makes significant improvements, demolishes a building or suffers a casualty. None of these eventualities will be discussed in this article due to lack of space.

What should a commercial property owner do when the revaluation notice arrives in the mail? The first step is to make sure the envelope is opened and the new proposed value is studied! I say this because all too frequently the notice does not seem to make enough of an impact on certain folks because it is not a bill and it offers no insights as to the impact of the new value on next year's tax obligation.

The envelope having been attacked, the new value must be converted from a proposed assessment to market value by dividing the proposed assessment by .7; all Connecticut communities assess property at 70% of market value. The new market value having been calculated, a preliminary effort is necessary to determine if it reasonably equates to what the property owner could obtain for his real estate in an arm's length transaction negotiated on October 1, 2007 - the classic definition of market value. Some commercial property owners may be able to reach this judgment easily; others will require expert advice. Owners in the second category should contact valuation professionals, such as an appraiser or property tax attorney. The process of judging whether your property is worth more or less than the assessor's new proposed value may take some time depending, of course, on its size and complexity.

Having performed the preliminary analysis, if the new value is acceptable, in most cases nothing further need be done. If the new value is determined to be excessive, an appointment should be made with the revaluation company to discuss it and to attempt to have it reduced. Since there is usually a very small window to make these appointments, it may be necessary to schedule a

meeting before a full review of the proposed value can be accomplished to avoid missing this opportunity. At the revaluation company meeting, a representative will explain how your new value was reached and will invite any comments or information to show that the new value is out of line. Care must be taken that all information furnished to the revaluation company is accurate and that it will not result in an increase, as opposed to a decrease, in value.

If satisfaction cannot be obtained at the revaluation company level, consideration should be given to filing an appeal with the community's Board of Assessment Appeals which is due on February 20 or March 20, 2008. These boards tend to be more responsive to homeowners' than commercial property owners' appeals since they frequently lack the ability to process commercial real estate valuation issues. In addition, Connecticut law permits a local board to refuse a hearing if the property is valued in excess of \$500,000 and many boards are exercising this prerogative. If the board refuses to hear your appeal or if satisfaction is not able to be achieved, the last and final step is an appeal to the Connecticut Superior Court. This action must be taken within two months from the date of mailing of the local board's decision.

Needless to say, significant attention and care is required in addressing the revaluation of your commercial property; a reduction will benefit you over the full revaluation cycle. While excessive valuation can be prospectively attacked in subsequent years, the Pullman and Comley Valuation Department finds that it is much more difficult to resolve cases filed after the revaluation year, due to inertia and local political concerns.

Good luck!

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