

PROPERTY TAX CASE STUDY FUNCTIONALLY OBSOLETE

The Client's Challenge

Our client had constructed this plant in northern New Brunswick in 2004 at a cost of \$15 million. Unfortunately it never operated; there was no market demand for its designed use. Service New Brunswick, the provincial assessment authority, reduced the 2008 property assessment by 50%, their *modus operandi* when a property is functionally obsolete. However this still left our client with an annual tax bill of \$208,000. They turned to Turner Drake for advice.

Turner Drake's Approach

The New Brunswick Assessment Act mandates that assessments have to be based on the property's market value on January 1st of the assessment year. The most reliable method of ascertaining the market value is to utilize current sales of comparable properties as a benchmark. However sales information is not public knowledge in the three Maritime Provinces; it is only available to government agencies such as Service New Brunswick. We have therefore built an IT platform, Compuval™, comprising a family of "intelligent" databases able to communicate with each other, and analyse data on the fly. Each database is geocoded, allowing us to query transactions, assessments and rental information on a geographic basis. Our Transactional Database contains sales information on 42,000 records and for each includes site and building information, photographs, aerial and satellite imagery, topographic and street maps. Compuval's™ Assessment Database contains the assessment history of thousands of properties and allows us to compare properties with their peer group now, and over time. Using Compuval™ we were able to demonstrate to Service New Brunswick that our client's property was grossly over-assessed.

Winning Results

Turner Drake were able to negotiate a 62% reduction in the assessment from \$5,250,100 to \$2,001,800; a tax saving to our client of \$128,717/annum.

