

# PROPERTY TAX CASE STUDY SWEATING THE DETAILS

## The Client's Challenge

Our client was between a rock and a hard place. They owned a very large, and old, industrial facility in New Brunswick specifically designed for smelting lead. Their plant faced vastly increased competition from more modern facilities in China. Service New Brunswick, the provincial assessment authority, happily oblivious of the world beyond their provincial borders, rejected the reality of the global economy and refused to reduce the property's Realty Assessment. The property owner turned to Turner Drake for help.

## Turner Drake's Approach

Service New Brunswick (SNB) had spent many weeks (perhaps months) detailing every brick and stick of the 144 buildings on the property. Their report ran to many many pages: embellished with copious photographs and diagrams it represented a tidy investment in trees... and may have been the major cause of recent global warming. Every building and site improvement was measured, calculated and costed. This remarkable document was an impressive testament to the plodding efficiency of a civil service so focused on counting trees, they completely missed the forest... and some timber too. There was nothing for it, we rolled up our sleeves and went to work. We too carefully inspected every structure, measured everything that did not move, costed each building and site improvement... and researched the changing global landscape for lead smelting. We then compared our results with SNB's report. We sweated the details... identifying errors in building descriptions, uses and existence (some buildings had been demolished but were still assessed). We found errors in SNB's costings and physical depreciation calculations. We interrogated the plant's management, identified functional inefficiencies, and computed the quantum by which they impaired the property's value. We studied the global supply of lead, measured the impact of the huge run up in Chinese smelting capacity, and computed the external obsolescence resulting from these forces.

## Winning Results

**Service New Brunswick agreed to reduce the assessment by 22%, yielding tax savings of \$703,430. Turner Drake were not satisfied and filed an appeal to the Assessment Review Board. We mounted a case demonstrating that lower production at the plant was the result of increased competition from the huge run up in Chinese smelting capacity. Service New Brunswick capitulated on the courtroom steps and agreed to a further reduction of 12.5% in the assessment... yielding in total, tax savings of \$1,035,691.**

