

PROPERTY TAX CASE STUDY WAREHOUSE SAVINGS

Our Client's Challenge

The assessment of this New Brunswick property had not been reviewed for several years. Our client asked us to determine whether their property was over-assessed and if so, to negotiate a reduction with the provincial assessment authority, Service New Brunswick. André Pouliot of our Property Tax Division took the assignment.

Turner Drake's Approach

Our approach with this case, as it is with every property tax assignment, was consistent ... we sweated the details. Whilst it is common practice for property tax firms to base their fee on a percentage of the tax savings they achieve we eschew this "contingency" model, it favours tax amelioration focused on the low hanging fruit. Every time we have been retained by a property owner who has employed a tax agent remunerated on a contingency fee basis, we have been able to achieve additional tax savings. Our Commercial/Industrial Survey Form runs to 16 pages and covers environmental hazards, site improvements, framing, exterior wall construction, interior finishes, plumbing, HVAC, electrical, fire protection, vertical mobility, information technology, security systems and fixed equipment. We inspect every square meter, detail materials handling and production flows, and analyse how the building meets its design capacity. If the facility is significantly under-utilized we analyse the space distribution, bay widths, and ceiling heights, to determine if the under-utilization is due to the piecemeal nature of the construction (multiple floor levels and ceiling heights in the warehouse, and an over-abundance of mezzanine offices and storage areas). This "functional obsolescence" is then factored into our property assessment calculation. Our detailed inspection also allows us to identify and quantify deferred maintenance and physical depreciation.

Winning Results

We were able to demonstrate to Service New Brunswick that the property was over-assessed due to functional and physical deficiencies, and negotiate annual tax savings of \$41,000, without the necessity for costly Court proceedings.

