

# PROPERTY TAX CASE STUDY

## TEXAS SIZE SAVINGS

### The Client's Challenge

The road network is modelled on a giant Stetson. The project leader for the American military hailed from Texas and wanted a reminder of home when he constructed this military base during World War II, so he laid out the street network in the shape of a giant Stetson. Thanks to Google Earth you can enjoy it too. However when our client took over ownership of the site from the Department of National Defence in 2006, they faced a property tax problem rather more threatening than a Texas ego. The base was assessed for \$23 million. They turned to Turner Drake for advice.

### Turner Drake's Approach

Our Property Tax Division inspected the entire base, a cornucopia of military office's, R & M facilities, storage buildings, barracks and PMQs; 37 buildings sprawling over 79 acres. They compiled a detailed inventory of every building, noting their age, type, construction, physical condition, utilisation, and functional adequacy for modern day requirements. Some buildings were near the end of their economic life, a factor thrown into sharp focus by the short term lease back recently concluded with the Department of National Defence.

The City of St. John's Assessment Department had based their estimate of land value on other sites which were much smaller in size. The assessments of the buildings were based on their replacement cost new, depreciated for physical obsolescence. Our Property Tax Division therefore costed every building and adjusted the construction cost estimate for physical, functional and external obsolescence. Their report to the Assessor recognised the limited market for a site of this size (79 acres), and the accelerated depreciation inherent in buildings with a limited economic life.

### Winning Results

**We were able to negotiate a 48% reduction in the assessment and render Texas sized tax savings of \$663,000/annum to our client.**

