

Assessment fights balloon as owners attempt to deflate property tax bills
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WEST PALM BEACH — The number of property owners making a last-ditch effort to lower their tax bills grew by 50 percent this year, soaring to levels that have not been seen in more than a decade.

A total of 10,250 property owners have filed petitions challenging their property assessments and homestead classification with the county's value adjustment board, a five-member group of county commissioners and school board members that oversees appeals. More than half — about 5,550 — were assessment challenges.

It's the highest number of petitions county officials say they have seen since 1994, the year before the Save Our Homes cap limiting assessment increases took effect. Many of the 7,430 property owners who filed petitions that year were homeowners hoping to make their base-year assessments as low as possible.

This year's flood of challenges came from property owners not protected by the Save Our Homes caps, which prevent assessments on homesteaded property from climbing more than 3 percent each year.

"I was surprised there weren't more" petitions, said County Commissioner Warren Newell, who will be chairman of the value adjustment board this year. "People are just unhappy about these valuations."

The large number of petitions came at the end of a bitter budget season in which local leaders faced mounting pressure to reduce budgets and cut government spending.

A 23.8 percent increase in county property values has filled local governments' coffers with a record amount of tax revenue this year, and much of that additional money will be paid by people who own commercial or rental property the assessment cap doesn't protect.

Although many cities and the county reduced their tax rates, the majority of property owners not protected by Save Our Homes will pay significantly more this year because their land's value has skyrocketed. The tax drops were not enough to offset the hike in property assessments.

Many of the assessment petitions came from commercial owners who have seen their property tax bills double and triple in recent years, officials said.

But records indicate that the majority of challengers won't be successful. Of the 6,896 petitions filed last year, just 752 were granted, according to the county clerk's office.

Still, Ray Graziotto, president of Jupiter-based Seven Kings Holdings, hopes the assessments on the company's four Palm Beach County marinas will be lowered. Although Graziotto is working with the property appraiser's office to reduce his tax bills, he also filed petitions with the adjustment board.

The tax bill for the company's 300-boat slip marina in Lantana has grown from \$50,000 to \$300,000 during the past two years, Graziotto said. If the bill isn't reduced, the cost probably will be passed on to the marina's customers.

"If they stand, for whatever reason, speaking from the worst case scenario, it's devastating," said Graziotto, who also is chairman of the Save the Working Waterfront in Palm Beach County Committee, a group of marina owners challenging the way their properties are appraised.

"There are certainly people that are upset about just having high taxes," Graziotto said. "For our industry, we believe there are factual basis for our appeal."

It's unlikely that Graziotto and thousands of others will be able to take their appeals directly to the value adjustment board. A 2004 change to state statutes requires the board to appoint special magistrates to hear individual cases, take testimony and make recommendations.

"The magistrates act in place of the board doing those findings of fact," Assistant County Attorney Paul King said.

The adjustment board doesn't review individual cases, although there is some debate about whether it has the power to do so. Members traditionally have rubber-stamped the magistrates' recommendations.

But some county commissioners have questioned whether the board can do more this year to help reduce high tax bills, particularly for marina owners such as Graziotto.

Commissioner Karen Marcus wants the board to discuss how much latitude it has in reviewing cases when it meets Tuesday to approve the preliminary tax roll.

"I think at least we ought to have the conversation about what we can and can't look at," Marcus said.

In a memo to commissioners, King recommended that the board not "attempt to review and modify" special magistrates decisions. If the board reviews one individual petition, it may be forced to review thousands more, extending the length of time it takes to hear all cases.

In all, it takes 45 special magistrates using five hearing rooms about three months to hear the cases. But this year it's expected to take longer because of the large number of petitions.

"It would be difficult for the VAB to limit such review once the VAB grants it to one dissatisfied party," King wrote.

However, Broward County officials contend the adjustment board has the right to review cases.

The board "has the inherent power to review appeals and, based upon the evidence, overturn those opinions of value for which it disagrees," wrote Ron Gunzberger, general counsel for the Broward County Property Appraiser's Office, in a memo to Palm Beach County officials.

Under adjustment board rules, the property appraiser's assessment is presumed correct. To overturn the assessment, challengers must prove that the office's assessment was too high.

Palm Beach County Property Appraiser Gary Nikolits said it's a difficult feat. Petitioners must prove that his office's assessment is more than what the home would have sold for on Jan. 1, he said.

"Typically for the typical homeowner, we are talking about sales of comparable property within their neighborhood that indicate that we have over-assessed," Nikolits said. "That's hard."

When a petition is filed, the property owner can opt to meet first with the property appraiser's office before taking their case to the special magistrate. And records show that the appraiser's office generally approves more petitions than the adjustment board.

Of the 752 petitions granted last year, the property appraiser approved 655, county records show. The adjustment board granted the remaining 97.

If property owners are unhappy with the adjustment board's decision, they can challenge their assessment in circuit court.

Newell said he expected special magistrates to be more understanding this year because of hefty property value increases. But he agreed there is little the board can do to override their decisions.

"I think there is going to be a lot of consideration given to the property owners considering there is such a large disparity out there," Newell said. "Obviously the VAB board does not deal with the individual petitions."