

# FREQUENTLY ASKED QUESTIONS



Words in bold are defined at the end.

Q. How can you help me lower my property taxes?

A. If we believe we can effectively argue that your property tax assessment is excessive, Trenton Magid and his team at World Group will file a professional **tax protest** to reduce your property's **tax assessed value**. Reducing your tax assessed value lowers the amount of property taxes you must pay.

Q. If World Group files a tax protest for me and it is unsuccessful, what happens?

A. You owe us nothing. Your tax liability will likely be unchanged.

Q. Can I see a sample protest?

A. Yes, please contact Trenton Magid and we will be glad to provide you with a sample of our work.

Q. What are your qualifications?

A. Trenton Magid, who leads the tax protest team at World Group, reduced property tax assessments by more than \$3 million in 2009. The tax protest team at World Group has access to many tools including: **LoopNet, The MLS, Xceligent, GIS mapping technology**, sale records, and most importantly people who deal with real estate every day and have the knowledge, tools and experience to establish the best case possible in order to save you money on property taxes.

Q. What is included in a tax protest?

A. The following is a partial list of items considered to be included in a tax protest package: table of contents, pictures of the property, aerial maps showing properties of interest, comparable sales, comparable lease rates, actual property operating numbers, purchase agreements, letters of intent, other similar property's operating numbers, other comparable property's tax assessed values, rent rolls, pro forma valuation based on income, replacement cost assessments, appraisal(s), justification for capitalization (CAP) rate, broker's opinion of value and always, the official tax protest form.

Q. On what basis can I protest the **tax assessed value** of my property?

A. In Douglas County, you can protest your property's tax assessed value based on either a market value basis, an equalization basis or both. A **market basis protest** must establish the case that the subject property could not be sold for what the property's **tax assessed value** is. An **equalization based protest** must make the case that the subject property is assessed higher than it should be when compared to other similar properties. The strongest protests have an ability to make an argument that factually establishes both market value and equalization basis for the subject property.

**Q. How does the county determine the amount of property taxes I pay?**

A. In Douglas, Sarpy and Pottawattamie counties, the actual dollar amount of property taxes a property owner must pay is determined by two main factors: 1) the specific property's **tax assessed value** and 2) the **mill levy**. Simply take the property's **tax assessed value** times the **mill levy** and you will get your property tax liability before any credits or exemptions. For example, if you own a property which has the following characteristics: \$1,000,000 tax assessed value and a 2% mill levy, you would owe \$20,000 annually in property taxes (\$1,000,000\*.02).

**Q. How much do you charge to protest my property's taxes?**

A. If we are unsuccessful in lowering your property taxes, you owe us nothing. If we are successful (which in most cases we are), we charge one third (33.3%) of the actual amount of property taxes saved **in the first year only** based on the previous year's mill levy.

Example: Your property tax assessed value is reduced from \$1,000,000 to \$800,000 as a result of our professional property valuation protest and your mill levy is 2%. Your bill would be as follows: (tax assessment reduction \* mill levy in previous year \* 33.3%)

$$\$200,000 * 2% * 33.3% = \$1,332.00 \text{ Total}$$

Total = amount owed to us for performing the successful tax protest

total tax saved – cost to perform tax protest = net annual savings (in subsequent years, property owner retains 100% of benefit from tax protest savings).

$$\$4,000 - \$1,332.00 = \mathbf{\$2,668.00 \text{ Net savings in year one and } \$4,000 \text{ savings in subsequent years}^*}$$

If you have questions about how this works, please call Trenton Magid at World Group (402) 697-8899.

\*assuming that the mill levy and tax assessed values both remain unchanged

**Q. When can property taxes be protested?**

A. In June for Douglas and Sarpy counties and between April 16<sup>th</sup> and May 5<sup>th</sup> for Pottawattamie County.

**Q. Why is there a limited time period when property taxes can be protested?**

A. Due to the necessary rigidities of the system, there is a limited time period to protest a property's assessed value. The system works as follows. First, the assessor plays the role of establishing the property's value. Your property's value is what can be protested. Once all the tax assessed values are established including most of the protested parcels, the assessor reports the total assessed value of all real estate in a county. Second, this information is then passed to the county treasurer and state property tax administrator who is in charge of creating a **mill levy**. The **mill levy** is officially determined by taking the anticipated budget (i.e. expenditures) for the upcoming year, which is provided by property tax revenues and dividing it by the total amount of the property assessed value in the county.

Different areas of the county have different mill levies based on the school district, whether the property is located in an SID, etc.

**Q. What was the tax assessed value and resulting taxes for all the real estate in Douglas County in 2009? What about Sarpy County?**

A. In Douglas County, the total 2009 tax assessed value of all real estate was \$36,018,442,935. The total amount of property taxes levied was \$789,897,905.45. The average mill levy was 2.193%.

In Sarpy County, the total 2009 tax assessed value of all real estate was \$10,979,296,630.00. The total amount of property taxes levied was \$240,908,613.98. The average mill levy was 2.194%.

**Q. I have questions that were not answered here, who can I talk to?**

A. Please call Trenton Magid at 402-697-8899

## **GLOSSARY**

**tax assessed value:** This is the amount that the County Assessor determines your property to be worth. Acceptable values are from 92% to 100% of a property's actual market value in Douglas County. Tax assessed value is the allocation method for property taxes.

**mill levy** (also known as tax rate): This is the percentage of tax assessed value which must be paid in property taxes. A mill levy breakdown is shown below:

### **Property Levy Information: Tax District 100**

<b>Authority</b>		<b>Levy</b>	<b>Distribution %</b>
CITY	OMAHA	.47587	22.2966
CITY COUNTY BUILDING		.01300	.6091
COUNTY		.24519	11.4882
EDUCATIONAL SERVICE UNIT	1	.01500	.7028
LEARN COMM-CAPITAL PROJ		.00500	.2343
LEARNING COMMUNITY		.96000	44.9803
M.U.D.	YES	.00000	.0000
METRO AREA TRANSIT		.04674	2.1900
METRO COMM COLLEGE		.08500	3.9826
N.R.D.		.03275	1.5345
SCHOOL	OMAHA	.25572	11.9816
Consolidated Levy:		2.13427	100

**tax protest:** This is also known as a property valuation protest. This is the formal process which involves showing why your property is over assessed. If the board of review agrees with your stance, your property tax liability will be reduced.

**LoopNet:** LoopNet operates the largest and most heavily trafficked commercial real estate listing service online with over 4 million registered members and an average of 985,000 monthly unique visitors. LoopNet.com contains more than \$460 billion of properties available for sale and 6.5 billion square feet of properties available for lease.

**The MLS:** A tool that many residential agents use. A significant amount of good data is recorded here and can help with building a case for a tax protest.

**GIS mapping technology:** This tool allows maps to be generated with certain parcels highlighted. A great deal of information can be gained from this technology which includes finding elevation contours, flood zones, aerial photos, and showing location differences and similarities, etc.

**Xceligent:** A proprietary tool for commercial real estate brokers and appraisers. A significant amount of data is recorded here and can greatly help build a case for a strong tax protest.

**For additional information, contact:**

**TRENTON B. MAGID**

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