

The Oldham Era

Discount for developers will stand

By Laura Hagan

September 23, 2010

Tax assessments for hundreds of vacant lots have been the topic of appeals for almost three years. Three local boards and a state board recently came to the same conclusion – a group of local developers are right to have appealed the assessments on vacant lots they own in Oldham County.

In 2008, a group of local developers appealed assessments of more than 300 vacant lots. Property owners have the right to appeal any assessment and a local board decides if the assessment is too high, too low or fitting for the property.

After a local board of appeals heard from developers in June 2008, the board reduced values of more than 300 vacant lots owned by the developers by 25 percent.

Developer Bob Jones, who owns more than 200 lots in Oldham and other counties, said he receives a stack of tax bills. He's been before three different local appeal boards on the issue and said each entity has rule in the developers' favor.

Winters initially valued the properties individually, though that's not the way the process is recognized by the federal government, state department of revenue or the national appraiser institute on valuing single-family lots when the developer owns more than one.

In the case of local developers like Jones, he said, a bulk sale appraisal is done.

In a bulk sale appraisal, the final amount must include deductions and discounts for holding costs, marketing costs and entrepreneurial profit.

If a developer has a bulk of lots to sell, they want to make a profit, Jones said. If the properties are valued at the retail amount, there's no way to make a profit, so the amounts are discounted.

In addition to the local boards that have heard the appeals, the state board has determined developers are correct in the amounts the properties are assessed, in fact, the state board determined an additional discount – up to 39 percent in some cases.

Winters appealed the local board's decision, arguing a 25-percent discount is too high. He has said he assesses a property's value by looking at the sale price and looking at the selling price for similar lots in the subdivision.

Winters could not be reached for additional comment.

Now that the state board has ruled in the developers' favor, the issue should be resolved, Jones said.

But Debbie Goins, internal policy analyst for the state board of tax appeals, said both parties have the option of taking the case to circuit court.

Jones said he's paid all of his tax bills since 2008 and now, if the matter isn't taken to circuit court, the money will have to be refunded to those who appealed the assessments.

For the county clerk's and sheriff's offices, that could mean a lot of paperwork.

They've got to go back to every tax bill and figure out how much is owed, Jones said, which for some means an additional 15 percent discount than originally appealed.

Vivian Jones, administrative sergeant at OCSO said depending on how many tax bills need to be revised, it could be next year before they are all completed.

After the state's ruling, as many as eight developers could see significantly lower tax bills for 2008.

Jones has also appealed assessments for 2009 and 2010.

The vacant lots, Bob Jones said, don't eat any public services – meaning they require no need for things like police or fire protection.

He said if the matter moves on to circuit court, he'll continue to defend his position and that of the other developers.

"I think it's right," he said, "and everyone's found that I'm right."

E-mail us about this story at: lhagan@oldhamera.com.

Copyright www.oldhamera.com. All rights reserved.
