

# Property Tax Services

Property taxes are one of the largest recurring operating expenses associated with tangible asset ownership. Owners are often unaware of what items or costs are taxable, what items are being assessed or how their property is being valued. Answering these and other related questions often produces recurring property tax savings for owners and lessees.



Duff & Phelps has been providing independent valuation analysis and consulting to the world's leading businesses for over 35 years. Our property tax professionals are experienced, highly qualified specialists. As well, we count among our practice attorneys, engineers, Members of the Appraisal Institute (MAIs), Certified Members of the Institute for Professionals in Taxation (CMTs), and state-certified appraisers.

## Our Services

Duff & Phelps identifies tax savings opportunities for our clients by reviewing their tangible property portfolio and associated property tax assessments and liabilities. This initial analysis is referred to as our Property Tax Diagnostic.

If savings opportunities are identified, the course of action required to achieve such savings are discussed with our client, as are the associated costs/benefits to be incurred/realized.

Our property tax professionals specialize in complex properties typically found in the energy/utility, chemical, hi-tech, manufacturing, telecommunications and transportation industries. Additionally, Duff & Phelps has expertise in a wide range of commercial and industrial properties such as corporate office headquarters, multi-tenant office buildings, regional shopping centers, industrial warehouses, manufacturing plants and hotel/casino properties.

PROPERTY TAX IS AN AD VALOREM TAX BASED ON THE VALUE OF A TAXPAYER'S TANGIBLE REAL AND PERSONAL PROPERTY ASSETS. OUR PROPERTY TAX PROFESSIONALS HAVE A COMPREHENSIVE UNDERSTANDING OF VALUE AND THE PROPERTY TAX PROCESS TO ENSURE YOU ARE PAYING THE APPROPRIATE AMOUNT OF PROPERTY TAXES.

### Our Services Include

**Valuation Appeals:** Prepare valuation analyses to achieve assessment reductions on real and tangible personal property through informal negotiations or through the administrative hearing process.

**Personal Property Compliance:** Perform complete property tax services, including valuation analysis and protest, personal property compliance, tax bill processing and tax bill payment.

**Property Tax Consulting:** Prepare obsolescence studies, useful life analyses, cost of capital studies, forecasts of cash flows, market transaction studies and other general consulting reports.

**Exemptions:** Review fixed asset listings and remove non-existent or non-taxable cost items. Prepare the necessary forms to obtain property tax exemptions for:

- Pollution control equipment
- R&D equipment
- Freeport exemptions

### Pre/Post Acquisition Due Diligence:

Determine the impact an acquisition will have on future property taxes. This service may include:

- Preparing pre/post acquisition property tax forecasts
- Preparing transaction summaries and analyses for assessment officials

- Consulting on property tax strategies to be used in filing real estate transfer tax declaration forms

**Litigation Support:** Assist a company's legal representative in a property tax appeal by:

- Reviewing the opposition's valuation report
- Preparing a review appraisal
- Testifying as a fact or opinion witness
- Assisting with the development of the overall case strategy and preparing deposition and cross examination questions

### Case Study

**Client:** A large national cellular phone service provider (the "Company").

**Background:** The Company was recently acquired by a competitor, resulting in the need for a SFAS 141 "Business Combinations" Fair Market Value analysis and associated purchase price allocation ("PPA"). Duff & Phelps was engaged to perform these services for the acquiring company. The Company typically utilized outside property tax service providers to complement its in-house staff.

**Duff & Phelps' Role:** The Property Tax Services group was engaged to assist with interpreting the PPA for property tax purposes. Interpretation was needed for the following reasons: to clarify and

quantify the tangible and intangible property subject to property taxation; to develop replacement cost factors that could be applied to historical cost; to write a concise explanation of the transaction and its impact on property tax values; and to interpret the PPA to a property tax lien date of January 1, 2005 versus the transaction date of November 26, 2004. Additionally, the acquiring company is a multi-state/multi-jurisdictional taxpayer with complex valuation and tax issues. In order to assist them with the efficient handling of their property tax valuation issues, we developed a fully integrated and adaptable valuation model that could be customized to meet each of the respective tax jurisdictions valuation criteria.

**Benefits Achieved:** Our client saved over \$74 million in annual recurring property tax expenses and came in \$28 million dollars under their property tax budget. This entity has subsequently engaged us to perform property tax consulting services at additional locations and to assist them with their real estate appeal needs based upon our performance.

**Essentials:** Telecommunications, valuation skills, industry knowledge, and over 20 years of property tax experience produced innovative and highly supportable value methodologies that successfully withstood the scrutiny of assessing officials.

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For more information please visit our website:

[www.duffandphelps.com](http://www.duffandphelps.com)

### About Duff & Phelps

As a leading global independent provider of financial advisory and investment banking services, Duff & Phelps delivers trusted advice to our clients principally in the areas of valuation, transactions, financial restructuring, dispute and taxation. Our world class capabilities and resources, combined with an agile and responsive delivery, distinguish our clients' experience in working with us. With offices in North America, Europe and Asia, Duff & Phelps is committed to fulfilling its mission to protect, recover and maximize value for its clients.

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