

TAXPAYERS' ADVOCATE

P.E. Pennington & Co. Solutions for Taxing Problems

P.E. Pennington & Company

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Court Upholds Fair and Equal Doctrine

April 12, 2001
Houston, TX

“If a conflict exists between taxation at market value and equal and uniform taxation, equal and uniform taxation must prevail.” The Houston Court of appeals upheld the trial courts ruling involving alleged unequal taxation of a commercial property in Harris County. Using a reasonable number of tax comparables, property adjusted for age, depreciation, location and arriving at a median appraised value per square foot is appropriate. For more information see Harris County Appraisal District, Appellant V. United Investors Realty Trust, Appellate. Trial Court Cause No. 98-43435 or contact a Texas Property Tax Attorney.

IMPORTANT UPCOMING TEXAS TAX DATES

NOTICE OF LITIGATION WITH APPRAISAL DISTRICTS:

- FILING SUIT:Within 45 days of receipt of the ARB OrderDetermining Protest
- TAX RATES SET:Generally September-October
- TAX BILLS MAILED:Generally October-November
- JANUARY: Assessment Date January 1
- JANUARY 31: Last day for payment of taxes:
 - before they become delinquent
 - for property subject to litigation
 - for property subject to protest
- JANUARY 31: Last day to file motion to correct an incorrect appraisal
- APRIL 15: Rendition Due Date
- TAX ROLL CERTIFICATION:Generally July-August

Is your firm receiving the most advantageous property tax valuation?

Is it time to consult a property tax professional?

P.E. Pennington & Co., Inc.
is a regional firm with expertise in all types of Commercial Real Estate, Residential Real Estate, Personal Property, Intangible Value and out source compliance needs.

License # 00001516

Texas Department of Licensing and Regulation
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77th Texas Legislature Update:

68 Legislative Bills Address Property Taxes

by the Texas Comptroller's Office

The 77th Texas Legislature passed 68 property tax and related bills that refine the property tax process. These bills address areas of property tax administration, exemptions, appraisals, protests, tax rate adoption, tax collection, and other areas. These 68 bills went to Governor Rick Perry for his approval or veto by June 17. Two bills were vetoed—House Bill (H.B.) 1723 and H.B. 3184. In comparison, 64 property tax bills passed in the 1999 regular legislative session and 63 bills (with one vetoed) passed in the 1997 regular season.

H. B. 490 is an omnibus bill that contains numerous provisions on administering and collecting property taxes. It includes the following items on tax administration:

- Restricts an individual from serving as an appraisal district director, chief appraiser, or an appraisal review board (ARB) member if the individual owes delinquent taxes for more than 60 days after the individual knew or should have known of the delinquency. This restriction does not apply if the taxes are under an installment payment agreement or a tax deferral/abatement.
- Adds that confidential information under Tax Code Section 22.27 may be disclosed to a taxing unit or its legal representative that is collecting delinquent taxes.
- Provides that the chief appraiser may correct the appraisal roll for ownership and multiple appraisals. Refunds for corrections of multiple appraisals of a property are limited to taxes paid for the current tax year and the four preceding years. The bill states that the chief appraiser's failure or refusal to change the appraisal roll is not an action subject to review by the ARB, a lawsuit, or a regular protest.
- Requires the chief appraiser to have written approval of the appraisal district board of directors to appeal an ARB decision. (Effective September 1, 2001)

Senate Bill (S. B.) 650 address composition and membership of an ARB. It increases the number of ARB members for counties with a population of at least 250,000 from 15 to 40 members and for counties with a population of one million from 30 to 75 members. Tax Code Section 6.411 for appointing auxiliary ARB members is repealed. (Effective January 1, 2002)

Leased Vehicle Tax—In 1999, Texas voters approved Constitutional changes providing the Legislature authority to eliminate ad valorem taxes on personally-leased vehicles. This session the Legislature fulfilled the wishes of voters through passage of SB 248. This bill exempts vehicles leased after January 1 of this year from annual property tax bills. Budget concerns required a two-year sunset date to be included in the bill, which means the exemption will go away unless the next Legislature extends the exemption.

Tax Abatements—The Legislature passed HB 1200 which allows school districts to provide tax abatements for qualified companies for research and development or manufacturing activities. This was sometimes referred to as the "Intel Bill" because Texas recently lost out on a billion-dollar Intel chip plant because tax incentives were more attractive in another state.

P.E.P.Co. News Releases:

Beta Release of New Property Tax Software

3/12/01

P. E. Pennington & Co., Inc. along with Property Tax Advocates and R. E. O. Property Tax Consultants, Inc. announce the release "beta" version of "Property Tax Automation System," (PTAS). Interested parties should contact Paul Pennington at 214-221-0333.

Joint Venture to Yield Tax Software

12/27/00

P. E. Pennington & Co., Inc. along with Property Tax Advocates and R. E. O. Property Tax Consultants, Inc. are joint venturing a new property tax administration software. The software "Property Tax Automation System," (PTAS) will be interactive with Microsoft products and should be completed by the end of January of 2001. The program will be available for sale to property tax consulting firms and corporate tax departments in early 2001.

P. E. Pennington speaks "On the Record"

9/1/00

Paul Pennington was asked to participate in a panel discussion regarding property taxes in the DFW area for the news show "On the Record" on KERA public television. Others participating were representatives of the University of Texas at Arlington, the Dallas Independent School District, the Dallas County Commissioners Court, Parkland Hospital and John Peter Smith Hospital.

Points of Interest:

Census Says . . .

By Steve H. Murdock

Texas is growing faster than experts predicted. The 2000 Census counted more than 20.8 million Texans, a ten-year increase of 22.8 percent. There are 500,000 more state residents than the U.S. Census Bureau thought there would be.

There were other Census surprises as well. The nation's 281.4 million population is seven million higher than anticipated. From 1990 to 2000, the United States grew 13.2 percent. In fact, resident population counts showed that nearly all states had somewhat

higher growth than had been estimated. Only the District of Columbia lost population, about 35,000.

The 3.8 million Texas increase was the largest of any decade in Texas history. The population growth rate was the highest since the 1970s.

One of every eight persons added to the U.S. population during the decade was a Texan. Enough new Texans were added to duplicate the 1990 populations of Houston, Dallas, and San Antonio.

Twenty-four states have 2000 population totals less than the number of new Texans. Only California's 4.1 million increase was more. The new California total is nearly 33.9 million.

According to the new Census, other states with more than eight million inhabitants are New York, with nearly 19 million; Florida, 16 million; Illinois, 12.4 million; Pennsylvania, 12.3 million; Ohio, 11.4 million; Michigan, 9.9 million; New Jersey, 8.4 million; Georgia, 8.2 million; and North Carolina, 8 million.

The Texas growth rate was eighth fastest nationwide. Nevada's 66.3 percent increase was the fastest. Arizona followed with 40 percent; Colorado had a ten-year growth of 30.6 percent.

Wyoming continues to have the fewest people – roughly 494,000. Vermont's 609,000 and Alaska's 627,000 follow. North Dakota and West Virginia grew the slowest. The former added only 3,400 people and the latter fewer than 15,000 or 0.5 and 0.8 percent, respectively.

Overall, the ten largest states contained 54 percent of the nation's population in 2000 and accounted for 52 percent of the 1990-2000 growth.

Census 2000 affirms Texas' position as a major growth center and that the United States is growing more rapidly than most developed countries. Data yet to come will show which Texas regions are growing most rapidly and where real estate markets offer the greatest promise for expansion.

Dr. Murdock is a research fellow with the Real Estate Center and chief demographer of the Texas State Data Center, Department of Rural Sociology, at Texas A&M University. His e-mail address is s-murdockWtamu.edu.

Appeal Journal:

Past Tax Savings

1998 reduction of personal property assessment of medical supplies manufacturer from a proposed value of \$22,741,853 to \$1,604,418. Resulting in a tax savings of approximately **\$528,000**.

Using a provision from the Texas Property Tax Code, (Sec.25.25)(c)(3), we successfully recovered well over **\$100,000** in refunds over the past five years for a truck leasing firm.

Approximately a **\$25,000** tax reduction based on the successful demonstration of the exemption of tax credits on a West Texas low income multi-family project. This was repeated in both Tarrant and Dallas counties.

2001 tax savings

- **\$56,891** tax savings on a Plano retail center
- **\$24,851** tax savings on a Dallas office building
- **\$287,002** tax savings on a Dallas multi-story apartment complex
- **\$34,111** tax savings on a Dallas office building
- **\$86,173** tax savings on a Dallas office building
- **\$59,943** tax savings on a Denton industrial business personal property assessment
- **\$91,957** tax savings on an Arlington retail center
- **\$1,548,712** tax savings on a multi-story apartment complex in Houston

1999-2000 examples of tax savings

Office

- A \$1,661,000 value reduction resulting in a tax savings of **\$31,990**
- 205,000 square foot office building – Value reduction resulted in approximately \$62,000 tax savings.

Apartments

- A \$3,903,218 value reduction resulting in a tax savings of **\$93,460**.
- A **\$122,614** tax savings on a tax credit apartment complex.

Retail

- 1,166 acres – 1999 late appeal (25.25d) resulted in approximately **\$290,000** tax savings
- 96,119 square foot retail property – Value reduction resulted in approximately **\$50,000** tax savings
- 114,331 square foot retail property – Value reduction resulted in approximately **\$88,300** tax savings

Industrial

- 33,740 square feet – Value reduction resulted in approximately **\$17,000** tax savings
- A \$1,021,510 value reduction resulting in a tax savings of **\$26,310**

Car Wash

- 6,786 square feet – Value reduction resulted in approximately **\$12,400** tax savings
- 6,815 square feet – Value reduction resulted in approximately **\$9,500** tax savings

Land

- A \$1,546,640 value reduction resulting in a tax savings of **\$24,590**

Restaurant

- A \$389,797 value reduction resulting in a tax savings of **\$9,335**.
- 10,244 square feet – Value reduction resulted in approximately **\$7,700** tax savings

Business Personal Property

- A \$947,650 value reduction resulting in a tax savings of **\$26,930**
- A 1999-2000 litigation settlement of **\$63,818**.
- As a result of a two year property tax litigation (1997 & 1998) and a 1999 administrative settlement, a business personal property client received a **\$74,994**, **\$65,730** and **\$71,286** tax savings for the years in question.
- A 1999 Late Appeal (Sec. 25.25(c)(3)) of Business Personal Property assessment resulting in a tax savings of approximately **\$40,000**.
- A tax reduction for tax years 1999 and 2000 as a result of an Agreed Judgment resulting in a tax savings of approximately **\$200,000** in tax savings on a manufacturing facility's personal property assessments.

MORE THAN 100 REASONS TO USE P.E. PENNINGTON & CO., INC. FOR YOUR PROPERTY TAX APPEALS

AA Applicators (WMB Properties)	Education America, Inc.	Roger Lawler	Sante Rehabilitation Group
Kenneth Abbott (Corporate Square)	First Gulf Development Corp.	Thomas J. Lenihan	Saturn Square Realty Corporation
AIMCO	Flextek	Lone Star Container Corporation	Sierra Management Co.
A & J Foods, Inc. (Wendy's)	Frontline Property Management	Magellan Property Management	Sinclair Investment Group
Arlington Senior Housing, LP	Garland Steel, Inc.	Mann Arr, Inc. (Jack in the Box)	A. C. Smith Properties
Asel Art Supply, Inc.	James S. Garvey	McElreath Family Ltd. Partnership	Judith O. Smith Mortgage Group
Aysha Foods, Inc. (Jack in the Box)	Gaylord Container Corporation	Medoff Family Trust	Southwest Housing Management
Selwin Belofsky	Ali Gaziani	MHMR Senior Housing, L.P.	Spring Creek Co. (Restaurants)
Bradford Putnam Realty	Mark L. Gibbons	MilesTek, Inc.	Stanford Chemical I, Ltd.
Fred Brodsky Company	Greenville Senior Housing, L.P.	Russell Minton	State National Bank of West Texas
Brookhollow National Bank	Grinnan Companies	Miranda Partners, L.P.	S T M Graphics
Donald & Carolyn Caver	William D. Gross	Monsouni, Inc.	Dr. J. W. Stucki
CCI Manufacturing, Inc.	Jo Hardin Originals (Clothing Mfg)	P. O' B. Montgomery & Co.	T-Bar Fence Co., Inc.
The CEI Group	Harper House, Inc.	Vincent Moran (CDP Corporation)	Lawrence E. Tabak, Inc.
Central West Motor Stages, Inc.	David Holle	Network Circuits, Inc.	Chuck Taylor
Cherry Hill Apartment Partners	Honeywell International, Inc.	Son T. & Lan Thu Nguyen	Terra-Mar, Inc.
Chuy's Comida Deluxe, Inc.	Hoss Equipment Co.	Donald Nix	Texas Birchwood Apartments, L.P.
Columbia Residential	HSR Plaza, Inc.	Oasis Car Wash, Inc.	Texas Brook Apartments, L. P.
Cornerstone Realty Income Trust	Ibrahim Investment Corporation	Paccar Leasing Corporation	Texas Estrada Apartments, L. P.
Corr-Wood Manufacturing, Inc.	International Isotopes, Inc.	Pace Realty Group	Texas Hampton LLC
William L. Cowley	J A L, Inc.	Pappasito's Restaurants	Texas Kirnwood, L. P.
Crest Enterprises, Inc.	JaGee Properties, Inc.	Paragon Industries, Inc.	Texas Melody Apartments, L. P.
Sam Croom	Abdul Jetpuri (Convenient Stores)	Natvarlal Patel	Than Than Investments, Ltd.
Crystal Car Wash	Mohammed I. Jetpuri (Restaurants)	Perfect Tinning Corporation	Time Warner Cable
Dallas Flying Associates, Inc.	Kaizen Foods, Inc. (Burger Kings)	Piper Weatherford Company	Tokai Financial Services, Inc.
George H. Davis III	Raman Kalidas	G. M. Pointer Trust	Tyson Management
Denton Village East Apts. L.P.	Knight Graphics & Printing	Progressive Marketing, Inc.	United Bank & Trust-Abilene
DFG Limited Partnership	Lampl, Ltd.	Richard J. Ranger	Van-Texas Properties, L. P.
DSL Properties, LLC	The Lark Company	Red Steel Company	W D Office Partners, L. P.
Michael E. Dyer Family, Ltd.		Clifton Reeder	Windsor Management Company
		James K. Reeves	Stephen E. Woods



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Concerned About Your Property Taxes? ...Let's Talk.