

CASE STUDY

IOWA PROPERTY TAX REVIEW BRINGS COMPANY ASSESSMENTS DOWN TO REALITY



Leading food processor achieves significant savings during statewide initiative

Background

For nearly a decade, a top food processor managed their Iowa property tax assessments with a percent change method. In other words, because no material increases occurred, no appeals were filed during an eight-year monitoring period.

Since Iowa industrial realty market values had fluctuated over the years, significant gaps were identified between company property tax assessments and their corresponding true and actual fair market value. Substantial property tax rates and massive statewide footprint magnified the financial impact of the overages. As a result, the company was incurring substantial property tax overpayments due to inflated assessed values. Process improvements were therefore warranted to bring company assessments in line with reality.

Providing the Solution

JM Tax Advocates (JMTA) started by investigating each assessment to present our initial recommendations to company management. JMTA then worked closely with company tax, legal counsel, and facility leaders to build an agreed upon plan that centered around documenting

all forms of physical, functional, and economic obsolescence depreciation in preparation for future appeal hearings.

Over a sixteen-month period, JMTA created a thorough analysis of findings along with procuring an independent appraisal as a second analysis approach. These deliverables became primary tools for holding the assessor accountable to bring their assessment in line with reality. After several arbitration hearings with local and state assessing official representatives, all pending appeals were successfully resolved without the need for further expense or litigation.

In summary, the company was then able to achieve a more ideal state by:

1. Reducing historical property tax payment levels by successfully appealing real property tax assessments ahead of subsequent reassessment periods, and
2. Improving the company's property tax management function by implementing an improved analysis process.

Our plan ultimately helped the company achieve the best possible result in the shortest time possible.



Secured Results

Several years of pending assessment appeals were resolved and as a result, the company realized a tax reduction benefit of **\$2.1 million** along with ongoing, annual savings of **\$300,000**.

Bringing the company's sky-high assessments back down to reality was a big step in the right direction for improving business profits!

