

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.

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.

Duff & Phelps, A Kroll Business, 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. 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 property tax practitioners specialize in complex properties found in the energy/utility, chemical, manufacturing,

telecommunications and transportation industries. Industry and geography specialization allows us to quickly and economically assess and assist on achieving property tax reductions, where available. Duff & Phelps' property tax team also has expertise in a wide range of commercial and industrial property portfolios, which may encompass corporate office headquarters, multi-tenant offices, buildings, regional shopping centers, industrial warehouses, hotels and casino properties.

Duff & Phelps identifies tax savings opportunities by reviewing our clients' tangible property portfolio and associated property tax assessments and liabilities. This initial analysis is referred to as our Property Tax Diagnostic. If tax savings opportunities are identified, the efforts required to achieve such savings are discussed with our client, as are the associated costs/benefits to be incurred/realized.

Our Services

Property Tax Compliance and Compliance Co-Sourcing:

Perform complete property tax services, including valuation analysis and protest, personal property compliance, tax bill processing and tax bill payment.

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

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.

Uniformity/Equalization Analysis: Review and Challenge inconsistent methodology used and implemented by assessors.

PROPERTY TAX SERVICES

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 – Complex Property

Client: A large national petroleum products provider

Background: The company owns a large oil refinery located in the South. This property was being significantly over assessed by the local assessing authority, costing the company millions in yearly property tax liability.

Duff & Phelps' Role: The Property Tax Services group was engaged to assist with reviewing the asset to provide a revised assessed value or market value and to negotiate with the taxing authority to obtain a lower assessed value.

Benefits Achieved: Due to our Duff and Phelps' efforts, the value on the company's asset was reduced by >\$2B in 2018,

accounting for savings of >\$26 million in taxes. Appeal efforts continued in 2019, and the value on our client's asset was further reduced by >\$1.2B, accounting for an additional \$16 million in 2019 taxes.

As a result of these efforts, our property tax scope of work has expanded in 2020 to include additional taxpayer locations and to assist them with real estate appeal needs.

Essentials: Extensive understanding of industry property, valuation skills and over 20 years of property tax negotiation experience around refining assets, produced highly supportable and supportable value methodologies that successfully withstood the scrutiny of assessing officials.

Case Study – Commercial Property

Client: A large national chemical, oil and gas provider.

Background: The company built a large corporate headquarters/corporate campus located in the Southwest. The property, a special-use facility, was built specifically for the needs of the company's current manufacturing/administrative efforts.

Duff & Phelps' Role: The Property Tax Services group was engaged to maximize incentive opportunities and ensure fair assessment of the company's headquarters facility.

Benefits Achieved: Due to our appeal efforts, D&P successfully negotiated a multi-year litigation settlement for the company that resulted in a refund of <\$3.2M in 2019.

Essentials: In-debt property expertise, as well as property tax value and negotiation skills around commercial real estate and tireless pursuit of appropriate fair market value leading to property tax liability reductions

CONTACT

Robert Herman

Global Tax Services Practice Leader

+1 312 697 4752

robert.herman@duffandphelps.com

About Duff & Phelps, A Kroll Business

For nearly 100 years, Duff & Phelps has helped clients make confident decisions in the areas of valuation, real estate, taxation and transfer pricing, disputes, M&A advisory and other corporate transactions. For more information, visit www.duffandphelps.com.

About Kroll

Kroll is the world's premier provider of services and digital products related to valuation, governance, risk and transparency. We work with clients across diverse sectors in the areas of valuation, expert services, investigations, cyber security, corporate finance, restructuring, legal and business solutions, data analytics and regulatory compliance. Our firm has nearly 5,000 professionals in 30 countries and territories around the world. For more information, visit www.kroll.com.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.