

Act Now to Reduce Your Kentucky Real Estate Taxes!

Dentons SALT Insights

Businesses and individuals owning real estate in Kentucky valued at \$1,000,000 or more for tax purposes should act now to reduce their Kentucky real estate tax bill. Long-term lessees obligated to pay property taxes should also take action.

KEY CONTACTS

Mark Loyd
Scott Clark
Bailey Roese
Brett Miller
Stephanie Bruns
Jeff Bennett
Brad Hasler
Kelli A. Wikoff
Kimberly M. Nolte
Gary R. Thorup
Eric Smith

It's Now or Never! Request a conference with the Property Valuation Administrator (PVA) for the county in which your property is located before the "open inspection" period ends on May 17, 2021. Although, in Kentucky, the County Sheriff sends out property tax bills for real property in the fall, the time to dispute "overvaluations" of real estate is now. The process is the same throughout Kentucky, whether your real estate is located in Jefferson County, Fayette County, Boone County or any other Kentucky County. The PVAs' position is that the request required by statute for a PVA conference must be filed with the PVA before the end of the inspection period; otherwise, the right to appeal is lost.

More Properties Are Being Reassessed in 2021! In 2020, many PVAs postponed reassessing properties; so, they are reassessing many more properties in 2021. That property could be yours!

But, I Didn't Get a Notice?! While each PVA is required to give property owners notices of changes in their assessment values, the PVAs generally only send the notice by first class mail, which in 2021 is highly unreliable. Also, the PVA generally does not send a notice when no change in value is made. Even so, an owner may dispute the value of their real estate, even if they do not receive a notice. For most counties, you can check the tax assessment value of your property on the PVA's website.

Income Producing Properties Present Reduction Opportunities!

The tax assessment value of many leased commercial properties are affected by the potential to produce income, like hotels, office buildings, retail centers, apartments, etc. The challenges of 2020 may provide an opportunity to reduce the property tax assessment value of your real property. Note that many tenants of such properties often have the ability to appeal the tax assessment themselves under the terms of their lease agreements, so lessors of commercial property should investigate this tax savings opportunity as well.

Is It Worth It? The savings can really add up. For example, in Jefferson County (Metro Louisville), a reduction of \$100,000 in value will typically result in an annual decrease in real property tax of approximately \$1,300, and a reduction of \$1,000,000 in value will result in an annual tax decrease of \$13,000. The results are similar in other Kentucky Counties. This can add up over multiple years.

Can I Do It Myself? Although many choose to represent themselves in disputing “overvaluations,” at the PVA, many pitfalls and traps exist for those unfamiliar with the process. The conference with the PVA is just the first step in a multi-step process, and failure to request or to go through any given step will preclude an appeal to the next required step, such as an appeal to the County Board of Assessment Appeals or to the Kentucky Board of Tax Appeals. Another consideration is getting off on the right foot, and experience helps. It is generally more prudent to involve an attorney on the front end, who knows the process and property tax law.

Don't wait, May 17, 2021 will be here before you know it.



STATE AND LOCAL TAX TEAM



Mark A. Loyd
Chair, Tax Department
mark.loyd@dentons.com



Scott Clark
Partner
scott.clark@dentons.com



Bailey Roese
Partner
bailey.roese@dentons.com



Brett J. Miller
Partner
brett.miller@dentons.com



Stephanie Bruns
Managing Associate
stephanie.bruns@dentons.com



Jeffrey T. Bennett
Partner
jeff.bennett@dentons.com



Brad Hasler
Partner
bradley.hasler@dentons.com



Kelli A. Wikoff
Partner
kelli.wikoff@dentons.com



Kimberly M. Nolte
Associate
kimberly.nolte@dentons.com



Gary R. Thorup
Shareholder
gary.thorup@dentons.com



Eric Smith
Of Counsel
eric.smith@dentons.com