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TAXES 9/30/2010 @ 12:22AM | 3,625 views

Billionaire Leads Property Tax Revolt

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Billionaire [Tom Golisano](#), founder of Paychex, three-time candidate for New York governor and owner of the NHL's Buffalo Sabres, has fought the local tax collector and won. In July, a New York state Supreme Court judge cut in half a lofty \$6 million assessment on Golisano's executive mansion in Mendon, N.Y., lowering his annual tax bill by \$100,000. Now Golisano, a part-time New Yorker, is helping teach other New Yorkers how to lower their assessments, and tax bills, too. (He changed his residency to Florida last year protesting [New York's income tax hike on the rich.](#))



Image via Wikipedia

Golisano hosted a sold-out property tax assessment seminar Wednesday night at a Doubletree Hotel in Rochester to explain the assessment and appeal process for folks who might want to challenge their real estate tax bills. If you didn't get one of the 650 seats, a video of the event will be available at Golisano's [PAC Web site](#) soon.

"A lot of people don't appeal because they don't understand the process," said Golisano's lawyer, Robert Jacobson, who practices in Pittsford, N.Y. and gave a presentation at the seminar. "There can be a substantial number of properties that are over-assessed. You can wait until the town catches up, if they ever do, or you can do it yourself. Not everyone can hire a lawyer."

Not many folks will have the same experience as Golisano. He started building a custom 9,600 square foot home with an attached five-car garage on 38 acres (with luxuries including a heated driveway) in 2005. He bought the property for \$340,000 in 2003. His new home was nearly complete in 2007 when the town assessor pegged its value at \$6 million, saying that's what it cost to build. Golisano figured it was worth less than half of that, so he hired Jacobson to make his case.

One argument Golisano made: Executive mansions sell at a substantial discount from cost and should be assessed substantially below cost because most wealthy people want to design and build their own home, and most executive home buyers are looking for a “good deal” at the first owner’s expense.

At the first step, a group of town members who serve on The Board of Assessment Review reduced the assessment to \$5 million. Not satisfied, Golisano took the next step, filing what’s known as an Article 7 proceeding in New York state Supreme Court. Dueling appraisers for Golisano and the town both agreed that \$5 million was too high, and that a more appropriate way to value the new home, rather than looking at its cost to build, was by comparing it to similar properties.

But finding similar properties wasn’t easy, and the judge scoffed at the town appraiser’s choice of expensive Finger Lake front homes as comps (it didn’t help that the guy was a commercial property appraiser). Golisano’s property has a creek that runs through it, “so narrow one could jump over it,” the judge noted. Another factor: Golisano has put a conservation easement on his property so that it can not be subdivided, making it hard to compare with other large properties. In the end, the judge settled on a value of \$2.6 million for tax year 2007 and \$2.9 million for tax year 2008. That value is locked in for three years now.

Golisano’s victory appealing the assessment of his former, more modest home in Victor, N.Y. may be more instructive for average folks. He got the town to drop the assessment from \$595,00 to \$524,000, and then when it sold in 2008 for only \$480,000, the town refunded him the difference. “We settled based on the sale price,” says Jacobson. “It wasn’t so much the money as it was the principle.”