

# Managing Your Club's Real Estate Tax Assessment

Presented by:

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- Elements of RE Taxes
- Definition of Value
- Approaches to Value
- Approaches to Contesting Assessment
- Jurisdictional Differences
- Process
- Highest and Best Use
- Cost vs. Value
- Valuation Methodology for Clubs
- Memberships/Personal Property
- Case Law





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- **Market Value of Club**
  - **Assessment to Value Ratio / Equalization Ratio**
  - **Millage Rate**
  - **Tax Liability**





The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Assumes a sale!!!





- Income Approach
- Sales Comparison Approach
- Cost Approach





- Fee
- Team
  - Appraiser
  - Lawyer
  - CFO
- % of Savings
  - Tax Rep
- Fee or %
  - Lawyer



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- Process
- A/V Ratios
- Accepted Approaches
- Highest and Best Use
- Town vs. County vs. State






- File Appeal Paperwork (deadlines in each state)
- Appear at Appeal Board Hearing
- Appeal Board Decision in:
  - Local Court
  - County Court
  - State Court
- Refund?
- Negotiate?



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- **Four Tests**
    - Physically Possible
    - Legally Permissible
    - Financially Feasible
    - Maximally Productive
  - Continued Use
  - Alternative Use
  - Interim Use
  - Clean & Green
  - Conservation Easements





# Highest and Best Use & the Impact on Club Assessments

| Physical Characteristics  |  |  |
|---|--|--|
| Type  | Golf Course  | Amenities  |
| <b>Daily Fee</b>  |  |  |
| <b>Resident Based (incl. municipal)</b>   |  |  |
| Affordable Daily-Fee  | Minimal hazards, wide open, expedite pace of play  | Small clubhouses, snack bar  |
| Value Daily-Fee   | Moderate hazards and interest  | Clubhouse, pro shop, banquet facility  |
| Upscale Daily-Fee   | Name architect, better maintenance, lots of features   | Larger clubhouse, restaurant, banquet, lockers, pro shop                                       |
| <b>Specialty</b>  |  |  |
| Theme Course  | Name architect, better maintenance, lots of features   | Larger clubhouse, restaurant, banquet, lockers, pro shop                                       |
| <b>Semi-Private</b>   |  |  |
| Includes all the DF above, but typically some of the private club characteristics shown below |  |  |
| <b>Private</b>  |  |  |
| <b>Resident Based (incl. both stand-alone and community amenity clubs)</b>                    |  |  |
| Affordable Country Club   | Moderate hazards and interest  | Clubhouse, pro shop, banquet facility, swimming, tennis  |
| Middle-Market Country Club  | Moderate hazards and interest, better conditions   | Clubhouse, pro shop, banquet facility, swimming, tennis  |
| Upscale Country Club  | Name architect, excellent maintenance, lots of features                                      | Excellent facilities, dining, banquet, other sports, swimming, tennis, squash, paddle, fitness |
| <b>Specialty</b>  |  |  |
| Destination Clubs - Residential   | Name architect, excellent maintenance, lots of features                                      | Good amenities but often limited locker space  |
| Destination (Big-Boy) Clubs   | Name architect, excellent maintenance, lots of features, golf-centric, all-walking sometimes | Varies depending on membership, often large locker rooms, bars, limited dinner service         |
| <b>Resort (w/ lodging)</b>  |  |  |
| Urban Resort  | Name architect, excellent maintenance, lots of features, sometimes not walkable              | Lodging, water parks, attractions  |
| Leisure Resort (Non-Urban)  | Name architect, excellent maintenance, lots of features, sometimes not walkable              | Lodging, water parks, attractions  |





*Cost is what you pay. Value is what you get.*

*Warren Buffet*



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- 3 Approaches
- Units of Comparison
- Discounted Cash Flow
- “Special” Methods
  - Market Rent
- Memberships
- Personal Property
- Cost Approach
- **Assumed Sale**





- Equity
- Member-Owned non-equity
- Deposit
  - Refundable
  - Non-Refundable
- Initiation Fees





- **Bear Brook (NJ)** – Promotes Cost Approach
- **CC of New Garden City (NY)** – Continued Use
- **Richland CC (TN)** – Income Approach (v. Stock & Debt)
- **John's Island Club (FL)** – Can't tax ownership (membership) in corporation
- **Medallion (OH)** – equal weight to cost & income
- **Willows (MA)** – Must include income from refundable portion (earned interest)
- **Disney (FL)** – Market Rent for non-golf elements

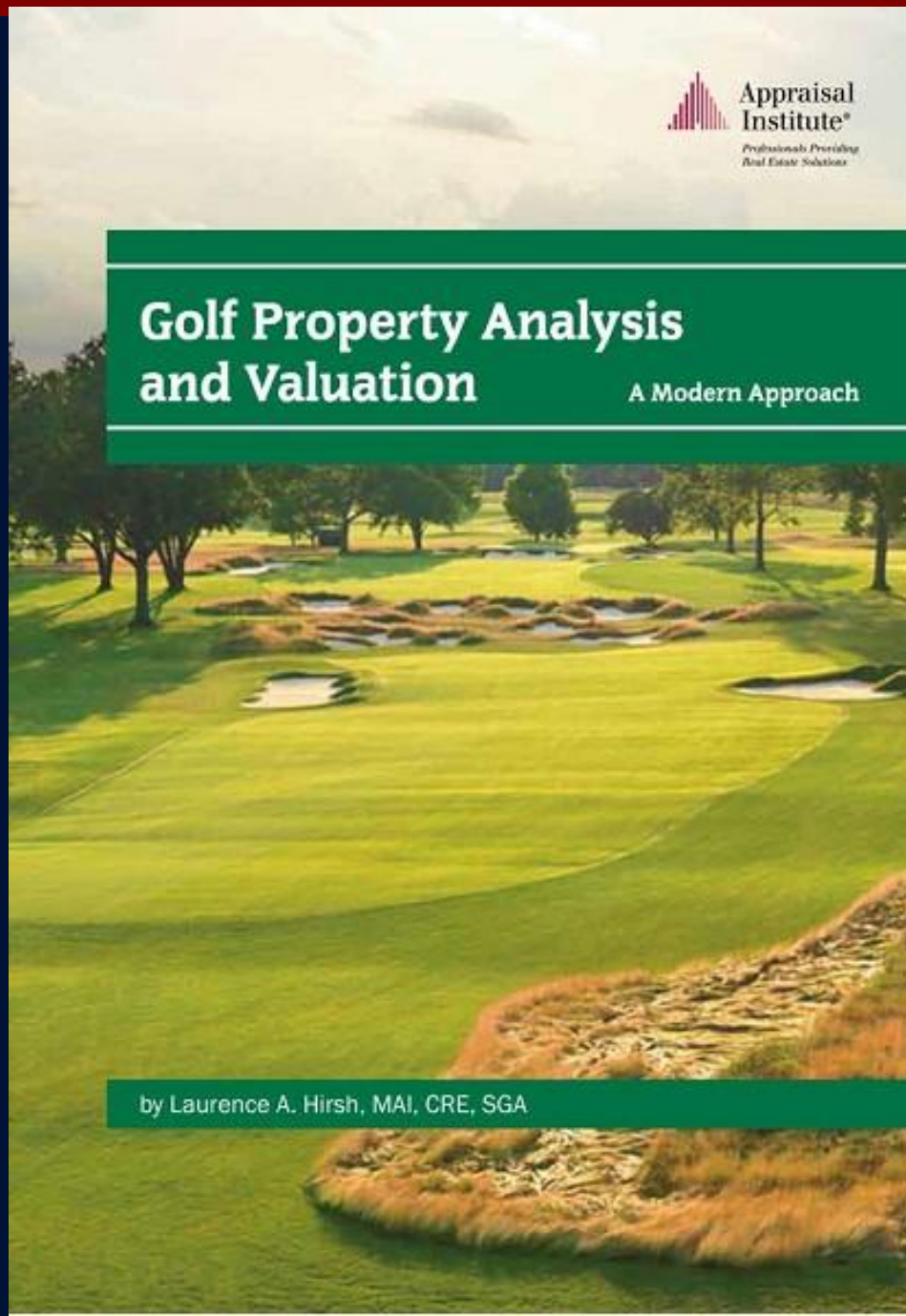


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# Book

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## Golf Property Analysis and Valuation

A Modern Approach

by Laurence A. Hirsh, MAI, CRE, SGA



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<https://media.golfprop.com/media/2018/10/Journal-of-Property-Taxation-Article.pdf>

[https://media.golfprop.com/media/2018/10/LAH-IAAO-Journal-Membership\\_0.pdf](https://media.golfprop.com/media/2018/10/LAH-IAAO-Journal-Membership_0.pdf)

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