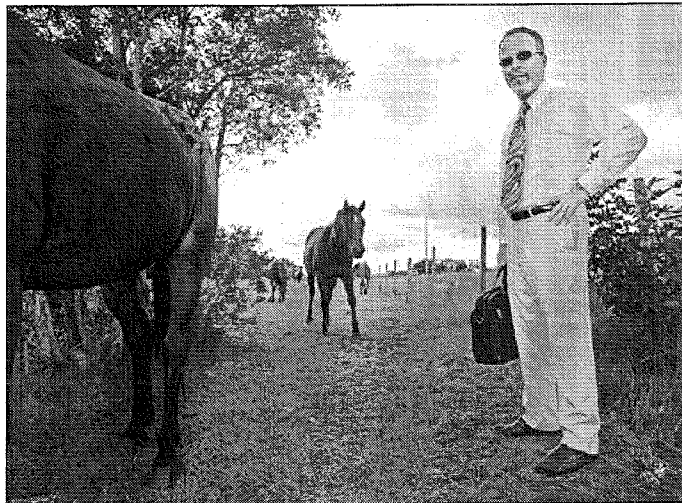


Soldiers of fortune

By SYDNEY P. FREEDBERG and CONNIE HUMBURG, Times Staff Writers
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Attorney Michael Hagen, standing in a Fort Myers pasture that belongs to one of his clients, won at least \$36.7-million in reduced property assessments in Lee County last year.



[Willie J. Allen Jr. | Times]

Michael Hagen won at least \$36.7-million in reduced property assessments in Lee County last year, trimming 16 tax bills by \$588,000. Gary Appel haggled \$35.8-million off the value of the upscale Loews Hotel on Miami Beach, saving \$715,000 in taxes. Gregory Orcutt got \$38.4-million lopped off the property assessment of GL Homes in Tampa. Savings for the big developer: \$844,000.

Call them tax consultants, agents, brokers or representatives (tax reps for short). By whatever name, they share a goal: shave their clients' property assessments - and city and county property taxes - as much as possible.

Tax reps can be mom-and-pop accounting firms with a post office box. They can be blue-chip lawyers with political clout. Or they can be promoters who hawk their tax-reduction services on the Internet.

At public hearings and - more often - behind the scenes, these hired guns dicker with county property appraisers in an appeals process marked by back scratching and slack oversight.

Florida relies heavily on property taxes for schools, police and fire protection, roads and other vital services.

Yet no state agency oversees tax reps, who number in the hundreds, or tracks how much they manage to cut each year from property tax rolls.

"It's a game and it can be extremely lucrative," said Tim Wilmath, director of valuation in the Hillsborough County Property Appraiser's Office. He was once a tax rep himself.

Some reps make up to 50 percent of any tax savings they achieve. Others charge up to \$450 an hour. Some make a lot of money. Others don't.

Because the big money is in high-end commercial property, many tax reps are reluctant to take on single-family homes unless they're worth at least \$1-

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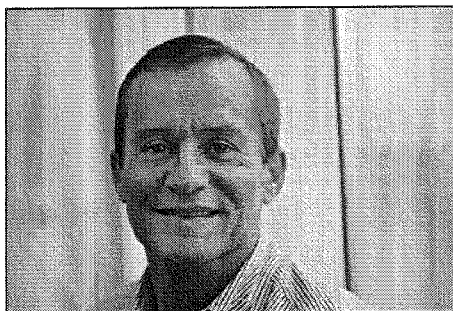
- ▣ Sheila Anderson doesn't like being 'wicked witch'
- ▣ Stanley Beck: South Florida's king of hired guns
- ▣ William C. Coleman III: Call him 'Wild Bill'
- ▣ St. Pete's David Zachem says colleagues do a poor job

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Tim Wilmath is the Director of Valuation for the Hillsborough County Property Appraiser's office. Wilmath was a rep--but then made a spin to the other side because he didn't like having to exaggerate to win value reductions.

million. Many less affluent homeowners don't need a tax rep anyway; they have "Save Our Homes," which caps the amount their assessment can rise from year to year.

To help gauge the size and influence of the tax rep industry, the Times reviewed records of some property assessments that were lowered on both real estate and business equipment in 19 of Florida's 67 counties last year. Comprehensive data was available for only six of those counties. Many others don't track tax reps or provided information in outdated forms that made it hard to analyze. The Times also found glitches in the computer data provided by some counties.

While limited, the Times review found:

- Many of Florida's largest companies used tax reps. In just two counties, Home Depot lowered its bills last year by \$134,000, real estate conglomerate CNL by \$303,000 and Walgreens, by \$398,000. Sprint Nextel got \$183,000 in reductions in three counties and Publix, \$414,000 in four.

- The top five tax rep firms in the Times review got at least \$1.8-billion in value chopped off property rolls in seven counties last year. That translated to about \$36.1-million in tax cuts. The top five are Property Tax Consultants Ltd., a partnership based in Hallandale; Berman Rennert Vogel & Mandler, a Miami firm specializing in real estate law; the firm run by Gary Appel, a lawyer and real estate broker in Miami; Marvin F. Poer & Co., a national property tax specialist based in Dallas; and the property tax division of Deloitte & Touche, the giant accounting firm.

- If reps were baseball players, their batting averages would get many of them sent down to the minors. Some larger tax rep firms obtained tax breaks in fewer than one in five formal assessment appeals.

- Miami-Dade, Florida's most populous county, had the most assessment reductions, by far. That's where Macy's, McDonald's and building products titan Rinker Materials each reduced their tax bills by more than \$600,000. That's also where the family business of former Sen. Bob Graham used five reps to save \$294,000 and the enterprises of singer Gloria Estefan and her music producer husband, Emilio, used one to save \$8,000.

- Among celebrities who pared their taxes with the help of reps: former Miami Heat center Rony Seikaly (\$22,000 on a \$7.7-million house in Miami Beach); talk show host Jerry Springer (\$37,000 savings on his \$3.6-million home in Sarasota); billionaire businessman H. Wayne Huizenga (\$59,000 on his \$12.5-million home in Fort Lauderdale); and Kay O'Rourke, daughter of a founder of Winn-Dixie Stores (\$174,000 on a ranch in northwest Hillsborough County).

For the little guy

In interviews, tax reps play down their big business ties, saying their goal is to keep all taxpayers from overpaying. Some say the appeals process is tilted against them. Others portray themselves as tax rebels fighting for the little guy against an oppressive government.

"What's more fundamental than 'no taxation without representation?'" said Appel, 45.

Tax reps say they understand the state's arcane property tax procedures. By noodling through technical details, they say they often find faulty appraisals - from erroneous comparable sales to incorrect building measurements. Or they take advantage of loopholes, such as farmland deductions that can dramatically cut property owners' taxes.

For the Loews Hotel, part of the corporate empire built by the billionaire Tisch family, Appel supplied information about the economics of the building: its income, occupancy rates and value of comparable hotels.

His arguments persuaded a hearing examiner to slash the Loews assessment, but it still paid about \$4.7-million in real estate taxes, \$2-million more than in 2005.

Appel won't say how much he was paid on that deal or any other. He saved hundreds of property owners more than \$4.5-million in four counties last year.

In June, some of Appel's clients on Miami Beach's ultra-expensive Fisher Island drew criticism from a union trying to organize the island's low-wage workers. The union issued a scathing report showing how some workers' property assessments increased more quickly between 2002 and 2005 than some Fisher Island owners. "The rich who can afford the reps get the breaks. The working poor pay more of the taxes," said Rick Smith, a union representative.

Cows and horses

The industry got its start in the 1920s, when oil and gas companies complained that they were paying

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more than their fair share of taxes. Some property tax managers at oil companies left to start their own consulting businesses. Texas soon became the epicenter of the tax rep world.

As Florida's property taxes rose, the industry gained a foothold here in the late 1970s. Some of the new firms were staffed with former property appraisers' employees who knew just what it took to keep tax bills low.

Among the first to switch sides was Al Blake, Miami-Dade's property appraiser in 1970-1979.

"I was at the point I was working for 50 cents on the dollar," said Blake, 81. He denies any inside edge. In fact, he says, some of his former colleagues "resented it greatly" that he changed sides and made it even tougher on him.

Then there's Michael Hagen, 48, a Fort Myers lawyer and real estate broker. For nine years, he was counsel for the Lee County Property Appraiser's Office. He fought against property owners who abused agricultural tax breaks by planting a few palm trees or renting a few horses or cows in an effort to get or preserve an agricultural designation for their land, which means much lower taxes.

In 2003, Hagen left the appraiser's office. He kept fighting, this time for the landowners and for the tax breaks.

One afternoon in August, Hagen appealed for agricultural exemptions for six property owners, including Premier Island Group, a real estate investment firm. He told special magistrate Lori L. Rutland that Premier qualified for an exemption (worth about \$90,000) because it operated a horse breeding business on 15 acres.

The land, which is zoned for commercial development, had been leased for \$10 to a cattleman, Steven Game. Game testified that he kept five horses on the property.

But the appraiser's office portrayed it as a rent-a-horse facade. And the hearing examiner rejected the exemption, noting the property had no stalls or barns for horse breeding.

That setback aside, Hagen and his firm, TaxCuts1, are doing very well. At formal hearings in Lee County last year, he saved at least \$588,000 for property owners like Alico Industrial Park in South Fort Myers and DiamondHead Beach Resort in Fort Myers Beach.

While county appraisers say they give no special treatment to former-employees-turned-tax reps, that doesn't stop the reps from trying to gain an advantage. Some contribute to political campaigns. Some join trade groups. Some lobby for lower taxes or rules making it easier to win reduced assessments.

Yet only a few tax reps break into the highest income bracket.

"You can make a good living, but I'm not going to retire next year," said Gary Strong, 45, who runs the one-man Tampa office of Fellers, Schewe, Scott & Roberts.

Last year, Strong won at least \$355,000 in tax savings for clients like Palm Harbor's Lansbrook Village, Tampa Palms Shopping Plaza and Prudential Insurance Co. in Miami. He got reduced assessments for almost every appeal petition that he filed in six counties.

That's in stark contrast to many reps, who lose far more appeals than they win.

In fact, according to the Times review, some reps appear to do no better in formal hearings than property owners who appeal on their own.

The spaghetti strategy

Tim Wilmath, Hillsborough County's valuation director, was earning between \$80,000 and \$90,000 a year from the county when he crossed over to what he jokingly calls the "dark side" in 2000. He was wooed to Deloitte by the prospect of making \$300,000 eventually. But Wilmath was back at his old job within a year.

"The problem I had with the work is that you basically had to exaggerate to achieve reductions," said Wilmath, who now earns \$137,000. "Money isn't everything."

Because many tax reps need just a few big wins a year to earn a decent living, they go for volume. Some recruit clients by sending out mass mailings.

"We remain committed to smart, aggressive property tax advocacy to help ensure that you do not pay one penny more than your fair share of taxes," says a letter sent in August by lawyer Jeffrey Mandler.

In seven counties last year, Mandler's law firm, Berman Rennert Vogel & Mandler, sliced more than \$11-million off tax bills of clients like Apartment Investment and Management Co., the nation's largest owner and operator of apartment communities.

After signing up clients in droves, some reps swamp appraisers' offices with appeals petitions that can be frivolous. In what some property appraisers call the "spaghetti strategy," some reps throw a potful against the wall and hope that some of it sticks. Other times, they withdraw petitions at the last minute or fail to show up for hearings. The Times found several instances where more than one rep filed appeals last year for the same property.

"Have you heard of the term ambulance chaser?" Roger Alejo of the Lee County Property Appraiser's Office asked. "We're being swamped with sillier and sillier arguments."

A little horse trading

Like some lawyers who appeal assessments, Gregory Orcutt doesn't consider himself a tax rep. Founder of a now-defunct law firm that handled work for the Hillsborough Property Appraiser's Office, Orcutt obtained one of that county's largest tax savings last year: about \$844,000 for builder GL Homes.

At the appeals hearing, Orcutt said the developer was growing Bahia grass on more than 1,000 acres, entitling it to keep an agricultural designation. The Property Appraiser's Office argued that only a fraction of the site, which is zoned for development, was a sod farm. Special magistrate Catherine Teti sided with Orcutt.

"It isn't anything that was shocking or out of the ordinary," said Orcutt, 58, declining to comment on how much he was paid. GL Homes "went through the proper procedures. ... That's the way the system is supposed to work."

Orcutt's case was unusual because it was decided in the open before a special hearing examiner. Most cases are settled at "informal conferences" or "off the record" sessions between tax reps and county property appraisers.

Reps write, call or sail in and out of appraisers' offices, and in some counties, they lobby the same tiny group of employees who tend to value the same properties year after year.

They negotiate and sometimes do a little horse trading. "They try to get reductions on two or three of their petitions in exchange for withdrawing the rest," said Wilmath, adding that his office rejects such deals. If the staff makes a mistake, they fix it, regardless of who brings it to their attention, he says.

In 1990, a statewide grand jury criticized county appraisers for changing assessments, without documenting the reasons, when property owners complain at informal conferences.

Today, the paper trail for such "counter changes" is still thin. In Pinellas, for example, the Property Appraiser's Office does not keep records of meetings between staff members and tax reps. A reporter was told to dig through stacks of pink papers in a storage box to determine why a particular decision was made.

Lax oversight goes beyond the informal conferences. Florida doesn't require tax reps to register or report lobbying activities or expenses. The state has no "revolving door" or "cooling off" rules that bar former employees in property appraisers' offices from contact with ex-colleagues for one or two years after leaving public service.

Twice in recent years, attempts to require licensing of tax reps went nowhere.

The Times found instances of tax reps with backgrounds that included bankruptcies, ethical problems and legal run-ins. And with the Internet, a whole new set of opportunities has opened for operators eager to make a buck.

Ken Muller, a real estate broker in Parkland, claims on his Web site that he slashed more than \$100-million from property assessments - enough to retire at 42.

He sells a book on how to get rich as a tax rep. "Earn \$150,000, \$250,000, even \$350,000 or more!" says his Web pitch. "Property tax season is coming! Don't miss this next great income opportunity!"

The price? \$369.

Times researcher Carolyn Edds contributed to this report.

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