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Flood of Property Assessment Appeals Could Wallop U.S. Cities.

'A lot of owners and operators have what they perceive as significant data to support a 40 percent or 50 percent reduction'

For big city landlords and office owners, seeking to shave a few dollars off tax bills might as well be muscle memory. On March 1 of this year, there was a line down the block in front of the Municipal Building in Lower Manhattan to file property tax appeals.

"In New York City, 99 percent of owners appeal," said Steve Thompson, a commercial property tax expert at tax consulting firm Ryan. "Most commercial owners are acutely aware that this is their largest annual operating expense, and it becomes like spraying for pests. If you don't do it every year, it can snowball and become a huge problem."

This year, the appeals came with a lot more angst. Amid steeply declining office values and open questions about the future of this sector of commercial real estate, tax appeals and efforts to reduce tax burdens have become more frenzied. Thompson's clients, which include Fortune 1000 firms and large real estate investment trusts, have petitioned for significantly lower tax assessments: 40 percent to 50 percent in New York City and San Francisco, and even 75 percent in Washington, D.C. In his two decades of work, he's never seen owners dig in their heels and be so combative.

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BY PATRICK SISSON

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