



DEPARTMENT OF FINANCE

PROPERTY DIVISION

STATEMENT OF ASSESSMENT PROCEDURE - 08/04

INCOME & EXPENSE BREAKDOWN FOR CONSOLIDATED FILINGS

This Statement of Assessment Procedure provides guidance on how Finance's Property Division directs assessors to break down income and expense information contained in consolidated statements filed with the Department of Finance and/or the Tax Commission.

By Square Footage

This method is to be used for properties that are of a similar or same use. For instance, five office buildings of similar tenancy.

Calculate the total gross square footage of all of the buildings. Take the gross income and expense (for each line), divide by the gross square footage of all of the buildings, and get two factors, which are income per square foot or expenses per square foot (for each line). Then multiply these factors by the gross square footage of each building to get that portion of the income and expense attributable to each building.

By Units

This method is to be used when all of the affected properties are residential.

Calculate the total number of residential units of all of the buildings. Take the gross income and expenses (for each line) of all of the buildings and divide by the total number of units to get two factors, which are income per unit, and expenses per unit (for each line). Then multiply these factors by the number of units in each building to get that portion of the income and expense attributable to each building.

By Use

This method is the most complicated and should be used when the affected properties are of dissimilar use:

First determine the use and the gross square footage of each use in every building. Then total the gross square footage of each use across all buildings. Then take each type of income and divide it by the total gross square footage attributed to that use to get a factor that is the income per square foot for the use. Then take the square footage attributed to that particular use in each building and multiply it by the income per square foot factor for that use. That will give you that portion of the income for that use for each particular building, Repeat for each use. When determining the way in which to attribute the expenses, note the following: This is by far the most difficult because you can't always tie a particular expense to a particular use, and therefore income type. As a result, we are suggesting that they take the individual expense line item and set against the total income for the entire complex to determine the percentage of expenses to income for the line item. Then apply this percentage to the allocated income of each building to determine its share of the expense line item. Repeat for each expense line item. To check yourself, add up all of the expenses for each line item to make sure it adds up to the total expenses claimed for that line item for the complex.