

PROVEN STRATEGIES FOR REDUCING HOTEL PROPERTY TAXES

FOR YEARS, tax assessors have over-taxed hotels by calculating the property's value without first removing the non-taxable portions from their calculated revenue. This has occurred because a large part of a hotel's value lies in its brand, and no one was able to calculate a brand's previously intangible value. The value created by the hotel's flag is meant to be exempt from ad valorem taxation in the U.S., as ad valorem tax applies only to tangible assets. To combat this, owners must stay up to date on their property taxes and appeal their property's value on a yearly basis.

To help change the way tax assessors value hotels and save property owners money, O'Connor & Associates developed the O'Connor Approach® methodology. This strategy starts by collecting key data points from hotel franchisors, franchisees, AHLA, AAHOA, STR and many major national hotel publications and organizations. Using this data, software calculates the net increase in revenue associated with each brand across every region. After deducting the franchise fees associated with each brand, the difference is the net intangible value of a hotel's flag. Removing these non-taxable portions

from the property's revenue results in significant reductions in property taxes, allowing hoteliers to save money without the need to cut costs.

While many properties already employ the services of local tax attorneys, owners stand to benefit further by seeking out an experienced hotel tax consultant to prepare the strong evidence necessary for appeal. Overall, this simple tax assessment strategy has produced meaningful results for owners, with many properties seeing more than \$200,000 a year in savings.

FEATURED SPEAKERS



ABRAHAM TIEH

DIRECTOR OF NATIONAL COMMERCIAL TAX,
O'CONNOR & ASSOCIATES
ATIEH@POCONNOR.COM



ANDREW CHOY

DIRECTOR OF NATIONAL HOTEL TAX DIVISION,
O'CONNOR & ASSOCIATES
ACHOY@POCONNOR.COM