

Tax overhaul leads to rush to pay

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CHERRY HILL, N.J. — In a season of sales, homeowners in affluent towns across the country are rushing to take advantage of a deal that they hope will save them big.

On taxes.

Tax collectors in many communities are seeing a surge in property tax prepayments before 2018 in an effort to cash in — for one last year — on a deduction that the coming tax overhaul will limit.

The tax office at the Cherry Hill Township building in New Jersey saw a steady stream of property owners on Friday.

One man said his buddies at an early-morning hockey game said it would be a good idea to prepay. A couple were there because their accountant called to recommend it. And Ron Brand — an accountant, though he doesn't do other

people's taxes — was there with \$15,000 to pay a full year's worth of 2018 property taxes.

"I'm hoping to get a 22 percent return on my money," he said, calculating that every dollar he could deduct from his income this year would mean 22 cents less in federal taxes.

Since a national income tax began more than 100 years ago, people have been allowed to deduct from their income the amount they've paid for state and local taxes.

But under the tax legislation President Donald Trump signed into law Friday, there's a \$10,000 cap on the deductions.

That's going to hit hard in states such as California, Connecticut, New York and New Jersey — states where the average state and local deductions in 2015 all topped \$17,000. In New Jersey, the average property tax bill alone was nearly

\$8,300 last year and there are scores of towns where the average bill is above the \$10,000 threshold.

In New York, Democratic Gov. Andrew Cuomo signed an executive order Friday allowing New Yorkers to prepay their 2018 taxes to local governments and schools by Jan. 1 and claim the deduction on their 2017 taxes.

At the Cherry Hill, New Jersey, tax office, the big question was how much to prepay.

Some people heard they'd be able to deduct the payment for only one quarter, others the whole year. Lewis Eron and Gail Trachtenberg were trying a half year's payment. "I would pay more if I could get more tax deductions," Eron said.

In nearby Moorestown, tax collector Jennifer DellaValle said someone inquired about paying taxes for two years.

It's not clear what deductions the IRS

property bills

will accept. The new law specifically bars taking deductions for income taxes paid ahead of time, but it is silent on prepaid local property taxes.

And tax offices in different places have very different positions on whether they would accept prepayments.

This week, more than 50 people called the tax office in the Atlanta suburb of Cobb County to ask about prepaying property taxes.

"We've told them, 'Absolutely not!'" said Tax Commissioner Carla Jackson.

Jackson said there is a long, prescribed process under state law and state code that requires an assessment, an opportunity for the homeowner to appeal and state approval of the county tax digest, among other steps.

It's the same situation in Missouri. In California, counties are telling taxpayers they can pay only the bills due between February and April.