



The Brennan Group | *Strategic Tax & Cost Management*

12221 Big Bend Road St. Louis, Missouri 63122 www.thebrennangroup.com
314-966-2800 888-821-2772 toll-free 314-821-7913 fax

A BRENNAN GROUP CASE STUDY

An Aerospace Parts Manufacturing Firm

In 2003, TBG began discussions with an aerospace parts manufacturing firm that was formerly a machine shop for Boeing. They have over 1.3 million sq/ft of manufacturing space. Like other firms, **their national accounting firm had reviewed their assessments and found no savings.** They were reluctant to proceed with a review due to a limited staff and they truly did not believe any savings could come about from an analysis. After our encouragement and explanation of the many facets of an analysis, coupled with their nearly \$3 million tax liability, they decided to proceed with a review. However, they had to get bids from three companies before awarding a contract.

After their bid review they awarded the contract to review the real estate and the personal property to The Brennan Group. As a manufacturing entity they had an extensive list of assets ranging from old traditional stamping equipment to new vertical machining equipment. Our analysts performed our walk-through of the facility and carefully reviewed every aspect of their most recent personal property tax filing. They performed a 'gone' study to identify ghost assets, reviewed their policy on how they capitalized assets, and did a careful examination of the construction-in-progress account. As a result we **lowered their personal property taxes by over 14% resulting in over \$215,000 in savings each year.**

Even more significant is the success we achieved with our analysis and review of the real estate taxes. St. Louis County had valued the real property at \$42 million. Our analysis determined that the true market value of the property was considerably lower than that number. We were able to get the county to make some adjustments to their value at an informal level and at the local Board of Equalization, however the \$27 million dollar number was still considerably higher than our value. Therefore we filed an appeal to the State Tax Commission and were successful in reducing the value of the property to \$18 million dollars. That was a **58% reduction** which totaled over **\$767,500 in savings.**

To summarize, TBG **reduced the total liability by over 35%** and **saved this client \$983,000** that they hadn't felt was there because their accounting firm told them they were doing okay. Getting bad advice can cost you a significant amount of money and could be the difference between being in the red and making a profit. Our focus is to help you see the opportunities available to you in managing and reducing your property tax liabilities.