



# BOARD OF EQUALIZATION

## Property Earning Capacity Statement

### FOR REAL PROPERTY

ADV: BE-47  
8/08

**TO BE FILED WITH YOUR COUNTY BOARD OF EQUALIZATION**

PROPERTY OWNER'S NAME \_\_\_\_\_

PARCEL NUMBER \_\_\_\_\_

PROPERTY NAME / ADDRESS \_\_\_\_\_

**THREE YEAR EXPENSES**

	20____	20____	20____
<b>Annual Operating Expenses</b>			
1 Management .....	\$	\$	\$
2 Salaries .....			
3 Utilities .....			
4 Supplies and Materials .....			
5 Building Maintenance .....			
6 Insurance .....			
7 Other (Itemize) _____			
_____			
_____			
_____			
8 Reserve For Replacements (If any, itemize) _____			
_____			
_____			
_____			
9 Total Annual Expenses (Total of lines 1 through 8) .....			

**THREE YEAR GROSS INCOME**

	20____	20____	20____
10 Annual Potential Gross Rent .....			
11 Other Income .....			
12 Annual Potential Gross Income From All Sources (Line 10 plus Line 11) .....	\$	\$	\$
13 Vacancy And Credit Loss .....			
14 Annual Effective Gross Income (Line 12 minus line 13) .....			

State of Alabama, County of \_\_\_\_\_.

Under penalties of perjury, I declare that I have examined this statement and that to the best of my knowledge and belief, it is correct and complete.

SIGNATURE OF PERSON PROTESTING VALUATION \_\_\_\_\_ DATE \_\_\_\_\_

*County Board of Equalization should keep original and provide a copy to the taxpayer and the Alabama Department of Revenue.*

## Instructions

### Who May File.

Any person protesting valuation of property based on earning capacity.

### When and Where To File.

This form is to be completed when protesting the value of real estate based on earning capacity of the property. It is to be filed with the County Board of Equalization in the office of the County Tax Assessor or Revenue Commissioner.

## Specific Instructions

The person protesting must demonstrate why the market value is lower than the current appraised value.

The expenses and income should be shown for three successive years prior to protest year, if possible.

### Signature.

This form must be signed and dated.

## Definitions

**Annual Operating Expenses:** The expenses necessary to operate and maintain a property so that it will continue to generate the current net income.

#### Line 1 – Management

These expenses can include management fees, legal, advertising expenses, and accounting expenses related to the operation of the property (not the owner).

#### Line 2 – Salaries

Salaries and benefits of employees who are employed in maintaining the property and keeping it rented. Examples are resident manager, maintenance employees and security guards.

#### Line 3 – Utilities

Gas, water, sewer, electricity, garbage collection.

#### Line 4 – Supplies and Material

Expendable items (light bulbs, fertilizer, etc.)

#### Line 5 – Building Maintenance

Miscellaneous repairs, cleaning, exterminating, lawn care.

#### Line 6 – Insurance

Expenses for fire, casualty and liability insurance (not mortgage insurance). Premiums paid should be prorated to 12 months coverage.

#### Line 7 – Other

Any other expenses necessary to operate a property.

#### Line 8 – Reserve For Replacement

Replacement expenses for items which will last for more than one year should be prorated to an annual amount (roofing, exterior painting).

#### Line 10 – Annual Potential Gross Rent

The maximum rent that would be collected if the property was 100% occupied for 12 months.

#### Line 11 – Other Income

Incidental income received from the operation of the property (laundry, parking, deposits and fees retained).