

audit report

The leading source of equity solutions for state and local government

Spring • Issue 61



Tax Management Associates, Inc.



9 770317 847001



economic outlook

Where are we heading post pandemic? | by Chip Cooke

Let's start off by noting I am not an economist by trade. Sure, I took the requisite classes in business school back in the late 1990s, but my knowledge, and what I am conveying to you, comes from independent sources far more versed than myself in this particular area. With that being said, I love numbers and trends. So why don't we dive into both?

Part of my job is to understand the financial landscape of both the private and public sectors. What I have often found is that the government financial model generally lags the private sector by a number of years. As trends are absorbed in the private free market in one period the federal, state, and local governments may feel the pains and gains at some point in the near future. For conversation's sake, let's assume

that lag occurs over a three-year period.

I'll keep the numbers limited to a few key economic indicators that I believe to be relevant in influencing a government budget in the future. For this exercise, we'll stick to inflation rates, mortgage interest rates, real estate appreciation, and averages around US household debt. As government revenues and services offered all may be affected by

credit relative to available goods and services." On a trailing three-year basis, US inflation has risen an average of 6.5%. The last time we saw a higher inflation rate was in 1981 when it approached 8.92%. In 1979 and 1980 the rates were 13.3% and 12.5% respectively. So, what does that mean for government budgets? Goods and services become more expensive when procured and overall drain on what the state and local government can provide to its citizens. Likewise, the general taxpaying public has fewer disposable dollars for everyday purchases. As the sales tax is usually the number one source of revenue for any given state, you can see how this troubling trend will affect downstream revenues in future periods. I'd say we can chalk this one up as a "negative."

Now, let's look at the housing market and the associated values that eventually make up a bulk of local government revenues. During the pandemic interest rates on mortgages remained at post 2010 levels. An average 30-year fixed mortgage could still be obtained at 3.25%, when coupled with low inflation and generally higher wages after the 2008 collapse, creating a torrid housing market. Homes rarely lasted on the market more than a few hours as homeowners and specialized Real Estate Invest Trusts (REITs) took advantage of the buying opportunities all over the nation. Fast forward to 2023 and we are seeing rates now hovering in the 6.5% to 7% range, making those identical investments far less appealing. As long-range indicators see an overall correction of 15% in home prices through the end of the year, housing is returning to more normal appreciation levels. One saving grace may come in the timing of government revaluation cycles in certain parts of the country remaining

appealing to buyers. Just recently, our home county of Mecklenburg completed its four-year revaluation with residential home values averaging a solid increase of 59%. Similar reveals around the country should set rates for at least the next two to four years. The outlook on the housing market should be considered "neutral."

Lastly, after inflation and wage concerns, personal debt needs to be addressed to understand gross receipts based revenues coming into state and local governments. As of 2023, the average US household debt is around \$165,000 with an average increase of 6% per individual. Household bills now represent 42% of take-home salaries and 60% of American families live from paycheck-to-paycheck. If we think about this scenario from a sales tax perspective, I would have to think families will dedicate their individual earnings to housing, groceries, fuel, and variable interest rate debt first, and in that order. As these items typically carry the lowest sales tax rates, fewer taxes associated with consumer goods, vehicles, vacations, and entertainment will be considered by the average American. Unfortunately, I would have to think spending and gross receipts revenues will trend lower over the next few years.

I always want to end on a positive note if possible. I still believe deeply in the resilience and fortitude of the American individual. Do I think things will be lean for a few years? Yes. Do I think government budgets will be affected and have downstream issues for services provided? Yes, I do. But I also know that we have been through this before and always seem to come out stronger on the other side. If history repeats itself, we'll be just fine.



ask jennifer

Getting personal with Personal Property Manager, Jennifer Hoskins | by Ryan Hunter

When did you get started with Tax Management Associates (TMA)? I started with TMA in April of 2000 in the Audit Support Division. It was my first “real” job out of college. I accepted the position expecting to keep looking for a job that was a better fit. After all, I had a liberal arts degree and knew nothing about personal property taxes. Twenty-three (23) years later, I’m still here!

What are three things you do immediately upon coming into work? First thing, and the most important – get coffee. If I walk in the front door without an iced coffee in my hand, something is amiss. Second, breathe in, breathe out, and repeat. There is a long corridor I walk down before getting to our office so I take that time to do some deep breaths and set my intentions for the day. Third, greet my co-workers. I try to connect with everyone individually even if it is just a quick “good morning” before jumping into the tasks for the day.

What has been your biggest accomplishment while at TMA? Building an Administrative Support Services program from the ground up. I will never forget the first day of the program knowing that its success relied upon my efforts – intimidating to say the least! I have been fortunate to work with the people I do. I was able to build the right team to make our client partnerships successful.

Do you prefer asking why or how? How. The “why” of a situation is often out of our control. The action you take in response to the why is key.

What was the last present you received? A Starbucks gift card. Very apropos.

What keeps you up at night? As a Project Manager, I have to make a lot of decisions. So, I would probably say thinking over the decisions I have made and wondering if I chose the right one.

What is something you have not told me in this interview, but we would find out after working with you? I’m a hard worker and I definitely have a “business Jennifer” side, but I also like to laugh. A little levity can make even the most stressful days more manageable.

What do you think about when you are alone in the car? I do some of my best thinking in the car! I have a long commute so mornings are spent getting a game plan ready for the day. The drive home is more about decompressing so that when I walk in the door, I have shaken off any work stress.

Where was your last vacation? Amelia Island, Florida. My first time – it is like Savannah with a beach!

Are there any must-use apps on your phone? Waze, Starbucks, and Amazon Music. All are must haves for my daily commute.

If you could go back and do it all over again, what career would you choose? I am fascinated by the weather so I would love to be a meteorologist. Growing up in Alabama, tornadoes were a normal occurrence in the spring. They terrified me when I was a kid! The older I got, the more I learned. The blind fear is gone but I have a healthy respect for them.

Can you give me a life-hack? Always park close to the cart return at the grocery store. That way, you will not have a long walk to return your cart after shopping. You’re welcome.

What is the last picture in your phone camera roll? My dog, Bailey. She may be the most photographed dog in history. She is a 70 pound shepherd/pit mix. I’ve had her since she was 4 months old. She was a handful (to say the least) as a puppy, but they say “the harder the puppy, the better the dog.” It turned out to be true!

Do people have misconceptions about you? If they do, it is probably that I have it all together work-wise. As a leader, I try to display confidence and stay calm. But inside is a different story sometimes.

What is one thing your morning cannot start without? Large iced latte. Always iced. Always large.

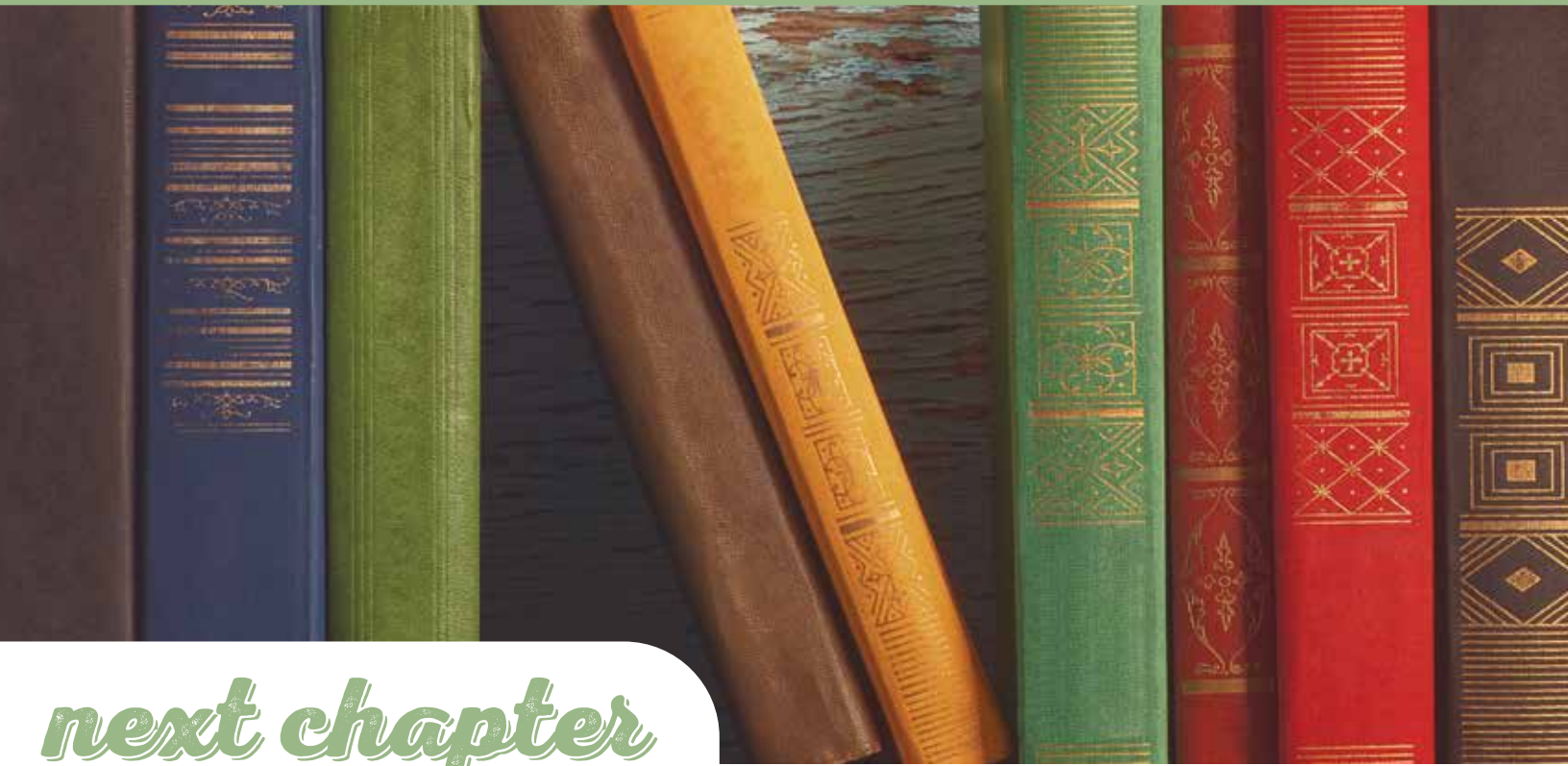
Are there unwritten rules you abide by at TMA? There is no such thing as “that’s not my job.”

Is there a subject in school that you wish you did not have to take? The subject in school I would have gladly skipped was 9th grade Biology with Mr. Brown. Not that I have anything against Biology (or Mr. Brown), but one of the requirements was dissecting a frog. I was a tomboy when I was a kid and grew up in a neighborhood full of boys, so catching frogs in the summer was a regular thing. But cutting one open? Thanks, but no thanks.

Where is the last place you dined out? McDonald’s. I’m an 80’s kid so the nostalgia factor is huge - the Happy Meal, McDonaldland Playland, Ronald, Grimace, Mayor McCheese. I used to beg my Mom to take me to McDonald’s after school for a “snack” - hamburger, french fries, and coke. My tastebuds have evolved and I now get the cheeseburger. Those fries? I could eat them every day!

Which season suits you best? Spring. I love watching everything turn from drab gray to bright green seemingly overnight. I could live without the pollen though.

Name three scents you like. Rain - especially in the summer when you can hear the thunder in the distance right before the bottom falls out. My Dad’s pipe - my Dad quit smoking when I was about 4 or 5 years old, but I still remember the smell of his pipe. It smelled so good. To this day, I still feel comforted when I smell someone smoking a pipe. My dog Bailey after a bath (emphasis on after). She smells just like she did when she was a puppy.



next chapter

Tom Tucker's novel career reaches its epilogue | by Jennifer Dixon

Creating a legacy is not something that happens overnight. Much like building a career, a legacy is a challenging and rewarding endeavor often spanning decades of an individual's lifetime. We at Tax Management Associates (TMA) are so fortunate that Tom Tucker decided to build his legacy here.

After more than three decades of leadership, TMA's long-time Chief Operations Officer, Tom Tucker, has decided to start his next chapter - retirement. Since stepping into a TMA leadership position following the inception of the company, Tom has been here every step of the way as we grew from a staff of 10 to a staff of more than 160. The wisdom associated with Tom's experience helped navigate TMA through these years of growth and change.

Tom's work legacy will be remembered for many reasons, but especially for his creation of processes essential to

our business functions and how he has shared and transferred this knowledge. For many of Tom's years with us, he has worked closely with Dale Baker as the Deputy Chief Operations Officer. We are pleased to announce that with Tom's retirement, Dale will be our new Chief Operations Officer.

When I asked Dale to reflect on his years of knowing Tom, the great memories were abundant:

"When thinking about my time working alongside Tom, a certain song lyric from the 60s comes to mind: "how do you thank someone who has taken you from crayons to perfume?" We have worked together since my first day with TMA over 33 years ago. I started as an entry-level auditor, and on my first day I watched Tom conduct business personal property reviews for Stanley County, North Carolina. Although we had a portable laptop computer, his tools of the trade were a columnar pad,

calculator, and a mechanical pencil. On that day, Tom taught me that you treat the largest taxpayer, or the smallest taxpayer within the jurisdiction, with the same level of respect. Tom is always polite, professional, and thorough in explaining every decision. Learning from him to kick off my career with TMA was enlightening.

Tom's respectfulness is a trait that I admire most about him. Similar in his standard of treatment for our taxpayers, he treated the most seasoned associate at TMA and any new hire with the same attention. Tom possesses the unique ability to address any situation, good or bad, and still not hold the bad against you. I found this trait very valuable as an auditor.

Personally, he has helped me and many others at TMA grow professionally, which brings me back to the lyric – "how do you thank someone who has taken you from crayons to perfume?"

One way to thank Tom is by displaying the qualities he taught us and ensuring his legacy lives on.

We never thought this day would come because of how much Tom loves TMA, but he has earned this retirement, and we hope he enjoys it to the fullest."

When I asked Ryan Hunter, Marketing Director, how Tom has impacted him he shared the following: "Sometimes you are fortunate and blessed enough that you get to travel and spend life with someone that has knowledge far beyond your industry. For over 13 years, I got to do just that. I will miss spending hours upon hours dissecting ideas and talking about the most controversial topics that the world has to offer. He has been there for me during the most impactful seasons. He was even the first person I called when I met my wife and he coached me along the way to now having four kids. Thanks Tom, I'll send you the bill! There is only one Tom Tucker. You'll always be a dear friend to me and I'll see you at the golf course; or when you need me to fix an electronic of yours; or when you need me to remind you of your passwords."

One of the best things about Tom is that there were not many questions employees or clients could ask that he could not answer. When I asked Tom, "As you reflect on your time with TMA, what stands out to you?" He left me with an acronym – ADIOS. Access, Develop, Individual, Opportunity, Service. He explained it as follows:

Access: My career with TMA has allowed me to know coworkers that have grown with me over the years, colleagues that guided and encouraged me, business representatives who have challenged me to be prepared, and government officials who have honored

me with the right to represent them.

Develop: To see an idea flourish into an industry by standards achieved, taxpayers' acceptance of this fair process, and monitoring by paying it forward.

Individual: My bucket will have spectacular memories: friendships, president circles, auditor seminars, PPS designation, and travels throughout the United States, to name a few.

Opportunity: What a great country that allowed an entry-level appraiser to aspire to this fantastic career with TMA. A partnership with an entrepreneur, Richard "Dick" Cooke, Sr., initially allowing a single NC County to establish the mass appraisal of vehicles in all 100 NC Counties, led to the launch of yet another County service – Business Personal Property reconciliations.

Service: Spending an entire lifetime in a "niche" business that significantly benefited the public good. Being fair and equitable to all and playing some part in establishing this process Nationally has been incredibly rewarding.

As someone who enjoys a challenge, Tom will miss the various ones that arise. His advice for those not yet at the retirement phase of their career is to work as long as you can if you really enjoy what you are doing. He looks forward to the flexibility to work, play, do missions, and spend time with his wife and five fabulous grandkids. When asked if he has a to-do list waiting for him, "I always have a list, her list."

Although this is not goodbye for Tom, he is just saying "ADIOS" for now! Please join us in wishing him the best in a well-deserved retirement.



"I'm not sure I could ever adequately put into words the sincere thanks I have for Tom's leadership over the last 37 years. No one has earned a happy retirement more. All of us at TMA hope to see Tom on a regular basis when he has finished a round of golf or a well-deserved vacation with family. This industry would be less bright without his steadfast leadership and we all hope nothing for the best for him going forward."

- Chip Cooke, Chief Executive Officer

"Although I have been in the local and state government sector for 35 years, I have only been with TMA for 7 1/2 of those years. During these years at TMA, Tom was hugely instrumental in assisting me to learn the ins and outs of the business. His knowledge and experience go unmatched. Between the two of us there were not many people or past stories in the industry we were not aware of. Those reminiscing moments accounted for many fond memories and laughs during our tenure together at TMA. Tom will be greatly missed by employees, clients, and counterparts. I wish him much happiness and wonderful experiences at his new stage in life. Thank you, Tom!"

- Jay Taranto, Chief Revenue Officer

YOUR SAFEST MOVE IS TO STRATEGIZE WITH THE EXPERTS

**TMA consultants have the experience to help
keep your tax office five moves ahead.**



**TAX MANAGEMENT
ASSOCIATES, INC**

800.951.5350