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Business owners scrambling to pay taxes

Richland treasurer says economy to blame

By JEFF WILKINSON

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Business tax delinquencies in Richland County leveled off this year, but more businesses are looking to break up their taxes into smaller payments throughout the year as their reserve funds have dried up, Richland County Treasurer David Adams said.

“We have more and more people who are scrambling,” he said.

Adams said he doesn’t expect much improvement in the coming year.

“I don’t think (late payments) are going to go down significantly until we see a change in the state and national economy,” he said.

The downturn has bitten into the bottom lines of businesses of all sizes – including the Midlands’ largest shopping center owner.

Alan Kahn, developer of Northeast Richland’s Village at Sandhill, paid a quarter of the center’s \$4.4 million in taxes nearly seven months past its Jan. 15 due date, county records show. He paid a 15 percent penalty on the \$1.2 million that was late.

Kahn said it was the first time he had been late on a tax payment for any of his properties. He owns 13 malls in four states and a major construction company.

Other Midlands-area malls — Columbiana Centre, Columbia Place, Richland Mall and Dutch Square Center — paid their 2009 taxes on time, according to county records.

Business delinquencies for 2009 taxes dropped to 2,833 from 2,961 a year earlier.

Adams said many of those business owners, like Kahn, previously had never been slow to pay. And the number of owners wanting to pay their 2009 taxes in installments rose to 2,048 from 1,572 for 2008 taxes, Adams said.

“We have had more businesses participate in that,” he said. “They’ve run out of reserve funds and are paying out of their cash flow.”

Owners who cannot pay their 2009 taxes face a tax sale in December.

Commercial real estate is struggling nationwide as retailers fight for limited consumer dollars.

Shopping centers rely on refinancing short-term loans, but some have run into problems as banks balk at declining property values and falling rent revenue — either because centers have had to offer discounts or because retailers have failed.

Kahn blamed his tax woes on the economy.

Bi-Lo did not pay rent for about a year after the grocery chain filed for bankruptcy protection, he said. Also, the departure of Ashley Furniture and Sofa Express, both of which filed for bankruptcy protection, put a big hiccup in Sandhill’s cash flow, he said.

Additionally, some of the center’s other 118 tenants have been slow to pay rent, Kahn said.

Kahn said he could have paid the taxes with proceeds from his other business, but he said he didn’t want to change his policy of having each entity operate separately.

Occupancy at the sprawling shopping village stands at 91 percent, up from 90 percent earlier this year, Kahn said. And he said he is talking with a national tenant who could lease an 8,000-square-foot anchor space. The mall could reel in renters for another 28,000 square feet in the coming year, Kahn said.

“We’re slowly filling it up, but not as fast as we should be,” he said. “It will take us longer (because of the economy), but we’re nosing ahead volume-wise.”