



Paying to stay behind:

The Hidden Cost of Outdated
Property Tax Compliance Strategies



Executive Summary

Property tax may be one of the oldest forms of taxation in America, but the way large enterprises manage it has barely kept pace with the complexity it now demands.

What was once a routine back-office task has evolved into one of the most costly, labor-intensive, and strategically significant functions, **yet most organizations still rely on processes built for a far simpler era.**

Avalara’s survey of 1,000 finance, tax, fixed asset, and IT leaders at U.S. enterprises paints a picture of a **function under strain:**



describe property tax compliance as **complex**



leaders say they are **confident their organizations are fully compliant**

1. Combining answers “Very complex” and “Somewhat complex”
 2. Combining answers “Very confident” and “Somewhat confident”

Most enterprises dedicate substantial teams and budgets to manage it, **yet errors remain pervasive.** The consequences are widespread, including penalties, interest, and missed savings opportunities.

Perhaps most striking is the gap between confidence and reality. Leaders overwhelmingly say they are confident their organizations are fully compliant, but the data tells a very different story:

Property tax compliance processes



95%³ have cited modernization as a priority



24%⁴ have implemented dedicated technology to address the challenge

As jurisdictional complexity grows, audit frequency intensifies, and compliance costs continue to climb, the question is no longer whether to modernize, but how quickly businesses can implement the right infrastructure before critical decisions are made without the visibility and control they require.

3. Combining answers “High priority” and “moderate priority”
 4. Combining answers “Dedicated property tax software solution” and “Fully centralized and automated system”

Carl Hoemke, General Manager of Property Tax at Avalara, noted:

“**Despite the complexity and the manual labor involved, most organizations ultimately get their filings done and therefore consider themselves compliant.**

But for property tax specifically, there are so many pitfalls in getting everything done on time. Penalties and interest have simply become the norm.”



Property tax compliance is a major resource drain on large enterprises

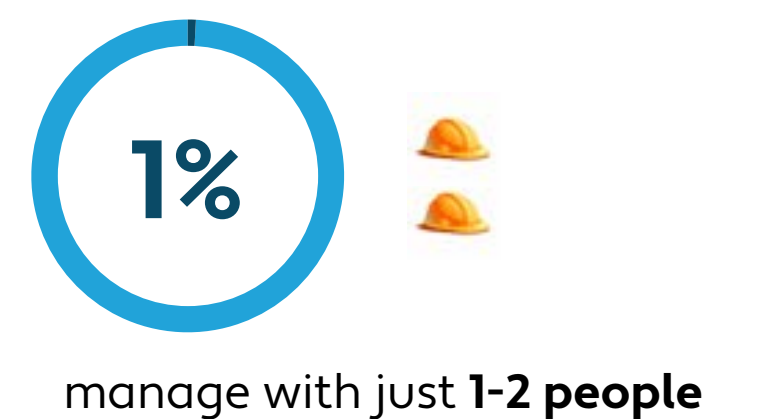
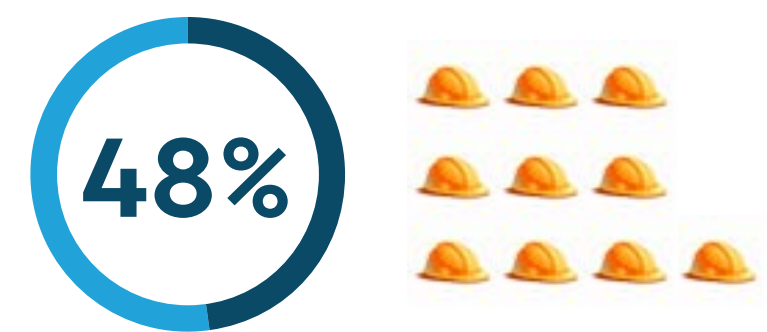
Property tax compliance has become a significant operational commitment for large enterprises.

It requires dedicated teams, sustained time investment, and substantial financial resources, yet it does not consistently deliver reliable outcomes.

The system routinely falls short, leaving most organizations exposed to penalties, fines, and missed savings opportunities.

The jurisdictional footprint driving this workload is substantial. Most large enterprises are managing obligations across **dozens or even hundreds of local taxing authorities, each with its own rules, timelines, and filing requirements.** The breadth of exposure is a major contributor to what makes property tax so resource-intensive at scale.

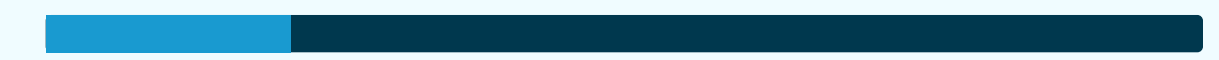
Resource exclusively dedicated to property tax compliance:



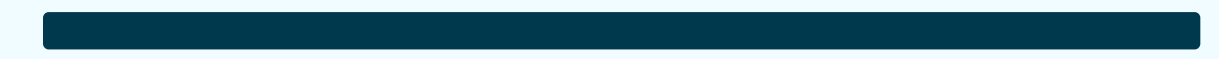
Time spent on property tax compliance:



of organizations spend between 81 and 160 hours per month



spend between 161 and 320 hours per month



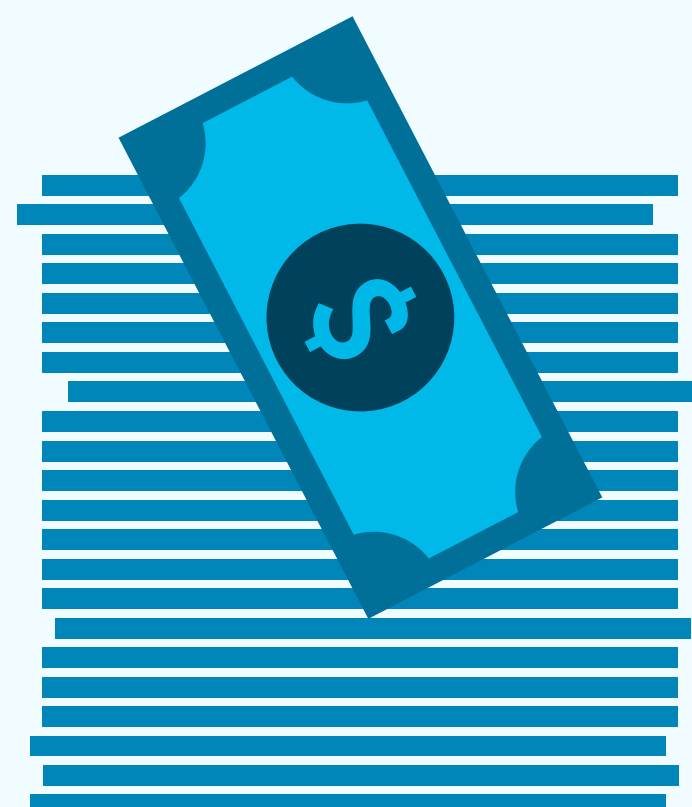
Not a single organization surveyed spends fewer than 40 hours per month



All-in annual cost

Internal labor, consultants, software, penalties, and interest spend on property tax compliance

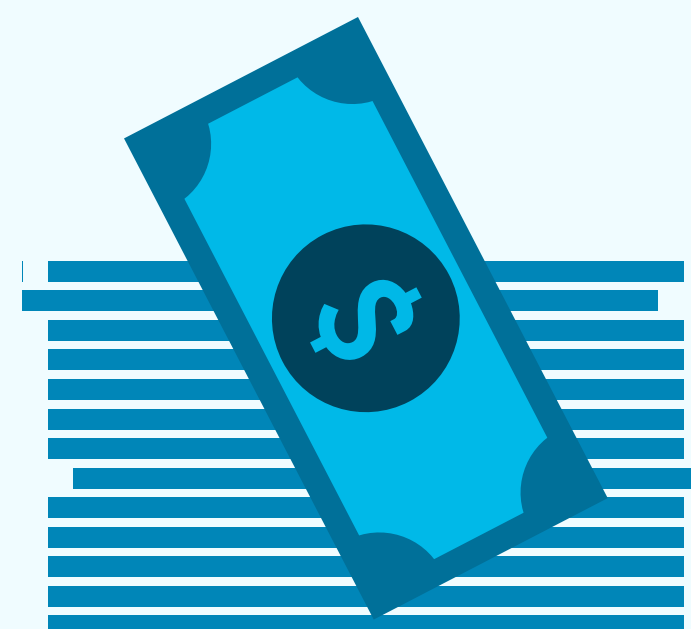
60%⁵
of organizations
top 6 figures




91%⁶
spent more than
\$50,000 in the last
12 months alone




22%
are spending
between \$250,000
and \$499,999 per
year



5. Combining answers "\$100,000 - \$249,000" and "\$250,000 - \$499,999"
6. Combining answers "\$50,000 - \$99,999," "\$100,000 - \$249,000" and "\$250,000 - \$499,999"

 **40%** of organizations manage property tax obligations across 101-250 jurisdictions

 **12%** manage across 251-500 jurisdictions

Despite all of this investment, only **3% of respondents** report they have avoided financial penalties, interest charges, or missed savings in the past three years. **The other 97% have taken at least one hit, and many have absorbed all three.**

In the past 3 years:


46% reported financial penalties


52% reported interest payments


44% reported missed savings

The result is a system where resource investment is high, but certainty remains low.

Organizations are pouring significant labor and dollars into a function that is still producing widespread financial fallout.

A confidence gap is emerging

Most organizations believe they are managing compliance effectively, but the data suggests otherwise.

This gap between confidence and performance is becoming more visible as audit frequency increases and financial consequences persist. And with audits happening annually for most, there is **very little margin for the gap between perception and performance to go undetected.**

The confidence numbers look reassuring at first glance, until they are set against the actual penalty and audit data.

Compliance across all jurisdictions

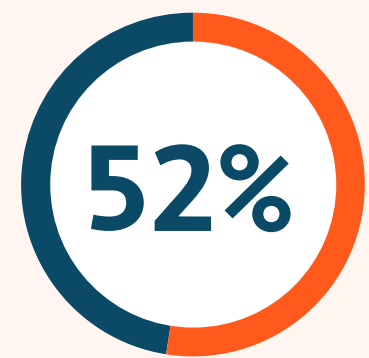
94%² of respondents say they are **confident** their organization is fully compliant

But in an environment where the consequences of being wrong are immediate and financial:

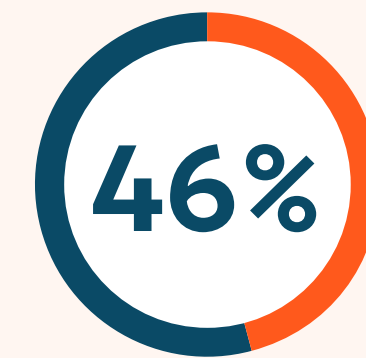
57% the majority say they are only **“somewhat confident”**

7. Combining answers “Annually” and “More often than annually”

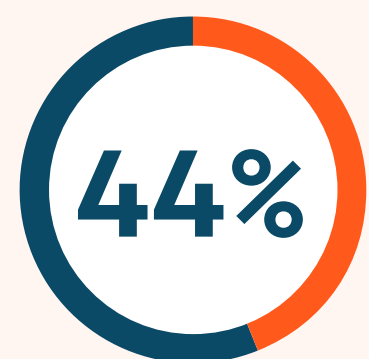
A reality check:



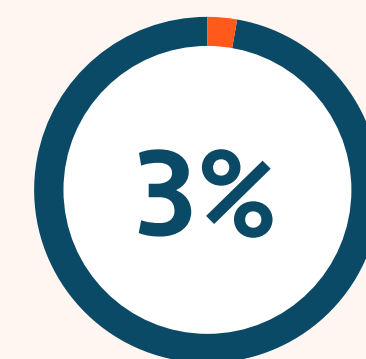
of respondents have **paid interest due to compliance challenges** in the past 3 years



of respondents have **incurred financial penalties**



have **missed savings they were entitled to**



have **escaped all three**

These aren't the records of organizations with compliance under control.



86%⁷

of large enterprises face property tax audits at least annually



21%

face them more than once a year

With that frequency of scrutiny, “somewhat confident” is a thin margin, and the penalty data confirms it is not holding.



When asked about their top concerns, respondents point first to:

22%

data management challenges



18%

keeping up with regulatory changes



15%

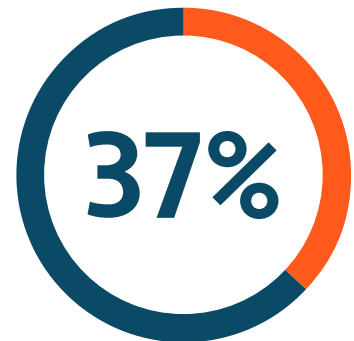
limited visibility across jurisdictions



Collectively, these information-management issues represent **more than half of all primary concerns**. At the same time:



describe property tax compliance as **complex**



rate it as **very complex**

This combination of high complexity, frequent audits, and a majority reporting only “somewhat” confidence in their compliance status, suggests that stated confidence levels are more aspirational than indicative of day-to-day operational reality.

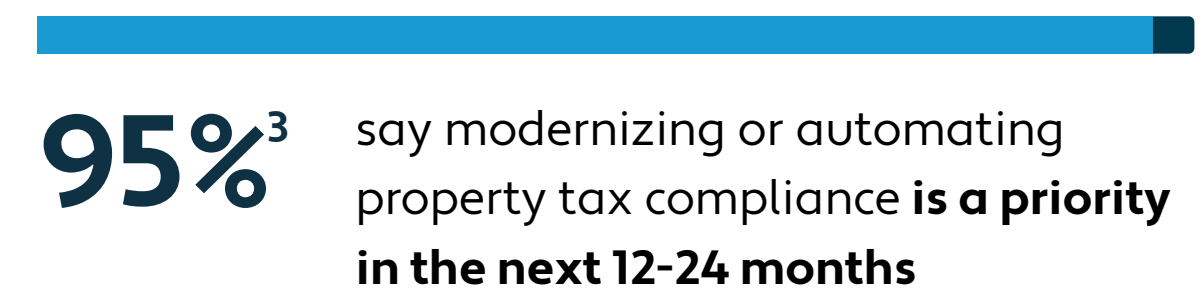


Modernization is a priority, but execution is lagging

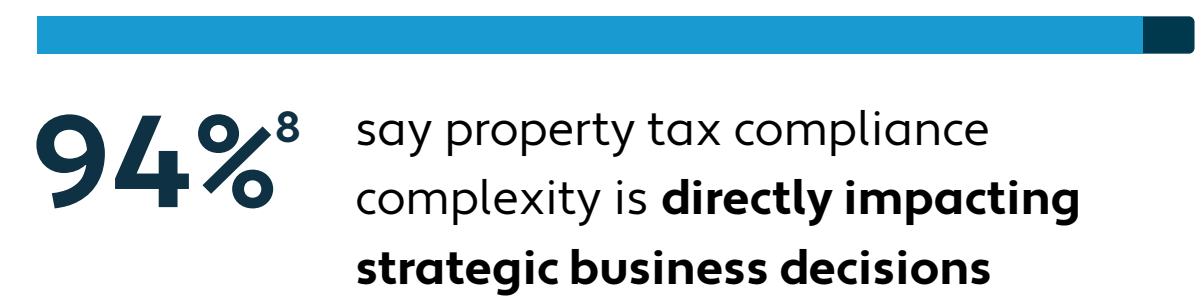
There is broad agreement that the current approach to property tax compliance is not sustainable. However, most organizations have yet to take meaningful steps to modernize.

Nine in ten finance and tax leaders say modernizing property tax compliance is important, but fewer than a quarter have done it. This gap between stated urgency and actual infrastructure is where the penalties, hours, and missed savings of the past three years have quietly accumulated.

With compliance complexity now shaping expansion plans, investment decisions, and restructuring strategy, the cost of deferral has moved well beyond the finance function.



This reflects a near-consensus view that the status quo is not sustainable.



 Expansion plans, asset investments, and restructuring decisions are all being filtered through a compliance lens.

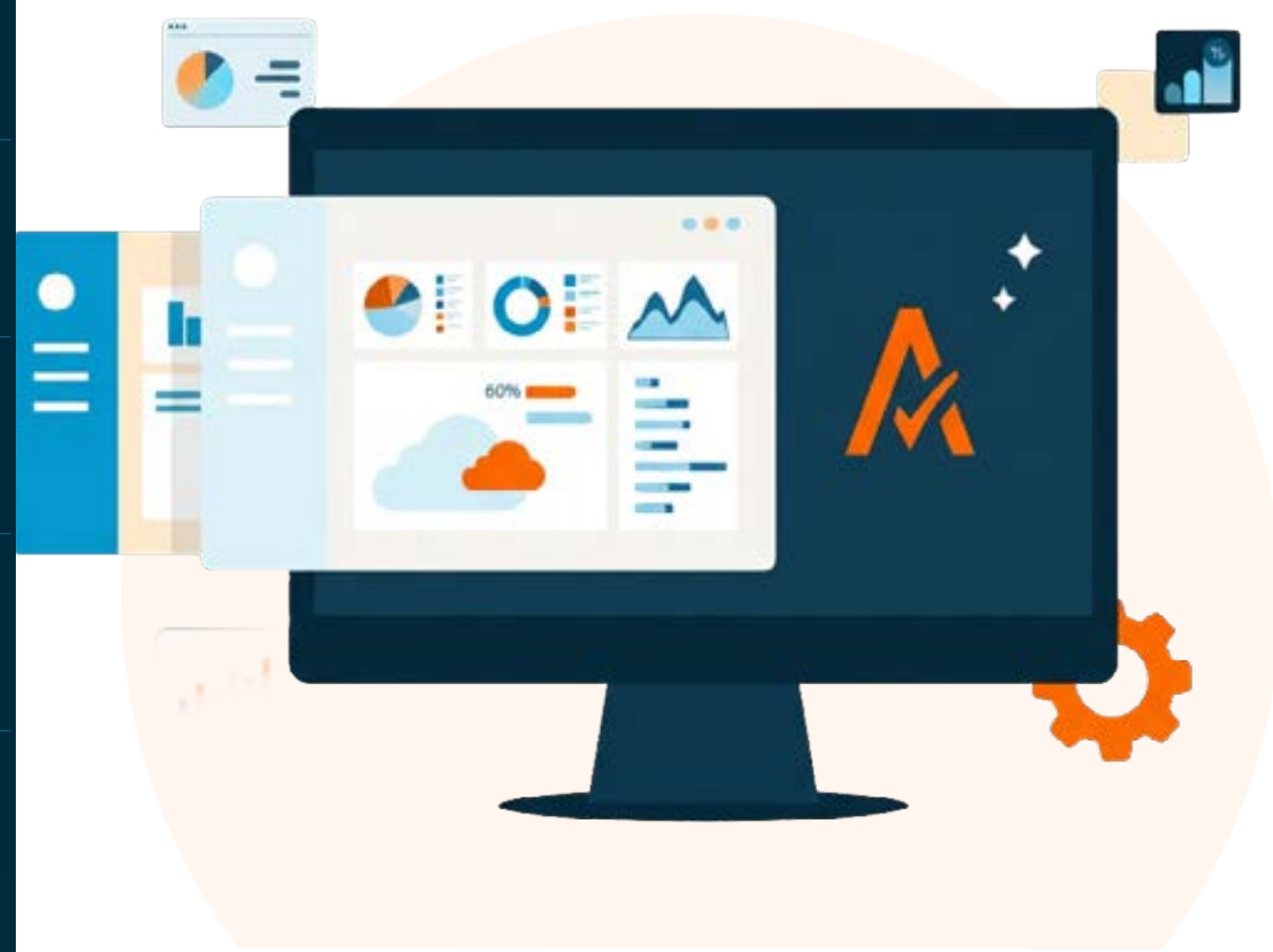
Only 24% currently use a dedicated property tax software solution or fully centralized automated system.

Nearly one third 27% of the organizations surveyed are calling modernization a high priority are, right now, running compliance on spreadsheets and email.

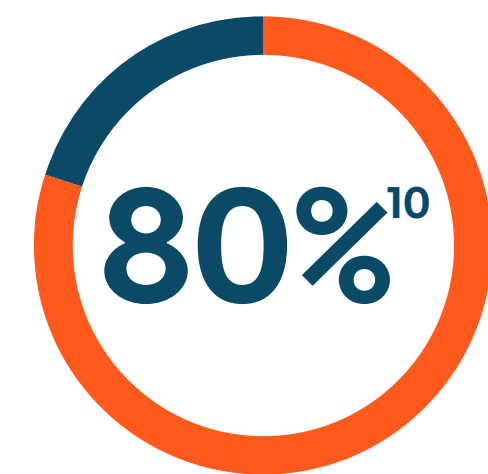
76%⁹ are still relying on manual or semi-manual processes.

8. Combining answers "Significant impact" and "Moderate impact"
 9. Combining answers "Primarily manual (spreadsheets/email)" and "Combination of manual and automated tools"

Only 42% describe their property tax compliance process as fully integrated with their ERP systems. The remaining 58% are managing a complex, multi-jurisdictional function with data that only partially (53%) or minimally (5%) integrates to the systems that run the rest of the business.



The cost of manual processes and disconnected systems is significant:



of surveyed organizations spend **81 to 320 hours per month** and **\$50,000 to \$499,000 per year** on a process most describe as inadequate.

Every quarter modernization is deferred adds to that cost, along with continued exposure to penalties, interest, and missed savings already affecting 97% of organizations.

10. Combining answers "81-160 hours" and "161-320 hours"

Hoemke noted:

Property tax is a niche function that requires deep domain expertise, so it has historically resisted automation. But over the past 12 months, that has changed for many enterprises as they realize agentic AI can now handle work that previously required human intuition and judgment at every step.

Modernization is not just about getting returns out the door faster. It frees up your team to focus on the harder question: are you overpaying? That's where the real value is.



Conclusion:

From awareness to action

The data is unambiguous. Property tax compliance in large enterprises is absorbing human effort while lacking the infrastructure to scale effectively. Organizations continue to invest heavily in time and cost, yet still face penalties, interest, and missed savings across their portfolios.

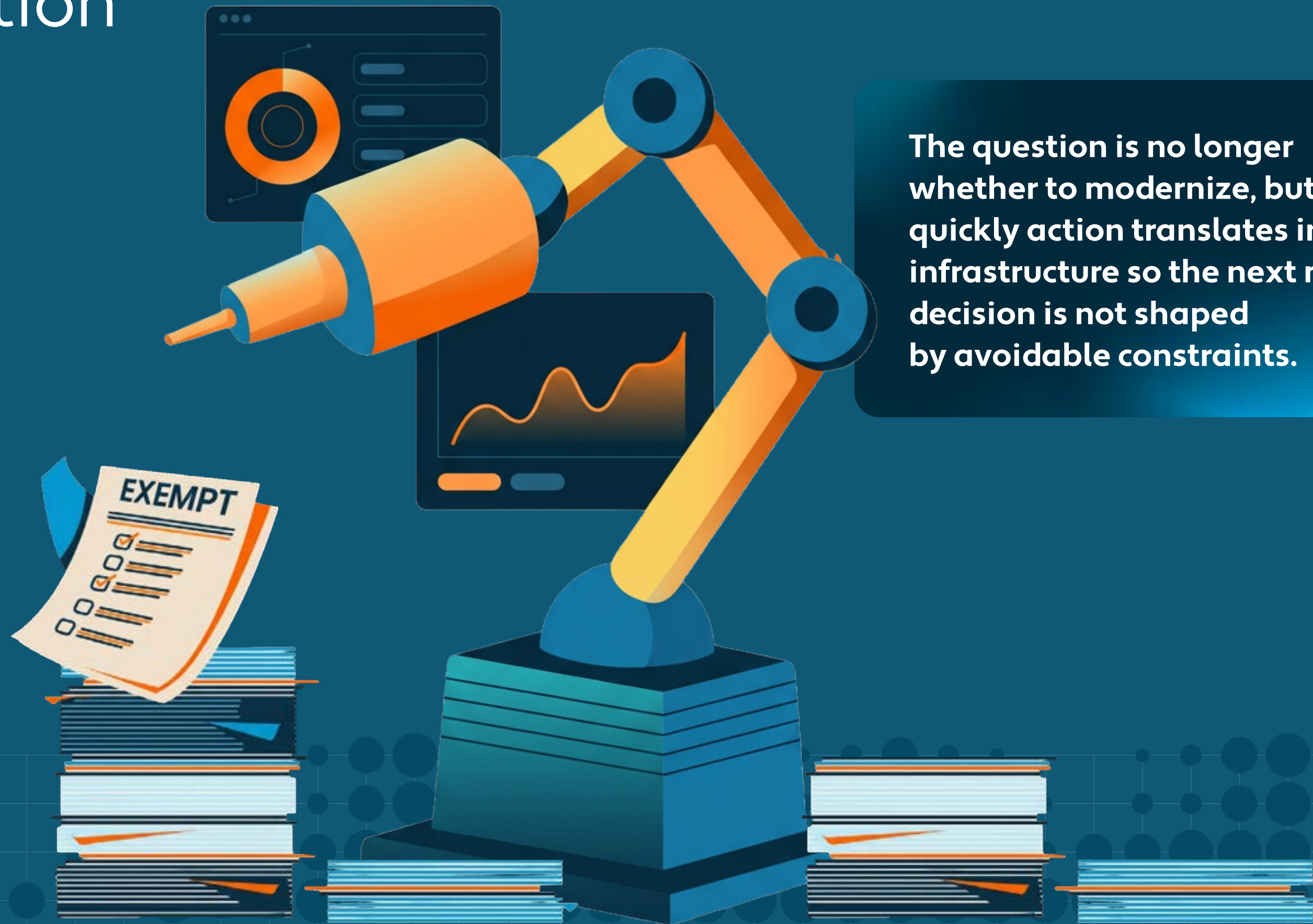
The signal is clear:

91%¹ describe the process as complex

95%³ say modernization is a priority

94%⁸ say compliance complexity has an impact on strategic decisions

The organizations that act on these signals will reduce cost, improve accuracy, and regain control. More importantly, they will remove a constraint that is currently limiting growth and decision-making.



The question is no longer whether to modernize, but how quickly action translates into infrastructure so the next major decision is not shaped by avoidable constraints.

Methodology

The research was conducted by Censuswide among a sample of 1,000 U.S.-based decision-makers at upper mid-market and enterprise organizations with operations and property holdings in more than 50 jurisdictions and a workforce of 5,000+ employees. The data was collected between March 23 and April 1, 2026. Censuswide is a member of the Market Research Society (MRS) and the British Polling Council (BPC), and a signatory of the Global Data Quality Pledge.