RESJ
Robins, Eskew, Smith & Jordan
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

The General Ledger

A Financial & Tax Update for Clients and Friends of Robins, Eskew, Smith & Jordan

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CLIENT SPOTLIGHT

RESJ Brings Holistic Approach to Fast-growth Utility Construction Company

This year marks a big milestone for Hi Tech Utility Construction which is celebrating its 10th year in business. Based in Monroe, Georgia, Hi Tech Utility Construction is a fast-growing, full-service utility construction company that specializes in the installation, repair and maintenance of telecommunication lines. The company also offers public and private utility locating, graphic information system (GIS) engineering and traffic control services.

Founded by Victor Salmeron, who arrived in the United States from El Salvador when he was 16 with only $200, Hi Tech Utility Construction is a shining example of the American Dream. “I founded the business in 2015 with a small team, a big dream and a lot to prove. I grew up dreaming of being in business one day and started to take that dream and turn it into reality,” said Victor, who has been in the utility construction business for more than 17 years. He was introduced to construction through friends and family who were in the industry and specifically fell in love with telecom construction, working his way up from a laborer to being owner and president of his own company.

Managing a high-growth business, while exciting, is also challenging. Many business owners struggle with building an infrastructure that will allow the business to continue to grow profitably. In the case of Hi Tech Utility Construction, Victor realized a couple of years ago that the business had outgrown its previous accounting firm. He knew it was time to find a firm that could bring a more holistic approach and one that would become a trusted partner.

For the past year and a half, RESJ has provided a range of accounting and tax services to Hi Tech Utility Construction. The relationship began with RESJ spending time getting to know all aspects of

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the business and conducting an in-depth review of financials. Through the process, RESJ discovered several compliance issues that Hi Tech Utility Construction did not know it had and also uncovered available tax credits were not being taken advantage of. With a full understanding of the business and its growth plans, RESJ assembled a team that now provides accounting assistance, tax planning, compliance, financial statements, estimated tax payments and guidance to ensure Hi Tech Utility Construction is taking advantage of all available tax credits. In addition, RESJ has referred trusted partners including attorneys and bankers, helping to build a team of professionals who are committed to Hi Tech Utility Construction as it continues to grow.

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>
> – Victor Salmeron

Victor truly values the relationship that has been cultivated with RESJ and appreciates that the firm is always looking out for the best interest of his business. "We feel blessed to have found RESJ and they have done a great job. We have had such great experiences working with them. RESJ is a unique firm because of the attention their team gives us. They are always looking for obstacles before they occur. They give us the support and care that we need and believe in us and our mission," said Victor.

If you are a privately held business or nonprofit that needs a more holistic approach to your accounting and taxes, contact us to set up a meeting to discuss your unique situation.

The Hidden Tax Trap Keeping America's Housing Market Frozen

America's housing crisis has reached a breaking point. With median home prices soaring past $400,000, the National Association of Home Builders reports that 60% of U.S. households cannot even afford a $300,000 home. The math has become impossible for most American families. While we often blame high mortgage rates, restrictive zoning laws and rising construction costs for the housing shortage, there is another culprit hiding in plain sight: a decades-old tax rule that is trapping millions of homeowners in houses they would rather leave.

THE $500,000 PROBLEM

When Congress overhauled capital gains taxes on home sales in 1997, it created what seemed like a generous benefit: Homeowners could exclude up to $250,000 in profits from taxes ($500,000 for married couples) when selling their primary residence. This replaced a complex system of rollovers and age-based exemptions with something simpler and cleaner. But Congress made one critical mistake – it never adjusted these limits for inflation or housing price growth. Nearly three decades later, these same dollar amounts remain frozen in time, even as home values have skyrocketed. According

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Could the New Tax Deduction Rule Save You Money?

SOME HOMEOWNERS COULD SAVE THOUSANDS

Thanks to the passing of the One Big Beautiful Bill Act (OBBBA) in July, many homeowners could save thousands of dollars a year on their tax bills. Starting with tax year 2025, the state and local tax (SALT) cap is increasing from $10,000 to $40,000. The raised tax deduction cap allows homeowners who itemize their tax deductions to further reduce their taxable income.

The majority of taxpayers today choose the standard deduction rather than itemizing their deductible expenses – which is $15,750 for single filers, $31,500 for married couples filing jointly and $23,625 for heads of household. However, those owning homes are likely to benefit in the coming years by itemizing their deductible expenses since the amount of money you can deduct for SALT – which includes state and local income taxes, property taxes and sales taxes – is quadrupling. This is welcome news for homeowners as many have been disproportionately hurt by the $10,000 limit. The deduction amount increases slightly each year through 2029 before reverting to $10,000, unless Congress acts to preserve the increase. For those with a modified adjusted income over $500,000, there is a phasedown.

POTENTIAL IMPACT FOR GEORGIA HOMEOWNERS

A study by Redfin using local tax revenue, home value and income data projects that 36% of Georgia homeowners – and 47% of metro Atlanta homeowners – could benefit from the increased SALT deduction cap. The median expected savings is between $1,700 and $1,800.

Also worth noting, the OBBBA restores the deductibility of private mortgage insurance premiums, which is generally required for those with home equity less than 20%. Mortgage interest deductibility remains at the level set in the Tax Cuts and Jobs Act of 2017.

Please reach out to us if you need help determining whether the new SALT cap can reduce your tax bill. Our tax professionals are ready to assist.

RESJ FIRM NEWS

Annual Service Day

Each year, the RESJ team looks forward to spending a day away from the office providing hands-on assistance to a nonprofit in need. This year, we helped two incredible organizations, **Creative Enterprises, Inc.** and **Georgia Baptist Children's Homes and Family Ministries.** On October 17, RESJ volunteers rolled up our sleeves for a day of landscaping, laying flooring, painting and cleanup. It's always inspiring to see what can be accomplished when we work together for a good cause – and we all had a great time doing it!

Creative Enterprises offers a training and employment community rehabilitation program supporting people with disabilities and Georgia Baptist Children's Homes and Family Ministries provides caring homes and support for children and families across Georgia. We extend a huge thank you to both organizations for welcoming us and for the meaningful work they do every day.

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to new research from Moody's Analytics, if the exclusion had kept pace with home prices, it would now stand at $885,000 for singles and $1,775,000 for couples. Even adjusting for general inflation alone would double today's limits.

THE SENIOR SQUEEZE

This outdated tax rule hits empty-nesters particularly hard. Consider this: Nearly 6 million households headed by seniors live in homes larger than 2,500 square feet. Many would gladly downsize to something more manageable, but selling could trigger six-figure tax bills on homes they have owned for decades. The result? They stay put, waiting until death when their heirs can inherit the property with a stepped-up basis that erases all capital gains. Meanwhile, these oversized homes remain off the market, unavailable to growing families who desperately need the space. Moody's Analytics estimates these "over-housed" seniors spend $3,000 to $5,000 more annually on maintenance, utilities and property taxes than they would in smaller homes – adding up to $20 billion to $30 billion in unnecessary costs nationwide each year.

AN UNEXPECTED BURDEN ON THE MIDDLE CLASS

Surprisingly, this tax burden does not primarily affect the wealthy. Middle-class homeowners in expensive markets like California and Massachusetts face steep tax bills despite modest incomes. Widows face their own challenges, having just two years after a spouse's death to sell while maintaining the full $500,000 exclusion (though they do receive a partial step-up in basis on their late spouse's share). An IRS study revealed a startling fact: 20% to 25% of capital gains taxes collected under current rules come from filers earning less than $20,000 annually. Meanwhile, wealthier homeowners often have the resources and flexibility to structure sales strategically, minimizing their tax exposure.

This tax trap creates a cascade of problems. Young families remain stuck in starter homes. First-time buyers face even fiercer competition for limited inventory.

THE HOUSING MARKET RIPPLE EFFECT

This tax trap creates a cascade of problems. Young families remain stuck in starter homes. First-time buyers face even fiercer competition for limited inventory. Labor mobility suffers as workers cannot relocate to areas with better job opportunities. The entire housing ecosystem becomes frozen. The shortage is stark: Monthly active listings only climbed back above 1 million in May, according to realtor.com. Before the pandemic, that number had not dropped below that threshold since at least 2016.

SOLUTIONS ON THE TABLE

Congress is considering two approaches to break this logjam. One would be to double the current exclusions and index them to inflation going forward. The more radical proposal would eliminate the cap entirely.

THE DOUBLE-EDGED SWORD

Any change comes with risks. Moody's Analytics warns that while updating these limits could unlock hundreds of thousands of homes and boost inventory, it might also intensify competition at the lower end of the market as downsizing seniors compete with first-time buyers for the same properties. It could also make housing an even more attractive tax shelter, which would ultimately drive prices higher.

THE PATH FORWARD

The paradox is clear: Raising or eliminating the capital gains exclusion could provide immediate relief to millions of homeowners trapped by tax considerations. It could inject a much-needed supply into a starved market. But without careful implementation, it could just as easily fuel another round of price increases, leaving affordability as elusive as ever.