

Commercial Property owners must act now on decreasing assessments to cut tax bill

March 5, 2008

Plunkett Cooney has been receiving an increasing number of inquiries from our clients about the steps to appeal their 2008 real property tax assessments because they have fallen below the taxable value.

Local boards of review will begin meeting as early as next week to hear appeals by property taxpayers on this issue, which has been fueled by the downward spiraling real estate market.

In Michigan, the amount of real property tax you pay is, in part, determined by the assessed value of the property. Consequently, a reduction in the assessed value may result in a decrease in real property taxes, depending on the “taxable value” of the real property.

To determine your property’s current assessed value, you should have recently received in the middle of February a “Notice of Assessment, Taxable Valuation and Property Classification” from the assessing department of your local municipality. The key figure on that form is the “assessed value.”

Generally, assessed values are falling throughout Michigan. However, having a reduction in the assessed value does not automatically mean there will be a corresponding reduction in taxes. Your assessed value must drop below your “taxable value” in order to see a corresponding decrease in taxes.

Complicating matters further is that many communities have been utilizing two-year sales studies, which “slow” the decrease in property valuations.

At Plunkett Cooney, we have been assisting a number of commercial property owners in analyzing their current assessment situation and whether or not an appeal should be filed.

However, in order to appeal, depending on the municipality, one of two things must be done. Either a letter of protest must be filed or you need to make an appointment with your local board of review. If you are considering an appeal, you should act now. Many of the deadlines for filing a letter of protest or making an appointment with boards of review, which generally meet the second week of March in most communities, will soon be upon us.

Please feel free to contact Dennis Cowan by phone at (248) 901-4029 to discuss this urgent matter in further detail.

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Plunkett Cooney's tax law attorneys are ready to assist you in any way concerning your potential real property tax appeal.