



It's Tax Appeal Time of Year...Again

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Siebers Mohney Blog

February 20, 2010

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A few comments relating to real property tax appeals in West Michigan, particularly commercial and industrial:

First, in the current economic environment, taxpayers really need to dot their i's and cross their t's when it comes to property tax appeals. At both the local level and the state level, reductions in property tax assessments are being fought hard by governmental officials.

At the local level, the assessors do not want to agree to anything that will further erode their tax base. Some seem stymied by and do not seem to be able to come to grips with the overwhelming economic crisis we are all facing. They have to be pushed hard and reminded that their income is eroding because the taxpayers' income is eroding. Tax increases should not be tolerated by taxpayers whose property values and income continue to decline. Our assessors are aware that some municipalities, like individual taxpayers, are now facing the very real threat of bankruptcy. For more information, see the February 18, 2010 [Wall Street Journal](#) article by Ianthe Jeanne Dugan and Kris Maher entitled "Muni Threat: Cities Weigh Chapter 9".

At the state level, I have likewise seen and heard of incidents where the Michigan Tax Tribunal is likewise aggressively dismissing any tax appeals it can based on technicalities. In past years, the Tax Tribunal was more forgiving and not as exacting as courts of law. However, now taxpayers need to follow the letter of the law or they will find their case being dismissed. I have heard of this happening by taxpayers who filed their own appeals and did not complete the paperwork correctly. There are petitions, filing fees, and service requirements that must be followed without error. I have likewise heard of this happening to taxpayers using attorneys who are not familiar with the unique laws and rules relating to tax appeals. Tax appeals involve quasi-litigation and as such there are requirements and deadlines that must be complied with.



The state officials, like the assessors, do not want to see the tax base eroding or the municipalities in trouble. With the economic crisis we are facing, the state has its own income issues and legislators know neither funding cuts nor tax increases will be popular in an election year. Michigan, like other states, faces severe problems funding state employees' pension benefits. In a related February 18, 2010 [Wall Street Journal](#) article entitled "States Sink in Benefits Hole," Amy Merrick notes that tax increases to fund public pension plans will be unpopular, and states in conclusion that "public sector employees in California and other states are facing a growing backlash from residents who are having their own benefits stripped by employers."

For a detailed description of how to determine whether to appeal your property taxes, please see my blog published February 23, 2009 entitled "Should I Appeal My Property Tax Assessment?" and related links. In the current economic situation, taxable value may still be too high, even if your taxable value decreased slightly in the last notice of assessed valuation. In summary, if you believe your new Taxable Value as shown on your notice from your assessor exceeds 50% of your property's true cash value, you should visit your assessor immediately and ask to review your file. You should also confirm what local procedures or requirements may exist prior to appealing to the Board of Review. Then, immediately get on the docket for the March Board of Review.

In conclusion, this hostile economic environment is no place for novices when it comes to filing tax appeals. If you are considering doing so, in my experience you should take a hard look at hiring an attorney at the outset. Many people attempt to file their own petitions, only to hire me later once they realize the nature and complexity of what they've gotten themselves into. It will be more efficient to hire an attorney to "do it right" at the outset than to try to remedy the situation later. Also, keep in mind that while taxpayers can represent themselves, the municipalities will be represented by experienced legal counsel. Finally, the savings achieved through use of an experienced attorney are typically much greater than when taxpayers attempt to represent themselves.