



Should I Appeal my Property Tax Assessment?

Jennifer B. Van Regenmorter

Siebers Mohnney Blog

February 20, 2009

AUTHORS/ CONTRIBUTORS

Jennifer B. Van Regenmorter

With the upcoming March deadline to appeal property taxes with the local Boards of Review quickly approaching, I have received several inquiries relating to property tax appeals. Many homeowners in the area are rightfully upset that their property tax assessments continue to increase while the value of their homes continues to decrease. This is all due to Proposal A, which was passed in 1994.

Under Proposal A, property taxes are now based on a property's Taxable Value rather than state equalized value (SEV). The local assessors must calculate a property's SEV each year. The taxable status is determined as of December 31st. Property also has a Capped Value. Capped Value is calculated by taking the prior year's Taxable Value, add property additions and subtract property demolitions, and increasing the result by the increase in the CPI as calculated by the State of Michigan or 5%, whichever is less. For 2009, the CPI increase is 4.4%. Taxable value is the lesser of SEV or Capped Value. Unless the current year's SEV is lower than the Taxable Value increased by the increase in the CPI, the current year's Taxable Value will increase by the amount of the CPI increase. Two exceptions to this would be if a property has had new construction or additions, or if the property had a transfer of ownership during 2008.

In short, 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. In commercial cases, as well as my own property tax appeal, I have often gleaned very useful information studying the file as well as those of what I consider to be comparables. Most assessors are inundated with these types of calls and visits right now. One local assessor told us that 90% of people in his township will see reductions in value.

If you are unable to resolve the matter with the assessor, you should immediately get on the docket for the March Board of Review. Within the City of Grand Rapids, note that there is a potential trap for the unwary: an appeal must first be filed for the Assessor's Review before the property owner may appeal to the actual Board of Review.



From my experience, unless the assessor has made a flagrant error, the Board of Review will uphold the assessor's decision. The property owner must then decide whether to appeal to the Michigan Tax Tribunal.

Filing a petition with the Tax Tribunal is likely, from my experience, to result in some sort of reduction in taxes. It forces the assessor to go back and take a hard look at the value of the property. At that point, the assessor has the authority to reduce the property's valuation, and will often do so, knowing that if the matter is not resolved, he or she will need to spend additional time (often a year or two) and resources defending his or her position at the state level while waiting for a hearing date.

If you wish to appeal, consider obtaining legal representation. While you will incur some legal expense, the attorney can often achieve greater tax savings. Keep in mind that the tax savings achieved from a successful appeal may result in similar savings year after year so long as you own your property and you don't remodel it. If we can assist, you are welcome to call me at (616) 726-2200 or email me at jvanregenmorter@fosterswift.com.
