

Q&A: Challenging Your Real Estate Assessment

The economic downturn has created many challenges for Michigan residents, and perhaps a few opportunities.

“Michigan’s real estate values have declined significantly over the past few years,” says Mark Kellogg, attorney and certified public accountant, “But in many cases we have not seen property tax assessment reductions reflect those declines. As a result, many people who own real estate may be paying higher taxes than they should be.”

Do I have a basis to appeal my property’s assessed value for property taxes?

First step, understand the difference between the *state equalized value (SEV)* of your property and the *taxable value*. Remember you are not appealing the taxes, you are appealing the SEV (50% of the fair market value of your property). By appealing the SEV, you reset the SEV and potentially the taxable value. If the taxable value of the property as listed is more than 50% of the property’s updated assessed value (new market value), then it should benefit you to review or appeal the property’s assessed value.

Who benefits the most?

The most likely beneficiaries of a tax assessment challenge are people who have recently purchased or transferred real estate (thus causing an uncapping of the taxable value) and that have experienced a decline in market value, thus reducing the gap between the taxable value and the assessed value. Also, if you recently purchased property that was in foreclosure, or for a substantially reduced purchase price, make sure the next assessment reflects a reduction, consistent with the purchase price. This would also reduce the taxable value of your property and therefore reduce the property taxes.

What should I do if I want to appeal my assessment?

The following steps are required:

1. Determine whether your city or township assessor requires an informal assessment review. Call your local assessor for this information and, if required, go through the informal review.
2. In March of the tax year, appeal to the city or township board of review.
3. If not satisfied with the decision of the local board of review, appeal to the Small Claims Division of the Michigan Tax Tribunal by May 31 (commercial-, development- property, etc.) or July 31 (residential property).
4. If not satisfied with the decision of the Small Claims Division of the Michigan Tax Tribunal, appeal to the court of appeals.

NOTE OF CAUTION: Make sure you comply with all filing deadlines or you could lose your right to challenge your assessment.

For assistance with challenging your property tax assessment, or for help analyzing the potential costs and benefits, contact Attorney Kellogg.