

## Resources

### **Reducing Your Michigan Property Taxes: Deadline For 2010 Property Tax Appeals**

**February 9, 2010**

In today's challenging economic climate, it is now more important than ever to review your current tax liabilities. Because property taxes are based on the property's true cash value, the continuing downturn could mean that your property is currently over assessed. Local governments across the state recently distributed personal property statements, and will soon mail out assessment notices. It is important for property owners to pay close attention to those documents. Michigan's property tax laws are rigid and complex, and failure to act quickly at the beginning of the year may result in business owners and individuals paying too much in taxes. It is important to review the notice of assessment and take action if you believe that your assessment is too high or that your property is exempt from taxation.

The deadline for appealing a property tax assessment depends on how the local assessor "classified" the property at issue. It is important to remember that a property's use does not necessarily dictate its classification by the local assessor. The assessment notice for each property should contain the property's current classification.

Property owners must make residential real property appeals to the local board of review, or the right to an appeal is lost. The same holds true for all assessments against agricultural personal property and timber real property. Local boards of review typically meet in the first or second week of March, although each local government may set different filing deadlines, some (e.g. Detroit and Grand Rapids) as early as February 15. If an appeal to the local board is unsuccessful, the deadline to file an appeal with the Tax Tribunal is July 31.

For commercial real or personal property, industrial real or personal property, utility personal property, or real property classified as "development" property, the deadline is May 31 to file an appeal with the Michigan Tax Tribunal - an appeal to the local board of review is no longer required for these properties.

### **Michigan Department of Treasury Files Classification Appeals**

In addition to dictating when and where to file an appeal, how the local assessor classifies your property also has a significant impact on your tax liability. Industrial personal property is now exempt from 24 mills of personal property tax, and personal property classified as commercial is exempt from 12 mills. In addition, the Michigan Business Tax offers a significant credit based on personal property taxes paid for industrial personal property.

Because classification can result in significant tax relief, it is vital to review the classification listed on your assessment notice to confirm the assessor has correctly classified the property. An appeal based on classification must be filed with the local board of review by the respective deadlines to avoid waiver of appeal rights. Board of review decisions regarding classification may be appealed to the State Tax Commission.

Property owners also should be aware that the Michigan Department of Treasury has recently filed approximately 10,000 new appeals in the Tax Tribunal's Small Claims Division contesting the classification of certain property by the local assessors. The Tribunal has announced it will be sending copies of the appeals and Answer forms to the local assessors and property owners. Failure to complete and return the Answer form by the date indicated on the form may result in a default and waiver of the property owner's appeal rights.

### **State Tax Commission Adopts New Automotive Manufacturing Equipment Personal Property Tables**

The State Tax Commission on December 21, 2009 adopted Automotive Manufacturing Equipment Personal Property Tables. The Commission also issued new Form 4798, Automotive Manufacturing Equipment Personal Property Report, to be completed and attached to the annual filing of the personal property statement, Form 632 (L-4175). According to the form's

instructions, Form 4798 is to be used to report certain assets of a "qualified automotive manufacturer," defined by the Commission as "a company whose primary business is the design, development, manufacture and wholesale of automobiles and or light duty trucks." All remaining assessable personal property is to be reported as before on Form 632 (L-4175). While the new tables are expressly directed to qualified automotive manufacturers, the tables also may be instructive for valuing machinery and equipment of other automotive manufacturers.

The Dykema property tax team is well-versed and experienced in all areas of property tax disputes, including valuation and classification appeals. For more information, or to review your situation and evaluate applicable property tax strategies, please contact any of the listed attorneys.

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## Practice Areas

Taxation

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