

BOLHOUSE, BAAR & HOFSTEE, P.C.
ATTORNEYS AT LAW

Deadline to Appeal Commercial Real Estate Tax Assessment Approaching

Jake Lombardo

April 2017

If you purchased industrial or commercial property in 2016, you are a prime target for a significant property tax increase in 2017. Generally speaking, as long as the same person or entity owns a piece of property, the taxing authority can only increase the property tax a certain amount every year, even if true cash value of the property increases. When the property sells, however, the taxable value becomes “uncapped” and the local municipality has broad discretion in setting the new value the following year.

While this is also true for residential property, commercial and industrial properties are targeted more heavily than residential, because they tend to be more valuable, which results in more revenue. Additionally, because commercial and industrial properties tend to be rarer and more unique than residential properties, the market produces fewer comparable sales that might otherwise limit the ability of an assessor to raise the taxable value, without fear of receiving a challenge from the taxpayer.

One of the reasons that municipalities frequently “get away” with excess assessments is due to the short window permitted to challenge those assessments. Tax payers must file an appeal to the Michigan Tax Tribunal by May 31 of the same year in which they receive their assessment.

The good news is that because most municipalities operate with limited budgets, the majority of these appeals settle favorably and well before a trial must be held. If you believe your 2017 assessment to be unnecessarily high, keep the May 31 deadline in mind. Once the deadline passes, your ability to challenge your assessment is lost until next year.