

Tips for Appealing a Residential Real Property Tax Assessment

TIP
1

Understand “values”

Before appealing, know the different values that apply for tax purposes. *True cash value* is the fair market value as of the prior December 31. *State equalized value*, also known as SEV or assessed value, may not exceed 50 percent of true cash value. Taxes are calculated on *taxable value*, which may not be more than the SEV. To get relief, you must show that the taxable value and the SEV exceed half of the actual true cash value. For example, if the SEV is \$100,000, taxable value is \$75,000, and true cash value is \$180,000, there will be no refund because the taxable value is less than the SEV and less than half of the true cash value. If the SEV is \$180,000, taxable value is \$75,000, and true cash value is \$100,000, you can get a refund and adjustment because the SEV and taxable value exceed half of true cash value.

TIP
2

Check the property’s classification

In addition to placing a value on property, the tax laws place properties into different classifications. You must know how property is classified to know which appeal process to follow. Residential properties must be appealed to the board of review, but a board of review appearance is not needed for other classifications of property. Don’t assume a property is classified as residential. Residential does not necessarily mean the same thing in property tax law that it does in other settings. Single-family homes most likely are classified residential, but apartments and other multifamily properties may not be. Look at the owner’s notice of assessment to find out how the property is classified: residential improved properties are sometimes identified as classification number 401, and vacant residential land is sometimes noted as 402.

TIP
3

Check the assessor's records

Review the assessing records at the local assessor's office. The office should be at the taxing jurisdiction's municipal complex, and Michigan law requires assessors to allow the public to review property records. Look for errors that could have caused an over-assessment. Is the property's lot size, square footage, number of bedrooms, or any other feature overstated? If the assessor has mistakenly attributed features to the property that it in fact does not possess, you can challenge the assessment and get a tax reduction.

TIP
4

Check local requirements for the March board of review

The board of review's meeting times and location are stated on the notice of assessment. Depending on where the property is located, there may be different requirements. Some cities and townships require an appointment or the property owner's original signature authorizing a representative to appear on the owner's behalf, and others require a prior meeting with the local assessor. These requirements may also be noted on the notice of assessment; if not, call and ask the assessor's office about their requirements. Failure to satisfy these requirements can result in a board of review refusing to consider a property's assessment or can render an appearance before the board improper. Improprieties in appearances before the board of review may prevent a further appeal to the Michigan Tax Tribunal.

TIP
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Get comparables

The March board of review generally is a three-person panel with real estate backgrounds. Telling them the economy is bad, values are declining, or other generalized pleas won't get a reduced assessment. Consult with a real estate broker, an appraiser, or another knowledgeable source about specific comparable property sales to show that the subject property's true cash value won't support its taxable value. You can also check Web sites like zillow.com and the taxing jurisdiction's own Web site. Comparable properties should be as physically similar and as close in location as possible. They should also be sold near the applicable December 31 date of value. If there are no comparable sales, use listings instead.

**TIP
6**

Keep it organized and concise

The March board of review hears from hundreds, if not thousands, of unhappy taxpayers and usually gives each one only a few minutes to make a case for a reduced assessment. To make the most of that time, prepare a brief verbal presentation as well as written materials for the board's review. Explain the property's characteristics and highlight the comparable property sales that best indicate the property's true cash value. Written materials can briefly explain the comparative analysis as well as details about the subject and comparable properties. Organize your written materials for easy review with exhibit tabs or other indexing. Just like a court, the board of review is overburdened, and making its work easier is more likely to result in a tax reduction.

**TIP
7**

Get to the tax tribunal on time

If you don't get satisfactory results from the March board of review, appeal to the Michigan Tax Tribunal. For residential properties, the appeal must be filed by July 31 of the tax year involved. Submit a petition to the tribunal using the form from its Web site at www.michigan.gov/taxtrib. There is no filing fee if the property has at least a 50 percent principal residence exemption. Look at the notice of assessment to see what percentage of the principal residence exemption applies to the property. Check the tribunal Web site for filing fees if the property has less than 50 percent or no principal residence exemption.

**TIP
8**

Choose the right track at the tribunal

The taxpayer may appeal to either the small claims or the entire tribunal division of the tax tribunal. Costs may be a factor in this decision. In small claims, the hearing is held close to the property's location rather than in Lansing, or possibly even telephonically. The hearing is more informal, without a court reporter, cross-examination, or many formalities that mark the entire tribunal division. In the entire tribunal, the hearing is more akin to a court proceeding and is held at the tribunal. The small claims division generally handles appeals in which the SEV in dispute is \$100,000 or less. Only larger disputes should generally be appealed in the entire tribunal division.

TIP
9

Be patient—amend if necessary

The tax tribunal has long been understaffed, and the decline in property values and increase in assessment appeals has stretched its resources thinner than ever. After filing a petition, be prepared to wait. Getting a hearing date can take as long as two years after the petition is filed. In the small claims division, the appeal will automatically include all subsequent tax years. In the entire tribunal division, you must file motions to amend to add tax years subsequent to the initial filing. Motions to amend must be filed by the July 31 deadline each year.

TIP
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Invest in an appraisal

Although a professional appraisal is not absolutely necessary for a residential property appeal, it is far better to have one. The tribunal will consider valuation evidence from brokers and knowledgeable laypeople, but it will likely give any such evidence less weight than it would give to evidence from a licensed real estate appraiser. This is even more important in the entire tribunal division, where the appraiser may testify in support of the property's true cash value.

TIP
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Be ready for the tribunal hearing

Treat the tribunal hearing just like a court hearing. In the entire tribunal division, prepare opening and closing statements. Prepare witnesses just as you would prepare them for trial, including preparation for cross-examination. Prepare exhibits according to the tribunal's requirements. The small claims division is less formal and in some ways is analogous to a motion hearing. Be prepared to explain your position, to have appraisers explain their analyses, and to answer the tribunal's questions. In the small claims division, you may be presenting your case to a lawyer, an appraiser, or a hearing referee, but whoever the judge is will be interested in evidence from the market that demonstrates the subject property's value.