How to Effectively Appeal Your Property Tax Assessment

from State Senator
Patty Birkholz

Dear Property Owner:

For the first time since Proposal A was passed in 1994, many homeowners will see their homes' taxable value decline and their property taxes decrease in 2010. That's because the annual cap on taxable value (based on the inflation rate multiplier) will be less than one this year.

Homeowners should still take a good look at their assessment. Just as it's important to make sure your credit report is right, it's a good idea to make sure your property tax assessment is accurate.

If you believe your tax assessment is in error, you can appeal to your local Board of Review, and if necessary, the Michigan Tax Tribunal.

This guide, along with your willingness to explore all the possibilities, may help you obtain a favorable adjustment on your property tax assessment.

In this economy, when it's important to account for every dollar, taking the time to review your property tax assessment is time and money well spent.

Sincerely,

Patty Birkholz
State Senator
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How to
Effectively Appeal Your Property Tax Assessment

A few reminders may be helpful regarding your property tax assessment notice. The term "taxable value" was introduced in 1995. It is the value used to calculate your property taxes. Annual growth or decline in taxable value is capped at the rate of inflation, or five percent, whichever is less. The State Equalized Valuation (SEV) must still reflect fifty percent of the property's true cash value and may increase by more than the rate of inflation or five percent in any particular tax year. It is important to remember that your property taxes are no longer based on the SEV.

If, despite this information, you believe your assessment is in error, you may appeal to your local Board of Review and, if necessary, the Michigan Tax Tribunal. The appeals process costs you nothing but time, and no attorney is necessary.

STEP 1 You may appeal your taxable value and SEV to the March Board of Review in 2010. Go to your local assessor's office and obtain a copy of your appraisal card for your property or visit their website for your assessment information. Ask the assessing department to explain the document. You can also obtain the appraisals of similar properties which recently sold in the area. Carefully check the appraisal card for errors.

STEP 2 If your tentative taxable value increased by more than a **negative** 3/10th of one percent above your 2009 taxable value and you did not improve your home with additions, then your taxable value may exceed the statutorily mandated assessment cap. Call your assessor and inquire as to why your taxable value increased by more than the rate of inflation.

Remember, annual growth or decline in taxable value is capped at the rate of inflation or five percent, whichever is less, until the property transfers. SEV is not capped but must reflect fifty percent of your property's true cash value. Taxable value and SEV may be appealed to the Board of Review.

STEP 3 Frequently, many homes have problems that are not associated with general aging. Examples can be cracked foundations, wall construction problems, or poor masonry work. The impact of these problems on the value of the home should be specifically addressed. It is necessary to perform a complete inside inspection of your home. Written repair estimates and photographs of structural damage are good evidence of problems that could affect property value.

STEP 4 Location is the single most important feature that determines the value of your home. If you live near a major highway, business, or industry, your home may be less desirable.

Obtain copies of citizen complaints about unusual noises or neighborhood eyesores. Record factory, truck, or party noise. These characteristics may contribute to a deteriorating value on your home and you must be able to show this to the Board of Review.

STEP 5 Comparable property assessments are one of the most important tools for a property tax assessment appeal. If comparable properties are assessed lower than yours, you may argue that your property is overassessed. Make your comparable study by requesting the appraisal cards for similar homes. Check the assessed value, the state equalized value, taxable value, type of house, and zoning.

You may wish to have your home professionally appraised. A professional appraisal is the best evidence against an improper assessment and the best proof of value.

STEP 6 One of the most common mistakes home buyers can make is that they fail to inform the assessor of personal property and other valuable items which were included in the sale. Personal property items often included in a home's sale price such as furniture, kitchen appliances, washer, dryer, etc., are exempt from assessment. If you do not inform your assessor in writing about these items, your assessment may erroneously include this value.

STEP 7 The last step in the process is to put all your information into letter form to present before your local Board of Review. An example is on the following page.

STEP 8 If you are not satisfied with the decision of your local Board of Review, you may want to continue your appeal. To do this, you must send a letter to the Michigan Tax Tribunal (P.O. Box 30232, Lansing, MI 48909) and file an appeal before July 31.

You must appeal to the local Board of Review before you can appeal to the Michigan Tax Tribunal.

SAMPLE APPEAL LETTER

Date

Name, Address, Telephone

To the Board of Review/Tax Tribunal:

I wish to appeal my property tax assessment for the following reasons:

1. According to my Worksheet/Property Record, I have noted the following discrepancies:

   A. I do not have a fireplace as indicated.
   Estimated value $3,000

   B. I do not have a tile bath as indicated.
   Estimated value $2,000

   C. According to my worksheet, I have 1,500 square feet of living space. I have 1,000 square feet.
   Reduced value.....$11,535

   This amount should be deducted from true cash value $16,535

2. I have noted the following structural defects on my property. They reduce the value of the property by the following amounts:

   A. Cracked foundation $6,335
   B. Cracked exterior wall $3,665

   This amount should be deducted from true cash value $10,000

3. I live in an area that has mixed zoning and next door there is a new junkyard which emits loud noises and noxious odors. This affects the value of my property.
   I feel my true cash value has been reduced by $5,000

4. **Grand Total, add #1, 2 and 3 above $31,535**

5. I wish to make the following comparables:

   231 Main Street, assessed value_____
   (List all comparables and ask for an average reduction. Note: add all items you noted as discrepancies, comparable amounts, etc.)

   Example:

   True Cash Value $100,000
   Minus Discrepancy/Grand Total.....$31,535
   New True Cash Value $68,465
   One Half = Assessed Value (SEV) $34,233

NOTE: This sample letter indicates many of the grounds for a reduced assessment. It is very unlikely that an assessment could be reduced by nearly one-third, as illustrated here, but every reduction is important.

Bring a presentation copy for yourself and each of the Board of Review members. Present your review to the Board. Make your points, show photographs, and stay professional.