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## Property Tax Classification

In light of the tax law changes that went into effect last year, it is more important than ever to ensure that your property is classified correctly. Basically, starting with the 2008 tax year, the Legislature granted owners of industrial personal property Michigan Business Tax ("MBT") credits for property taxes paid on such property and reduced the millage levy on such property. More modest benefits are available for property classified as "commercial personal" property.

Over the last few weeks, you should have received either an estimated assessment notice for your personal property or, if you filed your personal property statements early, you may have received a final notice. In either case, the notice should indicate the classification of the property. **Remember that a protest to the March Board of Review is still required to appeal a parcel's classification to the State Tax Commission ("STC").**

## Property Tax Classification Victories

In 2008, we pursued and were successful in several classification appeals. In cases where we did not prevail, we appealed the STC's decision to the local circuit court. In both of the appeals from the STC that have been heard to date, the circuit court has issued a writ of mandamus ordering the STC to issue a proper order and that the order change the classification of the property in question to "industrial personal," as requested by the taxpayer.

## Another Tax Classification Victory: Nuclear Fuel

Arguments and analysis developed by Honigman lawyers recently caused the STC to reconsider a classification decision adverse to taxpayers that it had made in February of last year.

An owner of nuclear fuel, represented by another major Detroit law firm, sought a ruling from the STC that nuclear fuel was entitled to the "industrial personal" property classification designation. The STC rejected that taxpayer's arguments. However, our firm, representing two other owners of nuclear fuel, presented different, more compelling legal and factual arguments that convinced the STC to rule that our clients' nuclear fuel was industrial personal property entitled to the Legislature's tax benefits. Only our clients received this relief for the 2008 tax year.

## Commercial Redevelopment Act is Revived

The old Commercial Redevelopment Act allowed local governments to provide property tax abatements for new and rehabilitated commercial properties. The Act expired in 1985 and since then there has been no program available to abate property taxes for new commercial development outside of Renaissance Zones. That recently changed when Public Act 227 of 2008 extended the sunset of the Act to 2020. The new Act does add some limitations regarding where the abatements can be used, but they will be available in most localities.

## 2009 Property Tax Assessments

Each year the Honigman Property Tax Group offers a complimentary review of all of our clients' commercial and industrial properties and makes recommendations regarding whether we believe the property is over assessed and should be appealed. (We offer a complimentary review to non-clients as well.) In the past, we have been able to access the new assessment data from local government web sites. However, we have found that local units are more often posting the new assessments later in the year. In order to perform a timely review for 2009, **it is important that we receive assessment data as soon as possible.** Please forward the Assessment notices to us as you receive them.