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## 2011 Michigan Property Tax Assessments

Property owners should have recently received their 2011 property tax assessment change notices. For 2011, increases in taxable value for existing property (that has not transferred and for which there has been no addition) are capped at 1.7%. The assessment notices will also indicate the 2011 property classification and whether it changed from 2010. Property classification is important for commercial and industrial personal property because it affects required appeal procedures and possible tax liability.

Owners of residential or agricultural classified property must protest their assessment to the local board of review as a prerequisite to appealing to the Michigan Tax Tribunal. Boards of Review generally meet in the second week of March, but the dates and times for each jurisdiction appear on the assessment change notice. Unless you have made specific arrangements for Honigman or another representative to appear on your behalf at an Assessors Review or Board of Review, it is important for you to properly protest at these venues residential and agricultural property assessments to preserve any further 2011 appeal rights.

Owners who wish to challenge the classification of their property must also protest the classification to the local Board of Review. Classification decisions from the Board of Review (BOR) may be appealed to the State Tax Commission before June 30.

Michigan law allows taxpayers who file a personal property tax statement prior to the commencement of the BOR to appeal the personal property assessment associated with the statement directly to the Tax Tribunal. If the statement is filed later or not filed at all, then a taxpayer must appear at the BOR to preserve appeal rights to the Tribunal.

## Industrial Property Tax Rate Exemption and Credit

Governor Snyder's recent budget and tax proposal would eliminate the 35% Michigan Business Tax credit for personal property taxes paid on industrial personal property. The plan does not affect the 24 mill property tax rate exemption for industrial personal property and the 12 mill exemption for commercial personal property. Thus, even if the MBT credit is ultimately eliminated, the classification of personal property will continue to be important for taxpayers.

In late 2010, the Michigan Department of Treasury announced that it was going to withdraw several thousand classification appeals it had initiated at the Michigan Tax Tribunal for the 2009 tax year and confirmed it would not file new cases for 2010. Going forward, we believe the State Tax Commission has continued to push local assessors to reclassify industrial classified parcels to commercial or other classifications. For this reason, property owners should pay special attention to the classification portion of their assessment notices this year and protest when appropriate.

*This Alert provides general information only and does not constitute legal advice for any particular situation.  
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