



# Commercial and Industrial Real Property Tax Appeals

*By Ralph Colasuonno, Aloia Law*

Attention all owners of commercial and industrial real properties in Michigan:

Around the end of February, you should have received in the mail a “Notice of Assessment, Taxable Valuation, and Property Classification” from your local assessor for each parcel of real property that you own. Although you may be tempted to ignore this Notice because it states at the top: THIS IS NOT A TAX BILL, you should retain and examine this Notice carefully. It will list several important items which will help you determine whether to file a valuation appeal to try and lower these taxes.

The Notice will list your property’s Taxable Value (“TV”), its State Equalized Value/Assessed Value (“SEV/AV”), and the increase in these values as compared to the previous year.

The SEV/AV should always be 50% of the property’s true cash value, otherwise referred to as the fair market value. The fair market value is the usual selling price of the property as of December 31 of the previous year, as determined by the local assessor using any method recognized as accurate and related to market value.

The TV is the number on which your property taxes are actually based. In the year immediately following a transfer of ownership of the property, the TV will be the same as the SEV/AV. Until the property is transferred again, the property’s TV can only increase on a yearly basis by 5% or the current inflation rate, whichever is less. Thus, even though the fair market value of your property may continue to go up from year to year (with the SEV/AV tracking that figure at 50%), the TV is capped under Michigan law and should only increase as described above.

If you believe your property’s fair market

value is less than twice the TV listed on the Notice of Assessment, you may have an appropriate valuation appeal. However, to properly appeal the property’s valuation, you must follow the strict statutory deadlines for doing so. For valuation appeals of commercial or industrial real property, you must file your appeal with the Michigan Tax Tribunal on or before May 31. Failure to file by this date means you will lose your right to challenge the assessment for that year.

Remember, a successful valuation appeal which lowers the TV by even a small amount will result in the TV being re-capped at that lower amount which, in turn, will result in lower taxes (and thus tax savings) on a yearly basis moving forward, even though the property’s fair market value continues to increase.

If you have any questions regarding your Notice of Assessment, or should you need assistance in determining whether you have a suitable appeal, please contact Ralph Colasuonno at Aloia Law, at 586 783-3300 or [colasuonno@aloia.law](mailto:colasuonno@aloia.law).

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