

Property Tax Reductions for Businesses

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This spring, Michigan businesses have an opportunity to evaluate whether their property taxes are too high. Real estate markets continue being impacted by the pandemic, and some property tax assessments still reflect pre-pandemic valuations.

Our society's day-to-day habits have changed dramatically, in some ways permanently, and those significant shifts in activity directly impact the real estate market. Foot traffic in stores and malls has decreased as online shopping has increased, leading to a depreciation in the value of retail properties. Restaurants and hotels are still not back to pre-pandemic capacity, which has led to businesses closing and new construction declining. Many office buildings around Michigan still sit empty with some workforces working from home primarily, and in some cases, with no immediate plan of returning to the office.

A business's annual property tax assessment is supposed to reflect changes in the market. In many cases, however, assessments are too high, instead reflecting pre-pandemic values.

A business's tax assessment may also be too high if the value of new construction or renovations is overly inflated on an annual property tax notice of assessment. When values increase dramatically because of new construction or renovations, it is important for the business to consider exploring the possibility of a reduction in the first year the assessment values increase.

Each year, the assessed value of a commercial property is reset to reflect its value as of December 31 of the prior year. On property tax notices received in the spring of 2022, the values should reflect the market value of the property as of December 31, 2021. See our Legal Update on Understanding the Tax Notice of Assessment. If the values on your business's notice of assessment are too high, contact Novara Law to discuss the possibility of appealing the assessment.

May 31 is the deadline for a business to appeal a commercial property tax assessment.

PROFESSIONALS

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PRACTICE AREAS

Tax Law

Jackie Cook, Novara Law Tax Group Leader, has 17 years of experience representing businesses in appealing property tax assessments, contesting both property values and exemption denials. Contact Jackie at jjc@novaralaw.com if you have questions or would like to explore the possibility of contesting your business's property taxes.