

How Pandemics, Recessions, and Unforeseen Circumstances Can Decrease the Taxable Value of Your Property and Result in Lower Property Taxes

Has the value of your real property changed because of the pandemic? If so, you may be entitled to a property tax reduction resulting in savings that could range from thousands to millions of dollars!

Am I Eligible?

- Most real and personal property is subject to an ad valorem (by value) property tax each year.
- Local government determines the value and issues an assessment each February.
- If the property owner disagrees with the assessment, he/she can appeal; first to the local government's board of review, and then to the state tax tribunal.
- In Michigan, assessment increases are capped at 2.5% of last year's value or the cost of living, whichever is lower.

Why Does It Matter?

- Decreased taxable value = decreased taxes.
- Once decreased, the taxable value will remain low due to the cap on increases at 2.5% or the cost of living.
- The decreased taxable value will remain low until the current owner sells the property (e.g., if your property value suddenly dips one year because of a pandemic, recession, or unforeseen circumstances and the taxable value is lowered, it will remain at that substantially lower value until you sell the property, even if the value of the property skyrockets after the extenuating circumstances end).

How Much Can Property Values Be Decreased?

- There is no limit on how much a taxable value can decrease in any given year. (Decreases are accomplished either by property owner appeal, after which the board of review or tax tribunal lowers the assessment resulting in lower taxes, or because the assessment was decreased by the local government assessor.)

What We Do for You

- Help you identify capable, expert appraisers.
- Assist the appraiser in identifying all pertinent and helpful data using our knowledge of appraisers' standards and protocols.
- Assist the appraiser in the process of preparing the expert report to ensure that all evidentiary rules and requirements are satisfied and that all helpful facts are considered and persuasively presented.
- Prepare an appeal to the board of review and appear on your behalf.
- Prepare your appeal to the tax tribunal.
- Our seasoned litigation team will then prepare your case for trial, including preparing your expert witnesses, marshalling all evidence, testing the opposing experts via depositions, and presenting your case at the trial.

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A Real-Life Example — Client Saves \$20-\$30 Million in Property Taxes:

Just before the Great Recession of 2008, our client purchased a large, specialized manufacturing facility. Due to the recession, demand for our client's only product plummeted in 2009. As a result, the facility was earning a mere fraction of what it earned in 2008 and the preceding years, with no recovery in sight. In 2009, the township in which the plant was located asserted the value of the plant to be more than \$500 million, essentially the same as the 2008 pre-recession assessment. We advised the client that the sharp decline in both the unit sales and the price of its product should result in a substantially lower, post-2008 assessed value of the plant, and recommended an expert appraisal firm.

With our appraisal in hand, we appealed the client's 2009 assessment to the Michigan Tax Tribunal. The Howard & Howard team proved that, given the economic climate and outlook at the beginning of 2009, the "true cash value" of the plant on the date of the assessment was not \$500 million as argued by the township. In fact, it was worth less than \$180 million; a reduction in taxable value of nearly 60%. The tax tribunal agreed. The township's appeals to the Michigan Court of Appeals and the Supreme Court were to no avail – our reduction stood.

Our client has saved approximately \$20-\$30 million in property taxes since we were retained.

Significantly, despite the fact that subsequent appraisals showed that the value of the plant recovered after 2009, the taxable value of the plant was frozen at around the 2009 levels as established in the tax tribunal and would have remained so forever had the entity not been sold.

After the sale, the township resumed aggressive assessments. Again, the Howard & Howard team appealed, retained appraisers, and took the case to trial. This time proving that the true cash value of the facility was \$200 million less than the township's wishful assessment. We are defending the appeal now. If affirmed, the client will save millions in property taxes as the lower value will be the new floor for nominal increases at 2.5% or the cost of living.



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