

Commentator

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Clients should contact Jeremy R. Cnudde to have a free review of their property tax bill to determine whether an appeal of the client's industrial or commercial property would be advantageous.

Cynthia L. Umphrey explores the new Tax Act and the impact it may have on your estate plan. It may be time for you to have your estate plan reviewed and updated given the recent changes.

In Firm News, Stuart Sinai and Chris Martella recently prevailed in a Financial Industry Regulatory Authority (FINRA) arbitration proceeding.

Kemp Klein staff, attorneys and family spent time giving back to the community and created 14 no-sew blankets to be donated to Common Ground.

Best Wishes,

Are Your Annual Property Taxes Too High?

Get a free review of your business' property tax assessment.

JEREMY R. CNUDDE



Shortly you will receive your new Notice of Assessment from your local property tax assessor. What is this, what does this really mean and what should you do with

it? A quick yet careful review will help you determine whether your annual property tax expense is too high.

Your Notice of Assessment will have two values stated for both 2017 and 2018. The Assessed Value and the Taxable Value. These might be very different numbers. Assessed Value is equal to one half of the True Cash Value. True Cash Value (which isn't stated on the Notice) is generally speaking the fair market value, or the value determined between a willing

buyer and a willing seller, assuming that the sales price was not impacted by outside factors. The sales price is and should be a primary factor considered in determining True Cash Value. The Taxable Value starts with the Assessed Value and is annually adjusted. This adjustment is subject to a "cap" on how quickly the value can increase year over year, except in a year of a transfer of ownership in which it resets to equal the Assessed Value. This cap limits annual increases to the lesser of inflation or 5%. Over time the Taxable Value will be lower than Assessed Value. Your taxes are based upon the tax rate times the Taxable Value.

You also need to review the changes from 2017 to 2018; was there a significant increase? The Assessment

will state either "there was" or "there was not" an addition to the property or a change in ownership. If you had no addition and no ownership change there should not be a significant change year over year. Further, you can verify the classification as "industrial real" or "commercial real" property. Sometimes it shows as a number "201" or "301." Did this classification change since last year? If you need help, call me and I can review and explain these issues with you.

When you receive the 2018 Notice of Assessment from the local assessor, review the values and changes carefully. Is two times the Assessed Value what you think the property is worth today? Some Michigan communities and properties are still being assessed at above market rates.

If your property taxes have not been appealed in the last five years or you have recently purchased or refinanced debt on the property, we may be able to reduce your tax expense.

The deadline to file a tax appeal to the Michigan Tax Tribunal on industrial or commercial real property is May 31, 2018. Get a free review to determine whether an appeal of your industrial or commercial property would be advantageous. Want to review your planning options? Contact me NOW. My initial analysis will be completed without charge or risk to you.

Kemp Klein's tax team represents clients that own or lease industrial

or commercial real property, which includes commercial, grocery, office, engineering, manufacturing, warehousing, assisted and independent living facilities.

Mr. Cnudde and the Kemp Klein tax team have successfully resolved hundreds of commercial and industrial property tax appeals throughout Michigan. Mr. Cnudde has received an AV rating from Martindale-Hubbell Law Directory (the highest peer review rating for attorneys); has a certification in tax law; and a certification from the National Institute of Trial Advocacy (NITA). Mr. Cnudde has been recognized as one of Michigan's

outstanding lawyers in the area of Mergers & Acquisitions in 2013- 2018 with a "Rising Star" designation by Michigan Super Lawyers magazine.

To obtain your free consultation on your tax appeal opportunities complete the Property Tax Appeal Questionnaire below and return it to Mr. Cnudde at 201 W. Big Beaver Rd, Ste. 600, Troy, MI 48084 today. To view a full compendium of articles on how we can help reduce your property tax costs, go to <http://kkue.com/property-tax-appeal/>.

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Property Tax Appeal Questionnaire

1. Name and contact information of property owner/leasee _____
2. Property's street address _____
3. Property's school district _____
4. Are you the owner of the property or a lease? ☐ YES ☐ NO
 - a. If a Leasee: provide the name and address of the property owner _____
5. Please attach your 2018 Property Tax Assessment Notice.
6. Please attach your 2017 December and July tax bill.
7. What is your opinion of the current value of the property? _____
 - a. What is the value based upon? _____
 - b. Please include any of the following that apply:
 - ☐ Recent Appraisals (in the last three years)
 - ☐ Real Estate Broker Opinion of Value
 - ☐ Comparable properties that have sold in the last year in the same area
 - ☐ Purchase Agreement from the purchase of the Property
 - ☐ Insurance valuation
 - ☐ Rent Roll
 - ☐ Current Income Statement for the entity that owns the real property.
8. When was the last time you appealed the tax assessment on this property, whether at the Board of Review or Tax Tribunal? _____
 - a. What was the result of any such appeal? _____

Refocusing Your Estate Plan Under the New Tax Act

CYNTHIA L. UMPHREY



While the new tax act passed at the end of 2017 was primarily focused on income taxes, it also made a temporary change to the estate and gift tax laws. Specifically, the new tax act temporarily doubles the exemption amount for estate, gift and generation-skipping taxes from the \$5 million base to a new \$10 million base, but only until 2026. Because the exemption amount is subject to adjustments for inflation and is tied into the prior tax law, people who die in 2018-2025 will be able to leave at least \$11,200,000 completely free from any estate taxes and may be able to make gifts of that entire amount in that period without incurring any gift taxes as well. I note that we await clarification on how gifts made in this period will be handled. On the other hand, people who die in or after the year 2026, when the law “sunset”

are back to an exclusion amount of \$5 million as adjusted for inflation.

Although the new estate tax changes are temporary, it remains clear that if you have not updated your estate plan since 2012, you likely have important planning to address. The exemption amounts, even at the post 2025 levels of \$5 million indexed for inflation, together with the interplay of capital gains and income taxes means that most people (99.8% of taxpayers, according to government statistics) should have an estate plan focused primarily on “people” planning, income tax planning and tax basis planning, and not estate tax planning. As an example, you may have a trust that allocates all assets to a credit shelter trust that continues for your spouse’s life and passes to your children at the spouse’s death. For most people, this is no longer a good tax strategy as it sacrifices potential capital gains tax savings and flexibility for a benefit that

is no longer necessary. And if your credit shelter trust does not provide for your spouse, but rather passes directly to your children, you may have just disinherited your spouse by mistake!

On the other hand, those with greater estates may be advised to look at options available to leverage the temporary expansions in the estate and gift tax credit to make gifts and engage in other planning to be ready for 2026 when the “sunset” comes. Of course, estate, income and capital gains taxes are only a part of a good overall estate plan. Focusing on appropriate creditor, marital and “people” planning is key to the best outcome for your family. Since we can optimize all of these factors under the new tax act only on an individualized basis, we strongly recommend you have a conversation with your estate planning attorney now.

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No-Sew Blankets Donated to Common Ground



Last month, the Kemp Klein Foundation held an employee fundraiser to purchase fleece material for 14 no-sew blankets donated to Common Ground. Kemp Klein attorneys and staff and their family members gathered for a lunch party to create the 14 blankets. Common Ground distributes these as comfort blankets for children, victims of trauma, homeless and other families and individuals in need of assistance.



201 W. Big Beaver Rd. Ste. 600, Troy, MI 48084

ADDRESS SERVICE REQUESTED

Firm News

Sinai and Martella Win FINRA Arbitration

Stuart Sinai and Chris Martella recently prevailed in a Financial Industry Regulatory Authority (FINRA) arbitration proceeding to expunge/clear our client- broker's publicly-available so called BrokerCheck records of two clearly erroneous/false entries. Those entries had unfairly tarnished our client's reputation as an investment advisor. Those defamatory and erroneous entries will now be expunged from the publicly-available records.

Rosie the Riveter Close to Home

Many of you may have noticed on the national news last month that the woman believed to be the inspiration for the iconic Rosie the Riveter poster died at age 96. One of our shareholders, Christopher Martella, is proud of the fact that his grandmother was also an original "Rosie," one of millions of women that entered the U.S. workforce during World War II. Martella's grandmother, Helen Martella (Mart), worked at the Willow Run Assembly Plant on the B-24's engines. Helen Martella passed away in August of 2017 at age 97.

Seminar

Jenney to Speak at ICLE Medicaid and Health Care Planning Update 2018

Brian R. Jenney will be speaking out to Michigan lawyers on the important issues of qualified plans at ICLE's 2018 Medicaid and Health Care Planning Update in his talk, Avoiding Qualified Plan Quagmires. Attendees will learn planning options and traps to avoid. The seminar will be held on Tuesday, April 10 at 9:40am in Plymouth, MI. Register online at icle.org.