

House Bill 4845

Sponsor: Rep. John Bennett

Committee: Taxation

Complete to 8-28-91

A SUMMARY OF HOUSE BILL 4845 AS INTRODUCED 5-21-91

The bill would amend the General Property Tax Act to require large industrial taxpayers to participate in assessor-taxpayer conferences before they could appeal assessments to the local board of review. It also would establish the conference process and spell out what information would have to be exchanged between the parties and what inspections would have to be permitted and how they would be conducted. The conferences would be required of owners and operators of industrial property with a state equalized valuation of \$500,000 or more. (The bill refers to such property as "designated real property.") Any industrial or commercial taxpayer, however, could request a meeting with the assessor to discuss property valuations.

Inspection and Exchange of Information. As part of the process of determining property values, an assessor could notify the owners and occupants of large industrial properties of his or her intent to inspect the property. The taxpayer would have to allow the assessor and its employees or agents to inspect the property and would have to provide a guide familiar with the property. The assessor would have to observe the same safety and confidentiality rules established by the taxpayer for employees and others. Further, if the assessor was assisted by someone other than an assessor's employee, that person would be prohibited by contract from disclosing confidential information to anyone but the assessor and would be liable for damages suffered by the taxpayer as a result of a breach of this duty of confidentiality.

The assessor could request and receive information from the taxpayer, including the date the property was acquired; when improvements were made; the size, dimension, and character of construction; present uses of the property; physical changes since the previous tax day; architectural drawings, maps, layouts, and schematics; forms of all leases, the names of those leasing space, and the portions leased; portions of the property available for leasing but not leased or otherwise occupied; and the cost of improvements to the property made since the last tax day, if the assessor certifies that they are not readily available from other sources.

Tentative Valuation and Conference. By the second Monday in September, the assessor would make a tentative determination of value, and notify the taxpayer of the right to request an assessor-taxpayer conference to discuss the true cash value of the property. The initial meeting would have to be held by November 1, and the conference would have to be concluded at least 45 days before the first Monday in March. At the conference, the assessor would have to explain the basis of the tentative valuation, including the assessor's assumptions regarding the physical characteristics of the property, the current use and the

highest and best use of the property, and the changes in the property in the previous tax year, approaches to value considered and relied upon in valuing the property, sources of data used, and general or special studies of the same class of property used by the assessor.

The taxpayer could object to the procedures, methods, and information used to value the property and point out specific factors affecting the value. The taxpayer would have to present the assessor with its estimate of true cash value and with information supporting the estimate, and allow the assessor to question those responsible for developing the estimate. The assessor could also request additional information at this time. If the taxpayer had the requested information but did not provide it to the assessor, the taxpayer could not use the withheld information for any purpose in subsequent proceedings concerning the value of the property. Likewise, the assessor would be required to respond to the additional information provided by the taxpayer and share any information refuting it. If the assessor did not share this information, it could not be used during subsequent proceedings.

Agreement or Appeal. At least ten days before the meeting of the board of review, the assessor would notify the taxpayer of any change in the tentative valuation of the property. If agreement was reached on the property's value, the agreement would be put in writing and submitted to the board of review, and would be binding on both parties. However, if the taxpayer continued to disagree with the modified valuation, it would have to appeal to the board of review. The appeal would have to be filed by the third Tuesday in February and would have to set forth in writing the taxpayer's objections to the tentative determination of value, the taxpayer's estimate, and supporting facts. The filed statement would constitute an appearance and protest before the board of review but would not prevent the taxpayer from making a personal appearance. The statement would not be binding on the taxpayer in subsequent appeals. The assessor would also file a statement of the basis for the valuation with the board of review, and the board would use these statements to make a determination.

If the taxpayer did not request an assessor-taxpayer conference and the tentative valuation set by the assessor was used for the final assessment of the property, the taxpayer could not appeal the assessment further, unless there was a subsequent substantial physical change in the property. (Appeals would be permitted of increases resulting from a subsequent equalization process.)

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