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## TAX TRIBUNAL AMENDMENTS

House Bill 4334 (Substitute H-2)  
First Analysis (3-2-93)

Sponsor: Rep. Willis Bullard, Jr.  
Committee: Taxation

### ***THE APPARENT PROBLEM:***

Generally, a taxpayer cannot appeal a property tax assessment to the state tax tribunal without first going before the local board of review. Public Act 23 of 1987 allowed a direct appeal to the tribunal for taxpayers in cases where the final equalization multiplier employed was higher than the tentative multiplier used in preparing the assessment notice. In such cases, otherwise, a taxpayer who was satisfied with the original assessment notice but who later believed the property to be over-assessed when the equalization factor was revised would be unable to appeal. Public Act 23, however, only applied to appeals filed by December 31, 1990. (Similar acts had previously been passed to apply to earlier years.) It has been proposed to permit this direct appeal indefinitely. At the same time, the tax tribunal has proposed several amendments to improve the administration of that body.

### ***THE CONTENT OF THE BILL:***

The bill would amend the Tax Tribunal Act (MCL 205.737 and 205.762) to do the following.

-- A taxpayer would be allowed to appeal an assessment directly to the state tax tribunal without prior protest to the local board of review in cases where the final equalization multiplier for the tax year exceeded the tentative multiplier used in the assessment notice and action by the county board of commissioners or the state board of equalization resulted in the taxpayer's assessment as equalized exceeding 50 percent of true cash value. An appeal in such circumstances could not result in an assessment lower than the assessed value before the final equalization factors were added. Appeals would have to be filed on or before the third Monday in August. (This provision was put in the law by Public Act 23 of 1987 to apply to appeals filed up to December 31, 1990. The bill would remove the deadline.)

-- The act requires a taxpayer in a case still before the residential property and small claims division of the tribunal to amend the petition if he or she wants to include subsequent years (so they can be included when the case is heard). The bill would provide that subsequent years be added automatically to a taxpayer's petition. However, at the time of the hearing on the petition, upon leave of the tribunal, the taxpayer or respondent could request a subsequent year be excluded from appeal.

-- The act requires a taxpayer appearing before the entire tribunal (and not the small claims division) to add assessments for subsequent years by first protesting to the local board of review and then amending the petition before the tribunal. The bill would drop the requirement that a taxpayer first protest to the local board of review. (Reportedly, a court has said this step can be waived now by the tribunal if the protest would be futile.)

-- The act now allows a party in cases heard by a hearing referee to get a rehearing by a tribunal member automatically upon request, and requires that the hearing be de novo. The bill would specify that a taxpayer could get a rehearing by a tribunal member "by leave of the tribunal and upon good cause shown." Also the requirement that the hearing be de novo would be eliminated. The bill would instead specify that the rehearing could not be limited to the evidence presented before the hearing referee.

### ***FISCAL IMPLICATIONS:***

There is no information at present.

### ***ARGUMENTS:***

#### ***For:***

The bill would remove a sunset so as to continue to

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offer taxpayers an avenue of appeal if they think their final tax assessments are too high as a result of additions made to their original assessment by county or state equalization factors. An assessment could not be reduced below the amount of the original assessment on the grounds that the taxpayer should have protested that amount if it had been considered unfair.

***For:***

Tax tribunal officials have requested several amendments that would improve the operations of that body. One would allow the automatic addition of subsequent years to petitions of residential and small claims taxpayers with cases awaiting tribunal hearings. Another would eliminate the prior appearance before the board of review for adding subsequent years in larger tax cases pending before the tribunal. A third would require good cause to be shown before a tribunal member would have to rehear an order by a hearing referee and would specify that the later hearing would not be de novo.

***POSITIONS:***

A representative of the Tax Tribunal appeared before the House Taxation Committee in support of the bill. (2-24-93)