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Senate Bill 395 (Substitute S-1 as reported)
Sponsor: Senator Roger Kahn, M.D.
Committee: Finance

(as enrolled)

Date Completed: 3-18-10

RATIONALE

The General Property Tax Act requires assessors to notify each property owner or person listed on the assessment roll when there is an increase in the tentative State equalized valuation (SEV) or taxable value for the year. The notice must specify the tentative taxable value and tentative SEV for the current year, as well as the taxable value and the SEV for the preceding year; indicate the time and place of the meeting of the board of review; and include additional information listed in the Act. A taxpayer who disagrees with his or her assessment may file an appeal with the city or township board of review. Boards of review must begin meeting to hear appeals on the second Monday in March, and assessors must send the notices to taxpayers by first class mail at least 10 days before the board of review meets. In 2010, for example, boards of review had to begin meeting on Monday, March 8, so the notices had to be mailed by Friday, February 26. Thus, a taxpayer who received the notice on Monday, March 1, had one week to schedule a meeting with the board of review and prepare for the appeal, if he or she wanted to protest the assessment.

Some people believe that one week is not enough time to prepare an appeal, which typically involves demonstrating the value of comparable parcels. It has been suggested that the Act should set an earlier deadline for assessors to mail assessment notices.

CONTENT

The bill would amend the General Property Tax Act to require assessors to mail notices of an increase in SEV or taxable value at

least 14 days, rather than at least 10 days, before the meeting of a board of review.

MCL 211.24c

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The current 10-day time frame between the mailing of a notice of an increase in SEV or taxable value, and the meeting of a board of review, simply does not give property owners enough time to prepare an appeal. Typically, taxpayers use assessment and sales data about comparable parcels to demonstrate that an assessment is incorrect—something that may require the assistance of a real estate agent. Also, a homeowner might first need to contact the local assessing department for an explanation of the notice, and might want to perform an inspection of his or her home, and even obtain copies of other residents' complaints about the neighborhood (such as noise or eyesores). In some cases, a taxpayer might choose to have his or her property professionally appraised.

Giving taxpayers at least a few more days to accomplish these tasks would be fair. If notices had to be sent not later than 14 days before a board of review meeting, taxpayers would have nearly two weeks to gather the information needed to protest a tentative increase in SEV or taxable value.

Response: The time frame for assessors to do their job is being

increasingly compressed. Assessors conduct sales studies to determine property values, and traditionally have based the studies on a two-year, July-to-July period. This benefits taxpayers when values are increasing. For the 2010 assessment, assessors normally would have looked at sales between July 1, 2007, and June 30, 2009. Since property values have been in a period of decline, however, assessors switched to a one-year period, from October 1, 2008, to September 31, 2009, for the 2010 assessment. This accelerated the realization of decline, to the benefit of taxpayers, but assessors lost three months to get their job done. In addition, assessors must send out assessment notices for personal property. These notices are based on information provided by businesses. Statements are mailed to businesses by December 31, and are supposed to be returned by February 1, but many businesses have trouble meeting that deadline, reducing the time assessors have to prepare the assessment notices.

Although mailing notices to taxpayers four days earlier would not make a significant difference, the process already is squeezed, which can and does lead to mistakes.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would likely have an indeterminate, but minimal impact on State and local property tax revenue. By expanding the mailing period before the review board meeting, the bill could lead to an unknown amount of new submissions for appeal. However, in general, this would likely be a fairly small number.

Fiscal Analyst: Eric Scorsone

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.