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BILL



ANALYSIS

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Senate Bill 1304 (as introduced 4-28-10)
Sponsor: Senator Nancy Cassis
Committee: Finance

Date Completed: 5-10-10

CONTENT

The bill would amend the General Property Tax Act to allow an owner of a property interest or an assessor to appeal an order of the State Tax Commission regarding a classification dispute to the Michigan Tax Tribunal.

The Act requires local assessors to classify every item of assessable property. An owner of any assessable property who disputes the classification must notify the assessor and may protest the classification to the March board of review. The owner or assessor may appeal the decision of the board of review by filing a petition with the State Tax Commission, which must arbitrate the petition. The bill would refer to an "owner of a property interest", rather than an "owner".

The Act provides that an appeal may not be taken from the decision of the State Tax Commission regarding classification complaint petitions, and the Commission's determination is final and binding for the year of a petition. The bill would delete this language, and allow an appeal as described above.

MCL 211.34c

BACKGROUND

The State Tax Commission consists of three members appointed by the Governor, and is staffed by Department of Treasury personnel. Under statute, the Commission has "general supervision of the administration of the tax laws of the state" and is required to assist assessing officers. The Commission also is required to prepare an assessment roll or equalization study if a local assessing unit or a county, respectively, fails to do so. The Commission is responsible for gathering and reporting information regarding assessments, tax levies, and appraised values.

The Michigan Tax Tribunal is a quasi-judicial agency within the Department of Energy, Labor, and Economic Growth. The Tribunal has jurisdiction over proceedings for direct review of a final decision, determination, or ruling of an agency relating to assessment, valuation, rates, or equalization under property tax laws. Some disputes may be protested to the local board of review, while others may be appealed directly to the Tribunal. The Tribunal's Residential and Small Claims Division has jurisdiction over proceedings involving residential property and proceedings involving the appeal of any tax if the amount in dispute is \$20,000 or less.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would provide an additional appeal process for taxpayers seeking reclassification of assessable property. Reclassification requests are currently higher than normal as taxpayers seek to qualify for preferential tax treatment for certain types of property. These cases would temporarily increase the caseload of the Tax Tribunal; however, over time, the activity is expected to decline. The Tax Tribunal does not currently charge a fee for this type of filing but has the authority to establish a fee through the administrative rules process.

The Michigan Tax Tribunal is located within the Department of Energy, Labor, and Economic Growth and is funded by fee revenue. In FY 2009-10, the appropriation for the Tax Tribunal consists of \$2,790,000 in restricted fee revenue and 15.0 FTEs.

Fiscal Analyst: Elizabeth Pratt
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