

Legislative Analysis



JULY AND DECEMBER BOARD OF REVIEW

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House Bill 5538 as introduced
Sponsor: Rep. Bruce Caswell
Committee: Tax Policy

First Analysis (3-8-06)

BRIEF SUMMARY: House Bill 5538 would amend the General Property Tax Act to permit the governing body of a city or township to authorize alternative starting dates for the July or December Board of Review

FISCAL IMPACT: The bill would have no significant fiscal impact on the state or local governmental units.

THE APPARENT PROBLEM:

The General Property Tax Act provides for the establishment of local boards of review to receive and review the tax assessment roll. The March board of review is charged with making corrections to the assessment roll, as appropriate, regarding the names listed, property descriptions, and the assessment and valuation of property. In addition, the March board of review hears taxpayer appeals of property assessments and valuations. The act also permits the board of review to meet in July and December to correct certain "qualified errors" and hear appeals concerning the poverty exemption (MCL 211.7u), principal residence exemption (MCL 211.7cc), and the qualified agricultural property exemption (MCL 211.7ee). Under the act, the July board of review meets on the Tuesday after the third Monday in the month, and December board of review meets on the Tuesday after the second Monday in the month.

Last session, the governor and legislature enacted Public Act 194 of 2003 (House Bill 4211) to allow local governments to authorize alternative starting dates for the initial meeting of the March board of review. The change was made to provide some flexibility for townships in setting their meeting times, as some local assessors assess property in multiple townships and found it difficult to attend the board of review meetings when all of the boards met roughly at the same time. Public Act 194 only affected the March board of review, and did not allow for alternative starting dates for the July and December boards of review. Legislation doing so has been introduced.

THE CONTENT OF THE BILL:

House Bill 5538 would amend the General Property Tax Act to permit the governing body of a city or township to authorize alternative starting dates for the July or December Board of Review during the week of the third Monday in July or the second Monday in December. Currently, the July board meets on the Tuesday after the third Monday in the month, and the December board meets on the Tuesday after the first Monday.

Note: As introduced, the bill is based on Section 53b of the act, as amended by Public Act 105 of 2003. A conflict substitute is expected, reflecting changes in the act, occurring after the bill was introduced, made by Public 13 of 2006.

MCL 211.53b

BACKGROUND INFORMATION:

Qualified Errors

The General Property Tax Act authorizes the July and December Boards of Review to correct certain "qualified errors," which the act defines to mean the following:

- A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
- A mutual mistake of fact.
- An adjustment relative to an incorrect uncapping of property tax assessments (MCL 211.27a).
- An exemption for certain qualified start-up businesses (MCL 211.7hh).
- For board of review determinations in 2006 through 2009, one or more of the following:
 - An error of measurements or calculation of the physical dimensions or components of real property being assessed.
 - An error of omission or inclusion of a part of the real property being assessed.
 - An error regarding the correct taxable status of the real property being assessed.
- An error made by the taxpayer in preparing a personal property tax statement.

Concurrent Legislation

In February the House of Representatives passed House Bill 5313, which would permit a township board to appoint to the board of review up to two alternate members who could serve as a regular member of the board in the absence of a regular member or when a regular member has abstained from a decision because of a conflict of interest.

ARGUMENTS:

For:

The current restriction on the meeting dates of the July and December Board of Review is problematic in those instances where one assessor assesses the property of several townships. If the boards of review for two or three townships each meet at substantially the same time, the assessor will have difficulty being present for all of the meetings. As such, the assessor may be unable to defend his or her actions in matters brought before the board. Further, the act requires that all "qualified errors" be verified by the local

assessor, and that really can't occur if the assessor is unable to attend the meeting. Permitting cities and townships to set alternative meeting dates for the July and December boards of review better enables them to work with one another and the assessors to find a time that is agreeable to all involved, and ensures that each matter under review by the board is properly and sufficiently reviewed.

POSITIONS:

The Department of Treasury supports the bill. (3-8-06)

The Michigan Townships Association supports the bill. (3-8-06)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.