

Legislative Analysis



TAX TRIBUNAL CASES: ALLOW INFORMAL SETTLEMENT CONFERENCES

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House Bill 4913 (Substitute H-3)
Sponsor: Rep. Marty Knollenberg
1st House Committee: Tax Policy
2nd House Committee: Judiciary

Complete to 9-28-09

A SUMMARY OF HOUSE BILL 4913 AS REPORTED FROM COMMITTEE

The bill would amend the Tax Tribunal Act to require informal settlement conferences to be held at the request of a taxpayer who has filed a petition with the Tax Tribunal. The Tribunal hears cases on property tax issues (assessments, valuations, rates, special assessments, allocation, or equalization).

Under the bill, once a petition has been filed with the Tax Tribunal, and the local tax collection unit has filed an answer to the petition, the petitioner could request an informal settlement conference. If a petitioner did so, the local tax collecting unit would have to schedule such a conference within 60 days, with the conference to be held at the office of the local tax collecting unit.

The petitioner could file a motion with the residential property and small claims division of the Tax Tribunal (referred to in the remainder of the summary as "the Division") to an order to compel the informal settlement conference. If the local unit did not schedule a conference after receiving the order, then the Division would schedule an expedited default hearing.

At the informal settlement conference, the petitioner and local tax collecting unit could enter into a stipulation for judgment, which would be filed with the Division. The Division would review the stipulation to determine if it is to be adopted as a final order. Upon a showing of good cause or at the Division's discretion, the Division could reject the proposed stipulation for judgment.

If the petitioner and the assessing agency do not agree, the appeal would continue as otherwise provided in the act.

The bill would not apply to the denial of a principal residence claim.

MCL 205.762b

FISCAL IMPACT:

The bill would have no budgetary impact on the Michigan Tax Tribunal. To the extent the bill results in more tax disputes being resolved through an informal conference, the bill could potentially enable the MTT to more quickly work through its backlog of approximately 20,000 cases. To the extent this occurs, the bill could result in reduced litigation costs for parties to an MTT case, as well as lower interest payments paid by the state and local units of government arising from the dispute.

Currently, Section 21 (MCL 205.21) of the Revenue Act, 1941 PA 122, authorizes taxpayers to settle non-property tax disputes with the Department of Treasury through an informal conference. Additionally, Section 7cc (MCL 211.7cc) of the General Property Tax Act, 1893 PA 206, allows taxpayers to resolve a dispute concerning principal residence exemptions (for owner-occupied homes) through an informal conference with the Department of Treasury.

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