

HOUSE BILL NO. 5867

June 26, 2024, Introduced by Reps. Xiong, Brixie, Wilson, Hill, Wegela, Tsernoglou, Hope, Rheingans, Rogers, Hood, Steckloff, Breen, Brabec, Paiz, McKinney, Price, McFall, Mentzer, Byrnes, Dievendorf, Roth and Morgan and referred to the Committee on Tax Policy.

A bill to amend 1973 PA 186, entitled
"Tax tribunal act,"
by amending section 37 (MCL 205.737), as amended by 2012 PA 220.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 37. (1) The tribunal shall determine a property's taxable
2 value pursuant to section 27a of the general property tax act, 1893
3 PA 206, MCL 211.27a.

4 (2) The tribunal shall determine a property's state equalized
5 valuation by multiplying its finding of true cash value by a
6 percentage equal to the ratio of the average level of assessment in

1 relation to true cash values in the assessment district, and
2 equalizing that product by application of the equalization factor
3 that is uniformly applicable in the assessment district for the
4 year in question. The property's state equalized valuation shall
5 **must** not exceed 50% of the true cash value of the property on the
6 assessment date.

7 (3) The petitioner has the burden of proof in establishing the
8 true cash value of the property. The assessing agency has the
9 burden of proof in establishing the ratio of the average level of
10 assessments in relation to true cash values in the assessment
11 district and the equalization factor that was uniformly applied in
12 the assessment district for the year in question. **In an assessment
13 dispute as to true cash value subject to section 38, the
14 petitioner's burden of proof under this subsection includes, but is
15 not limited to, a burden of pleading applicable to the petitioner's
16 initially filed petition, which is subject to dismissal unless it
17 alleges all of the following:**

18 (a) Petitioner's best estimate of the true cash value of the
19 subject property.

20 (b) The basis for the estimate described in subdivision (a),
21 including a clear and complete explanation of all of the following:

22 (i) The valuation method that the petitioner alleges is the
23 proper method to use to determine the subject property's true cash
24 value.

25 (ii) The specific differences between the petitioner's
26 preferred valuation method and the method used by the assessing
27 agency whose valuation the petitioner appeals.

28 (iii) All reversible errors committed by the assessing agency
29 whose valuation the petitioner appeals.

1 (c) Any other information that the tribunal may require by
2 rule.

3 (4) If the taxpayer paid additional taxes as a result of the
4 unlawful assessments on the same property after filing the
5 petition, or if in subsequent years an unlawful assessment is made
6 against the same property, the taxpayer, not later than the filing
7 deadline prescribed in section 35 for a proceeding before the
8 tribunal that is commenced before January 1, 2007 or section 35a
9 for a proceeding before the tribunal that is commenced after
10 December 31, 2006, except as otherwise provided in subsections (5)
11 and (7), may amend the petition to join all of the claims for a
12 determination of the property's taxable value, state equalized
13 valuation, or exempt status and for a refund of payments based on
14 the unlawful assessments. The motion to amend the petition to add a
15 subsequent year ~~shall~~**must** be accompanied by a motion fee equal to
16 50% of the filing fee to file a petition to commence an appeal for
17 that property in that year. A sum determined by the tribunal to
18 have been unlawfully paid or underpaid ~~shall~~**must** bear interest
19 from the date of payment to the date of judgment and the judgment
20 ~~shall~~**must** bear interest to date of its payment. However, a sum
21 determined by the tribunal to have been underpaid ~~shall~~**must** not
22 bear interest for any time period prior to 28 days after the
23 tribunal's decision. Interest required by this subsection ~~shall~~
24 ~~accrue~~**accrues** for periods before April 1, 1982 at a rate of 6% per
25 year, ~~shall accrue~~**accrues** for periods after March 31, 1982 but
26 before April 1, 1985 at a rate of 12% per year, and ~~shall accrue~~
27 **accrues** for periods after March 31, 1985 but before April 1, 1994
28 at a rate of 9% per year. After March 31, 1994 but before January
29 1, 1996, interest ~~shall accrue~~**accrues** at an interest rate set

1 monthly at a per annum rate based on the auction rate of the 91-day
2 discount treasury bill rate for the first Monday in each month,
3 plus 1%. After December 31, 1995 but before July 1, 2012, interest
4 ~~shall accrue~~ **accrues** at an interest rate set each year based on the
5 average auction rate of 91-day discount treasury bills in the
6 immediately preceding state fiscal year as certified by the
7 department of treasury, plus 1%. The department of treasury shall
8 certify the interest rate within 60 days after the end of the
9 immediately preceding fiscal year. After June 30, 2012, interest
10 ~~shall accrue~~ **accrues** at 1 percentage point above the adjusted prime
11 rate. As used in this section, "adjusted prime rate" means the
12 average predominant prime rate quoted by not fewer than 3
13 commercial banks to large businesses, as determined by the
14 department of treasury. The adjusted prime rate is to be based on
15 the average prime rate charged by not fewer than 3 commercial banks
16 during the 6-month period ending on March 31 and the 6-month period
17 ending on September 30. One percentage point ~~shall~~ **must** be added to
18 the adjusted prime rate and the resulting sum ~~shall~~ **must** be divided
19 by 12 to establish the current monthly interest rate. The resulting
20 current monthly interest rate based on the 6-month period ending
21 March 31 becomes effective on the following July 1, and the
22 resulting current monthly interest rate based on the 6-month period
23 ending September 30 becomes effective on January 1 of the following
24 year. The tribunal shall order the refund of all or part of a
25 property tax administration fee paid in connection with taxes that
26 the tribunal determines were unlawfully paid.

27 (5) A motion to amend a petition to add subsequent years is
28 not necessary in the following circumstances:

29 (a) If the tribunal has jurisdiction over a petition alleging

1 that the property is exempt from taxation, the appeal for each
2 subsequent year for which an assessment has been established ~~shall~~
3 **must** be added automatically to the petition. However, upon leave of
4 the tribunal, the petitioner or respondent may request that any
5 subsequent year be excluded from appeal at the time of the hearing
6 on the petition.

7 (b) If the residential property and small claims division of
8 the tribunal has jurisdiction over a petition, the appeal for each
9 subsequent year for which an assessment has been established ~~shall~~
10 **must** be added automatically to the petition. The residential
11 property and small claims division shall automatically add to an
12 appeal of a final determination of a claim for exemption of a
13 principal residence or of qualified agricultural property each
14 subsequent year in which a claim for exemption of that principal
15 residence or that qualified agricultural property is denied.
16 However, upon leave of the tribunal, the petitioner or respondent
17 may request that any subsequent year be excluded from appeal at the
18 time of the hearing on the petition.

19 (6) The notice of the hearing on a petition ~~shall~~**must** include
20 a statement advising the petitioner of the right to amend ~~his or~~
21 ~~her~~**the** petition to include or exclude subsequent years as provided
22 by subsections (4) and (5).

23 (7) If the final equalization multiplier for the tax year is
24 greater than the tentative multiplier used in preparing the
25 assessment notice and as a result of action of the state board of
26 equalization or county board of commissioners a taxpayer's
27 assessment as equalized is in excess of 50% of true cash value,
28 that person may appeal directly to the tax tribunal without a prior
29 protest before the local board of review. The appeal ~~shall~~**must** be

1 filed under this subsection on or before the third Monday in August
2 and ~~shall~~**must** be heard in the same manner as other appeals of the
3 tribunal. An appeal pursuant to this subsection ~~shall~~**must** not
4 result in an equalized value less than the assessed value
5 multiplied by the tentative equalization multiplier used in
6 preparing the assessment notice.

7 Enacting section 1. This amendatory act does not take effect
8 unless all of the following bills of the 102nd Legislature are
9 enacted into law:

10 (a) Senate Bill No. ____ or House Bill No. 5868 (request no.
11 00449'23).

12 (b) Senate Bill No. ____ or House Bill No. 5866 (request no.
13 04243'23).