



**House
Legislative
Analysis
Section**

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COMPUTERIZED TAX ROLLS

**House Bill 5384 (Substitute H-2)
First Analysis (5-14-90)**

**Sponsor: Rep. Victor C. Krause
Committee: Taxation**

THE APPARENT PROBLEM:

A working group of state and local tax administration officials and legislative tax specialists has developed a proposal that will allow for the computerization of tax rolls with appropriate safeguards. Currently, there are obstacles to computerizing tax records. According to a memo from staff to the House Taxation Committee (dated 5-9-90): "The Attorney General has ruled that it is illegal for the assessor to prepare a property tax roll at the end of the tax collection cycle. The catalyst for the ruling was a question concerning the legality of generating a duplicate tax roll from a computerized data base that served as the original roll and the record of payment. The General Property Tax Act requires the township supervisor (assessor) to prepare a tax roll and to attach a warrant authorizing collection to the roll, and requires the township treasurer to enter the payment on the roll in an indelible manner. Because of these requirements, the Attorney General ruled, the tax roll could not be generated after the fact." These requirements, the House Taxation memo said, "are designed to assure an accurate record unique to each parcel, and to provide an audit trail for each aspect of the establishment and payment of tax with respect to each parcel of property." What is needed is a system that combines the administrative advantages of using computers for tax records with the procedures necessary to protect the integrity of the tax collection process.

THE CONTENT OF THE BILL:

The bill would amend the General Property Tax Act to allow a local tax collecting unit to use a computerized data base as the tax roll with the written authorization of the state tax commission and the state treasurer. The commission and treasurer would grant authorization if the local unit complied with the following requirements (and could withdraw its approval if a unit subsequently failed to comply).

- An original precollection tax roll would have to be printed from the computerized data base and warranted by the assessor. The precollection roll would have to be maintained until after the redemption period following the May tax sale.
- A separate computer printout of all parcel splits and combinations, including sufficient information to document the accuracy of the splits or combinations, would have to be prepared and maintained until after the redemption period following the May tax sale.
- A separate computer printout of all corrections and adjustments to the precollection tax roll authorized by action of the board of review, state tax commission, or tax tribunal, including sufficient information to document the accuracy of all corrections and adjustments, would have to be prepared and maintained by the assessor until after the redemption period following the May tax sale or the resolution of all pending appeals, whichever was later.

- The local tax collecting treasurer and the assessor would have to produce a final computer-printed settlement tax roll to certify taxes collected to the county treasurer. The assessor would have to certify that state equalized valuations, adjusted valuations, and the spread of taxes and adjusted taxes were correctly recorded in the settlement tax roll. The local tax collecting treasurer would have to certify delinquent taxes and certify that all tax collections are posted on the settlement tax roll. The certifications and the settlement tax roll would have to be transmitted to the county treasurer. The affidavit attached to the settlement tax roll would have to include documentation that authorized and reported all changes in the precollection tax roll.
- The treasurer of the local tax collecting unit would have to prepare and maintain a journal of the collections totaled and reconciled to the amount of actual collections daily.
- A payment of the tax would have to be posted to the computerized tax roll using a transaction or receipt number with the date of payment. A posting on the computerized data base would be considered the entry of the fact and date of payment in an indelible manner on the tax roll as required by law.
- The computerized data base would have to have internal and external security procedures sufficient to assure the integrity of the system.
- The local tax collecting unit would have to be capable of making available a posted computer printed tax roll.

The computerized data base system would have to be compatible with the system used by the county treasurer for the collection of delinquent taxes.

Every three years, the local unit would have to certify to the state tax commission and the Department of Treasury that the unit is meeting the requirements. If the state treasurer or the tax commission at any time believed the local unit was not in compliance, written notification would have to be sent to the local unit specifying the reasons the system was not in compliance. The local unit would have 60 days to provide evidence it was in compliance or that it had taken action to correct its noncompliance. If after 60 days, the tax commission or state treasurer felt satisfactory steps were not being taken, the tax commission would institute proceedings to withdraw approval of the use of the computerized data base as the original tax roll. Proceedings would be in accordance with the rules for other commission proceedings and would not be considered a contested case.

The bill says a local tax collecting unit that provides a computer terminal for public viewing of the tax roll would be considered to have the tax roll available for public inspection.

MCL.211.42a

FISCAL IMPLICATIONS:

There is no information at present.

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OVER

ARGUMENTS:

For:

The bill would allow local tax collection units to computerize their tax rolls and at the same time puts into statute a number of requirements aimed at safeguarding the integrity of the tax records. Local officials have said that computerization will make their jobs simpler, but currently there are legal obstacles.

POSITIONS:

The Department of Treasury supports the bill. (5-9-90)

The Michigan Townships Association supports the bill. (5-9-90)

The Michigan Municipal League supports the concept of the bill. (5-9-90)

The United County Officers Association supports the bill. (5-9-90)