



**House
Legislative
Analysis
Section**

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DIRECT APPEAL TO TAX TRIBUNAL

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House Bill 4021 (H-1)
First Analysis (3-3-87) Floor Copy

APR 08 1987

Sponsor: Rep. Willis Bullard, Jr.
Committee: Taxation

Mich. State Law Library

H.B. 4021 (3-3-87)

THE APPARENT PROBLEM:

A taxpayer cannot appeal a property tax assessment to the state's tax tribunal without first going before the local board of review. Sometimes a taxpayer's protest is based on increases made to the assessment when the county board of commissioners or the state board of equalization revises the equalization factor after the deadline has passed for going to the local board. According to the Taxation Committee staff, the last day for boards of review to hear appeals this year is April 6, yet the deadline for a county to establish an equalization factor is April 14 and the state equalization deadline is May 26. Thus, a taxpayer who was satisfied with an original assessment, but who later believes the property to be over-assessed as a result of revisions to the equalization factor is left without an opportunity to appeal the assessment. Twice in recent years the legislature has enacted temporary measures to allow this class of taxpayers to appeal directly to the state tax tribunal.

THE CONTENT OF THE BILL:

The bill would amend the Tax Tribunal Act to allow a taxpayer to appeal an assessment directly to the state tax tribunal without a prior protest to the local board of review in cases where the final equalization multiplier for the tax year exceeded the tentative multiplier used in preparing the assessment notice, and action by the county board of commissioners or the state board of equalization resulted in the taxpayer's assessment as equalized being greater than 50 percent of true cash value. However, an appeal under the bill could not result in an assessment lower than the assessed value before the final equalization factors were added. Appeals would have to be filed on or before the third Monday in August. The bill would not apply to appeals filed after December 31, 1990 (MCL 205.735 and 737).

BACKGROUND:

Two similar acts have passed in recent years. Public Act 88 of 1975 (House Bill 5525), which applied only to the 1975 tax year, and Public Act 138 of 1986 (Senate Bill 776), which applied only to the 1986 tax year.

FISCAL IMPLICATIONS:

The bill's fiscal impact depends, obviously, on how many appeals are made under the new procedure.

ARGUMENTS:

For:

The bill offers taxpayers an avenue of appeal if they think their final tax assessments are too high as a result of additions made to their original assessments by county or state equalization factors. Under such circumstances, an assessment could only be reduced by the amount added by the equalization factors, on the grounds that the taxpayer should have protested other portions of the assessment to the local board of review.

Against:

While the bill is fair to a class of taxpayers who at present are left without a way to appeal assessments they believe to be too high, it could be misused in a number of ways; for example, it could result in the generation of mass appeals by a county that is involved in a dispute with the state over state equalization.

Response: The bill carries a sunset date that allows the legislature to review the uses made of the new appeal procedure and its effect on the equalization process.

POSITIONS:

The Department of Treasury, despite some misgivings, supports the bill, and strongly supports the sunset language (2-26-87).

The Michigan Townships Association supports the substitute bill (2-26-87).

The Michigan Association of Realtors supports the substitute bill (2-25-87).