



**House
Legislative
Analysis
Section**

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EXEMPT APPRAISERS FROM LICENSING REQ.

House Bill 4601 as introduced
First Analysis (5-20-87)

Sponsor: Rep. Donald Gilmer
Committee: State Affairs

5-20-87

100105 1987

State of Michigan

THE APPARENT PROBLEM:

Currently, the Michigan Occupational Code requires persons offering appraisals to be licensed as real estate brokers and salespersons. In addition, only persons who are verified experts may testify before the tax tribunal concerning the value of property. These restrictions, however, may be prohibitive to accurate valuation where the assessment of large parcels of property are concerned. For instance, General Motors Corporation and certain local units of government disagree as to the value of certain industrial property. Both parties would like to utilize the services of a nationally recognized expert on appraising theories, but are concerned about having the expert testify before the tax tribunal because of the ambiguities in the law concerning "experts"; i.e., they are not sure if expert witnesses must be licensed as brokers or salespersons to gain credence before the tax tribunal. This situation can cause special problems when large parcels of industrial property are involved, because often only a few nationally recognized experts are knowledgeable enough to offer opinions concerning the theories of appraisal and valuation of such property. Therefore, legislation is needed which would clarify that those persons considered experts in their fields would be allowed to testify before the tax tribunal concerning the value of property.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Occupational Code to exempt a person who offered an appraisal or testified before the tax tribunal concerning the value of property from the licensing requirements for real estate brokers and salespersons.

MCL 339.2503

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would have no fiscal implications to the state. (5-19-87)

ARGUMENTS:

For:

Although licensing as a real estate broker or salesperson is not required in order to testify before the tax tribunal, there is still some confusion over who would be considered an expert witness. The bill would clarify this ambiguity so that as long as the tax tribunal was satisfied that a person was an "expert", the person would be allowed to testify as to the value of property in dispute.

Against:

Currently, the state has little control over the quality of appraisers. This bill would make it even more difficult to assess the quality of people who appear before the tax tribunal. Licensed real estate brokers and salespersons are often deemed experts with special appraising skills because they possess some formal education dealing strictly with appraising. If the informal acknowledgment

of real estate brokers and salespersons as experts is denied, the tax tribunal will subject itself to unnecessary testimony from unqualified people.

POSITIONS:

The Michigan Townships Association supports the bill. (5-19-87)

Comstock Charter Township supports the bill. (5-19-87)

The Comstock Public Schools support the bill. (5-19-87)

The American Institute of Real Estate Appraisers opposes the bill. (5-19-87)

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