



**House
Legislative
Analysis
Section**

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**House Bill 4601 as enrolled
Second Analysis (6-22-87)**

**Sponsor: Rep. Donald Gilmer
Committee: State Affairs**

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 holding the Member Appraisal Institute (MAI) designation awarded by the American Institute of Real Estate Appraisers (a national accrediting body for appraisers) 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 by ensuring that persons that did testify before the tax tribunal as to the value of property in dispute would meet minimum standards.

For:

Currently, the state has little control over the quality of appraisers. This bill would make it easier 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. The bill would further specify that these "experts" have the MAI designation in order to testify before the tax tribunal, thus allowing the tribunal to avoid subjecting itself to unnecessary testimony from unqualified people.

H.B. 4601 (6-22-87)