

RECEIVED

SFA



BILL ANALYSIS

MAY 08 1987

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

Mich. State Law Library

**House Bill 4021 (Substitute H-1 as reported without amendment)**

Sponsor: Representative Willis Bullard, Jr.

House Committee: Taxation

Senate Committee: Finance

**RATIONALE**

In order to appeal a property tax assessment to the State's Tax Tribunal, a taxpayer must first go before the local board of review. Sometimes, however, 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. Reportedly, 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.

**CONTENT**

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, as a result of action by the county board of commissioners or the State Board of Equalization, the taxpayer's assessment as equalized was greater than 50% of true cash value.

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 205.737

**BACKGROUND**

Two similar acts have passed in recent years: Public Act 188 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 IMPACT**

House Bill 4021 (H-1) would result in a minor but indeterminate increase in administrative costs for the State Tax Tribunal. A similar provision in 1986 resulted in less than a 1% increase in appeals.

**ARGUMENTS****Supporting Argument**

The bill would offer 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 be reduced only 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.

**Opposing Argument**

While the bill would be 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 would allow the Legislature to review the uses made of the new appeal procedure and its effect on the equalization process.

Legislative Analyst: G. Towne

Fiscal Analyst: N. Khouri

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

H.B. 4021 (4-2-87)