

SFA

BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4601 (as reported without amendment)**Sponsor: Representative Donald Gilmer****House Committee: State Affairs****Senate Committee: Finance****Date Completed: 6-8-87*****RATIONALE***

Currently, the Michigan Occupational Code requires persons offering appraisals of real property to be licensed as real estate brokers and salespersons. In addition, under the Tax Tribunal Act, only persons who are verified experts may testify before the Tax Tribunal concerning the value of property. In combination, these restrictions may be prohibitive to accurate valuation when the assessment of large parcels of industrial property is concerned, because often only a few nationally recognized experts are knowledgeable enough to offer opinions concerning the theories of appraisal and valuation of such property. 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 use 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 testify before the Tax Tribunal. Some people feel legislation is needed to clarify that those persons considered experts in their field would be allowed to testify before the Tax Tribunal concerning the value of property, without having fulfilled certain licensure requirements.

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.

CONTENT

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 real property, from the licensing requirements for real estate brokers and salespersons.

MCL 339.2503

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS***Supporting Argument***

Although under the Tax Tribunal Act licensing as a real estate broker or salesperson is not required in order to testify before the Tax Tribunal, there is some confusion over who can be considered an expert witness. The bill would remove 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.

H.B. 4601 (6-8-87)