



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5220 (Substitute H-1 as passed by the House)

Sponsor: Representative Marty Knollenberg

House Committee: Tax Policy

Senate Committee: Finance

Date Completed: 11-27-12

CONTENT

The bill would amend the Tax Tribunal Act to allow a petitioner or a local tax collecting unit to request an informal settlement conference after a petition was filed in the Residential Property and Small Claims Division of the Tax Tribunal. The bill also would:

- Require the local tax collecting unit to hold an informal settlement conference within 60 days after a request was made.**
- Allow the parties to enter into a stipulation for judgment at the conference.**
- Require the Small Claims Division to determine whether the stipulation should be adopted as a final order.**

Specifically, except as otherwise provided in the bill, after a petitioner had filed a petition under Chapter 6 of the Act (which governs the Residential Property and Small Claims Division) and the respondent local tax collecting unit had filed an answer, the petitioner or the local tax collecting unit could request an informal settlement conference.

A petitioner would have to submit a written request to the local tax collecting unit, and a local tax collecting unit would have to submit a written request to the petitioner. Either party making a request would have to file a copy with the Residential Property and Small Claims Division (the Small Claims Division).

If a petitioner requested an informal settlement conference, the local tax collecting unit would have to schedule and hold the conference within 60 days after receiving the request. If it did not so do, the petitioner could file a motion with the Small Claims Division for an order to compel the informal settlement conference. If the local tax collecting unit did not schedule the conference after receiving the order, the Small Claims Division would have to schedule an expedited default hearing.

If a local tax collecting unit requested an informal settlement conference, it would have to schedule and hold one within 60 days after the request was delivered to the petitioner. The petitioner would not be required to respond to the request or to attend the conference. If the petitioner did not respond or attend, the petitioner's appeal would continue as provided in the Act.

An informal settlement conference requested by a petitioner or by a local tax collecting unit would have to be held at the offices of the local tax collecting unit.

At the conference, the petitioner and the local tax collecting unit could enter into a stipulation for judgment. The stipulation would have to be filed with the Small Claims Division, which would have to review the stipulation to determine if should be adopted as a final order. Upon a showing of good cause or at the Small Claims Division's discretion, the Division could reject the proposed stipulation for judgment.

If the petitioner and the local tax collecting unit did not agree to a stipulation for judgment or if the Small Claims Division rejected the proposed stipulation, the petitioner's appeal would have to continue as provided in the Act.

The bill would not apply to the denial of a claim for exemption of a principal residence under the General Property Tax Act.

Proposed MCL 205.762b

BACKGROUND

The Tax Tribunal is a quasijudicial agency in the Department of Licensing and Regulatory Affairs. The Tribunal has exclusive jurisdiction over proceedings for the direct review of a final decision, determination, ruling, or order of an agency relating to assessment, valuation, rates, special assessment, allocation, or equalization, as well as proceedings for a refund or redetermination, under the property tax laws of the State.

The Residential Property and Small Claims Division of the Tax Tribunal has jurisdiction over proceedings involving residential property. The Small Claims Division also has jurisdiction over proceedings involving nonresidential property if the amount of that property's taxable value or State equalized valuation in dispute is not more than \$100,000. In addition, the Division has jurisdiction over proceedings involving the appeal of any other tax over which the Tribunal has jurisdiction, if the amount in dispute is \$20,000 or less. (That amount was set in 2008 and must be adjusted annually for inflation.)

The Small Claims Division uses an informal hearing process, no formal record is made of the proceeding, and parties typically represent themselves.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

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

Fiscal Analyst: David Zin

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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.