



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6049 (Substitute H-1 as reported without amendment)
Sponsor: Representative James Lower
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to do the following:

- Require the State Tax Commission to audit the assessing districts in Michigan to determine if they complied with certain requirements, such as employing or contracting with an assessor of record that oversaw and administered an annual assessment of all property liable to taxation in the assessing district, beginning on and after December 31, 2021.
- Require the State Tax Commission to develop and implement an audit program to determine whether an assessing district was in substantial compliance with the bill's requirements.
- Allow the State Tax Commission to initiate a process to ensure that an assessing district achieved and maintained substantial compliance with the bill's requirements after December 31, 2021.
- Require the State Tax Commission to develop and implement a process to ensure that all assessing districts in the State achieved and maintained substantial compliance with the bill's requirements, and list what that process would have to include.
- Require every county to have a designated assessor on file with the State Tax Commission beginning December 31, 2020, subject to further requirements and provisions listed under the bill.
- Allow the governing bodies of two or more contiguous cities or townships, by agreement, to appoint a single board of review to serve as the board of review for each of those cities or townships for the purposes of the Act.
- Allow a village that was located in more than one assessing district to request State Tax Commission approval that the assessment of property within the village be combined with the assessment of property in one of those assessing districts.
- Require all assessing officials to maintain land value maps only through calendar year 2018.
- Require the State Tax Commission to adopt and publish guidelines to implement the bill.

The bill states the following: "It is the intent of the legislature to appropriate sufficient money to address start-up and training costs associated with this amendatory act, including, but not limited to, necessary costs incurred to train board of review members, increase the number of assessors qualified to serve as assessors of record, facilitate initial designated assessor designations, respond to assessor requests for technical assistance, enhance staff and programming within the State Tax Commission to improve technical support for assessors of record, and transition some assessment services to designated assessors."

MCL 211.10d et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have an indeterminate, minimal impact on the State and local units of government. The requirements could increase costs to new local assessing districts and counties. However, due to the unknown number of districts that could contract with counties to perform assessment duties, a local unit taking over assessment responsibilities, and the staff availability, it is impossible to determine an overall statewide costs. If there were additional costs at the local level, the property tax administrative fee could offset most of those costs. There is intent language for the Legislature to appropriate sufficient money address start-up training costs associated with the bill. However, since this is intent language, the State is not required to pay for any or all of the additional costs.

The changes to auditing and approving local districts by the State Tax Commission could increase costs to the Department. With the two-year time line to implement these changes, the costs are likely to be within current appropriations. If costs went above current appropriation, the costs could be offset by the assessor training fee or other local fees charged to local assessing districts.

Date Completed: 12-13-18

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