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Mr. Roland C. Andersen
Executive Secretary
Michigan State Tax Commission
Treasury Building
Lansing, MI 48922

Dear Mr. Andersen:

The Attorney General has asked me to respond to your inquiry whether the recent addition of section 30c to the General Property Tax Act, MCL 211.1 et seq; MSA 7.1 et seq, as added by 1994 PA 297 and amended by 1994 PA 415, mandates that local assessors use the assessments for property taxes determined by local boards of review and the Michigan Tax Tribunal for a prior year as the assessment for the immediately succeeding year, adjusted only for changes in value between the prior year and the subsequent year.

Section 30c of the General Property Tax Act, which addresses the effect of reductions in assessed value by a board of review or the Michigan Tax Tribunal on the next year's assessment, now provides:

> If a taxpayer has the assessed value or taxable value reduced on his or her property as a result of a protest to the board of review under section 30, the assessor shall use that reduced amount as the basis for calculating the assessment in the immediately succeeding year. If a taxpayer appears before the tax tribunal during the same year for which the state equalized valuation, assessed value, or taxable value is appealed and has the state equalized valuation, assessed value, or taxable value of his or her property reduced pursuant to a final order of

> the tax tribunal, the assessor shall use the reduced state equalized valuation, assessed value, or taxable value as the basis for calculating the assessment in the immediately succeeding year. This section applies to an assessment established for taxes levied after January 1, 1994. This section does not apply to a change in assessment due to a protest regarding a claim of exemption. [Emphasis added.]

Thus assessors must use the reduced values determined by the local boards of review or the Michigan Tax Tribunal as the "basis" for "calculating the assessment in the immediately succeeding year." The word "basis" is neither defined in section 30c nor is it defined elsewhere in the General Property Tax Act. The word "basis" is not a word that has acquired a specialized meaning in the administration of the property tax. Thus, resort to a dictionary for assistance in determining its meaning is appropriate. Murco, Inc v Dep't of Treasury, 144 Mich App 777, 782; 376 NW2d 188 (1985).

As provided in the Second College Edition of The American Heritage Dictionary (1982) the word "basis" means:

1. A supporting element; foundation;
2. The chief component of something;
3. The essential principle.

Initially it is clear that, under section 30c of the General Property Tax Act, the reduced amount of the assessed value is not the assessment in the next year. Rather, it is the "basis" for "calculating the assessment."

Moreover, section 27a(1) of the General Property Tax Act still requires that "property shall be assessed at 50% of its true cash value" in implementing the constitutional mandate of "uniform general ad valorem taxation" found in Const 1963, art 9, § 3.

In addition, under section 24(1) of the General Property Tax Act, each assessor is required to annually "estimate, according to his or her best information and judgment, the true cash value and assessed value" of each parcel of real property.

In construing these sections of the General Property Tax Act, we must, if possible, harmonize the various provisions so as to give effect to every word of the statute. Dussia v Monroe County Employees Retirement System, 386 Mich 244, 248; 191 NW2d 307 (1971). This may be done by requiring assessors, when

they are establishing assessments under section 30c of the General Property Tax Act in the next year after a decision by either the local board of review or the Michigan Tax Tribunal, to use the reduced amount of the assessment as the starting point in calculating the next year's assessment. Further, assessors must not disregard corrections of errors of fact or law made in the prior year by a local board of review or the Michigan Tax Tribunal. This is consistent with the legislative history of 1994 PA 297, which added section 30c to the General Property Tax Act. That legislative history provides:

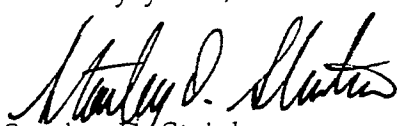
> Further, it must be remembered that the bill [SB 288 which became 1994 PA 297] would not prohibit assessments from being increased; rather, it would designate a level at which an assessment would have to start. [Emphasis in original.]

Senate Legislative Analysis, SB 288, July 7, 1994.

Next, the assessor would only raise the assessment if, in the assessor's information and judgment, the reduced amount of assessment from the prior year did not reflect 50% of the current true cash value of the parcel in question. If an assessor disagrees with the assessment made in the prior year by the local board of review or the Michigan Tax Tribunal and the assessor has the necessary information to support an increased valuation, the assessor may establish an assessment for the property that the assessor believes achieves uniformity of assessments at 50% of true cash value. This construction also gives meaning to sections 27a(1) and 24 of the General Property Tax Act. In addition, the assessor may, of course, consider changes in value between the prior year and the subsequent year.

I trust this information is helpful to you.

Sincerely yours,



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