

Week of November 16, 2009

Topic: Administrative Fee



Dear SABby,

My local unit is a bit confused about charging the administrative fee and what it can be used for. Can you help?

Sincerely,
N. Ned Feerev

Dear Mr. Feerev:

The administrative fee is described in MCL 211.44 in the General Property Tax Act. Basically it indicates that local property tax collecting units can add a property tax administration fee of not more than 1% of the total tax bill per parcel. It goes on to indicate that: a property tax administration fee is defined as a fee to offset costs incurred by a collecting unit in assessing property values, in collecting the property tax levies, and in the review and appeal processes.

A recent survey conducted by the Office of Revenue and Tax Analysis indicates that approximately 376 local units are not charging the administrative fee. 1% of the tax level for these units would total over \$35.5 million dollars.

Both the State Tax Commission and State Assessors Board have encouraged local units to charge the administrative fee as a good way to support assessing offices. We hope this information is helpful.

Sincerely,
SABby