

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

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DATE: October 14, 1993

TO: County Equalization Directors

FROM: State Tax Commission

RE: Materials required to be submitted on December 31, 1993 by County Equalization Departments to satisfy the requirements of 1993 PA 145.

- 1) Required L-4018s for 1994 Equalization
- 2) Required Study for 1995 Equalization

Provisions of 1993 PA 145 that affect 1994 equalization.

Act 145, P.A. 1993 created a "Valuation Day" for assessments one year prior to tax day for 1994 and subsequent years. Valuation day for 1994 is December 31, 1992. This provides for a one year lag in the valuation of property for assessment and equalization purposes. It requires that the same time periods for the market data that was utilized in the 1992 equalization study will be used for 1994 equalization.

Beginning Point for 1994 Equalization Computations.

The usual beginning point for 1994 equalization will be the Line 08 assessed valuations, ratios and true cash values. Unless there is now better market data for the last nine months of 1990, the twelve months of 1991, or the first three months of 1992, to form a basis for a more realistic valuation to replace the 1992 equalization study that was used on Line 01 of the 1993 L-4023s, the equalization calculations for 1994 equalization will begin with the Line 08 assessed, ratios and true cash value that were used on Line 08 of the 1993 L-4023s. The 1992 study may be revised if there is newly discovered market information available for the April 1, 1990 through March 31, 1992 time frame for the 24 months study, or January 1, 1992 through December 31, 1992 for the 12 months study. The legal basis for revising an existing

County Equalization Directors
Page 2
October 14, 1993

equalization study is contained in 1982 Attorney General Opinion No. 6092.

Again, the usual starting base for 1994 equalization computations will be the 1993, Line 08, L-4023 assessed valuations, ratios, and true cash values.

If a revision to the 1992 study is made after the 1993 equalization for any property class in any unit, it will be necessary to process a revised 1993 L-4023 utilizing the revised starting ratio to determine a revised line 08 for the property class in that unit.

The following is required to be submitted by Equalization Departments on or before December 31, 1993 in addition to the "traditional" 1993 study that would have begun 1994 equalization computations had not 1993 PA 145 passed.

Please submit to the STC by December 31, 1993:

a) An L-4018 for each township and city clearly labeled 1993 L-4018 for 1994 equalization is to be submitted for each township and city using line 08 of the 1993 L-4023 or a revised L-4018 as the starting base. The revised study information must be submitted with a revised L-4023 if you have revised the 1992 study. These L-4018's will be the starting base for 1994 equalization.

b) A summary of the L-4023's true cash value by unit by class and county total.

Note: It is sufficient identification on each L-4018 to indicate 1993/1994 in the space on the L-4018 provided for identifying the year of the L-4018. The first date represents the year the L-4018 was prepared and the second year identifies the year of the equalization for which the L-4018 will be used.

2. Requirements for 1995 Equalization

The 1993 county equalization study which would have been the basis for 1994 equalization prior to Act 145 and which now will be utilized for the 1995 assessments and equalization must also

County Equalization Directors
Page 3
October 14, 1993

be submitted to the STC by December 31, 1993. This study incorporates market information from April 1, 1991 through March 31, 1993 for the 24 months study and from January 1, 1993 through December 31, 1993 for the 12 months study.

The required data for 1995 equalization to be submitted to the STC by December 31, 1993 includes the following:

- a) L-4018's for each unit utilizing the 1993 assessed valuation after board of review, assessment ratio from the study and the indicated TCV based on the study.
- b) A summary of the L-4018's TCV by unit by class and county total.
- c) Land value guide.
- d) Economic condition factor (ECF) determination.
- e) Appraisal and/or sales listings including L-4017's for sales studies.

The final determination as to how the 1993 study for 1995 will be utilized for the 1995 starting base will require further analysis and will be addressed in a future bulletin.

Note: We want to emphasize again that utilization of sales and market information subsequent to valuation day December 31, 1992, for 1994 equalization, is prohibited by Act 145, P.A. 1993. State Tax Commission bulletin dated October 11, 1993 and the September 1, 1993 letter to equalization directors contain more detailed information on the requirements of Act 145.