



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

MINUTES OF THE MEETING OF THE STATE TAX COMMISSION

***Okemos Conference Center, Okemos A & B Rooms
2187 University Park Drive, Okemos, Michigan***

***Wednesday, November 20, 2019
9:00 a.m.***

***PRESENT: Nick A. Khouri, Chair STC
W. Howard Morris, Member STC
Leonard D. Kutschman, Member STC

David A. Buick, Executive Director
LaNiece Densteadt, Recording Secretary***

The item numbers referred to in the minutes correspond to the agenda items as numbered.

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the minutes of October 14, 2019. (Item 1 on agenda)

Public Comment – Agenda Items 3-22 Only (Item 2 on agenda):

Aaron Powers and Jenny Angle appeared before the Commission on behalf of Highland Township regarding agenda item #3, Classification Appeal Reconsideration for 19-003. Mr. Powers stated the following: The matter we would like to discuss with you is the classification appeal reconsideration request. At last month's meeting with the State Tax Commission this taxpayer had their request for classification change brought before you. The information from the staff recommendation as it relates to the classification appeal for the subject property wasn't available for our review until after the meeting. Now that we have had the opportunity to review the property, I would like to bring into light a couple of items that we believe would be important. Number one we visited the property on multiple occasions both internally and externally. I believe that the portion of the property that is somewhat of question and is referred to in the Tax Commission's staff's write up as the two story winery connected to the arena and the first floor portion of the property. In our inspection of the property essentially, we saw when we were there on the property multiple times that the second story of this property ultimately is an office. It is an office utilized by the taxpayer for the operation of their equine facilities. It is not open to the public, you can't just walk right up there and see the office. It is not finished but it is partially finished. The first floor is what we believe is essentially a viewing room that is ultimately utilized so that individuals can come, and watch people take lessons when they are riding their horses. There is no doubt that there are definitely sales of wine that occur at certain times of the

week of the viewing that it is potentially a possibility there. Additionally, for your consideration what we have included is a copy of the assessor's manual specifically as it relates to arena's it is the last two pages of the packet I provided. In there you will notice under interior finish, lounges and viewing rooms are often included in the arenas as their snack bars which is included within the actual information that is there. Noting that the final consideration of the determination whether it would be residential or agricultural on this parcel there was a certain amount of value that was related to commercial and that amount of value related to commercial was specifically the first and second story floor of what essentially relates to a viewing room and an arena with an office above. I believe that if consideration is made of the fact the office for the individual that runs the equine facility is in fact agricultural in nature as well as the fact there is a viewing room, which in my opinion, I believe is agricultural because it is associated with the use of the arena then I believe that the final determination would be pushing that agricultural value up and above the residential value. This would ultimately lead into a determination of an agricultural class of the property. I am not persuaded the fact that qualified agricultural is a different specific story that must be looked at separately for this parcel; but as the classification exists from our specific actual multiple viewings of the property and that is how I believe the proper classification should be.

Josh Haley appeared before the Commission on behalf of Senator Ruth Johnson's Office regarding agenda item #3, Classification Appeal Reconsideration for 19-003. Mr. Haley stated the following: Thank you for having me today. Senator Johnson wanted to be here to discuss this more thoroughly with all of you but unfortunately, she could not. I am delivering a statement in her absence. I will read it first then speak about some of the issues. This letter is directed to Mr. Khouri. "I would greatly appreciate your staff's reconsideration of Mr. Hoffman's property classification at 2521 Rose Center Road, Highland Township, Michigan, as Agricultural Real Property and not Residential Real Property. I have provided you with a large plastic-coated aerial satellite map of the entire farm for your consideration. It is apparent that well over 50 percent of the land is for agricultural use. Without this large satellite map, purchased from Oakland County's One Stop Shop, it could have been very difficult to make an informed decision. In a letter written by Heather Frick, Director of the State Tax Commission, to the Oakland County Equalization, she states, "If the parcel is not classified as Agricultural Real Property, then to prove entitlement to the qualified agricultural property exemption, the taxpayer must demonstrate that more than 50 percent of the total area of the parcel (including areas which are not usable, areas which are located under structures, and areas under roads and other rights of way) is actually engaged in "agricultural use." The aerial satellite map showing the entire farm, clearly demonstrates that more than 50 percent of the subject parcels on Mr. Hoffman's land is engaged in agricultural use. Due to the STC not having an aerial satellite map of the whole farm owned by Mr. Hoffman and because the STC staff did not physically view the property, (as noted on September 10, 2018) the STC was not aware that well over 50 percent of the parcels are engaged in agricultural use. Upon physical examination of the aerial satellite map, there is no question that the parcels should be designated for agricultural use. The September 10, 2018 communication states: "Staff directs the reader to the comments made by staff which are set for below, relating to the limitations which exist arising from the fact that no personal inspection of the premises has been made by staff..." Given that the STC staff were not able to make a personal inspection of the premises, and most importantly that the STC did not have the aerial satellite map, which clearly indicates the land is engaged in over 50 percent agricultural use, there appears to be no evidence to support a change of classification to Residential Real Property. Mr. Hoffman has provided many other documents and evidence that unequivocally demonstrates his property meets the definition of agricultural property. After your review of the aerial satellite map, Mr. Hoffman and I are hoping to clear up any questions

or concerns regarding the classification of his property as Agricultural Real Property. If Mr. Hoffman and I are incorrect in our belief based on the facts, we would appreciate knowing the STC's reasoning for not designating the property as Agricultural Real, since it appears this was done without all pertinent data, especially the use of the large aerial satellite map showing the entire farm. Sincerely, Ruth Johnson, State Senator." I was just going to show this map to the members of the Board. She wanted to emphasize that well over 50% of the land was engaged in agricultural use. The only area that could be residential would be where the farm hands live as well as his residence. I was informed early this morning that there might be a statutory issue with this.

Roy Kissinger appeared before the Commission on behalf of Rose Lake Township regarding agenda item #21, Official Order to Assume Jurisdiction of the 2019 Roll for Rose Lake Township, Osceola County. Mr. Kissinger stated the following: I have been an assessor since 1988 and am a certified level 3. I am here to talk about the 2019 assessment roll. An AMAR Review was conducted in 2017 and I was told to send in corrections for that review. They requested them on March 19, 2018 the March Board of Review minutes and the analysis and because of my stupidity I sent it to the wrong place. Anyway, no one received anything and then I was antagonized further to say why didn't you do this. I said well I thought I did but I guess I didn't. That is past history now and moving on I had a discipline hearing in Lansing for malfeasance, misfeasance and nonfeasance. I received a letter on October 24th that I was released from discipline that was signed by Mr. Dave Buick. In the meantime, on August 6 and 7th I had a meeting in Wexford County with Will Gast. He said you did everything good, but you didn't have an ECF analysis in the agricultural class. I knew I did because I did all this stuff earlier. I do have that with me if you would like to see it. I then went down to Mecosta County Equalization and said would you please review what I did for 2019. They said you really did a good job. Then I received a letter on October 29th from the State Tax Commission stating they would like to assume jurisdiction of Rose Lake Township's assessment roll. I have tried to comply with everything and do what I could to get everything corrected. I would like to have you please reconsider and not assume jurisdiction.

Corey Wolak appeared before the Commission on behalf of Great Lakes Central Railroad regarding agenda item #9, Request from Great Lakes Central Railroad Inc. Regarding Railroad Credit. Mr. Wolak stated the following: Thank you very much for hearing me today. At the end of 2018 we had some transition at the railroad in Owosso, Michigan our accountant after 30 years retired, and we filed our property taxes in a timely fashion. The gentleman that took over did not realize he had to file an additional drop down arrow for the qualifying rolling stock tax credit. We are a company of 41 employees and are very small. The tax credit would have covered the \$89,201 and for us that is a great deal of money. I am here to ask you today for the ability to file an amendment just as Greenbrier did last year with their mishap. We have submitted all the paperwork and have completed everything and brought the accountant back to train our new accountant to make sure it never happens again. This has not happened in 30 years and will not happen again, and it was our fault and it was nothing anyone else did but we would like permission to file an amendment.

It was moved by Morris, supported by Kutschman, and unanimously approved to allow the reconsideration of classification appeals 19-003 but retained the prior determination of Residential Real. The Commission approved to allow the reconsideration of classification appeal 19-004 but retained the prior determination of Commercial Real. (Item 3 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved the revision of Form 607 – 2020 Report of Assessment Roll Changes and Classification. (Item 4 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved the revisions of the following 2020 Forms: (Item 5 on agenda)

Form 1019 – Notice of Assessment, Taxable Valuation, and Property Classification
Form 3128 – Taxable Value Calculations Worksheet
Form 4093 – Notice of Assessment, Taxable Valuation (including Leasehold Improvements) and Property Classification

It was moved by Kutschman, supported by Morris, and unanimously approved the corrected Form 632 – 2020 Personal Property Statement. (Item 6 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the 2020 Pipeline Economic Factors. (Item 7 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved the Memorandum Regarding Multipliers for Valuation of Free-Standing Communication Towers. (Item 8 on agenda)

The Commission directed staff to draft a policy to be approved by the State Tax Commission at their February 11, 2020 meeting that would allow for amended returns within a certain time frame for State Assessed Utility Roll Credit Applications after the March 31st deadline.

It was moved by Kutschman, supported by Morris, and unanimously approved to grant the request and allow Great Lakes Central Railroad, Inc. to file an amended Form 1028, for company maintenance and improvement of rolling stock credit against taxes due related to Parcel #98-00-00-00-000-021. (Item 9 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to grant the request and allow Citicorp Railmark, Inc. to file an amended Form 1027, for company maintenance and improvement of rolling stock credit against taxes due related to Parcel #97-00-00-00-000-093. (Item 10 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to grant the request and allow Greenbrier Management Services, LLC to file an amended Form 1027, for company and maintenance and improvement of rolling stock credit against taxes due related to Parcel #97-00-00-00-000-200. (Item 11 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order adopting the signed Consent Agreement between the Assessor Discipline Advisory Committee and Mr. John Ulrich, holding formal hearing before the Michigan Office of Administrative Hearings and Rules (MOAHR) in abeyance and requiring Mr. John Ulrich to fully participate in and successfully complete the MCAO program, which includes timely submission of all assignments and passing the exam. Mr. John Ulrich shall reappear before the Assessor Discipline Advisory Committee following completion of the program. Failure to successfully complete the MCAO program will result in Mr. John Ulrich to automatically proceed to MOAHR for a formal hearing. (Item #12 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to certify and return the 2017 Assessment Roll for Franklin Township, Lenawee County. (Item 13 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to certify and return the 2017 Assessment Roll for Tecumseh Township, Lenawee County. (Item 14 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to certify and return the 2018 Assessment Roll for Sandstone Township, Jackson County. (Item 15 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to certify and return the 2018 Assessment Roll for Springport Township, Jackson County. (Item 16 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to certify and return the 2018 Assessment Roll for Monroe Township, Newaygo County. (Item 17 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2019 Assessment Roll for Manlius Township, Allegan County due to the recurring deficiencies noted in the AMAR Reviews. The Commission ordered Manlius Township, Allegan County to hire an outside party approved by the Commission to fix the deficiencies noted in the roll and to complete the work for the 2020 assessment roll. (Item 18 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to assume jurisdiction of the 2019 Assessment Roll for Rapid River Township, Kalkaska County due to the recurring deficiencies noted in the AMAR Reviews. The Commission ordered Rapid River Township, Kalkaska County to hire an outside party approved by the Commission to fix the deficiencies noted in the roll and to complete the work for the 2020 assessment roll. (Item 19 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2019 Assessment Roll for Harris Township, Menominee County due to the recurring deficiencies noted in the AMAR Reviews. The Commission ordered Harris Township, Menominee County to hire an outside party approved by the Commission to fix the deficiencies noted in the roll and to complete the work for the 2020 assessment roll. (Item 20 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2019 Assessment Roll for Rose Lake Township, Osceola County due to the recurring deficiencies noted in the AMAR Reviews. The Commission ordered Rose Lake Township, Osceola County to hire an outside party approved by the Commission to fix the deficiencies noted in the roll and to complete the work for the 2020 assessment roll. (Item 21 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the staff recommendation on the Charitable Non-Profit Housing Organization Exemption for the following: (Item 22 on agenda)

This exemption will expire on **December 30, 2022 for a period of three (3 years) or December 30, 2024 for a period of five (5 years)** or until one of the following events occur:

1. The eligible nonprofit housing property is occupied by a low-income person under a lease agreement, or
2. The eligible nonprofit housing property is transferred by the charitable nonprofit housing organization.

County	Local Unit	Parcel Number	Years Approved
Oakland	City of Pontiac	14-33-454-043	3 Years
Oakland	City of Pontiac	14-32-433-007	3 Years
Oakland	City of Southfield	24-13-176-013	3 Years
Washtenaw	Ypsilanti Township	K-11-15-116-017	3 Years
Ottawa	City of Grand Haven	70-03-28-475-023	5 Years
Ottawa	City of Ferrysburg	70-03-16-100-037 (parent) v/l #2 Lane Avenue	5 Years
Ottawa	City of Ferrysburg	70-03-16-100-037 (parent) v/l #1 Ridge Avenue	5 Years
Cheboygan	Benton Township	105-040-000-007-00	5 Years
Cheboygan	Tuscarora Township	161-152-000-020-00	5 Years
Manistee	Manistee Township	51-37-250-016-00 & 51-37-250-017-00	5 Years
Washtenaw	Ypsilanti Township	K-11-11-362-032	3 Years
Wexford	Cherry Grove Township	2110-ZLMS-57	5 Years
Kalamazoo	City of Portage	06481-108-0	5 Years
Kalamazoo	Kalamazoo Township	06-13-117-092	3 Years
Kalamazoo	Kalamazoo Township	06-13-118-080	5 Years
Kalamazoo	City of Kalamazoo	06-14-401-022	5 Years
Kalamazoo	City of Kalamazoo	06-14-339-113	5 Years
Kalamazoo	Richland Township	3903-08-201-031	5 Years
Kalamazoo	City of Kalamazoo	06-14-268-002	5 Years
Kalamazoo	City of Kalamazoo	06-26-442-058	5 Years
Kalamazoo	City of Kalamazoo	06-14-186-040	5 Years
Allegan	Gun Plain Township	03-08-280-015-00	5 Years
Kalamazoo	City of Kalamazoo	06-21-231-003	5 Years
Kent	City of Grand Rapids	41-18-06-126-016	3 Years
Kent	City of Grand Rapids	41-14-31-433-001	5 Years
Grand Traverse	Whitewater Township	28-13-611-004-00	5 Years

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the staff recommendation on the **Special Items Exemptions Agenda**. (Item 23 on agenda) ([See attached link for file identification](#))

It was moved by Kutschman, supported by Morris, and unanimously approved to adjourn the meeting of the State Tax Commission at 10:34 a.m.

DATE TYPED: **November 21, 2019**

DATE APPROVED: **December 17, 2019**

Nick A. Khouri, Chair
State Tax Commission

W. Howard Morris, Member
State Tax Commission

Leonard D. Kutschman, Member
State Tax Commission