

TO: All Assessing Officers
FROM: Emil Tahvonen, Administrator
State Tax Commission

Bulletin No. 7 - February 22, 1983
Tax Increment Financing Authorities
Initial Assessed Value

STATE OF MICHIGAN

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| DOWNTOWN DEVELOPMENT AUTHORITY: | "Initial assessed value" as finally equalized of property within the area of a tax increment financing plan |
| TAX INCREMENT FINANCE AUTHORITY: | "Initial assessed value" as finally equalized of property within the area of a tax increment financing plan |
| WORDS AND PHRASES: | "Initial assessed value" |

The "initial assessed value" of property located within the area of a tax increment financing plan established pursuant to either 1975 PA 297, § 14(1)(b) or 1980 PA 450, § 13(1)(b) means the assessed value made as of the tax day, December 31, immediately preceding the date of the approval of the plan, as adjusted, if necessary, by the final equalization process related back to such tax day.

Opinion No. 6127

FEB 16 1983

Mr. Robert O. Vandermark, Chairman
State Tax Commission
Department of Treasury
4th Floor Treasury Building
Lansing, Michigan 48922

You have requested my opinion as to the construction to be given the term "initial assessed value," as that term is used in 1975 PA 197, § 14(1)(b), as amended; MCLA 125.1664(1)(b); MSA 5.3010(14)(1)(b), and in 1980 PA 450, § 13(1)(b); MCLA 125.1813(1)(b); MSA 3.540(213)(1)(b). Specifically, you wish to know at what point in time the "initial assessed value" is determined.

The definition of "initial assessed value" is the same for both 1975 PA 197, § 14(1)(b), supra, and 1980 PA 450, § 13(1)(b), supra, and is, in pertinent part, as follows:

"'Initial assessed value' means the most recently assessed value, as finally equalized by the state board of equalization, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing is approved...."[1]

The assessment of property is conducted by the local assessor prior to the first Monday in March for any given year according to the property's status as of tax day, which is the preceding December 31st. 1893 PA 206, § 24; MCLA 211.24; MSA 7.24. The process of county and state equalization takes place after the assessment of property and is conducted by the county boards of commissioners and the state board of equalization. The equalization process must be completed by the fourth Monday in May pursuant to 1911 PA 44, § 4; MCLA 209.4; MSA 7.604. See generally OAG, 1981-1982, No 6007, p ____ (November 18, 1981) for a description of the equalization process.

The statutes in question define "initial assessed value" as the "most recently assessed value, as finally equalized by the state board of equalization." While the statutes speak of the "assessed value" of property, and not of its "equalized value," it must be noted that the assessment and equalization of property are continuing steps in the determination of the value of property. As held in the Michigan Supreme Court in the case of School District No. 9, Pittsfield Township, Washtenaw County v Washtenaw County Board of Supervisors, 341 Mich 388; 67 NW2d 165 (1954), the term "assessed valuation" means the consummated action, as determined

¹The original definition of "initial assessed value" contained in 1975 PA 197, § 14(1)(b), supra, did not contain the clause "as finally equalized by the state board of equalization." That clause was added by 1981 PA 34, effective May 11, 1981, subsequent to the adoption of the definition of "initial assessed value" contained in 1980 PA 450, § 13(1)(b), supra.

by the local assessor, as approved, changed or corrected through the process of equalization. The final equalized value of property relates back and becomes the taxable value of that property as of the preceding December 31st.

The statutory phrase "at the time the ordinance establishing the tax increment financing plan area is approved" in 1975 PA 197, § 14(1)(b), supra, and 1980 PA 450, § 13(1)(b), supra, must be held to refer to the taxable property within the area of the plan at the time the ordinance is adopted.

It is my opinion, therefore, that the "initial assessed value" of property located within the area of a tax increment financing plan established pursuant to either 1975 PA 297, § 14(1)(b) or 1980 PA 450, § 13(1)(b) means the assessed value made as of the tax day, December 31, immediately preceding the date of the approval of the plan, as adjusted, if necessary, by the final equalization process related back to such tax day.


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