



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Bulletin 9 of 2017
June 6, 2017
Sales Ratio Studies

TO: Assessing Officers and Equalization Directors
FROM: State Tax Commission
RE: 12-Month and 24-Month Sales Ratio Studies and Date Change

Bulletin 5 of 2007 is rescinded.

The following dates have been approved by the State Tax Commission for use in conducting and completing sales ratio studies:

- 24-month: April 1 of the prior two years through March 31 of the current assessment year
- 12-month: October 1 of the prior year through September 30 of the current assessment year

Note: Assessing officers and county equalization directors are reminded that they must complete their sales studies, establish and reflect land value determinations and starting ratio(s), and add the determined economic condition factor(s) to the CAMA Software prior to adding the value of new construction, and other New and Additions. Failure to do so may result in an overstatement of the Rollback (understatement of the Millage Reduction Fraction).

- The 12-month sales study shall be considered annually for study purposes but shall only be used when there are indicators of a declining market. A declining market may include, but is not limited to:
 - a. A reduced number of market sales without a reduction in the number of listings
 - b. An increase in the number of foreclosure sales
 - c. A loss of major employer(s)
 - d. A single year sales study ratio higher than the standard 24-month ratio, in combination with items a through c above
- 12-month sales studies must contain a sufficient number of valid arms-length sales so that a conclusion can be reached and the results of the study are indicative of the real estate market being studied.
- 12-month sales studies may be initiated by the local assessor and delivered to the county equalization department and the State Tax Commission not later than November 1 prior to tax day. **Sales that occur from October 1 of the previous year through September**

30 prior to tax day shall be used in the 12-month study. The study shall be accompanied by a written request that the county equalization director review the study and accept it as the beginning ratio for county equalization.

- The county equalization director may initiate a 12-month sales study in consultation with the local assessor. The county equalization director may substitute the 12-month sales study for the 24-month sales study to determine the starting ratio. All 12-month sales studies that are utilized must be submitted to the State Tax Commission, along with any other portions of the study, no later than December 31.
- For 24-month sales studies, sales that occur prior to April 1 shall be compared to the previous year's assessed value then multiplied by the previous year's adjustment modifier. Sales that occur after March 31 shall use the current year's assessment unadjusted. The two assessed value totals as adjusted shall be divided by the total of the sale prices to determine the beginning ratio. (See Form 2793, formerly L-4017 and L-4047)
- If the evidence of a declining market is limited to a subpopulation of a classification within the local unit, or if the distribution of sales is not uniform with respect to that classification, strong consideration should be given to stratification of the study. Proper stratification of a study will include separate ratios for each subpopulation, multiplied by the appropriate adjustment modifier. (See Form 2793, formerly L-4017 and L-4047)
- Property sales may not be excluded from a sales study simply because the property has received Mathieu Gast non-consideration treatment for the value of normal repairs, replacements or maintenance. The sale price of such sales may not be adjusted except as permitted by State Tax Commission Bulletin 7 of 2014.