



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

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**DATE:** April 26, 2016  
**TO:** Members of the State Tax Commission  
**FROM:** Heather S. Frick, Executive Director  
**SUBJECT:** Report on Phase 1 and 2 of the AMAR Reviews

MCL 211.150 provides for the general duties of the State Tax Commission to specifically include:

To have and exercise general supervision over the supervisors and other assessing officers of this state, and to take such measures as will secure the enforcement of the provisions of this act, to the end that all the properties of this state liable to assessment for taxation shall be placed upon the assessment rolls and assessed at that proportion of true cash value which the legislature from time to time shall provide pursuant to the provisions of article 9, section 3 of the constitution.

Additionally MCL 211.10f indicates in part:

If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll.

In order to meet these statutory requirements, the State Tax Commission has contracted with Tax Management Associates to conduct AMAR reviews in all local units in the State. Phase 1 and Phase 2 of the reviews were conducted during 2014 and 2015 and included review of 1,015 local units in 55 counties. Phase 3 and 4 will be conducted during 2016 and 2017. Beginning in 2018, a regular five year rotation cycle will begin to ensure that all local units are reviewed once every five years. Follow up reviews are conducted according to the corrective action plan submitted by the local unit.

The AMAR review, as approved by the State Tax Commission (STC), examines 13 items, 8 of which are considered major requirements as defined in the STC approved Supervising Preparation of the Rolls. Following is a summary of the results of the Phase 1 and Phase 2 Reviews for the eight major requirements:

1. Economic Condition Factors: The review examines if the local unit has properly calculated and appropriately documented Economic Condition Factors that meet State Tax Commission requirements per MCL 211.10e and STC ECF Publications. 688 of the

local units reviewed did not meet this requirement. In order to address the number of local units not meeting this requirement, in early 2015, the STC published a video series on ECF's and additional educational material on how to meet the AMAR Requirements.

2. Land Value Maps: The review examines if the local unit has accurate land value maps that meet State Tax Commission requirements per MCL 211.10e and STC Land Value Map Publications. 523 of the local units reviewed did not meet this requirement. In order to address the number of local units not meeting this requirement, in early 2015, the STC published a video series on Land Value Maps and additional educational material on how to meet the AMAR Requirements.
3. Land Value Determinations: The review exams if the local unit has land value determinations that are appropriately documented and properly calculated and meet State Tax Commission requirements per MCL 211.10e and STC Land Value Determination Publications. Appropriately documented can include land value adjustments without any reason in the local unit database. 922 of the local units reviewed did not meet this requirement. In order to address the number of local units not meeting this requirement, in early 2015, the STC published a video series on Land Value Determinations and additional educational material on how to meet the AMAR Requirements.

*Recommendation: In order to further clarify these requirements, staff recommends publication of information on the website regarding proper documentation of land value adjustments within local unit databases.*

4. True Cash Value: The review exams if the true cash value on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property. 432 of the local units reviewed did not meet this requirement.

*Recommendation: In order to further clarify these requirements, staff recommends publication of information on the website regarding use of overrides and flat land values and proper documentation within local unit databases.*

5. Record Card Accuracy (Field Card Review): This section of the review includes a random sample of record cards pulled from the local unit with a field review conducted by the contractor. The information from the record card is compared to the information found in the field review and an accuracy percentage is determined based upon a scale that assigns a “weight” to different aspect of the record card. Per STC adopted policy, record cards must meet a 90% or greater accuracy based upon a review of 1% of the improved parcels within the local unit (minimum of 10 parcels and a maximum of 500 parcels). 351 of the local units reviewed had accuracy percent below 90% with 41 local units having accuracy below 80%.
6. New Construction: Based upon a review of a sample of properties, the review examines if the current year's assessments of the local unit include new construction from the prior year. 81 of the local units reviewed did not meet this requirement.
7. Uncapping: This section of the review examines if the local unit is in compliance with the requirement of uncapping the taxable value of property in the year following a

transfer of ownership per MCL 211.27a within a less than 5% error rate. 89 of the local units reviewed did not meet this requirement.

8. Following Sales: Based on a sampling of known "sale" properties, the review examines if the local unit assessing all properties uniformly at 50% of true cash value as outlined within STC Bulletin 19 of 1997. 47 of the local units reviewed did not meet this requirement.

Additional Information:

1. Of the 1,015 local unit's reviews in Phase 1 and Phase 2, 125 met all eight major requirements and 16 met all 13 AMAR requirements.
2. Pursuant to the corrective action plan submitted by the local units, follow up reviews were conducted in 400 local units in 2015. The follow up review examined any requirements that were not met from the original review, excluding record card accuracy. Of the 400 local units reviewed, 128 failed to correct one or more deficiency from the original review. Of those, 38 will require a 2<sup>nd</sup> follow up review to ensure compliance.
3. Follow up reviews are scheduled for 2016 in an additional 400 local units.
4. Educational material including the 5 Minute Video series have been published on the STC website to address areas where significant numbers of local units failed that portion of the review.
5. Staff recommend no changes to the AMAR review document until the 2017 reviews are complete.