

STATE OF MICHIGAN
DEPARTMENT OF TREASURYGRETCHEN WHITMER
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STATE TREASURER

DATE: December 17, 2019

TO: Members of the State Tax Commission

FROM: David Buick, Executive Director

SUBJECT: Property Assessing Reform

Over the past few months, the internal Property Assessing Reform (PAR) team has been meeting to discuss in detail the tasks involved in development of various Bulletins, guidance, training materials and other informational materials that will need to be released over the next year to implement PAR.

To date we have completed a considerable amount of work including implementation of the webpage, implementation of the dedicated PAR email, publication of a number of informational one pages to describe PAR and completion of an article for the MTA magazine.

The team has turned their focus to defining the overall process, which will allow us to begin work to fill in the details for each of the items in the process. The team began with a review of the statute, including a discussion with how assumption of jurisdiction fits into PAR. The statutory section on assumption of jurisdiction did not change with reform and still requires the STC to assume jurisdiction when a local unit is in substantial non-compliance.

Since the statute still requires assumption of jurisdiction to be a part of the process, the team has developed a process that incorporates both assumption of jurisdiction and the designated assessor process. That process is attached for the Commission's review and approval. This process was provided to our partner organizations for review and comment prior to the final development with any changes recommended included in the final recommendation. We would note the following:

1. Key to the process is the determination of non-compliance. We recommend the STC adopt a policy that specifies the items to determine non-compliance will be ECF's, Land Values and Overrides. If any of those items are marked as a "no" in the AMAR then the local unit will be non-compliant. We feel this determination has to be definitive, meaning it is important to not parse out what would be non-compliant. For example: we would not want to make a determination that not having residential ECF's is non-compliant but not having commercial ECF's would be compliant.
2. After one failed follow up (meaning two failed reviews) the process would provide three options for the local unit. These options incorporate the assumption of jurisdiction as well as the statutory requirements that include designated assessor and the local unit ability to hire a new MAAO or MMAO assessor.

3. The process would require another follow up after the first failed follow up, regardless of what option the local unit selects. If another failed follow up occurs then the local unit will be required to move into the designated assessor process.

Approval by the STC of this process outline is the first step that will allow us to move forward with development of the necessary Bulletins and other guidance that will accompany each item in this process.

In addition to the approval of this process, we ask the State Tax Commission to approve the enclosed guidance regarding combined Boards of Review. As a key part of the statutory changes that was given immediate effect, this change allows Boards of Review to be combined across contiguous units. This guidance provides information on the statutory change, specific direction on what contiguous local units means, examples and details on the Board requirements.

Staff are available to answer any questions regarding these recommendations.