



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: May 9, 2018

TO: Margaret O'Brien, Secretary of the Senate
Gary Randall, Clerk of the House
Christopher Harkins, Director Senate Fiscal Agency
Mary Ann Cleary, Director House Fiscal Agency

FROM: Anne Wohlfert, Acting Deputy Treasurer,
State/Local Finance

SUBJECT: Personal Property Audit Annual Report

Section 927 of P.A. 207 of 2018 provides that:

The department of treasury shall submit annual progress reports to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies, regarding personal property tax audits and essential service assessment audits. The report shall include the number of audits, revenue generated, and number of complaints received by the department of treasury related to the audits.

The purpose of this communication is to report the personal property audits conducted during calendar year 2018 by the Department of Treasury or entities with which the Department contracted for the completion of any personal property tax audits.

The Essential Services Assessment (ESA) Section is authorized under the State Essential Services Assessment Act (PA 92 of 2014) to audit the ESA returns of eligible claimants of the personal property exemption under Sections 9m and 9n of the General Property Tax Act (PA 206 of 1893). Pursuant to that authority, the ESA unit began its audit program in earnest in 2018 with the first discoveries being reported to the ESA Division in December.

During calendar year 2018, the ESA Division conducted two hundred three (203) audits of 2016 ESA returns. Based on findings of these audits, the ESA Division is currently preparing to bill eleven (11) taxpayers for over \$6,000 in underpayments and rescind the EMPP exemption on two parcels that did not meet the eligibility requirements. No complaints regarding audit findings or the process have been received.