



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

Wackerly Street Hospitality Inc,
Petitioner,

MICHIGAN TAX TRIBUNAL

v

MOAHR Docket No. 20-004005

City of Midland,
Respondent.

Presiding Judge
Peter M. Kopke

NOTICE OF VIDEO CONFERENCE HEARING

SUMMARY OF PREHEARING CONFERENCE

SCHEDULING ORDER

A Prehearing Conference on this matter was held on December 17, 2021. Mark H. Zietlow, Esq. appeared by telephone on behalf of Petitioner and Francis J. Keating, Esq. appeared by telephone on behalf of Respondent. Based on the discussions, a scheduling order has been established and a video conference hearing, via **Microsoft Teams**, has been set for:

HEARING DATE:	February 22, 2022. The hearing shall continue on February 23 and 24, 2022 , as necessary.
HEARING TIME:	9:00 a.m.
TEAMS HEARING LINK:	Click here to join the meeting +1 248-509-0316,799576324# United States, Pontiac Phone Conference ID: 799 576 324#
PARTICIPANTS' GUIDE:	https://bit.ly/34fBXnN

This hearing is open to the public and this notice is provided under the Open Meetings Act. Any participant or member of the public wishing to attend this hearing **must** click on the "Teams Hearing Link" provided above to gain access to the hearing.

This is an important legal document. Please have someone translate the document.

Este es un documento legal importante. Por favor, haga traducir este documento.

এটি একটি গুরুত্বপূর্ণ আইনি দলিল, অনুগ্রহ করে কেউ দলিলটিকে অনুবাদ করুন।

هذا هو وثيقة قانونية هامة يرجى لديك شخص تترجم الوثيقة.

Ito ay isang mahalagang legal na dokumento. Mangyari lamang na magkaroon ng isang tao isalin ang dokumento.

MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
MICHIGAN TAX TRIBUNAL

611 W. OTTAWA ST • P.O. BOX 30232 • LANSING, MICHIGAN 48909-8195 • 517-335-9760

PREHEARING CONFERENCE SUMMARY

- I. SHOW CAUSE HEARING: N/A
 II. VALUATION INFORMATION:

A. The true cash value (TCV), assessed value (AV), and taxable value (TV) for each parcel and tax year at issue as established by the Board of Review:

Parcel Number	Year	TCV	AV	TV
11-32-40-026	2020	\$2,999,200	\$1,499,600	\$1,346,173

B. The parties' contentions of TCV, state equalized value (SEV), and TV for each parcel and tax year at issue:

Parcel Number: 11-32-40-026

Year	Petitioner's Contentions			Respondent's Contentions		
	TCV	SEV	TV	TCV	SEV	TV
2020	\$2,590,000	\$1,295,000	\$1,295,000	\$2,940,000	\$1,470,000	\$1,346,173

C. Amounts in dispute for the tax years at issue:

Parcel Number	Year	SEV	TV
11-32-40-026	2020	\$175,000	\$51,173

D. TAX INFORMATION: Both parties claim that the ad valorem taxes at issue have been paid.

III. FACTUAL STATEMENT OF CLAIMS:

A. Classification of property for the tax years at issue:

Parcel Number	Classification
11-32-40-026	Commercial

B. Proposed highest and best use ("H&BU") for the tax years at issue:

Parcel Number	H&BU
11-32-40-026	Commercial Improved (Hotel)

C. The property's TCV and TV are at issue for each tax year under appeal.

D. Petitioner's claims or counterclaims: "The impact of the pandemic on the hotel industry is well known and widespread, affecting every hotel domestically and internationally. **The valuations in this case have not been reduced enough to reflect the economic problems caused by the pandemic.** It is common for

hotels to ask for a reduction in property taxes based on this worldwide pandemic that affected occupancy, revenue, and profitability of all hotels, and likely for years to come.

In 2019, before the pandemic hit, the hotel industry was basically flat. In 2019, supply increased slightly more than demand, which affected occupancy of available rooms. Room occupancy declined nationwide by .1%.

When the pandemic hit in 2019, there was a virtual halt to the economy and travel. According to the US Travel Association, travel spending declined by 42 percent in 2020 (nearly \$500 billion) from 2019. North American hotels closed 2020 with a 43 percent occupancy and a RevPAR decline of 48 percent in the same year, according to Smith Travel Research. Hotel closures, layoffs and furloughs resulted in 8.3 million lost jobs in March and April 2020, and 498,000 jobs lost in December 2020.

In April, 2020, hotel occupancy declined to a historic low of 24.5%. High vacancy rates mean hotel revenues were down and are still down. In 2020, hotel room revenue fell by nearly 50% across the U.S. to just \$84.6 billion.

In August 2020, the American Hotel and Lodging Association (AH&LA) released a hotel industry analysis discussing how the hotel industry was on the brink of collapse due to the pandemic. In fact, the AH&LA report states that 65% of hotels remained at or below 50% occupancy in August 2020. 50% is the threshold at which most hotels can break even and pay debt.

Hotels face numerous challenges including recouping revenue, recruiting employees, training, maintaining safety protocols, and managing the guest experience. Not all employees are back working, most hotels just over a year ago were at or below 50% occupancy, and consumer travel was at an all-time low. All these factors impact valuation.”

[Emphasis added.]

- E. Respondent’s claims or counterclaims: “The valuation established by Respondent’s valuation disclosure in this matter for the subject property was established in conformity with sound appraisal and assessing principles.”

IV. PENDING MOTIONS OR DISCOVERY:

- A. Motions: None pending.
- B. Discovery: Discovery is closed unless otherwise stated below.

SCHEDULING ORDER

The parties and the Tribunal have determined the hearing in the above-captioned case shall be conducted as a video conference proceeding. Although video conference proceedings via *Microsoft Teams* are generally set up using email addresses, the Tribunal has provided a “Teams Hearing Link” that can be utilized by participants (i.e., attorneys or agents, witnesses, the court reporter, etc.) to “join” the hearing **and the parties or their attorneys or agents are required to provide that link to their participants** so that they can **timely** “join the hearing.”


The Tribunal has also provided a link to *MOAHR MTT Guide for Participants for the Conducting of Entire Tribunal Video Conference Hearings*. Participants **should review** the Guide **prior to the hearing**, as participants **are required to comply** with the requirements of the *Guide*, as said requirements will facilitate the conducting and transcription of the scheduled hearing. The **parties or their attorneys or agents** are also **required** to provide the link to the *MOAHR MTT Guide for Participants to their participants* so that they are **aware of and can comply with** those requirements.

- I. **February 8, 2022** is the final date for the parties to submit their witness and exhibit lists **and** exhibits, with the exception of rebuttal witnesses and exhibits, to the Tribunal by **e-filing or email** and the opposing party or parties by **email**. For the exhibit list, the parties **must use** the form prescribed by the Tribunal. The exhibit list and exhibits **shall be submitted** as provided in the **MOAHR MTT Guide for Participants**. An exhibit will **not** be admitted into evidence unless the exhibit is disclosed and furnished in accordance with this Order (even though admissible) **except** upon a finding of good cause by the Tribunal. The exhibits may be submitted separately or in a single document **provided** that the single document or PDF is **bookmarked** so that each exhibit can be easily accessed.
- II. **February 8, 2022** is the final date for Petitioner to notify the Tribunal **by e-filing or email** of the name and telephone number of the court reporter retained by the parties to transcribe the hearing, as provided in the **MOAHR MTT Guide for Participants**.

IT IS SO ORDERED.

Failure to comply with this Order may result in the dismissal of the case or the conducting of a show cause or default hearing.¹

Entered: December 21, 2021
pmk

By 

¹ See TTR 231(1) and (4). See also *Grimm v Dep't of Treasury*, 291 Mich App 140, 149-150; 810 NW2d 65 (2010) and MCL 205.732(c).

HEARING INFORMATION – PLEASE READ IMMEDIATELY

GENERAL INFORMATION: An impartial hearing will be conducted in accordance with the Michigan Administrative Hearing Rules (R 792.10101-R 792.11289) and the Michigan Administrative Procedures Act, MCL 24.201 *et seq.* The Michigan Rules of Evidence and the Michigan Court Rules may be applicable. A party is expected to exercise proper respect and courtesy toward other parties, witnesses, and administrative law judges, which includes attending the hearing on time, silencing cell phones, and dressing in appropriate clothing for in-person hearings.

REPRESENTATION: A party may be represented by an attorney or other authorized representative of the party's own choosing and at the party's own expense. The Michigan Office of Administrative Hearings and Rules does not recommend or appoint attorneys.

WITNESSES: Parties may present witnesses, if any, identified in the Prehearing Statements, to testify under oath or affirmation at the hearing, subject to cross-examination by the opposing party, and questions by the administrative law judge.

EXHIBITS: The parties shall bring two (2) copies of all proposed exhibits (i.e., file copy and Judge's copy) to the hearing. Each exhibit must display the docket number and exhibit number (i.e., P1, P2, R1, R2, etc.) in the upper right-hand corner of the first page of each copy of each proposed exhibit. If an exhibit contains multiple pages, each page shall be numbered. The proposed exhibits must be separated into numerical order sets and indexed for easy reference.

COURT REPORTER: The parties shall not only provide a court reporter to transcribe the hearing but shall also provide an electronic copy of the hearing transcript to the Tribunal by e-mailing it to taxtrib@michigan.gov. The costs attributable to the court reporter shall be shared equally by the parties. If the parties fail to pay the costs of the transcript to the court report prior to the submission of the transcript to the Tribunal, the court reporter may report this to the Tribunal with the submission of the transcript. As a result, the party or parties who failed to pay the costs associated with the transcript may be held in default.²

WITHDRAWAL: If Petitioner no longer wants to continue with the appeal, Petitioner may submit a written request to withdraw the case. Respondent must concur with the withdrawal. The request must be submitted to the Tribunal and served on Respondent at least 14 days before the hearing. Respondent may file a concurrence or objection to the request within 7 days of the service of the request on that party. If Respondent does not timely submit a concurrence or objection to the request will be deemed to be a concurrence to the request. If the request is granted, the case will be dismissed. If a request is not granted or the Tribunal has not notified you that it has been granted, you are required to attend the hearing.

SETTLEMENT: Parties may submit a written agreement settling a case (i.e., stipulation). The stipulation must be on a form made available by the tribunal or shall be in a written form that is in substantial compliance with the tribunal's form and be signed by the parties' attorneys or authorized representatives, if they have attorneys or

² See TTR 321.

authorized representatives, or by the parties, if they do not have attorneys or authorized representatives. There is a \$50 fee for the filing of the stipulation. If the stipulation with appropriate filing fee is received by the Tribunal or the parties email a copy of the signed stipulation to the Tribunal by 4:30 p.m. on the business day immediately preceding the day of the scheduled hearing, the hearing may be adjourned. Parties that email a copy of a signed stipulation to the Tribunal for purposes of adjourning a hearing are also required to submit the original signed stipulation with appropriate filing fee. The stipulation, once submitted, will be reviewed and, if accepted, the Tribunal will issue a consent judgment.

FAILURE TO APPEAR: The failure of a party to timely appear or otherwise participate in a hearing will result in adjournment of the hearing and the holding of that party in default. The defaulted party will be given an opportunity to show good cause for the failure to appear. Failure to respond or show good cause may result in dismissal of the case or the conducting of a default hearing.

REASONABLE ACCOMMODATION: All hearings are conducted in a barrier-free location in compliance with the Americans with Disabilities Act. An individual requiring reasonable accommodation for effective participation in a hearing, including accessible documentation such as braille, large print, electronic or audio reader, should contact the MOAHR by telephone at (517) 335-9760, or complete and submit an accommodation request form at

https://www.michigan.gov/documents/lara/Disability_Accommodation_FORM_v1_2_464017_7.doc within five (5) days of receipt of the Notice of Hearing to ensure availability of accommodation.

PRIVACY OF INFORMATION: In order to conduct a comprehensive and fair hearing, a party's private or confidential information, such as health or financial information, may be disclosed to the Tribunal and other parties and their attorneys or representatives. The MOAHR will use the private information solely for purposes related to the hearings process. A party may file a motion to request that a public hearing be closed in part or file a motion for protective order to deem certain information private and confidential in order to afford that information special protection.

CONTACT INFORMATION:

Michigan Tax Tribunal

Mailing Address: P.O. Box 30232, Lansing, MI 48909

Phone: (517) 335-9760

E-Mail: taxtrib@michigan.gov

Website: www.michigan.gov/taxtrib

E-Filing: <https://eFiling.apps.lara.state.mi.us>

Office Hours: 8:00 a.m. – 5:00 p.m., our office is closed from 12:00 p.m. – 1:00 p.m.