



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

**BULLETIN NO. 5
AUGUST 15, 2007
SINGLE YEAR SALES
STUDY GUIDELINES**

TO: Assessing Officers and County Equalization Directors
FROM: State Tax Commission
RE: Single Year Sales Study Guidelines and Date Change

The State Tax Commission is issuing the following guidelines for use of a single year sales study:

- Single-year sales studies may be considered only when there is significant evidence of a declining market. Evidence 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
- Single-year sales studies must contain a sufficient number of valid sales so that a conclusion can be reached that the results of the study are indicative of the real estate market being studied.
- Single-year sales studies may be initiated by the local assessor and delivered to the county equalization department and the State Tax Commission as soon as possible but not later than November 1 prior to tax day. **Sales occurring between October 1 of the previous year through September 30 prior to tax day shall be used in the single-year 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 department may initiate a single year study in consultation with the local assessor. The county equalization director may substitute the single-year study for the traditional 24-month sales study to determine the starting ratio for the equalization study. Any single year sales study used is to be submitted to the State Tax Commission along with any other portions of the equalization study by December 31.

- Sales occurring prior to April 1 shall be compared to the previous year's assessed value multiplied by the previous year's adjustment modifier. Sales occurring 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 2804 – formerly L-4047)
- If the evidence of a declining market is limited to a subpopulation of a classification of 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 (form 2804).

RESCINDED