

Act No. 660
Public Acts of 2018
Approved by the Governor
December 28, 2018
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**STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018**

Introduced by Rep. Lower

ENROLLED HOUSE BILL No. 6049

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” by amending sections 10d, 10e, and 28 (MCL 211.10d, 211.10e, and 211.28), section 10d as amended by 1984 PA 19, section 10e as added by 1986 PA 223, and section 28 as amended by 2006 PA 143, and by adding section 10g.

The People of the State of Michigan enact:

Sec. 10d. (1) The annual assessment of property shall be made by an assessor who has been certified as qualified by the state tax commission as having successfully completed training in a school of assessment practices or by the passage of a test approved by the state tax commission and conducted by the state tax commission or an agency approved by the state tax commission that will enable the individual to properly discharge the functions of the office. The school shall be established by an approved educational institution in conjunction with the state tax commission and be supervised by the state tax commission and its agents and employees. The state tax commission may determine that a director of a county tax or equalization department or an assessor who has not received the training possesses the necessary qualifications for performing the functions of the office by the passage of an approved examination.

(2) The state tax commission may also grant a conditional 6-month certification to a newly elected assessing officer or an assessing officer appointed to fill an unexpired term if all of the following criteria are met:

(a) The newly elected or appointed assessing officer applies for certification and pays the required filing fee.

(b) The governing body of the assessing district requests the state tax commission to conditionally certify the newly elected or appointed assessing officer.

(c) The newly elected or appointed assessing officer or the governing body of the assessing district submits a statement outlining the course of training he or she plans to pursue.

(d) The period of time for which the conditional certification is requested does not exceed 6 months after the date that he or she assumes office.

(3) Conditional certification under subsection (2) shall not be granted for any assessing district more than once in 4 years.

(4) Conditional certification under subsection (2) shall only be granted to a newly elected or appointed assessing officer in an assessing district that does not exceed a total state equalized valuation of \$125,000,000.00.

(5) Upon presentation of evidence of the successful completion of the qualifications, the assessor shall be certified as qualified by the state tax commission.

(6) An assessing district that does not have an assessor qualified by certification of the state tax commission may employ an assessor so qualified. If an assessing district does not have an assessor qualified by certification of the state tax commission, and has not employed a certified assessor, the assessment shall be made by the county tax or equalization department or the state tax commission and the cost of preparing the rolls shall be charged to the assessing district.

(7) Every lawful assessment roll shall have a certificate attached signed by the certified assessor who prepared or supervised the preparation of the roll. A village that is located in more than 1 assessing district may, in a form and manner prescribed by the state tax commission, request state tax commission approval that the assessment of property within the village be combined with the assessment of property in 1 of those assessing districts. A certificate attached to an assessment roll pursuant to this subsection shall be in the form prescribed by the state tax commission. If after completing the assessment roll the certified assessor for the assessing district dies or otherwise becomes incapable of certifying the assessment roll, the director of the county tax or equalization department or the state tax commission shall certify the completed assessment roll at no cost to the assessing district.

(8) The assessing district shall assume the cost of training, if a certification is awarded, to the extent of course fees and recognized travel expenditures.

(9) An assessor who certifies an assessment roll over which he or she did not have direct supervision is guilty of a misdemeanor.

(10) The state tax commission shall promulgate rules for the issuance or revocation of certification.

(11) The director of a county tax or equalization department required by section 34 of this act shall be certified by the state tax commission at the level determined to be necessary by the state tax commission before being appointed by the county board of commissioners pursuant to section 34 or before performing or, after March 29, 1985, continuing to perform, the functions of the director of a county tax or equalization department. The state tax commission may grant a conditional extension of 12 months to an individual who is serving as the director of a county tax or equalization department on March 29, 1985 if all of the following conditions are satisfied:

(a) At the time of applying for certification the individual is currently certified at not less than 1 level below the level required by the state tax commission for that county.

(b) The individual applies for certification and pays the required fee.

(c) The county board of commissioners requests the state tax commission to grant the extension.

(d) The individual submits a statement to the state tax commission outlining the course of study he or she intends to pursue to obtain certification.

(12) The state tax commission may grant an additional 6-month extension to the conditional extension described in subsection (11) if the extension is requested by the county board of commissioners and the applicant demonstrates satisfactory progress in the course of study outlined to the state tax commission under subsection (11). In a county in which a vacancy has been created in the position of director of a county tax or equalization department and in which the position was previously filled by an individual certified at the level required by the state tax commission pursuant to this subsection, an individual certified at 1 level below the level required by the state tax commission pursuant to this subsection may serve in the position for 12 months after the vacancy has been created.

Sec. 10e. All assessing officials whose duty it is to assess real or personal property on which real or personal property taxes are levied by any taxing unit of the state shall use only the official assessor's manual or a manual approved by the state tax commission consistent with the official assessor's manual, with their latest supplements, as prepared or approved by the state tax commission as a guide in preparing assessments. Beginning with the tax

assessing year 1978, all assessing officials shall maintain records relevant to the assessments, including appraisal record cards, personal property records, historical assessment data, tax maps, and, through calendar year 2018, land value maps, consistent with standards set forth in the assessor's manual published by the state tax commission.

Sec. 10g. (1) Pursuant to subsection (2), on and after December 31, 2021, the state tax commission shall audit the assessing districts in this state to determine if they do all of the following:

(a) Employ or contract with an assessor of record that oversees and administers an annual assessment of all property liable to taxation in the assessing district, as provided in section 10, in accordance with the constitution and laws of this state. For an assessing district that amends its corrective action plan pursuant to subsection (3)(c), its assessor of record must be an advanced assessing officer or a master assessing officer.

(b) Use a computer-assisted mass appraisal system that is approved by the state tax commission as having sufficient software capabilities to meet the requirements of this act and to store and back up necessary data.

(c) Subject to state tax commission guidelines, have and follow a published policy under which its assessor's office is reasonably accessible to taxpayers. A policy under this subdivision must include, at a minimum, the items in subparagraphs (i) to (iv) and should include the item in subparagraph (v) as follows:

(i) A designation, by name, telephone number, and electronic mail address, of at least 1 official or employee in the assessor's office to whom taxpayer inquiries may be submitted directly by telephone or electronic mail.

(ii) An estimated response time for taxpayer inquiries submitted under subparagraph (i), not to exceed 7 business days.

(iii) Information about how a taxpayer may arrange a meeting with an official or employee of the assessor's office for purposes of discussing an inquiry in person.

(iv) Information about how requests for inspection or production of records maintained by the assessor's office should be made by a taxpayer and how those requests will be handled by the assessor's office.

(v) Information about any process that the assessor's office may have to informally hear and resolve disputes brought by taxpayers before the March meeting of the board of review.

(d) If a city or township building within the assessing district is in an area with broadband internet access, provide taxpayers online access to information regarding its assessment services, including, but not limited to, parcel information, land value studies and documentation, and economic condition factors. As used in this subdivision, "area with broadband internet access" means an area determined by the connect Michigan broadband service industry survey to be served by fixed terrestrial service with advertised speeds of at least 25 megabits per second downstream and 3 megabits per second upstream in the most recent survey available.

(e) Include the contact information described in subdivision (c)(i) in notices to taxpayers concerning assessment changes and exemption determinations, including, but not limited to, notices issued under section 24c.

(f) Ensure that its support staff is sufficiently trained to respond to taxpayer inquiries, require that its assessors maintain their certification levels, and require that its board of review members receive board of review training and updates required and approved by the state tax commission.

(g) Comply with section 44(4) with respect to any property tax administration fee collected under section 44.

(h) Have all of the following:

(i) Properly developed and documented land values.

(ii) An assessment database for which not more than 1% of parcels are in override.

(iii) Properly developed and documented economic condition factors.

(iv) An annual personal property canvass and sufficient personal property records according to developed policy and statutory requirements.

(v) A board of review that operates in accordance with this act.

(vi) An adequate process for determining whether to grant or deny exemptions according to statutory requirements.

(vii) An adequate process for meeting the requirements outlined in the state tax commission's publication entitled, "Supervising Preparation of the Assessment Roll", as those requirements existed on October 1, 2018.

(i) Comply with any other requirement that the state tax commission lawfully promulgates under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, in the exercise of its authority under this act that expressly states that it is intended as an additional requirement under this subsection.

(2) The state tax commission shall develop and implement an audit program to determine whether an assessing district is in substantial compliance with the requirements in subsection (1). If, after December 31, 2021, the state tax commission determines that an assessing district is not in substantial compliance with the requirements in subsection (1), the state tax commission may initiate the process described in subsection (3) to ensure that the assessing district achieves and maintains substantial compliance with those requirements.

(3) The state tax commission shall develop and implement a process to ensure that all assessing districts in the state achieve and maintain substantial compliance with the requirements in subsection (1). At a minimum, that process shall include all of the following actions and procedures:

(a) If the state tax commission determines that an assessing district is not in substantial compliance with the requirements in subsection (1) and elects to initiate the process described in this subsection, the commission shall provide the assessing district with a notice of noncompliance setting forth the reasons the assessing district is not in substantial compliance with the requirements in subsection (1) and requesting that the assessing district develop a corrective action plan approved by its governing body to address those deficiencies. Except as otherwise provided in subdivision (g), an assessing district shall file a corrective action plan requested under this subdivision with the state tax commission within 60 days after receipt of the notice of noncompliance. The state tax commission shall approve a corrective action plan filed under this subdivision or request changes to the plan within 60 days after filing.

(b) No earlier than May 1 and no later than September 1 of the calendar year immediately following the year of the notice described in subdivision (a), or, in the case of a corrective action plan approved by the state tax commission that extends beyond 1 year, no earlier than May 1 and no later than September 1 of the calendar year that is the second calendar year following the year of the notice described in subdivision (a), the state tax commission shall conduct an initial follow-up review with the assessing district and, within 90 days following that review, provide the district with an evaluation of its progress in implementing its corrective action plan and a notice of substantial compliance or noncompliance with the requirements in subsection (1).

(c) Except as otherwise provided in subdivisions (g) and (i), an assessing district that has received a notice of noncompliance as part of an initial follow-up review under subdivision (b) shall elect to either contract with the designated assessor for the county to serve as the district's assessor of record or amend its corrective action plan with the approval of the state tax commission to provide that the assessing district will employ or contract with a new assessor of record, who shall be an advanced assessing officer or a master assessing officer, to achieve and maintain substantial compliance with the requirements in subsection (1).

(d) If an assessing district amends its corrective action plan pursuant to subdivision (c), no earlier than May 1 and no later than September 1 of the following calendar year, the state tax commission shall conduct a second follow-up review with the assessing district and, within 90 days following that review, provide the district with an evaluation of its progress in implementing its corrective action plan and a notice of substantial compliance or noncompliance with the requirements in subsection (1).

(e) If the state tax commission, pursuant to subdivision (b) or (d), provides an assessing district a notice of substantial compliance with the requirements in subsection (1), no further follow-up reviews are required under this subsection.

(f) Except as otherwise provided in subdivision (g), if the state tax commission provides an assessing district a notice of noncompliance pursuant to a second follow-up review under subdivision (d) or notifies an assessing district that it has fallen out of substantial compliance less than 5 calendar years after the calendar year a notice of substantial compliance was issued under this subsection, the state tax commission may require the assessing district to contract with the designated assessor for the county to serve as the district's assessor of record. If the state tax commission notifies an assessing district that it has fallen out of substantial compliance with the requirements in subsection (1) more than 4 calendar years after the calendar year a notice of substantial compliance was issued, that notice of noncompliance shall be treated as an initial determination of noncompliance under this subsection.

(g) Within 30 days after receiving a notice of noncompliance under subdivisions (a), (b), (d), or (f), an assessing district may file a written petition with the state tax commission challenging the determination. The state tax commission shall arbitrate the dispute based on the documented facts supporting the notice of noncompliance and the information contained in the written petition and may request additional information as needed from the assessing district. If a petition is properly filed under this subdivision, the requirements applicable to an assessing district under subdivisions (a), (c), and (f) do not apply until the state tax commission notifies the assessing district of the results of the arbitration. With respect to the corrective action plan filing requirement in subdivision (a), the 60-day window for filing the plan will run from the date of this notice.

(h) Unless earlier times are agreed to by the state tax commission and the designated assessor, an assessing district that is under contract with a designated assessor under this subsection may petition the state tax commission no sooner than 3 years after commencement of the contract to end its contract with the designated assessor and may subsequently terminate the contract, subject to state tax commission approval, no sooner than 5 years after commencement of the contract. The state tax commission shall approve termination of a contract under this subdivision if it determines that the assessing district can achieve and maintain substantial compliance with the requirements in subsection (1) using a different assessor of record.

(i) Notwithstanding any other provision of this subsection, the state tax commission may immediately require an assessing district to contract with the designated assessor for the county to serve as the district's assessor of record if after the expiration of 90 days following a second notice of noncompliance under subdivision (b) or the issuance of a notice of arbitration results under subdivision (g), whichever is later, the assessing district has not either contracted

with the designated assessor for the county or employed or contracted with a new assessor of record pursuant to subdivision (c) or if both of the following apply:

(i) The assessing district has failed to file an acceptable corrective action plan with the state tax commission under subdivision (a) within 180 days following an initial notice of noncompliance under subdivision (a) or has failed to make a good-faith effort to implement a corrective action plan approved by the state tax commission under subdivision (a) within 240 days following an initial notice of noncompliance under subdivision (a).

(ii) The failure is likely to result in assumption of the assessing district's assessment roll.

(j) A designated assessor may charge an assessing district that is required to contract with the designated assessor under this subsection, and that assessing district shall pay, for the reasonable costs incurred by the designated assessor in serving as the assessing district's assessor of record, including, but not limited to, the costs of overseeing and administering the annual assessment, preparing and defending the assessment roll, and operating the assessing office. The state tax commission shall develop guidelines, which, at a minimum, shall provide for the ability of an assessing district to protest a charge to the state tax commission and the ability of the state tax commission to resolve disputes between the designated assessor and the assessing district regarding costs and charges.

(k) A designated assessor is a local assessing unit for purposes of the provisions in section 44 concerning the division and use of any collected property tax administration fees.

(4) Beginning December 31, 2020, every county shall have a designated assessor on file with the state tax commission, subject to all of the following:

(a) Subject to subdivision (d), to designate an assessor as a designated assessor, a county shall provide the state tax commission with an interlocal agreement that designates an individual who will serve as the county's designated assessor and shall petition the state tax commission to approve of the individual as the designated assessor for that county. The interlocal agreement must be executed by the board of commissioners for that county, a majority of the assessing districts in that county, and the individual put forth as the proposed designated assessor. For purposes of this subdivision and subsection (5)(d), an assessing district is considered to be in the county where all of, or in the case of an assessing district that has state equalized value in multiple counties, the largest share of, that assessing district's state equalized value is located.

(b) Except as otherwise provided in subdivision (d), if the state tax commission determines that an individual named in a petition submitted under subdivision (a) is capable of ensuring that contracting assessing districts achieve and maintain substantial compliance with the requirements in subsection (1), it shall approve the petition.

(c) Except as otherwise provided in subdivision (d), if the state tax commission determines that an individual named in a petition submitted under subdivision (a) is not capable of ensuring that contracting assessing districts achieve and maintain substantial compliance with the requirements in subsection (1), it shall reject the petition and request the submission of additional interlocal agreements under subdivision (a) until a suitable assessor has been presented.

(d) Except as otherwise provided in subdivision (e), an approved designated assessor designation shall not be revoked and no new designation shall be made under subdivision (a) earlier than 5 years following the date of the approved designation.

(e) The state tax commission may designate and approve, on an interim basis and pursuant to a formal agreement, an individual to serve as a county's designated assessor and, if applicable, revoke the approved designation of the current designated assessor under the following circumstances and subject to the following time limit:

(i) If the designated assessor dies or becomes incapacitated.

(ii) If the designated assessor was designated and approved based on his or her employment status and that status materially changes.

(iii) If it determines at any time that the designated assessor is not capable of ensuring that contracting assessing districts achieve and maintain substantial compliance with the requirements in subsection (1).

(iv) If, as of December 31, 2020, it has not been provided an interlocal agreement, executed as provided in subdivision (a), that presents a suitable individual to serve as the county's designated assessor.

(v) An approved designation under this subdivision is effective only until a new assessor has been designated and approved under subdivisions (a) to (c).

(5) As used in this section:

(a) "Advanced assessing officer" means an individual certified by the state tax commission pursuant to section 10d as a Michigan Advanced Assessing Officer(3) or, if the state tax commission changes its certification designations, an individual certified by the state tax commission to perform functions equivalent in scope, as determined by the state tax commission, to those that previously could have been performed by a Michigan Advanced Assessing Officer(3).

(b) "Assessing district" means a city, township, or joint assessing authority.

(c) "Corrective action plan" means a plan developed by an assessing district that specifically indicates how the assessing district will achieve substantial compliance with the requirements in subsection (1) and when substantial compliance will be achieved.

(d) "Designated assessor" means an individual designated and approved, as provided in subsection (4), to serve a county as the assessor of record for the assessing districts in that county that are required to contract with a designated assessor pursuant to the process specified in subsection (3).

(e) "Master assessing officer" means an individual certified by the state tax commission pursuant to section 10d as a Michigan Master Assessing Officer(4) or, if the state tax commission changes its certification designations, an individual certified by the state tax commission to perform functions equivalent in scope, as determined by the state tax commission, to those that previously could have been performed by a Michigan Master Assessing Officer(4).

(f) "Noncompliance" means that the identified deficiencies, taken together, pose a significant risk that the assessing district is unable to perform the assessing function in conformity with the state constitution and state statute. It is the opposite of substantial compliance and shall be determined based on a holistic evaluation of compliance with the requirements in subsection (1), taking into account the anticipated overall impact of the deficiencies on the assessing district's ability to perform the assessment function. A finding of noncompliance shall not be based on isolated technical deficiencies.

(g) "Substantial compliance" means that any identified deficiencies do not pose a significant risk that the assessing district is unable to perform the assessment function in conformity with the state constitution and state statute. It is the opposite of noncompliance.

(6) Not later than 2 years after the effective date of the amendatory act that added this section, the state tax commission shall adopt and publish guidelines to implement this section. The guidelines shall include, at a minimum, minimum standards and model policies to be followed for substantial compliance with the requirements of subsection (1) and shall identify those deficiencies that may lead to a finding of noncompliance and those deficiencies that are technical. The state tax commission may update the guidelines as needed to implement this section.

Sec. 28. (1) The township board shall appoint those electors of the township who will constitute a board of review for the township. At least 2/3 of the members must be property taxpayers of the township. Members appointed to the board of review shall serve for terms of 2 years beginning at noon on January 1 of each odd-numbered year. Each member of the board of review shall qualify by taking the constitutional oath of office within 10 days after appointment. The township board may fill any vacancy that occurs in the membership of the board of review. A member of the township board is not eligible to serve on the board or to fill any vacancy. A spouse, mother, father, sister, brother, son, or daughter, including an adopted child, of the assessor is not eligible to serve on the board or to fill any vacancy. A majority of the board of review constitutes a quorum for the transaction of business, but a lesser number may adjourn and a majority vote of those present will decide all questions. At least 2 members of a 3-member board of review shall be present to conduct any business or hearings of the board of review.

(2) The township board may appoint 3, 6, or 9 electors of the township, who will constitute a board of review for the township. If 6 or 9 members are appointed as provided in this subsection, the membership of the board of review must be divided into board of review committees consisting of 3 members each for the purpose of hearing and deciding issues protested pursuant to section 30. Two of the 3 members of a board of review committee constitute a quorum for the transaction of the business of the committee. All meetings of the members of the board of review and committees must be held during the same hours of the same day and at the same location.

(3) A township board may appoint not more than 2 alternate members for the same term as regular members of the board of review. Each alternate member must be a property taxpayer of the township. Alternate members shall qualify by taking the constitutional oath of office within 10 days after appointment. The township board may fill any vacancy that occurs in the alternate membership of the board of review. A member of the township board is not eligible to serve as an alternate member or to fill any vacancy. A spouse, mother, father, sister, brother, son, or daughter, including an adopted child, of the assessor is not eligible to serve as an alternate member or to fill any vacancy. An alternate member may be called to perform the duties of a regular member of the board of review in the absence of a regular member. An alternate member may also be called to perform the duties of a regular member of the board of review for the purpose of reaching a decision in issues protested in which a regular member has abstained for reasons of conflict of interest.

(4) The size, composition, and manner of appointment of the board of review of a city may be prescribed by the charter of a city. In the absence of or in place of a charter provision, the governing body of the city, by ordinance, may establish the city board of review in the same manner and for the same purposes as provided by this section for townships.

(5) A majority of the entire board of review membership shall indorse the assessment roll as provided in section 30. The duties and responsibilities of the board contained in section 29 shall be carried out by the entire membership of the board of review and a majority of the membership constitutes a quorum for those purposes.

(6) The governing bodies of 2 or more contiguous cities or townships may, by agreement, appoint a single board of review to serve as the board of review for each of those cities or townships for purposes of this act. The provisions in

subsections (1) to (5) should serve as a guide in determining the size, composition, and manner of appointment of a board of review appointed under this subsection.

Enacting section 1. It is the intent of the legislature to appropriate sufficient money to address start-up and training costs associated with this amendatory act, including, but not limited to, necessary costs incurred to train board of review members, increase the number of assessors qualified to serve as assessors of record, facilitate initial designated assessor designations, respond to assessor requests for technical assistance, enhance staff and programming within the state tax commission to improve technical support for assessors of record, and transition some assessment services to designated assessors.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor