



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

MINUTES OF THE MEETING OF THE STATE TAX COMMISSION

***Okemos Conference Center, Okemos A & B Rooms
2187 University Park Drive, Okemos, Michigan***

***Tuesday, November 20, 2018
9:00 a.m.***

***PRESENT: Douglas B. Roberts, Chair STC
W. Howard Morris, Member STC
Leonard D. Kutschman, Member STC

Heather S. Frick, Executive Director
LaNiece Densteadt, Recording Secretary***

The item numbers referred to in the minutes correspond to the agenda items as numbered.

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the minutes of October 22, 2018. (Item 1 on agenda)

Public Comment – Agenda Items 3-23 Only (Item 2 on agenda):

Cynthia Wotila appeared before the Commission regarding agenda item 9, Official Order to Assume Jurisdiction of the 2018 Roll for City of Reed City, Osceola County. Ms. Wotila stated the following: We were here last month on the order to assume jurisdiction of the assessment roll. The Commission deferred action until this month to give the City an opportunity to hire an independent appraisal firm to perform the complete reappraisal of all the City's properties in accordance with our corrective action plan. This stems from a 2017 audit which our corrective action plan was submitted and accepted in March of this year and it was our understanding the corrective action plan required that we begin a complete reappraisal of all parcels in 2018 to be completed in time for the 2020 assessment roll. There was some misunderstanding as to the timing and the necessity of hiring for a parcel by parcel appraisal. After last month's meeting it was clear that nothing short of a complete reappraisal of evaluating each individual parcel within the city limits would suffice. The City did submit a request for proposals but unfortunately, they received no bids during the first request. We did that, so we could hire a firm by the November 8th date, but unfortunately that was not possible. Fortunately, I think we did really land a good appraiser. We received a bid from CSZ Services in St. Johns. My understanding is that the Commission is familiar with this individual and his work. He comes with very high recommendation and last night at a special council meeting did hire Mr. Zemla and he is prepared to move forward on this and can start immediately. I believe he will get the job done as required in our corrective action plan. Getting the reappraisal done is the

last remaining item on our corrective action plan to be addressed. Therefore, the City believes by virtue of taking this action that it is in actual compliance with our correction plan which I submit will be in substantial compliance with the law in terms of being in compliance with the essential elements of the General Property Tax Act. I would also point out to the Commission that hiring an independent appraiser, we believe is the most responsible stewardship of tax dollars for the City, to ensure that we are starting with a fresh slate for 2020 and we will go forward with complete accuracy with the assessment roll.

Cynthia Wotila appeared before the Commission regarding agenda item 10, Official Order to Assume Jurisdiction of the 2018 Roll for Riverside Township, Missaukee County. Ms. Wotila stated the following: This item stems from a 2014 audit I have included in my report the factual background addressing all of the deficiencies that were noted which were a no public inspection policy, a veteran exemption had a form missing, no industrial ECF's, no reason codes for land adjustments and no reason codes for uncapping. Those were the noted deficiencies in the original review. In 2015 all of those deficiencies were corrected. However, there were problems with the receipt of the ECF studies and public policy inspection form. Over the course of time those items were submitted on numerous occasions. On a 2018 follow up review that was conducted by TMA, the point of failure appears to be in the follow up review where they asked for the ECF studies and a copy of the policy. The ECF studies were sent to the email that TMA provided. The Equalization Director who sent the studies did not receive an error message and did not get any indication that those documents did not go to TMA as submitted. When staff called TMA to get the results of the follow up review TMA responded that they did not receive any documentation. Once the assessor realized that was the case they immediately corrected the action by providing the documents directly to the Treasury Department. At that point it was deemed too late and staff recommended assuming the assessment roll. The telling point of the order is that it wasn't because the ECF study was flawed or there was no public inspection policy or any of the reason codes for uncapping were not added to the software. The reason in the order given is that the assessor is not computer illiterate and had issues uploading his database and, in my memo, I outlined the legal analysis here and the standard to assume jurisdiction of the roll is whether or not the assessor is in substantial compliance with the act. I submit that not being computer illiterate and having some technical difficulties with your database does not rise to the level of being substantially uncompliant with the act. We believe these are technical flaws but do not affect the underlying compliance with the General Property Tax Act. Significantly, none of the deficiencies that were noted were essential elements of the General Property Tax Act. His assessment card ratio was very good and that wasn't even something that was problematic in the audit, and the other matters having reason codes in your database or in your software that is not required by the Act. He had all those on his hard copies on the assessment cards. Even the law itself does not require the assessors to maintain their assessment roll on computer. He does maintain it on the computer, but he also has all of his assessment rolls on hard copy. The codes were on the copies and at this point now it has all been adjusted. It has been corrected on the database and his software as well. This is a rural community. As you are aware the legislature is really trying to get good internet service to these remote areas and to hold an assessor in a community with limited resources to a standard of high-speed internet and a lot of technological updates I think is inequitable and does not serve the taxpayers of the community.

Jean Cortright and Karl Schmidt appeared before the Commission regarding agenda items 14 and 15, Official Order to Assume Jurisdiction of the 2018 Roll for Sandstone Township, Jackson County and Official Order to Assume Jurisdiction of the 2018 Roll for Springport Township,

Jackson County. Ms. Cortright, Assessor for Sandstone Township, stated the following: We have been working and have completed the deficiencies from the AMAR and I would like the opportunity to have our work reviewed prior to assuming the roll. Mr. Schmidt, Assessor for Springport Township, stated the following: We also submitted all the corrections to the Department and we also sent a copy of the corrective action plan to the Executive Director. We believe all of the deficiencies are complete for the 2019 roll. We did not bring copies because we had already emailed them to the Department. When we sent the 2018 roll in we had deficiencies that we were not aware of, so we went ahead and corrected the deficiencies. We are still working on learning the BS&A .net assessing software as well. We both work together in two different townships. So, we correlate the values and the two townships are both rural. Springfield has one industrial parcel. Ms. Cortright stated: It talks about the ECFs and we just do not have the sales for the industrial and commercial and so on. We knew that was limited so we have come up with a plan to work with some other townships to get more information within our boundary.

Seth Koches appeared before the Commission regarding agenda item 16, Official Order to Suspend Patrick Couch's Certification in Assessment Administration. Mr. Koches stated the following: Our firm represents the City of Galesburg, Otsego Township as well as Patrick Couch. Just as a brief refresher, we were here back in October for the revocation hearing of Patrick Couch's assessor license and the STC adjourned the matter to this month. Executive Director, Ms. Frick, as well as myself worked through an agreement that allows Patrick to keep his assessor's license if he complies with the provisions of the consent agreement. I would like to thank Ms. Frick for working with us on this resolution and consent agreement that I believe was part of the Commission's packets and had the opportunity to review. I spoke with Patrick this morning and he is willing to comply with the provisions of the consent agreement. Something he would like me to submit to the STC was this matter dated back to 2013 with the AMAR. I guess just as a piece of mind for the STC he wanted me to submit the results from the 2017 and 2018 AMAR reviews. The 2017 was for the City of Galesburg and the 2018 was for Otsego Township. The issue that brought us to where we are is being addressed and we hope that we will not be here again for something like this. We are looking forward to putting this matter behind us.

David Revore appeared before the Commission regarding agenda item 17, Official Order to Suspend Larry Silsby's Certification in Assessment Administration. Mr. Revore stated the following: I would like to begin by thanking the Commission for gathering and allowing public comment on this. I am here on behalf of Aurelius Township and Mr. Silsby. The issues really before the Commission regarding Mr. Silsby is that there is a recommendation for suspension and revocation from the petitioner and the Attorney General's Office. In this matter it boils down to a few things that I think it is imperative for the Commission to recognize. Aurelius Township within Ingham County here has very few sales, in fact no sales of industrial or commercial properties. They have two commercial properties and four industrial properties, and the Township had no sales. So, what has occurred in the AMAR Reviews that are at issue here is that the ECFs are an issue and I believe both of the AMAR reviews and to address that Mr. Silsby has contacted nearby townships to obtain some information for BS&A and worked with the County mapping department to try to determine the ECFs so that they would be appropriate for the rolls. We understand that this issue has been addressed in the two AMARs, but I think it is very important to note that the corrective action plan submitted by Mr. Silsby has been accepted. Those conditions and those deficiencies have been fulfilled. Really, we are understanding all the limitations of the amount of sales and properties within the township and Mr. Silsby has reached out to the Ingham County Equalization

nearby areas to obtain these things to obtain ECFs and he is also taking courses through BS&A and he is consulting with BS&A. Appropriately the Administrative Law Judge in his decision did not find any malfeasance and we also look at the misfeasance and nonfeasance. He has not ignored his duties as an assessor and has worked diligently to submit the corrective action plans which have been accepted and so we feel that any type of sanction regarding suspension or certainly revocation of his license is not warranted or justified. We would bring to the Commission that we recognize that obviously more training and more study and efforts always improve delivery of service but we think the suspension and revocation is much more than what we are looking at in terms of what has occurred and so we ask that there would be no revocation or the received order of suspension. Mr. Silsby will continue his training and education in these regards should his license be suspended but we really understand this is a difficult thing for these small rural townships in terms of the amount of industrial and commercial properties and we would ask the Commission take that into consideration.

Erik Litts appeared before the Commission regarding agenda item 19, Request from Erik Litts (MAAO) regarding Continuing Education Credit Approval for 2019. Mr. Litts stated the following: I am a Michigan Advance Assessing Officer currently working for Holland Charter Township. I am here today asking for consideration on my educational renewal credit. Through my own mistake when I was checking to verify whether or not my plans would work I accidentally checked the new rules that permits 16 hours of online education. I did complete 16 hours of online education and only after that when I submitted them realized on November 2, 2018 that the old rules specify that I could only do 8. Also, as a part of that I wanted to submit that I am currently enrolled as a CAE candidate in March of 2017. I spent most of 2017 completing all of the educational requirements for that and I am currently working on my narrative appraisal demonstration report for residential property and hoping to have that submitted around January or February of 2019.

Commissioner Kutschman stated the following: Erik, if I may ask, what classes did you take?

Mr. Litts stated the following: I took the Appraisal Institute Introduction to Green Building Technologies and the Case Studies of Green Building Technologies which are 8-hour classes both through the Appraisal Institute.

Executive Director, Heather Frick, closed public comment as there were no further individuals wishing to speak. (Item 2 on agenda).

It was moved by Kutschman, supported by Morris, and unanimously approved Form 607 – Report of Assessment Roll Changes and Classification. (Item 3 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved Forms 1019 – Notice of Assessment, Taxable Valuation, and Property Classification, 3128 – Taxable Value Calculations Worksheet and 4093 – Notice of Assessment, Taxable Valuation (including Leasehold Improvements) and Property Classification. (Item 4 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved the revised Property Classification Questions and Answers. (Item 5 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to certify and return the 2017 Assessment Roll to Macon Township, Lenawee County. (Item 6 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to certify and return the 2017 Assessment Roll to City of Memphis, Macomb County. (Item 7 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to certify and return the 2018 Assessment Roll to Fairplain Township, Montcalm County. (Item 8 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for City of Reed City, Osceola County for failure to complete the reappraisal as indicated in the City's corrective action plan and ordered the City of Reed City to hire an outside party to complete the reappraisal for the 2020 assessment roll and to provide monthly reports to the Commission on the status of the reappraisal beginning on December 15, 2018. (Item 9 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for Riverside Township, Missaukee County for failure to correct all the deficiencies after a second follow-up AMAR Review and ordered Riverside Township, Missaukee County to hire an outside party to fix the deficiencies noted in the roll and complete the work for the 2019 assessment roll. (Item 10 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for Allouez Township, Keweenaw County for failure to correct all the deficiencies after a second follow-up AMAR Review and ordered Allouez Township, Keweenaw County to hire an outside party to fix the deficiencies noted in the roll and complete the work for the 2019 assessment roll. (Item 11 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for Harris Township, Menominee County for failure to correct all the deficiencies after a second follow-up AMAR Review and ordered Harris Township, Menominee County to hire an outside party to fix the deficiencies noted in the roll and complete the work for the 2019 assessment roll. (Item 12 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for Gilmore Township, Benzie County for failure to correct all the deficiencies after a follow-up AMAR Review and ordered Gilmore Township, Benzie County to hire an outside party to fix the deficiencies noted in the roll and complete the work for the 2019 assessment roll. (Item 13 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for Sandstone Township, Jackson County for failure to correct all the deficiencies after a second follow-up AMAR Review and ordered

Sandstone Township, Jackson County to hire an outside party to fix the deficiencies noted in the roll and complete the work for the 2019 assessment roll. (Item 14 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to assume jurisdiction of the 2018 Assessment Roll for Springport Township, Jackson County for failure to correct all the deficiencies after a second follow-up AMAR Review and ordered Springport Township, Jackson County to hire an outside party to fix the deficiencies noted in the roll and complete the work for the 2019 assessment roll. (Item 15 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the official order to suspend Mr. Patrick Couch's certificate and not act as the assessor of record for any local unit during the time of suspension. Mr. Couch was also ordered to complete the Michigan Certified Assessing Officer program. Failure to fully participate in and successfully complete the MCAO program will result in a recommendation being made to the State Tax Commission for revocation of Mr. Couch's certification. Upon successful completion of the MCAO program, a recommendation will be made to the State Tax Commission to release Mr. Patrick Couch from suspension. (Item 16 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the official order to suspend Mr. Larry Silsby's certification and not act as the assessor of record for any local unit during the time of suspension. Mr. Silsby was also ordered to complete the Michigan Certificate Assessing Officer program. Failure to fully participate in and successfully complete the MCAO program will result in a recommendation being made to the State Tax Commission for revocation of Mr. Silsby's certification. Upon successful completion of the MCAO program, a recommendation will be made to the State Tax Commission to release Mr. Larry Silsby from suspension. (Item 17 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved the Assessor Discipline Advisory Committee's recommendation and adopt the official order to refer Mr. Mark Maki to proceed to the Michigan Administrative Hearing System (MAHS) for a formal hearing regarding his certification in assessment administration. (Item 18 on agenda)

It was moved by Kutschman, supported by Morris, and unanimously approved to grant the request for approval of 16 hours of online courses through the Appraisal Institute and allow Mr. Erik Litts to apply these hours to be counted for his 2019 continuing education requirements. (Item 19 on agenda)

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the staff recommendation on the Charitable Non-Profit Housing Organization Exemptions for the following: (Item 20 on agenda)

These exemptions will expire on **December 30, 2021 for a period of three (3 years) or December 30, 2023 for a period of five (5 years)** or until one of the following events occur:

1. The eligible nonprofit housing property is occupied by a low-income person under a lease agreement, or

2. The eligible nonprofit housing property is transferred by the charitable nonprofit housing organization.

County	Local Unit	Parcel Number	Years Approved
Emmet	Village of Pellston	44-10-34-260-013	5 years
Branch	Quincy Township	12-080-L18-000-141-00	5 years
Emmet	Littlefield Township	24-07-17-17-376-001	5 years
Emmet	Village of Pellston	24-44-10-34-301-111	5 years
Emmet	Bear Creek Township	01-19-36-300-020	5 years
Emmet	Village of Pellston	24-44-10-34-302-125	5 years
Washtenaw	Ypsilanti Township	K-11-14-281-017	3 years
Washtenaw	Ypsilanti Township	K-11-02-328-002	3 years
Kalamazoo	City of Kalamazoo	06-14-181-046	3 years
Kalamazoo	City of Kalamazoo	06-22-190-107	3 years
Kalamazoo	City of Kalamazoo	06-22-190-011	3 years
Kent	City of Grand Rapids	41-14-18-156-007	3 years
Marquette	Forsyth Township	52-05-465-032-00	3 years
Washtenaw	Ypsilanti Township	K-11-10-407-026	3 years

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the staff recommendation on the New Certifications of Computerized Assessment Rolls for the following: (Item 21 on agenda)

These certifications will expire on May 1, 2022.

New Certifications:

Bay County

Hampton Township

Menominee County

Ingallston Township

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the staff recommendation on the Re-certifications and New Certifications of Computerized Tax Rolls for the following: (Item 22 on agenda)

These certifications will expire on **May 1, 2022**.

New Certifications:

Menominee County

Ingallston Township

Recertification:

Menominee County

Menominee Township

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the staff recommendation determining that the real and personal property identified in the City of Detroit's resolution of Rock Economic Development Group is owned by an Eligible Economic Development Group.

It was moved by Morris, supported by Kutschman, and unanimously approved to postpone the Commercial Rehabilitation Exemption Certified for Fifth Level Hospitality, Inc – Certificate Number C2018-007 until December 18, 2018. It was moved by Morris, supported by Kutschman, and unanimously approved the staff recommendation on all others on the **Special Items Exemptions Agenda**. (Item 24 on agenda) ([See attached link for file identification.](#))

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the staff recommendations on the **Exemptions Agenda**. (Item 25 on agenda) ([See attached link for file identification.](#))

It was moved by Morris, supported by Kutschman, and unanimously approved to adopt the MCL 211.154 petitions on the **Concurrence Agenda**. (Item 26 on agenda) ([See attached link for file identification](#))

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt the staff recommendations on MCL 211.154 petitions on the **Special Items Agenda** and to accept the withdraw of MCL 211.154 petition 154-17-0925. (Item 27 on agenda) ([See attached link for file identification](#))

It was moved by Kutschman, supported by Morris, and unanimously approved the following MCL 211.154 petitions as a **concurrence**, initially noticed as a non-concurrence. (Item 28 on agenda)

Meridian Township, Ingham County

154-18-0484 PROFESSIONAL METAL WORKS, INC. 33-02-02-93-200-821
PERSONAL PROPERTY

2018 AV from \$ 0 to \$ 115,300 TV from \$ 0 to \$ 115,300

It was moved by Kutschman, supported by Morris, and unanimously approved to adopt all other MCL 211.154 petitions. (Item 28 on agenda) ([See attached link for file identification](#))

Public Comment (Item 29 on agenda):

Seth Koches appeared before the Commission on behalf of Bauckham Sparks P.C. Mr. Koches stated the following: Well being that I was up here for the previous agenda item regarding Patrick Couch I stayed around to see regarding agenda item 25. Wayland Township submitted an IFT application for processing which was previously approved, and I just wanted to let the Commission know that the applicant and Wayland Township are very excited for this. I think it will bring more jobs into the community. I also wanted to let the Commission know that our office handles a lot of IFT applications for municipalities throughout the State of Michigan. The Department of Treasury has been great working with me on these items. Specifically, Janay Jenkins, anytime I have

questions she is always quick to get back to me. I know that makes my job easier and I know my clients appreciate it. I know the applicants appreciate it too because it makes the whole process run smoothly. I wanted to bring that to the Commission's attention and thank you for your time.

It was moved by Kutschman, supported by Morris, and unanimously approved Bulletin 19 of 2018 Interest Rates on Michigan Tax Tribunal Judgments. (Add on to agenda)

The next Commission meeting will be held December 18, 2018, at the Okemos Conference Center in the Okemos A & B Rooms, 2187 University Park Drive, Okemos.

It was moved by Roberts, supported by Morris, and unanimously approved to adjourn the meeting of the State Tax Commission at 10:30 a.m.

DATE TYPED: November 20, 2018

DATE APPROVED: December 18, 2018

**Douglas B. Roberts, Chair
State Tax Commission**

**W. Howard Morris, Member
State Tax Commission**

**Leonard D. Kutschman, Member
State Tax Commission**