

**State Tax Commission Bulletin No. 3 of 1997**

**January 31, 1997**

**P.A. 476 Of 1996 (HB 5359)**

**TO: Assessors, Equalization Directors**

**FROM: State Tax Commission (STC)**

**RE: IMPLEMENTATION OF PUBLIC ACT 476 OF 1996 (HB 5359)**

Attached is a copy of Public Act (PA) 476 of 1996 that was signed by Governor Engler and became effective on December 26, 1996. Please note that the new language that was added to the General Property Tax Act (GPTA) by this Public Act has been underlined on the enclosed copy.

Since the first tax day after the enactment of the bill is December 31, 1996, the changes to the tax law under the provisions of this Act will be first implemented for 1997 property tax administration. Fortunately some of the procedural changes authorized by the ACT were anticipated and already incorporated in Property Tax Division/State Tax Commission policy as explained by prior State Tax Commission bulletins.

This bulletin will not address every change made by PA 476 of 1996. Some of the changes will be addressed by future STC bulletins. Some of the changes are of a purely technical nature and do not require further explanation.

The headings in this bulletin will identify the sections of the statute being discussed and will be in the same order as they appear in the statute.

**1) Section 7k - Exemption for Facilities for Which an Industrial Facilities Exemption Certificate Has Been Issued (Page 1 in the copy of PA 476 of 1996)**

PA 476 of 1996 amends section 7k of the GPTA to clarify that not only IFT New facilities are exempt from taxation under the General Property Tax Act (GPTA) but also IFT Rehabilitated facilities.

**2) Section 7cc and Section 7dd - Homestead Exemption (Pages 1-6 in the copy of PA 476 of 1996)**

There are several significant changes made to sections 7cc and 7dd of the GPTA which deal with the administration of the HOMESTEAD exemption from the 18 mills of local school operating tax. One of those changes deletes the language from the statute that would have required all property owners to re-file for the homestead exemption in 1999 and every four years thereafter. Because of this change, all homestead exemptions will NOT expire in 1998 and new claims for exemption will NOT be required to be filed by all property owners in 1999.

Enclosed with this bulletin is an informational paper prepared by Mr. Floyd Schmitzer of the Michigan Department of Treasury regarding these new provisions of the act which address the homestead exemption.

**3) Section 7ee - Qualified Agricultural Property Exemptions (Page 6 in the copy of PA 476 of 1996)**

There are two main changes made by PA 476 of 1996 to section 7ee which deals with the administration of the QUALIFIED AGRICULTURAL PROPERTY exemption from the 18 mills of local school operating tax.

**A) All Qualified Agricultural Property Exemptions Do NOT Expire on 12-31-98**

Prior to PA 476 of 1996, there was language in subsection 4 of section 7ee of the law which provided that all Qualified Agricultural Property exemptions would expire on December 31, 1998 and that all owners of Qualified Agricultural Property which was not classified agricultural would have to file new claims forms in order to receive the exemption in 1999 and every four years thereafter.

Because of the change in the law contained in PA 476 of 1996, all Qualified Agricultural Property exemptions will NOT expire on December 31, 1998 and all owners of property not classified agricultural will NOT be required to file new claims for exemption in 1999 and every four years thereafter.

The law, as amended by PA 476 of 1996, now states that Qualified Agricultural Property exemptions remain in effect until December 31 of the year in which the property is no longer Qualified Agricultural Property as defined in the statute.

**B) Appeal to the 1997 July or December Board of Review Regarding the 1994 Qualified Agricultural Property Exemption**

New language has been added to Section 7ee that provides for a one-time appeal at the 1997 July or December Board of Review to obtain the Qualified Agricultural Property exemption for the year **1994**, provided certain conditions are met.

This new language appears at the top of page 7 of your copy of PA 476 of 1996 as subsections 9,10, and 11.

The STC will issue a bulletin in the near future which will deal entirely with the authority of the July and December Boards of Review. Part of this new bulletin will cover in detail the new provisions contained in subsections 9,10, and 11 referred to above.

**4) Section 24c - Notice of Assessment Increase (Page 8 in the copy of PA 476 of 1996)**

Certain language has been deleted from section 24c that removes the LEGAL requirement that the

assessed value must appear on the Notice of Assessment Increase (STC Form L-4400).

While this change removes the LEGAL requirement that the assessed value must appear on the Notice of Assessment Increase, the State Tax Commission will continue to include the assessed value on its "model assessment notice form" (Form L-4400) which section 24c requires the State Tax Commission to prepare. The reason for continuing to place the assessed value on Form L-4400 is the fact that the assessed value is one of the items that an owner can appeal to the March Board of Review.

PA 476 of 1996 does NOT require that any changes be made to the 1997 Notice of Assessment, Taxable Valuation and Proper Classification (Form L-4400) included with STC Bulletin No. 14 of 1996.

**5) Section 27a(2)(a) - The Value Change Multiplier (VCM) (Page 8 in the copy of PA 476 of 1996)**

PA 476 of 1996 has deleted the language from section 27a(2)(a) that required the use of the Value Change Multiplier (VCM) when calculating Capped Value. Starting in 1997, the Value Change Multiplier (VCM) SHALL NOT be used in the formula for calculating Capped Value.

For further information about the Capped Value formula for use in 1997, please see STC Bulletin No. 14 of 1996.

One result of the removal of the VCM from the Capped Value Formula is that, in certain circumstances, the Taxable Value MAY increase in a year in which the State Equalized Value (SEV) remains the same (or even decreases).

EXAMPLE: The final Taxable Value of the property in 1996 is \$100,000 and its final 1996 SEV is \$105,000. The property has no additions or losses. If the final SEV correctly stays the same in 1997, the Taxable Value must increase by the rate of inflation (1.028) up to \$102,800 even though the 1997 SEV is still \$105,000.

**In the example above, the Assessor and the Board of Review ARE REQUIRED BY LAW to increase the 1997 Taxable Value by the rate of inflation. In this example, it would be illegal for the assessor or the Board of Review to set the Taxable Value at any figure other than \$102,800.**

**1997 SUPPLEMENT TO STC BULLETIN NO. 16 OF 1995**

Note: While the materials which follow are part of item #6 of this bulletin, they are labeled as a **Supplement to STC Bulletin No. 16 of 1995** with the thought that they will also be copied and added to STC Bulletin No. 16 of 1995 in order to keep all information regarding transfers of ownership together in one place.

**6) Sections 27a(6) and 27a(7) - Transfers of Ownership (Pages 9 and 10 in the copy of PA 476 of 1996)**

PA 476 of 1996 makes several significant changes to sections 27a(6) and 27a(7) that affect the determination of whether a particular conveyance is a "transfer of ownership." (A "transfer of ownership" in the current year causes an uncapping of Taxable Value in the following year.)

STC Bulletin No. 16 of 1995 addressed in detail the provisions of the law regarding "transfers of ownership" as they existed prior to PA 476 of 1996.

The following paragraphs in section 6 of this bulletin will address each change made by PA 476 of 1996 that affects the determination of whether a particular conveyance is a "transfer of ownership".

Since PA 476 takes effect on December 26, 1996, all of the amendments contained in PA 476 of 1996 shall be implemented by the assessor when determining whether a specific 1996 conveyance is a transfer of ownership and when calculating the proper 1997 Taxable Value to use on the 1997 Assessment and Tax Rolls.

**A) Section 27a(6)(c) - Conveyance to a Trust (Page 9 of the copy of PA 476 of 1996)**

Page 6 of STC Bulletin No. 16 of 1995 discusses conveyances to a trust. STC Bulletin No. 16 of 1995 states that a conveyance to a trust is NOT a transfer of ownership if the sole present beneficiary (or beneficiaries) of the trust is also the settlor of the trust (or the settlor's spouse or both).

PA 476 of 1996 adds an additional requirement that must be met in order for a conveyance to a trust to NOT BE a transfer of ownership. That additional requirement is that the settlor (or the settlor's spouse or both) is the person who conveys the property to the trust.

EXAMPLE A: If person A conveys property to a trust and person A is also the sole present beneficiary of the trust, a transfer of ownership has NOT occurred.

EXAMPLE B: If person B conveys property to the trust in Example A where person A is the settlor, a transfer of ownership HAS occurred because person B conveyed the property to the trust and person B is not the settlor of the trust; person A is the settlor.

**B) Section 27a(6)(g) - Conveyance by Lease (Page 9 of the copy of PA 476 of 1996)**

Page 8 of STC Bulletin No. 16 of 1995 discusses conveyances by lease, stating that when there is a lease on a PART of a total property and that lease qualifies to be a

transfer of ownership, the Taxable Value of the ENTIRE property is uncapped in the year following the transfer of ownership, even though only a portion of the property is leased. **THIS IS NO LONGER THE CORRECT PROCEDURE.**

PA 476 of 1996 amends the section of law which addresses transfers by lease by stating that, in the example above, only that part of the property which is subject to the lease is uncapped in the year following the transfer of ownership, NOT the entire property.

EXAMPLE: A shopping center consisting of 40 tenant spaces is described and assessed as one property on the assessment roll. During 1996, the owner enters into a long-term lease (more than 35 years in length) on one of the tenant spaces. This type of lease shall be determined by the assessor to be a "transfer of ownership".

In this example, PA 476 of 1996 provides that the assessor shall uncap the Taxable Value of only that portion of the property that is subject to the long term lease. Beginning in 1997 the assessor shall NOT uncap the total Taxable Value of the entire shopping center.

**C) Section 27a(6)(j) - Cooperative Housing Corporation (Page 9 of the copy of PA 476 of 1996)**

A cooperative housing corporation is a type of ownership in which a corporation holds titles to an entire housing complex and individual stockholders in the corporation have the right to occupy an individual dwelling in the housing complex.

PA 476 of 1996 **ADDS** subsection j to section 27a(6) of the General Property Tax Act (GPTA).

Subjection j states that a conveyance of an ownership interest in a cooperative housing corporation is a "transfer of ownership", but only that portion which is actually conveyed.

EXAMPLE: If the total ownership of a cooperative housing corporation consists of 100 shares of stock and 10 shares are conveyed from their present owners to new owners during 1996, then 10% of the Taxable Value of the housing complex owned by the cooperative housing corporation is uncapped in 1997 assuming the value of each share of stock is the same.

THIS PROCEDURE, AUTHORIZED BY PA 476 OF 1996, IS A CHANGE FROM HOW THE "TRANSFER OF OWNERSHIP" OF A COOPERATIVE HOUSING CORPORATION WAS ADMINISTERED PRIOR TO PA 476 OF 1996 AND WILL BE FIRST EFFECTIVE FOR 1997.

**Procedure That No Longer Applies to Cooperative Housing Corporations:** Prior to PA 476 of 1996, subsection h of section 27a(6) was the section of the statute that

applied to the conveyance of an ownership interest in a cooperative housing corporation. In the past subsection h, **which no longer applies to cooperative housing corporations**, required the assessor to uncap the total Taxable Value of the housing complex owned by the Cooperative Housing Corporation in the year after more than 50% of the ownership of the corporation had been conveyed. See paragraph 8 on page 9 of STC Bulletin No. 16 of 1995 for more information about this procedure. While this procedure no longer applies to cooperative housing corporations, it still applies to other types of corporations which own property.

**D) Section 27a(7)(c) - Life Lease (Page 9 of the copy of PA 476 of 1996)**

The new language contained in section 27a (7)(c) of PA 476 of 1996 does NOT change the procedure already in place for determining whether a conveyance involving a life lease is a "transfer of ownership".

This new language merely adds statutory support to a procedure which was already in place and is described in paragraph 3 on page 12 of STC Bulletin No. 16 of 1995.

**E) Section 27a(7)(f) - Conveyance to a Trust (Page 9 of the copy of PA 476 of 1996)**

The language contained in this section of the statute merely adds support to the procedure already discussed in paragraph "A" on page 5 of this bulletin. Since the meaning of these two subsections is the same, it is not necessary to repeat it here.

**F) Section 27a(7)(j) - Transfer Among Members of an Affiliated Group (Page 10 of the copy of PA 476 of 1996)**

PA 476 of 1996 ADDS language to subsection (7)(j) which clarifies that a corporation which has been asked by the State Tax Commission to furnish proof that a transfer meets the requirements of being a Transfer Among Members of an Affiliated Group must do so within 45 days of the request.

PA 476 of 1996 also clarifies that the fine for failure to comply with the request by the STC is \$200.

**G) Section 27a(7)(1) - Transfer Among Entities that are Commonly Controlled (Page 10 of the copy of PA 476 of 1996)**

PA 476 OF 1996 ADDS language to subsection (7)o) which clarifies that a corporation which has been asked by the State Tax Commission to furnish proof that a transfer meets the requirements of being a Transfer Among Entities That Are Commonly Controlled must do so within 45 days of the request.

PA 476 of 1996 also clarifies that the fine for failure to comply with the request by the STC is \$200.

**H) Section 27a(7)(m) - Transfer Resulting From a Transaction Qualifying as a Tax Free Reorganization (Page 10 of PA 476 of 1996)**

PA 476 OF 1996 ADDS language to subsection (7)(m) which clarifies that a corporation which has been asked by the State Tax Commission to furnish proof that a transfer meets the requirements of being a Transfer Resulting from a Transaction Qualifying as a Tax Free Reorganization must do so within 45 days of the request.

PA 476 of 1996 also clarifies that the fine for failure to comply with the request by the STC is \$200.

**I) Section 27a(8) - Records Made Available to Equalization Departments**

Section 27a(8) requires that the Register of Deeds notify the assessing officer not less than once each month of any recorded transactions involving the ownership of property.

PA 476 of 1996 ADDS the requirement that the Register of Deeds shall also make any recorded deeds or other title documents available to the Equalization Department.

PA 476 of 1996 also states that Property Transfer Affidavits filed in the Assessor's office shall be made available to the Equalization Department. This new language adds statutory authority to the procedure already required by the State Tax Commission on page 21 of STC Bulletin No. 16 of 1995.

**END OF SUPPLEMENT TO STC BULLETIN NO. 16 OF 1995**

**1997 SUPPLEMENT TO STC BULLETIN NO. 8 OF 1996**

Note: While the materials which follow are part of item #7 of this bulletin, they are labeled as a **Supplement to STC Bulletin No. 8 of 1996** with the thought that they will also be copied and added to STC Bulletin No. 8 of 1996 in order to keep all information regarding the topic of that bulletin together in one place.

**7) Section 27b and 27c - Immediate Uncapping of Taxable Value by the Assessor When a Transferee (Buyer) Has Not Timely Filed the Property Transfer Affidavit and Consequently the Assessor Did Not Timely Uncap the Taxable Value in the Year Following the Transfer of Ownership (Pages 10 and 11 of the copy of PA 476 of 1996)**

STC Bulletin No. 8 of 1996 describes the procedures used by assessors when they become aware of a transfer of ownership after the time when the assessor could timely uncap Taxable Value in the year following the transfer of ownership.

Most of the new language in **Section 27b of PA 476 of 1996** does not require new procedures but merely adds statutory authority to procedures which are already in place and are described in STC Bulletin No. 8 of 1996.

The following are the CHANGES caused by the new language contained in sections 27b and 27c of PA 476 of 1996.

A) Prior to PA 476 of 1996, the provisions of STC Bulletin No. 8 of 1996 regarding the immediate uncapping of Taxable Value by the assessor when a transferee did not timely file a Property Transfer Affidavit applied to ALL transfers of ownership. Because of the changes contained in PA 476 of 1996, the above-referenced provisions of STC Bulletin No. 8 of 1996 NOW APPLY ONLY TO THE TRANSFEREE (BUYER) IN THE MOST RECENT TRANSFER OF OWNERSHIP.

The provisions of STC Bulletin No. 8 of 1996 do NOT apply to the transferee (buyer) in A PREVIOUS TRANSFER OF OWNERSHIP.

The intent of this change is that a new owner of property should not have to pay extra taxes for past years because of the failure of a previous owner to timely file a Property Transfer Affidavit ([L-4260](#)).

In other words, if a transfer of ownership occurred on a property in 1995 for which a Property Transfer Affidavit was not filed and if a later transfer of ownership on the same property occurred in 1996, the provisions of STC Bulletin No. 8 of 1996 would only apply to the second transfer of ownership.

The first transfer of ownership would be covered by the NEW provisions contained in Section 27c of PA 476 of 1996 that apply to a transferee (buyer) in A PREVIOUS TRANSFER OF OWNERSHIP. These new provisions will be discussed in paragraph E below.

## **B) Certification by Assessor**

Page 2 of STC Bulletin No. 8 of 1996 already discusses the requirement that the assessor shall certify to the treasurer any additional taxes due when the assessor immediately uncaps taxable value for a "transfer of ownership" that has not been reported by the transferee.

PA 476 of 1996 ADDS the additional requirement that the assessor shall also certify to the appropriate treasurer the amount of the \$5.00/day penalty due because of the failure of the transferee (buyer) to timely fill the Property Transfer Affidavit (Form L-4260).



### C) Distribution of the \$5.00/Day Penalty

PA 476 of 1996 provides that the \$5.00/day penalty for failure to timely file the Property Transfer Affidavit (Form L-4260) shall be distributed to the LOCAL TAX COLLECTING UNIT. This is a CHANGE from the procedures outlined on page 25 of STC Bulletin No. 16 of 1995.

Prior to PA 476 of 1996, the \$5.00/day penalty was required to be distributed to all TAXING units, NOT only to the LOCAL TAX COLLECTING unit. Because of PA 476 of 1996, the \$5.00/day penalty shall now be distributed to the LOCAL TAX COLLECTING unit. The LOCAL TAX COLLECTING unit is the township or city that collects the tax.

### D) Appeal to the Michigan Tax Tribunal (MTT)

STC Bulletin No. 8 of 1996 provided that an owner could appeal (to the MTT) the assessor's decision that a "transfer of ownership" had occurred and that the Taxable Value should be immediately uncapped.

PA 476 of 1996 specifies that the appeal to the MTT is **limited to the issues of whether a transfer of ownership occurred and correcting arithmetic errors. A dispute regarding the valuation of the property is NOT a basis for appeal under this subsection.**

**E) Section 27c - NEW Procedures that Apply When a Transfer of Ownership (for which a Property Transfer Affidavit was not timely filed) is Discovered by the Assessor (After the Taxable Value Should Have Been Uncapped) and this Transfer of Ownership IS NOT THE MOST RECENT TRANSFER OF OWNERSHIP.**

PA 476 of 1996 ADDS NEW procedures which apply in the following situation:

- A Transfer of Ownership occurs on a property.
- o The transferee (Buyer) does not timely file the Property Transfer Affidavit (Form L-4260).
- o Because of this the assessor does not timely uncap Taxable Value. Another Transfer of Ownership of this same property occurs later on.
- o The assessor then discovers that the first Transfer of Ownership occurred.

The NEW procedures provided by PA 476 of 1996 state that a taxing unit may SUE the transferee (buyer) involved in the first transfer of ownership described in the situation above. The present owner of the property is NOT sued but a previous owner is sued. This does NOT result in a lien being placed on the property.

The NEW section 27c provides that a taxing unit may sue for all of the following:

(i) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(ii) Interest and penalty from the date the tax would have been originally levied.

(iii) A penalty of \$5.00 per day for each separate failure beginning after the 45 days elapsed, up to a maximum of \$200.00.

#### **END OF SUPPLEMENT TO STC BULLETIN NO. 8 OF 1996**

#### **8) Section 27d - Report of Taxable Value by the Equalization Director (Page 11 of the copy of PA 476 of 1996)**

Section 27d is a new section of law that **statutorily** requires a procedure already in place. That procedure is the filing by the Equalization Director of STC [Form L-4046](#) by the fourth Monday in June.

STC Form L-4046 is a Statement of Taxable Valuations that has already been filed for the past two years by Equalization Directors.

#### **9) Section 30c - Prior Year's Assessment Set by Board of Review or Michigan Tax Tribunal Used as BASIS for the Following Year's Assessment When the Assessment Was Reduced (Page 11 of the copy of PA 476 of 1996)**

PA 476 of 1996 adds language to section 30c to clarify the meaning of section 30c when it involves a property on which there was a transfer of ownership in the prior year.

Some assessors have thought that in the year following a transfer of ownership the assessor could disregard the provisions of section 30c when setting the assessed value for that property for the following year. The new language of section 30c clarifies that the provisions of section 30c shall be considered when setting the assessed value in the year following a transfer of ownership.

For a further explanation of the proper interpretation of the provisions of section 30c, please see the explanation contained in STC Bulletin No. 5 of 1997.

#### **1997 SUPPLEMENT TO STC BULLETIN NO. 9 OF 1995**

Note: While the materials which follow are part of item #10 of this bulletin, they are labeled as a **Supplement to STC Bulletin No. 9 of 1995** with the thought that they will also be copied and added to STC Bulletin No. 9 of 1995 in order to keep all information regarding property classifications together in one place.

**10) Section 34c - Classification of Property on the Assessment Roll (Page 11 of the copy of PA 476 of 1996)**

PA 476 of 1996 makes 2 major changes to section 34c that addresses the classification of property on the assessment roll.

**A) New Date for Appeal of Classification to the State Tax Commission** PA 476 of 1996 provides a new appeal deadline date for the appeal of a property classification to the State Tax Commission.

If a property owner appeals a classification to the March Board of Review, the owner can appeal the decision of the March Board of Review to the State Tax Commission **not later than June 30 of that tax year.**

PRIOR TO THIS CHANGE IN STATUTE, the deadline for an appeal of classification to the State Tax Commission was **within 30 days after the adjournment of the March Board of Review. THIS DEADLINE NO LONGER APPLIES.**

**B) Appeal of Property Classification by the Department of Treasury**

PA476 of 1996 provides authority to the Department of Treasury to appeal a property classification to the Small Claims Division of the Michigan Tax Tribunal no later than December 31 of the year of the classification being appealed. This appeal by the Department of Treasury does NOT require a prior appeal to the March Board of Review.

An owner or assessor still may NOT appeal a parcel's assessment roll classification to the Michigan Tax Tribunal. MCL 211.34c(6) states that the State Tax Commission's determination regarding a property's assessment roll classification is final and binding for the year of the petition to the STC.

**END OF SUPPLEMENT TO STC BULLETIN NO. 9 OF 1995**

**1997 SUPPLEMENT TO STC BULLETIN NO. 3 OF 1995**

Note: While the materials which follow are part of item #11 of this bulletin, they are labeled as a **Supplemental to STC Bulletin No. 3 of 1995** with the thought that they

will also be copied and added to STC Bulletin No. 3 of 1995 in order to keep all information regarding the formulas for additions and losses together in one place.

**11) Section 34d - Additions Used in the Capped Value Formula and in the Headlee" and "Truth in Taxation" Millage Rollback Calculations (Page 13 of the copy of PA 476 of 1996)**

PA 476 of 1996 changes the method of calculating the Additions for **Replacement Construction** and **Increase in Occupancy** Rate. These Additions are used in the formula for calculating Capped Value and in the calculation of the millage rollbacks for the "Headlee" and Truth in Taxation" rollbacks.

The formulas for calculating the Additions for **Replacement Construction** and for an **Increase in Occupancy Rate** are contained in STC Bulletin No. 3 of 1995. **THOSE FORMULAS ARE NO LONGER CORRECT.**

Pa 476 OF 1996 requires that the answers by the formulas for these 2 types of additions (as discussed in STC Bulletin No. 3 of 1995) must also be multiplied by the lesser of 1.05 or the rate of inflation (1.028 for 1997 assessments).

The following are the old formulas and the new formulas for each of these 2 types of additions.

**Replacement Construction**

**Old Formula NO LONGER USED**

Taxable  
Value of  
the subject

Additions = TCV of Replacement X property in the previous year

Construction TCV of the subject property

in the  
previous  
year

**New Formula USED STARTING IN 1997**

TCV of Taxable Value of the Subject

Additions = Replacement X property in the previous year X Lessor of 1.05

Construction TCV of the subject property or Inflation Rate

In the previous year

### **Increase in Occupancy Rate**

### **Old Formula NO LONGER USED**

Increase in Taxable Value of the subject

Additions = TCV Due to X property in the previous year Occupancy  
increase TCV of the subject property

In the previous year

### **New Formula USED STARTING IN 1997**

Increase in Taxable Value of the Subject

Additions = TCV due to X property in the previous year X Lessor of 1.05

Occupancy increase TCV of the subject property or Inflation Rate

In the previous year

The other changes made to the definitions of Additions and Losses simply clarify the involvement of the Department of Environmental Quality (formerly the Department of Natural Resources) in the calculation of Additions and Losses related to **environmental contamination**. Please see pages 14 and 15 of the copy of PA 476 of 1996 attached to this bulletin for the details on those changes

### **END OF SUPPLEMENT TO STC BULLETIN NO. 3 OF 1995**

### **12) Sections 61a, 131e, 140 and 141 - Delinquent Taxes (Pages 17-20 of the copy of PA 476 of 1996)**

PA 476 of 1996 makes several significant changes to sections 61a, 131c, 140, and 141 of the General Property Tax Act. These sections address various procedures related to DELINQUENT TAXES.

Enclosed is a copy of a mailing to county treasurers prepared by Mr. Donald Bengel of the Local Property Services Division of the Michigan Department of Treasury regarding these new provisions.

**13) Section 154 - Actions Before the State Tax Commission Regarding Property that is Omitted or Incorrectly Reported (Page 20 of the copy of PA 476 of 1996)**

PA 476 of 1996 makes two major changes to the provisions of section 154 of the General Property Tax Act. Section 154 authorizes the State Tax Commission to correct the assessment roll for the current year and 2 previous years for property that is omitted or property that is incorrectly reported by a taxpayer on a personal property statement.

**A) Expanded Jurisdiction of the State Tax Commission Regarding Properties Which are Omitted or Incorrectly Report**

**In the past**, the State Tax Commissions jurisdiction regarding omitted or incorrectly reported property was limited to assessments on the regular ad valorem assessment roll.

PA 476 of 1996 has expanded that jurisdiction to allow the State Tax Commission to change the assessment on the following rolls when there has been omitted or incorrectly reported property:

- a) The Industrial Facilities Tax (IFT) Roll (MCL 207.551)
  
- b) The Commercial Facilities Tax (CFT) Roll (MCL 207.651)
  
- c) The roll for State Assessed Properties (MCL 207.1) such as railroads and telephone companies.
  
- d) The roll for properties assessed under the provisions of PA 189 of 1953 (MCL 211.181). PA 189 of 1953 provides for the assessment of real property which is exempt from ad valorem assessment but is leased, loaned, or otherwise made available to and used by a business conducted for profit.

**B) Change in Interest Rate When a Change By the STC Results in a REFUND OF TAXES**

**In the past**, the interest rate paid by the county treasurer when a section 154 action by the STC resulted in a refund of taxes was 1% per month. **THIS HAS BEEN PARTIALLY CHANGED.**

PA 476 of 1996 provides that the interest rate of 1% per month continues for taxes

levied before January 1, 1997.

For taxes levied after December 31, 1996, the interest rate is the same rate as is used in Michigan Tax Tribunal decisions as provided by M.C.L. 205.737. The interest rate that shall be used for the 1997 calendar year as provided by MCL 205.737 is 6.11%. This is as directed in STC Bulletin No. 1 of 1997.