

Boards of Review



Prepared by the Michigan State Tax Commission

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Introduction

This document is designed to provide basic information regarding Boards of Review including how they are created, what their role and authorities are and Michigan law that governs them.

All questions and answers in this document will refer to Townships in as much as this offers a uniform set of standards.

A Board of Review is not the assessor and the assessor is not the Board of Review. Every citizen who appears before the Board of Review is in fact challenging a decision of the assessor and it is the Board of Review's responsibility to make an independent judgment based on the facts and on law.

Background Information Regarding Board of Review Composition

Who can be a member of a Board of Review?

Three, six, or nine electors of the Township shall be appointed by the Township to serve as the Board of Review. If 6 or 9 are appointed, they are divided into Boards of 3 individuals for the purpose of hearing and deciding.

The size, composition, and manner of appointment of the Board of Review of a City may be prescribed by City charter, Township charter or Township ordinance.

Can a member of the Township Board serve on the Board of Review?

No. A Township Board member may not serve as a Board of Review member.

What about having a relative of the assessor serving on the Board of Review?

According to Michigan Law, a spouse, mother, father, sister, brother, son or daughter including an adopted child, of the assessor is not eligible to serve on the Board of Review or to fill any vacancy on the board.

Do Board of Review members have to be property owners?

At least 2/3 of the members shall be property taxpayers of the Township.

What terms do Board of Review members serve?

A Township Board shall appoint members to the Board of Review for terms of two years, with all terms expiring on odd numbered years. All members shall qualify by taking an oath of office within 10 days of being appointed.

How many Board members make up a quorum?

Two of the three members of a Board of Review must be present for there to be any transaction of business.

If we have more than one Review Board, can the members move around between the Boards?

No, the three member committees originally formed must remain intact. There cannot be a transfer of a member or members to another committee.

Can the Township appoint alternates to the Board?

A Township Board may appoint not more than 2 alternate members for the same terms as regular members of the Board of Review. Each alternate member shall be a property taxpayer of the Township.

Alternate members shall qualify by taking the oath of office within 10 days after appointment.

What does an alternate member do?

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 which a regular member has abstained for reasons of conflict of interest.

Can anyone be an alternate member?

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.

Board of Review Meetings

When is the Board of Review required to meet?

The Board of Review is required to meet in March of each year. If there is business to conduct, the Board of Review shall also meet in July or December or both July and December.

March meeting:

The Board of Review shall meet on the Tuesday immediately following the first Monday in March for the purpose of an organizational meeting.

Other Required March meeting:

The Board of Review shall meet on the second Monday in March for the purpose of hearing taxpayer appeals.

The governing body of a Township may authorize an alternative starting date for this meeting, either the Tuesday or the Wednesday following the second Monday in March.

July meeting:

The July Board meets on the Tuesday following the third Monday in July if there is business to conduct.

December meeting:

The December Board meets on the Tuesday following the second Monday in December if there is business to conduct.

What is the purpose of each meeting?

March organizational meeting:

The Board of Review receives the assessment roll for the current year and proceeds to examine the roll. The Board of Review is not required to receive and hear taxpayers at this meeting; however, it may receive and consider written protests for assessment change.

Other Required March meeting

The Board of Review receives written protests or appeals and allows for personal appearances by taxpayers or their agents who are protesting a property tax issue that is within the jurisdiction of the Board of Review, and shall act on each protest as provided for in Michigan Law.

July and December meetings

The Board of Review may convene for the purpose of correcting any qualified errors in the tax roll as provided for in Michigan Law and as detailed in this document.

Are there requirements governing the hours, starting times, etc. for Board of Review meetings?

Yes, for the second March Board of Review meetings in which the public is offered the opportunity to present a

protest, accommodation must be made to allow for both daytime and evening hours.

The first session must start no earlier than 9 a.m. and not later than 3 p.m. and continue in session during the day for not less than 6 hours. The board shall hold at least 3 hours of its required sessions after 6 P.M.

Hours for meetings, held in July or December may be established by the Board of Review.

Is the Board of Review subject to the Open Meetings Act?

Yes, the business which the board may perform must be conducted at an open public meeting as provided in Act 267, P.A. 1976, Open Meetings Act.

Is there a date by which the March Board has to finish work on the roll?

The review of assessments by the boards of review shall be completed on or before the first Monday in April. MCL 211.30a.

Does everyone wishing to file an appeal have to appear in person at the Board of Review meeting?

A non-resident taxpayer may file a protest in writing and is not required to make a personal appearance.

The governing body of a Township or City may, by ordinance or resolution, permit resident taxpayers to file a protest to the Board of Review in writing without personal appearance. If an ordinance or resolution is adopted to allow residents to file protests in writing, it must be noted in the assessment notice required by MCL 211.24c and on each notice or publication of the meeting of the Board of Review.

Is there a requirement for providing notice of the meeting?

Notice of the meeting of the Board of Review shall be given at least one week prior to the meeting in a generally circulated newspaper serving the area in 3 successive issues. If a newspaper is not available, the notice shall be posted in 5 conspicuous places in the Township. MCL 211.29(6).

Is the Assessor the Secretary of the Board of Review?

No. The Township supervisor shall be secretary of the full Board of Review and keep a record of proceedings and changes made in the roll and file the record with the Township or City Clerk. If the supervisor is absent, the board appoints one of its members to serve as secretary. MCL 211.33.

How does the Board of Review notify taxpayers of their decisions?

Every person who makes a request, protest, or application to the March Board of Review must be notified in writing of the Board of Review's action and information regarding the right of further appeal, not later than the first Monday in June.

Responsibilities and Authorities of the Board of Review

What are the authorities of the March Board of Review?

The March Board of Review has authority to change the current year's assessments. The March Board of Review DOES NOT have the authority to change assessments for any prior year.

The March Board also cannot make any decisions on principle residence exemptions or new qualified agricultural exemptions.

Do the July and December Boards have different authorities than the March Board of Review?

Yes. The July and December Boards of Review are empowered to correct qualified errors.

What is a qualified error?

A "qualified error" means 1 or more of the following:

1. A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
2. A mutual mistake of fact.
3. An adjustment under section 27a(4) or an exemption under section 7hh(3)(b) of the General Property Tax Act (211.7hh).
4. For Board of Review determinations in **2006** through **2009**, 1 or more of the following:
 - a. An error of measurement or calculation of the physical dimensions or components of the real property being assessed
 - b. An error of omission or inclusion of a part of the real property being assessed
 - c. An error regarding the correct taxable status of the real property being assessed

- d. An error made by the taxpayer in preparing their personal property statement

What are the Board of Review members responsibilities once they finish their work?

After the Board of Review completes its review of the assessment roll, a majority of the entire board membership must endorse a statement that the roll is the assessment roll of the Township for the year in which it was prepared and approved by the Board of Review MCL 211.30(5).

What are the authorities of the Board related to property classification?

A person or entity may petition the March Board of Review only regarding the classification of property.

When considering the petition, it is necessary to remember that the zoning of a particular property does not dictate the classification of a property for assessment purposes. It may, however, be an influencing factor. A question and answer document that explains property classification is available on the State Tax Commission website at www.michigan.gov/treasury.

It is necessary that each Board of Review notify a petitioning taxpayer of its decision regarding a classification matter.

Boards of Review must, with their notice of denial of a classification appeal, provide STC Form 2167 to the petitioner. Form 2167 is the form used to appeal a classification decision by the Board of Review to the State Tax Commission.

What are the Board of Reviews Authorities related to Assessed Values?

A "traditional" Assessed Value is required by law to be established at 50% of True Cash Value and the Assessed Value must be uniform with the assessments of other similar properties.

According to the Michigan Supreme Court, a Board of Review may NOT make wholesale or across the board adjustments to assessments. A Board of Review must consider each parcel and act upon it individually. A Board of Review DOES NOT have the authority to make changes to alter, evade or defeat an equalization factor assigned by the county or the state.

If the Board of Review changes an Assessed Value, it must also consider whether this change has caused the tentative Taxable Value to change. This could happen because tentative Taxable Value is the lower of the Assessed Value and the Capped Value.

Does the Board have any authority over Taxable Value?

The law requires that the assessment roll must show the Tentative Taxable Value for each parcel of property. Once the Capped Value and the Assessed Value are properly calculated, the Tentative Taxable Value is the lower of the two (assuming there has not been a "transfer of ownership" on the property).

A Board of Review cannot raise or lower the Tentative Taxable Value, unless they also raise or lower the Assessed Value and/or the Capped Value. An exception could occur if there was a "transfer of ownership" on a property in the prior year and the assessor had not uncapped the Taxable Value or if the opposite occurred.

Can the Board of Review reject outright the roll prepared by the Assessor and prepare our own roll?

The Board of Review may not reject or prepare an assessment roll but must consider only the assessment roll prepared by the assessor.

What is the Board of Reviews authority over Property Tax Exemptions?

Property tax exemptions are to be granted only according to authorizing provisions of the law. Generally, it holds true that the Courts require a NARROW construction of exemptions. In order to qualify for exemption, a property must have the qualifications required by the specific authorizing statute.

What is a Homestead Exemption?

Properties qualified as "homesteads", also called homeowner's principal residence, are exempt from some school operating taxes (usually 18 mills). This exemption does not apply to Taxable Value but applies to millages only.

Does the Board have any authority over Homestead Exemptions?

The **March** Board of Review has no authority to consider or act upon protests or appeals of Homeowner's Principal Residence Exemptions. If the assessor denies a homeowner's principal residence exemption, the owner may appeal to the Michigan Tax Tribunal within 35 days after the notice of denial, NOT to the March Board of Review.

The July and December Boards of Review do have authority to grant a principle residence exemption for the current year and up to three prior years. Appeals from these decisions are also made within 35 days to the Michigan Tax Tribunal.

What are the Boards authorities over poverty exemptions?

The March, July and December Boards can hear poverty exemptions. However, the July and December Boards cannot hear poverty exemptions denied at the March Board. MCL 211.7u (5) states:

(5) The Board of Review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.

The State Tax Commission annually publishes a Bulletin, which details changes for the next assessment year and provides federal guidelines on poverty levels.

Note: PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available.

Does the Board have any authority related to Qualified Agricultural Property Exemptions?

The **March** Board of Review has authority to consider and act on protests for the current year regarding the assessor's discontinuance of the immediately preceding year's Qualified Agricultural Exemption.

If an assessor believes that a property for which a qualified agricultural property exemption has been granted in the prior year will not be qualified agricultural property in the current tax year, the assessor may deny or modify the exemption. The assessor must notify the owner in writing and mail the notice to the owner not less than 10 days before the second meeting of the March Board of Review. A taxpayer may then appeal the assessor's determination to the March Board of Review.

Properties that meet the requirements of the qualified agricultural property exemption as of May 1 of the current tax year shall be exempted by the assessor from the 18 mills starting with the current year tax bills. If the assessor denies a current year exemption because the property does not qualify as of May 1, the owner may appeal that denial to the July or December Board of Review.

A question and answer document that explains the Qualified Agriculture Program is available at www.michigan.gov/treasury.

What are the authorities of the Board related to Industrial Facilities Tax Roll (IFT) Certificates?

In this document we will only briefly touch on the subject of IFT's.

The **March** Board of Review may adjust the property's land assessment on the ad valorem roll; land is not covered by an IFT. The March Board of Review may adjust the IFT roll assessment of a "New" Industrial Facilities Tax Certificate.

The IFT Roll assessment of a property with a "Rehabilitation" certificate or "Replacement" certificate CANNOT have its assessment altered by a March Board of Review during the life of the certificate.

What about other issues like Downtown Development Authorities, Tax Increment Finance Authorities, and Local Development Finance Authorities?

There are no separate assessment rolls for these authorities. The March Board of Review does have the authority to consider and/or alter the assessed and taxable values for the CURRENT year only for properties within these districts.

How should the Board of Review note changes in the Assessment Roll?

State Tax Commission Bulletin 14 of 1994 states that the assessment roll shall have a Board of Review column large enough to accommodate changes to the Assessed Value, the Capped Value, and the tentative taxable value. The changes to each of these must be recorded separately on the roll and must be made in ink. This may be accomplished by placing an "A" behind a revised Assessed Value, a "C" behind a revised Capped Value, and a "T" behind a revised Tentative Taxable Value.

Do we need to keep documentation of why we made changes to the roll?

The State Tax Commission is requiring that all Boards of Review maintain appropriate documentation of their decisions including: minutes, a copy of the form 4035, a copy of the form 4035a whenever the Board of Review makes a change that causes the Taxable Value to change and the Board of Review Action Report which will be submitted to the STC annually by the assessor. The 4035 must include a detailed reason why the Board made their determination.

The following are changes, which could cause Taxable Value to change and therefore require a 4035a:

- 1) A change in the amount of a LOSS (used in the Capped Value formula).
- 2) A change in the amount of an ADDITION (used in the Capped Value formula).
- 3) A change in the amount of the current year Assessed Value.

Minutes must include:

- a. Day, time and place of meetings.
- b. Members present and members absent and notation of any correspondence received.
- c. A log should be kept that identifies the hearing date, the petition number, the petitioner's name, the parcel number, type of appearance, type of appeal and action of the board of review.
- d. Actual hours in session should be recorded daily, and time of daily adjournments recorded. Date and time of closing of the final annual session should be recorded.

The Board of Review Action Report is a report summarizing the actions of the Board of Review. It must include a total assessed and taxable value changed, assessed and taxable value change by classification, total poverty exemptions appeals made and number approved and total number of classification appeals made and number of classification changes made.

Who keeps the minutes and documentation?

Minutes and documentation should be filed with the Clerk of the local unit of government.

When a Board of Review makes a change to value is that change permanent?

MCL 211.30c requires that when the March Board of Review or the Michigan Tax Tribunal REDUCES the Assessed Value or taxable value of a property that reduced amount must be used as the BASIS for calculating the assessment in the immediately succeeding year.

IMPORTANT NOTE: This only applies to CHANGES when the MTT hearing is held in the same calendar year as the year of the assessment being appealed. Therefore, if the MTT hearing for a 2007 assessment appeal isn't held until 2008, the resulting assessment does not have to be used as the basis for the 2008 assessment. It does, however, become the basis for assessment in 2009.

Boards of review are cautioned that the "BASIS" for an assessment does not necessarily become the assessment. The dictionary defines basis as the base, foundation, or chief supporting factor of anything. Assessments have to be at 50% of True Cash Value and uniform. Also, the fact that an assessment reduced by a Board of Review may become the "basis" of the next year's assessment is not, in and of itself, a legitimate reason for a Board of Review to reduce an assessment.

**Introduction to Assessing
for new Board of Review
members**

The assessing of property, in accordance with accepted practices and law, is the responsibility of the assessor. A Board of Review is not the assessor. The Board of Review is, in fact, embodied to hear petitions that challenge a decision of the assessor and it is the Board of Reviews

responsibility to make an independent judgment based on the facts and on law.

This section is intended to provide only an introduction to assessing, answering the very basic questions a member of a Board of Review might encounter. The assessor will be able to provide examples and offer greater detail than is provided here and should be consulted if the Board has questions regarding their authorities, statute or questions regarding a specific property.

What is Proposal A?

On March 15, 1994 the voters of the State of Michigan approved Proposal A. Prior to Proposal A, property taxes were based on **State Equalized Value**. Proposal A established **Taxable Value** as the basis for calculation of property value.

What is Assessed Value and is it still important?

Michigan law requires that all property be uniformly assessed at 50% of the usual selling price, or sometimes called the True Cash Value. Each year, Assessors must still prepare an assessment roll that contains "traditional" Assessed Valuations at 50 % of True Cash Value.

What is Taxable Value?

Except when there is a transfer of ownership in the prior year, Taxable Value for a parcel of property is the LOWER of:

State Equalized Value for the parcel, or

The **Capped Value** for the parcel.

Okay, what is State Equalized Value?

State Equalized Value or SEV is the Assessed Value, as adjusted following State and County Equalization.

What is Capped Value?

Capped Value is calculated by adjusting the prior year value of the property by any additions or losses and multiplying by the inflation rate multiplier (IRM). The IRM is calculated based on statute and cannot be greater than 1.05 (1 + 5%).

The Capped Value formula is: (Prior Year Taxable Value - Losses) X (IRM)+ Additions.

What is the Inflation Rate Multiplier and how is it calculated?

Inflation Rate is defined in the Statute as the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

The Statute also defines **General Price** as the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States Department of Labor, Bureau of Labor Statistics.

Based on this statutory requirement, a sample calculation for 2008 is as follows:

A. The 12 monthly values for October 2005 through September 2006 are averaged.

B. The 12 monthly values for October 2006 through September 2007 are averaged.

The ratio of B divided by A is calculated and this becomes the IRM.

Does the Board have any authority over Capped Values?

STC Bulletin No. 14 of 1994 states: an assessment roll must contain the Capped Value for each parcel of real property.

If correct figures have been used in the Capped Value formula for the prior year Taxable Value and for the current Inflation Rate Multiplier, the Board of Review cannot make a change that results in a different capped value of the property.

The Board of Review may change the amount of the Losses and Additions used in the Capped Value formula, if they determine they are improper. Only factual information should be used to amend the Losses or Additions in the Capped Value formula.

STC Bulletins 3 of 1995, 18 of 1995 and 3 of 1997, address the procedures required by law for determining the amount of Losses and Additions for calculation of the cap on Taxable Value.

IMPORTANT NOTE:

The Michigan Supreme Court ruled in *WPW Acquisition Company v City of Troy* (No. 118750) that an increase in value attributable to an increase in a property's occupancy rate is NOT a legal addition in the Capped Value formula.

What is Uncapping?

When a property transfers ownership as defined by law, the property's Taxable Value uncaps the following year. A property on which a "Transfer of Ownership" occurred shall have its Taxable Value uncapped the following year. For example, a property that transferred in 2007 will have the 2008 Taxable Value equal to its 2008 SEV.

A Question and Answer document regarding many common Transfer of Ownership questions is available at www.michigan.gov/treasury.

Does the Property then "recap"?

The growth in Taxable Value of transferred properties will then be capped again in the second year following the "Transfer of Ownership".

What are the authorities of the Board over transfers of ownership and uncapping?

The assessor of each Township and City is required by law to review all of the transfers and conveyances, which occurred in the prior year and determine which of these transfers and conveyances are "Transfers of Ownership".

The determination by the assessor that a particular transfer or conveyance is a "Transfer of Ownership" and that the property's Taxable Value should be uncapped is subject to review by the March Board of Review either on the Board's own initiative or at the request of a property owner.

Public Act (PA) 23 of 2005 granted the July or December Board of Review the authority to correct the Taxable Value of property which was previously uncapped (due to a perceived transfer of ownership) if the assessor later determines there had NOT been a transfer of ownership of that property after all. This authority applies to the current year and the 3 immediately preceding years. Bulletin 9 of 2005 provides more detailed information.

Can a Board of Review set the SEV or Assessed Value at the sales price of the property?

No. This practice is illegal in Michigan. An individual sale price IS NOT the same as True Cash Value of the property due to a variety of reasons, including among those an uninformed buyer, an uninformed seller, insufficient marketing time, buyer and seller are relatives, and other reasons.

Section 27(5) of the General Property Tax Act states the following: "Beginning December 31, 1994, the purchase price paid in a transfer of property is not the presumptive True Cash Value of the property transferred. In determining the True Cash Value of transferred property, an assessing officer shall assess that property using the same valuation method used to value all other property of the same classification in the assessing jurisdiction."

Therefore, a Board of Review does NOT have the authority to change an assessment based on a sale price.

Is this what the State Tax Commission means when it says a Board of Review or Assessor cannot "follow sales"?

Yes. "Following sales" is defined in the assessor's manual as the practice of ignoring the assessment of properties, which have not recently been sold while making significant changes to the assessments of properties, which have been sold. The practice of "following sales" is a serious violation of the law. The practice of following sales results in assessments that are not uniform.

We get a lot of complaints that taxes are going up when markets are going down and/or people can't sell their homes for the value on the roll. How should we address these issues?

County Equalization Studies (usually 24-month studies) are prepared by Equalization Departments and submitted by an Equalization Department to the State Tax Commission on or before December 31 annually. These studies help adjust Assessed Values for changes in local markets. One year or 12 month studies may be used where there is evidence of a declining real estate markets.

Because of the Taxable Value cap, the Assessed Value of a home may decrease and the taxes still increase.

Example:

Last year a home had a True Cash Value of \$200,000, SEV of \$100,000 and a Taxable Value of \$80,000. The sales study for the neighborhood shows the True Cash Value of the property has decreased to \$180,000.

Assessed Value is: \$90,000

SEV is: \$90,000

Capped Value is:

$(\$80,000 \times 1.023) = \$81,840$

Taxable Value is: \$81,840 (Which is the lesser of SEV (\$90,000) or Capped Value (\$81,840)).



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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GOVERNOR

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STATE TREASURER

Bulletin 17 of 2007
December 20, 2007
BOARD OF REVIEW

**TO: Boards of Review
Assessing Officers**

FROM: State Tax Commission (STC)

RE: 2008 BOARD OF REVIEW

This Bulletin contains information regarding changes that Boards of Review need to be aware of for the 2008 assessment year. The State Tax Commission has published a new Question and Answer Document regarding the statutory obligations for Boards of Review. The STC asks that all Boards of Review carefully review the Q and A so that they fully understand their statutory obligations.

1) Documentation of Board of Review Changes:

The State Tax Commission is requiring that all Boards of Review maintain appropriate documentation of their decisions including minutes, a copy of the form 4035 and the 4035a whenever the Board of Review makes a change that causes the Taxable Value to change and a Board of Review Action Report. The 4035 must include a detailed reason why the Board made their determination.

Minutes must include:

- a. Day, time and place of meetings.
- b. Members present and members absent and notation of any correspondence received.
- c. A log should be kept that identifies the hearing date, the petition number, the petitioner's name, the parcel number, the type of appearance, type of appeal and action of the board of review.
- d. Actual hours in session should be recorded daily, and time of daily adjournments recorded. Date and time of closing of the final annual session should be recorded.

The Board of Review Action Report is a report summarizing the actions of the Board of Review. It must include a total assessed and taxable value changed, assessed and taxable value change by classification, total poverty exemptions appeals made and number approved and total number of classification appeals made and number of classification changes made.

2) Inflation Rate used in the 2008 Capped Value Formula:

The inflation rate, expressed as a multiplier, to be used in the 2008 Capped Value formula is 1.023.

Boards of Review are cautioned that they cannot make up their own inflation rate multiplier, nor should they indicate to taxpayers that they do not know how the multiplier is calculated. MCL 211.34d states in part:

- (l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.
- (f) "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States department of labor, bureau of labor statistics.

Based on this statutory requirement, the calculation for 2008 is as follows:

The 12 monthly values for October 2005 through September 2006 are averaged.(A)

The 12 monthly values for October 2006 through September 2007 are averaged.(B)

The ratio of B divided by A is calculated.

The specific numbers from the US Department of Labor, Bureau of Labor Statistics are as follows:

Oct-05	199.2	Oct-06	201.8
Nov-05	197.6	Nov-06	201.5
Dec-05	196.8	Dec-06	201.6
Jan-06	198.3	Jan-07	202.4
Feb-06	198.7	Feb-07	203.5
Mar-06	199.8	Mar-07	205.4
Apr-06	201.5	Apr-07	206.7
May-06	202.5	May-07	207.9
Jun-06	202.9	Jun-07	208.4
Jul-06	203.5	Jul-07	208.3
Aug-06	203.9	Aug-07	207.9
Sep-06	202.9	Sep-07	208.5
Average	200.6		205.3
		Ratio	1.023
		% Change	2.3%

3) Michigan Business Tax:

On July 12, 2007 Governor Granholm signed into law Public Act 36 of 2007, the Michigan Business Tax Act (MBTA), which takes effect January 1, 2008. The MBTA provides the following refundable credits for property taxes levied after 2007 and paid in the tax year: for industrial personal property, 35%; for natural gas pipeline personal property, 10%, and for

telephone personal property subject to the State Utility Tax, 23% for 2008 and 13.5% thereafter.

Public Acts 37, 38, 39, and 40 of 2007, tie-barred to the MBTA, exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage; and exempt Commercial Personal Property from up to 12 mills of local school district operating millage. The acts do not change the definitions of industrial and commercial personal property contained in MCL 211.34c, which are used to determine the aforementioned exemptions. **Boards of Review are advised that nothing in the new laws merits any changes in classification of personal property.** Boards of Review are also reminded that MCL 211.34c(5) provides that "if the total usage of a parcel includes more than 1 classification, the assessor shall determine the classification that most significantly influences the total valuation of the parcel."

For more information please reference Bulletin 7 of 2007 for more detail on classification and/or the Michigan Business Tax and the Department of Treasury Michigan Business Tax Website at www.michigan.gov/taxes.

4) Changes in Agricultural Classification:

A number of Public Acts passed in 2006, which changed the definition for classification of Agricultural Real Property. The definition now reads:

- (a) Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. As used in this subdivision, "agricultural operations" means the following:
 - (i) Farming in all its branches, including cultivating soil.
 - (ii) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
 - (iii) Dairying.
 - (iv) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, raptines, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.
 - (v) Raising, breeding, training, leasing, or boarding horses.
 - (vi) Turf and tree farming.
 - (vii) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

5) Qualified Errors.

Public Act (PA) 13 of 2006 amended MCL 211.53b to grant the July and/or December Boards of Review the authority to correct a qualified error. Qualified errors are defined in the act as:

- (a) A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
- (b) A mutual mistake of fact.
- (c) An adjustment under section 27a(4) - taxable value or an exemption under section 79b(3)(b) - qualified start-up business exemption.

(d) For board of review determinations in 2006 through 2009, 1 or more of the following:

- (i) An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
- (ii) An error of omission or inclusion of a part of the real property being assessed.
- (iii) An error regarding the correct taxable status of the real property being assessed.
- (iv) An error made by the taxpayer in preparing the statement of assessable personal property under section 19.

Please see Bulletin 5 of 2006 for more information on Qualified Errors.

6) Foreclosure Sales.

The State Tax Commission issued guidance regarding the use of foreclosure sales in sales studies, through Bulletin 6 of 2007. The recent increase in foreclosures has caused these transactions to have an impact on the real estate market in some parts of the state. In hearing appeals, Boards of Review are cautioned that foreclosure sales should be scrutinized in the same way as foreclosure sales are considered for inclusion in these ratio studies. Boards of Review are strongly encouraged to familiarize themselves with Bulletin 6 of 2007 and the guidelines related to foreclosure sales.

7) Single-Year Sales Studies.

The State Tax Commission issued guidelines for use of a single-year sales study via Bulletin 5 of 2007. Those guidelines indicate that 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

Sales occurring between October 1 of the previous year through September 30 prior to tax day are to be used in the single-year study. Because the use of single-year sales studies may be a topic before Boards of Review in many areas of the State, Boards of Review are encouraged to familiarize themselves with Bulletin 5 of 2007 and the guidelines related to single-year sales studies.

**Michigan Townships Association
Board of Review
Reporting Formats**

A board of review's "March (or July or December) session" includes all of the meetings/hours conducted by the board of review during the month. But both the Open Meetings Act and Department of Treasury require that the actions taken by the board of review at each meeting be recorded in minutes.

The following pages are elements and reports that must be included in the minutes for each meeting of the March board of review, plus the session as a whole. Do the same for a July or December session:

1. **Elements for Minutes of the Board of Review Session** *(including all meetings)*
2. **Suggested Format of "Board of Review Log"** *(required by State Tax Commission Bulletin 17 of 2007)*
3. **Suggested Format for "Board of Review Action Report"** *(required by State Tax Commission Bulletin 17 of 2007)*

For more information on the board of review, visit the Michigan Townships Association's Web site at: www.michigantownships.org/boardofreview.asp or call (517) 321-6467 and ask for Member Information Services.

Michigan Townships Association
P.O. Box 80078
Lansing, MI 48908-0078
(517) 321-6467
www.michigantownships.org

(January 2008)

Elements of Board of Review Minutes

(This sheet lists the elements to be included, but is not intended to be used as an actual form.)

MINUTES

_____ Township Board of Review

20__ March Session

Meeting 1

(Panel 1): If it is a 6- or 9-member board of review, it meets in three-member panels. Each panel must include its minutes in the session minutes.)

- Date and Location
- Called to Order (exact time)

I. Roll Call

- Board of Review Members Present
- Board of Review Members Absent
- Board of Review Alternate Member(s) Present and Serving (in place of a regular member)
- Board of Review Alternate Member(s) Present (not serving for that meeting, but present to observe or be available as needed, according to the township's practice or policy);
- Board of Review Alternate Member(s) Absent
- Supervisor (secretary of board of review; not a member of the board of review)
- Assessor (assessor not required to be present, but note if present)

II. Public Comment Period (general public comment period required by Open Meetings Act, not taxpayer appeals)

- Opened at (exact time)
- Closed at (exact time)

III. Petition/Appeal Log

- Written appeals from nonresident taxpayers must be allowed by law. A township board may adopt a policy allowing written appeals from resident taxpayers.)
- Minutes should be a "history" of what happened that day, without spending a lot of time on "he said, she said." In addition, the Treasury Form L-4035 (618) Petition to Board of Review, that is completed for each petitioner, must include a detailed reason why the board of review made that determination.
- Attach copies of L-4035 and L-4035a (or other applicable Treasury form, such as for each petition, numbered by petition number)
- In addition, State Tax Commission Bulletin 17 of 2007 requires that a log be included in the minutes. (See *suggested example of log format on next page.*)

IV. Adjournment

- Adjournment (exact time)
- Actual hours for this meeting _____

Recorded by _____

Meeting 2 *(Include all elements above, I-IV)*

Meeting 3 *(Include all elements above, I-IV)*

(Include all meetings conducted by the board of review or board of review panels in March session)

Close of 2008 March Board of Review Session

Closed on Date: _____ Time: _____ *(exact time of the adjournment of the final meeting of the March board of review - do same for July or December board of review)*

Suggested Format of "Board of Review Log"

(required by State Tax Commission Bulletin 17 of 2007)

State Tax Commission Bulletin 17 of 2007 states that board of review minutes must include a log: "A log should be kept that identifies the hearing date, the petition number, the petitioner's name, the parcel number, the type of appearance, the type of appearance, type of appeal and action of the board of review.

MTA Suggested Format of Board of Review Log:

Hearing Date	Petition No.	Petitioner	Parcel No.	Appearance Written (W) Personal (P)	Appeal Type	Action Date	Board of Review Action	Applicable Form Attached
3-10-08	001-08	Smith	34-160-009-25	W	2005 Assessment Classification (March 2008 only)	3-10-08	No change	L 2107
3-10-08	002-08	Jones	34-160-104-32	P	2005 Assessed Value and/or Tentative Taxable Value (March 2008 only)	3-10-08	Reduction of Taxable Value	L 4035
					2005 Poverty Exemol on (March, July or Dec. 2008)			
					Denial by Assessor of Continuation of 2007 Qualific Ag. Exemption to 2008 (March 2008 only)			
					Denial by Assessor of Qualified Ag. Exemption for 2008 (July or Dec. 2008 only)			
					Qualific Ag. Exemption that was NOT on the 2007 and/or 2008 Tax Roll (July or Dec. 2008 only)			
					Homeowner's Principal Residence Exemption that was NOT on the current or three prior year tax rolls (July or Dec. 2008 for 2009, 2006, 2007 and/or 2008)			

Local unit retains original File log and minutes with local unit clerk (MCL 211.33)

Copy sent to County Equalization Department by May 1

Copy sent to State Tax Commission by May 1

Suggested Format for "Board of Review Action Report"

Required by State Tax Commission Bulletin 17 of 2007

(Include the following totals for the whole March session---do same for July or December board of review)

State Tax Commission Bulletin 17 of 2007 states that the STC is requiring that all Boards of Review maintain appropriate documentation of their decisions including minutes, a copy of the form 4035 and the 4035a whenever the Board of Review makes a change that causes the Taxable Value to change, and a Board of Review Action Report.

The Board of Review Action Report is a report summarizing the actions of the Board of Review. It must include a total assessed and taxable value changed, assessed and taxable value change by classification, total poverty exemption appeals made and number approved, and total number of classification appeals made and number of classification changes made.

Suggested Format of Board of Review Action Report:

20__ Board of Review Action Report					
Code	Classification	No. of Appeals	No. Granted	Total Assessed Value Change	Total Taxable Value Change
Real Property					
100	Agricultural			\$	\$
200	Commercial			\$	\$
300	Industrial			\$	\$
400	Residential			\$	\$
500	Timber - Cutover			\$	\$
600	Developmental			\$	\$
Personal Property					
150	Agricultural			\$	\$
250	Commercial			\$	\$
350	Industrial			\$	\$
450	Residential			\$	\$
550	Utility			\$	\$
Total				\$	\$

No. of Poverty Exemptions Applied For	No. of Poverty Exemptions Granted

Local unit retains original FTA report and minutes with local unit clerk (MCL 211-23)
 Copy sent to County Equalization Department by May 1
 Copy sent to State Tax Commission by May 1

YEAR 2008 TAXABLE VALUE CALCULATION

THE 2008 TAXABLE VALUE IS THE LOWER OF:

2008 CAPPED VALUE =

(2007 TAXABLE VALUE - LOSSES) x (The lower of 1.05 or the INFLATION RATE MULTIPLIER of 1.023) + ADDITIONS

OR

2008 S.E.V. (50% OF TRUE CASH VALUE)

UNLESS THE PROPERTY HAD A TRANSFER OF OWNERSHIP IN 2007 --
THEN THE 2008 TAXABLE VALUE IS EQUAL TO THE 2008 S.E.V.

THE BOARD OF REVIEW SHALL NOT RAISE OR LOWER THE TENTATIVE TAXABLE VALUE UNLESS IT HAS ALSO RAISED OR LOWERED THE ASSESSED VALUE AND/OR THE CAPPED VALUE.

THE INFLATION RATE MULTIPLIER FOR 2008 IS 1.023

TRANSFER OF OWNERSHIP

A "transfer of ownership" is defined as the conveyance of title to or a present interest in property, including the beneficial use of the property.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. BRANHOFF
GOVERNOR

ROBERT J. KLENE
STATE TREASURER

Bulletin No. 15
December 12, 2007

2008 PROPERTY TAX APPEAL PROCEDURES

Type of Appeal	Board of Review	Treasury	Tax Commission	Tribunal
2008 Assessed Value and/or Tentative Taxable Value	March 2008*	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	May 31, 2008 Industrial, Developmental or Commercial Class, July 31, 2008 Residential, Timber-Cutover or Agricultural Class
2008 Poverty Exemptions Under MCL 211.7n	March 2008* <u>OR</u>	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	June 30, 2008 in Writing
	July or Dec 2008*	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	Within 30 Days of Denial
2008 Assessment Classification	March 2008*	NO REVIEW AUTHORITY	June 30, 2008	NO REVIEW AUTHORITY

QUALIFIED AGRICULTURAL PROPERTY EXEMPTIONS

Type of Appeal	Board of Review	Treasury	Tax Commission	Tribunal
Denial by Assessor of Continuation of 2007 Qualified Agricultural Exemption to 2008	March 2008*	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	July 31, 2008 in Writing
Denial by Assessor Qualified Agricultural Exemption for 2008	July or Dec. 2008 for 2008 Exemption Only *	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	Within 30 Days of Board of Review Action
Qualified Agricultural Exemption which was NOT on the 2007 and/or 2008 Tax Roll	July or Dec. 2008 for 2007 and/or 2008 Exemption*	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	Within 30 Days of Board of Review Action

2008 PROPERTY TAX APPEAL PROCEDURES (PAGE 2)

HOMEOWNER'S PRINCIPAL RESIDENCE EXEMPTIONS

Type of Appeal	Board of Review	Treasury	Tax Commission	Tribunal
Denial by Assessor OR auditing County of Homeowner's Principal Residence Exemption for 2005, 2006, 2007, 2008	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	Within 35 days after date of notice of denial
Homeowner's Principal Residence Exemption which was NOT on the 2005, 2006, 2007 and/or 2008 Tax Roll	July or Dec. 2008 for 2005, 2006, 2007 and/or 2008 Exemption*	Within 35 Days of Board of Review Action	NO REVIEW AUTHORITY	Within 35 Days of Decision by Department of Treasury
Denial by Assessor due to Rescission of Homeowner's Principal Residence Exemption	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	NO REVIEW AUTHORITY	Within 35 days after date of notice of denial
Treasury Denial of Homeowner's Principal Residence Exemption	NO REVIEW AUTHORITY	Within 35 days after date of notice of denial	NO REVIEW AUTHORITY	Within 35 days of the final decision by Treasury Department

*Contact your local unit of government for the dates of the Board of Review

Notice of Assessment, Taxable Valuation, and Property Classification

FROM:

THIS IS NOT A TAX BILL

NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:

PROPERTY IDENTIFICATION (Parcel Code optional, Property address and legal restriction optional.)

THIS PROPERTY IS CLASSIFIED AS:

PRIOR YEAR'S CLASSIFICATION IF DIFFERENT:

Proposal A, passed by the voters on March 16, 1994, places a limit on the value used to compute property taxes. Starting in 1995, your property taxes were calculated on Taxable Value (see line 1 below). If there is a number entered in the "Change" column at the right side of the Taxable Value line, that number is not your change in taxes. It is the change in Taxable Value.

Prior to 1995, your taxes were calculated on State Equalized Value (see line 4 below). State Equalized Value (SEV) is the Assessed Value multiplied by the Equalization Factor, if any (see line 3 below). State Equalized Value must approximate 50% of market value.

IF THERE WAS A TRANSFER OF OWNERSHIP on your property in 2007, your 2008 Taxable Value will be the same as your 2008 State Equalized Value. Please see line 5 below regarding a transfer of ownership on your property.

IF THERE WAS NOT A TRANSFER OF OWNERSHIP on your property in 2007, your 2008 Taxable Value is calculated by multiplying your 2007 Taxable Value (see line 1 below) by 1.033 (which is the Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2008 Taxable Value cannot be higher than your 2008 State Equalized Value.

	PRIOR AMOUNT YEAR 2007	CURRENT AMOUNT YEAR 2008	CHANGE
1. TAXABLE VALUE (Current amount is tentative)			
2. ASSESSED VALUE:			
3. TENTATIVE EQUALIZATION FACTOR:			
4. STATE EQUALIZED VALUE (Current amount is tentative)			
5. There WAS/WAS NOT a transfer of ownership on this property in 2007.			

If you believe that these values, the property classification, or the information on line 5 is incorrect you may protest to the Local Board of Review, which will meet at (enter dates and times and place).

A nonresident may protest to the Board of Review by letter. Letter appeals are to be accompanied by a completed Board of Review petition form (form L-4035 or an alternate petition form used by the local unit of government). The petition form approved by the State Tax Commission (form L-4035) is available at www.michigan.gov/treasury. When you reach the site, click on Forms (at top of page), then click on Property Tax Forms, then click on Property Tax - Board of Review.

% Exempt As "Homeowner's Principal Residence":

% Exempt As "Qualified Agricultural Property":

Exempt As "Qualified Forest Property": Yes No

The denial of an exemption from the local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The denial of an exemption from the local school operating tax for a "homeowner's principal residence" may be appealed to the Michigan Tax Tribunal.

Protest at the Board of Review is necessary to protect your right to further appeals to the Michigan Tax Tribunal for valuation and exemption appeals and to the State Tax Commission for classification appeals. Properties classified Commercial Real, Industrial Real or Developmental Real may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal prior to May 31. Commercial Personal, Industrial Personal, or Utility Personal Property may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal prior to May 31. If a personal property statement was filed with the local unit prior to the commencement of the Board of Review as provided by MCL 211.19.

Homeowner's Principal Residence Affidavit Information Required by P.A. 247 of 2003: If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit before May 1.

Petition to Board of Review

L-4035

This form is issued under the authority of P.A. 206 of 1993, as amended. Filing is voluntary; however you may not appeal to the Michigan Tax Tribunal or the State Tax Commission unless you first protest to the Board of Review.

TO BE COMPLETED BY OWNER OR OWNER'S AGENT

Owner's Name (Please Print or Type)	Petitioner's Name (If Other than Owner, Please Print or Type)
-------------------------------------	---

Township or City	County
------------------	--------

The undersigned protests the assessed value and/or the tentative taxable value and/or the property classification and/or the qualified agricultural property exemption of the following described property:

Property location (Parcel code required, Precise address & legal description optional)

Protested Item
 Assessed Value
 Tentative Taxable Value
 Classification
 Qualified Agricultural Property Exemption

1. PROTEST OF ASSESSMENT

(Complete this section for a protest of assessed value and/or tentative taxable value)

Assessed Amount	Owner's Estimate of True Cash Value	Tentative Taxable Value	Year

2. PROTEST OF CLASSIFICATION

(Complete this section for a request to change the classification. The Board of Review must make their decision regarding classification in accordance with Section 211.34c of the Michigan Compiled Laws. The Board of Review shall not be influenced by the effect that a particular classification has on that property's status as a homeowner's principal residence or qualified agricultural property.)

Classification of property for this year's assessment is:

Classification should be (check one of the following):

Agricultural
 Industrial
 Timber Cutover
 Utility (Personal Property Only)

Commercial
 Residential
 Developmental

3. PROTEST OF EXEMPTION FOR QUALIFIED AGRICULTURAL PROPERTY

(If the assessor has denied or changed the percentage of the exemption from the 10 mills of local school operating tax for qualified agricultural property, the owner may appeal this action to the March Board of Review. THE BOARD OF REVIEW HAS NO AUTHORITY TO CONSIDER OR ACT UPON THE EXEMPTION FROM THE 18 SCHOOL OPERATING MILLS FOR HOMEOWNER'S PRINCIPAL RESIDENCE PROPERTIES.)

Percent qualified agricultural exemption granted by assessor (Enter 0 if exemption denied)	Percent qualified agricultural exemption requested by owner (Enter 100 if full exemption requested)

4. REASON FOR PROTEST

State reason(s) for protest of assessed value and/or the tentative taxable value and/or classification and/or qualified agricultural property exemption

CERTIFICATION

Signature	J&D
Address	Phone Number

FOR BOARD OF REVIEW USE ONLY

INSTRUCTIONS: Incorporate a copy of this form and the assigned number in the Board of Review minutes.

Parcel Number	Parcel Code
---------------	-------------

1. ASSESSED VALUE

Disposition by Board of Review. The Board of Review must state the reason for its action below.

 Denied Assessed Value Changed From _____ to _____

Reason for vote - Board of three member committee of board

 Chairperson: Yes No _____ Initials Member: Yes No _____ Initials Member: Yes No _____ Initials

Reason for board action

If you disagree with the decision of the Board of Review regarding tentative assessed value, further appeal may be made to the Michigan Tax Tribunal, P.O. Box 30232, Lansing, MI 48909 by May 31 for Commercial Real, Industrial Real, Developmental Real, Commercial Personal, Industrial Personal and Utility Personal Property by July 31 for Agricultural Real, Residential Real, Timber-Cut Over Real, and Agricultural Personal Property.

2. TENTATIVE TAXABLE VALUE

Disposition by Board of Review. The Board of Review must state the reason for its action below.

 Denied Tentative Taxable Value Changed From _____ to _____

Reason for vote - Board of three member committee of board

 Chairperson: Yes No _____ Initials Member: Yes No _____ Initials Member: Yes No _____ Initials

Reason for board action

If you disagree with the decision of the Board of Review regarding tentative taxable value, further appeal may be made to the Michigan Tax Tribunal, P.O. Box 30232, Lansing, MI 48909 by May 31 for Commercial Real, Industrial Real, Developmental Real, Commercial Personal, Industrial Personal and Utility Personal Property by July 31 for Agricultural Real, Residential Real, Timber-Cut Over Real, and Agricultural Personal Property.

3. CLASSIFICATION

Disposition by Board of Review. The Board of Review must state the reason for its action below.

 Denied Classification Changed From _____ to _____

Reason for vote - Board of three member committee of board

 Chairperson: Yes No _____ Initials Member: Yes No _____ Initials Member: Yes No _____ Initials

Reason for board action

If you disagree with the decision of the Board of Review regarding classification, appeal is made by sending Form 2187 to the State Tax Commission, P.O. Box 30471, Lansing, MI 48909 by June 30.

4. QUALIFIED AGRICULTURAL PROPERTY EXEMPTION

Disposition by Board of Review. The Board of Review must state the reason for its action below.

 Exemption Request Denied Exemption percent modified from _____ % to _____ %

Reason for vote - Board of three member committee of board

 Chairperson: Yes No _____ Initials Member: Yes No _____ Initials Member: Yes No _____ Initials

Reason for board action

If you disagree with the decision of the Board of Review regarding qualified agricultural property exemption, further appeal may be made to the Michigan Tax Tribunal, P.O. Box 20232, Lansing, MI 48909.

5. ADJOURNMENT

Date of final adjournment of board of Review

Board of Review Secretary Signature

Title

Petition to Board of Review

L-4035

This form is issued under the authority of P.A. 206 of 1993, as amended. Filing is voluntary; however you may not appeal to the Michigan Tax Tribunal or the State Tax Commission unless you first protest to the Board of Review.

TO BE COMPLETED BY OWNER OR OWNER'S AGENT

Owner's Name (Please Print or Type)	Petitioner's Name (if Other than Owner, Please Print or Type)
Township or City	County

The undersigned protests the assessed value and/or the tentative taxable value and/or the property classification and/or the qualified agricultural property exemption of the following described property:

Property located (Parcel code required): Property address & legal description (optional):

Protested Item Assessed Value Tentative Taxable Value Classification Qualified Agricultural Property Exemption

1. PROTEST OF ASSESSMENT

(Complete this section for a protest of assessed value and/or tentative taxable value)

Assessed Amount	Owner's estimate of True Cash Value	Tentative Taxable Value	Year

2. PROTEST OF CLASSIFICATION

(Complete this section for a request to change the classification. The Board of Review must make their decision regarding classification in accordance with Section 211.34b of the Michigan Compiled Laws. The Board of Review shall not be influenced by the effect that a particular classification has on that property's status as a homeowner's principal residence or qualified agricultural property.)

Classification of property on this year's assessment roll

Classification should include one of the following:

<input type="checkbox"/> Agricultural	<input type="checkbox"/> Industrial	<input type="checkbox"/> Timber Cutover	<input type="checkbox"/> Utility (Personal Property Only)
<input type="checkbox"/> Commercial	<input type="checkbox"/> Residential	<input type="checkbox"/> Developmental	

3. PROTEST OF EXEMPTION FOR QUALIFIED AGRICULTURAL PROPERTY

(If the assessor has denied or changed the percentage of the exemption from the 18 mills of local school operating tax for qualified agricultural property, the owner may appeal this action to the March Board of Review. THE BOARD OF REVIEW HAS NO AUTHORITY TO CONSIDER OR ACT UPON THE EXEMPTION FROM THE 18 SCHOOL OPERATING MILLS FOR HOMEOWNER'S PRINCIPAL RESIDENCE PROPERTIES.)

Percent qualified agricultural exemption granted by assessor (Enter 0 if exemption denied)	Percent qualified agricultural exemption requested by owner (Enter 100% if all exemption requested)

4. REASON FOR PROTEST

State reason(s) for protest of assessed value and/or the tentative taxable value and/or classification and/or qualified agricultural property exemption:

CERTIFICATION

Signature	Date
Address	Phone number

2008 Taxable Value Calculations Worksheet

Petition No. _____

issued under authority of P.A. 306 of 1994. Filing is mandatory.

This form must be completed by the Board of Review (B of R) and made part of the Board of Review Record whenever a change is made to an individual parcel of property which causes Taxable Value to change.

Complete Section 1 if the B of R changes Capped Value

SECTION 1	<u>By Assessor</u>	<u>By B of R</u>
2007 Final Taxable Value as set by Assessor, Board of Review or Michigan Tax Tribunal (Enter number into column labeled "By Assessor.") _____ = _____		
Amount of Losses _____ = _____ (See page 11 and 12 of STC Bulletin #3 of 1995 for formulas)		
Amount of Additions _____ = _____ (See page 6 - 11 of STC Bulletin #3 of 1995 for formulas. IMPORTANT: See STC Bulletin No. 3 of 1997 for change to formula for Replacement Construction).		
2008 Capped Value = (2007 Taxable Value - Losses) X 1.023 + Additions		
= (_____ - _____) X _____ + _____		
= _____ By B of R		
2008 Capped Value = _____		

Complete Section 2 if the B of R changes Assessed Value.

SECTION 2	<u>By Assessor</u>	<u>By B of R</u>
2008 Assessed Value _____ = _____		
2008 Tentative SEV = 2008 Assessed Value X 2008 Tentative Equalization Factor		
= _____ X _____		
= _____ By B of R		
2008 Tentative SEV = _____		

2008 Tentative Taxable Value is the lesser of the 2008 Capped Value or the 2008 Tentative SEV.

2008 Tentative Taxable Value = _____

Signature of Secretary, Board of Review _____	Date _____
---	------------

EXAMPLE # 1

2008 Taxable Value Calculations Worksheet

Petition No. 2008-M-003

Issued under authority of P.A. 206 of 1993. Filing is mandatory.

This form must be completed by the Board of Review (B of R) and made part of the Board of Review Record whenever a change is made to an individual parcel of property which causes Taxable Value to change.

Complete Section 1 if the B of R changes Capped Value.

SECTION 1	<u>By Assessor</u>	<u>By B of R</u>
2007 Final Taxable Value as set by Assessor, Board of Review or Michigan Tax Tribunal (Enter number into column labeled "By Assessor.")	65,000	65,000
Amount of Losses (See page 11 and 12 of STC Bulletin #3 of 1995 for formulas)	0	0
Amount of Additions (See page 6 - 11 of STC Bulletin #3 of 1995 for formulas. IMPORTANT: See STC Bulletin No. 3 of 1997 for change to formula for Replacement Construction).	0	0
2008 Capped Value = (2007 Taxable Value - Losses) X 1.023 + Additions		
= (<u>65,000</u> - <u>0</u>) X <u>1.023</u> + <u>0</u>		
= <u>66,495</u> By B of R		
2008 Capped Value = <u>66,495</u>		

Complete Section 2 if the B of R changes Assessed Value.

SECTION 2	<u>By Assessor</u>	<u>By B of R</u>
2008 Assessed Value	65,000	62,500
2008 Tentative SEV = 2008 Assessed Value X 2008 Tentative Equalization Factor		
= <u>62,500</u> X <u>1.00300</u>		
= <u>62,500</u> By B of R		
2008 Tentative SEV = <u>62,500</u>		

2008 Tentative Taxable Value is the lesser of the 2008 Capped Value or the 2008 Tentative SEV.

2008 Tentative Taxable Value = 62,500

Signature of Secretary, Board of Review	Date
---	------

EXAMPLE # 2**2008 Taxable Value Calculations Worksheet**Petition No. 2008-M-004

Issued under authority of P.A. 208 of 1995. File by mail only.

This form must be completed by the Board of Review (B of R) and made part of the Board of Review Record whenever a change is made to an individual parcel of property which causes Taxable Value to change.

Complete Section 1 if the B of R changes Capped Value.

SECTION 1		<u>By Assessor</u>	<u>By B of R</u>
2007 Final Taxable Value as set by Assessor, Board of Review or Michigan Tax Tribunal (Enter number into column labeled "By Assessor.")	=	<u>43,120</u>	<u>43,120</u>
Amount of Losses (See page 11 and 12 of STC Bulletin #3 of 1995 for formulas)	=	<u>0</u>	<u>0</u>
Amount of Additions (See page 6 - 11 of STC Bulletin #3 of 1995 for formulas. IMPORTANT: See STC Bulletin No. 3 of 1997 for change to formula for Replacement Construction).	=	<u>15,000</u>	<u>12,500</u>
2008 Capped Value = (2007 Taxable Value - Losses) X 1.023 + Additions			
	=	<u>(43,120 - 0) X 1.023 + 12,500</u>	
	=	<u>56,611</u>	By B of R
2008 Capped Value =		<u>56,611</u>	

Complete Section 2 if the B of R changes Assessed Value.

SECTION 2		<u>By Assessor</u>	<u>By B of R</u>
2008 Assessed Value	=	<u>66,900</u>	<u>66,400</u>
2008 Tentative SEV = 2008 Assessed Value X 2008 Tentative Equalization Factor			
	=	<u>66,400 X 1.00000</u>	
	=	<u>66,400</u>	By B of R
2008 Tentative SEV =		<u>66,400</u>	

2008 Tentative Taxable Value is the lesser of the 2008 Capped Value or the 2008 Tentative SEV.

2008 Tentative Taxable Value = 56,611

Signature of Secretary, Board of Review

Date

ASSESSED VALUE OF A PROPERTY DECREASES AND TENTATIVE TAXABLE VALUE OF PROPERTY INCREASES

THE 2008 TENTATIVE TAXABLE VALUE IS THE LOWER OF THE 2008 CAPPED VALUE OR THE 2008 TENTATIVE SEV (ASSESSED VALUE).

The property in this example has no Additions or Losses and there is no Transfer of Ownership

EXAMPLE:

2007 ASSESSED VALUE (OF SUBJECT PROPERTY) = 90,000

2007 TAXABLE VALUE (OF SUBJECT PROPERTY) = 65,890

2008 ASSESSED VALUE (OF SUBJECT PROPERTY) = 80,000

2008 CAPPED VALUE (OF SUBJECT PROPERTY)
(65,890 – LOSSES) x 1.023 + ADDITIONS = 67,405

2008 TENTATIVE TAXABLE VALUE = 67,405

2008 Taxable Value Calculations Worksheet

Petition No. 2008-M-002

Issued under authority of P.A. 206 of 1990. Filing is mandatory.

This form must be completed by the Board of Review (B of R) and made part of the Board of Review Record whenever a change is made to an individual parcel of property which causes Taxable Value to change.

Complete Section 1 if the B of R changes Capped Value.

SECTION 1	<u>By Assessor</u>	<u>By B of R</u>
2007 Final Taxable Value as set by Assessor, Board of Review or Michigan Tax Tribunal (Enter number into column labeled "By Assessor.")	65,890	65,890
Amount of Losses (See page 11 and 12 of STC Bulletin #3 of 1995 for formulas)	0	0
Amount of Additions (See page 6 - 11 of STC Bulletin #3 of 1995 for formulas. IMPORTANT: See STC Bulletin No. 3 of 1997 for change to formula for Replacement Construction).	0	0
2008 Capped Value = (2007 Taxable Value - Losses) X 1.023 + Additions		
= (<u>65,890</u> - <u>0</u>) X <u>1.023</u> + <u>0</u>		
= <u>67,405</u> By B of R		
2008 Capped Value = <u>67,405</u>		

Complete Section 2 if the B of R changes Assessed Value.

SECTION 2	<u>By Assessor</u>	<u>By B of R</u>
2008 Assessed Value	80,000	70,000
2008 Tentative SEV = 2008 Assessed Value X 2008 Tentative Equalization Factor		
= <u>70,000</u> X <u>1.00000</u>		
= <u>70,000</u> By B of R		
2008 Tentative SEV = <u>70,000</u>		

2008 Tentative Taxable Value is the lesser of the 2008 Capped Value or the 2008 Tentative SEV.

2008 Tentative Taxable Value = 67,405

Signature of Secretary, Board of Review

Date

TAXABLE VALUE OF PROPERTY THAT HAS BEEN DESTROYED OR REMOVED (LOSSES)

THE TAXABLE VALUE OF PROPERTY THAT HAS BEEN DESTROYED OR REMOVED (LOSSES) IS CALCULATED BY DIVIDING THE TAXABLE VALUE OF THE SUBJECT PROPERTY IN THE PREVIOUS YEAR BY THE TRUE CASH VALUE OF THE SUBJECT PROPERTY IN THE PREVIOUS YEAR TO DETERMINE THE RATIO OF TAXABLE VALUE TO TRUE CASH VALUE.

THE AMOUNT OF LOSSES IS DETERMINED BY MULTIPLYING THIS RATIO BY THE TRUE CASH VALUE OF THE PROPERTY THAT WAS DESTROYED OR REMOVED.

EXAMPLE:

2007 TAXABLE VALUE (OF SUBJECT PROPERTY) = 90,200	$\frac{90,200}{220,000} = 0.41$
2007 TRUE CASH VALUE (OF SUBJECT PROPERTY) = 220,000	

HOME WORTH 160,000 BURNS.

2008 LOSSES ARE $160,000 \times .41 = 65,600$

2008 Taxable Value Calculations Worksheet

Petition No. 2008-M-001

Issued under authority of P.A. 208 of 1993. Filing is mandatory.

This form must be completed by the Board of Review (B of R) and made part of the Board of Review Record whenever a change is made to an Individual parcel of property which causes Taxable Value to change.

Complete Section 1 if the B of R changes Capped Value.

SECTION 1	<u>By Assessor</u>	<u>By B of R</u>
2007 Final Taxable Value as set by Assessor, Board of Review or Michigan Tax Tribunal (Enter number into column labeled "By Assessor.")	90,200	90,200
Amount of Losses (See page 11 and 12 of STC Bulletin #3 of 1995 for formulas)	0	65,600
Amount of Additions (See page 6 - 11 of STC Bulletin #3 of 1995 for formulas. IMPORTANT: See STC Bulletin No. 3 of 1997 for change to formula for Replacement Construction).	0	0
2008 Capped Value = (2007 Taxable Value - Losses) X 1.023 + Additions		
= (<u>90,200</u> - <u>65,600</u>) X <u>1.023</u> + <u>0</u>		
= <u>25,165</u> By B of R		
2008 Capped Value = <u>25,165</u>		

Complete Section 2 if the B of R changes Assessed Value.

SECTION 2	<u>By Assessor</u>	<u>By B of R</u>
2008 Assessed Value	215,000	55,000
2008 Tentative SEV = 2008 Assessed Value X 2008 Tentative Equalization Factor		
= <u>55,000</u> X <u>1.00000</u>		
= <u>55,000</u> By B of R		
2008 Tentative SEV = <u>55,000</u>		

2008 Tentative Taxable Value is the lesser of the 2008 Capped Value or the 2008 Tentative SEV.

2008 Tentative Taxable Value = 25,165

Signature of Secretary, Board of Review	Date
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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOFF M.
GOVERNOR

ROBERT C. KIRK
STATE TREASURER

**BULLETIN NO. 6
AUGUST 15, 2007
FORECLOSURE GUIDELINES**

TO: Assessing Officers and County Equalization Directors

FROM: State Tax Commission

RE: Guidelines for Foreclosure Sales

Market sale transactions for real property are used by Michigan assessors and equalization directors to compare the assessor's assessments of particular properties that have sold in arms-length transactions with the actual sale prices for those same properties. The average ratio between the assessments and the sale prices should be 50%, since the assessment of the property should be at 50% of true cash value, as required by MCL 211.27a. However, since the market for real estate constantly changes, the average ratio actually found will usually not be 50%. In such cases, the county equalization director will require the assessor to adjust his or her level of assessment the next year so that the 50% ratio is reestablished. Further, within each local assessment jurisdiction, the assessor must conduct similar ratio studies to determine the levels of assessment in the various neighborhoods or sub-markets in the jurisdiction.


The proper selection of sales for inclusion in these ratio studies is critically important to the development of uniform and accurate assessments. The State Tax Commission has established guidelines to be used when reviewing sales for sales-ratio studies. The purpose of the guideline is to provide direction when compiling a "desk-reviewed" sales study. Desk-review means determining whether a particular sale will be used in a study based on transfer documents and other information in the office without additional investigation or field inspection.

Deviation from the guidelines should be based on investigation of the transaction beyond the normal steps of a desk review process. The recent increase in foreclosures has caused those transactions to have an impact on the real estate market in some parts of the state. While the following guidelines are specifically addressed to foreclosure sales, similar steps should be used in determining the use of any sale that would normally be excluded from study in a sales study.

GUIDELINES FOR FORECLOSURE SALES

- Sales to financial institutions are excluded from a sales ratio study unless the financial institution is using the property for its operations and it was not previously held as collateral.
- Sheriff's deeds are not typically included in sales ratio studies.

- If it is determined that sales from financial institutions are open market transactions the sales may be used if they have been verified.
- All sales must be analyzed and verified to ensure they are arms-length transactions. The appropriate verification process contains but is not limited to:
 1. A determination as to whether the type of sale being reviewed is a measurable portion of the market.
 2. A determination that the sale property was properly exposed to the market. For example, by listing with a real estate company.
 3. A physical inspection of the property to make a determination that the assessment reflects the condition of the property at the time of sale unless the condition can be verified by other means.
 4. Receipt of a properly completed real property statement to determine the terms and conditions of the sale unless adequate alternative statistical procedures are utilized to ensure the sales are an adequate part of the market.
 5. A determination that the parties to the transaction were not related and each was acting in their own best interest.
- Additional analysis specific to foreclosure transactions:
 1. Was a market value appraisal obtained before listing?
 2. Did the seller have the right to refuse all offers?
 3. Did the property have full market exposure after governmental intervention?
 4. Was the property marketed for an adequate period of time?
 5. Whether the seller was obligated to prorate taxes in accordance with local custom and provide evidence of title and a warranty deed to the purchaser.
 6. Was property purchase "as is" and was property well maintained during the marketing period?
 7. Was purchaser supplied with a disclosure and/or lead paint statement?
 8. Did seller help with financing? If yes, then the sale must also be treated as a creative financed sale and be treated under the same rules established for adjusting creatively financed sales.
 9. Were concessions involved and if so, are they typical of market?
 10. Were sale conditions affected by the financial institutions requirement to dispose of the foreclosed property within 1 year to avoid the uncapping of taxable value or because of banking regulation conditions requiring special treatment of property owned by the institution?
- If a sale is used in the sales ratio study, it is also used to help determine land values and Economic Condition Factor's.
- Counties and local units using "usually excluded sales" in a sales study for a particular period must maintain documentation of the verification process for each sale included in the study.

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August 15, 2007

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- Once verified for use in a study, a sale is included in the study in the appropriate year in the same manner as all other sales used in the study.
- Please note that if the foreclosing institution is also financing the sale for the new owner, the property is subject to analysis for creative financing as outlined in State Tax Commission Bulletin 11 of 1985.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

DATE: October 25, 2007
TO: Assessors and Equalization Directors
FROM: State Tax Commission
SUBJECT: Poverty Exemptions

This is to notify all Assessor and Equalization Directors that the State Tax Commission intends to undertake a statewide review of poverty exemptions over the next year. Assessors are asked to review the policies adopted by their local units to ensure that they meet the requirements of MCL 211.70. Assessors are reminded that local governing bodies are required to set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services (provided annually by the STC is the Bulletin on procedural changes). Also please note, that poverty exemption guidelines established by the governing body of the local assessing unit shall include an asset level test.

The Commission is asking all Assessors to remind their Boards of Review of the requirements for granting poverty exemptions. The Commission is asking assessors to inform the Commission if they believe their Board of Review is inappropriately granting poverty exemptions. Thank you for your cooperation.

MCL 211.7u (1) The principal residence of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this act. [L. 2007-071]

Test 1: Poverty Income Guidelines

What's involved: How Much Income a Person Can Receive Per Year and Be Eligible for the Poverty Exemption.

Federal Poverty Income Guidelines	
Size of Family/ Household	2008 Maximum Total Income
1	\$10,210
2	\$13,690
3	\$17,170
4	\$20,650
5	\$24,130
6	\$27,610
7	\$31,090
8	\$34,570
Additional person	\$3,480

Note: The township board can adopt maximum income levels higher than the federal poverty guidelines. A township board can make it easier for a person to be eligible for the poverty exemption, but it cannot make it harder by adopting lower income levels.

For example, a township could say that a four-person household could have a total annual income of \$15,000 and still be eligible for a poverty exemption. Or, for example, the board could establish its levels at 1.55 (or other number) times the federal levels.

Test 2: Asset Test (if the applicant meets the poverty income guidelines)

What's involved: Things of Value That a Person Can Own and Still Be Granted a Poverty Exemption.

The law provides the applicant's residence, the home, or up to a specified amount of equity in the home, is not considered in determining the percent of the exemption the applicant may receive.

For example, a township board could simply say that the residence is not considered at all.

Or, for example, a township board could establish a policy that the first \$100,000 in equity in the residence is not considered, but anything over that is -- see Table 3.

In a case like that, the board of review might grant less than a 100% exemption if the homeowner/applicant had \$300,000 equity in the home.

What's involved: Things of Value That the BOR Can Consider to Decide What Percent Exemption to Grant.

Every township must adopt an asset test, but no specific test is mandated by law. The township board should set a maximum asset amount. In other words, a total value of assets that will likely result in receiving a 0% exemption. This can be either a dollar amount or a percentage of total income.

For example, a township board could decide that applicants with a total value of assets of \$15,000 or more will receive a 0% exemption, even though they meet the income guidelines in Step 1. Or, another township could decide that its maximum value of assets eligible for the exemption is \$100,000.

Based on the assets listed on a poverty exemption application, the Board of Review may grant the applicant a 0% to 100% exemption.

A township can consider the homestead property tax credit that the applicant is eligible for to calculate the percentage of poverty exemption to be granted.

MCL 211.7u(5): The board of review shall follow, flexibly and in guidelines of the local assessing unit in granting or denying an exemption under this section, unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.

For example, a wife suffers a catastrophic illness, and the husband is forced to reduce his work hours to care for her. Their medical bills exceed their insurance coverage and they have used their savings, credit and income to pay those bills, leaving no funds to pay the taxes. Even if their assets exceed the township's maximum asset amount, a board of review might consider these substantial and compelling reasons to deviate from the guidelines.

Test 1:

Poverty Income Guidelines

Examples:

According to the U.S. Census Bureau, "income" includes:

- Money, wages and salaries before any deductions
- Not receipts from nonemployment (these are receipts from a person's own business, professional enterprise, or partnership after deductions for business expenses.)
- Net receipts from farm self-employment (with the same exclusions as above for self-employment)
- Regular payments from social security railroad retirement, unemployment, workers' compensation, veterans' payments, and public assistance
- Alimony, child support, and military family allotments
- Private pensions, government pensions, and regular insurance or annuity payments
- College or university scholarships, grants, fellowships, and assistantships
- Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings

Test 2: Asset Test (if the applicant meets the poverty income guidelines)

The township board has the option to allow a person to own other things in addition to the house, and still receive a poverty exemption.

Possible examples include:

- Additional vehicles
- More land than a minimum requirement for the home
- Equipment or other personal property of value, including recreational vehicles (campers, motorhomes, boats, A.V.s, etc.)
- Bank account(s) up to a specified amount
- Other

These are possible examples, not an exhaustive list. A township is not required to ask an applicant to list all of these types of assets to apply for a poverty exemption, but it may choose to do so.

- A second home
- Land
- Vehicles
- Recreational vehicles, campers, motorhomes, boats, A.V.s, etc.)
- Buildings other than the residence
- Equity in no device above a specified amount
- Jewelry
- Antiques
- Artwork
- Equipment
- Other personal property of value
- Bank accounts over a specified amount
- Stocks

• Money received from the sale of property such as stocks, bonds, a house, or a car unless a person is in the business of selling such property.

- Withdrawals of bank deposits and borrowed money.
- Tax refunds, gifts, loans, lump-sum inheritances, one-time insurance payments
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms
- Federal "meals" benefits programs such as Medicare, Medicaid, food stamps, school lunches

Notes: What the township board is really establishing is a definition of "poverty" in that township, based on the federal thresholds, plus a local determination of assets that a person can own and still be considered to be unable to contribute to the public charge of that township.

One way to look at the asset test is that the township board is stating what poverty a person should "sell" to pay the taxes or be able to keep and still get the poverty exemption. A person is not required to actually sell assets to receive a poverty exemption—but the asset test is a list of things the board of review will consider to determine if it will be a full 100% exemption or less than 100%.

Remember, the idea is not to give everyone a break on their taxes. The state will look closely at overly generous definitions or boards of review that don't follow the township's guidelines and asset test.

Note that MCL 211.7a(5) does allow the board of review to deviate, for "substantial and compelling reasons" from the township board's guidelines and asset test. (5) The board of review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.

The asset test can be a list of the types of items, or a total value of the assets that the township will look at to determine if someone really is impoverished. This can vary from township to township. As applied, it will likely also vary on a case by case basis, depending on the applicant's circumstances.

For example, if an elderly widow has an annual household income of \$9,000 (less than the federal poverty guideline for one person) and lives alone in the home that she owns, she meets the poverty guidelines for income—and would likely be considered "impoverished" just about anywhere in Michigan.

But what if she also owns the 100 acres of land that her house sits on, plus a lakefront cottage up north, a pontoon boat, a Cadillac worth \$30,000, \$100,000 in antiques and art, and a condo in Florida? One township might consider her even more eligible for the poverty

exemption because her property taxes are higher than if she didn't own some of those things, but they would not expect her to give up things that were purchased years ago because her income has now been permanently reduced. But another township might determine that a person in her circumstances should be able to pay the taxes. The townships' asset tests can be designed to represent each township's perception of "poverty," and the boards of review have the ability to deviate from the guidelines for substantial and compelling reasons.

Now substitute in the example above a 30-year-old person who recently acquired all of the same property, is still employed as a real estate agent, reports an annual income of \$9,000 due to income tax credits from business losses, and now claims that he or she is unable to pay the taxes.

	Township A	Township B	Township C	Township D
Guidelines & Asset Test	The township board has established higher income levels for its poverty guidelines, so an individual could have an income of \$12,000 and still qualify. This township also considers how long the applicant has owned the property.	The township board has taken a very strict approach to poverty exemptions, and has adopted the federal income guidelines and an asset test that limits an applicant's eligible assets to the house and one car with a value of \$15,000 or less.	The township's asset test says that, in addition to being at or below the federal poverty guideline for income, an applicant can own up to \$100,000 in real and personal property.	The township has adopted the federal income guidelines and an applicant can own one car, but must list any additional vehicles, any boats, any real estate not included in the homestead, etc.
Example A: Widow	The widow could be granted up to a 100% exemption.	In this township, the widow might not receive a poverty exemption, or might receive a small percentage of a total exemption, such as a 10% exemption because she owns far more than the asset test would allow. But the board of review might decide there are substantial and compelling reasons to deviate from the guidelines.	In this township, the widow might not receive a poverty exemption or might receive a percentage of a total exemption, such as a 10% exemption because she owns far more than the asset test would allow. But the board of review might decide there are substantial and compelling reasons to deviate from the guidelines.	Here, the widow could be eligible for an exemption based on her income, but might receive a percentage of a full exemption.
Example B: Real Estate Agent	You decide ...!	You decide ...!	You decide ...!	You decide ...!

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.7u **Principal residence of persons in poverty; exemption from taxation; applicability of section to property of corporation; eligibility for exemption; application; policy and guidelines to be used by local assessing unit; duties of board of review; appeal of property assessment; "principal residence" defined.**

Sec. 7u. (1) The principal residence of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this act. This section does not apply to the property of a corporation.

(2) To be eligible for exemption under this section, a person shall do all of the following on an annual basis:

(a) Be an owner of and occupy as a principal residence the property for which an exemption is requested.

(b) File a claim with the supervisor or board of review on a form provided by the local assessing unit, accompanied by federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns, filed in the immediately preceding year or in the current year. The filing of a claim under this subsection constitutes an appearance before the board of review for the purpose of preserving the claimant's right to appeal the decision of the board of review regarding the claim.

(c) Produce a valid driver's license or other form of identification if requested by the supervisor or board of review.

(d) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if required by the supervisor or board of review.

(e) Meet the federal poverty guidelines updated annually in the federal register by the United States department of health and human services under authority of section 673 of subtitle B of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9502, or alternative guidelines adopted by the governing body of the local assessing unit provided the alternative guidelines do not provide income eligibility requirements less than the federal guidelines.

(3) The application for an exemption under this section shall be filed after January 1, but before the day prior to the last day of the board of review.

(4) The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines the local assessing unit uses for the granting of exemptions under this section. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and total household income and assets.

(5) The board of review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.

(6) A person who files a claim under this section is not prohibited from also appealing the assessment on the property for which that claim is made before the board of review in the same year.

(7) As used in this section, "principal residence" means principal residence or qualified agricultural property as those terms are defined in section 70d.

History: Add. 1950, Act 142, Imd. Eff. June 2, 1950; Am. 1953, Act 313, Iff. Mar. 15, 1994; Am. 1994, Act 360, Imd. Eff. Dec. 29, 1994; Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002; Am. 2003, Act 140, Iff. Jan. 1, 2004.

Popular Name: Act 206 (6) 2007 Legislative Council, State of Michigan

Township Board Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test

WHEREAS the homestead of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute to the public charges is eligible for exemption in whole or part from taxation under the General Property Tax Act; and

WHEREAS, the township board is required by Section 7U of the General Property Tax Act, Public Act 206 of 1893 (MCL 211.7u), to adopt guidelines for poverty exemptions;

NOW, THEREFORE, BE IT HEREBY RESOLVED, pursuant to MCL 211.7u, that _____ Township, _____ County, adopts the following guidelines for the supervisor and board of review to implement:

The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including any property tax credit returns filed in the current or immediately preceding year.

To be eligible, a person shall do all the following on an annual basis:

- 1) Be an owner of and occupy as a homestead the property for which an exemption is requested.
- 2) File a claim with the supervisor or board of review, accompanied by federal and state income tax returns for all persons residing in the homestead including any property tax credit returns filed in the immediately preceding year or in the current year.
- 3) Produce a valid drivers' license or other form of identification if requested.
- 4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if requested.
- 5) Meet (the *federal poverty income guidelines as defined and determined annually by the United States Office of Management and Budget* OR *the current poverty income guidelines adopted by the township board*). **[NOTE: If you plan to adopt guidelines other than the federal guidelines, the alternative guidelines adopted by your unit may be higher than the federal poverty guidelines—making it easier for a person to be eligible for the exemption—but cannot be lower than the federal poverty guidelines—making it harder to be eligible.]**
- 6) Meet additional eligibility requirements as determined by the township board, including: *[insert maximum asset value level/amount and asset test policies here]*.

BE IT ALSO RESOLVED that the board of review shall follow the above stated policy and federal guidelines in granting or denying an exemption, unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and federal guidelines and these are communicated in writing to the claimant.

The foregoing resolution offered by Board Member _____ and supported by Board Member _____.

Upon roll call vote, the following voted "Aye:" "Nay:"

The Supervisor declared the resolution adopted.

Clerk

I, _____, the duly elected and acting Clerk of _____ Township, hereby certify that the foregoing resolution was adopted by the township board of said township at the regular meeting of said board held on _____, 20____, at which meeting a quorum was present by a roll call vote of said members as hereinbefore set forth; that said resolution was ordered to take immediate effect.

Clerk

THE GENERAL PROPERTY TAX ACT (EXCERPT)

Act 206 of 1893

211.34c Classification of assessable property; tabulation of assessed valuations; transmittal of tabulation and other statistical information; classifications of assessable real and personal property; buildings on leased land as improvements; total usage of parcel which includes more than 1 classification; notice to assessor and protest of assigned classification; decision; petition; arbitration; determination final and binding; appeal by department; construction of section; separate assessment roll for certain property.

Sec. 34c. (1) Not later than the first Monday in March in each year, the assessor shall classify every item of assessable property according to the definitions contained in this section. Following the March board of review, the assessor shall tabulate the total number of items and the valuations as approved by the board of review for each classification and for the totals of real and personal property in the local tax collecting unit. The assessor shall transmit to the county equalization department and to the state tax commission the tabulation of assessed valuations and other statistical information the state tax commission considers necessary to meet the requirements of this act and 1911 PA 44, MCL 209.1 to 209.8.

(2) The classifications of assessable real property are described as follows:

(a) Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. As used in this subdivision, "agricultural operations" means the following:

(i) Farming in all its branches, including cultivating soil.

(ii) Growing and harvesting any agricultural, horticultural, or floricultural commodity.

(iii) Dairying.

(iv) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 4.7 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervidae, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(v) Raising, breeding, training, leasing, or boarding horses.

(vi) Furl and tree farming.

(vii) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

(b) Commercial real property includes the following:

(i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.

(ii) Parcels used by fraternal societies.

(iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.

(iv) For taxes levied after December 31, 2003, buildings on leased land used for commercial purposes.

(c) Developmental real property includes parcels containing more than 5 acres without buildings, or more than 15 acres with a market value in excess of its value in use. Developmental real property may include farm land or open space land adjacent to a population center, or farm land subject to several competing valuation influences.

(d) Industrial real property includes the following:

(i) Platted or unplatted parcels used for manufacturing and processing purposes, with or without buildings.

(ii) Parcels used for utilities sites for generating plants, pumping stations, switches, substations, compressing stations, warehouses, rights-of-way, flowage land, and storage areas.

(iii) Parcels used for removal or processing of gravel, stone, or mineral ores, whether valued by the local assessor or by the state geologist.

(iv) For taxes levied after December 31, 2002, buildings on leased land used for industrial purposes.

(v) For taxes levied after December 31, 2002, buildings on leased land for utility purposes.

(e) Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

(f) Timber cutover real property includes parcels that are stocked with forest products of merchantable type and size, cutover forest land with little or no merchantable products, and marsh lands or other barren land. However, when a typical purchase of this type of land is for residential or recreational uses, the classification shall be changed to residential.

(3) The classifications of assessable personal property are described as follows:

(a) Agricultural personal property includes any agricultural equipment and produce not exempt by law.

(b) Commercial personal property includes the following:

(i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.

(ii) All outdoor advertising signs and billboards.

(iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.

(iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

(c) Industrial personal property includes the following:

(i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.

(ii) Personal property of mining companies valued by the state geologist.

(4) For taxes levied before January 1, 2003, residential personal property includes a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

(e) Utility personal property includes the following:

(i) Electric transmission and distribution systems, substation equipment, spare parts, gas distribution systems, and water transmission and distribution systems.

(ii) Oil wells and allied equipment such as tanks, gathering lines, field pump units, and buildings.

(iii) Inventories not exempt by law.

(iv) Gas wells with allied equipment and gathering lines.

(v) Oil or gas field equipment stored in the open or in warehouses such as drilling rigs, motors, pumps, and parts.

(vi) Gas storage equipment.

(vii) Transmission lines of gas or oil transporting companies.

(4) For taxes levied before January 1, 2003, buildings on leased land of any classification are improvements where the owner of the improvement is not the owner of the land or fee, the value of the land is not assessed to the owner of the building, and the improvement has been assessed as personal property pursuant to section 14(6).

(5) If the total usage of a parcel includes more than 1 classification, the assessor shall determine the classification that most significantly influences the total valuation of the parcel.

(6) An owner of any assessable property who disputes the classification of that parcel shall notify the assessor and may protest the assigned classification to the March board of review. An owner or assessor may appeal the decision of the March board of review by filing a petition with the state tax commission not later than June 30 of that tax year. The state tax commission shall arbitrate the petition based on the written petition and the written recommendations of the assessor and the state tax commission staff. An appeal may not be taken from the decision of the state tax commission regarding classification complaint petitions and the state tax commission's determination is final and binding for the year of the petition.

(7) The department of treasury may appeal the classification of any assessable property to the residential and small claims division of the Michigan tax tribunal not later than December 31 in the tax year for which the classification is appealed.

(8) This section shall not be construed to encourage the assessment of property at other than the uniform percentage of true cash value prescribed by this act.

(9) The assessor of each city or township in which is located property that is subject to payment in lieu of taxes under subpart 14 of part 21 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2152 to 324.2154, shall place that property on an assessment roll that is separate from the assessment roll prepared under section 24. For purposes of calculating the debt limitation imposed by section 11 of article VII of the state constitution of 1963, the separate assessment roll for property that is subject to

payment in lieu of taxes under subpart 14 of part 21 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2152 to 324.2154, required by this subsection shall be combined with the assessment roll prepared under section 24.

History: Add. 1975, Act 381, Imd. Eff. July 27, 1975;—Am. 1996, Act 476, Imd. Eff. Dec. 26, 1996;—Am. 2000, Act 415, Imd. Eff. Jan. 9, 2001;—Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002;—Am. 2006, Act 314, Imd. Eff. June 21, 2006;—Am. 2006, Act 278, Imd. Eff. July 7, 2006;—Am. 2006, Act 376, Imd. Eff. Sept. 22, 2006;—Am. 2006, Act 646, Imd. Eff. Jan. 5, 2007.

Compiler's note: Enacting section 1 of Act 646 of 2006 provides:

Enacting section 1. It is the intent of the legislature that this amendatory act shall not change the status of property subject to payment in lieu of taxes under subpart 14 of part 21 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2152 to 324.2154, in regard to school operating mills levied under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211."

Popular name: Act 206

Petition No.
Date

Petition for Change of Property Classification

INSTRUCTIONS: Completion of this form is mandatory under Sections 211.34c and 211.150. Failure to complete this form may result in the rejection of the petition. Failure to submit this form will result in rejection of the petition. This petition is limited to Property Classification disputes. Valuation or Exemption questions must be appealed to the Michigan Tax Tribunal only (MCL 205.735). Do not reproduce this petition except for your records. Signature required.

A. Property Owner

Name	
Address	
City	State
Zip Code	Prefix Number

If Represented by Attorney or Agent

Name	
Address	
City	State
Zip Code	Phone Number

B. The property owner or his/her authorized agent hereby files a petition for change of the following described property classification appearing on the assessment rolls of:

County of	City or Township of
Edwards District of	Village of

C. Legal Description

List complete legal description and parcel id. code number

D. Property Address

Number and Street _____ between _____ Street and _____ Street

E. Date of protest of property classification to the Local Board of Review

Date of Protest

F. Current Year Property Classification (as classified by the assessor)

- | | | |
|--|---|--|
| <input type="checkbox"/> Agricultural Real (100) | <input type="checkbox"/> Industrial Real (300) | <input type="checkbox"/> Timber-Cutover Real (500) |
| <input type="checkbox"/> Agricultural Personal (150) | <input type="checkbox"/> Industrial Personal (350) | <input type="checkbox"/> Utility Personal (550) |
| <input type="checkbox"/> Commercial Real (200) | <input type="checkbox"/> Residential Real (400) | <input type="checkbox"/> Developmental Real (600) |
| <input type="checkbox"/> Commercial Personal (250) | <input type="checkbox"/> Residential Personal (450) | |

Property classification as approved by the Local Board of Review:

G. Requested Property Classification

Classification _____

H. List reasons for requested property classification

Be specific but brief _____

I. Has the current year assessed value and/or taxable value of this property been appealed to the Michigan Tax Tribunal? Yes No

J. Property Changes

List any and all changes in property use since December 31 _____

K. Does the total usage of the petitioned property include more than one usage?

Yes No

L. Characteristic(s) of Petitioned Property (check all that apply)

- Land & buildings Residence Apartments
- Farm Resort
- Business (indicate type): _____
- Industrial (indicate present use): _____
- Vacant land (indicates present use) _____
- Other (Specify): _____

M. Acres

Number of Acres _____

N. Current Zoning

Current Zoning _____

Certification: I hereby declare that the foregoing information submitted is a complete and true statement

Signature of Property Owner or Authorized Agent _____	Date _____
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Return to: State Tax Commission
 Michigan Department of Treasury
 P.O. Box 30471
 Lansing, MI 48909-7971
 Fax: (517) 241-2621