

## 2019 Report of Assessment Roll Changes and Classification

**INSTRUCTIONS:** Assessing officers are required to report the total assessed value for each class of property and the assessment roll changes for each class of property for County and State Equalization. This form is issued under authority of PA 206 of 1893. This report shall be signed by the assessing officer and filed with the State Tax Commission and the County Equalization Department immediately following adjournment of the Board of Review - Administrative Rule 209.26(6b). **REPORT ONLY ASSESSED VALUES ON THIS FORM.**

County			City of Township (Indicate which)			
Real Property	Parcel Count	2018 Board of Review	Loss	+ or (-) Adjustment	New	2019 Board of Review
100 Agriculture						
200 Commercial						
300 Industrial						
400 Residential						
500 Timber - Cutover						
600 Developmental						
<b>800 Total Real</b>						
Personal Property	Parcel Count	2018 Board of Review	Loss	+ or (-) Adjustment	New	2019 Board of Review
150 Agriculture						
250 Commercial						
350 Industrial						
450 Residential						
550 Utility						
<b>850 Total Personal</b>						
Total Real and Personal	Parcel Count	2018 Board of Review	Loss	+ or (-) Adjustment	New	2019 Board of Review
Informational Items						
No. of Exempt Parcels:		Amount of 2019 Loss from Charitable Exemption granted for first time in 2019 under MCL 211.7o:				
CERTIFICATION						
I hereby certify that all the information contained within this document is true and accurate to the best of my knowledge, information and belief.						
Assessing Officer Signature			Date	Assessing Officer Printed Name		Certification Number

**The completed form must be signed by the local unit assessor who is the assessor of record with the State Tax Commission. The form may be submitted in one of the following manners:**

- 1) Mail the ORIGINAL completed form, with the ORIGINAL assessor of record signature to the State Tax Commission, PO Box 30471, Lansing, MI 48909
- 2) E-mail the completed form with the assessor of record signature to [Equalization@michigan.gov](mailto:Equalization@michigan.gov).

**The assessor must submit the first copy of the completed form to the County Equalization Department. The form is to be reviewed and approved by County Equalization.** If there are errors found by County Equalization, the errors are to be corrected and a revised copy is to be immediately submitted to the State Tax Commission.

**The assessor of record must retain a copy of the completed form.** If after submitting the completed form to the State Tax Commission and County Equalization, the assessor of record discovers there are errors within the form, the assessor of record shall correct the form and submit the revised copy to the County Equalization Department. The revised form must be identified as a revised copy. Once the revised copy is reviewed and approved by County Equalization, the revised copy must be immediately submitted to the State Tax Commission.

## INSTRUCTIONS FOR FORM 607 (L-4022)

Public Act 381 of 1978 prescribes six real property and five personal property classifications.

**REAL PROPERTY:** Agricultural (Ag.), Commercial (C.), Industrial (Ind.), Residential (R.), Timber - Cutover (T.C.) and Developmental (D.). These Real Property classes are equalized separately.

**PERSONAL PROPERTY:** Agricultural (Ag. P.), Commercial (C.P.), Industrial (Ind. P.) Residential (R.P.) and Utilities (Util. P.). All classes of Personal Property are equalized together as one class.

Each assessing officer must report total assessed value, assessed value of losses, assessed value of adjustments and new assessed value for each class of property. All entries are to be the assessed values as approved by the Board of Review. Form 606 (L-4021) and supporting Form 607 (L-4022) shall be filed with the County Equalization Director for review and audit by the State Tax Commission

### REAL PROPERTY

**NEW** — Assessment increases because of added true cash value not accounted for in the starting ratio on Form 603 (L-4018R), including:

1. Description on roll for first time or returned from exempt status.
2. Building or other improvement put on description.
3. New additions and improvements.
4. Further completion of new construction. (For example: partially complete building assessed at \$2,500 last year; assessment raised to \$3,500 this year because completed; the \$1,000 increase is NEW.)
5. Platted land. (For example: a 40 acre parcel was assessed last year for \$10,000; the land has been platted into 200 lots at \$300 each or \$60,000; the increased assessment would be NEW \$50,000. If property had been classified Agricultural, there would be \$60,000 NEW in Residential and \$10,000 LOSS in Agricultural.)
6. Increased land value or improved economic conditions. **Note:** Increases in assessments from one year to the next due to inflationary increases in value are to be reported on Form 607 (L-4022), if not included in the equalization study report on Form 603 (L-4018R).

**(The New listed on Form 607 (L-4022) may not qualify for Additions on Form 609 (L-4025). See instructions on L-4025.)**

Also, the amount of the NEW for equalization purposes for a particular item may not be the same as the amount of the ADDITION for the cap for that same item. For example, an IFT NEW FACILITY whose exemption has expired comes on the ad valorem roll at 50% of true cash value, but the ADDITION may be less than 50%.

**LOSS** — Assessment decreases because of loss of true cash value not accounted for on Form 603 (L-4018R), including:

1. Description removed from roll (annexation).
2. Building or other improvements destroyed or removed or exempt.
3. Part of a building removed or destroyed (**Note:** Tax Day is December 31).
4. Losses from change of description (such as in item 5 under NEW).
5. Land reverted to state or otherwise exempt.

**ADJUSTMENTS** — All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

1. Individual assessments raised or lowered to establish uniformity and meet the 50 percent requirement.

## INSTRUCTIONS FOR FORM 607 (L-4022) — CONTINUED

### PERSONAL PROPERTY

**NEW** — Assessment increases because of added true cash value not accounted for on Form 602 (L-4018P), including:

1. First time on roll. (For example: a new commercial tenant.)
2. Additional equipment or furnishings. (For example: a business acquired additional equipment so the total true cash value of the equipment and furnishings increased from \$50,000 to \$80,000. The assessment therefore was raised from \$25,000 last year to \$40,000 and the \$15,000 increase is NEW.)
3. Change in law, reducing exemptions (Inventory, termination of Public Act 198 of 1974 certificate, etc.).

**LOSS** — Assessment decreases because of loss of true cash value not accounted for on Form 602 (L-4018P), including:

1. Removal from roll (Out of business, etc.).
2. Fire losses or other damage. (**Note:** Tax Day is December 31).
3. Decrease in true cash value of equipment, pipelines, furnishings, equipment, etc.
4. Change in law, increasing exemptions (Inventory, air, water or PA 198 of 1974 certificate, etc.).

All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

**ADJUSTMENTS** — Individual assessments raised or lowered to establish uniformity.

#### **IMPORTANT NOTICE**

Capped and Taxable Values have no role in the determination of County or State Equalized Valuations. **DO NOT REPORT CAPPED OR TAXABLE VALUES ON FORMS 607 (L-4022), 2164 (L-4023) OR 608 (L-4024). STC FORM 607 (L-4022) MUST BE CERTIFIED BY THE ASSESSOR OF RECORD BY SIGNING THE COMPLETED REPORT. UNSIGNED FORMS WILL BE RETURNED TO THE ASSESSOR.**

# THIS IS NOT A TAX BILL

## Notice of Assessment, Taxable Valuation, and Property Classification

This form is issued under the authority of Public Act 206 of 1893, Sec. 211.24c and Sec.211.34c, as amended. This is a model assessment notice to be used by the local assessor.

FROM:	PARCEL IDENTIFICATION:  PARCEL CODE NUMBER:  PROPERTY ADDRESS:
NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:	<b>PRINCIPAL RESIDENCE EXEMPTION</b> % Exempt As "Homeowners Principal Residence": .00% % Exempt As "Qualified Agricultural Property": .00% % Exempt As "MBT Industrial Personal": .00% % Exempt As "MBT Commercial Personal": .00% Exempt As "Qualified Forest Property": <input type="checkbox"/> Yes <input type="checkbox"/> No Exempt As "Development Property": <input type="checkbox"/> Yes <input type="checkbox"/> No

**ACCORDING TO MCL 211.34c THIS PROPERTY IS CLASSIFIED AS:**

**PRIOR YEAR'S CLASSIFICATION:**

The change in taxable value will increase/decrease your tax bill for this year by approximately:	PRIOR AMOUNT YEAR: 2018	CURRENT TENTATIVE AMOUNT YEAR: 2019	CHANGE FROM PRIOR YEAR TO CURRENT YEAR
1. TAXABLE VALUE:			
2. ASSESSED VALUE:			
3. TENTATIVE EQUALIZATION FACTOR:			
4. STATE EQUALIZED VALUE (SEV):			
5. There <b>WAS</b> or <b>WAS NOT</b> a Transfer of Ownership on this property in 2018:			

**The 2019 Inflation Rate Multiplier is: 1.024**

**March Board of Review Appeal Information:**

The Taxable Value, the Assessed Value, the State Equalized Value, the Property Classification, or the Transfer of Ownership may be appealed by filing a protest with the Local Board of Review. Protests are made to the Board of Review by completing a Board of Review Petition Form. A Petition Form may be obtained directly from the local unit or from the State Tax Commission's website at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). Click on the Property Taxes box, then click on Forms and Instructions, then click on Board of Review to obtain Form 618 (L-4035), *Petition to the Board of Review*.

The Board of Review will meet at: (enter dates and times and place)

**Not less than 14 days** before the meeting of the Board of Review, the assessment notice shall be mailed to the property owner.

Property taxes are calculated on the Taxable Value (see Line 1 above). The Taxable Value number entered in the "Change from Prior Year to Current Year" Column, does not indicate a change in your taxes. This number indicates the change in the Taxable Value.

State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value.

**IF THERE WAS A TRANSFER OF OWNERSHIP** on your property in 2018, your 2019 Taxable Value will be the same as your 2019 State Equalized Value.

**IF THERE WAS NOT A TRANSFER OF OWNERSHIP** on your property in 2018, your 2019 Taxable Value is calculated by multiplying your 2018 Taxable Value by 1.024 (Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2019 Taxable Value cannot be higher than your 2019 State Equalized Value.

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 by the filing of a petition within 35 days of issuance of this notice. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

Filing a protest with the Board of Review is necessary to protect your right to further appeal valuation and exemption disputes to the Michigan Tax Tribunal and classification appeals to the State Tax Commission. 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 by filing a petition by 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 by filing a petition by 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, except as otherwise provided by MCL 211.9m, 211.9n and 211.9o. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

**HOMEOWNER'S PRINCIPAL RESIDENCE AFFIDAVIT INFORMATION REQUIRED BY PA 114 OF 2012.** 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 by June 1 for the immediately succeeding summer tax year levy and all subsequent tax levies or by November 1 for the immediate succeeding winter tax levy and all subsequent tax levies.

**2019 Taxable Value Calculations Worksheet**

BOR Petition No. \_\_\_\_\_

Issued under authority of PA 206 of 1893. Filing is mandatory.

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

Complete Section 1 if the BOR changes the Capped Value.

<b>SECTION 1</b>	<u>By Assessor</u>	<u>By BOR</u>
2018 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)	= _____	_____
<b>2019 Capped Value</b>	<b>= (2018 Taxable Value - Losses) X 1.024 + Additions</b>	
	= ( _____ - _____ ) X _____ + _____	
	= _____ <b>By BOR</b>	
<b>2019 Capped Value =</b>	_____	

Complete Section 2 if the BOR changes the Assessed Value.

<b>SECTION 2</b>	<u>By Assessor</u>	<u>By BOR</u>
2019 Assessed Value .....	= _____	_____
2019 Tentative SEV = 2019 Assessed Value X 2019 Tentative Equalization Factor	= _____ X _____	
	= _____ <b>By BOR</b>	
<b>2019 Tentative SEV =</b>	_____	

The 2019 Tentative Taxable Value is the lesser of the 2019 Capped Value or the 2019 Tentative SEV.

**2019 Tentative Taxable Value =** \_\_\_\_\_

Signature of Secretary, Board of Review	Date
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# THIS IS NOT A TAX BILL

## Notice of Assessment, Taxable Valuation (Including Leasehold Improvements) and Property Classification

This form is issued under the authority of Public Act 206 of 1893, Sec. 211.24c, as amended. This is a model assessment notice to be used by the local assessor.

FROM:	PARCEL IDENTIFICATION:  PARCEL CODE NUMBER:  PROPERTY ADDRESS:																								
NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:	<b>PRINCIPAL RESIDENCE EXEMPTION</b> % Exempt As "Homeowner's Principal Residence": .00% % Exempt As "Qualified Agricultural Property": .00% % Exempt As "MBT Industrial Personal": .00% % Exempt As "MBT Commercial Personal": .00% Exempt As "Qualified Forest Property": <input type="checkbox"/> Yes <input type="checkbox"/> No Exempt As "Development Property": <input type="checkbox"/> Yes <input type="checkbox"/> No																								
<b>THIS PROPERTY IS CLASSIFIED AS:</b>																									
<b>PRIOR YEAR'S CLASSIFICATION IF DIFFERENT:</b>																									
The change in taxable value will increase/decrease your tax bill for this year by approximately:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 15%;">PRIOR AMOUNT YEAR: 2018</th> <th style="width: 15%;">CURRENT TENTATIVE AMOUNT YEAR: 2019</th> <th style="width: 10%;">CHANGE FROM PRIOR YEAR TO CURRENT YEAR</th> </tr> </thead> <tbody> <tr> <td>1. TAXABLE VALUE:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. ASSESSED VALUE:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. TENTATIVE EQUALIZATION FACTOR:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>4. STATE EQUALIZED VALUE:</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="4">5. There <b>WAS</b> or <b>WAS NOT</b> a Transfer of Ownership on this property in 2018:</td> </tr> </tbody> </table>		PRIOR AMOUNT YEAR: 2018	CURRENT TENTATIVE AMOUNT YEAR: 2019	CHANGE FROM PRIOR YEAR TO CURRENT YEAR	1. TAXABLE VALUE:				2. ASSESSED VALUE:				3. TENTATIVE EQUALIZATION FACTOR:				4. STATE EQUALIZED VALUE:				5. There <b>WAS</b> or <b>WAS NOT</b> a Transfer of Ownership on this property in 2018:			
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**The 2019 Inflation Rate Multiplier is: 1.024**

The Taxable Value, the Assessed Value, the State Equalized Value, the Property Classification, or the Transfer of Ownership may be appealed by filing a protest with the Local Board of Review. Protests are made to the Board of Review by completing a Board of Review Petition Form. A Petition Form may be obtained directly from the local unit or from the State Tax Commission at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). Click on the *Tax Forms and Instructions* box, then click on the *Property Tax*, then click on *Board of Review* to obtain Form 607, (L-4035), *Petition to Board of Review*.  
The Board of Review will meet at: (enter dates and times and place)

Not less than 14 days before the meeting of the Board of Review, the assessment notice shall be mailed to the property owner.  
Property taxes are calculated on the Taxable Value (see line 1 above). The Taxable Value number entered in the "Change from Prior Year to Current Year" column, does not indicate a change in your taxes. This number indicates the change in the Taxable Value.  
State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value.  
**IF THERE WAS A TRANSFER OF OWNERSHIP** on your property in 2018, your 2019 Taxable Value will be the same as your 2019 State Equalized Value.  
**IF THERE WAS NOT A TRANSFER OF OWNERSHIP** on your property in 2018, your 2019 Taxable Value is calculated by multiplying your 2018 Taxable Value by **X.XXX** (Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2019 Taxable Value cannot be higher than your 2019 State Equalized Value.

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 by the filing of a petition within 35 days of issuance of this notice. The petition must be a Michigan tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

Filing a protest with the Board of Review is necessary to protect your right to further appeal valuation and exemption disputes to the Michigan Tax Tribunal and classification appeals to the State Tax Commission. 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 by filing a petition by 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 by filing a petition by 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, except as otherwise provided in Sections 211.9m, 211.9n and 211.9o. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

**Leasehold Improvement Information:** If this notice form is for the personal property of a tenant who has installed leasehold improvements, the following are the 2019 Taxable Value (TV) and the 2019 State Equalized Value (SEV) of the leasehold improvement portion of the total property:

<b>2019 TV</b>	<b>2019 SEV</b>
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**PRINCIPAL RESIDENCE AFFIDAVIT INFORMATION REQUIRED BY PA 114 OF 2012:** To claim the Principal Residence Exemption, if you have not already done so, you are required to file *Principal Residence Exemption (PRE) Affidavit*, Form 2368, by June 1 for the immediately succeeding summer tax levy and all subsequent tax levies or by November 1 for the immediately succeeding winter tax levy and all subsequent tax levies.

**Michigan State Tax Commission**  
**Property Classification**  
**MCL 211.34c**



Issued November 2018

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## Definitions and Introduction

Michigan Law MCL 211.34c requires that not later than the first Monday in March each year, the local assessor shall classify all assessable property in their jurisdictional boundaries according to the definitions contained in this section.

MCL 211.34c defines there are six real property classifications and five personal property classifications. Each of these will be reviewed in detail later in this document:

- Residential Real and Residential Personal
- Agricultural Real and Agricultural Personal
- Commercial Real and Commercial Personal
- Industrial Real and Industrial Personal
- Developmental Real
- Timber Cut-over Real
- Utility Personal

Property classification is necessary for the equalization process. Equalization is simply the process to ensure that all taxable property under a jurisdiction is assessed at the same percentage of market value, in Michigan 50% of true cash value. By definition it is the process of making property taxation equal or uniform.

Equalization ensures uniformity in the level of assessment from one property to another, among the classifications within each assessment jurisdiction, among the cities and townships in each county, and among all of the counties within the State of Michigan.

Therefore, the classification of property does not affect the use of the property. Similarly, zoning of a property does not dictate the classification of a property.

Property is classified according to its current use. The highest and best use of the property has been, and continues to be, the standard upon which an assessor values property but is not how its classification is determined. These are two different and distinct issues; valuation does not drive the property's classification.

A property cannot have more than one classification. MCL 211.34c (5) states that if the total usage of a parcel includes more than one classification, the assessor shall determine the classification that most significantly influences the total valuation of the parcel. For example:

A parcel of land used for residential purposes also includes a use that is agricultural in nature, will be classified by the use that has the greatest influence on the value of the property. The following is a sample calculation:

Agricultural Value Calculation:	
67 Tillable Acres at \$980 per acre =	\$65,660 True Cash Value
Equipment Shed	\$10,186 True Cash Value
<b>Total Agricultural Use</b>	<b>\$75,846 True Cash Value</b>

Residential Value Calculation:	
House	\$22,591 True Cash Value
Recreational Value (adds to residential value):	
173 Acres at \$980 per acre	\$169,540 True Cash Value
<b>Total Residential Use:</b>	<b>\$192,131 True Cash Value</b>

Therefore, the property in this example would be classified residential.

## **Residential Real Property**

MCL 211.34c defines residential real property as:

- (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.

### **Does there have to be a house on the property for it to be classified residential?**

No. As indicated above, the definition of residential property includes parcels with or without buildings.

### **Recreational property is to be classified residential even though there is not a house on the property or I don't live there?**

There is no separate classification for recreational property. Lands whose primary use is for recreational activities such as hunting, fishing, camping, snowmobile use, mushroom hunting, photography, bird watching, and other recreational pursuits are properly classified as residential.

### **What about my cottage or hunting camp?**

A vacation cottage or hunting camp is a recreational property and should be included in the residential classification.

A hunting or fishing camp owned by an individual or a group of individuals is a recreational property. These properties should be included in the residential classification provided a fee is not charged to the users of the property.

## **What about a small apartment building?**

A single housing unit or single structure consisting of four or less subunits is generally included in the residential classification.

## **My house is used as a bed and breakfast. Should the classification be residential or commercial?**

Houses used as Bed and Breakfast establishments are sometimes classified residential and sometimes classified commercial. If the main use of the house is as a private residence and the bed and breakfast is only a minor use, the property should be classified residential. If the primary use is to generate income similar to a motel, the property should be classified commercial.

## **Agricultural Real Property**

MCL 211.34c defines agricultural real property as:

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. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

(i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.

- (ii) "Agricultural operations" means the following:
- (A) Farming in all its branches, including cultivating soil.
  - (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
  - (C) Dairying.
  - (D) 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, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.
  - (E) Raising, breeding, training, leasing, or boarding horses.
  - (F) Turf and tree farming.
  - (G) 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.
- (iii) "Project" means certain risk mitigating measures, which may include, but are not limited to, the following:
- (A) Making it difficult for wildlife to access feed by storing livestock feed securely, restricting wildlife access to feeding and watering areas, and deterring or reducing wildlife presence around livestock feed by storing feed in an enclosed barn, wrapping bales or covering stacks with tarps, closing ends of bags, storing grains in animal-proof containers or bins, maintaining fences, practicing small mammal and rodent control, or feeding away from wildlife cover.
  - (B) Minimizing wildlife access to livestock feed and water by feeding livestock in an enclosed area, feeding in open areas near buildings and human activity, removing extra or waste feed when livestock are moved, using hay feeders to reduce waste, using artificial water systems to help keep livestock from sharing water sources with wildlife, fencing off stagnant ponds, wetlands, or areas of wildlife habitats that pose a disease risk, and keeping mineral feeders near buildings and human activity or using devices that restrict wildlife usage.
- (iv) "Wildlife risk mitigation action plan" means a written plan consisting of 1 or more projects to help reduce the risks of a communicable disease spreading between wildlife and livestock that is approved by the department of agriculture and rural development under the animal industry act, 1988 PA 466, MCL 287.701 to 287.746.

### **What if I own a parcel that is contiguous to my farm but it is vacant?**

If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located one or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, is also classified as agricultural real property.

## **How is contiguity defined?**

Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the two parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. Contiguity requires that the parcel classified as agricultural real property and the vacant parcel, wooded parcel, or parcel on which is located one or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use.

## **What if the parcels are in different tax collecting units?**

It is the intent of the legislature that the parcel shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units.

## **What is an agricultural operation?**

Agricultural operations include:

Farming in all aspects that include the cultivating of soil.

Growing and harvesting any agricultural, horticultural, or floricultural commodity.

Dairy farming.

Raising livestock, to include, but not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

Raising bees, fish, fur-bearing animals, or poultry.

Operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act.

Farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation.

Raising, breeding, training, leasing, or boarding horses.

Turf and tree farming.

Performing any practices on a farm incident to, or in conjunction with, farming operations.

Commercial storage, processing, distribution, marketing, or shipping operations are not part of the agricultural classification. Gardening and woodlot/forest management are also not considered agricultural for classification purposes.

## **Are there minimum size requirements to be classified agricultural?**

There are no minimum size or income requirements for the agricultural classification. For instance, viable agricultural operations growing herbs or mushroom crops are possible on just a few acres of land.

**My property is zoned agricultural, so I should automatically be classified agricultural, right?**

Property that is zoned agricultural may not necessarily be classified as agricultural. While the zoning of a particular property may be an influencing factor, the zoning does not dictate the classification.

**If my property is not classified agricultural does that mean I can't farm anymore?**

The classification of your property has nothing to do with your ability or "right" to farm. Classification is for property tax equalization purposes and does not dictate the use of the property.

**What is the benefit to my property being classified agricultural?**

Property that is classified agricultural is exempt from certain school taxes (18 mills of school operating) and is the same benefit as a homestead or principle residence exemption.

**If my property is not classified agricultural is there a way to still be exempt from the 18 mills?**

Yes, your property may be eligible for the Qualified Agricultural Program Exemption. This program is explained in detail in a STC publication available on our Web site at [www.Michigan.gov/statetaxcommission](http://www.Michigan.gov/statetaxcommission).

**If my property is in a federal set aside program, that would cause it to be classified agricultural. Correct?**

The inclusion of some or all of the acreage of a property in a federal set aside program does not necessarily mean that the property should be classified as agricultural.

If the property is in an area of heavy residential or recreational use and the market for agricultural property is limited or nonexistent, the residential classification may be determined as the most appropriate.

If the property is under active cultivation or other agricultural use and the property is in an area of heavy residential or recreational use and the market for agricultural property is limited or nonexistent, developmental may be the appropriate classification.

**Should property in the PA 116 program be classified agricultural?**

Inclusion of land in the Farmland and Open Space Preservation Act (P.A. 116) does not necessarily mean the property should be classified as agricultural.

There are situations in which a property subject to a farmland development rights agreement could be classified other than agricultural – for example:

A farm in the path of immediate development that has a market value in excess of its value in current use may be classified other than agriculture. The land could be purchased with the intent being for commercial or residential use with the purchaser waiting for the agreement to expire.

A farm with a short period left on the agreement that is in the path of residential development. It could qualify for a residential classification because it probably will be used for residential purposes in the immediate future.

Under certain circumstances the agreement can be relinquished. One of these circumstances is when a local governing body determines that relinquishment is in the public interest and it has been zoned commercial or industrial for the preceding three years.

### **What is the definition of tree farming?**

Tree farming includes growing nursery stock for wholesale or retail markets as well as Christmas trees for the holiday wholesale or retail markets. Tree farming typically incorporates the cultivating of land, planting seedlings, periodic removal of weeds and grasses and protecting the stock from insects, and other harmful pests. Nursery stock includes trees being grown for replanting for a landscaping, erosion control practice, or for stocking or restocking a timber land property.

### **What about a commercial orchard?**

A commercial orchard is an agricultural operation.

### **If I am harvesting for the value of the wood is that tree farming?**

Tree farming does not include a forest or woodlot that will eventually be harvested for the value of the wood as lumber or pulp. Further clarification of the difference between tree farming and forest or woodlands is discussed in Attorney General Opinion Number 5702 dated May 6, 1980 (see appendix).

### **What about Maple Syrup operations?**

Property with a significant number of maple syrup trees is an agricultural use. However the land devoted to the processing and bottling of maple syrup is not part of the agricultural classification. Assessors will refer to MCL 211.34c (5) for guidance regarding multiple classifications on a single parcel. According to MCL 211.9, personal property used in agricultural operations is exempt. Agricultural operations are defined to include collecting, evaporating, and preparing maple syrup if the owner of the property has \$25,000.00 or less in annual gross wholesale sales.

### **What is included in the definition of raising bees?**

Beekeepers and/or Honey Producers include:

Hobbyists (less than 25 colonies)

Sideliners (25 – 300 colonies)  
Commercial (300 or more colonies)

Hobbyists generally produce for themselves, relatives and friends. Sideliners produce honey for sale to consumers and processors. Commercial producers generally produce honey for sale to consumers, processors and distributors of honey and honey products.

### **If I am a hobbyist can my property be classified agricultural?**

While raising bees is an agricultural activity, raising them as a hobby would usually not result in being classified agricultural. Sideliners are generally a unit of other agricultural operations. Commercial producers may best be classified Agricultural although the commercial storage, processing, distribution, marketing or shipping portions of the operation are not agricultural.

### **What is a hobby farm and are they classified agricultural?**

Hobby farms are not generally part of the agricultural class.

“Hobby farms” usually consist of a home, a few acres (in rare occasions many acres), and out buildings. They frequently include the raising of livestock which are being used by the property owner such as horses, a few cows, sheep or goats, chickens for household use (meat and eggs), or a small fishpond. Occasionally excess produce from a garden may be sold to a list of clients or at a roadside stand.

Small orchards and gardens used for family consumption are common on the hobby farm. In many cases the hobby farm may have been a part of a past agricultural operation. The farmstead may have been sold or the land may have been sold, but in any case, the property value is mainly in the residential property.

### **What about a captive cervidae operation?**

The raising of captive cervidae for sale as breeding stock or for the sale of the meat to a store is an agricultural activity. Habitat manipulation and the feeding of wild cervidae to encourage cervidae to remain in or visit an area to assist in the viewing and/or hunting of the animals is not an agricultural activity.

### **What if an owner implements a wildlife mitigation action plan?**

Statute indicates that property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. These projects are to assist in the reduction of risk of a spreading a communicable disease between wildlife and livestock and are done with the approval of the Department of Agriculture.

## **Commercial Real Property**

MCL 211.34c defines Commercial Real Property as:



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.

### **What if I have a small business in my house?**

When a small part of a house is used for a commercial or retail operation, and the house is in a residential area, the property will usually be classified residential.

### **What if my business is in a building that at one time was a residence?**

Many areas have structures that were built for residential use but are now used as commercial, office, or retail space. These parcels should generally be included in the commercial classification.

### **What if my business is on the same property as my home?**

The heavy equipment repair shop of a contractor, logger, or trucker located on the same property as the homestead will require the assessor to determine the value of each use. See MCL 211.34c (5) and the discussion of multiple uses of a property.

This also applies to offices, storage or warehouse facilities, fabrication areas, and retail areas in conjunction with homestead properties.

### **What about a pay to hunt operation?**

If 60% or more of the cervidae were born and raised on site, the property is to be classified agricultural. If less than 60% were born and raised on site, a fee is paid to hunt, and this is the predominant use of the property, then it is classified commercial.

### **I have a fishing camp where I rent out rooms, gear and boats. Would this property be classified commercial?**

Fish camps that include lodging and/or may include the rental of fishing gear and boats should be classified in the commercial class. If the property includes the owner's residence, the total value of each use must be calculated to determine the proper classification.

If the residence is worth \$200,000 and the commercial uses are worth only half that, the land would be classified residential.

### **What about a youth day camp or residential camp?**

Youth activity day camps and residential camps that are not part of an exempt organization should be included in the commercial classification. Examples of this type

of property include Eco-adventure camps, nature retreats, sport camps, music camps, and childcare camps. Examples of similar camps that are frequently exempt would be Boy Scout and Girl Scout camps, YMCA day camps, and Church camps.

## **Developmental Real Property**

MCL 211.34c defines developmental real property as: 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. 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.

The developmental classification is normally used in areas of changing use near significant population centers.

## **Industrial Real Property**

MCL 211.34c defines industrial real property as:

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.

(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.

## **Timber-Cutover Real Property**

MCL 211.34c defines timber-cutover real property as: 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.

### **What if I bought the land to hunt or camp on?**

When a typical purchase of this type of land is for residential or recreational uses, the classification shall be changed to residential.

## **How do we decide if our property should be timber-cutover or not?**

In determining if a wooded parcel should be classified as timber-cutover or another classification, you need to look at the use of the property.

Some questions an assessor may ask before determining that a parcel should be classified as timber-cut over are:

- Does the property have a history of timber sales?
- Does the owner have a written forest management plan?
- Does the property owner keep a business journal with records of expenses, receipts, timber additions, and removal?
- Does the owner complete IRS Form T (Timber)?

Frequently, an indication that wooded lands should be classified as other than timber-cutover is when there are buildings on the land, such as a home, cottage, or a hunting and fishing camp.

However, this is not always the case. For example, there may be a building on the property that is used to store timber-harvesting equipment. Or the total usage of a parcel may include more than one classification, but the timber-cutover use most significantly influences the total valuation of the parcel.

### **What about marshland or sand dunes?**

Marshlands, sand dunes, and other "barren land" that is in areas that cannot be used for recreational or residential purposes are generally included in the timber-cutover classification.

## **Agricultural Personal Property Classification**

MCL 211.34c defines agricultural personal property as: any agricultural equipment and produce not exempt by law.

MCL 211.9 provides a specific exemption for agricultural personal property:

Property actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, "agricultural operations" means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, or poultry, turf and tree farming, raising and harvesting of fish, collecting, evaporating, and preparing maple syrup if the owner of the property has \$25,000.00 or less in annual gross wholesale sales, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations, but excluding retail sales and food processing operations. Property used in agricultural operations includes all of the following:

(i) A methane digester and a methane digester electric generating system if the person claiming the exemption complies with all of the following:

(A) After the construction of the methane digester or the methane digester electric generating system is completed, the person claiming the exemption submits to the local tax collecting unit an application for the exemption and a copy of certification from the department of agriculture that it has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program in the year immediately preceding the year in which the affidavit is submitted. Three years after an application for exemption is approved and every 3 years thereafter, the person claiming the exemption shall submit to the local tax collecting unit an affidavit attesting that the department of agriculture has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program. The application for the exemption under this subparagraph shall be in a form prescribed by the department of treasury and shall be provided to the person claiming the exemption by the local tax collecting unit.

(B) When the application is submitted to the local tax collecting unit, the person claiming the exemption also submits certification provided by the department of environmental quality that he or she is not currently being investigated for a violation of part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, that within a 3-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found guilty of a criminal violation under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, and that within a 1-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found responsible for a civil violation that resulted in a civil fine of \$10,000.00 or more under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133.

(C) The person claiming an exemption cooperates by allowing access for not more than 2 universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste. Information collected under this sub-subparagraph shall not be provided to the public in a manner that would identify the owner of the methane digester or the methane digester electric generating system or the farm operation on which the methane digester or the methane digester electric generating system is located. The identity of the owner of the methane digester or the methane digester electric generating system and the identity of the owner and location of the farm operation on which the methane digester or the methane digester electric generating system is located are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this sub-subparagraph, "university" means a public 4-year institution of higher education created under article VIII of the state constitution of 1963.

(D) The person claiming the exemption ensures that the methane digester and methane digester electric generating system are operated under the specific supervision and control of persons certified by the department of agriculture as properly qualified to operate the methane digester, methane digester electric generating system, and related waste treatment and control facilities. The department of agriculture shall consult with the department of environmental quality and the Michigan state university cooperative extension service in developing the operator certification program.

(ii) A biomass gasification system. As used in this subparagraph, "biomass gasification system" means apparatus and equipment that thermally decomposes agricultural, food, or animal waste at high temperatures and in an oxygen-free or a controlled oxygen-restricted environment into a gaseous fuel and the equipment used to generate electricity or heat from the gaseous fuel or store the gaseous fuel for future generation of electricity or heat.

(iii) A thermal depolymerization system. As used in this subparagraph, "thermal depolymerization system" means apparatus and equipment that use heat to break down natural and synthetic polymers and that can accept only organic waste.

(iv) Machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass. As used in this subparagraph, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

(v) Machinery used to prepare the crop for market operated incidental to a farming operation that does not substantially alter the form, shape, or substance of the crop and is limited to cleaning, cooling, washing, pitting, grading, sizing, sorting, drying, bagging, boxing, crating, and handling if not less than 33% of the volume of the crops processed in the year ending on the applicable tax day or in at least 3 of the immediately preceding 5 years were grown by the farmer in Michigan who is the owner or user of the crop processing machinery.

(vi) Machinery used to install land tile on property exempt under section 7ee as qualified agricultural property. If machinery is used to install land tile on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install land tile on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "land tile" means fired clay or perforated plastic tubing used as part of a subsurface drainage system for land.

(vii) Machinery used to install or implement soil and water conservation techniques on property exempt under section 7ee as qualified agricultural property. If machinery is used to install or implement soil and water conservation techniques on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install or implement soil and water conservation techniques on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "soil and water conservation

techniques" means techniques for the conservation of soil and water described in the field office technical guide published by the natural resources conservation service of the United States department of agriculture.

**Is a building on leased land used for agricultural operations classified as agricultural personal property?**

No. MCL 211.34c states that buildings on leased land used for agricultural operations are to be classified as Agricultural Real Property.

**What is the correct classification of a building on leased land when the building is being used for industrial purposes and the land is classified as agricultural?**

For taxes levied after December 31, 2002, buildings on leased land used for industrial purposes is to be classified as Industrial Real property.

**Would a building on leased land used for agricultural purposes that is classified agricultural be entitled to the qualified agricultural property exemption?**

Yes. The leased building is devoted to an agricultural use as defined by law and is eligible for the Qualified Agricultural property exemption.

**Is the agricultural personal property used in retail sales and food processing exempt?**

Personal property used in retail sales and in food processing does not generally qualify for the exemption. However, the exemption does extend to equipment used in a manner incidental to the farming operation that prepares a crop for market and does not substantially alter the form, shape, or substance of the crop, if not less than 33% of the volume of the crops processed in at least three of the last five years were grown by the Michigan farmer who is the owner or user of the processing equipment.

**Commercial Personal Property Classification**

MCL 211.34c defines commercial personal property as:

- (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.

### **What types of businesses would be considered as having a commercial use?**

The following businesses are commercial and would have commercial personal property associated with their respective enterprise: automotive repair, construction company, contractors, concrete providers, data center, distribution center, engineering, excavating, financial service, inspection, installation service, investment service, leasing company, loan service, moving company, packaging, printing service, rental company, repair service, retail, sales, service company, shipping and receiving, storage company, supply, technology support service, transportation, trucking-common carrier, and warehousing.

### **Is a building on leased land used for commercial purposes classified as commercial personal property?**

No. MCL 211.34c states that buildings on leased land used for commercial purposes are to be classified as Commercial Real Property.

### **Are communication towers on leased land assessed as personal property?**

No. The tower is valued and assessed as a real property improvement. When a communication tower is built on leased land, the owner of the tower is required to report the original construction costs of the tower in the year the tower was built on Section N of the Personal Property Statement, in same way that it would report any other structure on leased land.

### **Industrial Personal Property Classification**

MCL 211.34c defines industrial personal property as:

- (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.
- (d) 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.

### **Is a building on leased land used for industrial purposes classified as Industrial Personal Property?**

No. MCL 211.34c states that buildings on leased land used for industrial or utility purposes are to be classified as Industrial Real Property.

**A leasing company in an Industrial Park is on property zoned Industrial. The majority of the personal property owned by the leasing company is leased to industrial businesses. How should the personal property be classified?**

The classification of a leasing company's personal property is Commercial Personal. The classification of personal property owned by the leasing company is not determined by the lessees using the equipment and not by the zoning of the property.

**Example:** A leasing company leases assessable personal property (photocopiers) to both commercial and industrial property owners. They also lease manufacturing equipment to owners of industrial sites. The classification of property owned by a leasing company is not determined by the classification of the lessees using the equipment.

## **Residential Personal Property Classification**

MCL 211.34c defines residential real property as: 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.

**Are homes, cottages and cabins on leased land to be classified as residential personal property?**

No. PA 620 of 2002 has amended the definition of MCL 211.34c to state that homes, cottages, and cabins on leased land are no longer Residential Personal property. For taxes levied after January 1, 2003, homes, cottages, and cabins on leased land are to be classified as Residential Real property. (Note: This is also true of mobile homes that would be assessable as real property to the owner of the land as provided by MCL 211.2a except that the land on which the mobile home is located is exempt.

**Should improvements to a mobile home (such as porches, decks, etc.) located in a licensed mobile home park which is subject to the \$3.00 per month specific tax be treated as a building on leased land?**

Yes. Improvements to a mobile home located within a licensed mobile home park that are not exempt due to the \$3.00 per month specific tax, shall be assessed on the real property roll to the owner of the improvements.

## **Utility Personal Property Classification**

MCL 211.34c defines utility personal property as:

- (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, and 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, pipes and parts.
- (vi) Gas storage equipment
- (vii) Transmission lines of gas or oil transporting companies.

**Is a building on leased land which is used for utility purposes to be classified as Utility Personal Property?**

No. MCL 211.34c states that buildings on leased land used for utility or industrial purposes shall be classified as Industrial Real Property.

**Appeal Procedures:**

Property owners that disagree with the assessor's decision regarding the property's classification must file a petition with the March Board of Review to appeal the classification.

If a taxpayer disagrees with the decision of the Board of Review's decision, they must fully complete and submit a Form 2167 to the State Tax Commission (STC), for each parcel being appealed, by June 30<sup>th</sup> of the current year.

Upon receipt of a classification appeal, a response form is sent to either the assessor (when a property owner files) or the property owner (when the assessor files). The assessor or property owner has 30 days to provide a response to the Commission. Those responses, along with the original petition, are reviewed by STC staff. STC staff then makes a recommendation to the STC. The STC makes a final determination by reviewing the petition filed, the response provided by the assessor or property owner and the staff recommendation.

A taxpayer that disagrees with the determination of the State Tax Commission can either file for reconsideration with the STC within 21 days of the determination or file an appeal in Circuit Court. The request for reconsideration must include information not previously submitted to the STC.

An assessor who wants to appeal the March Board of Review's decision can appeal to the STC by completing and submitting Form 2167A not later than June 30<sup>th</sup> of the current year. However, Pursuant to a decision ordered by the Court of Appeals, an assessor cannot appeal the classification of a subject property that was not protested before the March Board of Review.

## **APPENDIX**

DRAFT

STATE OF MICHIGAN  
FRANK J. KELLEY, ATTORNEY GENERAL

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Opinion No. 5702

May 6, 1980

TAXATION:

Ad valorem property taxes--exemption

LOGGING EQUIPMENT:

Exemption of logging equipment

Logging equipment of commercial operators growing or harvesting trees and other timber is not exempt from ad valorem property taxes.

Honorable Russell R. Hellman

State Representative

The Capitol

Lansing, Michigan

Dear Representative Hellman:

You have requested my opinion as to whether or not logging equipment used in the growing or harvesting of trees is exempt from taxation under the general property tax act, 1893 PA 206, MCLA 211.1 et seq; MSA 7.1 et seq. 1893 PA 206, supra, Sec. 1, provides:

'That all property, real and personal, within the jurisdiction of this state, not expressly exempted, shall be subject to taxation.'

In 1893 PA 206, supra, Sec. 9, the legislature has provided for the exemption of certain designated personal property. No specific mention is made of timber or logging operations or the personal property used in connection therewith.

The closest reference to timber or logging operations is contained in 1893 PA 206, Sec. 9, supra, subdivision (j), which deals with property used in agricultural operations and agricultural operations are therein defined as:

'. . . farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, poultry or fish, turf and tree farming, and any practice performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations.'

As is evident, there is no mention of timber or logging operations. The term 'tree farming' as it is used in 1893 PA 206, Sec. 9, supra, does not embrace logging operations. Traditionally, the legislature has observed a distinction between agriculture and forestry. The term 'tree farm' has been limited to orchards and ornamental tree farms. For example, 1893 PA 206, supra, Sec. 7e(1), of the general property tax act [MCLA 211.7e; MSA 7.7(4b)] exempts from real property taxation:

'The value of deciduous and evergreen trees, shrubs . . . growing on agricultural land devoted to agricultural purposes . . .' (Emphasis supplied.)

However, 1893 PA 206, supra, Sec. 7e(1), also provides:

'. . . Nothing herein contained shall affect the taxation of growing timber.'

It is noteworthy that 1893 PA 206, supra, Sec. 7e(1), was added to the general property tax act by 1966 PA 268, and that the same legislature also amended 1893 PA 206, supra, Sec. 9, by means of 1966 PA 205. In framing and enacting both 1966 PA 268 and 1966 PA 205, the legislature had full knowledge of the provisions of each. Reichert v Peoples State Bank for Savings, 265 Mich 668; 252 NW 484 (1934). Thus, the intent of the legislature is clear that the exemption for 'tree farming', which includes the growing of ornamental, Christmas and fruit trees contained in 1893 PA 206, supra, Sec. 7e(1), does not include 'growing of timber' for harvest of lumber or pulp.

It is also necessary to consider two legislative enactments dealing with forest reservations. 1917 PA 86, Sec. 1, MCLA 320.271; MSA 13.201, provides:

'Upon any tract of land not exceeding 160 acres, where at least 1/2 is improved and devoted to agricultural purposes in this state, there may be selected by the owner or owners thereof, as a private forest reservation, a portion thereof not exceeding 1/4 of the total area of said tract . . .' (Emphasis supplied.)

While such lands are exempt from all taxation by 1917 PA 86, Sec. 11, MCLA 320.281; MSA 13.211, but made subject to a stumpage payment for cut timber, the statute contains no exemption from ad valorem property taxes for personal property used in timber or logging operations.

Consideration must also be given to 1925 PA 94, MCLA 320.301 et seq; MSA 13.221 et seq, which provides for the establishment of commercial forest reserves and which are defined as tracts of land 'containing no material natural resources other than forest growth, no portion of which is used for agricultural . . . purposes, . . .'. 1925 PA 94, supra, Sec. 2.

Eligible commercial forest reserve lands are exempt from ad valorem property taxation pursuant to 1925 PA 94, supra, Sec. 5, but are made subject to a specific tax per acre based upon the total millage rate levied in the township. In addition, a stumpage tax is imposed upon the forest products cut as permitted by the act. This statute contains no provision for exemption from ad valorem property tax of timber or logging equipment utilized to remove forest products from the commercial forest reserve.

It is, therefore, my opinion that the answer to your question is in the negative.

Frank J. Kelley  
Attorney General

DRAFT

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, on June 6, 2017 the State Tax Commission assumed jurisdiction of the Macon Township, Lenawee County 2017 assessment roll pursuant to the provisions of the General Property Tax Act, being PA 206 of 1893, being sections 211.1 through 211.157 of the Michigan Compiled Laws, and

Whereas, the State Tax Commission staff completed a review of the roll and found their values to be certifiable and

Whereas, the staff requests the State Tax Commission certify the 2017 assessed and taxable valuations as listed:

2017 Assessed Valuations – Macon Township, Lenawee County

Agricultural Real Property:	\$	49,633,800
Commercial Real Property:	\$	375,800
Industrial Real Property:	\$	373,200
Residential Real Property:	\$	44,032,700
Timber Cutover Real Property:	\$	0
Developmental Real Property:	\$	0
 Total Real Property:	 \$	 94,415,500
Total Personal Property:	\$	8,679,300
 Total Real & Personal Property:	 \$	 103,094,800

2017 Taxable Valuations – Macon Township, Lenawee County

Agricultural Real Property	\$	20,115,673
Commercial Real Property	\$	318,180
Industrial Real Property	\$	297,149
Residential Real Property	\$	36,239,790
Timber Cut-Over Real Property	\$	0
Developmental Real Property	\$	0
 Total Real Property	 \$	 56,970,792
Total Personal Property	\$	8,526,809
 Total Real and Personal Property	 \$	 65,497,601

NOW THEREFORE, it is ordered that the 2017 assessed and taxable valuations recommended by staff become the official assessed and taxable valuations for the year 2017.

Further, it is ordered that jurisdiction of the 2017 assessment roll be returned to Macon Township, Lenawee County without prejudice and without cost.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D., 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard D. Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided in Act 147, P.A. 1960

\_\_\_\_\_  
Heather S. Frick, Executive Director

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, on December 12, 2017 the State Tax Commission assumed jurisdiction of the City of Memphis, Macomb County 2017 assessment roll pursuant to the provisions of the General Property Tax Act, being PA 206 of 1893, being sections 211.1 through 211.157 of the Michigan Compiled Laws, and

Whereas, the State Tax Commission staff completed a review of the roll and found their values to be certifiable and

Whereas, the staff requests the State Tax Commission certify the 2017 assessed and taxable valuations as listed:

2017 Assessed Valuations – City of Memphis, Macomb County

Agricultural Real Property:	\$	0
Commercial Real Property:	\$	4,411,200
Industrial Real Property:	\$	371,200
Residential Real Property:	\$	15,715,430
Timber Cutover Real Property:	\$	0
Developmental Real Property:	\$	0
 Total Real Property:	 \$	 20,497,830
Total Personal Property:	\$	1,467,500
 Total Real & Personal Property:	 \$	 21,965,330

2017 Taxable Valuations – City of Memphis, Macomb County

Agricultural Real Property	\$	0
Commercial Real Property	\$	3,360,248
Industrial Real Property	\$	259,808
Residential Real Property	\$	12,988,123
Timber Cut-Over Real Property	\$	0
Developmental Real Property	\$	0
 Total Real Property	 \$	 16,608,179
Total Personal Property	\$	1,467,500
 Total Real and Personal Property	 \$	 18,075,679

NOW THEREFORE, it is ordered that the 2017 assessed and taxable valuations recommended by staff become the official assessed and taxable valuations for the year 2017.

Further, it is ordered that jurisdiction of the 2017 assessment roll be returned to City of Memphis, Macomb County without prejudice and without cost.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D., 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard D. Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided in Act 147, P.A. 1960

\_\_\_\_\_  
Heather S. Frick, Executive Director



**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Fairplains Township, Montcalm County and

Whereas, the staff report indicated that Brent A. Bosley signed the 2018 assessment roll for Fairplains Township and

Whereas, the combined 2018 State Assessed Value for the commercial, industrial, and utility real and personal classes, as well as special acts values for units for which Brent A. Bosley was the assessor of record exceeded the limit for his Michigan Certified Assessing Officer (MCAO) certification, effective January 1, 2018 and

Whereas, at its meeting on October 22, 2018 the State Tax Commission assumed jurisdiction of the 2018 ad valorem assessment roll of Fairplains Township, Montcalm County and ordered that a review of the assessing practices of Fairplains Township be conducted before the roll can be certified and returned to the Township and

Whereas, Charles S. Zemla submitted Form 4689 on November 1, 2018 indicating he was the assessor of record for Fairplains Township.

NOW THEREFORE, upon review of the assessing practices of Fairplains Township, the Commission finds that an Audit of Minimum Assessing Requirements was completed in 2016. The audit reflected no significant deficiencies in the assessment rolls that required further corrective action.

Further, the Commission orders that the 2018 assessed and taxable valuations provided to the State Tax Commission for State Equalization at their meeting on May 29, 2018 become the official assessed and taxable valuations for the year 2018.

Further, the Commission orders that the jurisdiction of the 2018 assessment roll be returned to Fairplains Township, Montcalm County without prejudice and without cost.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20<sup>th</sup> day of November, A.D. 2018.



I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960

\_\_\_\_\_  
Heather S. Frick, Executive Director

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Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard D. Kutschman, Member

DRAFT

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding City of Reed City, Osceola County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2017 which indicated: the City did not have a public inspection policy, the City was not properly completing Form 4035-a, they did not have documented economic condition factors or land value determinations and their record card accuracy was 77% and

Whereas, the City presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2018 roll and

Whereas, the City was notified that with a record card accuracy rating of only 77% a reappraisal was necessary. The City responded in January 2018 indicating the reappraisal would begin in 2018 and be completed for the 2019 year. However, they also stated they did not have the budget to accomplish the reappraisal and

Whereas, the City was asked to confirm that the City would conduct a reappraisal and when that reappraisal would be complete and the City attorney indicating that they would complete a reappraisal commencing in 2018 to be completed for the 2020 year and that plan was accepted and

Whereas, in August 2018 the Equalization Director for Osceola County informed us that the City of Reed City was not conducting a reappraisal and

Whereas, the City was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated the City assessor was going to conduct the reappraisal and would begin in 2018 and

Whereas, the Equalization Director further discussed this matter with the assessor who indicated he was not doing a reappraisal and in fact the City had no funding to complete a reappraisal and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the

assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.”

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of City of Reed City Osceola County.

Further, the Commission orders that City hire an outside party to complete the reappraisal for the 2020 assessment roll and to provide monthly reports to the Commission on the status of the reappraisal beginning on December 15, 2018.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director

**STATE OF MICHIGAN  
DEPARTMENT OF TREASURY**

REPORT TO THE STATE TAX COMMISSION  
PURSUANT TO NOTICE LETTER DATED OCTOBER 24, 2018

This report is submitted to comply with the State Tax Commission’s (STC) request for an update on the status of the corrective actions Reed City has taken in furtherance of its plan following the AMAR report.

Request for Proposals

At its October 22, 2018 meeting, the STC made it clear it was concerned with the lack of progress on Reed City’s Corrective Action Plan. Reed City has heard the Commissioners and is diligently pursuing a complete reappraisal of all city properties. Accordingly, Reed City solicited bids from 20 appraisal firms for a reappraisal specifically articulating the criteria noted in the STC’s October 24, 2018 letter. In response to that request for proposals, the City received inquiries from two interested parties. Unfortunately, neither submitted bids by the 4:00 p.m., November 7, 2018 deadline. In follow up conversations with the two prospects, Reed City learned one (Doug Adams, MAI) lacked the STC assessor certification required; and the other (Shila Kiander) could not take on the reappraisal at this time.

As a result of the lack of bids, the City solicited bids from a second group of firms on November 7, 2018, with a submission deadline of November 19, 2018. The Reed City manager also reached out to CZS out of St. Johns, Michigan as another potential bidder.

Corrective Actions Already Taken

Reed City wants to assure the STC it is fully committed to correcting any deficiencies noted in the 2017 AMAR. In addition to soliciting bids for a complete reappraisal, the City Assessor has already implemented other aspects of its Corrective Action Plan as outlined below. This chart identifies a summary of the audit findings as noted in the Department’s August 17, 2017 letter, along with the remedial steps taken by the City Assessor.

<b>Audit Review/Item Deficiencies</b>	<b>Corrective Actions</b>
Board of Review Minutes not filed with the Clerk	All minutes from December 2017 Board of Review going forward have been filed with the City Clerk and kept in the Board of Review vault at the City offices.
Form 4035A not completed, unsigned	Beginning December 2017, all 4035A forms have been signed by the Assessor as required.

Improper ECF's for industrial and commercial properties	Beginning in 2018, the Assessor will use outside county sales to determine ECF's where necessary due to no or insufficient sales in commercial and industrial classes.
The local unit does not have proper land value determinations	Parcels requiring land adjustments as identified by the AMAR have been corrected for 2018. Municipal-wide land value determination will be corrected upon completion of the total reappraisal.
The true cash value on the record cards does not match the true cash value on the assessment roll.	The true cash value has been corrected for all parcels identified in the audit review, and has been corrected on the 2018 assessment roll.
Record card accuracy 77%.	The City is soliciting bids for a complete reappraisal of all classes of property. The assessor has identified errors in the audit review which resulted in an erroneous 77% accuracy rate.

Inaccuracies in the Record

As these actions show, Reed City has taken the AMAR review seriously and is working diligently to correct any deficiencies found. However, for the sake of correcting the record, we must respectfully point out certain misstatements and inaccuracies contained in the staff report and supporting documentation prepared for the STC's October 20, 2018 meeting. In large part, it is these misunderstandings that contributed to the sense that Reed City was not proceeding appropriately, and resulted in a premature recommendation to seize the assessment roll. The most significant error, and from which all other problems arose, was the incorrect completion date of 2019.

By letter dated February 6, 2018, Reed City proposed the following Corrective Action Plan:

Reed City will perform a complete reappraisal on all classes of property commencing in 2018 to be completed by December 31, 2019. Reed City will implement the reappraisal results on the 2020 tax rolls.

Written confirmation of the Plan was sent to Reed City on March 1, 2018 stating:

Thank you for submitting the additional information we had requested to correct the deficiencies noted the 2017 AMAR review. Your Plan has been accepted as submitted. Pursuant to your Corrective Action Plan, a follow-up review will be conducted *after the completion of the 2019 assessment roll*. (Emphasis added.)

It is this last statement that has caused the confusion and subsequent acceleration of the Reed City Corrective Action Plan. Consistent with its Corrective Action Plan, Reed City understood that timing of the review would be following completion of the reappraisal by December 31, 2019. Unfortunately, although the accepted Corrective Action Plan called for the reappraisal to be

implemented on the 2020 assessment roll, the Department's March 1, 2018 letter erroneously stated the 2019 assessment roll. As a result, the follow-up review was scheduled a year too soon. Despite pointing this out to staff on numerous occasions by letter and over the phone, this critical error has unfortunately been perpetuated. In short, Reed City was understandably and in good faith working under the (correct) assumption that the follow-up review would take place next year.

In addition to the erroneous completion date for its Corrective Action Plan, the record also contains additional inaccuracies which must be noted before the STC takes action on Reed City's assessment roll.

1. The proposed Order repeatedly refers to the township as the audited unit, whereas the municipality at issue here is a city.
2. The proposed Order erroneously states the City did not have a public inspection policy, whereas the audit specifically identified that it does. (See attached summary).
4. Upon receipt of the notice of a recommendation to assume jurisdiction, the City notified the Department that the original facts regarding the completion date of the Corrective Action Plan were in error, specifically the 2019 completion date and that a review in 2018 was premature as the City had until December 31, 2019 to complete its reappraisal.
5. The Reed City Assessor has reviewed the assessment cards used in the AMAR review, and has found significant errors made by the auditor. Consequently, it calls into question the entire conclusion as to the seventy-seven percent (77%) card accuracy.

These errors and omissions are pointed out for the sake of a complete and accurate record before the Commission, and to illustrate the chronology of events leading to this point.

#### The 2020 Deadline

Finally, Reed City's Corrective Action Plan specifically requested the 2020 deadline for a reason. In its January 11, 2017 letter, the Department advised Reed City, commercial and industrial properties needed to be reappraised, not just the parcels identified in the review. The equitable administration of property taxes requires commercial and industrial reappraisals be conducted only after a decision on the remanded Menards case. Reed City was directly impacted by a Tax Tribunal ruling in which the Tribunal Judge determined the Menards standard of valuing properties as "vacant and available" applied to an occupied, functioning, specialized dairy processing facility. Consequently, the City felt any reappraisal of commercial prospects is futile until the Tax Tribunal provides guidance following remand from the Supreme Court on Menards.

Upon review of the entire record, Reed City submits that it is in the best interest of the equitable property tax administration to allow Reed City to proceed with its Corrective Action Plan as originally proposed, allow the city to hire an independent firm to complete a reappraisal of all

classes of property within the City, and for Reed City to provide regular progress reports as to the status of the reappraisal.

In addition, the City will supplement the report upon receipt of any bids from the second request for proposals.

Respectfully submitted,

Dated: \_\_\_\_\_

Cynthia Wotila

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DRAFT



**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Riverside Township, Missaukee County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2014 which indicated: The Township did not have documented economic condition factors for any property classifications, they had no land value maps, they had 356 land adjustments without reason and they had nine transfers that were not uncapped and

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2017 roll and

Whereas, the follow up review conducted in 2017 indicated that: there were no industrial ECF's and there are still questionable uncappings. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2018 assessment roll and

Whereas, the 2018 follow up review indicated: No information was provided. Assessor sent 2019 and not 2018 database and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated the assessor is not computer literate and had issues sending his database and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by

section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.”

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of Riverside Township, Missaukee County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2019 assessment roll.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Allouez Township, Keweenaw County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2016 which indicated: The Township did not have documented economic condition factors any property classifications, they had no land value maps, they have no land value determinations, they had 33 land adjustments without reason and they had 30 flat land values and

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2017 roll and

Whereas, the follow up review conducted in 2017 indicated that: the assessor did not provide any information to the auditors for the follow up review even when granted an extension and a second review as scheduled and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated they hired an outside party to make the corrections. The Township was notified they would be provided an additional year to make the corrections and of the importance of implementing the corrections made by the outside party and

Whereas, the 2018 follow up review indicated: No ECF analysis was provided. Land sales were not included on the land value maps. There remains nine parcels with land adjustments without reason and

Whereas, the Township was provided another notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated they were under the impression the ECF analysis had been implemented and provided to the auditors and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the

roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.”

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of Allouez Township, Keweenaw County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll, to implement those corrections and to complete that work for the 2019 assessment roll.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Harris Township, Menominee County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2015 which indicated: The Township did not have documented economic condition factors for any property classifications, they had no land value maps, they had no land value determinations, they had 20 flat land values with no reason, they had an 81% record card accuracy and they had 73 transfer that were not uncapped and

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2017 roll and

Whereas, the follow up review conducted in 2017 indicated that: ECF's were not properly calculated or applied for residential or agricultural properties, there were no commercial or industrial ECF's, there were no land value determinations, the land value maps still did not meet the requirements and there were 21 sales not uncapped. The Township provided a response indicating they would correct all deficiencies for the 2018 assessment roll and

Whereas, the 2018 follow up review indicated: None of the items from the original review have been corrected.

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated they felt they had made all the corrections and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an

appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.”

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of Harris Township, Menominee County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2019 assessment roll.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Gilmore Township, Benzie County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2017 which indicated: The Township did not have documented economic condition factors for the agricultural and commercial classification, did not land value maps, did not have land value determinations and they had 6.2% flat land values with no reason (47 parcels).

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2018 roll and

Whereas, the follow up review conducted in 2018 indicated the Township did not provide ECF analysis or Land Value Maps to the auditors for review. and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and no response was received and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of Gilmore Township, Benzie County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2019 assessment roll.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.

\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director





**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Sandstone Township, Jackson County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2015 which indicated: The Township did not have documented economic condition factors for the Agricultural Class, they used the County Study for the Commercial and Industrial ECF's, they had no land value maps, they use the County Study for land values for Commercial and Industrial properties, the Agricultural Land Study did not show a breakdown of land type, they had 399 land adjustments without reason, they had 11% flat land values without reason, their record card accuracy was 82% and they were not picking up new construction on the assessment roll and

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2017 roll and

Whereas, the follow up review conducted in 2017 indicated that: None of the items from the original review have been corrected. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2018 assessment roll and

Whereas, the 2018 follow up review indicated: None of the items from the original review have been corrected and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated they would fix everything for the 2019 roll and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an

appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.”

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of Sandstone Township, Jackson County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2019 assessment roll.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.

\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director



**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**OFFICIAL ORDER**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report regarding Springport Township, Jackson County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2015 which indicated: The Township did not have documented economic condition factors for the Agricultural, Commercial or Industrial Classifications, they had no land value maps, they use the County Study for land values for Agricultural, Commercial and Industrial properties, they had 72 land adjustments without reason, they had 2% of their parcels on override and they were not properly uncapping properties that transfer and

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2017 roll and

Whereas, the follow up review conducted in 2017 indicated that: None of the items from the original review have been corrected. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2018 assessment roll and

Whereas, a 2018 follow up review indicated: None of the items from the original review have been corrected and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response indicated everything would be corrected for 2019 and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as

provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal.”

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2018 ad valorem assessment roll of Springport Township, Jackson County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2019 assessment roll.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20th day of November, A.D. 2018.

\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

\_\_\_\_\_  
Heather S. Frick, Executive Director



**STATE TAX COMMISSION MEETING**  
**Recommendations Following Referral to MAHS**  
**November 20, 2018**

The following staff recommendations following formal hearing before the Michigan Administrative Hearing System (MAHS) related to suspension or revocation of a certification in assessment administration for malfeasance, misfeasance, or nonfeasance of duties by an assessing officer under Michigan Administrative Code Rule 209.155 are presented to the State Tax Commission.

ASSESSOR	SUMMARY	RECOMMENDATION
Patrick Couch (MCAO)	<p>In accordance with the State Tax Commission Order adopted October 30, 2017 Patrick Couch (MCAO) was referred to the Michigan Administrative Hearing System (MAHS) for formal hearing regarding his certification in assessment administration. A properly noticed hearing was held on April 18, 2018 and a Proposal for Decision was entered on June 5, 2018 by the Administrative Law Judge (ALJ). The ALJ found that Patrick Couch was responsible for nonfeasance of his duties as an assessing official. The ALJ recommended the State Tax Commission take action regarding Mr. Couch's certification as it deems appropriate.</p> <p>This matter was placed on the October 22, 2018 STC meeting but was postponed at the request of the Commission.</p>	<p>The State Tax Commission and Patrick Couch have reached a Consent Agreement whereby Patrick Couch agrees to suspension of his certification in assessment administration and participation and successful completion of the Michigan Certified Assessing Officer program commencing in January 2019 to be offered free of charge. Patrick Couch shall not act as assessor of record for any local unit during the time of his suspension. Staff recommends that an Order be entered approving the terms of the Consent Agreement.</p>
Larry F. Silsby (MCAO)	<p>Larry F. Silsby (MCAO) was referred to the Michigan Administrative Hearing System (MAHS) for suspension or revocation of his assessor certification in accordance with the policy adopted by the State Tax Commission on May 14, 2018. A properly noticed hearing was held on August 21, 2018 and a Proposal for Decision was entered on September 28, 2018 by the Administrative Law Judge (ALJ). The ALJ found that Larry F. Silsby was responsible for misfeasance and nonfeasance of his duties as an assessing official. The ALJ recommended the State Tax Commission suspend Mr. Silsby's certification and allow him more time to demonstrate that he has acquired the knowledge and skill to comply with the Assessor's Manual and the General Property Tax Act.</p>	<p>Staff recommends that an Order be entered whereby Larry F. Silsby's certification in assessment administration is suspended and requiring Mr. Silsby to participate in and successfully complete the Michigan Certified Assessing Officer program commencing in January 2019 to be offered free of charge. Larry F. Silsby shall not act as assessor of record for any local unit during the time of his suspension.</p>

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**IN THE MATTER OF:**

**Docket 17-025635**

**State Tax Commission,  
Petitioner,**

**Agency No. Patrick Couch**

**v**

**Patrick Couch,  
Respondent.**

**OFFICIAL ORDER**

A properly noticed hearing was held on April 18, 2018 before Administrative Law Judge (ALJ) Christopher S. Saunders. Michael Hill, Assistant Attorney General, appeared on behalf of Petitioner. Robert Thall, attorney, appeared on behalf of Respondent.

On June 5, 2018 the Administrative Law Judge issued and entered a Proposal for Decision. On June 19, 2018 Michael Hill filed Exceptions on behalf of Petitioner; a response was filed on June 25, 2018. On June 20, 2018 Robert Thall filed Exceptions on behalf of Respondent; a response was filed on June 25, 2018.

The ALJ found that Respondent, Patrick Couch, was responsible for nonfeasance of his duties as an assessing official. The ALJ recommended that the State Tax Commission take action regarding Respondent's certification as it deems appropriate.

Subsequently, a Consent Agreement has been reached regarding suspension of Patrick Couch's certification in assessment administration pending participation and successful completion of the Michigan Certified Assessing Officer program.

**ORDER**

Upon review of the Proposal for Decision, Exceptions, Responses, and Consent Agreement, it is Ordered that:

1. The ALJ's Proposal for Decision is adopted by reference and made a part of this Official Order.
2. Patrick Couch's certificate in assessment administration is hereby **SUSPENDED** from the effective date this Official Order is issued and entered. Patrick Couch will not act as the assessor of record for any local unit during the time of his suspension.

3. Patrick Couch shall fully participate in and successfully complete the Michigan Certified Assessing Officer (MCAO) program, which includes timely submission of all assignments and passing the exam. The MCAO program will begin in January 2019 and will be provided free of charge by the State Tax Commission.
4. Failure to fully participate in and successfully complete the MCAO program will result in a recommendation being made to the State Tax Commission for revocation of Patrick Couch's certification.
5. Upon successful completion of the MCAO program, a recommendation will be made to the State Tax Commission to release Patrick Couch from suspension.
6. The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20<sup>th</sup> day of November A.D., 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

\_\_\_\_\_  
Leonard D. Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided in Act 147, P.A. 1960

\_\_\_\_\_  
Heather S. Frick, Executive Director

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**CONSENT AGREEMENT**

In accordance with the State Tax Commission Order adopted October 30, 2017 Patrick Couch (MCAO) was referred to the Michigan Administrative Hearing System (MAHS) for formal hearing regarding his certification in assessment administration. A hearing was held on April 18, 2018 and a Proposal for Decision was entered on June 5, 2018 by the Administrative Law Judge (ALJ) that he failed to correct assessment administration deficiencies within the City of Galesburg, Kalamazoo County and Otsego Township, Allegan County, that were identified in the 2013 Audit of Minimum Assessing Requirements (AMAR) reviews and subsequent follow up reviews conducted by the State Tax Commission. The ALJ found that Patrick Couch was responsible for nonfeasance of his duties as an assessing official. Mr. Couch and the State Tax Commission filed exceptions to the ALJ's finding. The ALJ recommended the State Tax Commission take action regarding Mr. Couch's certification as it deems appropriate.

To further resolve the allegations of improper assessment administration practices filed against Mr. Couch, the State Tax Commission and Mr. Couch have reached an agreement. As a result, Patrick Couch agrees to the following terms:

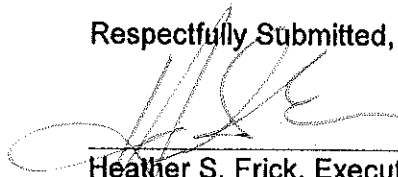
1. Patrick Couch agrees to suspension of his certification in assessment administration. Patrick Couch will not act as the assessor of record for any local unit during the time of his suspension.
2. Patrick Couch agrees to fully participate in and successfully complete the Michigan Certified Assessing Officer (MCAO) program, which includes timely submission of all assignments and passing the exam. The MCAO program will begin in January 2019 and will be provided free of charge by the State Tax Commission.
3. Patrick Couch agrees and acknowledges that failure to fully participate in and successfully complete the MCAO program will result in a recommendation being made to the State Tax Commission for revocation of his certification at the next regular State Tax Commission meeting.
4. Upon successful completion of the MCAO programs, a recommendation will be made to the State Tax Commission to release Patrick Couch from suspension at the next regular State Tax Commission meeting.
5. The State Tax Commission has the right to take any further action if Patrick Couch fails to comply with the above terms or further complaints are received regarding malfeasance, misfeasance or nonfeasance of assessing duties.



This Consent Agreement contains the entire agreement between the State Tax Commission and Patrick Couch and addresses all disciplinary matters pending before the State Tax Commission as of October 22, 2018.

Respectfully Submitted,

Dated: 11/9/2018



Heather S. Frick, Executive Director  
State Tax Commission

Dated: 11/8/2018

  
Patrick Couch, Assessor (MCAO)

DRAFT

**STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM**

**IN THE MATTER OF:**

**Docket No.: 17-025635**

**State Tax Commission,  
Petitioner**

**Case No.: Couch**

**v**

**Agency: Treasury**

**Patrick Couch,  
Respondent**

**Case Type: Treas State Tax  
Commission**

**Filing Type: Appeal**

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**Issued and entered  
this 5 day of June 2018  
by: Christopher S. Saunders  
Administrative Law Judge**

**PROPOSAL FOR DECISION**

**PROCEDURAL HISTORY**

This proceeding arises from the proposed sanction by the State Tax Commission (STC or Petitioner) of the certification in assessment administration held by Patrick Couch (Respondent) under the authority of Section 10d of the General Property Tax Act, 1893 PA 206, as amended, being MCL 211.10d, Rule 155 of the General Rules for the State Tax Commission, being 2010 AACS, R 209.155, and Executive Order 2009-51.

On October 30, 2017, the STC held a meeting wherein the STC approved a staff recommendation to refer Respondent to the Michigan Administrative Hearing System (MAHS) for a formal hearing regarding the suspension or revocation of Respondent's certificate in assessment administration.

On or about November 21, 2017, Petitioner's request for a formal hearing was received by MAHS. On December 4, 2017, a Notice of Hearing was issued scheduling a hearing in the matter for January 2, 2018. On December 21, 2017, Petitioner filed a request for adjournment of the scheduled hearing date. On January 3, 2018, an Order Granting Adjournment was issued setting the hearing for February 21, 2018. On February 15, 2018, Respondent filed a request for adjournment of the scheduled hearing date. On February 15, 2018, the undersigned issued an Order Granting Adjournment and Converting Hearing to Telephone Prehearing Conference.

On February 21, 2018, a prehearing conference was held with attorneys for each party present. New dates for the hearing were discussed and on February 21, 2018, an Order Following Prehearing Conference and Adjourning Hearing Date was issued scheduling the hearing for April 18, 2018, beginning at 9:00 a.m., at the Michigan Administrative Hearing System, Ottawa State Office Building—2<sup>nd</sup> Floor, 611 West Ottawa Street, Lansing, Michigan.

On April 18, 2018, the hearing was held as scheduled. Assistant Attorney General Michael Hill appeared on behalf of Petitioner. Attorney Robert Thall appeared on behalf of Respondent. Respondent was also present at the hearing.

### WITNESSES

The following witness testified at the hearing:

1. Kelli Sobel, Michigan Department of Treasury
2. Daniel Kirwin, BS&A Software
3. Patrick Couch, Respondent

### EXHIBITS

The following exhibits were offered by Petitioner and admitted into evidence:

Petitioner's Exhibit 1: Pages 63-64 of the Michigan Assessor's Manual, Volume 3.

Petitioner's Exhibit 2: City of Galesburg AMAR Audit Report.

Petitioner's Exhibit 3: City of Galesburg Corrective Action Plan, dated August 27, 2014.

Petitioner's Exhibit 4: AMAR Audit follow-up letter to City of Galesburg, dated October 1, 2015.

Petitioner's Exhibit 5: Letter from the City of Galesburg regarding the AMAR Audit follow-up letter, dated October 30, 2015.

Petitioner's Exhibit 6: AMAR follow-up review for the City of Galesburg, dated July 25, 2016.

Petitioner's Exhibit 7: Letter from Kelli Sobel to Mayor Carl Newton (City of Galesburg),

dated September 8, 2016.

Petitioner's Exhibit 8: Letter from Mayor Carl Newton, on behalf of the City of Galesburg, dated September 28, 2016.

Petitioner's Exhibit 9: Letter from Kelli Sobel to Mayor Carl Newton (City of Galesburg), dated October 10, 2016.

Petitioner's Exhibit 10: AMAR follow-up review for the City of Galesburg, dated June 29, 2017.

Petitioner's Exhibit 11: Letter from Kelli Sobel to Mayor Carl Newton (City of Galesburg), dated August 17, 2017.

Petitioner's Exhibit 12: Letter from Mayor Carl Newton on behalf of the City of Galesburg, dated September 5, 2017.

Petitioner's Exhibit 13: AMAR Audit report for Otsego Township for the year of 2013.

Petitioner's Exhibit 14: Letter from Kelli Sobel to Bryan Winn, Otsego Township Supervisor, dated June 17, 2014.

Petitioner's Exhibit 15: Otsego Township corrective action plan, dated July 22, 2014.

Petitioner's Exhibit 16: AMAR follow-up report for Otsego Township, dated August 4, 2015.

Petitioner's Exhibit 17: Letter from Township Supervisor Winn to Kelli Sobel, dated November 12, 2015.

Petitioner's Exhibit 18: AMAR follow-up for Otsego Township, dated July 14, 2016.

Petitioner's Exhibit 19: Letter from Township Supervisor Winn, on behalf of Otsego Township, dated September 20, 2016.

Petitioner's Exhibit 20: Letter from Kelli Sobel to Respondent, dated October 7, 2016.

Petitioner's Exhibit 21: Letter from Kelli Sobel to Bryan Winn, Otsego Township Supervisor, dated October 7, 2016.

Petitioner's Exhibit 22: AMAR follow-up for Otsego Township, dated June 22, 2017.

Petitioner's Exhibit 23: Letter from Township Supervisor Winn, on behalf of Otsego

Township, dated September 7, 2017.

Petitioner's Exhibit 24: Letter from Heather S. Frick, Executive Director State Tax Commission, to Township Supervisor Winn, dated October 9, 2017.

Petitioner's Exhibit 25: Letter to Attorney Robert Thall from Daniel Kirwin, dated October 29, 2017.

Petitioner's Exhibit 26: Letter from Heather S. Frick, Executive Director State Tax Commission, to Respondent, dated November 3, 2017.

Petitioner's Exhibit 27: Letter from Respondent to the State Tax Commission, dated November 28, 2017.

Respondent did not offer any exhibits into evidence.

The hearing record was closed on April 18, 2018.

#### ISSUES AND APPLICABLE LAW

The issue presented is whether the Respondent's certification in assessment administration should be suspended or revoked as proposed by the STC under Rule 155.

Section 150 of the General Property Tax Act provides that the State Tax Commission has the duty to exercise general supervision over assessing officers and "to prefer charges to the governor against assessing and taxation officers who violate the law or fail in the performance of their duties in reference to assessment and taxation . . . ." MCL 211.150.

Section 10d(10) of the General Property Tax Act provides that the "board shall promulgate rules for the issuance or revocation of certification." MCL 211.10d(10).

Executive Order 2009-51 transferred pertinent functions of the former State Assessors Board to the State Tax Commission. Rule 155 of the General Rules for the State Tax Commission provides as follows:

Rule 155. A certification may be suspended or revoked for malfeasance of duties imposed by law, misfeasance of duties imposed by law, nonfeasance of duties imposed by law, falsification or plagiarism of an examination or an appraisal report submitted to the commission by an applicant

or holder of a certification issued by the commission.

### FINDINGS OF FACT

1. At all times relevant to the hearing, Respondent has been certified in assessment administration as a Michigan Certified Assessing Officer (MCAO).
2. Respondent is directly employed by Otsego Township as the assessor and is contracted by the City of Galesburg to be the assessor.
3. Respondent's father was the assessor for these municipalities, and Respondent began working with him in 1994.
4. In 1996, Respondent passed the Level I assessor training.
5. In 2000, Respondent obtained his Level II assessor certification. Respondent currently holds the Level II assessor certification.
6. Respondent became the assessor of record for both the City of Galesburg and Otsego Township respectively in 2008.
7. Respondent has Attention Deficit Disorder (ADD) but never requested accommodations from Petitioner based thereon.
8. During the tax years of 2013 through 2017, Respondent was the assessor of record for the City of Galesburg in Kalamazoo County, Michigan.
9. On June 30, 2014, the Michigan State Tax Commission completed an Audit of Minimum Assessing Requirements (AMAR) of the assessment roll for the City of Galesburg, which was certified by Respondent on February 25, 2013.
10. The June 30, 2014, AMAR audit found the assessment roll did not have properly calculated and appropriately documented Economic Condition Factors (ECF), there were not accurate Land Value Maps, Land Value Determinations were not appropriately documented and properly calculated, the local unit record cards did not agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values, and the current year's assessments did not include new construction from the prior year. (Pet. Exhibit 2).

11. In a letter dated July 25, 2014, Petitioner sent a letter to the City of Galesburg detailing the deficiencies found in the 2013 assessment roll.
12. On August 27, 2014, the City of Galesburg submitted a corrective action plan for the deficiencies found during the AMAR audit.
13. On August 11, 2015, Petitioner conducted a follow up review of the City of Galesburg assessment roll. The review found that no land values had been calculated, there was only EFC documentation for 15 of the 18 neighborhoods, and only half of the land adjustments had reasons. (Pet. Exhibit 4).
14. On October 1, 2015, Petitioner sent a letter to the City of Galesburg explaining the continuing deficiencies found in the follow up and requesting an explanation of why the deficiencies had not been corrected and when they would be corrected to be submitted by October 30, 2015. (Pet. Exhibit 4).
15. On October 30, 2015, the City of Galesburg submitted a response to Petitioner's October 1, 2015, letter. (Pet. Exhibit 5).
16. On July 25, 2016, Petitioner conducted another follow-up review of the assessment roll for the City of Galesburg. The review found that the assessor had no documentation to support the ECF's that were applied, no documentation to support land values that were applied, and that 4 parcels had land adjustments without reason. (Pet. Exhibit 6).
17. On September 8, 2016, Petitioner sent a letter to the City of Galesburg summarizing the July 25, 2016, follow-up review and stating that a recommendation was being made for Petitioner to assume jurisdiction of the assessment roll due to the continued deficiencies. (Pet. Exhibit 7).
18. On September 28, 2016, the City of Galesburg sent a letter to Petitioner in response to the September 8, 2016, letter regarding the assumption of jurisdiction and the follow up to the AMAR review. In response thereto, Petitioner sent the City of Galesburg a letter on October 10, 2016, stating that more time would be provided to correct the deficiencies in lieu of assuming jurisdiction over the roll. The letter further states that it was expected that all deficiencies would be corrected by 2017 assessment roll and that a follow-up review would be conducted the summer of 2017. (Pet. Exhibits 8 and 9).
19. On June 29, 2017, Petitioner conducted a follow-up review of the City of

Galesburg assessment roll as stated in the October 10, 2016, letter. The follow-up review found the 2017 assessment roll deficient in that there was no commercial or industrial ECF analysis, that only 1 of 4 residential neighborhoods had an ECF analysis, and that there were no land value determinations. (Pet. Exhibit 10).

20. On August 17, 2017, Petitioner sent a letter to the City of Galesburg outlining the deficiencies found in the June 29, 2017, follow up and stating that a recommendation was being made for Petitioner to assume jurisdiction of the assessment roll. (Pet. Exhibit 11).
21. During the tax years of 2013 through 2017, Respondent was the assessor of record for Otsego Township in Allegan County, Michigan.
22. On May 30, 2014, the Michigan State Tax Commission completed an AMAR of the assessment roll for Otsego Township which was certified by Respondent on March 21, 2013.
23. The May 30, 2014, AMAR audit found the assessment roll did not have properly calculated and appropriately documented Economic Condition Factors (ECF), there were not accurate Land Value Maps, Land Value Determinations were not appropriately documented and properly calculated, the local unit record cards did not agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values, the appraisal record cards did not meet a 90% or greater accuracy rating, and the current year's assessments did not include new construction from the prior year. (Pet. Exhibit 13).
24. In a letter dated June 17, 2014, Petitioner sent a letter to Otsego Township, detailing the deficiencies found in the 2013 assessment roll. (Pet. Exhibit 14).
25. On July 24, 2014, Otsego Township submitted a corrective action plan for the deficiencies found during the AMAR audit. (Pet. Exhibit 15).
26. On August 4, 2015, Petitioner conducted a follow-up review of the Otsego Township assessment roll. The review found that there was a lack of explanation as to how the ECF's for neighborhoods were determined, there were no clear final conclusions as to land value determinations, and it appeared that new construction was missed. (Pet. Exhibit 16).
27. In response to an October 15, 2015, letter received regarding the follow-up review, Otsego Township sent a letter to Petitioner, dated



November 12, 2015, which outlined its plans to correct the deficiencies noted in the August 4, 2015, follow up. (Pet. Exhibit 17).

28. On July 14, 2016, another follow-up review was conducted of the Otsego Township assessment roll. The review found deficiencies in the roll in that no documentation was provided to show how ECF's were calculated, no documentation was provided to show how land value rates were calculated, and the roll had 50 parcels with land value adjustments without reason. (Pet. Exhibit 18).
29. In response to a September 1, 2016, letter received regarding the follow-up review, Otsego Township sent a letter to Petitioner, dated September 20, 2016, which stated steps that had been taken to correct the deficiencies and its plan for the 2017 assessment roll. (Pet. Exhibit 19).
30. On October 7, 2016, Petitioner sent a letter to Otsego Township wherein it stated that in lieu of its decision to assume jurisdiction of the assessment roll and in order to facilitate corrective actions to the roll, the State engaged the services of two assessment officers who would be providing training to Respondent. The letter states that the training will be of no cost to the Township, but that Respondent was required to attend the training. The letter further states that the Commission expects that all deficiencies will be corrected by the 2017 assessment roll. (Pet. Exhibit 21).
31. On June 22, 2017, an additional follow-up review was conducted of the Otsego Township assessment roll. The review found deficiencies in the roll in that no analysis was provided for the ECF's for agricultural, industrial, and commercial parcels. The review also found deficiencies in the roll in that no analysis was provided for land value determination for agricultural, industrial, and commercial parcels. The review also found that no analysis or conclusion of value were provided for residential land value determinations. (Pet. Exhibit 22).
32. On October 9, 2017, Petitioner sent a letter to Otsego Township stating that Petitioner is in receipt of Otsego Township's August 17, 2017, letter. The letter further states that after review of the information provided by the township in the letter, assumption of jurisdiction of the 2017 assessment roll appears to be warranted, and the staff is recommending that jurisdiction of the roll be assumed, which would ultimately be decided at the October 30, 2017 State Tax Commission meeting.
33. In 2016, Petitioner initiated an education program for local assessors.

Respondent did attend the program in 2016.

34. In either late 2016 or early 2017, Respondent received one-on-one training provided by Petitioner.
35. Daniel Kirwin is a certified advanced assessor who is employed by BS&A Software.
36. In 2016, Mr. Kirwin was hired by the City of Galesburg and by Otsego Township to provide training and assistance to Respondent due to the deficiencies in the assessment rolls for the previous years for both municipalities.
37. Mr. Kirwin assisted Respondent with the preparation of ECF's and Land Values.
38. Respondent testified that he had previously requested direction and learning materials from Petitioner in 2014. He testified that he was referred to online documents that he did not find helpful as they discussed how to complete the rolls by hand.
39. Respondent further testified that the training he received from Petitioner was not highly technical and was not helpful to him.
40. Respondent testified that he was having issues producing documents requested by Petitioner because he was having technical issues; specifically, with a flash drive.
41. Respondent further testified that he had provided a land analysis that showed that individual land analysis was not necessary as requested by Petitioner.

### CONCLUSIONS OF LAW

The hearing in this matter is governed by the Administrative Procedures Act of 1969 (APA), 1969 PA 306, as amended. 2010 AACS, R 209.65. The principles that govern judicial proceedings also apply to administrative hearings. The Petitioner, as the complaining party, has the burden of proof, by a preponderance of the evidence, to show the basis for the proposed disciplinary action against the Respondent's assessor certification. Proof by a "preponderance of the evidence" requires that the "fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence." *Blue Cross Blue Shield of Michigan v Milliken*,

422 Mich 1 (1985).

The General Property Tax Act, 1893 PA 206, as amended, empowers the STC to "have and exercise general supervision over the supervisors and other assessing officers of this state." The STC has broad powers of review in matters of taxation. In *re Dearborn Clinic and Diagnostic Hospital*, 342 Mich 673 (1955). It is the STC's administrative duty to confer with and advise assessing officers as to their duties under the Act, "and to institute proper proceedings to enforce the penalties and liabilities provided by law for public officers . . . failing to comply with the provisions" of the Act. MCL 211.150(1)&(2). The STC has general supervision over the assessing officers of this state and mandamus will lie to compel usage by assessors of the assessor's manual prepared by the STC. OAG, 1981, No. 5909, p 206 (May 20, 1981); OAG, 1981, No. 6007, p 450 (November 18, 1981); *Davidson v City of Lansing*, 356 Mich 697; 97 NW2d 592 (1959).

Rule 155 provides that a tax assessor's certification may be suspended or revoked for malfeasance, misfeasance or nonfeasance of duties imposed by law. "Malfeasance" is generally defined as follows:

. . . The commission of some act which is positively unlawful; the doing of an act which is wholly wrongful and unlawful; the doing of an act which person ought not to do at all or the unjust performance of some act which the party had no right or which he had contracted not to do. Black's Law Dictionary (5<sup>th</sup> ed), p 862.

"Misfeasance" is defined as follows:

The improper performance of some act which a man may lawfully do . . .

"Nonfeasance" is generally defined as follows:

Nonperformance of some act which ought to be performed, omission to perform a required duty at all, or total neglect of duty. Black's Law Dictionary (5<sup>th</sup> ed), p 950. (Emphasis supplied).

Black's Law Dictionary further contains an explanation taken from case law that is relevant to the above-defined terms:

Nonfeasance' means the total omission or failure of an agent to enter upon the performance of some distinct duty or undertaking which he has agreed with his principal to do;

'misfeasance' means the improper doing of an act which the agent might lawfully do, or in other words, it is the performing of his duty to his principal in such a manner as to infringe upon the rights and privileges of third persons; and 'malfeasance' is a doing of an act which he ought not to do at all." Black's Law Dictionary (5<sup>th</sup> ed), p 950.

This matter arises from AMAR reviews for the assessment rolls of both the City of Galesburg and Otsego Township. Respondent is the assessor of record for both entities. The reviews for both began with the assessment rolls for the year of 2013. Deficiencies were found in the rolls for both entities, and corrective action plans were submitted for both.

Petitioner accepted the corrective action plans submitted for both entities. However, Petitioner continued to find deficiencies with the rolls of both entities. Throughout the AMAR reviews and follow ups, both rolls created and certified by Respondent showed deficiencies with the ECF's and the Land Values.

The first AMAR reviews were conducted for the 2013 assessment rolls for both the City of Galesburg and for Otsego Township. The first reviews for each entity noted several deficiencies for each roll. After corrective action plans were submitted by both entities, the follow-up reviews, while still finding deficiencies, did show improvement in the number of deficiencies found in the assessment rolls.

What is clear from the evidence presented is that Respondent did take action to attempt to correct the deficiencies found in the assessment rolls. Respondent did not simply ignore the deficiencies noted by Petitioner and carry on as if everything was fine. Respondent reached out to Petitioner and requested assistance. Additionally, Respondent attended the training that was offered by Petitioner in 2016. Respondent testified that he did not get much out of either the response to his request for assistance or the training that he attended in 2016. He further testified that he has not had the opportunity to learn in the way that helps him. However, Respondent did not mention his disability or make a request for an accommodation based thereon. Accordingly, Petitioner was not given the opportunity to provide training in a different manner that may have been more helpful to Respondent because Respondent did not request such an accommodation or make Petitioner aware of his disability.

Additionally, the entities for whom Respondent serves as the assessor hired Mr. Daniel Kirwin of BS&A software to assist Respondent with the preparation of the assessment rolls. Respondent did work with Mr. Kirwin and used his assistance in creating the rolls for 2016 and 2017. Mr. Kirwin testified that he specifically provided assistance to Respondent in the areas of ECF's and Land Values, which were the two areas which continued to show deficiencies in both rolls.

However, even though Respondent did take steps to correct the deficiencies found with both assessment rolls, each roll continued to exhibit deficiencies even after corrective action was taken. Notably, each roll exhibited deficiencies with ECF's and Land Values. The follow-up AMAR reviews for each roll state that there were continued issues with both rolls not showing analysis for both ECF's and Land Values, and that there continued to be a lack of documentation pertaining to both ECF's and Land Values. These issues continue throughout the follow-up reviews for each roll.

Respondent, as stated above, did take action to attempt to correct the issues contained in the assessment rolls for each entity. Because Respondent has taken action to attempt to correct the issues, I do not find that the continued deficiencies with each of the assessment rolls resulted from malfeasance. Respondent has been actively trying to correct the issues with the rolls, and I do not find that he has engaged in malfeasance.

However, Respondent did fail to correct the deficiencies with the rolls even after several follow-up reviews and corrective action plans. The follow-up reviews for both rolls note continuing deficiencies with both rolls in the areas of ECF's and Land Values. Even though Respondent took steps to rectify those areas, each area still presented the same issues in terms of deficiencies: a lack of analysis and a lack of documentation. In relation to the 2017 rolls, Respondent testified that he had provided analysis showing that individual land analysis was not necessary. Additionally, Respondent testified that he was not able to provide documentation because there was a problem with a flash drive for the City of Galesburg. However, Respondent further testified that he never provided the documentation to Petitioner, even after the date it was due once the flash drive issues had been resolved. Respondent further testified that he did not get direction from Petitioner that individual land analysis was not necessary.

Although I do not find that Respondent intentionally neglected his duties in the preparation of the rolls, I do find that Respondent failed to act to complete the rolls properly. Each follow-up review pointed to the same issues in the same areas that had been mentioned before. Therefore, as the same issues continued to arise and were not corrected by Respondent, I do find that the preponderance of the evidence shows that Respondent has acted in a way that constitutes nonfeasance. Accordingly, the Petitioner has established, by a preponderance of the evidence, that there are grounds for taking action against the Respondent's certification in assessment administration based on nonfeasance under Rule 155.

**PROPOSED DECISION**

It is proposed that the STC adopt the above findings of fact and conclusions of law and take action on the Respondent's certification in assessment administration as it deems appropriate.

**EXCEPTIONS**

If a party chooses to file Exceptions to this Proposal for Decision, the Exceptions must be filed in writing within fifteen (15) days after the Proposal for Decision is issued and entered. If an opposing party chooses to file a Response to the Exceptions, it must be filed in writing within five (5) days after the Exceptions are filed. All Exceptions and Response to Exceptions must be filed with the Michigan Administrative Hearing System, P.O. Box 30695, Lansing, Michigan 48909, and served on all parties to the proceeding.



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**Christopher S. Saunders**  
**Administrative Law Judge**

DRAFT

**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION**

**IN THE MATTER OF:**

**Docket 18-013060**

**State Tax Commission,  
Petitioner,**

**Agency No. Larry F. Silsby**

**v**

**Larry F. Silsby,  
Respondent.**

**OFFICIAL ORDER**

A properly noticed hearing was held on August 21, 2018 before Administrative Law Judge (ALJ) Thomas A. Halick. David Goodkin, Assistant Attorney General, appeared on behalf of Petitioner. Larry F. Silsby appeared on his own behalf.

On September 28, 2018 the Administrative Law Judge issued and entered a Proposal for Decision. On October 12, 2018 David Goodkin filed Exceptions on behalf of Petitioner. On October 17, 2018 Larry F. Silsby filed Exceptions; a response was filed on October 22, 2018.

The ALJ found that Respondent, Larry F. Silsby, was responsible for misfeasance and nonfeasance of his duties as an assessing official. The ALJ found that STC Rule 209.155 allows the State Tax Commission "to suspend Mr. Silsby's certification and allow him more time to demonstrate that he has acquired the knowledge and skill to comply with the Assessor's Manual and the General Property Tax Act."

**ORDER**

Upon review of the Proposal for Decision, Exceptions and Response, it is Ordered that:

1. The ALJ's Proposal for Decision is adopted by reference and made a part of this Official Order.
2. Larry F. Silsby's certificate in assessment administration is hereby **SUSPENDED** from the effective date this Official Order is issued and entered. Larry F. Silsby will not act as the assessor of record for any local unit during the time of his suspension.
3. Larry F. Silsby shall fully participate in and successfully complete the Michigan Certified Assessing Officer (MCAO) program, which includes

timely submission of all assignments and passing the exam. The MCAO program will begin in January 2019 and will be provided free of charge by the State Tax Commission.

4. Failure to fully participate in and successfully complete the MCAO program will result in a recommendation being made to the State Tax Commission for revocation of Larry F. Silsby's certification.
5. Upon successful completion of the MCAO program, a recommendation will be made to the State Tax Commission to release Larry F. Silsby from suspension.
6. The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 20<sup>th</sup> day of November A.D., 2018.



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Douglas B. Roberts, Chairperson

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W. Howard Morris, Member

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Leonard D. Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided in Act 147, P.A. 1960

\_\_\_\_\_  
Heather S. Frick, Executive Director



STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

IN THE MATTER OF:

Docket No.: 18-013060

State Tax Commission,  
Petitioner

Case No.: SILSBY

v

Agency: Treasury

Larry F. Silsby,  
Respondent

Case Type: Treas State Tax  
Commission

Filing Type: Enforcement

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Issued and entered  
this 28<sup>th</sup> day of September 2018  
by: Thomas A. Halick  
Administrative Law Judge

**PROPOSAL FOR DECISION**

**Procedural History**

On June 1, 2018, the Michigan Department of Treasury, State Tax Commission, Petitioner, notified Larry F. Silsby, Respondent, of alleged violations of the Michigan Administrative Code, R 209.155, and that the matter would be referred to the Michigan Administrative Hearing System for formal hearing regarding the suspension or revocation of his certification in assessment administration.

On June 12, 2018, the Michigan Administrative Hearing System received a request for a formal hearing from Petitioner and on June 21, 2018, issued a Notice of Hearing to be conducted on July 24, 2018, commencing at 9:00 AM.

On July 18, 2018, this Tribunal entered an Order Granting Adjournment, as requested by Petitioner, and rescheduled the hearing for August 21, 2018, at 9:00 a.m.

The hearing was held as rescheduled at the Michigan Administrative Hearing System offices, Ottawa Building, 611 W. Ottawa, Lansing, Michigan.

**Appearances:**

Petitioner, State Tax Commission, was represented by David H. Goodkin, Assistant Attorney General. Petitioner called Ms. Kelli Sobel, Executive Director, State Tax Commission, as a witness.

Respondent, Larry F. Silsby, MCAO (Level 2) appeared, represented himself, and provided sworn testimony.

Exhibits

Petitioner submitted the following items which were admitted to the record:

1. Correspondence to Larry Silsby, February 26, 2014, concerning the use of the incorrect county multiplier (1.22) for assessments in Aurelius Township by Respondent. The correct county multiplier was 1.33 for 2014.
2. Correspondence to STC, dated March 11, 2014, from Respondent, admitting error in 2014 county multiplier.
3. Correspondence from STC to Respondent, March 19, 2014, Re: AMAR 2013, deficiencies.
4. Correspondence from Respondent to STC, March 20, 2014 Re: Corrected assessment statements for March Board of Review.
5. Correspondence from STC to Respondent, dated March 27, 2014, Re: assessment notices not sent 14 days before MBOR, per MCL 211.24c.
6. Letter from Respondent to STC, dated April 15, 2014, Re: steps taken to correct AMAR deficiencies.
7. Letter from STC to Respondent, Re: plan to correct deficiencies.
8. Letter from Respondent to STC, May 28, 2014, Re: correcting deficiencies.
9. Correspondence to Respondent from STC, June 10, 2014, Re: follow up review after 2015 assessment roll.
10. Correspondence to Respondent from STC, October 1, 2015, re: follow up review, 8/13/2015: ECF, land values for commercial/industrial (deficient).
11. Correspondence from STC to Respondent, June 1, 2018, re: disciplinary action following failed 2018 AMAR review.
12. Correspondence from Respondent to STC, June 12, 2018, re: land value maps.

13. Correspondence from Respondent to STC, June 29, 2018, re: ECF studies, for agricultural and commercial/industrial.
14. Correspondence from STC to Respondent, July 13, 2018, land value maps.
15. Michigan Department of Treasury for L-4037 (blank).

The Respondent did not submit exhibits for admission to the record.

Upon admission of the above items, the record was closed for the submission of exhibits.

### **Issues and Applicable Law**

The issue is whether Larry F. Silsby's certification in assessment administration should be revoked pursuant to State Tax Commission Rule 209.155?

#### **R 209.155 Revocation or suspension of certification.**

Rule 155. A certification may be suspended or revoked for malfeasance of duties imposed by law, misfeasance of duties imposed by law, nonfeasance of duties imposed by law, falsification or plagiarism of an examination or an appraisal report submitted to the commission by an applicant or holder of a certification issued by the commission.

#### **PART 4. REVOCATION OR SUSPENSION OF CERTIFICATION**

#### **R 211.447 Revocation or suspension of certification; grounds; hearing.**

Rule 47. (1) A certification may be revoked for any of the following reasons:

- (a) A false statement on the application.
- (b) Malfeasance of duties imposed by law or rule.
- (c) Misfeasance of duties imposed by law or rule.
- (d) Nonfeasance of duties imposed by law or rule.

(e) Falsification or plagiarism of an examination or an appraisal report submitted to the board by an applicant.

Proceedings for revocation shall be initiated by petition to the board or on a motion of the board. The board shall reject any petition if it determines that the aggrieved party had or has an adequate remedy under another statute. Upon petition to the board, all proceedings, including rights of review, are to be conducted as soon as possible according to the provision of Act No. 306 of the Public Acts of 1969, as amended, being §24.201 et seq. of the Michigan Compiled Laws. (2) The board shall proceed under chapter 5 of Act No. 306 of the Public Acts of 1969, as amended, being §§24.291 and 24.292 of the Michigan Compiled Laws, when the board finds that any of the following grounds exist:

(a) Failure to make all property assessment rolls and property appraisal cards available for inspection and copying during the customary business hours as required by section 10a of Act No. 206 of the Public Acts of 1893, as amended, being §211.10a of the Michigan Compiled Laws.

(b) Failure to notify each property owner on the tax roll, by first-class mail of an increase in the assessment for the year as required by section 24c of Act No 206 of the Public Acts of 1893, as amended, being §211.24c of the Michigan Compiled Laws.

(c) Failure to maintain a uniform relationship between assessments and true cash value for each classification of assessable real and personal property as required by section 27a of Act No. 206 of the Public Acts of 1893, as amended, being §211.27a of the Michigan Compiled Laws. If an assessing unit receives a state equalized multiplier of more than 1.10, that fact shall be sufficient cause for the board to conduct a hearing to determine if the certification of the assessor who prepared the assessment roll shall be revoked or suspended.

(d) Willful assessment of any property at more or less than what the assessor believes to be its true cash value as prohibited by section 116 of Act No. 206 of the Public Acts of

1893, as amended, being §211.116 of the Michigan compiled Laws.

(e) Failure to use a State Tax Commission-approved assessor's manual or manuals, with their latest supplements, as a guide in preparing assessments or maintaining records relevant to the assessments, as required by section 10e of Act No. 206 of the Public Acts of 1893, as amended, being §211.10e of the Michigan Compiled Laws, which shall be sufficient cause for the board to reexamine the assessor of that unit to determine if the certification of that assessor should be removed or suspended.

(f) Willful failure to respond to appellant's petition before the tax tribunal as required by the provisions of Act No. 186 of the Public Acts of 1973, as amended, being §205.701 et seq. of the Michigan Compiled Laws.

(g) Failure of the equalization director to file reports and studies and follow procedures as required by the administrative rules of the State Tax Commission and to comply with the procedures prescribed in the official manual or manuals, with their latest supplements, as prepared or approved by the State Tax Commission.

(3) If the investigation is necessary, the board will request the State Tax Commission to act as the investigative agent of the board.

(4) After finding the existence of sufficient cause of 1 or more of the grounds described in subrule (2) of this rule, and after an opportunity for a hearing, certification will be revoked or eligibility for recertification suspended, or both, for a period of time as determined by a majority vote of the board after a hearing held pursuant to chapter 5 of Act No. 306 of the Public Acts of 1969, as amended, being §§24.291 and 24.292 of the Michigan Compiled Laws.

The State Tax Commission adopted the following policy on May 14, 2018:

Effective with the AMAR reviews conducted beginning in 2018, the State Tax Commission will automatically refer to the Michigan Administrative Hearing System (MAHS) for formal hearing any assessor that meets all of

the following criteria: 1. An AMAR Review was conducted in a local unit where they were the assessor of record during the 2013 through 2017 AMAR cycle and that review indicated they did not meet the requirements for proper Economic Condition Factors, Land Value Maps, proper Land Value Determinations (this does not include land values without reason) or the true cash value on the local unit record cards indicate greater than 1% overrides (not including DNR PILT property); and 2. An AMAR Review was conducted in the same local unit during the 2018 through 2022 AMAR cycle, they remain the assessor of record and that review indicated they did not meet the requirements for proper Economic Condition Factors, Land Value Maps, proper Land Value Determinations (this does not include land values without reason) or the true cash value on the local unit record cards indicate greater than 1% overrides (not including DNR PILT property); and 3. The assessor during the review conducted in 2018 through 2022, was the same assessor of record during the review conducted in 2013 through 2017.

R 209.65 Hearings. Rule 65. (1) A hearing before the commission shall be conducted pursuant to 1976 PA 267, MCL 15.261. Hearings regarding revocation or suspension of an assessor's certification shall be conducted under 1969 PA 306, MCL 24.201.

### Findings of Fact

Based upon the evidence submitted to the record, and the testimony of the witness, the following facts are found:

1. At all relevant times, Respondent, Larry F. Silsby, was certified as an assessing officer (Level 2) by the Michigan State Tax Commission.
2. Since 1982, Respondent has been the assessing officer for Aurelius Township in Ingham County.
3. Petitioner, Michigan State Tax Commission ("STC"), conducted an Audit of Minimum Assessing Requirements ("AMAR review") for Aurelius Township for the 2013 through 2017 cycle.
4. For the 2014 assessments, Respondent used an incorrect county multiplier for all residential properties. Petitioner notified Respondent of this error by a letter dated February 26, 2014. [Pet. Exh. 1].
5. On March 11, 2014, Respondent wrote to the STC and acknowledged his error with the county multiplier and indicated that he had contacted BS&A

for advice on how to correct the error.

6. On March 18, 2014, Respondent mailed new assessment statements to each affected parcel, to make corrections at the March 26, 2014, Board of Review, as advised by BS&A.
7. On March 19, 2014, Petitioner notified Respondent that an AMAR review found the following deficiencies: 1. Lack of documented ECF determinations, 2. Lack of Land Value Maps, 3. Lack of documented Land Value Determinations, 4. TCV<sup>1</sup> on assessment roll does not match records cards, 5. Lack of "sale" properties being assessed uniformly at 50% of TCV. Respondent was required to submit a corrective action plan to the STC by April 21, 2014. [Pet. Exh. 3].
8. On March 27, 2014, Petitioner notified Respondent that assessment notices were mailed less than 14 days before the March 26, 2014 board of review, contrary to MCL 211.24c. [Pet. Exh. 5].
9. On or about April 15, 2014, Respondent identified five parcels that were in override. [Pet. Exh. 6].
10. In 2014, Respondent attended classes conducted by BS&A to increase his knowledge of ECF's, Land Values and Land Value determinations. [Pet. Exh. 6].
11. On May 9, 2014, Petitioner requested that Respondent submit a "more comprehensive" corrective plan, which was due by May 30, 2014. [Pet. Exh. 7]. Petitioner accepted Respondent's corrective review plan. [Pet. Exh. 9].
12. On August 13, 2015, Petitioner conducted a follow up review, which determined that most of the deficiencies from the prior AMAR review had been corrected, except for ECF's and Land Values for the Commercial/Industrial classification. Also, "flat values were being used as lot values . . . ." Adequate ECF's had been calculated for residential and agricultural properties. Land were values established for agricultural and residential classes, but "the assessor will be switching over to [front feet] and land table rates in the near future." [Pet. Exh. 10]. Petitioner notified Respondent that the next AMAR review would be conducted in 2018.

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<sup>1</sup> TCV is a common abbreviation for "true cash value," a term defined in the General Property Tax Act, 1893 PA 206, MCL 211.27. In general, "true cash value" is synonymous with "fair market value."

13. The 2018 AMAR review, certified by Alfonso A. Consiglio on February 14, 2018, determined that Respondent did not develop proper ECF's for the entire township, had excessive "flat value overrides," did not determine land values, and did not create land value maps. [Pet. Exh. 11].
14. On June 1, 2018, Petitioner notified Respondent that the 2018 AMAR review [Resp. Exh. 11] found the following violations of the requirements imposed by law upon assessors;
  - a. ECF's were based on equalization ratio studies to meet 50%. Residential and Agricultural classifications all have the same ECF. The ECF is not properly documented.
  - b. The Assessor failed to properly calculate and document Economic Condition Factors for Agricultural, commercial or industrial properties as required by MCL 211.20e and STC publications.
  - c. The Assessor failed to maintain accurate Land Value Maps. The one-page zoning map has no land sizes or parcel numbers. BS&A table printout has prices per acre but is not linked to the map. The Assessor failed to properly document and calculate Land Values.
  - d. The township has 19% (397 of 2,042) flat land values with no reason or reason not explained.
  - e. There were three parcels with new construction of pole barns for which no value for the addition was included in the assessment.
  - f. There were 198 sales in 2012 (2,044 total parcels). The unit has two ECF neighborhoods. Code 1 has 1,746 parcels. Six parcels have no ECF code. One sale has a large negative adjustment but should have a loss for the building. Three other sales are not uniformly assessed.
15. On June 1, 2018, Respondent notified Petitioner that, pursuant to a new STC policy adopted May 14, 2018, this matter would be referred to MAHS for a hearing regarding the suspension or revocation of his certification. [Pet. Exh. 11].
16. On June 12, 2018, Respondent provided the STC with revised land value maps for each neighborhood and classes. [Pet. Exh. 12].
17. On June 29, 2018, Respondent provided ECF studies for the agricultural, commercial, and industrial districts. [Pet. Exh. 13]. These ECF's were not



used in the 2018 assessments.

18. The STC determined that large adjustments had been made to properties that had sold.

### Conclusions of Law

The hearing in this matter is governed by the Administrative Procedures Act, *supra*. 2010 AACRS, R 209.65.

The principles that govern judicial proceedings also apply to administrative hearings. 8 *Callaghan's Michigan Pleading and Practice* (2d ed), §60.48, p 230.

The State Tax Commission has the burden of proof to show the basis for the proposed revocation<sup>2</sup> of Respondent's assessor certification.

Proof by a "preponderance of the evidence" requires that the "fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence." *Blue Cross Blue Shield of Michigan v Milliken*, 422 Mich 1; 367 NW2d 1 (1985).

On or about February 26, 2014, the STC notified Respondent that it had discovered a property record card for a residential parcel in Aurelius Township that had an incorrect county multiplier for the 2014 assessment. On or about February 26, 2014, Respondent discovered that his error occurred for all residential parcels, and he later made corrections using the correct county multipliers at the March Board of Review. However, the new assessment notices regarding this issue were not timely mailed.

Respondent does not dispute the results of the AMAR reviews conducted in 2014 and 2018. However, he asserts that the violations are not serious enough to warrant revocation of this certification, and that he has taken substantial steps to correct the errors and ensure they do not recur.

Petitioner has the burden to prove by a preponderance of the evidence that Respondent is responsible for malfeasance, misfeasance and nonfeasance of his duties as an assessing official.

Rule 155. A certification may be suspended or revoked for malfeasance of duties imposed by law, misfeasance of duties imposed by law, nonfeasance of duties imposed by law, falsification or plagiarism of an examination or an appraisal report submitted to the commission by an

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<sup>2</sup> Although the notification letter dated June 1, 2018, stated that the STC sought either suspension or revocation, Petitioner specified at the hearing that the desired action was revocation.

applicant or holder of a certification issued by the commission. R 209.155

Petitioner has authority to revoke or suspend an assessor's certification for malfeasance, misfeasance, or nonfeasance of duties imposed by law.

Malfeasance has been defined as "Evil doing; ill conduct; the commission of some act which is positively unlawful . . . ." Black's Law Dictionary, 4<sup>th</sup> ed, p 1109.

Misfeasance has been defined as a "The improper performance of some act which man may lawfully do." Black's Law Dictionary, 4<sup>th</sup> ed, p 1151.

Nonfeasance has been defined as "Nonperformance of some act which ought to be performed, omission to perform a required duty at all, or total neglect of duty." Black's Law Dictionary, 4<sup>th</sup> ed, p 1208.

Petitioner has not proven malfeasance, which entails an element of intent, ill-will, malice, or deception.

In our case, Respondent has admitted his errors, and has cooperated with the STC by taking remedial measures. He has attended training through BS&A to improve his assessing skills.

It is proven that Respondent failed to perform a required duty, by failing to create land value maps and proper ECF's, which constitutes nonfeasance of duty. To the extent that he has attempted to create land value maps and ECF's, his efforts still fall short of compliance with the State Assessor's Manual, and therefore, constitute misfeasance of duty. Therefore, Petitioner has a right, under Rule 155, to suspend or revoke Respondent's certification.

The language of Rule 155 grants broad discretion to the STC to suspend or revoke a certification for any noncompliance with the General Property Tax Act, the State Assessor's Manual, or applicable policies, bulletins and administrative rules. As a principle of administrative law, the STC must exercise its discretion in a manner that is not arbitrary or capricious. It must use reasoned judgment. The STC has self-imposed standards for the administration of Rule 155, as explained by the following bulletin:

Effective with the AMAR reviews conducted beginning in 2018, the State Tax Commission will automatically refer to the Michigan Administrative Hearing System (MAHS) for formal hearing any assessor that meets all of the following criteria:

1. An AMAR Review was conducted in a local unit where they were the assessor of record during the 2013 through 2017 AMAR cycle and that

review indicated they did not meet the requirements for proper Economic Condition Factors, Land Value Maps, proper Land Value Determinations (this does not include land values without reason) or the true cash value on the local unit record cards indicate greater than 1% overrides (not including DNR PILT property); and

2. An AMAR Review was conducted in the same local unit during the 2018 through 2022 AMAR cycle, they remain the assessor of record and that review indicated they did not meet the requirements for proper Economic Condition Factors, Land Value Maps, proper Land Value Determinations (this does not include land values without reason) or the true cash value on the local unit record cards indicate greater than 1% overrides (not including DNR PILT property); and

3. The assessor during the review conducted in 2018 through 2022, was the same assessor of record during the review conducted in 2013 through 2017.

In brief, the STC has announced that if an assessor fails two AMAR reviews in a row, for the same specified deficiencies, the STC shall pursue either suspension or revocation of the assessor's certification. In this case, the STC seeks revocation. Based on the evidence in this case of repeated deficiencies, it cannot be said that the STC is abusing its discretion to discipline Petitioner.

Petitioner's witness, Ms. Kelli Sobel, STC Executive Director, testified that there were 198 sales of residential properties in Aurelius Township in 2012. [See Pet. Exh. 3 – item 8]. This sample size is sufficient for Respondent to have developed proper Economic Condition Factors.

A property record card attached to Petitioner's letter to Respondent dated February 26, 2014 (for the 2014 tax year) shows an ECF of .818. [Pet. Exh. 1]. Respondent was unable to explain the foundation for this ECF. This record card was offered to show that Respondent used an incorrect county multiplier of 1.2, which should have been 1.33. It is noted that the property on this record card is assigned physical depreciation at "100% good." According to the State Assessor's Manual, a residence with an actual age of one year should be given physical depreciation at 99% good. Even if the house was newly constructed in 2012 or 2013, it should not be depreciated at 100% good. Although this is a minor discrepancy, it demonstrates lack of compliance with the Assessor's Manual. See, State Assessor's Manual, Vol. I, page 23.

This property record card (Pet. Exh. 1) was also offered to prove that a flat land value was used without any sales data to support the value, and with no explanation for the flat value. The record card shows that the unimproved land was sold in 2012 for

\$18,000, and that the estimated true cash value for 2014 is \$20,000. It cannot be concluded that this value is inaccurate, but lacking any sales data to support that value, it is likely that the sale price was used to establish the land value. Based on the building permits issued in 2012, and the fact that the property had a 100% principal residence exemption (7/2/2012), it can be concluded that the residence on the property was assessed as completed for the 2013 tax year.

Official notice is taken that Aurelius Township is located in Ingham County, lying east of the City of Eaton Rapids, and west of Mason. It is predominantly rural in character. Respondent asserts that the lack of adequate sales prevented him from developing ECF's. The 2013 AMAR Review concluded that Respondent improperly "based adjustments on equalization ratio studies to meet 50% Res[idential] and Ag all the same ECF neighborhood." While it is possible that the entire Township could be considered as one ECF neighborhood for residential properties, it is unlikely that all residential and agricultural properties should be in the same ECF neighborhood. As discussed above, there were enough sales to establish an ECF for residential properties.

#### **County Multipliers and Economic Condition Factors (ECF)**

Ms. Sobel testified that the county multiplier adjusts the state-wide construction costs taken from Marshal Swift<sup>3</sup> to the county level. She further stated that an ECF must be developed by the assessor, "to take those costs down to the local level." [Tr 1:35:27]. The State Assessor's Manual explains the ECF as follows:

The ECF is derived by analyzing properties which have sold and comparing the cost less depreciation of the buildings to that portion of the sale prices attributable to those buildings . . . . *If there is a consistent relationship between the cost-less-depreciation analysis and the sale values of the buildings*, this relationship is expressed as an ECF which is used to adjust the cost-less-depreciation estimates to what properties are selling for in the market. State Assessor's Manual, Ch. 7, p 1. [Emphasis added].

It must be understood that the county multiplier and the ECF are qualitatively and conceptually different. That is, the county multiplier is based on a study of the building costs of labor and materials in the county, which is used to adjust the more general costs developed by Marshal Swift. Property sales data is not used to develop the county multiplier.

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<sup>3</sup> Marshall and Swift/Boeckh, LLC, publishes a highly-regarded cost manual that is widely used by appraisers and assessors in applying the cost less depreciation approach to value.

On the other hand, the ECF is not developed from a study of *costs* of construction, but rather is based on verified sale prices of similar properties in the assessing unit (and specifically in the same ECF neighborhood). These sale prices are compared to the estimated true cash value on the record card (cost approach). The estimated land value is subtracted from the assessed TCV and the sale price of the property. Therefore, the ECF adjusts the building value only. See State Assessor's Manual, Vol. III, Ch. 3. The ECF adjusts the cost approach value for *any market influences*, either positive or negative, as determined by verified, arm's-length sale prices. Example: Property A has an assessed TCV of \$120,000 (land and improvements), with estimated land value of \$20,000, which indicates a building value (TCV) of \$100,000 by the cost approach. Property A sells for \$100,000 in an arm's-length transaction. Likewise, the estimated land value is subtracted from the sale price of property A, for an indicated value of the building of \$80,000. The ratio of assessed TCV and sale price is:  $80 / 100 = .8$ . (The indicated ECF from this sale is .8). This analysis is repeated for multiple sales of similar properties. *If the resulting factors demonstrate a consistent pattern*, an ECF can be developed to provide an accurate adjustment for economic conditions. For example, if the indicated ratios range from .75 to .85, then .80 could be used as a reasonable ECF. Therefore, if the assessed TCV of a building is \$100,000 by the cost approach, that value is adjusted by .8, for an indicated value of \$80,000 (building only).

On the other hand, if the ratios are widely dispersed the data set must be carefully analyzed to exclude dissimilar properties, outliers, or otherwise unreliable sales. For example, if the range of factors is .5, .75, 1.05, 1.20, and 1.30, it would be meaningless to use an average of those values, or to select the median as an ECF. The data set must be analyzed to account for the relevant value-influencing factors.

Respondent conducted a 2018 ECF Study<sup>4</sup> for commercial and industrial properties, using sales from nearby townships, due to the lack of similar sales in Aurelius Township. The indicated ratios of the building values<sup>5</sup> to the "cost by manual" are as follows: 0.95, 1.17, 1.05, 0.92, 0.99, 0.74, 0.79, 1.76. The average of these factors, as indicated on Respondent's Exhibit 13, is ironically, one (1). However, this demonstrates why it is improper to use the average of the separate ECF indicators. Rather, the assessor must analyze the sales to eliminate outliers and select the most similar sales. This presents numerous challenges to the assessor. Petitioner has not demonstrated how an ECF could be developed from this data set that would adjust the value by the cost approach to better reflect fair market value.

Respondent testified that there are only two commercial properties in the township, and neither of them sold. Therefore, it would have been necessary to study sales of similar properties outside Aurelius township, in similar markets, to develop an ECF. He also testified that even looking outside the township, there are no like sales located in rural

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<sup>4</sup> However, this ECF study was not completed in time for the 2018 assessments.

<sup>5</sup> Sales price minus estimated value of land and land improvements.

areas in Ingham County. There are two industrial parcels in Aurelius Township. It is difficult to conclude that Respondent committed an error worthy of revocation, based on this challenging set of circumstances (regarding the lack of a commercial ECF).

"Any variation from the calculated ECF must be fully documented. The detailed calculations used to develop the ECF must be kept on file to be used in defense of appeals, necessary in AMAR audits, explaining assessment to property owners, etc." Assessor's Manual, Vol. III, Ch. 3, p 42. Respondent did not maintain "detailed calculations" as required the manual.

As described by Ms. Sobel, Respondent did not develop proper ECF's but that he "was doing adjustments on ratio studies, just to get to 50%." [TR 30:42]. The county-wide sales ratio is not a substitute for a neighborhood-specific ECF and will not produce an accurate true cash value. This is a significant departure from the duties imposed upon the assessor by law and supports a conclusion that Respondent is responsible for misfeasance and nonfeasance of duty, in violation of Rule 155, supra.

#### Land Value Maps

Respondent used "county land values" rather than studying sales in the township, which is not in compliance with the State Assessor's Manual.

Ms. Sobel testified that the efforts taken in June and July of 2018 are too little, too late. The 2018 tax roll was not correct, as the recently provided ECF studies for commercial and industrial were not used.

Petitioner demonstrated that even after Respondent completed training with BS&A, he repeated some of the same errors in 2018.

#### Summary

Respondent has proven the violations alleged in the letter dated June 1, 2018, wherein it proposed to *suspend or revoke* Respondent's certification, as authorized by Rule 155. Revocation is not mandated under Rule 155. It is reasonable to choose a sanction that is proportional to the violations. Rule 155 permits suspension or revocation for "falsification or plagiarism of an examination or an appraisal report," which is clearly egregious conduct that would warrant revocation. In our case there is no proof any type of *malfeasance*. Mr. Silsby has demonstrated good faith efforts to educate himself and has sought guidance to improve his assessing practices. He corrected many of the deficiencies for the 2015 follow-up review. Some of the problems with developing ECF's, especially for the commercial properties, are inherent in a rural township with limited sales data, such as in our case. The most severe sanction (revocation) should be reserved for the most serious violations. While the AMAR reviews disclosed

significant issues, the law under Rule 155 is sufficiently flexible to permit the STC to suspend Mr. Silsby's certification and allow him more time to demonstrate that he has acquired the knowledge and skill to comply with the Assessor's Manual and the General Property Tax Act. He has already demonstrated significant progress toward this goal. As a condition of lifting a suspension, the STC could require Mr. Silsby to attend training and then demonstrate his knowledge by passing a test or through detailed interviews by STC staff.

### Recommendation

Larry F. Silsby is responsible for violation of Rule 209.155 and is responsible for misfeasance and nonfeasance of his duties (but not malfeasance). The undersigned recommends that the State Tax Commission adopt the above findings of fact and conclusions of law and suspend the certification of Larry F. Silsby as an Assessing Officer.



Thomas A. Halick  
Administrative Law Judge

### EXCEPTIONS

If a party chooses to file Exceptions to this Proposal for Decision, the Exceptions must be filed in writing within twenty-one (21) days after the Proposal for Decision is issued and entered. If an opposing party chooses to file a Response to the Exceptions, it must be filed in writing within five (5) days after the Exceptions are filed. All Exceptions and Response to Exceptions must be filed with the Michigan Administrative Hearing System, P.O. Box 30695, Lansing, Michigan 48909, and served on all parties to the proceeding.





**STATE OF MICHIGAN  
MICHIGAN DEPARTMENT OF TREASURY  
STATE TAX COMMISSION  
OFFICIAL ORDER**

**FINDINGS OF FACT**

Whereas, the State Tax Commission at its meeting on November 20, 2018 received a report and recommendation from the Assessor Discipline Advisory Committee regarding Mark Maki, MAAO and

Whereas, the State Tax Commission received complaints regarding Mark Maki alleging that he had engaged in inappropriate assessing practices while he was the assessor of record for Au Train and Limestone Townships, Alger County; and Richmond, Turin, and West Branch Townships, Marquette County, and

Whereas, the complaints alleged documentation was lacking for Economic Condition Factor Determination changes, Land Value Maps and Land Value Determinations, true cash values indicated on the assessment roll did not agree with the true cash values on the record cards, appraisal record cards did not meet the 90% or greater accuracy rating, non-compliant with the requirement to uncap the taxable value of property in the year following a transfer of ownership, numerous parcels had flat land values, lack of calculated ECF for commercial class, land adjustments with no supporting documentation, the commercial Economic Condition Factor was not applied as calculated and Mark Maki failed to correct the deficiencies outlined in the corrective action plan submitted by the local units and approved by the State Tax Commission and

Whereas, Mark Maki appeared before the Assessor Discipline Advisory Committee on October 23, 2017 and did not provide adequate justification for the errors that had occurred and

Whereas, the Assessor Discipline Advisory Committee and Mark Maki entered into a Consent Agreement which was presented to the State Tax Commission on December 12, 2017 and

Whereas, the December 12, 2017 Official Order of the State Tax Commission ordered the recommendation for referral to the Michigan Administrative Hearing System (MAHS) formal hearing would be held in abeyance pending attendance and completion by Mark Maki of the State Tax Commission's Audit of Minimum Assessing Requirement (AMAR) training and reappearance before the Assessor Discipline Advisory Committee and

Whereas, Mark Maki completed the Audit of Minimum Assessing Requirement (AMAR) training and reappeared before the Assessor Discipline Advisory Committee on July 30, 2018.

**CONCLUSIONS OF LAW**

THEREFORE, be it resolved that the State Tax Commission based on the facts of the case stated in the consent agreement provided and the recommendation of the Assessor Discipline Advisory Committee, has determined that Mark Maki has violated Michigan Administrative Code R 209.155, specifically pertaining to malfeasance, misfeasance and nonfeasance of duties imposed by law or rule; and

BE IT FURTHER RESOLVED that the State Tax Commission may, based on the facts of a case, decide upon any action between issuance of a certificate in assessment administration and suspension of a certificate in assessment administration; and

BE IT FURTHER RESOLVED that as a result of the violation of Michigan Administrative Code by Mark Maki, the State Tax Commission orders that Mark Maki be referred to the Michigan Administrative Hearing System (MAHS) for a formal hearing regarding the suspension or revocation of his certification in assessment administration.

The authority for the actions required by this Official Order is found Section 10d of Act 206 of the Public Acts of 1893, as amended, being Michigan Compiled Law 211.10d and Executive Order 2009-51.

WITNESS, my hand and seal of the State Tax Commission this 20<sup>th</sup> day of November, A.D. 2018.



\_\_\_\_\_  
Douglas B. Roberts, Chairperson

\_\_\_\_\_  
W. Howard Morris, Member

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Leonard D. Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960

\_\_\_\_\_  
Heather S. Frick, Executive Director

STATE OF MICHIGAN  
DEPARTMENT OF TREASURYRICK SNYDER  
GOVERNORNICK A. KHOURI  
STATE TREASURER

**DATE:** November 20, 2018

**TO:** Members of the State Tax Commission

**FROM:** Heather Frick, Executive Director

**SUBJECT:** Request from Erik Litts (MAAO) Regarding Continuing Education Credit Approval for 2019

On November 1, 2018, Assessor Erik Litts contacted the State Tax Commission's office. He is the Assistant Assessor for Holland Charter Township and a certified Michigan Advanced Assessing Officer. Mr. Litts indicated he made a terrible oversight and when selecting his continuing education options earlier in October, mistakenly read the 2020 requirements without realizing the 2019 requirements did not provide that all 16 hours could be completed online. Mr. Litts did complete 16 hours of online courses offered by the Appraisal Institute. He is requesting these hours be counted for his 2019 continuing education requirements.

DRAFT



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** November 20, 2018  
**TO:** Members of the State Tax Commission  
**FROM:** Emily Leik, Departmental Analyst  
**SUBJECT:** Charitable Nonprofit Housing Organization Exemption

Public Act 456 of 2014 allows for an exemption from the collection of taxes under the General Property Tax Act, Public Act 206 of 1893, for charitable nonprofit housing organizations that own eligible nonprofit housing property. According to the Act, the State Tax Commission shall grant or deny the exemption after consultation with the State Treasurer or designee.

Enclosed is a list of various Habitat for Humanity County Organizations. All applications included in the attached list were reviewed by State Tax Commission staff, are determined to comply with the statutory requirements of Public Act 456 of 2014 and qualify for exemption.

It is recommended that you approve the applications effective on December 31, 2018 for the 2019 tax year, for either a period of three (3) or five (5) years with an expiration date of December 30, 2021 or December 30, 2023, or until one of the following events occurs:

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

**State Tax Commission**  
**Applications for Exemption of Charitable Nonprofit Housing Property MCL 211.7kk**  
**November 20, 2018 Meeting**

<b>Application Number</b>	<b>Name of Charitable Organization</b>	<b>Unit</b>	<b>Unit Type</b>	<b>County</b>	<b>Parcel Number</b>	<b>Years Approved</b>
18-038	Northwest Michigan Habitat for Humanity	Pellston	Village	Emmet	44-10-34-260-013	5 Years
18-037	Branch County Habitat for Humanity	Quincy	Township	Branch	12-080-L18-000-141-00	5 Years
18-039	Northwest Michigan Habitat for Humanity	Littlefield	Township	Emmet	24-07-17-17-376-001	5 Years
18-040	Northwest Michigan Habitat for Humanity	Pellston	Village	Emmet	24-44-10-34-301-111	5 Years
18-041	Northwest Michigan Habitat for Humanity	Bear Creek	Township	Emmet	01-19-36-300-020	5 Years
18-042	Northwest Michigan Habitat for Humanity	Pellston	Village	Emmet	24-44-10-34-302-125	5 Years
18-043	Habitat for Humanity Huron Valley	Ypsilanti	Township	Washtenaw	K-11-14-281-017	3 Years
18-044	Habitat for Humanity Huron Valley	Ypsilanti	Township	Washtenaw	K-11-02-328-002	3 Years
18-046	Kalamazoo Neighborhood Housing Services, Inc.	Kalamazoo	City	Kalamazoo	06-14-181-046	3 Years
18-050	Kalamazoo Neighborhood Housing Services, Inc.	Kalamazoo	City	Kalamazoo	06-22-190-107	3 Years
18-051	Kalamazoo Neighborhood Housing Services, Inc.	Kalamazoo	City	Kalamazoo	06-22-190-011	3 Years
18-052	New Development Corporation	Grand Rapids	City	Kent	41-14-18-156-007	3 Years
18-053	Marquette County Habitat for Humanity	Forsyth	Township	Marquette	52-05-465-032-00	3 Years
18-054	Habitat for Humanity Huron Valley	Ypsilanti	Township	Washtenaw	K-11-10-407-026	3 Years



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

**DATE:** November 20, 2018  
**TO:** Heather S. Frick, Executive Director  
State Tax Commission  
**FROM:** LaNiece Denstead, Departmental Analyst  
State Tax Commission

**SUBJECT:** New Certifications of Computerized Assessment Rolls

The following units have certified that the requirements of Act 206 of 1893, MCL 211.24 as amended, and the conditions of Public Act 25 of 2016 are being met and request the State Tax Commission certify the use of a computerized database as the assessment roll. All required documentation has been received and reviewed.

These certifications will expire **May 1, 2021.**

Date printed: November 9, 2018

**New Certifications:**

**Bay County**

Hampton Township

**Menominee County**

Ingallston Township



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

**DATE:** November 20, 2018  
**TO:** Heather S. Frick, Executive Director  
State Tax Commission  
**FROM:** LaNiece Densteadt, Departmental Analyst  
State Tax Commission

**SUBJECT:** Re-certifications and New Certifications of Computerized Tax Rolls

The following units have certified that the requirements of Act 112 of 1990, MCL 211.42a as amended, and the conditions of Public Act 140 of 2015 are being met and request the State Tax Commission certify the computerized tax roll. All required documentation has been received and reviewed.

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

Date printed: November 9, 2018

**New Certifications:**

Menominee County  
Ingallston Township

**New Certification Denials:** None

**Recertification's:**

Menominee County  
Menominee Township

**Recertification Denials:** None



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

NICK A. KHOURI  
STATE TREASURER

**DATE:** November 20, 2018  
**TO:** Members of the State Tax Commission  
**FROM:** Emily Leik, Departmental Analyst  
**SUBJECT:** Eligible Economic Development Group Exemption

Public Act 274 of 2014 allows for an exemption from the collection of taxes under the General Property Tax Act, Public Act 206 of 1893, for specifically identified real property owned by an eligible economic development group. Pursuant to the Act, within 60 days after receipt of a copy of a resolution adopted by the governing body of a local tax collecting unit exempting specifically identified real and personal property owned by an eligible economic development group, the State Tax Commission shall determine if the real and personal property subject to the exemption is owned by an eligible economic development group.

If the State Tax Commission determines that the real and personal property subject to the exemption is owned by an eligible economic development group, the State Treasurer shall approve the resolution if he determines that exempting the real and personal property of the eligible economic development group is necessary to reduce unemployment, promote economic growth, and increase capital investment in the state.

The State Tax Commission has received a resolution from the City of Detroit exempting specifically identified real and personal property, located in the City of Detroit at 570 Clinton, 525 Clinton, 1326 St. Antoine, 1441 St. Antoine, and 1400 St. Antoine, owned by Rock Economic Development Group for a period of seven (7) years or until the expiration of the "holding period," as defined in the City of Detroit's resolution approving the exemption.

It is recommended that you make a determination that the real and personal property identified in the City of Detroit's resolution is owned by Rock Economic Development Group, an Eligible Economic Development Group.