STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Bulletin No. 3 of 2006
January 24, 2006
Board of Review

TO: **Boards of Review**
Assessing Officers

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

RE: **2006 BOARD OF REVIEW**

Part I of this Bulletin contains information about some of the changes which have occurred over the past several years which Boards of Review need to know about for the 2006 assessment year. Part II outlines the statutory obligations for Boards of Review. The State Tax Commission received a number of complaints in 2005 concerning Boards of Review acting outside their authorities. The STC asks that all Boards of Review carefully read this bulletin so they fully understand their statutory obligations.

Noted below are important matters that the STC wishes to bring to the attention of the 2006 Boards of Review.

1) Board of Review Denial of Classification Appeal.

The State Tax Commission at their meeting on October 25, 2005 adopted the following regarding property classification appeals:

a. The Commission eliminated the use of form 4036, which was used only to request a petition to appeal.

b. Beginning in 2006, the Commission is **requiring Boards of Review** with their notice of denial of a classification appeal **to provide form 2167**, which is the petition for appeal, to the taxpayer.

2) Exemption of Certain Real Property Owned by a Qualified Conservation Organization.

Public Act 576 of 2004 was enacted into law with an effective date of January 4, 2005. This law exempts certain real property owned by a Qualified Conservation Organization provided certain conditions are met. **This first takes effect for the 2006 assessment roll.**

IMPORTANT NOTE: Boards of Review need to be aware that properties which will qualify for the Qualified Conservation Organization exemption in 2006 likely already qualify for exemption under the provisions of MCL 211.7o (the exemption for charitable organizations). For instance, in *Michigan Nature Association v Township of Saugatuck* (MTT Docket 283322), the Michigan Tax Tribunal ruled that a nature preserve used by the general public and members of the Michigan Nature Association for hiking and for the study and enjoyment of nature was exempt.

3) Changes Due to P.A. 23 of 2005: Authority to Correct an Incorrect Uncapping:

Public Act 23 of 2005 was enacted into law on May 23, 2005 with an effective date of May 23, 2005. This law grants the July or December Board of Review the authority to correct the taxable value of property which was previously uncapped (due to a perceived transfer of ownership) if the assessor later determines that there had NOT been a transfer of ownership of that property after all. This authority applies to the current year and the 3 immediately preceding years. See Bulletin 9 of 2005 for more detailed information.

4) P.A. 140 of 2003 Changed Several Exemptions:

The exemption for the household furnishings, provisions, and fuel of certain fraternities, sororities, and student cooperative houses changes from $5,000 of **State Equalized Value** to $5,000 of **Taxable Value**.

The limit of the exemption for the working tools of a mechanic changes from $500 of **State Equalized Value** to $500 of **Taxable Value**.

The limit of the exemption for the personal property used by a householder in the operation of a business in the householder's dwelling or at one other location in the unit in which the householder resides changes from $500 of **State Equalized Value** to $500 of **Taxable Value**.

5) Exemption of Real and Personal Property of a Qualified Start-Up Business.

Public Acts 251, 252, 321, 323, and 324 of 2004 provide for certain exemptions for the real and personal property of Qualified Start-Up Businesses. Please see STC Bulletin 10 of 2004 for details.

6) Exemption of Certain Real and Personal Property Associated With an Innovations Center.

Public Acts 244 and 245 of 2004 provide for exemptions for certain real and personal property associated with an Innovations Center. Please see STC Bulletin 11 of 2004 for details.

7) Exemption of Property Owned or Sold by a Land Bank Fast Track Authority.

Public Act 261 of 2003 provides for an exemption for certain property owned or conveyed by a Land Bank Fast Track Authority. Please see STC Bulletin 12 of 2004 for details regarding this exemption and the specific tax authorized by PA 260 of 2003.

PART I

A) Proposal A

On March 15, 1994 the voters of the State of Michigan approved Proposal A, which made significant changes to the State Constitution. Most notably, for Boards of Review, Proposal A implemented a cap on the growth in Taxable Value, which was a new term. Starting in 1995, property taxes have been calculated using Taxable Value rather than State Equalized Value.

On December 29, 1994 the Governor signed into law Public Act 415 of 1994. PA 415 contains many changes to the General Property Tax Act regarding the implementation of Proposal A. PA 476 of 1996 and other laws implemented significant additional changes.

What has not changed is the method of computing Assessed Value and the system of county and state equalization. The "traditional" Assessed Value is still required to be 50% of market value. There shall still be a State Equalized Value (SEV) for each taxable property in the State of Michigan. Properties of similar value within a township or city must still have similar Assessed Values. In other words, the uniformity provisions of the 1963 Michigan Constitution still apply.

The biggest change, starting in 1995, was the requirement to calculate a Taxable Value for each non-exempt property in the State of Michigan. (Starting in 1995, property taxes were calculated using Taxable Value rather than State Equalized Value). Taxable Value, not assessed or equalized value, is subject to the cap required by Proposal A. The calculation of Taxable Value will be discussed later in this bulletin. For many parcels of property (including parcels subject to a Transfer of Ownership in the prior year), the Taxable Value created by Proposal A will be the same as the SEV of the parcel. For other properties, the taxable value will be the "Capped Value" (another new term) established by Proposal A.

Prior to 1995, property tax bills were calculated using ONLY State Equalized Valuations (SEVs) as the property tax base for each parcel of property on the tax roll. This formula multiplied the SEV by the authorized millage rate to get the tax levy for the parcel. With the passage of Proposal A, Taxable Value replaces State Equalized Value in this formula. Taxable Value has become the single property tax base in Michigan used to calculate property taxes.

REVISED PROPERTY TAX LEVY FORMULA

(A)	Times	(B)	equals	(C)
Taxable Value	X	Authorized Millage Rate	=	Parcel's Property Tax Levy

IMPORTANT: The following general requirements are still applicable to the 2006 assessment/equalization process.

1) Assessors shall prepare a 2006 assessment roll that contains "traditional" Assessed Valuations for each parcel of property, with uniformity according to the value of the parcel, and at 50 percent of true cash value, as was done in past years.

2) Proposal A did not provide the authority to increase all "traditional" assessments across the board by the inflation rate. This would not have been good assessing practice prior to Proposal A and it is not prescribed this year. This is not required or permitted by Proposal A and does not satisfy the requirement for a taxable valuation cap.

3) The cap on Taxable Value that was authorized by Proposal A has popularly been referred to as an assessment cap. A more technically accurate description of it would be to call it a Taxable Value Cap. Calling it by either name does not alter the fact that it effectively limits property taxes for capped properties. Knowing that it is a Taxable Value Cap and not an Assessed Value Cap accounts for the fact that 2006 assessments must be revised upwards or downwards where real estate values have increased or decreased, in the same manner that they were adjusted prior to Proposal A.

"Traditional" assessments are to be uniform according to the value of the property and at 50 percent of market value for each parcel of property in your township or city, regardless of whether or not the Taxable Value is capped. The calculation of Taxable Value is separate from the "traditional" Assessed Value and will be discussed later in this bulletin.

4) County Equalization Studies (usually 24-month studies) are still required to be prepared by Equalization Departments and submitted by an Equalization Department to the State Tax Commission on or before December 31 annually. Single year or 12 month studies are still appropriate only where there are severely declining real estate markets. State Equalization data is still to be prepared by the Assessment and Certification Division staff that serves the State Tax Commission. Each County Board of Commissioners still must annually equalize assessments for each Township and City within each County during its April Equalization Session.

Assessors and Boards of Review still have the obligation to turn over their assessment roll to the County Equalization Director immediately following adjournment of the Board of Review, but no later than the tenth day after adjournment of the Board of Review, or by the Wednesday following the first Monday in April, whichever is first (Section 30(6) of the General Property Tax Act). The State Tax Commission will still hold Preliminary State Equalization meeting on the Second Monday in May and a Final State Equalization meeting on the Fourth Monday in May regarding the six separately equalized classifications of real property plus personal property.

The determination of assessments (preparation and review of an assessment roll are still important and required to be done by assessors and boards of review and county and state equalized valuation are still important and required by constitution and statute. State equalized values (when they are the same as Taxable Value) will still be used in the calculation of property taxes for many parcels throughout the state. State Equalized Value will also be used in the property taxation of properties, which have experienced a "transfer of ownership" in 2005.

5) Proposal A did not change the State Tax Commission Rules and these rules still apply to the assessment/equalization activity of assessors, equalization departments and boards of review.

6) State Assessor's Board rules still provide that if an assessing unit receives an equalization factor of more than 1.10, the factor shall be sufficient cause for the board to determine if the certification of the assessor who prepared the assessment roll shall be revoked or suspended.

CALCULATION OF TAXABLE VALUE

Starting in 1995, Proposal A required that a Taxable Value shall be calculated for each parcel of real property in the State of Michigan (including any real property assessed on the personal property roll). Please see STC Bulletin 1 of 2000 regarding the calculation of Capped Value and Taxable Value for personal property. Each assessor made the calculations for their own city or township for the first time in 1995. The formula for calculating 2006 Taxable Value is as follows (provided there was NOT a "transfer of ownership" on the property in 2005 which will be discussed later in this bulletin).

2006 Taxable Value for a parcel of property is the LOWER of:

1) 2006 SEV for the parcel

or

2) 2006 CAPPED VALUE for the parcel, which is calculated as follows: (2005 Taxable Value - Losses) X 1.033 + Additions.

The following example shows the calculation of Taxable Value for a property, which had no physical changes during 2005 (meaning that the property's land size was still the same and the buildings on the property were neither destroyed in whole or in part, nor improved, etc.).

EXAMPLE: for a property whose market value increased by 2% for 2006 and there was not a "transfer of ownership" in 2005.

Given:	2005 SEV	=	50,000
	2005 Taxable Value	=	49,000
	2006 SEV	=	50,000 + 2% = 51,000

2006 Taxable Value is the LOWER of:

1) The 2006 SEV of 51,000

OR

2) The 2006 Capped Value, calculated as follows:

(2005 Taxable Value - Losses) X (The lower of 1.05 or the inflation rate multiplier of 1.033) + Additions

Since there are no additions or losses for this example, the formula for Capped Value is:

(49,000 - 0) X 1.033 + 0 for Additions

2006 Capped Value = $50,617

The 2006 Taxable Value is $50,617 (since this is lower than the 2006 SEV of $51,000.)

Important Reminder: P.A. 476 of 1996 removed the Value Change Multiplier from section 27a of the General Property Tax Act. One result of the removal of the VCM from the Capped Value Formula is that, in certain circumstances, the Taxable Value will increase in a year in which the State Equalized Value (SEV) remains the same (or decreases).

EXAMPLE: The Taxable Value of a property in 2005 was $100,000 and its 2005 SEV was $105,000. The property had no additions or losses. If the SEV correctly stays the same in 2006, the Taxable Value must increase by the rate of inflation (1.033 expressed as a multiplier) up to $103,300 even though the 2006 SEV is still $105,000.

In the example above, the Assessor and the Board of Review ARE REQUIRED BY LAW to increase the Taxable Value for 2006 by the applicable rate of inflation. It would be illegal, in the example above, for the Assessor or the Board of Review to set the Taxable Value at any figure other than $103,300. This example applies to Taxable Value NOT Assessed Value. This example is not intended to demonstrate that it is proper to raise assessed value by the inflation rate. The calculation of Capped Value and Taxable Value are covered in detail in STC Bulletins 3 of 1995, 18 of 1995, 2 of 1996, and 3 of 1997.

TRANSFERRED PROPERTIES

STC Bulletin No. 16 of 1995 (as supplemented by STC Bulletins 3 of 1997 and 10 of 2000) discusses "Transfers of Ownership". A property on which a "Transfer of Ownership" occurred in 2005 shall have its Taxable Value uncapped in 2006. This means that the 2006 Taxable Value of this property will be the same as its 2006 SEV.

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

The assessor and the Board of Review shall follow the same procedures for determining the Assessed Value of properties that have experienced a "transfer of ownership" as are used for properties that have not experienced a "transfer of ownership".

In the year following a sale, which is determined to be a "transfer of ownership", the SEV of the property will not automatically or necessarily equal 1/2 of the sale price of the

parcel. An individual sale price is not always a good indicator of the true cash value of the property due to a variety of reasons such as an uninformed buyer, an uninformed seller, insufficient marketing time, buyer and seller are relatives, and other possible reasons.

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

Therefore, a board of review does NOT have the authority to raise an assessment to 50% of sale price where that is not uniform with the level of assessment of properties of similar value in the unit.

Neither Proposal A nor its implementing language authorized assessors or boards of review to "follow sales" when determining the assessed value of properties. "Following sales" is defined in the assessor's manual as the practice of ignoring the assessment of properties, which have not recently been sold while making significant changes to the assessments of properties, which have been sold. **THE PRACTICE OF "FOLLOWING SALES" IS A SERIOUS VIOLATION OF THE LAW.**

BOARDS OF REVIEW ARE URGED TO READ STC BULLETIN NO. 19 OF 1997 AND THE STC MEMO ISSUED IN NOVEMBER 2005 THAT DESCRIBES THE ILLEGAL AND UNCONSTITUTIONAL PRACTICE OF "FOLLOWING SALES".

The law requires that a buyer of property shall report the "transfer of ownership" and the dollar amount (if any) of the "transfer of ownership" to the assessing officer on STC Form L-4260 (Property Transfer Affidavit). While this function is not the responsibility of boards of review, they may get questions regarding the filing of STC Form L-4260.

B) Authority of the Board of Review to Make Changes to Assessed Values, Capped Values, Tentative Taxable Values, Property Classifications, and Exemptions

The March Board of Review has authority to change only the current year's assessments. The March Board of Review does not have the authority to change assessments for a prior year.

Prior to 1995, a taxpayer could appeal the Assessed Value, the exempt status, and the classification of properties to the March Board of Review. Starting in 1995, a taxpayer could also appeal the tentative taxable value to the March Board of Review. The Board of Review's authority regarding each of these items is discussed below:

1) Assessed Values

The "traditional" Assessed Value is still required by law to be established at 50% of true cash value. The State Constitution still requires the "traditional" Assessed Value to be uniform with the assessments of other similar properties.

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

If the Board of Review changes an Assessed Value, it must also consider whether this change has caused the tentative Taxable Value to also change. This could happen because tentative Taxable Value is the LOWER of the Assessed Value (after applying the tentative equalization factor) and the Capped Value.

The minutes of the 2006 Board of Review shall include a copy of Form L-4035a whenever the Board of Review makes a change that causes the Taxable Value to change. The use of Form L-4035a is discussed in paragraph D of this bulletin.

EXAMPLE: Using the same information from the example earlier in this bulletin for a property that did not include any additions or losses and for which there was NOT a "transfer of ownership" in 2005.

Given:	2005 SEV	= $50,000
	2005 Taxable Value	= $49,000
	2006 Assessed Value	**= $51,000** (Tentative Equalization Factor is 1.0000)
	2006 Capped Value	**= $50,617**
	2006 Tentative Taxable Value	**= $50,617**

If the Board of Review changed the 2006 Assessed Value from $51,000 to $49,000, the Tentative Taxable Value would also change to $49,000 because $49,000 is lower than the 2006 Capped Value of $50,617.

This example demonstrates that a change by the Board of Review in Assessed Value from $51,000 to $49,000 has also caused the Tentative Taxable Value to change from $50,617 to $49,000.

A completed copy of Form L-4035a, as it applies to this example, is included with this bulletin.

2) Capped Values

STC Bulletin No. 14 of 1994 states that the assessment roll must contain the Capped Value for each parcel of real property. Please see STC Bulletin 1 of 2000 regarding the

calculation of Capped Value for personal property. The 2006 formula for Capped Value is calculated as follows:

2006 Capped Value = (2005 Taxable Value - Losses) X (the Inflation Rate Multiplier of 1.033) + Additions

Two elements of the formula above are typically matters of record and do not normally require any judgement decisions by the Board of Review. Those elements are the "2005 Taxable Value" and the "Inflation Rate Multiplier" of 1.033. If correct figures have been used in the formula, the Board of Review CANNOT change these two elements.

For 2006 Capped Value calculations, the Board of Review SHALL NOT use a number other than 1.033 for the Inflation Rate Multiplier. The Inflation Rate will be recalculated for each year.

The amount of the Losses and Additions used in the Capped Value formula, if improper, may be changed by the Board of Review. Please see STC Bulletins 3 of 1995, 18 of 1995 and 3 of 1997, which address the procedures required by law for determining the amount of Losses and Additions for calculation of the cap on Taxable Value. Only factual information should be used to amend the losses or additions in the Capped Value formula. Such amendments, if any, by a Board of Review, shall be in accordance with the law and STC directives.

Please note that some additions used in the Capped Value formula are at 50% of true cash value and some may not be. Three types of ADDITIONS must be at 50% of true cash value and 5 types could be less than 50% of true cash value. See page 7 of STC Bulletin No. 18 of 1995 for a listing of these types and see pages 6 to 11 of STC Bulletin No. 3 of 1995 (as amended by STC Bulletin No. 3 of 1997) for the formulas to calculate the amount of each type.

IMPORTANT NOTE: The Supreme Court ruled in *WPW Acquisition Company v City of Troy* (No. 118750) that an increase in value attributable to an increase in a property's occupancy rate is not a legal addition in the capped value formula.

There are 4 types of LOSSES. Three of the types of LOSSES are at the level of Taxable Value in the prior year and there are special provisions for the 4th type, contaminated properties. See pages 11 and 12 of STC Bulletin No. 3 of 1995 for the formulas to calculate the amount of LOSSES.

If the Board of Review changes the Capped Value by changing the amount of an Addition (assuming it is one of the Additions required to be at 50% of True Cash Value), it must also include the effects of this change in the Assessed Value. This would also cause tentative Taxable Value to change because tentative Taxable Value shall be the LOWER of the Assessed Value (after applying the tentative equalization factor) and the Capped Value.

If the Board of Review changes the amount of an ADDITION or a LOSS, it must include a completed copy of Form L-4035a with the Board of Review minutes.

EXAMPLE: In this example a garage was constructed in 2005 with a true cash value of $8,000

Given: 2005 Taxable Value = $49,000
2005 SEV = $50,000

2006 Assessed Value **= $55,000** (Tentative Equalization Factor is 1.0000). This assessment includes a 2% increase over the previous year because the value of this property has risen and it also includes $4,000 for the garage.

2006 Capped Value **= $54,617** (Calculated as follows:)

(2005 Taxable Value - Losses) X 1.033 + Additions
($49,000 - 0) X (1.033) + $4,000 = $54,6177
2006 Tentative Taxable Value = $54,617

If the Board of Review lowered the amount of the Addition in the Capped Value formula for the garage by $500 (from $4,000 to $3,500), it would also be necessary to lower the assessed value by $500 down to $54,117.

A completed copy of Form L-4035a, as it applies to this example, is included with this bulletin.

3) Tentative Taxable Value

Taxable Value is now the basis for property tax levies in Michigan. The law requires that the assessment roll must show the Tentative Taxable Value for each parcel of property. Once the Capped Value and the Assessed Value (with its tentative equalization factor) are properly calculated, the Tentative Taxable Value is the lower of the two (assuming there has not been a "transfer of ownership" on the property in 2005).

THE BOARD OF REVIEW SHALL NOT RAISE OR LOWER TENTATIVE TAXABLE VALUE UNLESS IT HAS ALSO RAISED OR LOWERED THE ASSESSED VALUE AND/OR THE CAPPED VALUE. (An exception to this rule could occur if there was a "transfer of ownership" on a property in 2005 and the assessor had not uncapped the Taxable Value for 2006 or if the opposite occurred.) Again, if the Board of Review changes either the Capped Value or the Assessed Value, the Board shall also determine whether the Tentative Taxable Value must also change. This could happen because Tentative Taxable Value is the LOWER of the Assessed Value (after applying the tentative equalization factor) and the Capped Value (assuming there has not been a "transfer of ownership" in 2005). See example under "Assessed Value" in paragraph #1 above.

4) "TRANSFERS OF OWNERSHIP": 2005 "TRANSFERS OF OWNERSHIP" UNCAP 2006 TAXABLE VALUES

The assessor of each township and city is required by law to review all of the transfers and conveyances which occurred in the prior year and determine which of these transfers and conveyances are "transfers of ownership" (Please See STC Bulletin No. 16 of 1995

(as amended by STC Bulletin No. 3 of 1997 and STC Bulletin No. 10 of 2000) for detailed information about "transfers of ownership").

If a particular 2005 transfer or conveyance is a "transfer of ownership", the assessor shall uncap the Taxable Value of that property in 2006. THIS MEANS THAT THE 2006 TAXABLE VALUE OF THIS PROPERTY SHALL BE THE SAME AS ITS 2006 SEV. (The Taxable Value of uncapped properties shall then be capped again in the second year following the "transfer of ownership", until the year following the next "transfer of ownership"). If a particular 2005 transfer or conveyance is NOT a "transfer of ownership", the Taxable Value of that property continues to be capped in 2006.

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

Public Act (PA) 23 of 2005 was enacted into law on May 23, 2005 with an effective date of May 23, 2005. This law grants the July or December Board of Review the authority to correct the taxable value of property which was previously uncapped (due to a perceived transfer of ownership) if the assessor later determines that there had NOT been a transfer of ownership of that property after all. This authority applies to the current year and the 3 immediately preceding years. See Bulletin 9 of 2005 for more detailed information.

5) Property Tax Exemptions

Property tax exemptions are still to be granted only according to authorizing provisions of the law and the Constitution. Court cases pertinent to property tax exemptions have interpreted the Constitution and the law and some cases are precedential.

Generally, it still holds true that the Constitution requires a NARROW construction of exemptions. In order to qualify for exemption, a property must have the exact qualifications required by the specific authorizing statute. Please note paragraphs C and F below that address the exemptions for homeowner's principal residences, qualified agricultural properties and poverty exemptions.

6) Assessment Roll Property Classifications

Property classifications must still be made in accordance with section 211.34c of the Michigan Compiled Laws (Please See STC Bulletin No. 9 of 1995 - amended by STC Bulletin No. 3 of 1997 - for detailed information about property classification). See also STC Bulletins 8 of 2002 and 1 of 2003 regarding the classification of buildings and other improvements on leased land. When considering a property's classification, Boards of Review must <u>not</u> be influenced by the effect that a particular classification might have on that property's status as a homeowner's principal residence or a qualified agricultural property. For example, a board of review has no authority to grant an agricultural classification just because it would qualify a property for exemption from the 18 mills of local school operating tax, as a qualified agricultural property.

MCL 211.34c, AS AMENDED BY PA 476 OF 1996, provides that an owner or assessor, who is not satisfied with the decision of the March Board of Review regarding a property's classification, may file a petition with the STC by June 30 of the current year.

It is necessary that each Board of Review notify a petitioning taxpayer of its decision regarding a classification matter. It is also necessary to remember that the zoning of a particular property does not dictate the classification of a property for assessment purposes, though it may be an influencing factor.

The State Tax Commission at their meeting on October 25, 2005 adopted the following regarding property classification appeals:

> The Commission eliminated the use of form 4036, which is used only to request a petition to appeal.
>
> Beginning in 2006, the Commission is **requiring Boards of Review** with their notice of denial of a classification appeal **to provide form 2167**, which is the petition for appeal, to the taxpayer.

STC Bulletin No. 14 of 1994 states that the assessment roll shall have a Board of Review column large enough to accommodate changes to the assessed value, the capped value, and the tentative taxable value. The changes to each of these must be recorded separately on the roll. This may be accomplished by placing an "A" behind a revised assessed value, a "C" behind a revised capped value, and a "T" behind a revised tentative taxable value.

C) Exemption from 18 mills of Local School Operating Tax for a Homeowner's Principal Residence (Administered by Michigan Department of Treasury) and Qualified Agricultural Properties (Administered by the STC)

1) Homestead Exemption

Starting in 1994, properties which qualified as "homesteads" (now called homeowner's principal residence) or "qualified agricultural property" were exempt from some school operating taxes (usually 18 mills). This is still true for 2006. This exemption does not apply to Taxable Value but applies to millages only.

The March Board of Review has no authority to consider or act upon protests or appeals of Homeowner's Principal Residence Exemptions for 1994 or any year thereafter, no matter how they are classified under MCL 211.34c. If the assessor denies a homeowner's principal residence exemption, the owner may appeal to the Michigan Tax Tribunal within 35 days after the notice of denial, not to the March Board of Review.

2) Qualified Agricultural Property Exemption

The March Board of Review DOES have authority to consider and act on protests regarding the millage exemption for Qualified Agricultural Properties. If an assessor

believes that a property for which a qualified agricultural property exemption has been granted in 2005 will not be qualified agricultural property in 2006, the assessor may deny or modify the exemption. If so, the assessor must notify the owner in writing and mail the notice to the owner not less than 10 days before the second meeting of the Board of Review. A taxpayer may then appeal the assessor's determination to the March Board of Review. The Board of Review's decision may then be appealed to the Michigan Tax Tribunal. (Please see STC Bulletin No. 4 of 1997 - as amended by STC Bulletin No. 8 of 2001 - for detailed information about the Qualified Agricultural Property exemption.)

Properties which meet the requirements of the qualified agricultural property exemption as of May 1, 2006 shall be exempted by the assessor from the 18 mills starting with 2006 tax bills. If the assessor denies a 2006 exemption because the property does not qualify as of May 1, 2006, the owner may appeal that denial to the JULY OR DECEMBER BOARD OF REVIEW. An owner of qualified agricultural property on May 1, 2005 or on May 1, 2006 that does not receive the exemption on the 2005 or 2006 tax roll may appeal to the 2006 JULY OR DECEMBER BOARD OF REVIEW.

D) Form L-4035, (Petition to Board of Review) and Form L-4035a

Attached to this bulletin is a copy of STC form L-4035 (Petition to Board of Review) which is recommended by the State Tax Commission for use by the Board of Review. A description of the use of this form can be found in Part II of this bulletin under the heading "Board of Review Minutes".

Also attached to this bulletin is a copy of form L-4035a. The minutes of the Board of Review shall include a completed copy of form L-4035a whenever the Board of Review makes a change, which causes Taxable Value to change. The following are changes, which could cause Taxable Value to change:

1) A change in the amount of a LOSS (used in the Capped Value formula).
2) A change in the amount of an ADDITION (used in the Capped Value formula).
3) A change in the amount of the 2006 Assessed Value.

E) Public Act 297 of 1994 (as amended) (MCL 211.30c)

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

IMPORTANT NOTE: This only applies to MICHIGAN TAX TRIBUNAL CHANGES when the MTT hearing is held in the same calendar year as the year of the assessment being appealed. Therefore, if the MTT hearing for a 2005 assessment appeal isn't held until 2006, the resulting assessment does not have to be used as the basis for the 2006 assessment.

Boards of review are cautioned that the "BASIS" for an assessment does not necessarily become the assessment. The dictionary defines basis as the base, foundation, or chief

supporting factor of anything. Assessments still have to be at 50% of True Cash Value and uniform. Also, the fact that an assessment reduced by a Board of Review may become the "basis" of the next year's assessment is not, in and of itself, a legitimate reason for a Board of Review to reduce an assessment.

Attached to this bulletin is a copy of a letter opinion by Deputy Attorney General Stanley D. Steinborn, which indicates the importance of achieving fifty percent of true cash value and uniformity when annually establishing assessments, notwithstanding the provisions of MCL 211.30c as added by 1994 PA 297, and amended by 1994 PA 415 and 1996 PA 476. This letter opinion also stresses the importance of "harmonizing" the requirements of MCL 211.30c with the requirements of MCL 211.27a(1) and MCL 211.24(1).

MCL 211.27a(1) requires that "property shall be assessed at 50% of its true cash value."

MCL 211.24(1) requires an assessor to annually "estimate, according to his or her best information and judgment, the true cash value and assessed value" of each parcel of real and personal property.

F) Poverty Exemptions

Public Act 390 of 1994 makes significant changes to the poverty exemption found in section 211.7u of the Michigan Compiled Laws. Please see STC Bulletins No. 5 of 1995 and No. 12 of 1998 for details.

G) Industrial Facilities Tax Roll (IFT) - "New" Certificates

A parcel of property holding a "New" Industrial Facilities Exemption Certificate will have two assessments. The land (and any improvements not covered by tax abatement exemption) will be assessed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review. The building, land improvements and personal property (covered by the exemption certificate) will have an assessment on the Industrial Facilities Tax Roll.

P.A. 1 of 1996 requires the assessor to calculate a Capped Value and a Taxable Value for the building and land improvements of a parcel of real property holding a "New" Industrial Facilities Tax Exemption Certificate. Taxes on a property holding a "New" Industrial Facilities Tax Exemption (IFT) Certificate shall be levied against the Taxable Value of the property, NOT the (equivalent) State Equalized Value. The Taxable Value of property that has a "New" IFT Exemption Certificate is calculated the same way that Taxable Value is calculated for the non-IFT, ad valorem assessment roll.

The March Board of Review may adjust the property's land assessment on the ad valorem roll. The March Board of Review may also adjust the IFT roll assessment of a "New" Industrial Facilities Tax Certificate.

H) IFT Tax Roll - "Rehabilitation" Certificates

A parcel of property holding a "Rehabilitation" Industrial Facilities Exemption Certificate will have two assessments. The land (and any improvements not covered by tax abatement exemption) will be assessed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review. The building, land improvements and personal property (covered by the exemption certificate) will have an assessment on the Industrial Facilities Tax Roll. The taxes on properties holding a "Rehabilitation" or "Replacement" certificate shall be levied against Taxable Value.

The Taxable Value of a property on the IFT roll with a "Rehabilitation" or "Replacement" certificate is the amount of the Taxable Value of the real and/or personal property for the tax year immediately preceding the effective date of the IFT exemption certificate. That amount is "frozen" until the exemption certificate expires.

The Taxable Value of a property on the IFT roll covered by a "Rehabilitation" or "Replacement" certificate, which began PRIOR TO 1995 will still be the same as the "frozen" SEV for the property until the exemption certificate expires. The Taxable Value of a property covered by a "Rehabilitation" or "Replacement" certificate which BEGAN IN 1995 OR AFTER will be the same as the "frozen" TAXABLE VALUE for the property until the exemption certificate expires.

The March Board of Review may adjust the property's land assessment on the ad valorem roll. The IFT Roll assessment of a property with a "Rehabilitation" certificate or "Replacement" certificate CANNOT have its assessment altered by a March Board of Review during the life of the certificate.

I.) Downtown Development Authorities, Tax Increment Finance Authorities, and Local Development Finance Authorities

There are no separate assessment rolls for the authorities listed above. The March Board of Review has NO authority regarding initial assessments made in a PRIOR year for these authorities.

The March Board of Review has authority to consider and/or alter the assessed and taxable values for the CURRENT year for properties within one of the above districts.

PART II

GUIDE FOR THE BOARD OF REVIEW

Membership:

Three, six, or nine electors of the township may be appointed by the township board. At least 2/3 of the members shall be property taxpayers of the township. If 6 or 9 are appointed, they shall be divided into committees of 3 for the purpose of hearing and deciding. Two of the 3 members of a board of review committee shall constitute a quorum for the transaction of the business of the committee. A spouse, mother, father, sister, brother, son or daughter including an adopted child, of the assessor is not eligible to serve on the Board of Review or to fill any vacancy on the board. MCL 211.28(1) and (2).

The size, composition, and manner of appointment of the board of review of a city may be prescribed by the charter of a city. In the absence of or in place of such a charter provision, the governing body of the city, by ordinance, may establish the city board of review in the same manner and for the same purposes as for township boards of review.

First Meeting:

The board of review shall meet on the Tuesday immediately following the first Monday in March to receive the assessment roll for the current year and proceed to examine same. MCL 211.29(1).

The board on its own motion or for cause shown by any person shall change and correct the roll to insure that the assessments in the roll comply with this act. MCL 211.29(2).

The board shall review the roll according to facts existing on tax day. MCL 211.29(3).

The board shall pass on each valuation and each interest and enter the valuation of each, as fixed by the board, in a separate column. MCL 211.29(4). The board of review is authorized to correct the assessed value and/or the tentative taxable value and/or the property classification and/or the qualified agricultural property exemption.

All the statements (personal and real property statements) required to be made and received by the supervisor or assessor shall be filed by same and shall be presented to the board of review for the use of said board MCL 211.23. (Statements are confidential with penalties for divulging information.)

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

Notice of the meeting of the board of review shall be given at least one week before in a generally circulated newspaper serving the area in 3 successive issues. If a newspaper is not available, the notice shall be posted in 5 conspicuous places in the township MCL 211.29(6) (Note: MCL 211.34a, requires that the notice of board of review meetings shall give the tentative ratios and estimated multipliers for each class of property in the assessing unit.

211.30(7) states that if a township or city authorized a resident taxpayer to file a board of review protest by letter, the notice or publication of the board of review meeting must include a statement notifying taxpayers of this option.)

A notice of any change by the board of review shall be given to the person chargeable with the assessment in such manner as will assure that the person has an opportunity to attend the second meeting of the board of review MCL 211.29(7).

Second Meeting:

The board of review shall meet on the second Monday in March starting not earlier than 9 a.m. and not later than 3 p.m. to continue in session during the day for not less than 6 hours. The governing body of a city or township may authorize an alternative starting date for the second meeting of the Board of Review. The alternative starting date can be either the Tuesday or the Wednesday following the second Monday in March. The board shall also meet for not less than 6 hours during the remainder of that week. The board shall hold at least 3 hours of its required sessions after 6 P.M. Persons or their agents who have appeared to file a protest at a scheduled meeting or at a scheduled appointment shall be afforded an opportunity to be heard. MCL 211.30.

The board of review shall listen to protests and correct the assessed value or the tentative taxable value as will make the valuation just and equal. The board may examine under oath the person making the application, or any other person, touching the matter. Any member of the board may administer the oath. The board of review has full authority, upon its own motion, to change assessments, to add to the roll omitted property which is liable to assessment if the person who is assessed shall be promptly notified and granted an opportunity to object. Every person who makes a request, protest or application to the board of review for the correction of the assessed value or the tentative taxable value of the person's property shall be notified in writing of the board of review's action, not later than the first Monday in June. The notice shall set forth the state equalized valuation or the tentative taxable value of the property, information regarding the right of appeal to the Michigan Tax Tribunal, the address of the Michigan Tax Tribunal and final date for appealing to the Michigan Tax Tribunal. MCL 211.30(4).

A non-resident taxpayer may file a protest in writing and shall not be required to make a personal appearance. The governing body of a township or city may by ordinance or resolution permit resident taxpayers to file a protest to the board of review in writing without personal appearance. If an ordinance or resolution is adopted to permit residents to file protests in writing, this fact must be contained in the assessment notice required by MCL 211.24c and on each notice or publication of the meeting of the board of review as required by MCL 211.30(7).

After the board of review completes its review of the assessment roll, a majority of the entire board membership shall indorse a statement that the roll is the assessment roll of the township for the year in which it was prepared and approved by the board of review MCL 211.30(5). Upon completion and the endorsement of the roll, it shall be presumed by all courts to be valid and shall not be set aside except for causes hereinafter mentioned. The omission of the endorsement shall not affect the validity of such roll. MCL 211.31.

If a quorum of the board of review or a quorum of a committee of the board is not present at any meeting, the supervisor or any member present shall notify the absent member to attend at once.

The member so notified shall attend without delay. If the second meeting is not held at the time fixed, then the board will meet on the next Monday and proceed as though the meeting had been timely held. MCL 211.32.

The supervisor shall be secretary of the full board of review and keep a record of proceedings and changes made in the roll and file the record with the township or city clerk. If the supervisor is absent, the board shall appoint one of its members to serve as secretary. The state tax commission may prescribe the form of the record when necessary. MCL 211.33.

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

Note: References on this page to the board of review will apply to the committees of 3 if the board consists of 6 or 9 members.

Board of Review Permitted and Prohibited Actions:

If the board of review consists of 6 or 9 members in townships or cities, the three member committees originally formed must remain intact. There shall be no transfer of a member or members to another committee. Each committee of three members may hear protests and decide issues.

At the first meeting the full board of review shall meet for the purpose of reviewing the roll. The board of review is not required to receive and hear taxpayers at this meeting; however, it may receive and consider written protests for assessment change. The public shall be permitted to be present as provided in the open meetings act.

The board of review or the committees of 3 must pass on each valuation (both assessed value and tentative taxable value) and each interest. Across the board adjustments by the board have been rejected by the Michigan Supreme Court in ruling in *Hayes v City of Jackson*, 267 Mich 523 and *Negaunee v State Tax Commission*, 337 Mich 169.

The board of review shall not reject or prepare an assessment roll but must consider only the assessment roll prepared by the assessor.

If the board of review receives an appeal from the classification of a parcel of property, it should give written notice of its action to the person who filed the appeal in order that the person has time to protest to the State Tax Commission. A classification appeal must be filed with the State Tax Commission no later than June 30 of the current year.

Board of Review Minutes:

A. Minutes should include the following:

1. Each protesting property owner or agent shall be required to file a completed STC form L-4035 with the Board of Review for each disputed assessed value and/or tentative taxable valuation and/or disputed classification and/or qualified agricultural property exemption.

2. The action and vote of the Board of Review shall be noted directly on the form L-4035 in the space provided for BOARD OF REVIEW USE ONLY.

3. The minutes of the Board of Review shall also include a completed copy of form L-4035a whenever the Board of Review makes a change which causes Taxable Value to change. The following are changes which could cause Taxable Value to change:

   1) A change in the amount of a LOSS.
   2) A change in the amount of an ADDITION.
   3) A change in the amount of the 2006 Assessed Value.

4. The State Tax Commission form L-4035 (and form L-4035a when needed) provide the minimum acceptable format for Board of Review records. Boards of Review using more extensive forms, that meet all the requirements indicated in this text, may continue to do so.

5. State Tax Commission form L-4035 (and form L-4035a when needed) are to be incorporated as an integral part of the Board of Review minutes. Each assessed value and tentative taxable value and classification and qualified agricultural property exemption which is protested by a taxpayer or agent to the Board of Review, or altered by the Board of Review, shall be documented by a completed form L-4035 which records the action and vote of the Board (and by form L-4035a when needed).

   a. Each STC form L-4035, whether or not the Board of Review makes a change, shall be incorporated into the minutes by the Board of Review by notation of the petition number as recorded on each form L-4035. This same petition number shall also be recorded on each completed form L-4035a.

   b. Each form L-4035 and form L-4035a shall be attached to and retained with the minutes to provide the necessary historic record.

6. Additionally the minutes shall include references to:

   a. Place, day, and time of meeting.

   b. Members present and members absent; correspondence or telephone calls, made or received, and discussion recorded regarding each petition.

   c. Actual hours in session should be recorded daily, and time of daily adjournments recorded.

   d. Date and time of closing of the final annual session should be recorded.

7. A written record of the annual Board of Review proceedings is necessary because:

a. Petitions may be filed by taxpayers with the Tax Tribunal regarding assessed value, tentative taxable value, or exemption issued or with the Tax Commission regarding non-valuation classification disputes.

b. A complete record eliminates misunderstandings and provides a year-to-year record.

Additional Important Statutory References:

211.2 Michigan Compiled Laws (MCL) Tax Day, preparation of assessment roll, examination of properties

The taxable status of persons and real and personal property for a tax year shall be determined as of each December 31 of the immediately preceding year, which is considered the tax day, any provisions in the charter of any city or village to the contrary notwithstanding. An assessing officer is not restricted to any particular period in the preparation of the assessment roll but may survey, examine, or review property at any time before or after the tax day.

211.10 MCL Village Assessments

(2) Notwithstanding any provision to the contrary in the act of incorporation or charter of a village, an assessment for village taxes shall be identical to the assessment made by the applicable assessing officer of the township in which the village is located, and tax statements shall set forth clearly the state equalized value and the taxable value of the individual properties in the village upon which authorized millages are levied.

211.10a MCL

All property assessment rolls and property appraisal cards shall be available for inspection and copying during the customary business hours.

211.24c MCL Notice of Assessments Increased (by the assessor)

(1) The assessor shall give to each owner or person or persons listed on the assessment roll of the property a notice by first-class mail of an increase in the tentative state equalized valuation or the tentative taxable value for the year. The notice shall specify each parcel of property, the tentative taxable value for the current year, and the taxable value for the immediately preceding year. The notice shall also specify the time and place of the meeting of the board of review. The notice shall also specify the difference between the property's tentative taxable value in the current year and the property's taxable value in the immediately preceding year.

(2) The notice shall include, in addition to the information required by subsection (1), all of the following:

(a) The state equalized valuation for the immediately preceding year.
(b) The tentative state equalized valuation for the current year.

(c) The net change between the tentative state equalized valuation for the current year and the state equalized valuation for the immediately preceding year.
(d) The classification of the property as defined by section 34c.
(e) The inflation rate for the immediately preceding year as defined in section 34d.
(f) A statement provided by the state tax commission explaining the relationship between state equalized valuation and taxable value. If the assessor believes that a transfer of ownership has occurred in the immediately preceding year, the statement shall state that the ownership was transferred and that the taxable value of that property is the same as the state equalized valuation of that property.

(3) When required by the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532, the assessment notice shall include or be accompanied by information or forms prescribed by the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

(4) The assessment notice shall be addressed to the owner according to the records of the assessor and mailed not less than 10 days before the meeting of the board of review. The failure to send or receive an assessment notice does not invalidate an assessment roll or an assessment on that property.

(5) The tentative state equalized valuation shall be calculated by multiplying the assessment by the tentative equalized valuation multiplier. If the assessor has made assessment adjustments that would have changed the tentative multiplier, the assessor may recalculate the multiplier for use in the notice.

(6) The state tax commission shall prepare a model assessment notice form that shall be made available to local units of government.

(7) The assessment notice under subsection (1) shall include the following statement:

> "If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit before May 1."

(8) For taxes levied after December 31, 2003, the assessment notice under subsection (1) shall separately state the state equalized valuation for any leasehold improvements.

211.30c MCL Assessment changes

(1) If a taxpayer has the assessed value or taxable value reduced on his or her property as a result of a protest to the board of review under section 30, the assessor shall use that reduced amount as the basis for calculating the assessment in the immediately succeeding year. However, the taxable value of that property in a tax year immediately succeeding a transfer of ownership of that property is that property's state equalized valuation in the year following the transfer as calculated under this section.

(2) If a taxpayer appears before the tax tribunal during the same tax year for which the state equalized valuation, assessed value, or taxable value is appealed and has the state equalized valuation, assessed value, or taxable value of his or her property reduced pursuant to a final order of the tax tribunal, the assessor shall use the reduced state

equalized valuation, assessed value, or taxable value as the basis for calculating the assessment in the immediately succeeding year. However, the taxable value of that property in a tax year immediately succeeding a transfer of ownership of that property is that property's state equalized valuation in the year following the transfer as calculated under this section.

(3) This section applies to an assessment established for taxes levied after January 1, 1994. This section does not apply to a change in assessment due to a protest regarding a claim of exemption.

211.34a MCL Tabular statement of tentative equalization ratios and estimated multipliers; preparation; publication; copies; notices; effect on equalization procedures; appeal

(1) The equalization director of each county shall prepare a tabular statement each year, by the several cities and townships of the county, showing the tentative recommended equalization ratios and estimated multipliers necessary to compute individual state equalized valuation of real property and of personal property. The county shall publish the tabulation in a newspaper of general circulation within the county on or before the third Monday in February each year and furnish a copy to each assessor and to each of the boards of review in the county and to the state tax commission. All notices of meetings of the boards of review shall give the tentative ratios and estimated multipliers pertaining to their jurisdiction. The tentative recommended equalization ratios and multiplying figures shall not prejudice the equalization procedures of the county board of commissioners or the state tax commission. (Subsection 2 of 34a not relevant-omitted.)

211.34c MCL Classification of assessable property required; tabulation of assessed valuations; transmission of tabulation and other statistical information; classifications of assessable real property; classifications of assessable personal property; buildings on leased land as improvements; total usage of parcel which includes more than 1 classification; notice to assessor and protest of assigned classification; decision; petition; arbitration; determination final and binding; construction of section

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

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

(a) Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings, and parcels assessed to the department of natural resources and valued by the state tax commission. For

taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. As used in this subdivision, "agricultural operations" means the following:
(i) Farming in all its branches, including cultivating soil.
(ii) Growing and harvesting any agricultural, horticultural, or floricultural Commodity.
(iii) Dairying.
(iv) Raising livestock, bees, fish, fur-bearing animals, or poultry.
(v) Turf and tree farming.
(vi) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

(b) Commercial real property includes the following:
(i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
(ii) Parcels used by fraternal society.
(iii)Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
(iv)For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.

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

(d) Industrial real property includes the following:
(i) Platted or unplatted parcels used for manufacturing and processing purposes, with or without buildings.
(ii) Parcels used for utilities sites for generating plants, pumping stations, switches, substations, compressing stations, warehouses, rights-of-way, flowage land, and storage areas.
(iii) Parcels used for removal or processing of gravel, stone, or mineral ores, whether valued by the local assessor or by the state geologist.
(iv) For taxes levied after December 31, 2002, buildings on leased land used for industrial purposes.
(v) For taxes levied after December 31, 2002, buildings on leased land for utility purposes.

(e) Residential real property includes the following:
(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.
(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

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

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

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

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

(b) Commercial personal property includes the following:
(i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
(ii) All outdoor advertising signs and billboards.
(iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
(iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

(c) Industrial personal property includes the following:
(i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
(ii) Personal property of mining companies valued by the state geologist.

(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.

(e) Utility personal property includes the following:
(i) Electric transmission and distribution systems, substation equipment, spare parts, gas distribution systems, and water transmission and distribution systems.
(ii) Oil wells and allied equipment such as tanks, gathering lines, field pump units, and buildings.
(iii) Inventories not exempt by law.
(iv) Gas wells with allied equipment and gathering lines.
(v) Oil or gas field equipment stored in the open or in warehouses such as drilling rigs, motors, pipes, and parts.
(vi) Gas storage equipment.
(vii) Transmission lines of gas or oil transporting companies.

(4) For taxes levied before January 1, 2003, buildings on leased land of any classification are improvements where the owner of the improvement is not the owner of

the land or fee, the value of the land is not assessed to the owner of the building, and the improvement has been assessed as personal property pursuant to section 14(6).

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

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

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

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

211.53b Special Purpose Meetings of Board of Review: July and December Meetings.

(1) If there has been a clerical error or a mutual mistake of fact relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes, the clerical error or mutual mistake of fact shall be verified by the local assessing officer and approved by the board of review at a meeting held for the purposes of this section on Tuesday following the second Monday in December and, for summer property taxes, on Tuesday following the third Monday in July. If there is not a levy of summer property taxes, the board of review may meet for the purposes of this section on Tuesday following the third Monday in July. If approved, the board of review shall file an affidavit within 30 days relative to the clerical error or mutual mistake of fact with the proper officials who are involved with the assessment figures, rate of taxation, or mathematical computation and all affected official records shall be corrected. If the clerical error or mutual mistake of fact results in an overpayment or underpayment, the rebate, including any interest paid, shall be made to the taxpayer or the taxpayer shall be notified and payment made within 30 days of the notice. A rebate shall be without interest. The county treasurer may deduct the rebate from the appropriate tax collecting unit's subsequent distribution of taxes. The county treasurer shall bill to the appropriate tax-collecting unit the tax collecting unit's share of taxes rebated. Except as otherwise provided in subsection (6), a correction under this subsection may be made in the year in which the error was made or in the following year only.

(2) Action pursuant to this section may be initiated by the taxpayer or the assessing officer.

(3) The board of review meeting in July and December shall meet only for the purpose described in subsection (1) and to hear appeals provided for in sections 7u, 7cc, and 7ee. If an exemption under section 7u is approved, the board of review shall file an affidavit with the proper officials involved in the assessment and collection of taxes and all affected official records shall be corrected. If an appeal under section 7cc or 7ee results in a determination that an overpayment has been made, the board of review shall file an affidavit and a rebate shall be made at the times and in the manner provided in subsection (1). Except as otherwise provided in section 7cc and 7ee, a correction under this subsection shall be made for the year in which the appeal is made only. If the board of review grants an exemption or provides a rebate for property under section 7cc or 7ee as provided in this subsection, the board of review shall require the owner to execute the affidavit provided for in section 7cc or 7ee and shall forward a copy of any section 7cc affidavits to the department of treasury.

(4) If an exemption under section 7cc is granted by the board of review under this section, the provisions of section 7cc(6) through (11) apply. If an exemption under section 7cc is not granted by the board of review under this section, the owner may appeal that decision in writing to the department of treasury within 35 days of the board of review's denial and the appeal shall be conducted as provided in section 7cc(7).

(5) An owner or assessor may appeal a decision of the board of review under this section regarding an exemption under section 7ee to the residential and small claims division of the Michigan tax tribunal. An owner is not required to pay the amount of tax in dispute in order to receive a final determination of the residential and small claims division of the Michigan tax tribunal. However, interest and penalties, if any, shall accrue and be computed based on interest and penalties that would have accrued from the date the taxes were originally levied as if there had not been an exemption.

(6) A correction under this section that grants a homestead exemption pursuant to section 7cc(21) may be made for the year in which the appeal was filed and the 3 immediately preceding tax years.