

M E M O R A N D U M
September 16, 2020

TO: Rob Sarro, Allegan County Administrator
FROM: Matt Woolford, Allegan County Equalization Director
RE: Assessing Reform

You have asked that I provide a brief summary of the options that the county has for the appointment of a Designated Assessor as part of the implementation of P.A. 660 of 2018.

What is the Designated Assessor?

- The Designated Assessor is part of a process to ensure that local units are in compliance with the statutory provisions of the AMAR (Audit of Minimum Assessing Requirements).
- It is part of a process to make sure that local units are meeting minimum assessing requirements.

Who are the Designated Assessors?

- The Designated Assessor is the individual selected and agreed to by the County Board of Commissioners and a majority of the assessing districts within that county, subject to final approval of the State Tax Commission.
- The Designated Assessor serves as the assessor of record and assumes all duties and responsibilities as the assessor of record for an assessing district that is determined to be non-compliant with an audit.
- Each County is required to enter into an interlocal agreement that designates the individual who will serve as the County's Designated Assessor.
- The interlocal agreement must be approved by the County Board and a majority of the assessing districts in the County.
- The Designated Assessor is not an automatic requirement for Countywide assessing or for the County Equalization Director to take over assessing for local units.
- The County can certainly be named the Designated Assessor but this requirement can be met by any appropriately certified individual.

The individual who will serve as the county's Designated Assessor must be in good standing and be certified as either a Michigan Advanced Assessing Officer (MAAO) or a Michigan Master Assessing Officer (MMAO). There are several options for the County Board and local leaders to consider.

- Option 1: Appoint an individual or assessing company as the Designated Assessor for Allegan County. This person or company would be independent of the county and any local assessing unit.
- Option 2: Appoint the County Equalization Director as the Designated Assessor for Allegan County.
- Option 3: Appoint a local City or Township Assessor from within Allegan County assessing districts as the Designated Assessor for Allegan County.

Option 1: Appoint an individual or assessing company as the Designated Assessor for Allegan County. This person or company would be independent of the county and any local assessing unit.

This option would result in a qualified individual or company being named as Designated Assessor for Allegan County. By maintaining a separate entity from both the local units in Allegan County and any of the assessing districts in the County, home rule and improving assessing performance are both preserved and enhanced.

- This option emphasizes a truly independent party not tied to any local unit of government or Allegan County; provides collaboration with locals, insures local Assessors review and participation in selection process.
- May require a some contractual compensation from the county to retain the service. If a local unit were to need the service, that service would be paid for by the local unit.

Option 2: Appoint the County Equalization Director as the Designated Assessor

This option will be used by several but certainly not all counties for the services of the Designated Assessor. Each county equalization director varies in direct assessing and equalization experience. Not all counties have the resources in people, processes, and technology to successfully fill the role as the Designated Assessor.

- The current Director has experience in appraising, assessing, property mapping and equalization functions, having worked at the township, city, and county levels of assessment administration.
- The current Director has led technology and standards efforts successfully at the local and state level.
- In the event that a Designated Assessor would be needed in Allegan, the Director would be able to work with the Mayors, Managers, and Supervisors to mentor a new assessor while drawing from the staff and technology support systems in place at Allegan County.
- The Director would fulfill this roll in his/her capacity as an employee of Allegan County and no retainer or fee for service would be required using this option.

Option 3: Appoint a local City or Township Assessor from within Allegan County assessing districts as the Designated Assessor for Allegan County.

This option is similar to Option 1, with the exception that the Designated Assessor would be drawn from an existing local unit. This option provides a local unit to extend its existing assessing services to another local government as part of the intergovernmental agreement.

- Several qualified assessors within Allegan County are in good standing and are certified at the MAAO or MMAO level.
- An experienced assessor from within Allegan County would extend proven successful operations to another assessing district(s) that are not ensuring adequate assessing outcomes.
- May or may not require some contractual compensation to maintain readiness as activation as the Designated Assessor could affect existing operations unless the Designated Assessor is acting in his/her capacity as an employee of their city or township and no retainer fee is requested.

Important to note is that the Designated Assessor shall be a named individual and not a county or local unit, since the Designated Assessor must be a named MAAO or MMAO.

The Allegan Assessors have met on a Zoom call and briefly discussed the need to name a Designated Assessor. I believe it would be a good idea to have a Zoom meeting with City and Local leaders to discuss this topic with the goal of acting on an interlocal agreement by December 31, 2020.

Attached to this email is combination of several State Tax Commission sources that I have gleaned from to provide this brief overview/summary. I look forward to your input and am available to assist the County Board in its task to move this item forward in the coming weeks.

Please let me know if you have any questions or would like additional information. I'll look forward to speaking with you on this topic soon.



What is Property Assessing Reform?

The Michigan Department of Treasury is pleased to present the first in a series of information materials to assist assessors and local units in understanding the changes enacted in P.A. 660 of 2018, commonly referred to as Property Assessing Reform.

The purpose of this document is to provide a high level overview of P.A. 660 of 2018. In its simplest form, P.A. 660 provides a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for a local unit to be determined to be in substantial compliance with the General Property Tax Act, provides timetables for audits as well as follow up audits and provides a process for bringing a local unit into compliance if they remain non-compliant after a follow up review (also known as the designated assessor).

The Act also mandates training for local unit Boards of Review and allows for local units to combine Boards of Review for efficiency purposes and provides for a village located within two assessing districts may request that the assessment of property be completed within one of the districts.

What do local units and Assessors need to know now?

1. The majority of the provisions in the Act do not go into place until 2022.
2. Local units can begin to prepare now by ensuring they are meeting the requirements in the current AMAR and if not, that they work to ensure corrections are made to bring them into compliance. This topic will be addressed in more detail in a future presentation.
3. The Designated Assessor provision does not mandate that all assessors be an Advanced or Master Level and it does not mandate Countywide Assessing. More information on the Designated Assessor will be provided in a future presentation.
4. The provision to allow Boards of Review to combine went into effect with the 2019 year. The Cities or Townships that want to combine their Boards of Review must be contiguous and must still meet the statutory provisions regarding size, composition and manner of appointment of the Board of Review.
5. The State Tax Commission will be working to develop rules, guidelines and issue Bulletins to address provisions in the Act.
6. Updates on Property Assessing Reform will be published on the State Tax Commission's website at www.michigan.gov/statetaxcommission and a dedicated email address has also been established for questions regarding Property Assessing reform. Questions on Property Assessing Reform can be emailed to AssessingReformQuestions@michigan.gov.



Property Assessing Reform: Designated Assessor

One of the most complex provisions within P.A. 660 is the Designated Assessor. This document will provide a high level overview of the Designated Assessor requirement and what it is and isn't.

What is the Designated Assessor? The Designated Assessor is part of a process to ensure that local units are in compliance with the statutory provisions of the AMAR. In other words it is part of a process to make sure that local units are meeting minimum assessing requirements.

As with the current AMAR process, the statute provides for an initial AMAR and a corrective action plan to be approved by the STC. The statute then provides for a follow up review to be conducted in accordance with the approved corrective action plan. If after that follow up review, the local unit remains in non-compliance then the local unit has two options: they can employ or contract with a new assessor of record at the Advanced or Master Level or they can contract with the Designated Assessor for the County to serve as their assessor of record.

Who are the Designated Assessors? The statute provides the process for determining who the Designated Assessors will be. Each County is required to enter into an interlocal agreement that designates the individual who will serve as the County's Designated Assessor. That interlocal agreement must be approved by the County Board and a majority of the assessing districts in the County. Once the interlocal agreement is approved, it is sent to the State Tax Commission for final approval. The STC will determine if the individual named as the Designated Assessor is capable of ensuring they can achieve and maintain substantial compliance for any local unit that contracts with them.

The Designated Assessor is not an automatic requirement for Countywide assessing or for the County Equalization Director to take over assessor for local units. While the County can certainly be named the Designated Assessor, it is not an automatic designation as the Designated Assessor is determined by the approved interlocal agreement.

The Act contains a number of specific detailed provisions regarding the Designated Assessor including how long they serve, what happens in the case of a Designated Assessor that can no longer serve and appeal processes for local units regarding substantial compliance. Those provisions will be discussed in much more detail in future publications and in STC Bulletins, Guidelines and Rules.



Property Assessing Reform Scenarios

In order to help assessors and local units better understand Property Assessing Reform, we have put together several scenarios that represent various situations that occur within your local unit our County. These scenarios are representative of situations under PA 660 and do not represent all possible outcomes. Specific questions can be directed to the Property Assessing Reform email at AssessingReformQuestions@michigan.gov.

Scenario 1

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies within 1 year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2024, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found to be corrected and within 90 days of the follow-up review the STC issues a notice of substantial compliance. No further follow-ups are required.

Scenario 2

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies that extends beyond one year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2025, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found to be corrected and within 90 days of the follow-up review the STC issues a notice of substantial compliance. No further follow-ups are required.

Scenario 3

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.

- Within 30 days after receiving a notice of noncompliance, the assessing district files a written petition with the STC challenging the determination.
- The STC arbitrates the dispute based on documented facts.
- The STC finds that the assessing district is substantial compliance. No corrective action plan or follow-up is required.

Scenario 4

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 30 days after receiving a notice of noncompliance, the assessing district files a written petition with the STC challenging the determination.
- The STC arbitrates the dispute based on documented facts.
- The STC finds that the assessing district is not in substantial compliance.
- The assessing district files a corrective action plan within 60 days of the notice of the results of arbitration from the STC.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2024, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found to be corrected and within 90 days of the follow-up review the STC issues a notice of substantial compliance. No further follow-ups are required.

Scenario 5

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies within 1 year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2024, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found not to be corrected and within 90 days of the follow-up review the STC issues a notice of noncompliance.
- Within 60 days, the assessing district elects to contract with the designated assessor for the county to serve as the district's assessor of record.
- SEE DESIGNATED ASSESSOR SCENARIO.

Scenario 6

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies within 1 year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.

- No earlier than May 1st and no later than September 1st of 2024, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found not to be corrected and within 90 days of the follow-up review the STC issues a notice of noncompliance.
- Within 60 days, the assessing district amends the corrective action plan to provide that the assessing district will employ or contract with a new assessor of record, who is an advanced assessing officer or a master assessing officer.
- Within 60 days of filing the amended corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2025, the STC conducts a second follow-up review with the assessing district.
- The deficiencies have been found to be corrected and within 90 days of the follow-up review the STC issues a notice of substantial compliance. No further follow-ups are required.

Scenario 7

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies within 1 year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2024, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found not to be corrected and within 90 days of the follow-up review the STC issues a notice of noncompliance.
- The STC immediately requires the assessing district to contract with the designated assessor.
- SEE DESIGNATED ASSESSOR SCENARIO

Scenario 8

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies within 1 year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- No earlier than May 1st and no later than September 1st of 2024, the STC conducts an initial follow-up review with the assessing district.
- The deficiencies have been found not to be corrected and within 90 days of the follow-up review the STC issues a notice of noncompliance.
- Within 60 days, the assessing district amends the corrective action plan to provide that the assessing district will employ or contract with a new assessor of record, who is an advanced assessing officer or a master assessing officer.
- Within 60 days of filing the amended corrective action plan, the STC approves the plan for correcting deficiencies.

- No earlier than May 1st and no later than September 1st of 2025, the STC conducts a second follow-up review with the assessing district.
- The second follow-up review results in a notice of noncompliance. The STC requires the assessing district to contract with the designated assessor.
- SEE DESIGNATED ASSESSOR SCENARIO

Scenario 9

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- The assessing district fails to file an acceptable corrective action plan with the STC within 180 days following the notice of noncompliance.
- The STC immediately requires the assessing district to contract with the designated assessor.
- SEE DESIGNATED ASSESSOR SCENARIO

Scenario 10

- STC determines that the assessing district is not in substantial compliance for the 2023 assessment roll. A notice of noncompliance is provided to the assessing district.
- Within 60 days of receiving a notice of noncompliance, the assessing district develops a corrective action plan to address the deficiencies within 1 year.
- Within 60 days of filing the corrective action plan, the STC approves the plan for correcting deficiencies.
- The assessing unit fails to make a good-faith effort to implement the corrective action plan within 240 days of the notice of noncompliance.
- This failure is likely to result in assumption of the assessing district's assessment roll.
- The STC immediately requires the assessing district to contract with the designated assessor.
- SEE DESIGNATED ASSESSOR SCENARIO

DESIGNATED ASSESSOR SCENARIO

- The STC requires the assessing district, or the local unit elects to, contract with the designated assessor.
- The designated assessor is contracted to be the assessor of record for the assessing district.
- Unless earlier times are agreed to by the STC, the designated assessor or the assessing district may petition the STC to end its contract with the designated assessor no sooner than three years after commencement of the contract.
- No sooner than five years after the commencement of the contract, the designated assessor, or the assessing district may terminate the contract, subject to STC approval.
- The STC shall approve termination of a contract if it determines that the assessing district can achieve and maintain substantial compliance using a different assessor of record.



How are Villages Affected by Property Assessing Reform?

P.A. 660 made the following change to the way Villages are assessed. MCL 211.10d was modified to reflect the following:

(7) Every lawful assessment roll shall have a certificate attached signed by the certified assessor who prepared or supervised the preparation of the roll. A village that is located in more than 1 assessing district may, in a form and manner prescribed by the state tax commission, request state tax commission approval that the assessment of property within the village be combined with the assessment of property in 1 of those assessing districts.

Specifically this change indicates that a Village that is located in more than one assessing district may request the STC to approve that the assessing for the Village be combined with the assessing of property in one of the local units, thereby eliminating the need for the Village to be assessed in two or more different local units and potentially by two or more different assessors.

Does this require Villages to hire their own assessor? No. This change is only for those Villages with property in more than one assessing district and only if the Village wants to make a change. It does not affect a Village with property located solely within one assessing district and again this is not a mandated change.

Can a village located in more than one County take advantage of this? Yes. Please contact the STC for more information on filling out Form 5689 and what documentation must be submitted.

Villages who are interested in making this change must fill out Form 5689 and submit that to the State Tax Commission for their approval. This application must be filled out in its entirety and must include a resolution approved by the receiving assessing district and the village approving the assessment of the village property in one of the assessing districts. The resolution must state the name of the assessing district that will assume responsibility for the assessment of all of the Village property.

Questions can be submitted to the Assessing Reform Email at AssessingReformQuestions@michigan.gov.



What Can Local Units Do to Prepare for Assessing Reform?

As has been discussed in other Topics, P.A. 660 provides a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for a local unit to be determined to be in substantial compliance with the General Property Tax Act, provides timetables for audits as well as follow up audits and provides a process for bringing a local unit into compliance if they remain non-compliant after a follow up review (also known as the designated assessor).

These statutory changes make it even more important that local unit officials take a proactive role in assessment administration and work with their assessor to ensure proper assessing. The local unit board or council is responsible for making certain the local unit's assessing is meeting state requirements.

Local units can begin to prepare now by ensuring they are meeting the requirements in the current AMAR and if not, that they work to ensure corrections are made to bring them into compliance. The AMAR form is available on the State Tax Commission website (www.michigan.gov/statetaxcommission) under the AMAR tab and provides links to the statutory or STC requirements.

Officials should not wait until they're faced with the audit of their assessing practices to start thinking about assessing and property taxes. Making an effort today will not just give your local unit a better chance of passing the AMAR with flying colors.

Officials must first make sure that their local unit employs an assessor who is certified at the proper level for their unit. Assessors must be certified through the STC and can achieve three levels: Michigan Certified Assessing Officer, Michigan Advanced Assessing Officer and Michigan Master Assessing Officer. The STC requires local units to have assessors at a certain level, based on the state equalized value of their property tax roll. Specific information regarding those levels is available on the STC website.

Some assessors work for multiple local units. While this is a common practice, especially in rural areas, Townships and Cities should monitor how many units their assessors are assessing. Even if they are within the state's limits for units they can assess, Townships and Cities need to ensure you are receiving the highest quality work from your assessor. Quality, thorough work must be the priority in hiring an assessor, not the price.

Once the assessor is employed, make sure they have all of the tools and funding necessary. A local unit must budget for resources to meet all state requirements, as well as a salary high enough to keep a quality assessor.

As the employer, local units should set annual benchmarks with their assessors and make sure they're being met. Officials should ask questions, such as whether the assessor

visited 20% of the local unit's properties this year or if the assessment roll was certified on time. One way to do this is setting aside time at meetings regularly to get reports from the assessor. Townships and Cities should review with their assessor the Supervising Preparation of the Rolls document (found on the STC website) to ensure the requirements are being met. They should also review the AMAR document prior to the audit to ensure all requirements are being met.

If your local unit's elected officials are unfamiliar with the assessing process, invite your assessor to give a presentation at a meeting, which will help gain insights that are valuable to their work for the local unit.



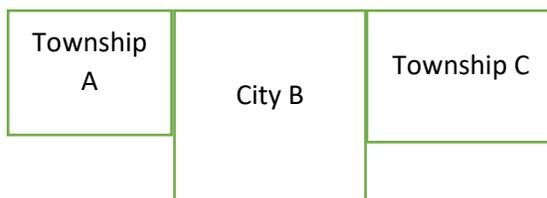
Combining Boards of Review

As has been discussed in other Topics, P.A. 660 provides a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for a local unit to be determined to be in substantial compliance with the General Property Tax Act, provides timetables for audits as well as follow up audits and provides a process for bringing a local unit into compliance if they remain non-compliant after a follow up review (also known as the designated assessor).

The Act also made changes to the way Boards of Review operate including requiring training and allows for Boards of Review to be combined across contiguous local units:

The governing bodies of 2 or more contiguous cities or townships may, by agreement, appoint a single board of review to serve as the board of review for each of those cities or townships for purposes of this act. The provisions in subsections (1) to (5) should serve as a guide in determining the size, composition, and manner of appointment of a board of review appointed under this subsection. (MCL 211.28(6))

In order for Boards to combine and act as a single Board of Review, several conditions must be met. First, the local units must be contiguous. Contiguous is defined as local units that touch or abut each other, this can be on the side, top, bottom or corner. Can three local units be “chained” and act as a single Board of Review? Yes, in this situation you may have three local units in this configuration:



The City Council or Township Board of each local unit must agree and take formal action to approve to combine their Boards of Review. As long as all local units involved agree and take formal action to approve, the units can combine to operate as a single Board of Review.

In our three local unit example above, this would require the appointment of a single Board of Review made up of three members. Using the provisions of MCL 211.28(1) to (5) as a guide, at least 2/3 of the members must be taxpayers of local units A, B and/or C. The following three examples are used to demonstrate some, but not all, of the possible scenarios for a single Board of Review:

- Example 1: Combined Board of Review has one member from Township A, one member from City B and one member from Township C
- Example 2: Combined Board of Review has two members from Township A and one member from City B
- Example 3: Combined Board of Review has one member from City B, one member from Township C and one member that is not a taxpayer of any of the combined local units

The combined Board of Review must also follow these requirements:

- Members appointed to the Combined Board of Review shall serve for terms of 2 years beginning at noon on January 1 of each odd-numbered year.
- A member of the township board is not eligible to serve on the board or to fill any vacancy. A spouse, mother, father, sister, brother, son, or daughter, including an adopted child, of the assessor is not eligible to serve on the board or to fill any vacancy.
- At least 2 members of a 3-member board of review shall be present to conduct any business or hearings of the Combined Board of Review.
- If 3, 6, or 9 electors are appointed, the membership of the Combined Board of Review must be divided into Board of Review committees consisting of 3 members each.
- Not more than 2 alternate members may be appointed for the same term as regular members of the Combined Board of Review.

Interlocal Agreement and Designated Assessor Contract Checklist

This Interlocal Agreement and Designated Assessor Contract Checklist is provided to serve as a guide to assist counties in complying with the requirements found in the General Property Tax Act of 1893, as amended by Public Act 660 of 2018, and State Tax Commission guidance. The items below are illustrative of the information the State Commission will review and consider in approving a Designated Assessor. These items should not be considered an exhaustive list.

Background Information

- Name of the county and proposed Designated Assessor
- Identification of all the assessing districts within the county
- Current SEV County totals by class, including special act values
- Total number of parcels, by classification, including special act rolls, within each local unit
- List of any unique, complex or high value properties within the County
- Length of the agreement
- Agreement effective date
- Place of performance of duties
- Signature of the Designated Assessor, the majority of County Board of Commissioners, and a majority of Township Supervisor or City Manager within the county

Qualifications of Proposed Designated Assessor

- Current assessor certification level and number
- Identification of current employment status and specific assessing or equalization responsibilities
- Description of prior local unit assessing experience of the proposed Designated Assessor
- Conflict of interest disclosures

Scope of Services Provided by Designated Assessor

- Preparation of assessment rolls – satisfaction of Supervising Preparation of Assessment Roll
- Plan to correct deficiencies found in audit - timeline for delivery of documents and execution of forms
- Attendance at Boards of Review meetings
- Duties and responsibilities related to property tax appeals, both Small Claims and Entire Tribunal, appeals filed with the Michigan Tax Tribunal
- Reporting requirements and responsibility to meet with local unit officials
- Any and all obligations of local unit assessing staff members
- Responsibilities of Designated Assessor during the period in which they are not acting as an assessor of record for an assessing district within the county
- Requirement to remain certified and in good-standing
- Non-exclusivity of assessing services, if applicable

Duties and Responsibilities for Local Unit Contracting with Designated Assessor

- Providing the Designated Assessor with reasonable access to records, documents, databases and information
- Advise Designated Assessor of any applicable policies and procedures including technology, equipment, facility, etc.

Cost and Compensation for Designated Assessor

- Payment terms and fee structure (i.e., payor, timeline for payment or payments, reimbursement terms if the county pays the retainer upfront, hourly rate, dollar/parcel, amount/assessed value)
- Payment responsibility (i.e., county or assessing district) for when Designated Assessor acting as assessor of record
- Retainer or base rate information, if applicable
- Payment in the event of death or disability of the proposed Designated Assessor
- Cost reimbursement for when the Designated Assessor is acting as assessor of record
- Identification of payment of certain costs including appraisal, expert witness or attorney fees related to MTT appeals, and employing additional assessing staff to bring assessing unit into compliance

Act No. 660
Public Acts of 2018
Approved by the Governor
December 28, 2018
Filed with the Secretary of State
December 28, 2018
EFFECTIVE DATE: December 28, 2018

**STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018**

Introduced by Rep. Lower

ENROLLED HOUSE BILL No. 6049

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” by amending sections 10d, 10e, and 28 (MCL 211.10d, 211.10e, and 211.28), section 10d as amended by 1984 PA 19, section 10e as added by 1986 PA 223, and section 28 as amended by 2006 PA 143, and by adding section 10g.

The People of the State of Michigan enact:

Sec. 10d. (1) The annual assessment of property shall be made by an assessor who has been certified as qualified by the state tax commission as having successfully completed training in a school of assessment practices or by the passage of a test approved by the state tax commission and conducted by the state tax commission or an agency approved by the state tax commission that will enable the individual to properly discharge the functions of the office. The school shall be established by an approved educational institution in conjunction with the state tax commission and be supervised by the state tax commission and its agents and employees. The state tax commission may determine that a director of a county tax or equalization department or an assessor who has not received the training possesses the necessary qualifications for performing the functions of the office by the passage of an approved examination.

(313)

(2) The state tax commission may also grant a conditional 6-month certification to a newly elected assessing officer or an assessing officer appointed to fill an unexpired term if all of the following criteria are met:

(a) The newly elected or appointed assessing officer applies for certification and pays the required filing fee.

(b) The governing body of the assessing district requests the state tax commission to conditionally certify the newly elected or appointed assessing officer.

(c) The newly elected or appointed assessing officer or the governing body of the assessing district submits a statement outlining the course of training he or she plans to pursue.

(d) The period of time for which the conditional certification is requested does not exceed 6 months after the date that he or she assumes office.

(3) Conditional certification under subsection (2) shall not be granted for any assessing district more than once in 4 years.

(4) Conditional certification under subsection (2) shall only be granted to a newly elected or appointed assessing officer in an assessing district that does not exceed a total state equalized valuation of \$125,000,000.00.

(5) Upon presentation of evidence of the successful completion of the qualifications, the assessor shall be certified as qualified by the state tax commission.

(6) An assessing district that does not have an assessor qualified by certification of the state tax commission may employ an assessor so qualified. If an assessing district does not have an assessor qualified by certification of the state tax commission, and has not employed a certified assessor, the assessment shall be made by the county tax or equalization department or the state tax commission and the cost of preparing the rolls shall be charged to the assessing district.

(7) Every lawful assessment roll shall have a certificate attached signed by the certified assessor who prepared or supervised the preparation of the roll. A village that is located in more than 1 assessing district may, in a form and manner prescribed by the state tax commission, request state tax commission approval that the assessment of property within the village be combined with the assessment of property in 1 of those assessing districts. A certificate attached to an assessment roll pursuant to this subsection shall be in the form prescribed by the state tax commission. If after completing the assessment roll the certified assessor for the assessing district dies or otherwise becomes incapable of certifying the assessment roll, the director of the county tax or equalization department or the state tax commission shall certify the completed assessment roll at no cost to the assessing district.

(8) The assessing district shall assume the cost of training, if a certification is awarded, to the extent of course fees and recognized travel expenditures.

(9) An assessor who certifies an assessment roll over which he or she did not have direct supervision is guilty of a misdemeanor.

(10) The state tax commission shall promulgate rules for the issuance or revocation of certification.

(11) The director of a county tax or equalization department required by section 34 of this act shall be certified by the state tax commission at the level determined to be necessary by the state tax commission before being appointed by the county board of commissioners pursuant to section 34 or before performing or, after March 29, 1985, continuing to perform, the functions of the director of a county tax or equalization department. The state tax commission may grant a conditional extension of 12 months to an individual who is serving as the director of a county tax or equalization department on March 29, 1985 if all of the following conditions are satisfied:

(a) At the time of applying for certification the individual is currently certified at not less than 1 level below the level required by the state tax commission for that county.

(b) The individual applies for certification and pays the required fee.

(c) The county board of commissioners requests the state tax commission to grant the extension.

(d) The individual submits a statement to the state tax commission outlining the course of study he or she intends to pursue to obtain certification.

(12) The state tax commission may grant an additional 6-month extension to the conditional extension described in subsection (11) if the extension is requested by the county board of commissioners and the applicant demonstrates satisfactory progress in the course of study outlined to the state tax commission under subsection (11). In a county in which a vacancy has been created in the position of director of a county tax or equalization department and in which the position was previously filled by an individual certified at the level required by the state tax commission pursuant to this subsection, an individual certified at 1 level below the level required by the state tax commission pursuant to this subsection may serve in the position for 12 months after the vacancy has been created.

Sec. 10e. All assessing officials whose duty it is to assess real or personal property on which real or personal property taxes are levied by any taxing unit of the state shall use only the official assessor's manual or a manual approved by the state tax commission consistent with the official assessor's manual, with their latest supplements, as prepared or approved by the state tax commission as a guide in preparing assessments. Beginning with the tax

assessing year 1978, all assessing officials shall maintain records relevant to the assessments, including appraisal record cards, personal property records, historical assessment data, tax maps, and, through calendar year 2018, land value maps, consistent with standards set forth in the assessor's manual published by the state tax commission.

Sec. 10g. (1) Pursuant to subsection (2), on and after December 31, 2021, the state tax commission shall audit the assessing districts in this state to determine if they do all of the following:

(a) Employ or contract with an assessor of record that oversees and administers an annual assessment of all property liable to taxation in the assessing district, as provided in section 10, in accordance with the constitution and laws of this state. For an assessing district that amends its corrective action plan pursuant to subsection (3)(c), its assessor of record must be an advanced assessing officer or a master assessing officer.

(b) Use a computer-assisted mass appraisal system that is approved by the state tax commission as having sufficient software capabilities to meet the requirements of this act and to store and back up necessary data.

(c) Subject to state tax commission guidelines, have and follow a published policy under which its assessor's office is reasonably accessible to taxpayers. A policy under this subdivision must include, at a minimum, the items in subparagraphs (i) to (iv) and should include the item in subparagraph (v) as follows:

(i) A designation, by name, telephone number, and electronic mail address, of at least 1 official or employee in the assessor's office to whom taxpayer inquiries may be submitted directly by telephone or electronic mail.

(ii) An estimated response time for taxpayer inquiries submitted under subparagraph (i), not to exceed 7 business days.

(iii) Information about how a taxpayer may arrange a meeting with an official or employee of the assessor's office for purposes of discussing an inquiry in person.

(iv) Information about how requests for inspection or production of records maintained by the assessor's office should be made by a taxpayer and how those requests will be handled by the assessor's office.

(v) Information about any process that the assessor's office may have to informally hear and resolve disputes brought by taxpayers before the March meeting of the board of review.

(d) If a city or township building within the assessing district is in an area with broadband internet access, provide taxpayers online access to information regarding its assessment services, including, but not limited to, parcel information, land value studies and documentation, and economic condition factors. As used in this subdivision, "area with broadband internet access" means an area determined by the connect Michigan broadband service industry survey to be served by fixed terrestrial service with advertised speeds of at least 25 megabits per second downstream and 3 megabits per second upstream in the most recent survey available.

(e) Include the contact information described in subdivision (c)(i) in notices to taxpayers concerning assessment changes and exemption determinations, including, but not limited to, notices issued under section 24c.

(f) Ensure that its support staff is sufficiently trained to respond to taxpayer inquiries, require that its assessors maintain their certification levels, and require that its board of review members receive board of review training and updates required and approved by the state tax commission.

(g) Comply with section 44(4) with respect to any property tax administration fee collected under section 44.

(h) Have all of the following:

(i) Properly developed and documented land values.

(ii) An assessment database for which not more than 1% of parcels are in override.

(iii) Properly developed and documented economic condition factors.

(iv) An annual personal property canvass and sufficient personal property records according to developed policy and statutory requirements.

(v) A board of review that operates in accordance with this act.

(vi) An adequate process for determining whether to grant or deny exemptions according to statutory requirements.

(vii) An adequate process for meeting the requirements outlined in the state tax commission's publication entitled, "Supervising Preparation of the Assessment Roll", as those requirements existed on October 1, 2018.

(i) Comply with any other requirement that the state tax commission lawfully promulgates under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, in the exercise of its authority under this act that expressly states that it is intended as an additional requirement under this subsection.

(2) The state tax commission shall develop and implement an audit program to determine whether an assessing district is in substantial compliance with the requirements in subsection (1). If, after December 31, 2021, the state tax commission determines that an assessing district is not in substantial compliance with the requirements in subsection (1), the state tax commission may initiate the process described in subsection (3) to ensure that the assessing district achieves and maintains substantial compliance with those requirements.

(3) The state tax commission shall develop and implement a process to ensure that all assessing districts in the state achieve and maintain substantial compliance with the requirements in subsection (1). At a minimum, that process shall include all of the following actions and procedures:

(a) If the state tax commission determines that an assessing district is not in substantial compliance with the requirements in subsection (1) and elects to initiate the process described in this subsection, the commission shall provide the assessing district with a notice of noncompliance setting forth the reasons the assessing district is not in substantial compliance with the requirements in subsection (1) and requesting that the assessing district develop a corrective action plan approved by its governing body to address those deficiencies. Except as otherwise provided in subdivision (g), an assessing district shall file a corrective action plan requested under this subdivision with the state tax commission within 60 days after receipt of the notice of noncompliance. The state tax commission shall approve a corrective action plan filed under this subdivision or request changes to the plan within 60 days after filing.

(b) No earlier than May 1 and no later than September 1 of the calendar year immediately following the year of the notice described in subdivision (a), or, in the case of a corrective action plan approved by the state tax commission that extends beyond 1 year, no earlier than May 1 and no later than September 1 of the calendar year that is the second calendar year following the year of the notice described in subdivision (a), the state tax commission shall conduct an initial follow-up review with the assessing district and, within 90 days following that review, provide the district with an evaluation of its progress in implementing its corrective action plan and a notice of substantial compliance or noncompliance with the requirements in subsection (1).

(c) Except as otherwise provided in subdivisions (g) and (i), an assessing district that has received a notice of noncompliance as part of an initial follow-up review under subdivision (b) shall elect to either contract with the designated assessor for the county to serve as the district's assessor of record or amend its corrective action plan with the approval of the state tax commission to provide that the assessing district will employ or contract with a new assessor of record, who shall be an advanced assessing officer or a master assessing officer, to achieve and maintain substantial compliance with the requirements in subsection (1).

(d) If an assessing district amends its corrective action plan pursuant to subdivision (c), no earlier than May 1 and no later than September 1 of the following calendar year, the state tax commission shall conduct a second follow-up review with the assessing district and, within 90 days following that review, provide the district with an evaluation of its progress in implementing its corrective action plan and a notice of substantial compliance or noncompliance with the requirements in subsection (1).

(e) If the state tax commission, pursuant to subdivision (b) or (d), provides an assessing district a notice of substantial compliance with the requirements in subsection (1), no further follow-up reviews are required under this subsection.

(f) Except as otherwise provided in subdivision (g), if the state tax commission provides an assessing district a notice of noncompliance pursuant to a second follow-up review under subdivision (d) or notifies an assessing district that it has fallen out of substantial compliance less than 5 calendar years after the calendar year a notice of substantial compliance was issued under this subsection, the state tax commission may require the assessing district to contract with the designated assessor for the county to serve as the district's assessor of record. If the state tax commission notifies an assessing district that it has fallen out of substantial compliance with the requirements in subsection (1) more than 4 calendar years after the calendar year a notice of substantial compliance was issued, that notice of noncompliance shall be treated as an initial determination of noncompliance under this subsection.

(g) Within 30 days after receiving a notice of noncompliance under subdivisions (a), (b), (d), or (f), an assessing district may file a written petition with the state tax commission challenging the determination. The state tax commission shall arbitrate the dispute based on the documented facts supporting the notice of noncompliance and the information contained in the written petition and may request additional information as needed from the assessing district. If a petition is properly filed under this subdivision, the requirements applicable to an assessing district under subdivisions (a), (c), and (f) do not apply until the state tax commission notifies the assessing district of the results of the arbitration. With respect to the corrective action plan filing requirement in subdivision (a), the 60-day window for filing the plan will run from the date of this notice.

(h) Unless earlier times are agreed to by the state tax commission and the designated assessor, an assessing district that is under contract with a designated assessor under this subsection may petition the state tax commission no sooner than 3 years after commencement of the contract to end its contract with the designated assessor and may subsequently terminate the contract, subject to state tax commission approval, no sooner than 5 years after commencement of the contract. The state tax commission shall approve termination of a contract under this subdivision if it determines that the assessing district can achieve and maintain substantial compliance with the requirements in subsection (1) using a different assessor of record.

(i) Notwithstanding any other provision of this subsection, the state tax commission may immediately require an assessing district to contract with the designated assessor for the county to serve as the district's assessor of record if after the expiration of 90 days following a second notice of noncompliance under subdivision (b) or the issuance of a notice of arbitration results under subdivision (g), whichever is later, the assessing district has not either contracted

with the designated assessor for the county or employed or contracted with a new assessor of record pursuant to subdivision (c) or if both of the following apply:

(i) The assessing district has failed to file an acceptable corrective action plan with the state tax commission under subdivision (a) within 180 days following an initial notice of noncompliance under subdivision (a) or has failed to make a good-faith effort to implement a corrective action plan approved by the state tax commission under subdivision (a) within 240 days following an initial notice of noncompliance under subdivision (a).

(ii) The failure is likely to result in assumption of the assessing district's assessment roll.

(j) A designated assessor may charge an assessing district that is required to contract with the designated assessor under this subsection, and that assessing district shall pay, for the reasonable costs incurred by the designated assessor in serving as the assessing district's assessor of record, including, but not limited to, the costs of overseeing and administering the annual assessment, preparing and defending the assessment roll, and operating the assessing office. The state tax commission shall develop guidelines, which, at a minimum, shall provide for the ability of an assessing district to protest a charge to the state tax commission and the ability of the state tax commission to resolve disputes between the designated assessor and the assessing district regarding costs and charges.

(k) A designated assessor is a local assessing unit for purposes of the provisions in section 44 concerning the division and use of any collected property tax administration fees.

(4) Beginning December 31, 2020, every county shall have a designated assessor on file with the state tax commission, subject to all of the following:

(a) Subject to subdivision (d), to designate an assessor as a designated assessor, a county shall provide the state tax commission with an interlocal agreement that designates an individual who will serve as the county's designated assessor and shall petition the state tax commission to approve of the individual as the designated assessor for that county. The interlocal agreement must be executed by the board of commissioners for that county, a majority of the assessing districts in that county, and the individual put forth as the proposed designated assessor. For purposes of this subdivision and subsection (5)(d), an assessing district is considered to be in the county where all of, or in the case of an assessing district that has state equalized value in multiple counties, the largest share of, that assessing district's state equalized value is located.

(b) Except as otherwise provided in subdivision (d), if the state tax commission determines that an individual named in a petition submitted under subdivision (a) is capable of ensuring that contracting assessing districts achieve and maintain substantial compliance with the requirements in subsection (1), it shall approve the petition.

(c) Except as otherwise provided in subdivision (d), if the state tax commission determines that an individual named in a petition submitted under subdivision (a) is not capable of ensuring that contracting assessing districts achieve and maintain substantial compliance with the requirements in subsection (1), it shall reject the petition and request the submission of additional interlocal agreements under subdivision (a) until a suitable assessor has been presented.

(d) Except as otherwise provided in subdivision (e), an approved designated assessor designation shall not be revoked and no new designation shall be made under subdivision (a) earlier than 5 years following the date of the approved designation.

(e) The state tax commission may designate and approve, on an interim basis and pursuant to a formal agreement, an individual to serve as a county's designated assessor and, if applicable, revoke the approved designation of the current designated assessor under the following circumstances and subject to the following time limit:

(i) If the designated assessor dies or becomes incapacitated.

(ii) If the designated assessor was designated and approved based on his or her employment status and that status materially changes.

(iii) If it determines at any time that the designated assessor is not capable of ensuring that contracting assessing districts achieve and maintain substantial compliance with the requirements in subsection (1).

(iv) If, as of December 31, 2020, it has not been provided an interlocal agreement, executed as provided in subdivision (a), that presents a suitable individual to serve as the county's designated assessor.

(v) An approved designation under this subdivision is effective only until a new assessor has been designated and approved under subdivisions (a) to (c).

(5) As used in this section:

(a) "Advanced assessing officer" means an individual certified by the state tax commission pursuant to section 10d as a Michigan Advanced Assessing Officer(3) or, if the state tax commission changes its certification designations, an individual certified by the state tax commission to perform functions equivalent in scope, as determined by the state tax commission, to those that previously could have been performed by a Michigan Advanced Assessing Officer(3).

(b) "Assessing district" means a city, township, or joint assessing authority.

(c) "Corrective action plan" means a plan developed by an assessing district that specifically indicates how the assessing district will achieve substantial compliance with the requirements in subsection (1) and when substantial compliance will be achieved.

(d) "Designated assessor" means an individual designated and approved, as provided in subsection (4), to serve a county as the assessor of record for the assessing districts in that county that are required to contract with a designated assessor pursuant to the process specified in subsection (3).

(e) "Master assessing officer" means an individual certified by the state tax commission pursuant to section 10d as a Michigan Master Assessing Officer(4) or, if the state tax commission changes its certification designations, an individual certified by the state tax commission to perform functions equivalent in scope, as determined by the state tax commission, to those that previously could have been performed by a Michigan Master Assessing Officer(4).

(f) "Noncompliance" means that the identified deficiencies, taken together, pose a significant risk that the assessing district is unable to perform the assessing function in conformity with the state constitution and state statute. It is the opposite of substantial compliance and shall be determined based on a holistic evaluation of compliance with the requirements in subsection (1), taking into account the anticipated overall impact of the deficiencies on the assessing district's ability to perform the assessment function. A finding of noncompliance shall not be based on isolated technical deficiencies.

(g) "Substantial compliance" means that any identified deficiencies do not pose a significant risk that the assessing district is unable to perform the assessment function in conformity with the state constitution and state statute. It is the opposite of noncompliance.

(6) Not later than 2 years after the effective date of the amendatory act that added this section, the state tax commission shall adopt and publish guidelines to implement this section. The guidelines shall include, at a minimum, minimum standards and model policies to be followed for substantial compliance with the requirements of subsection (1) and shall identify those deficiencies that may lead to a finding of noncompliance and those deficiencies that are technical. The state tax commission may update the guidelines as needed to implement this section.

Sec. 28. (1) The township board shall appoint those electors of the township who will constitute a board of review for the township. At least 2/3 of the members must be property taxpayers of the township. Members appointed to the board of review shall serve for terms of 2 years beginning at noon on January 1 of each odd-numbered year. Each member of the board of review shall qualify by taking the constitutional oath of office within 10 days after appointment. The township board may fill any vacancy that occurs in the membership of the board of review. A member of the township board is not eligible to serve on the board or to fill any vacancy. A spouse, mother, father, sister, brother, son, or daughter, including an adopted child, of the assessor is not eligible to serve on the board or to fill any vacancy. A majority of the board of review constitutes a quorum for the transaction of business, but a lesser number may adjourn and a majority vote of those present will decide all questions. At least 2 members of a 3-member board of review shall be present to conduct any business or hearings of the board of review.

(2) The township board may appoint 3, 6, or 9 electors of the township, who will constitute a board of review for the township. If 6 or 9 members are appointed as provided in this subsection, the membership of the board of review must be divided into board of review committees consisting of 3 members each for the purpose of hearing and deciding issues protested pursuant to section 30. Two of the 3 members of a board of review committee constitute a quorum for the transaction of the business of the committee. All meetings of the members of the board of review and committees must be held during the same hours of the same day and at the same location.

(3) A township board may appoint not more than 2 alternate members for the same term as regular members of the board of review. Each alternate member must be a property taxpayer of the township. Alternate members shall qualify by taking the constitutional oath of office within 10 days after appointment. The township board may fill any vacancy that occurs in the alternate membership of the board of review. A member of the township board is not eligible to serve as an alternate member or to fill any vacancy. A spouse, mother, father, sister, brother, son, or daughter, including an adopted child, of the assessor is not eligible to serve as an alternate member or to fill any vacancy. An alternate member may be called to perform the duties of a regular member of the board of review in the absence of a regular member. An alternate member may also be called to perform the duties of a regular member of the board of review for the purpose of reaching a decision in issues protested in which a regular member has abstained for reasons of conflict of interest.

(4) 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 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 provided by this section for townships.

(5) A majority of the entire board of review membership shall indorse the assessment roll as provided in section 30. The duties and responsibilities of the board contained in section 29 shall be carried out by the entire membership of the board of review and a majority of the membership constitutes a quorum for those purposes.

(6) The governing bodies of 2 or more contiguous cities or townships may, by agreement, appoint a single board of review to serve as the board of review for each of those cities or townships for purposes of this act. The provisions in

subsections (1) to (5) should serve as a guide in determining the size, composition, and manner of appointment of a board of review appointed under this subsection.

Enacting section 1. It is the intent of the legislature to appropriate sufficient money to address start-up and training costs associated with this amendatory act, including, but not limited to, necessary costs incurred to train board of review members, increase the number of assessors qualified to serve as assessors of record, facilitate initial designated assessor designations, respond to assessor requests for technical assistance, enhance staff and programming within the state tax commission to improve technical support for assessors of record, and transition some assessment services to designated assessors.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor

Property Assessing Reform Proposal

Frequently Asked Questions

General Information:

What is Property Assessing Reform?

In its simplest form Property Assessing Reform, P.A. 660, provides a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for a local unit to be determined to be in substantial compliance with the General Property Tax Act, provides timetables for audits as well as follow up audits and provides a process for bringing a local unit into compliance if they remain non-compliant after a follow up review (also known as the designated assessor).

The Act also mandates training for local unit Boards of Review and allows for local units to combine Boards of Review for efficiency purposes and provides for a village located within two assessing districts may request that the assessment of property be completed within one of the districts.

How does the reform benefit taxpayers, local units, and the state?

By ensuring accurate, uniform, and equitable assessments across the state, reform will significantly reduce the unnecessary costs associated with incorrect assessments. When errors occur, taxpayers, local units, and the state are all negatively impacted—*in fact, the state's interest is substantial, as roughly half the property tax on non-PRE property (the 24 school mills), and roughly a third of all property taxes, is essentially a state revenue source.*

Not only do errors raise the risk of taxpayers being over-assessed and unfairly taxed or local units and the state having their revenues improperly reduced, but they also often generate litigation expense, as the aggrieved party is forced to appeal simply to enforce constitutional and statutory requirements. Further, by reducing faith in the system, errors create a culture of litigation that forces local units to allocate more resources to defending correct assessments. All of these costs are associated with the quality of the initial assessment. As assessment quality increases, these costs to taxpayers, local units, and the state will drop significantly.

The AMAR audits just started—why aren't we giving them time to work?

The AMAR reviews are in the 2nd five year cycle. What those audits have demonstrated is that while certain individual units may face unique challenges with assessing, there are also some systemic deficiencies with our assessing system that need to be addressed. The minimum quality standards are designed to address those systemic deficiencies, which will allow the AMAR audits to work more effectively on addressing challenges faced by individual local units.

Isn't this just county assessing by another name?

No. While participating in county assessing is always an option, local units can continue to do their own assessing or share an assessor of record with another local unit. The only requirement is that every city, township, and county in the state meet certain specified minimum quality standards. The objective is not to move every local unit to county assessing but to ensure accurate, uniform, and equitable assessments across the state that meet statutory and constitutional requirements.

What is an assessing district?

An assessing district is defined in the statute as City, Township, Or Joint Assessing Authority.

Does this force local units to give up their assessing function?

No. With the changes in P.A. 660, there are also consequences if a local unit does not correct assessing deficiencies identified in the AMAR. As with the current AMAR process, the statute provides for an initial AMAR and a corrective action plan to be approved by the STC. The statute then provides for a follow up review to be conducted in accordance with the approved corrective action plan. If after that follow up review, the local unit remains in non-compliance then the local unit has two options: they can employ or contract with a new assessor of record at the Advanced or Master Level or they can contract with the Designated Assessor for the County to serve as their assessor of record.

Does the proposal eliminate all MCAO Assessors?

No.

Local assessing works in my community—why are you asking us to change?

To the extent a local unit is currently meeting the minimum quality standards, no change is necessary. If a local unit is not meeting the standards, they have options, they can employ or contract with a new assessor of record at the Advanced or Master Level or they can contract with the Designated Assessor for the County to serve as their assessor of record.

Designated Assessor

What is a Designated Assessor?

The Designated Assessor is part of a process to ensure that local units are in compliance with the statutory provisions of the AMAR. In other words it is part of a process to make sure that local units are meeting minimum assessing requirements.

As with the current AMAR process, the statute provides for an initial AMAR and a corrective action plan to be approved by the STC. The statute then provides for a follow up review to be conducted in accordance with the approved corrective action plan. If after that follow up

review, the local unit remains in non-compliance then the local unit has two options: they can employ or contract with a new assessor of record at the Advanced or Master Level or they can contract with the Designated Assessor for the County to serve as their assessor of record.

Who are the Designated Assessors?

The statute provides the process for determining who the Designated Assessors are. Each County is required to enter into an interlocal agreement that designates the individual who will serve as the County's Designated Assessor. That interlocal agreement must be approved by the County Board and a majority of the assessing districts in the County. Once the interlocal agreement is approved, it is sent to the State Tax Commission for final approval. The STC will determine if the individual named as the Designated Assessor is capable of ensuring they can achieve and maintain substantial compliance for any local unit that contracts with them.

So, the County will automatically be the Designated Assessor?

While the County can certainly be named the Designated Assessor, it is not an automatic designation as the Designated Assessor is determined by the approved interlocal agreement.

How will locals pay for the Designated Assessor?

The Designated Assessor will serve in place of the local unit's current assessor. It is expected that using the money from that current salary will help offset the costs of the Designated Assessor. Additionally, as previously mentioned, errors raise the risk of taxpayers being over-assessed and unfairly taxed or local units and the state having their revenues improperly reduced, but they also often generate litigation expense, as the aggrieved party is forced to appeal simply to enforce constitutional and statutory requirements.

Boards of Review:

We heard that Boards of Review are now going to be at the County level and no longer in each local unit?

While the statute provides that Boards of Review can be combined across two or more contiguous local units, it does not mandate that Boards of Review be combined or that Boards of Review are moving to the County.

Is it true that training is now mandated for Boards of Review?

P.A. 660 requires that the STC audit to ensure that local units require their Boards of Review to receive training and updates as approved by the STC.

We can't recruit BOR members now, isn't requiring training going to make things worse?

The evolving complexity of the property tax has increased the expertise needed to understand and apply the law. While local boards provide the primary quality control check on assessments, board members do not have to possess any knowledge of property tax law or assessing practices. This combination of increasingly complex responsibilities and no expertise requirement often results in misapplication of the law, increasing taxpayer and local unit litigation costs and reducing faith in the system.

The STC will be working with our partner organizations, specifically Michigan Townships Association to ensure easy access to Board of Review training and we will also provide an online option.

Miscellaneous:

I heard that now Villages have to get their own assessor's is that true?

No. P.A. 660 did make a change to the way Villages are assessed but only in very specific circumstances and if the Village wants to make a change. Specifically the Act indicates that a Village that is located in more than one assessing district, may request the STC to approve that the assessing for the Village be combined with the assessing of property in 1 of the local units, thereby eliminating the need for the Village to be assessed in two different local units and potentially by two different assessors.

When does this all go into effect?

While the majority of the reforms do not go into place until 2022, local units can prepare now and put in place processes and procedures to ensure they are meeting the requirements once they "go live" in 2022.

So what is going to be happening over the next few years until this goes into effect?

There will be a lot going on at both the State and local levels to prepare for the 2022 implementation. First, the Department of Treasury has implemented a website dedicated to assessing reform. This website will be updated with things local units need to know, required forms and key dates. Second, the Department also has a dedicated email address for anyone who has questions regarding the reform. Finally, we are working with our partner organizations on information sessions and training opportunities.

What should local units be doing to prepare?

The most important thing that local units can do now to prepare is to ensure they are meeting the requirements in the current AMAR and if not, that they work to ensure corrections are made to bring them into compliance. Local units should talk to their assessors to ensure they are following the AMAR minimum requirements. Local units can find more information on the AMAR on the STC website under the AMAR tab. This link provides information on

each of the AMAR requirements and the statutory authority or STC policy associated with each requirement.

What is the STC going to be doing?

The STC will be working on issuing guidelines, updating their rules and providing formation on the various components of the reform. This includes development of the audit program, implementation of Board of Review training programs, as well as defining key terms such as substantial compliance.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Bulletin 8 of 2020
June 9, 2020
Audit Process and Designated Assessor

TO: Assessors and Equalization Directors
FROM: State Tax Commission
SUBJECT: Overview of Audit Process and Designated Assessor under Public Act 660 of 2018

Public Act 660 of 2018 was approved by Governor Snyder on December 28, 2018 and amended the General Property Tax Act to provide a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for substantial compliance with the General Property Tax Act, provides timelines for audits and follow-up audits, and details a process for bringing a local unit into compliance if they remain non-compliant after a follow-up review. The Designated Assessor is an integral part of that process.

Audit Process Overview

The Commission will conduct an audit of assessment practices according to a published schedule. If the assessing district (City, Township or Joint Assessing Authority) is determined to be in substantial compliance, the audit process for that five-year cycle is complete and the assessing district is not required to take any additional action.

If the State Tax Commission determines that an assessing district is not in substantial compliance with the General Property Tax Act, the Commission will provide the assessing district with a notice of noncompliance, including the reasons the assessing district is not in substantial compliance.

The assessing district must either appeal the audit determination by filing a written petition to be developed by the State Tax Commission or they must submit a corrective action plan to be approved by the State Tax Commission. "Corrective action plan" is defined in P.A. 660 of 2018 as "a plan developed by an assessing district that specifically indicates *how* the assessing district will achieve substantial compliance . . . and *when* substantial compliance will be achieved." (Emphasis added). Additional information related to the corrective action plan and petition to challenge the audit results will be provided by the State Tax Commission in separate guidance.

In the event the Commission conducts a follow-up review and the assessing district is not in substantial compliance after the follow-up review, the assessing district has three options:

1. The assessing district may hire a new Michigan Advanced Assessing Officer (MAAO) or Michigan Master Assessor Officer (MMAO),

2. The State Tax Commission assumes jurisdiction over the assessment roll in order to bring the roll into substantial compliance, or,
3. The local unit may move directly to the designated assessor.

Regardless of which option is selected, the Commission will conduct a second follow-up review to determine if the assessment roll is in substantial compliance. If, after the second follow-up review the assessing district continues to be in noncompliance, the local unit will move directly to the Designated Assessor process.

As defined in statute **substantial compliance** “means that any identified deficiencies do not pose a significant risk that the assessing district is unable to perform the assessment function in conformity with the state constitution and state statute.”

As defined in statute **noncompliance** “means that the identified deficiencies, taken together, pose a significant risk that the assessing district is unable to perform the assessing function in conformity with the state constitution and state statute.”

At the December 17, 2019 State Tax Commission meeting, the Commission determined “substantial compliance” to mean that the local unit 1) has properly calculated and appropriately documented Economic Condition Factors; 2) has properly calculated and appropriately documented land value determinations; and 3) less than 1% of the record cards are on override and less than 1% of the record cards reflect flat land values. If any of the requirements associated with those items are not met, the local unit will be considered noncompliant and the notice of noncompliance will be issued.

Once the audit is complete, if an assessing district is notified that it has fallen out of substantial compliance prior to the next audit, the State Tax Commission may require the assessing district to contract with the Designated Assessor to serve as their assessor of record. If the assessing district is notified that it has fallen out of substantial compliance more than four years after the initial finding of substantial compliance, then the regular audit process will be followed.

What is the Designated Assessor?

The Designated Assessor is part of a process to ensure that local units are in compliance with the statutory provisions of the General Property Tax Act, meaning that local units are meeting minimum assessing requirements.

The Designated Assessor is the individual selected and agreed to by the County Board of Commissioners and a majority of the assessing districts within that county, subject to final approval of the State Tax Commission.

The Designated Assessor serves as the assessor of record and assumes all duties and responsibilities as the assessor of record for an assessing district that is determined to be non-compliant with an audit.

The Designated Assessor is not an automatic requirement for Countywide assessing or for the County Equalization Director to take over as the assessor for local units. While the County can be named the Designated Assessor, it is not an automatic designation as the Designated Assessor as this is determined by the approved interlocal agreement.

Who may be the Designated Assessor?

Each Assessing District within each County is required to have an assessor of record with a certification level that meets the valuation requirements set forth by the State Tax Commission. Township and City certification levels are adjusted annually and approved by the STC. The individual who will serve as the county's Designated Assessor must be in good standing and be certified, at least, at the highest level required within the County. If the County contains an Assessing District that requires a Michigan Master Assessing Officer (MMAO), the Designated Assessor must then also be certified at the MMAO level. If the County only contains Assessing Districts that require a Michigan Advanced Assessing Officer (MAAO) certification, or a lower certification, the Designated Assessor may be certified at the level of MAAO. A Michigan Certified Assessing Officer (MCAO) may not serve as the Designated Assessor. As part of the annual certification level process, the Commission will review all MAAO Designated Assessors to ensure compliance with certification level requirements. Additionally, the STC will examine and determine a specific process, on a case by case basis, any specific instance of a MAAO that has been assigned multiple units that may place them beyond the certification requirements of a MAAO.

Notification of Selected Designated Assessor

P.A. 660 of 2018 requires that each county notify the State Tax Commission, no later than December 31, 2020, of the individual that will serve as the county's Designated Assessor. In addition, the county must provide the State Tax Commission with the interlocal agreement executed by the County Board of Commissioners, a majority of the assessing districts within that county, and the proposed Designated Assessor for the county. The interlocal agreement must provide enough detail regarding the assessment responsibilities for the designated assessor. The Commission expects the interlocal agreement will include, but not be limited to, the following:

- Information related to the scope of services being provided by the Designated Assessor, including preparation of assessment rolls, timeline for delivery of documents and execution of forms, attendance at Boards of Review meetings, duties and responsibilities related to property tax appeals, both Small Claims and Entire Tribunal, filed with the Michigan Tax Tribunal, responsibility to meet with local unit officials, and obligations of local unit assessing staff members.
- Duties and responsibilities for each local unit within the County, including providing the Designated Assessor with reasonable access to records, documents and information.
- Details relating to cost and compensation for overseeing and administering the annual assessment and operating the assessing office, including payment terms and cost reimbursement.

Failure to timely notify the State Tax Commission of the county's Designated Assessor will result in the State Tax Commission selecting a Designated Assessor for the county.

If the State Tax Commission determines that an individual named as the Designated Assessor is capable of ensuring that the assessing districts within the county will achieve and maintain substantial

compliance, the Commission shall approve that individual as the County's Designated Assessor. Once approved, the designation will not be revoked for at least five years from the approval date.

If the State Tax Commission is unable to approve the individual identified as the county's Designated Assessor because the Commission determines that the proposed Designated Assessor is not capable of ensuring that the assessing districts will achieve and maintain substantial compliance, the county must submit a new Designated Assessor candidate and accompanying interlocal agreement within sixty days of the Commission's determination. The county will be required to repeat the process until a satisfactory Designated Assessor can be approved. The State Tax Commission will appoint an individual to serve as the county's temporary Designated Assessor during this period.

The State Tax Commission will develop a form to be utilized by the County Equalization Departments to notify the Commission of the proposed Designated Assessor. The Designated Assessor form will be available by August 18, 2020. The form must be submitted to the Commission no later than December 31, 2020.

Designated Assessor Term

Once an assessing district is under contract with a Designated Assessor, the Designated Assessor will remain in place for a minimum of five years. Statute does provide for a local unit to petition the Commission to end the contract after the Designated Assessor has been in place for 3 years.

The Commission shall approve termination of a contract if it is determined that the assessing district can *achieve and maintain* substantial compliance with the General Property Tax Act using a different assessor of record other than the Designated Assessor.

The State Tax Commission may revoke the Designated Assessor and provide for an interim designated assessor if:

1. The Designated Assessor dies or becomes incapacitated
2. The Designated Assessor's employment status materially changes or
3. The Designated Assessor is not capable of ensuring that the assessing district is able to achieve and maintain substantial compliance with MCL 211.10g.

The interim Designated Assessor will remain in place until a new Designated Assessor can be selected following the interlocal agreement process.

If the Designated Assessor is serving as an assessor of record for an assessing district that is found to be in noncompliance, the State Tax Commission will appoint an individual to serve as the county's temporary Designated Assessor. The county will utilize the normal process to select and notify the Commission of the new Designated Assessor.

Designated Assessor Costs

The Designated Assessor is permitted to charge an assessing district for the reasonable costs incurred in serving as the assessing district's assessor of record, including, but not limited to, the costs of overseeing and administering the annual assessment, preparing and defending the assessment roll, and operating the assessing office. The assessing district is required to pay these costs in accordance with

the interlocal agreement. The costs and fees agreed to by the county, assessing districts and the Designated Assessor is a local issue and will vary statewide.

The Commission will develop guidelines as required by statute for any local unit to protest charges by the Designated Assessor.

Audit Preparation

While the audit process outlined in P.A. 660 of 2018 will not commence until 2022, assessing districts can prepare for these audits by meeting the requirements of the current Audit of Minimum Assessing Requirements (AMAR) and the “Supervising Preparation of the Assessment Roll”, as those requirements existed on October 1, 2018. Additionally, assessing districts should employ an assessor certified by the State Tax Commission at the proper certification level based on the valuation requirements, adjusted annually, set forth by the State Tax Commission. Additional information about the AMAR, including the AMAR Review Sheet, and certification levels, are available on the State Tax Commission website (www.michigan.gov/statetaxcommission).