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Senate Bill 100 (as introduced 2-11-15)
Sponsor: Senator Jack Brandenburg
Committee: Finance

Date Completed: 3-3-15

CONTENT

The bill would amend the revenue Act to:

- **Allow a taxpayer to appeal an assessment, decision, or order of the Department of Treasury to the Tax Tribunal within 60, rather than 35, days after the assessment, decision, or order.**
- **Delete a requirement that, in an appeal to the Court of Claims, a taxpayer first pay the disputed portion of a tax, including penalties and interest, under protest and claim a refund as part of the appeal.**

The Act allows a taxpayer to appeal an assessment, decision, or order of the Department of Treasury to the Tax Tribunal within 35 days, or to the Court of Claims within 90 days, after the assessment, decision, or order. The bill would allow a taxpayer 60 days to appeal to the Tax Tribunal.

A taxpayer currently is required to pay the disputed portion of a tax, including penalties and interest, before an appeal can be heard by the Court of Claims. The taxpayer then must claim a refund for the taxes paid as part of the appeal. The bill would delete these requirements.

MCL 205.22

BACKGROUND

The revenue Act requires the uncontested portion of an assessment, order, or decision to be paid before an appeal to the Tax Tribunal or the Court of Claims. The Tax Tribunal Act requires all taxes (including the contested portion) to be paid before the Tax Tribunal will make a decision on an appeal if the deadline for payment of the taxes has passed. This requirement applies only to taxes paid under the General Property Tax Act and does not apply to an appeal to the Residential Property and Small Claims Division of the Tribunal for the denial of a claim for exemption of a principal residence or of qualified agricultural property. The requirement also may be waived at the Tribunal's discretion.

The Tax Tribunal, in the Department of Licensing and Regulatory Affairs, has exclusive jurisdiction over proceedings for direct review of a final decision, finding, ruling, determination, or order of an agency relating to assessment, valuation, rates, special assessments, or equalization under the property tax laws of the State, as well as proceedings for a refund or redetermination of a tax levied under those laws.

Legislative Analyst: Ryan M. Bergan

FISCAL IMPACT

The bill would have a small, but likely positive, fiscal impact on the Michigan Tax Tribunal within the Department of Licensing and Regulatory Affairs (LARA), and a small, but likely negative, fiscal impact on the Court of Claims. The bill would remove the requirement that an appellant first pay taxes and penalties before a case is heard by the Court of Claims. The removal of this requirement could create an incentive for appellants in non-property cases to file an appeal in the Court of Claims rather than with the Tax Tribunal. Any cases in which this potential incentive would cause an appellant to appeal to the Court of Claims rather than the Tax Tribunal would reduce the Tribunal's costs and increase costs for the Court of Claims. According to LARA, the number of cases in which this sort of incentive could exist is very small relative to the entire number of cases heard by the Tribunal.

Fiscal Analyst: Josh Sefton

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