



Senate Fiscal Agency
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Senate Bill 39 (as introduced 1-16-19)
Sponsor: Senator Ed McBroom
Committee: Finance

Date Completed: 9-23-20

CONTENT

The bill would amend the Tax Tribunal Act to require the tribunal, in an assessment dispute before the entire tribunal as to the true cash value of real or personal property, to make an independent determination of and state its finding of fact and conclusions of law as to the comparable properties in the market in which the property competed that had the same highest and best use as the property subject to the assessment.

In an assessment dispute before the entire tribunal as to the true cash value of real or personal property, the tribunal would have to make, in accordance with Section 35a(2) (which specifies that a proceeding before the tribunal is considered de novo), an independent determination of and separately state its finding of fact and conclusions of law as to the comparable properties in the market in which the property competed that had the same highest and best use as the property subject to the assessment. "Entire tribunal" would mean the hearing division of the tribunal other than the residential property and small claims division.

In determining comparable properties, the tribunal would have to do both of the following:

- Determine that the information for each comparable property had been verified and accurately and completely disclosed all private restrictions and covenants on the use of the property, the impact of those private restrictions and covenants, the terms of the sale, the method of financing, and market information.
- Exclude comparable property that was made subject to a private restriction or covenant in connection with the sale or rental of the property if that restriction or covenant caused the comparable property to have a substantially impaired highest and best use as compared to the property subject to the assessment or if that restriction or covenant did not assist in the economic development of the property, did not provide a continuing benefit to the property, or materially increased the likelihood of vacancy or inactivity on the property.

"Private restriction or covenant" would mean a requirement, provision, or statement in a deed, lease, or contract that restrains or limits the use of property or requires a use of the property.

MCL 205.703

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill likely would have a positive fiscal impact on the State and local governments, although the extent of the impact is unknown. The bill's provisions likely would lead to higher property

valuations for the properties in question. That would increase State and local property tax revenue, and decrease School Aid Fund expenditures, by an unknown amount, depending upon the specific characteristics of the properties, as well as the number of parcels affected. School aid expenditures would be decreased to the extent the bill increased local school operating revenue, if per-pupil funding level were maintained.

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