

## **Notice of Proposed Guideline**

**Issued pursuant to Section 10g, 2018 PA 660, being MCL 211.10g**

### **STC Guideline 2020-1 GUIDELINE APPLICABLE TO AUDIT PROCEDURES**

**(By authority conferred on the state tax commission by section 10g of 2018 PA 660, being MCL 211.10g of the Michigan Compiled Laws)**

#### **I) Statement of the terms or substance of the proposed guidelines, including the subjects and issues involved:**

2018 PA 660, MCL 211.10g(6), provides that the State Tax Commission 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), MCL 211.10g(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. These guidelines are to be adopted and published not later than 2 years after the effective date of the amendatory act that added this section, such date being December 28, 2018. The Commission will request publication of the proposed guideline in the Michigan Register for October 1, 2020.

### **STC Guideline 2020-1 GUIDELINE APPLICABLE TO AUDIT PROCEDURES**

This guideline applies to the State Tax Commission's audit procedures to ensure minimum standards and model policies are followed by all assessing districts related to substantial compliance with the requirements of the General Property Tax Act, 1893 PA 206, as amended, Section 10g, Subsection (1), MCL 211.10g(1), identification by the State Tax Commission through the audit procedures of deficiencies that may lead to a finding of noncompliance and identification of deficiencies that are technical.

#### **Deficiencies resulting in a finding of noncompliance**

The following items are required for each assessing district under Section 10g, Subsection (1), MCL 211.10g(1). Should the audit determination indicate that an assessing district failed to have an item a finding of noncompliance will be made. Further, failure to provide the necessary database or supporting documentation by the deadline stated in the audit will result in an automatic finding of noncompliance. If there is a finding of noncompliance, the State Tax Commission will issue a notice of noncompliance in accordance with the provisions of Section 10g, Subsection (3) MCL 211.10g(3).

1. Properly developed and documented land values

Assessing district will provide a land value analysis for each land table within each class found in the assessing district to ensure that the rates have been properly developed and meet State Tax Commission requirements per MCL 211.10e and State Tax Commission Land Value Determination Publications. The assessing district will also provide the computer assisted mass appraisal software database to ensure that only the concluded rates are used in the database and that there are less than 1% of land adjustments without reason. A finding of noncompliance will be made by the Commission if the assessing district does not have a properly developed and documented land value study for each table within each class found in the assessing district or the database contains rates that have not been documented in the land analysis or there are more than 1% of land adjustments without reason found or no database is provided.

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

Assessing district will provide the computer assisted mass appraisal software database to ensure that not more than 1% of parcels are in override and that less than 1% of parcels utilize a flat land value. A finding of noncompliance will be made by the Commission if more than 1% of parcels are in override or more than 1% of parcels utilize a flat land value within the database or no database is provided.

3. Properly developed and documented economic condition factors

Assessing district will provide an economic condition factor analysis for each determined neighborhood within each class that contain improvements, found in the assessing district to ensure that the factors have been properly developed and meet State Tax Commission requirements per MCL 211.10e and State Tax Commission Economic Condition Factor publications. The assessing district will also provide the computer assisted mass appraisal software database to ensure that only the concluded factors are used in the database. A finding of noncompliance will be made by the Commission if the assessing district does not have a properly developed and documented economic condition factor study for each determined neighborhood within each class, that contain improvements, found in the assessing district or the database contains factors that have not been documented in the economic condition factor analysis or no database is provided.

### Technical Deficiencies

The following items are required for each assessing district under Section 10g, Subsection (1), MCL 211.10g(1). Should the audit determination indicate that an assessing district failed to have an item this will be determined to be a technical deficiency. If there are any technical deficiencies, the State Tax Commission will review the deficiencies and any assessing district having four (4) or more technical deficiencies will be required to submit a corrective action plan.

1. 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 in accordance with the constitution and laws of this state.

2. Use a computer-assisted mass appraisal system that is approved by the State Tax Commission as having sufficient software capabilities and to store and back up necessary data.
3. 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.
4. 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.
5. Include the 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 in notices to taxpayers concerning assessment changes and exemption determinations, including, but not limited to, notices issued under MCL 211.24c.
6. Ensure that support staff is sufficiently trained to respond to taxpayer inquiries, require that the assessor maintains 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.
7. Comply with MCL 211.44(4) with respect to any property tax administration fee collected under section 44.
8. Have a policy in place for conducting the annual personal property canvass and sufficient personal property records according to developed policy and statutory requirements.
9. A Board of Review that operates in accordance with the General Property Tax Act, MCL 211.1 to 211.157. This includes ensuring that Boards of Review are acting within their statutory authorities.
10. An adequate process for determining whether to grant or deny exemptions according to statutory requirements.
11. 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.

12. 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 that expressly states that it is intended as an additional audit requirement under MCL 211.10g(1).

**II) Proposed effective date**

November 19, 2020

**III) Interested parties may express any views regarding the proposed guideline or the guideline's effect on a person to the agency. Written comments may be sent to the following address:**

Written and e-mail comments may be filed with the State Tax Commission no later than 5:00pm Eastern on November 12, 2020. All comments should reference 2020-1 Audit Guidelines. Written comments should be sent to: Executive Director, State Tax Commission, P.O. Box 30471, Lansing, Michigan 48909. Comments may also be e-mailed to: [State-Tax-Commission@michigan.gov](mailto:State-Tax-Commission@michigan.gov). All information submitted to the Commission in this matter will become public information and subject to disclosure and will not remain private.

**IV) Deadline for comments (shall not be less than 35 days after mailing of notice)**

November 12, 2020

**V) The specific statutory provision about which the proposed guideline states a policy**

MCL 211.10g