



Working to Create Michigan's Future Today

## Michigan Tax Tribunal

Michigan Association of County Treasurers

Patricia L. Halm

Chair, Michigan Tax Tribunal

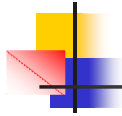
August 9, 2010

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## What is the Tax Tribunal?

- Established in 1973. (1973 P.A. 186; MCL 205.701 *et seq.*)
- Single administrative tax "court" for tax appeals that were previously handled by numerous boards and circuit courts.
- Exclusive jurisdiction in property tax matters. (MCL 205.731.)
- Concurrent jurisdiction with Court of Claims over other taxes, such as income, sales, SBT, MBT, etc. (MCL 205.22.)
- Independent of tax enforcement agencies. E.R.O. 1991-15

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## What Governs the Tribunal?

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- The Tax Tribunal Act, MCL 205.701 *et seq*
- Tax Tribunal Administrative Rules
- Michigan Court Rules
- Administrative Procedures Act
- Rules of Evidence

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## What Governs the Tribunal?

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- Open Meetings Act (OMA)  
MCL 15.261 *et seq.*
- Freedom of Information Act (FOIA)  
MCL 15.231 *et seq.*

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## Where is the Tribunal located?

- The Tribunal's offices are located in the Ottawa Building in Lansing, Michigan.
- The Tribunal is part of the Department of Energy, Labor & Economic Growth. (E.R.O No. 1991-15; MCL 205.800)

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## Tax Tribunal Members

- The Tax Tribunal is a multidisciplinary body.
- The Tax Tribunal Act currently requires the following membership:
  - One certified public accountant
  - One Level IV assessor
  - One appraiser
  - Two attorneys
  - Two at-large

All members must have at least 5 years experience in state and local tax matters.

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## Tax Tribunal Members

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- Tax Tribunal members are appointed by the Governor to a 4 year term. Senate confirmation is required.
- The Governor designates the Chair of the Tax Tribunal.
- Decisions rendered by Tribunal members are appealed to the Court of Appeals.

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## Tribunal Employees

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- In addition to the 7 Tribunal members, there are 19 employees:
  - Chief Clerk (Peter Kopke)
  - Asst. Chief Clerk (Marijo Wakley)
  - 3 legal secretaries
  - 1 receptionist
  - 1 hearing scheduler
  - 1 file clerk
  - 2 Entire Tribunal staff
  - 5 Small Claims staff
  - 4 Legal Assistants

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## Tax Tribunal's Two Divisions

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- Entire Tribunal Division
- Small Claims Division

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## Entire Tribunal Jurisdiction

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- All cases may be filed in the Entire Tribunal; however, the following cases **must** be filed in the Entire Tribunal:
  - All classifications of real and personal property, other than residential and agricultural, if the state equalized value (SEV) or taxable value (TV) in dispute is >\$100,000.
  - Special Assessment cases if the amount in dispute is >\$20,000.
  - Non-Property Tax Cases (i.e. income tax, sales tax, Michigan Business Tax) if the amount of tax in dispute is >\$20,000.

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## Entire Tribunal Hearings

- Formal Hearing Process
  - Prehearings average 30 minutes in length.
  - Average hearing lasts 2 to 4 days, with approximately 10% of all hearings lasting several weeks.
  - Parties are typically represented by attorneys.
  - Hearings held in Lansing and are presided over by a Tribunal member or Administrative Law Judge.

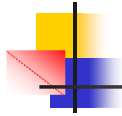
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## Entire Tribunal Caseload

- During the period FY99 through FY05, an average of 1,883 cases were filed each year in the Entire Tribunal.
- In FY07, 3,013 cases were filed.
- In FY08, 4,501 cases were filed.
- In FY09, 6,933 cases were filed.
- Entire Tribunal active caseload: 11,425

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## Small Claims Jurisdiction

- All property classified as "Residential."
- All property classified as "Agricultural."
- Income-producing property with less than 4 units.
- All other classifications of property if the SEV or TV at issue is  $\leq$ \$100,000.
- Non-Property tax cases if the amount in dispute is  $\leq$ \$20,000.
- Special Assessment appeals if the amount in dispute is  $\leq$ \$20,000.

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## Small Claims Hearings

- User-friendly, informal process.
  - Hearings are approximately 30 minutes in length.
  - Parties are typically not represented by attorneys.
- Held for parties' convenience:
  - Within county where property is located or in an adjoining county; or
  - Telephonically.
  - Presided over by a Hearing Referee, Administrative Law Judge or Tribunal Member.

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## Small Claims Caseload

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- During the period FY99 through FY05, an average of 6,116 cases were filed each year in the Small Claims division.
- In FY07, 9,408 cases were filed.
- In FY08, 11,566 cases were filed.
- In FY09, approximately 26,083 cases were filed.
- Small Claims pending caseload: 24,531

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## FY10 Case Statistics

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- Will not be known for many months
- Filing Deadlines:
  - July 31 of the tax year at issue for property classified as residential, agricultural real or personal and timber-cutover.
  - May 31 of the tax year at issue for all other classifications of real or personal property.

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## Classification Appeals

- Until recently, a property's classification typically didn't impact the property's taxes.
- Now, classification is important because it impacts a property's millage (MCL 211.9k) and the owner's Michigan Business Tax. (MBT) (MCL 208.1413.)

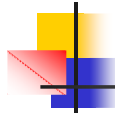
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## Classification Appeals (cont.)

- If a property owner or assessing unit disagrees with the property's classification, they may file an appeal with the State Tax Commission (STC). There is no further appeal. (MCL 211.34c.)
- If the STC disagrees with the classification that the assessing unit has assigned, it must appeal to the Tribunal. (MCL 211.34c.)
- In late 2009, the STC filed approximately 10,600 classifications appeals.

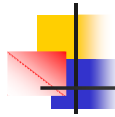
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## State Tax Commission (STC)

- Established in 1927. (P.A. 360 of 1927; MCL 209.101 *et seq.*)
- STC is located within the Department of Treasury.
- Consists of 3 members, appointed by the Governor, for a 4 year term.
- Governor appoints Chairperson.
- No more than 2 members from a political party.
- 5 years state or local tax experience; at least one member Level III or IV assessor.

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## State Tax Commission

- E.O. No. 2009-51 (MCL 209.91):
  - Abolished the STC and reconstituted it as the "New STC."
  - Eliminated the State Assessor's Board and transferred duties to STC. (MCL 207.1 - 207.21)

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## STC Duties

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- General responsibility and supervision of property tax laws.
- Centrally assess telephone, telegraph & railroad property.
- Educate and certify assessors; issue assessors' manual.
- Hear classification appeals.

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## What's new?

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- In May 2009, began contracting with Hearing Referees to hear Small Claims cases. Scheduling approximately 1,000 hearings per month.
- Beginning to schedule 2009 appeals in counties other than Wayne, Oakland and Macomb. Wayne, Oakland and Macomb counties still have approximately 300 cases each that are older than 2009.
- Discussions continue to change the composition of the Tribunal.
- Fee increase effective October 19, 2009.

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## Listserve

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- If you would like to subscribe to the Tribunal's Listserve, e-mail Marijo Wakley at [wakleym1@michigan.gov](mailto:wakleym1@michigan.gov) with "SUBSCRIBE" in the subject line.

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## Contact Information

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