

# The Michigan Tax Tribunal Its Past, Present, and Future

*Steven H. Lasher, Chair*

# What is the Tax Tribunal?

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- 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 over 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



# What Governs the Tax Tribunal?

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- The Tax Tribunal Act, MCL 205.701 *et seq*
- Tax Tribunal Rules of Practice and Procedure
- Michigan Court Rules
- Administrative Procedures Act
- Michigan Rules of Evidence
- Open Meetings Act, MCL 15.261 *et seq.*
- Freedom of Information Act, MCL 15.231 *et seq.*



# Tax Tribunal Members

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- Multidisciplinary Body
- Tax Tribunal Act requires the following membership:
  - One Certified Public Accountant
  - One Michigan Master Assessing Officer
  - One Appraiser
  - Two Attorneys
  - Two “At -Large” (who may be attorneys)
- Members must, generally, have at least five years of experience in state and local tax matters
- Appointment by the Governor for a four year term.
  - Senate Confirmation is required



# Tax Tribunal Members

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- Steven H. Lasher, Chair
- Marcus L. Abood, At-Large Member
- Valerie Lafferty, Appraiser Member
- Preeti Gadola, Attorney Member
- Dave Marmon, Attorney Member

## Administrative Law Judge

- Peter M. Kopke



# Two Divisions of the Tax Tribunal

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- Entire Tribunal Division
- Residential Property and Small Claims Division



# Entire Tribunal Division

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- The Entire Tribunal utilizes a formal hearing process to resolve, typically, more complex appeals
- There is a formal record of the hearing
- Entire Tribunal hearings are held in the Lansing office
- The presiding judge is either a Tribunal Member or an Administrative Law Judge
- Parties are typically represented by an attorney or agent
- Entire Tribunal Timeline:
  - Property: 20-24 months from filing of petition to close of case.
  - NonProperty: 15-19 months from filing of petition to close of case.



# Entire Tribunal Division

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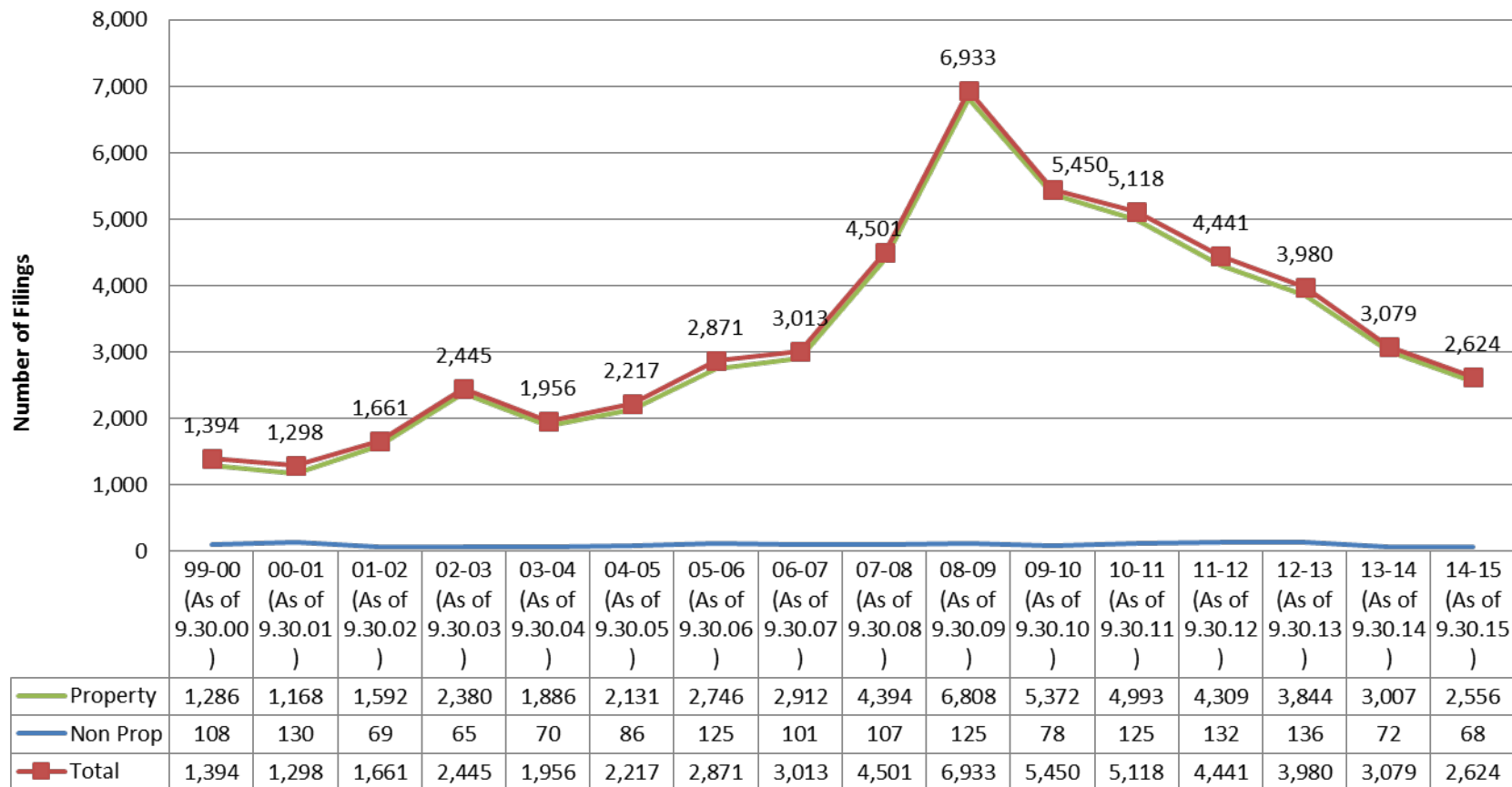
- Jurisdiction
  - All cases can be filed in the Entire Tribunal (except PRE/QAE); however, the following cases **must** be filed in the Entire Tribunal:
    - All classifications of real and personal property, other than residential and agricultural, if the state equalized value (SEV) or taxable value (TV) in dispute is > \$100,000
    - Special Assessment and Non-Property cases if the amount in dispute is > \$20,000, adjusted annually by the inflation rate





# Entire Tribunal

## Entire Tribunal Filings



# Small Claims Division

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- The Small Claims Division utilizes an informal hearing process
- No formal record is taken of the hearing
- Parties typically represent themselves
- Hearings are generally 30 minutes in length
- Property tax appeal hearings are held in the county in which the property is located or in an adjoining county
- Non-Property tax appeal hearings are held in the Tribunal's Lansing office



# Small Claims Division

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- The presiding judge is a contractual hearing referee, an Administrative Law Judge, or a Tribunal Member
- Hearings are held in person, telephonic, or “on the file”
- Small Claims Timeline:
  - Property and NonProperty: 14 months from filing of petition to close of case
  - Virtually all 2015 cases closed by July 31, 2016



# Small Claims Division

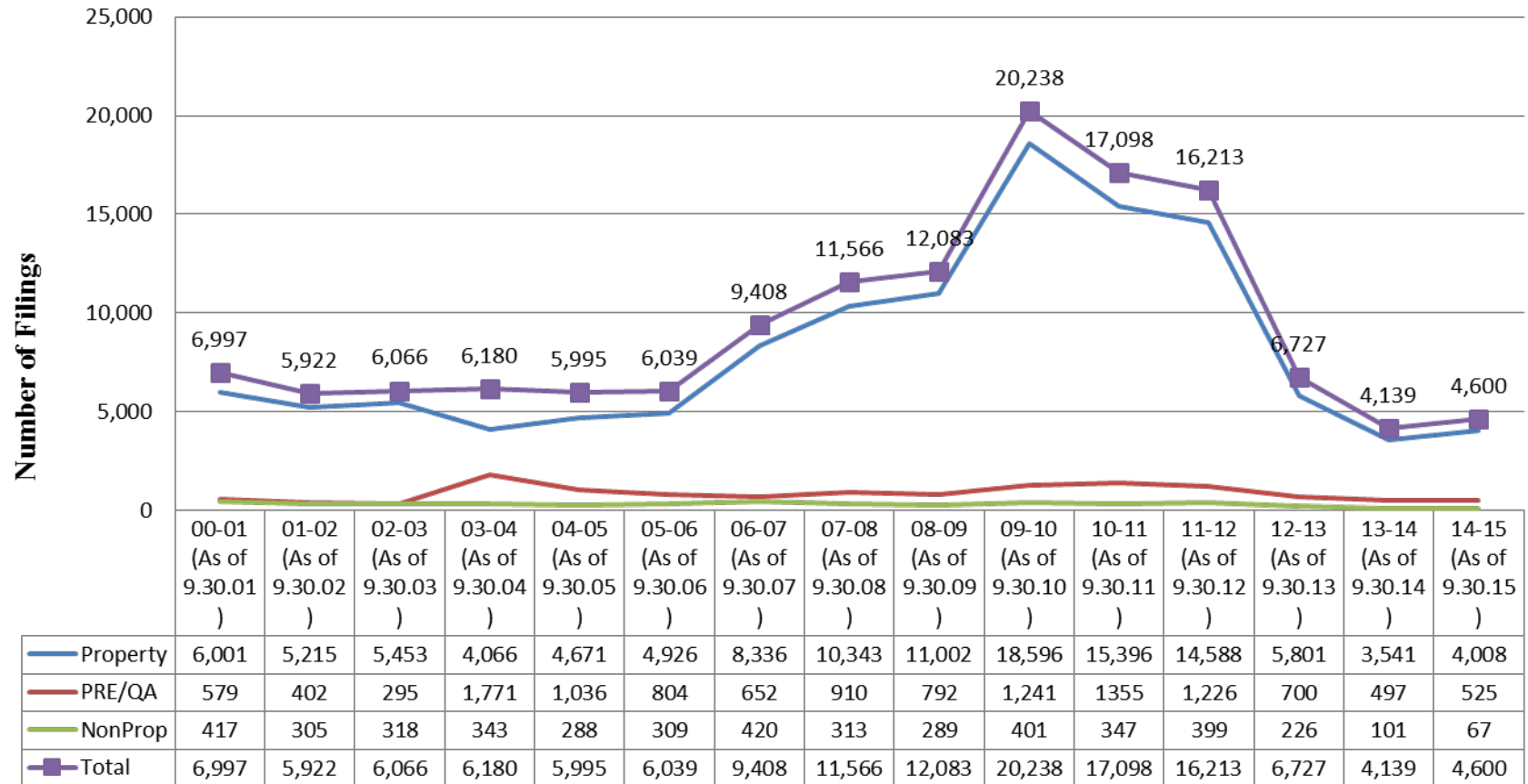
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- Jurisdiction
  - All property classified as residential and agricultural
  - Income-producing property with less than four units
  - All other classifications of property if the SEV or TV at issue is  $\leq$  \$100,000
  - Special Assessment and Non-Property tax cases if the amount in dispute is  $\leq$  \$20,000, adjusted annually by the inflation rate
  - Principal Residence and Qualified Agricultural appeals may **only** be heard in the Small Claims Division



# Small Claims Division

## Small Claims Filings



# The Past

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- 40<sup>th</sup> Anniversary (July 1, 1974)
- Many Proposed and Adopted Changes Over 40 Years
- 1991 Report of State Treasurer
- In February 2012, there were approximately 41,000 pending cases



# The Present

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- Backlog Eliminated/Production Standards
  - Small Claims
    - Virtually all 2015 appeals heard prior to 2016 filing season
    - MTT Standard: close 90% of cases within 14 months of filing
    - MTT at 99% to 100% for the past year
    - Approximately 1,900 open cases as of today
  - Entire Tribunal
    - MTT Standard: close 90% of cases within 36 months of filing
    - MTT at 100% for the past year
    - Approximately 3,200 open cases as of today



# The Present

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- Case Management System/E-Filing
  - Approximately 25% of 2015 cases were e-filed
- The Good:
  - Quicker processing time (e.g. Notice of Docket immediately issued)
  - Ability to pay by credit card
  - Can manage cases through your e-filing account
- The Challenges:
  - Each individual of a firm must have separate e-filing account, use separate e-mail address because the e-mail address is your user name
  - Not all cases appear in the e-filing account if there is a discrepancy between the e-filing account and our internal case management system
  - Users cannot e-file anything after a case is closed (e.g. Motion for Reconsideration)





# The Present

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- ET Property:
  - Big Box Stores
- ET NonProperty:
  - *IBM*
  - Court of Claims
  - New 60 day filing deadline
- Small Claims:
  - Disabled Veteran's Exemption
  - Essential Services Assessment/Eligible Manufacturing Personal Property



# The Future

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## Mission Statement

- To be an administrative tax court that inspires trust in Michigan's tax system through its accessibility, transparency, and service to the public.
- To provide Michigan's citizens and governmental entities with the opportunity to resolve state and local tax disputes through a fair and impartial hearing.
- To render timely, clearly written, quality decisions, from experienced adjudicators, that are based on the evidence submitted in each case and the applicable tax law.



# The Future

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- Improve Communication (External and Internal)
  - External:
    - Updated Website/FAQs
    - GovDelivery Notices
    - Interaction with the community
    - Docket Look-up Website
  - Internal
    - Monthly Judges Meetings



# The Future

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- Improve Quality
  - Two-way street
  - MTT must improve the quality of its orders and opinions
  - Practitioners/Agents/Assessors/Appraisers must improve quality with pleadings, evidence and trial practice



# The Future

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- HB 5578
  - Independent Determination of Value
  - Highest and Best Use
  - Consider all three approaches to value
  - Also consider assessor's mass appraisal cost approach
  - Comparable sales – deed restrictions
  - Settlements – parties must attest to evidentiary basis for settlement
- *Menard Inc v City of Escanaba*
  - MTT error of law in rejecting cost approach and adopting a market approach that failed to account for deed restrictions.



# The Future

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- Beyond this legislation
  - Increased compensation of judges
  - Solve budget/revenue issues
  - Municipality financial support for appeals



# Contact Information

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## Michigan Tax Tribunal

For more information, please visit the Tribunal's website at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib) or contact us at:

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