



MEMORANDUM

To: Members of the House Tax Policy Committee

From: Michigan Retailers Association
Michigan Chamber of Commerce
Michigan Manufacturers Association
Michigan Realtors
Small Business Association of Michigan
Detroit Regional Chamber
Grand Rapids Chamber
Home Builders Association of Michigan
Business Leaders for Michigan
Council on State Taxation

Date: December 11, 2024

Subject: Oppose property tax valuation and Tax Tribunal changes in HB 5865-5868

The Michigan Tax Tribunal (“MTT” or “Tribunal”), the court system that hears Michigan’s property tax disputes, plays an integral role in ensuring a healthy and fair property tax climate in the Great Lakes State. Michigan businesses of all sizes and industries rely on the expertise of the Tribunal to decipher complex property tax disagreements and set future precedence for similar scenarios.

Collectively, our members share an overwhelming concern with House Bills 5865-5868 and the detriment this legislation will have on the rights of taxpayers to appeal their property taxes. As introduced, the legislation would hinder the right of taxpayers to appeal their property taxes, set the MTT back decades by increasing the backlog of cases awaiting hearings and significantly increase cost for the MTT and taxpayers to complete duplicative work, as well as violate the Michigan Constitution’s requirement for uniformity in property valuation. Our concerns are as follows:

- ***Restricts taxpayers right to appeal their property taxes:*** The bills amend the "Tax Tribunal Act" by adding additional burdens on those that appeal their property taxes, but would not apply to those who don't appeal their taxes, creating inequity and a significant disincentive to file an appeal, and putting a thumb on the scale favoring the government over taxpayers when the system should remain fair and balanced.
- ***Increases the cost and length of appeals:*** House Bills 5866-67 would increase costs for taxpayers, taxing units and the Tribunal itself by creating unnecessary, extra work even if the parties agree on certain facts. Significantly increasing the cost of appeals, the bills require the MTT to make countless “independent determinations” involving many facts that may or may not be relevant to the case or the ultimate determination of value. In addition, both taxpayers and taxing units would be required to hire experts such as economists or marketing professionals to support the additional, and in some cases even unnecessary, information outlined in the legislation.

- ***Violates the Michigan Constitution:*** The Michigan Constitution requires uniformity of property valuations statewide. Under the bills, properties that are before the Tribunal would be subject to different valuations, creating unconstitutional disparity. Furthermore, the details of the appeal process are made in the Tax Tribunal Act and not in the General Property Tax Act (GPTA), in an attempt to amend the GTPA by reference, which is prohibited by the Michigan Constitution.
- ***Ignores previous reforms to strengthen Tribunal talent and the valuation process:*** In response to Tribunal vacancies in 2018, the Legislature enacted Public Acts 438 and 660 to attract high quality talent and ensure more consistency within evaluation practices by allowing contiguous cities or townships to form a single board of review and ensure assessments meet certain requirements.
- ***Makes Michigan an Outlier:*** House Bill 5865 would make Michigan an outlier by ignoring valuation standards typically applied nationally, and even internationally, affecting Michigan's competitive business climate. This legislation would handcuff the expertise of the MTT by arbitrarily limiting the types of sales the Tribunal could consider as comparable sales, rendering the pool of available comparable for-sale properties negligible. Even further, the legislation would effectively remove the comparable sales approach for properties with any kind of private restriction or that were vacant at the time the sale occurred. This comes at the same time some are calling specifically for private restrictions to be used to increase housing opportunities.
- ***Misses the root issue:*** There is no problem with the valuation process, or the appeal process. There is a problem with local assessment. Efforts should be focused on strengthening the assessment process, rather than orchestrating certain outcomes by the MTT. Taxpayers would be less inclined and less able to successfully appeal their assessments *if property tax assessments were more accurate from the onset.*

We thank you for your consideration of our concerns and are available to answer any questions.