



## March Board of Review Information General Questions

### Notice of Assessment

Each year, prior to the March meetings of the local boards of review, informational notices are mailed. The "Notice of Assessment, Taxable Valuation, and Property Classification" also includes State Equalized Value, the percent of exemption as a Principal Residence, Michigan Business Tax, or Qualified Agricultural Property, and if there was or was not a Transfer of Ownership.

### March Board of Review

If you believe the Assessed Value is more than half the value of your property, you may appeal the Assessed and/or Taxable Values at the March Board of Review. You can obtain information about the specific meeting dates and schedule an appearance with the Board of Review by contacting our office.

### **What are the authorities of the March Board of Review?**

The March Board of Review has authority to change the current year's assessments. The March Board of Review may consider the following matters relating to the current assessment year:

1. Valuation determinations made by the assessor, as set forth the current year's assessment roll.

2. The exempt or taxable status of eligible personal property. If a taxpayer filed a timely and fully completed form 5076 and appeals the assessor's current year denial of a Eligible Personal Property Exemption (the Small Business Taxpayer Exemption provided for MCL 211.9o), and the Board grants the Exemption for the current year, the Board also has the authority to correct the taxable status to grant the exemption for any, or all, of the three prior years in which the taxpayer filed a timely and fully completed Form 5076.

3. The exempt or taxable status of eligible manufacturing personal property (EMPP). If a taxpayer timely filed a Form 5278, appeals the assessor's denial of the current year's Eligible Manufacturing Personal Property Exemption (provided for in MCL 211.9m and MCL 211.9n) and presents a fully completed Form 5278 to the March Board of the Review, then the Board may grant the EMPP exemption for the current year only. The March Board of Review also has the authority to review and accept an amended filing by the taxpayer as long as the taxpayer properly claimed the exemption by timely and completely filing Form 5278.

4. Real and Personal Property Classification determinations made by the assessor.

5. Requests for correction of the current year's taxable value of a property where the previous year's taxable value did not conform with the requirements of the General Property Tax Act, due to the failure to recognize the occurrence of a taxable value uncapping event or the failure to apply a capped value addition or capped value loss in calculating any prior year's taxable value. Such corrections are applied only to the current year's taxable value but require the recalculation of prior year's taxable values, in order to properly determine the taxable value for the current year. It should be noted that an error or dispute relating to the determination of the true cash value of a property in a prior year cannot form the basis for

entering a correction of the current year's taxable value. Instead, the error in the taxable value must arise from the failure to recognize a taxable value uncapping event or the failure to recognize a capped value addition or loss in a prior year.

6. Taxable value uncapping determinations made by the assessor for the current year's assessment roll. Taxable value uncapping determinations made by the assessor in prior assessment years must be appealed in the year of the uncapping event. If the assessor determines that they mistakenly uncapped taxable value in a prior year, the July or December Board of Review, but not the March Board of Review, has the jurisdiction to correct the taxable value for the current year and/or for any or all of the three immediately preceding years.

### **Does the Board have any authority over Taxable Value?**

The law requires that the assessment roll must show the Tentative Taxable Value for each parcel of property. Once the Capped Value and the Assessed Value are properly calculated, the Tentative Taxable Value is the lower of the two (assuming there has not been a "transfer of ownership" on the property).

A Board of Review cannot raise or lower the Tentative Taxable Value, unless they also raise or lower the Assessed Value and/or the Capped Value. An exception could occur if there was a "transfer of ownership" on a property in the prior year and the assessor had not uncapped the Taxable Value, if the opposite occurred, or if the taxable value was not calculated in the manner required by the General Property Tax Act in a previous year.

### **What are the Board of Review's Authorities related to Assessed Values?**

Property must be assessed at 50% of True Cash Value and the Assessed Value must be uniform with the assessments of other similar properties.

According to the Michigan Supreme Court, a Board of Review may NOT make wholesale or across the board adjustments to assessments. A Board of Review must consider each parcel and act upon it individually. A Board of Review DOES NOT have the authority to make changes to alter, evade or defeat an equalization factor assigned by the county or the state.

If the Board of Review changes an Assessed Value, it must also consider whether this change has caused the Tentative Taxable Value to change. This could happen because Tentative Taxable Value is the lower of the Assessed Value and the Capped Value. Also, changing the assessed value of items added to or removed from the property will likely cause a change in Taxable Value.

#### **Can a Board of Review set the SEV or Assessed Value at the sales price of the property?**

No, this practice is illegal in Michigan. An individual sale price IS NOT the same as True Cash Value (similar to market value) of the property due to a variety of reasons, such as; an uninformed buyer, an uninformed seller, insufficient marketing time, buyer and seller are relatives, and other reasons. Actual price is seldom equal to value.

*Section 27(5) of the General Property Tax Act states the following: "Beginning December 31, 1994, the purchase price paid in a transfer of property is not the presumptive True Cash Value of the property transferred. In determining the True Cash Value of transferred property, an assessing officer shall assess that property using the same valuation method used to value all other property of the same classification in the assessing jurisdiction."*

Therefore, a Board of Review does NOT have the authority to change an assessment solely on the sales price.

## **Property Tax Exemptions and Board of Review**

### **What is the Board of Review's authority over Property Tax Exemptions?**

Property tax exemptions are to be granted only according to authorizing provisions of the law. Generally, it holds true that the Courts require a NARROW interpretation of exemptions. In order to qualify for an exemption, a property must have the qualifications required by the specific authorizing statute.

### **Does the Board have any authority over Principal Residence Exemptions?**

The **March** Board of Review has no authority to consider or act upon protests or appeals of Homeowner's Principal Residence Exemptions. If the assessor denies a homeowner's principal residence exemption, the owner may appeal to the Michigan Tax Tribunal within 35 days after the notice of denial, NOT to the March Board of Review.

The July and December Boards of Review do have authority to grant a principal residence exemption for the current year and up to three prior years. Appeals from these decisions are also made within 35 days to the Michigan Tax Tribunal.

### **What are the Board's authorities over Poverty Exemptions?**

Poverty exemptions may be heard at the March, July or December Boards of Review. However, once a poverty exemption is considered by a Board of Review, it may not be reconsidered by a later BOR in the same year. For instance, if a poverty exemption is denied at the July Board of Review, it may not be reconsidered at the December Board of Review, even if new information is presented. MCL 211.7u (5) states:

*(5) The Board of Review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.*

### **Does the Board have any authority over Capped Values?**

If correct figures have been used in the Capped Value formula for the prior year Taxable Value and for the current Inflation Rate Multiplier, the Board of Review cannot make a change that results in a different Capped Value of the property. The Board of Review may change the amount of the Losses and Additions used in the Capped Value formula, if they determine they are improper. Only factual information should be used to amend the Losses or Additions in the Capped Value formula.

### **What are the authorities of the Board over Transfers of Ownership and Uncapping?**

The assessor of each Township and City is required by law to review all of the transfers and conveyances that occurred in the prior year and determine which of these transfers and conveyances are "Transfers of Ownership". The determination by the assessor that a particular transfer or conveyance is a "Transfer of Ownership" and that the property's Taxable Value should be uncapped is subject to review by the March Board of Review either on the Board's own initiative or at the request of a property owner.

*Public Act (PA) 23 of 2005 granted the July or December Board of Review the authority to correct the Taxable Value of property which was previously uncapped if the assessor later determines there had NOT been a Transfer of Ownership of that property. This authority applies to the current year and the 3 immediately preceding years. Bulletin 9 of 2005 provides more detailed information.*