

SUBSTITUTE FOR
SENATE BILL NO. 1039

A bill to amend 1973 PA 186, entitled
"Tax tribunal act,"
by amending sections 21, 35a, 36, 49, and 62 (MCL 205.721,
205.735a, 205.736, 205.749, and 205.762), section 35a as amended by
2008 PA 125, section 49 as amended by 2008 PA 126, and section 62
as amended by 2008 PA 128.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 21. **(1)** The tax tribunal is created and is a quasi-
2 judicial agency which, for administrative purposes only, is in the
3 department of ~~treasury~~-**LICENSING AND REGULATORY AFFAIRS**.

4 **(2)** The tribunal consists of 7 members appointed by the
5 governor, with the advice and consent of the senate, for terms of 4
6 years. ~~The 2 additional members first appointed by this amendatory~~

1 ~~act shall first serve for 3 years.~~

2 (3) A MEMBER APPOINTED BY A GOVERNOR IS SUBJECT TO REMOVAL
3 DURING HIS OR HER TERM BY THAT SAME GOVERNOR FOR CAUSE AFTER NOTICE
4 AND HEARING.

5 (4) A MEMBER APPOINTED BY A GOVERNOR NOT CURRENTLY IN OFFICE
6 IS SUBJECT TO REMOVAL DURING HIS OR HER TERM AS PROVIDED IN SECTION
7 10 OF ARTICLE V OF THE STATE CONSTITUTION OF 1963.

8 (5) A member may be reappointed and a vacancy shall be filled
9 for an unexpired term in the same manner as the appointment is made
10 for a full term.

11 (6) MEMBERS SHALL UNDERGO ANNUAL TRAINING ON PROPER COURTROOM
12 PROCEDURE.

13 Sec. 35a. (1) The provisions of this section apply to a
14 proceeding before the tribunal that is commenced after December 31,
15 2006.

16 (2) A proceeding before the tribunal is original and
17 independent and is considered de novo.

18 (3) Except as otherwise provided in this section or by law,
19 for an assessment dispute as to the valuation or exemption of
20 property, the assessment must be protested before the board of
21 review before the tribunal acquires jurisdiction of the dispute
22 under subsection ~~(6)~~-(10). FOR A DISPUTE AS TO THE CLASSIFICATION
23 OF PROPERTY UNDER SECTION 34C OF THE GENERAL PROPERTY TAX ACT, 1893
24 PA 206, MCL 211.34C, EXCEPT FOR PROPERTY CLASSIFIED AS COMMERCIAL
25 REAL PROPERTY, INDUSTRIAL REAL PROPERTY, OR DEVELOPMENTAL REAL
26 PROPERTY, THE CLASSIFICATION MUST BE PROTESTED BEFORE THE BOARD OF
27 REVIEW AND THE STATE TAX COMMISSION AS PROVIDED IN SECTION 34C OF

1 THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34C, BEFORE THE
2 TRIBUNAL ACQUIRES JURISDICTION OF THE DISPUTE UNDER SUBSECTION
3 (11). FOR A DISPUTE AS TO THE CLASSIFICATION OF PROPERTY CLASSIFIED
4 AS COMMERCIAL REAL PROPERTY, INDUSTRIAL REAL PROPERTY, OR
5 DEVELOPMENTAL REAL PROPERTY UNDER SECTION 34C OF THE GENERAL
6 PROPERTY TAX ACT, 1893 PA 206, MCL 211.34C, THE CLASSIFICATION MAY
7 BE PROTESTED BY THE TAXPAYER BEFORE THE BOARD OF REVIEW OR APPEALED
8 DIRECTLY TO THE STATE TAX COMMISSION WITHOUT PROTEST BEFORE THE
9 BOARD OF REVIEW BEFORE THE TRIBUNAL ACQUIRES JURISDICTION OF THE
10 DISPUTE UNDER SUBSECTION (11).

11 (4) In the 2007 tax year and each tax year after 2007, all of
12 the following apply:

13 (a) For an assessment dispute as to the valuation or exemption
14 of property classified under section 34c of the general property
15 tax act, 1893 PA 206, MCL 211.34c, as commercial real property,
16 industrial real property, or developmental real property, the
17 assessment may be protested before the board of review or appealed
18 directly to the tribunal without protest before the board of review
19 as provided in subsection ~~(6)~~ (10).

20 (b) For an assessment dispute as to the valuation or exemption
21 of property classified under section 34c of the general property
22 tax act, 1893 PA 206, MCL 211.34c, as commercial personal property,
23 industrial personal property, or utility personal property, the
24 assessment may be protested before the board of review or appealed
25 directly to the tribunal without protest before the board of review
26 as provided in subsection ~~(6)~~ (10), if a statement of assessable
27 property is filed under section 19 of the general property tax act,

1 1893 PA 206, MCL 211.19, prior to the commencement of the board of
2 review for the tax year involved.

3 (c) For an assessment dispute as to the valuation of property
4 that is subject to taxation under 1974 PA 198, MCL 207.551 to
5 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651
6 to 207.668, the enterprise zone act, 1985 PA 224, MCL 125.2101 to
7 125.2123, the technology park development act, 1984 PA 385, MCL
8 207.701 to 207.718, the obsolete property rehabilitation act, 2000
9 PA 146, MCL 125.2781 to 125.2797, the commercial rehabilitation
10 act, 2005 PA 210, MCL 207.841 to 207.856, or 1953 PA 189, MCL
11 211.181 to 211.182, the assessment may be protested before the
12 board of review or appealed directly to the tribunal without
13 protest before the board of review as provided in subsection ~~(6)~~
14 (10). This subdivision does not apply to property that is subject
15 to the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771
16 to 207.786.

17 (5) ~~For a~~ **A** dispute regarding a determination of a claim of
18 exemption of a principal residence or qualified agricultural
19 property ~~for a year in which the July or December board of review~~
20 ~~has authority to determine a claim of exemption for a principal~~
21 ~~residence or qualified agricultural property, the claim of~~
22 ~~exemption shall be presented to either the July or December board~~
23 ~~of review before the tribunal acquires jurisdiction of the dispute.~~
24 **SHALL BE APPEALED DIRECTLY TO THE TRIBUNAL WITHOUT PROTEST BEFORE**
25 **THE BOARD OF REVIEW.** For a special assessment dispute, the special
26 assessment shall be protested at the hearing held for the purpose
27 of confirming the special assessment roll before the tribunal

1 acquires jurisdiction of the dispute.

2 (6) FOR A DISPUTE REGARDING A DETERMINATION OF A CLAIM OF
3 EXEMPTION OF A PRINCIPAL RESIDENCE BY REASON OF POVERTY UNDER
4 SECTION 7U OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
5 211.7U, THE CLAIM OF EXEMPTION SHALL BE PRESENTED TO THE MARCH,
6 JULY, OR DECEMBER BOARD OF REVIEW BEFORE THE TRIBUNAL ACQUIRES
7 JURISDICTION OF THE DISPUTE.

8 (7) FOR A DISPUTE REGARDING A DETERMINATION OF A CLAIM OF
9 EXEMPTION OF THE HOMESTEAD OF A DISABLED VETERAN OR THE UNREMARIED
10 SURVIVING SPOUSE OF A DISABLED VETERAN UNDER SECTION 7B OF THE
11 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7B, THE CLAIM OF
12 EXEMPTION SHALL BE PRESENTED TO THE MARCH, JULY, OR DECEMBER BOARD
13 OF REVIEW BEFORE THE TRIBUNAL ACQUIRES JURISDICTION OF THE DISPUTE.

14 (8) FOR A DISPUTE REGARDING A DETERMINATION OF A CLAIM OF A
15 QUALIFIED ERROR UNDER SECTION 53E OF THE GENERAL PROPERTY TAX ACT,
16 1893 PA 206, MCL 211.53E, THE CLAIM OF EXEMPTION SHALL BE PRESENTED
17 TO THE STATE TAX COMMISSION BEFORE THE TRIBUNAL ACQUIRES
18 JURISDICTION OF THE DISPUTE.

19 (9) FOR A DISPUTE REGARDING A DETERMINATION OF A CLAIM OF
20 EXEMPTION OF QUALIFIED AGRICULTURAL PROPERTY UNDER SECTION 7EE OF
21 THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7EE, THE CLAIM
22 OF EXEMPTION SHALL BE APPEALED DIRECTLY TO THE TRIBUNAL WITHOUT
23 PROTEST BEFORE THE BOARD OF REVIEW.

24 (10) ~~(6)~~—The jurisdiction of the tribunal in an assessment
25 dispute as to property classified under section 34c of the general
26 property tax act, 1893 PA 206, MCL 211.34c, as commercial real
27 property, industrial real property, developmental real property,

1 commercial personal property, industrial personal property, or
2 utility personal property is invoked by a party in interest, as
3 petitioner, filing a written petition on or before ~~May~~**JULY** 31 of
4 the tax year involved. The jurisdiction of the tribunal in an
5 assessment dispute as to property classified under section 34c of
6 the general property tax act, 1893 PA 206, MCL 211.34c, as
7 agricultural real property, residential real property, timber-
8 cutover real property, or agricultural personal property is invoked
9 by a party in interest, as petitioner, filing a written petition on
10 or before July 31 of the tax year involved. **THE JURISDICTION OF THE**
11 **TRIBUNAL IN AN ASSESSMENT DISPUTE AS TO PROPERTY SUBJECT TO AN**
12 **ORDER ISSUED BY THE STATE TAX COMMISSION UNDER SECTION 154(1) OF**
13 **THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.154, IS INVOKED**
14 **BY A PARTY IN INTEREST, AS PETITIONER, FILING A WRITTEN PETITION**
15 **WITHIN 60 DAYS AFTER THAT ORDER IS ISSUED.** In all other matters,
16 **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,** the jurisdiction of
17 the tribunal is invoked by a party in interest, as petitioner,
18 filing a written petition within ~~35~~**60** days after the final
19 decision, ruling, or determination. **THE JURISDICTION OF THE**
20 **TRIBUNAL IN A DISPUTE REGARDING A DETERMINATION OF A CLAIM OF**
21 **EXEMPTION OF A PRINCIPAL RESIDENCE BY REASON OF POVERTY UNDER**
22 **SECTION 7U OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL**
23 **211.7U, IS INVOKED BY THE PERSON CLAIMING THE EXEMPTION, AS**
24 **PETITIONER, FILING A WRITTEN PETITION BY JULY 31 IF THE CLAIM OF**
25 **EXEMPTION WAS DENIED BY THE MARCH BOARD OF REVIEW OR WITHIN 60 DAYS**
26 **AFTER THE JULY OR DECEMBER BOARD OF REVIEW DENIED THE CLAIM FOR**
27 **EXEMPTION. THE JURISDICTION OF THE TRIBUNAL IN A DISPUTE REGARDING**

1 A DETERMINATION OF A CLAIM OF EXEMPTION OF THE HOMESTEAD OF A
2 DISABLED VETERAN OR THE UNREMARIED SURVIVING SPOUSE OF A DISABLED
3 VETERAN UNDER SECTION 7B OF THE GENERAL PROPERTY TAX ACT, 1893 PA
4 206, MCL 211.7B, IS INVOKED BY THE PERSON CLAIMING THE EXEMPTION,
5 AS PETITIONER, FILING A WRITTEN PETITION BY JULY 31 IF THE CLAIM OF
6 EXEMPTION WAS DENIED BY THE MARCH BOARD OF REVIEW OR WITHIN 60 DAYS
7 AFTER THE JULY OR DECEMBER BOARD OF REVIEW DENIED THE CLAIM FOR
8 EXEMPTION. THE JURISDICTION OF THE TRIBUNAL IN A DISPUTE REGARDING
9 A DETERMINATION OF A CLAIM OF A QUALIFIED ERROR UNDER SECTION 53E
10 OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.53E, IS
11 INVOKED BY THE TAXPAYER OR ASSESSING OFFICER FILING A WRITTEN
12 PETITION WITHIN 60 DAYS AFTER THE DECISION OF THE STATE TAX
13 COMMISSION. THE JURISDICTION OF THE TRIBUNAL IN A DISPUTE REGARDING
14 A DETERMINATION OF A CLAIM OF EXEMPTION OF QUALIFIED AGRICULTURAL
15 PROPERTY UNDER SECTION 7EE OF THE GENERAL PROPERTY TAX ACT, 1893 PA
16 206, MCL 211.7EE, IS INVOKED BY THE PERSON CLAIMING THE EXEMPTION,
17 AS PETITIONER, FILING A WRITTEN PETITION WITHIN 60 DAYS OF THE
18 DENIAL OR MODIFICATION OF THE EXEMPTION. An appeal of a contested
19 tax bill shall be made within 60 days after mailing by the
20 assessment district treasurer and the appeal is limited solely to
21 correcting arithmetic errors or mistakes and is not a basis of
22 appeal as to disputes of valuation of the property, the property's
23 exempt status, or the property's equalized value resulting from
24 equalization of its assessment by the county board of commissioners
25 or the state tax commission. Service of the petition on the
26 respondent shall be by certified mail. For an assessment dispute,
27 service of the petition shall be mailed to the assessor of that

1 local tax collecting unit if the respondent is the local tax
2 collecting unit. Except for petitions filed under chapter 6, a copy
3 of the petition shall also be sent to the secretary of the school
4 board in the local school district in which the property is located
5 and to the clerk of any county that may be affected.

6 (11) THE JURISDICTION OF THE TRIBUNAL IN A DISPUTE AS TO THE
7 CLASSIFICATION OF PROPERTY UNDER SECTION 34C OF THE GENERAL
8 PROPERTY TAX ACT, 1893 PA 206, MCL 211.34C, IS INVOKED BY AN OWNER
9 OR AN ASSESSOR, AS PETITIONER, FILING A WRITTEN PETITION WITHIN THE
10 TIME FRAME PRESCRIBED IN SECTION 34C OF THE GENERAL PROPERTY TAX
11 ACT, 1893 PA 206, MCL 211.34C. AN APPEAL AS TO THE CLASSIFICATION
12 OF PROPERTY UNDER SECTION 34C OF THE GENERAL PROPERTY TAX ACT, 1893
13 PA 206, MCL 211.34C, MAY INCLUDE THE YEAR IN WHICH THE PETITION IS
14 FILED ONLY. SERVICE OF THE PETITION ON THE RESPONDENT SHALL BE BY
15 CERTIFIED MAIL. SERVICE OF THE PETITION SHALL BE MAILED TO THE
16 ASSESSOR OF THAT LOCAL TAX COLLECTING UNIT IF THE RESPONDENT IS THE
17 LOCAL TAX COLLECTING UNIT. A COPY OF THE PETITION SHALL ALSO BE
18 SENT TO THE SECRETARY OF THE SCHOOL BOARD IN THE LOCAL SCHOOL
19 DISTRICT IN WHICH THE PROPERTY IS LOCATED, TO THE CLERK OF ANY
20 COUNTY THAT MAY BE AFFECTED, AND TO THE STATE TREASURER.

21 (12) ~~(7)~~—A petition is considered filed on or before the
22 expiration of the time period provided in this section or by law if
23 1 or more of the following occur:

24 (a) The petition is postmarked by the United States postal
25 service on or before the expiration of that time period.

26 (b) The petition is delivered in person on or before the
27 expiration of that time period.

1 (c) The petition is given to a designated delivery service for
2 delivery on or before the expiration of that time period and the
3 petition is delivered by that designated delivery service or, if
4 the petition is not delivered by that designated delivery service,
5 the petitioner establishes that the petition was given to that
6 designated delivery service for delivery on or before the
7 expiration of that time period.

8 (13) ~~(8)~~—A petition required to be filed by a day during which
9 the offices of the tribunal are not open for business shall be
10 filed by the next business day.

11 (14) ~~(9)~~—A petition or answer may be amended at any time by
12 leave of the tribunal and in compliance with its rules. If a tax
13 was paid while the determination of the right to the tax is pending
14 before the tribunal, the taxpayer may amend his or her petition to
15 seek a refund of that tax.

16 (15) ~~(10)~~—A person or legal entity may appear before the
17 tribunal in his or her own behalf or may be represented by an
18 attorney or by any other person.

19 (16) ~~(11)~~—As used in this section, "designated delivery
20 service" means a delivery service provided by a trade or business
21 that is designated by the tribunal for purposes of this subsection.
22 The tribunal shall issue a tribunal notice not later than December
23 31 in each calendar year designating not less than 1 delivery
24 service for the immediately succeeding calendar year. The tribunal
25 may designate a delivery service only if the tribunal determines
26 that the delivery service meets all of the following requirements:

27 (a) Is available to the general public.

1 (b) Is at least as timely and reliable on a regular basis as
2 the United States postal service.

3 (c) Records electronically to a database kept in the regular
4 course of business or marks on the petition the date on which the
5 petition was given to the delivery service for delivery.

6 (d) Any other requirement the tribunal prescribes.

7 Sec. 36. (1) ~~Tribunal,~~ **THE TRIBUNAL**, upon written request of a
8 party to a proceeding, shall issue subpoenas ~~forthwith~~ requiring
9 the attendance and testimony of witnesses and the production of
10 evidence, including, but not limited to, books, records,
11 correspondence, and documents in their possession or under their
12 control, **UNLESS THE REQUEST IS UNREASONABLE OR OPPRESSIVE**. On
13 written request, the tribunal shall revoke a subpoena if the
14 **TESTIMONY TO BE PROVIDED AND THE** evidence, ~~the production of which~~
15 ~~is required, does~~ **TO BE PRODUCED DO** not relate to a matter in issue
16 ~~, or if the subpoena does not describe with sufficient~~
17 ~~particularity the evidence, the production of which is required, or~~
18 ~~if for any other reason sufficient in law. the subpoena is invalid.~~
19 In case of refusal to comply with a subpoena, the party on whose
20 behalf it was issued may file a petition, in the circuit court for
21 Ingham county or for the county in which the proceeding is held,
22 for an order requiring compliance.

23 (2) When directed by the chairman, a state or local
24 governmental unit or agency shall make available books, records,
25 documents, information, and assistance to the tribunal.

26 Sec. 49. (1) The tribunal by rule shall prescribe filing fees
27 and other fees to be paid in connection with a proceeding before

1 the tribunal. The fees shall be paid to the clerk of the tribunal
2 and by order of the tribunal may be taxed as costs.

3 (2) The residential property and small claims division of the
4 tribunal shall not charge fees or costs ~~on appeals~~ **FOR ANY OF THE**
5 **FOLLOWING:**

6 (A) **APPEALS RELATING TO THE VALUATION** of principal residence
7 property as defined in rules promulgated by the tax tribunal.

8 (B) **APPEALS RELATING TO A CLAIM FOR EXEMPTION BY REASON OF**
9 **POVERTY UNDER SECTION 7U OF THE GENERAL PROPERTY TAX ACT, 1893 PA**
10 **206, MCL 211.7U.**

11 (3) The Michigan tax tribunal fund is created in the
12 department of ~~labor and economic growth~~ **LICENSING AND REGULATORY**
13 **AFFAIRS** as a separate interest bearing fund. All fees collected
14 pursuant to this act shall be deposited in the Michigan tax
15 tribunal fund. The state treasurer shall direct the investment of
16 the Michigan tax tribunal fund. Money in the Michigan tax tribunal
17 fund shall remain in the Michigan tax tribunal fund at the close of
18 the fiscal year and shall not revert to the general fund. Money in
19 the Michigan tax tribunal fund shall be used solely for operation
20 of the tribunal.

21 Sec. 62. (1) The residential property and small claims
22 division created in section 61 has jurisdiction over a proceeding,
23 otherwise cognizable by the tribunal, in which residential property
24 is exclusively involved. Property other than residential property
25 may be included in a proceeding before the residential property and
26 small claims division if the amount of that property's taxable
27 value or state equalized valuation in dispute is not more than

1 ~~\$100,000.00~~ **\$150,000.00, ADJUSTED ANNUALLY BY THE INFLATION RATE.**

2 The residential property and small claims division also has
3 jurisdiction over a proceeding involving an appeal of any other tax
4 over which the tribunal has jurisdiction if the amount of the tax
5 in dispute is ~~\$20,000.00~~ **\$75,000.00** or less, adjusted annually by
6 the inflation rate. As used in this subsection, "inflation rate"
7 means the ratio of the general price level for the state fiscal
8 year ending in the calendar year immediately preceding the current
9 year divided by the general price level for the state fiscal year
10 ending in the calendar year before the year immediately preceding
11 the current year.

12 (2) A person or legal entity entitled to proceed under section
13 31, and whose proceeding meets the jurisdictional requirements of
14 subsection (1), may elect to proceed before either the residential
15 property and small claims division or the entire tribunal. A formal
16 record of residential property and small claims division
17 proceedings is not required. Within 20 days after a hearing officer
18 or referee issues a proposed order, a party may file exceptions to
19 the proposed order. The tribunal shall review the exceptions to
20 determine if the proposed order shall be adopted as a final order.
21 Upon a showing of good cause or at the tribunal's discretion, the
22 tribunal may modify the proposed order and issue a final order or
23 hold a rehearing by a tribunal member. A rehearing is not limited
24 to the evidence presented before the hearing officer or referee.

25 (3) Except as otherwise provided in this subsection, the
26 residential property and small claims division shall meet in the
27 county in which the property in question is located or in a county

1 contiguous to the county in which the property in question is
2 located. A petitioner-appellant shall not be required to travel
3 more than 100 miles from the location of the property in question
4 to the hearing site, except that a rehearing by a tribunal member
5 shall be at a site determined by the tribunal. By leave of the
6 tribunal and with the mutual consent of all parties, a residential
7 property and small claims division proceeding may take place at a
8 location mutually agreed upon by all parties or may take place by
9 the use of amplified telephonic or video conferencing equipment.

10 (4) The tribunal shall make a short form for the simplified
11 filing of residential property and small claims appeals.

12 (5) In a proceeding before the residential property and small
13 claims division for property other than residential property, if
14 the amount of taxable value or state equalized valuation in dispute
15 is greater than \$20,000.00, or in nonproperty matters if the amount
16 in dispute is greater than \$1,000.00, the filing fee is the amount
17 that would have been paid if the proceeding was brought before the
18 entire tribunal and not the residential property and small claims
19 division.

20 (6) As used in this chapter, "residential property" means any
21 of the following:

22 (a) Real property exempt under section 7cc of the general
23 property tax act, 1893 PA 206, MCL 211.7cc.

24 (b) Real property classified as residential real property
25 under section 34c of the general property tax act, 1893 PA 206, MCL
26 211.34c.

27 (c) Real property with less than 4 rental units.

1 (d) Real property classified as agricultural real property
2 under section 34c of the general property tax act, 1893 PA 206, MCL
3 211.34c.

4 (E) REAL PROPERTY EXEMPT UNDER SECTION 7EE OF THE GENERAL
5 PROPERTY TAX ACT, 1893 PA 206, MCL 211.7EE.

6 Enacting section 1. This amendatory act does not take effect
7 unless Senate Bill No. 1038 of the 97th Legislature is enacted into
8 law.