

State Tax Commission Guideline 2020-1

AUDIT PROCEDURES

This guideline applies to the State Tax Commission's audit procedures to ensure minimum standards and model policies are followed by all assessing districts related to substantial compliance with the requirements of the General Property Tax Act, 1893 PA 206, as amended, Section 10g, Subsection (1), MCL 211.10g(1), identification by the State Tax Commission through the audit procedures of deficiencies that may lead to a finding of noncompliance and identification of deficiencies that are technical.

Deficiencies resulting in a finding of noncompliance

The following items are required for each assessing district under Section 10g, Subsection (1), MCL 211.10g(1). Should the audit determination indicate that an assessing district failed to have an item a finding of noncompliance will be made. Further, failure to provide the necessary database or supporting documentation by the deadline stated in the audit will result in an automatic finding of noncompliance. If there is a finding of noncompliance, the State Tax Commission will issue a notice of noncompliance in accordance with the provisions of Section 10g, Subsection (3) MCL 211.10g(3).

1. Properly developed and documented land values

Assessing district will provide a land value analysis for each land table within each class found in the assessing district to ensure that the rates have been properly developed and meet State Tax Commission requirements per MCL 211.10e and State Tax Commission Land Value Determination Publications. The assessing district will also provide the computer assisted mass appraisal software database to ensure that only the concluded rates are used in the database and that there are less than 1% of land adjustments without reason. A finding of noncompliance will be made by the Commission if the assessing district does not have a properly developed and documented land value study for each table within each class found in the assessing district or the database contains rates that have not been documented in the land analysis or there are more than 1% of land adjustments without reason found or no database is provided.

2. An assessment database for which not more than 1% of parcels are in override

Assessing district will provide the computer assisted mass appraisal software database to ensure that not more than 1% of parcels are in override and that less than 1% of parcels utilize a flat land value. A finding of noncompliance will be made by the Commission if more than 1% of parcels are in override or more than 1% of parcels utilize a flat land value within the database or no database is provided.

3. Properly developed and documented economic condition factors

Assessing district will provide an economic condition factor analysis for each determined neighborhood within each class that contain improvements, found in the assessing district

to ensure that the factors have been properly developed and meet State Tax Commission requirements per MCL 211.10e and State Tax Commission Economic Condition Factor publications. The assessing district will also provide the computer assisted mass appraisal software database to ensure that only the concluded factors are used in the database. A finding of noncompliance will be made by the Commission if the assessing district does not have a properly developed and documented economic condition factor study for each determined neighborhood within each class, that contain improvements, found in the assessing district or the database contains factors that have not been documented in the economic condition factor analysis or no database is provided.

Technical Deficiencies

The following items are required for each assessing district under Section 10g, Subsection (1), MCL 211.10g(1). Should the audit determination indicate that an assessing district failed to have an item this will be determined to be a technical deficiency. If there are any technical deficiencies, the State Tax Commission will review the deficiencies and any assessing district having four (4) or more technical deficiencies will be required to submit a corrective action plan. For any items in statute that are listed below as a technical deficiency requiring a “policy” or a “process” the audit will review whether or not the assessing district has a written policy or written process that adequately describes the actions to be taken. For any items in statute that are listed below as a technical deficiency requiring a “published policy” the audit will review whether or not the assessing district has a written policy that can be printed or otherwise made available to the public upon request and that is posted on the assessing district’s website.

1. Employ or contract with an assessor of record that oversees and administers an annual assessment of all property liable to taxation in the assessing district in accordance with the constitution and laws of this state.
2. Use a computer-assisted mass appraisal system that is approved by the State Tax Commission as having sufficient software capabilities and to store and back up necessary data.
3. Subject to State Tax Commission guidelines, have and follow a published policy under which its assessor's office is reasonably accessible to taxpayers. The policy must include, at a minimum, the items in subparagraphs (i) to (iv) and should include the item in subparagraph (v) as follows:
 - i. A designation, by name, telephone number, and electronic mail address, of at least 1 official or employee in the assessor's office to whom taxpayer inquiries may be submitted directly by telephone or electronic mail.
 - ii. An estimated response time for taxpayer inquiries submitted under subparagraph (i), not to exceed 7 business days.
 - iii. Information about how a taxpayer may arrange a meeting with an official or employee of the assessor's office for purposes of discussing an inquiry in person.
 - iv. Information about how requests for inspection or production of records maintained by the assessor's office should be made by a taxpayer and how those requests will be handled by the assessor's office.
 - v. Information about any process that the assessor's office may have to informally hear and resolve disputes brought by taxpayers before the March meeting of the board of review.

4. If a city or township building within the assessing district is in an area with broadband internet access, provide taxpayers online access to information regarding its assessment services, including, but not limited to, parcel information, land value studies and documentation, and economic condition factors.
5. Include the name, telephone number, and electronic mail address of at least 1 official or employee in the assessor's office to whom taxpayer inquiries may be submitted directly by telephone or electronic mail in notices to taxpayers concerning assessment changes and exemption determinations, including, but not limited to, notices issued under MCL 211.24c.
6. Ensure that support staff is sufficiently trained to respond to taxpayer inquiries, require that the assessor maintains certification levels, and require that its board of review members receive board of review training and updates required and approved by the State Tax Commission.
7. Comply with MCL 211.44(4) with respect to any property tax administration fee collected under section 44.
8. Have a policy in place for conducting the annual personal property canvass and sufficient personal property records according to developed policy and statutory requirements.
9. A Board of Review that operates in accordance with the General Property Tax Act, MCL 211.1 to 211.157. This includes ensuring that Boards of Review are acting within their statutory authorities.
10. An adequate process for determining whether to grant or deny exemptions according to statutory requirements.
11. An adequate process for meeting the requirements outlined in the State Tax Commission's publication entitled, "Supervising Preparation of the Assessment Roll", as those requirements existed on October 1, 2018.
12. Comply with any other requirement that the State Tax Commission lawfully promulgates under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, in the exercise of its authority that expressly states that it is intended as an additional audit requirement under MCL 211.10g(1).