



## Oakland County Association of Assessing Officers

2017 March Board of Review

Micheal R. Lohmeier, MMAO(4), PPE, FASA, MAI, SRA, RES  
City of Novi  
248.347.0493  
Mlohmeier@cityofnovi.org

1

## REVIEW OF BULLETIN 12 OF 2016 CHANGES FOR 2017

2

## **PROCEDURAL CHANGES FOR THE 2017 ASSESSMENT YEAR**

Includes:

- A. Inflation rate used in 2017 capped value formula
- B. Federal poverty guidelines used in the determination of poverty exemptions for 2017
- C. Multipliers for the valuation of free-standing communication towers
- D. Property classification
- E. Sales studies
- F. Changes to personal property tax
- G. Disabled veterans exemption
- H. Senior citizen and disabled family housing exemption
- I. Principal residence exemption
- J. Transfers of ownership
- K. Computerized database system assessment roll

3

## **INFLATION RATE USED IN 2017 CAPPED VALUE FORMULA**

Inflation rate expressed as multiplier is 1.009.

$$\text{2017 capped value} = (\text{2016 taxable value} - \text{losses}) \times 1.009 + \text{additions}$$

4

## **FEDERAL POVERTY GUIDELINES USED IN THE DETERMINATION OF POVERTY EXEMPTIONS FOR 2017**

Local units required to adopt guidelines to set income levels for THEIR exemption guidelines and shall not be lower than federal poverty guidelines updated annually.

- ▶ Federal poverty guidelines included in Bulletin

5

## **FEDERAL POVERTY GUIDELINES USED IN THE DETERMINATION OF POVERTY EXEMPTIONS FOR 2017**

Local units required to adopt guidelines to set income levels for THEIR exemption guidelines and shall not be lower than federal poverty guidelines updated annually.

- ▶ Federal poverty guidelines included in Bulletin
- ▶ PA 390 of 1994 states unit shall also include an asset level test
  - Amount of cash, fixed assets or other property that could be used or converted to cash for use in paying property taxes

6

## **MULTIPLIERS FOR THE VALUATION OF FREE-STANDING COMMUNICATION TOWERS**

STC recommends communication towers be valued for the 2017 assessment year using the table of historical (original cost when the tower was new) cost valuation multipliers in table.

- ▶ Multipliers included in Bulletin.

7

## **PROPERTY CLASSIFICATION**

Classification is determined annually and is based on the use of the property and not the highest and best use.

8

## SALES STUDIES

Equalization study dates are as follows for 2017 equalization:

- ▶ Two Year Study: October 1, two years prior through September 30, current year
- ▶ Single Year Study: October 1, preceding year through September 30, current year

For 2016 studies for 2017 equalization the dates are as follows:

- ▶ Two Year Study: October 1, 2014 through September 30, 2016
- ▶ Single Year Study: October 1, 2015 through September 30, 2016

Note: time period revisions apply to all equalization studies including sales ratio studies, land value studies, ECF studies and to ALL RP classes. These are not same as valuation dates in appeals before MTT!!!

9

## CHANGES TO PERSONAL PROPERTY TAX

Beginning with the 2016 assessment year, qualified new personal property and qualified previously existing personal property located on occupied real property is exempt from ad valorem taxation.

- ▶ Instead subject to the State Essential Services Assessment.
- ▶ Certain P.A. 198 (IFT) Property and New Personal Property (P.A. 328) are subject to the State Essential Services Assessment.
- ▶ There are reporting and filing requirements for Eligible Manufacturing Personal Property (EMPP).
  - Exemption for 2017 requires Form 5278, Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document) must be received by the assessor no later than February 21, 2017.
  - Property placed in service in in 2007 through 2012 will still be reported as ad valorem personal property in Part 2 of Form 5278.

10

## **DISABLED VETERANS EXEMPTION**

Assessors and Board of Review members are asked to review in detail the STC issued FAQ on Disabled Veterans Exemption and to review

- ▶ Bulletin 22 of 2013 regarding eligibility for the exemption.
- ▶ Additional information is on the STC website.

11

## **SENIOR CITIZEN AND DISABLED FAMILY HOUSING EXEMPTION**

P.A. 78 of 2016 was signed into law on April 12, 2016, with an effective date of July 11, 2016.

- ▶ Amends MCL 211.7d to provide for an approved exemption to take effect in the year in which the exemption was claimed, if the claim had been filed by October 31 and the facility was fully and finally complete.
- ▶ Assessor approves or disapproves a claim for exemption with 60 days after receiving claim and notifies Dept. of Treasury by December 31 after initial filing.
- ▶ Review Bulletin 7 of 2016 for more information.

12

## PRINCIPAL RESIDENCE EXEMPTION (PRE)

P.A. 144 of 2016 amends the General Property Tax Act to allow an eligible property owner to retain a PRE if the eligible claimant is absent while on active duty as a member of any branch of the United States Armed Forces, as long as the owner establishes an intent to return to the property. All of the following statutory conditions must be met:

- ▶ the owner must continue to own the property while deployed or stationed elsewhere for active duty,
- ▶ the owner has not established a new principal residence,
- ▶ the owner maintains or provides for the maintenance of the property while deployed or stationed elsewhere for active duty and
- ▶ the property is not used for any business or commercial purpose except as provided in section 7dd(c). See MCL 211.7cc(32).

13

## PRINCIPAL RESIDENCE EXEMPTION (PRE) cont.

P.A. 144 of 2016 allows an owner of property who previously occupied that property as his or her principal residence but did not occupy that property on June 1 or November 1 while residing in a nursing home or assisted living facility under the circumstances described above or while absent on active duty as a member of any branch of the United States Armed Forces to file an appeal to claim and receive a principal residence exemption which was not on the tax roll. Principal residence exemption appeals that were not on the tax roll can be filed with the **July or December Boards of Review** in the year that the exemption was claimed or the immediately succeeding three years.

14

## TRANSFERS OF OWNERSHIP

P.A. 243 of 2015 amended MCL 211.27a(7)(c) provides that, after December 31, 2014, the termination of a life estate or life lease on residential real property does not result in a transfer of ownership for property tax purposes if the transferee is the transferor's or the transferor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the transfer.

- ▶ The Act also defines the term "commercial purpose," as used in MCL 211.27a, to mean "used in connection with any business or other undertaking intended for profit, but does not include the rental of residential real property for a period of less than 15 days in a calendar year."

15

## COMPUTERIZED DATABASE SYSTEM ASSESSMENT ROLL

Effective date of May 30, 2016 the local tax collecting units may use a computerized database system as the assessment roll beginning with the 2017 tax year.

- ▶ Local unit and the assessor certify in a form and manner proscribed by the State Tax Commission that the proposed system complies with the requirements of the Act.
- ▶ Form 5446, *Request for New Certification for Use of a Computerized Assessment Roll by a Local Unit*, for local units of government to submit a request to use a computerized assessment roll. Completed and received by the STC no later than October 31st of the year prior to the year in which the computerized assessment roll will be used.
- ▶ Approvals are granted for three years.

16