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Bulletin 17 of 2021
November 16, 2021
Procedural Changes for 2022

TO: Assessing Officers and County Equalization Directors
FROM: Michigan State Tax Commission
SUBJECT: Procedural Changes for the 2022 Assessment Year

The purpose of this Bulletin to provide information on statutory changes, procedural changes and reminders for the 2022 assessment year.

A. Inflation Rate Used in the 2022 Capped Value Formula

The inflation rate, expressed as a multiplier, to be used in the 2022 Capped Value Formula is 1.033.

The 2022 Capped Value Formula is as follows:

$$\text{2022 CAPPED VALUE} = (\text{2021 Taxable Value} - \text{LOSSES}) \times 1.033 + \text{ADDITIONS}$$

The formula above does not include 1.05 because the inflation rate multiplier of 1.033 is lower than 1.05.

B. Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2022

MCL 211.7u, which deals with poverty exemptions, was significantly altered by PA 390 of 1994 and was further amended by PA 620 of 2002.

Local governing bodies are required to adopt guidelines that set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons shall not be set lower than \$21,960 which is the amount shown on the following chart for a family of 3 persons. The income level for a family of 3 persons may be set higher than \$21,960. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2022 assessments:

Size of Family Unit	Poverty Guidelines
1	\$12,880
2	\$17,420
3	\$21,960
4	\$26,500
5	\$31,040
6	\$35,580
7	\$40,120
8	\$44,660
For each additional person	\$4,540

Note: MCL 211.7u states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. Please see STC Bulletin 3 of 2021 for more information on poverty exemptions.

Note: PA 135 of 2012 changed the requirements for filing documentation in support of a poverty exemption to allow an affidavit (Treasury Form 4988) to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This includes the owner of the property who is filing for the exemption.

C. Poverty Exemption: PA 253 of 2020 and Important Reminders

Public Act 253 of 2020 was signed into law on December 23, 2020. The Act made several changes to the poverty exemption statute (MCL 211.7u) that will impact how local units, assessors, and boards of review handle the exemption starting with the 2021 tax year.

Based on the Audit of Minimum Assessing Requirement reviews conducted in 2021, 50% of the local units reviewed **were not** following the new requirements in the law for poverty exemptions. It is important for assessors to review and understand the changes to the poverty exemption statute and to work with local officials and boards of review to ensure the necessary policies and guidelines are in place and are being followed. The governing body of the local unit may need to revise its policy and guidelines to make sure to comply with the law changes. An income test and an asset test are still required.

The Board of Review shall approve or deny the request for the poverty exemption. The Board of Review is required to follow the policy and guidelines adopted by the local assessing unit in granting or denying a poverty exemption. **The Board of Review is**

not permitted to deviate from the adopted policy and guidelines (this is a change to the law in PA 253).

Poverty exemption applications can be heard at the March, July, or December Board of Review. However, there can only be **one** Board of Review decision for a specific calendar year; a subsequent Board of Review cannot reconsider a decision already made that year. For example: if an application is denied at the March Board of Review, it may not be reheard by the July or December Board of Review during the same calendar year.

Starting in 2021, to request a poverty exemption, a taxpayer must file:

1. Form 5737 *Application for MCL 211.7u Poverty Exemption*
2. Form 5739 *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty*
3. All required additional documentation (such as federal/state income tax returns)

Local units are still required to have adopted income guidelines and an asset test. These documents should be in writing and should be made available to taxpayers.

If a taxpayer qualifies for the poverty exemption, PA 253 allows the Board of Review to grant a 100%, 50%, or 25% reduction in taxable value. There are no other percentage reductions permitted unless approval is granted to the local unit by the State Tax Commission for additional percentage reductions. The request must comply with the *State Tax Commission Policy Regarding Requests for Percentage Reductions in Taxable Value for Poverty Exemptions* and must be submitted using Form 5738.

The forms and guidance related to the poverty exemption are available on the State Tax Commission's website under the [Poverty Exemption Forms & Policy Related to PA 253 of 2020](#) link.

D. Sales Studies

Equalization study dates are as follows for 2022 equalization:

- Two Year Study: April 1, two years prior through March 31, current year
- Single Year Study: October 1, preceding year through September 30, current year

For 2021 studies for 2022 equalization the dates are as follows:

- Two Year Study: April 1, 2019 through March 31, 2021
- Single Year Study: October 1, 2020 through September 30, 2021

Note that the time period revisions apply to all equalization studies, that is: sales ratio studies, land value studies and economic condition factor studies for appraisals. Also note that the revised time period for two-year studies applies to all real property classifications.

Please be advised that the above sale study dates **are not** the same as the valuation date used in appeals before the Michigan Tax Tribunal. Evidence presented in a Tax Tribunal appeal should reflect the value of the property as of tax day (December 31). This means that sales occurring *after* March 31, 2021 and September 30, 2021 should still be considered and included when submitting evidence in a Tax Tribunal appeal involving the 2022 tax year.

E. Property Classification

The State Tax Commission reminds assessors that classification is to be determined annually and is based upon the use of the property **and not** highest and best use of the property. The Commission is aware that some assessors are still classifying property according to highest and best use and/or are not classifying property on an annual basis. The Commission asks that all assessors take the necessary steps to ensure that all real and personal property is properly classified according to MCL 211.34c.

F. Public Act 660 of 2018, Property Assessing Reform

Public Act 660 of 2018 was approved by Governor Snyder on December 28, 2018 and amended the General Property Tax Act to provide a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for substantial compliance with the General Property Tax Act, provides timelines for audits and follow-up audits, and details a process for bringing a local unit into compliance if they remain non-compliant after a follow-up review.

The State Tax Commission will be continuously updating its website with information regarding PA 660 of 2018 including bulletins, guidance and any required forms. Information on Property Assessing Reform is available on the State Tax Commission's website at www.michigan.gov/statetaxcommission under the Property Assessing Reform link.

The Commission has also established a dedicated email for submitting questions related to Property Assessing Reform. Any questions concerning Property Assessing Reform should be directed to AssessingReformQuestions@michigan.gov.

Additional Requirements beginning in 2022

PA 660 contains several requirements in statute ([MCL 211.10g\(1\)](#)) that local units and assessors must follow. Local units are required to ensure that all requirements are being met beginning in the 2022 tax year. This includes having a published policy for when the assessor's office is accessible to taxpayers; information to taxpayers on how to request inspection or production of records in the assessor's office; and online access to information regarding its assessment services, including, but not limited to, parcel information, land value studies and documentation, and economic condition factors. The full list of requirements can be found in MCL 211.10g(1).

State Tax Commission Guideline 2020-1 breaks down how the Commission will conduct the audit based on the requirements set by MCL 211.10g(1). Guideline 2020-1 separates the statutory requirements into deficiencies (i.e. failure to have what is required by MCL 211.10g(1)) that may result in a finding of noncompliance or that are technical. Assessors should review MCL 211.10g(1) and Guideline 2020-1 and work with local unit officials to ensure that they are able to meet the statutory requirements. [Guideline 2020-1: Audit Procedures](#) is available on the STC website.

Required Training: Assessors and Support Staff

PA 660 states that local units must ensure that support staff is sufficiently trained to respond to taxpayer inquiries. PA 660 also states that local units must require that assessors maintain their certification levels. Support staff is all non-certified staff that are involved in the development of the assessment roll, including field work, and any individual that may supply information from the assessment roll to the public. Certified staff members are required to meet annual continuing education requirements.

The State Tax Commission adopted the following requirements for support staff training at the October 20, 2020 meeting:

1. **Certified Support Staff:** Support staff who are certified will be required to complete their annual continuing education requirements to satisfy this audit requirement. Proof of completion and the required Form 5730 should be attached to the Assessor's Certification of the Assessment Roll and maintained with local unit records.
2. **Uncertified Support Staff:** Beginning in 2022, uncertified support staff will be required to complete training at least once every two years on key updates to assessing to meet this audit requirement. Proof of completion and the required Form 5730 should be attached to the Assessor's Certification of the Assessment Roll and maintained with local unit records.

Required Training: Board of Review members

PA 660 states that local units **must require** that its board of review members receive board of review training and updates required and approved by the State Tax Commission. Checking to ensure that board of review members are trained is now required as part of the audit of the local unit starting in 2023.

The State Tax Commission has determined that beginning in 2022, Board of Review members will be required to complete Board of Review training at least once every two years to meet this audit requirement.

This training will be offered by the State Tax Commission, or by outside organizations with State Tax Commission approval and use of State Tax Commission approved materials. Proof of completion and the required Form 5731 should be attached to the Board of Review's Certification of the Assessment Roll and maintained with local unit records. Board of Review members will need to make sure they receive proof of

completion and that it is provided to the local unit so it can be properly maintained and provided during the audit.

G. Tax Tribunal Small Claims Division Hearings

Assessors should carefully read all notices, orders and other correspondence sent by the Tax Tribunal. Assessors should pay special attention to the Notice of Hearing and ensure they are available at the date and time of the scheduled hearing. It is important to appear at the hearing and to timely file with the Tax Tribunal and serve a copy to the taxpayer of all evidence and documentation you wish to be considered at the hearing.

Assessors representing their local unit in Tax Tribunal hearings need to submit evidence to support the value of the property under appeal. If the assessor is relying on the property record card as evidence of value, the property record card must be for the year(s) being appealed. The complete property record card, including all calculations should be provided; do not submit a property record card that states “calculations too long” and then fail to include the additional calculations. Also, it is important to submit the studies prepared that support the economic condition factor and land value on the record card. Assessors should also be able to explain at the Tax Tribunal hearing how the value shown on the property record card was calculated. More information regarding the Michigan Tax Tribunal, including Tribunal Rules, forms and instructions is available at www.michigan.gov/taxtribunal.

Assessors are also reminded that any change in contact information, including a change in email address, must be submitted to the Tax Tribunal to ensure that all case notifications are received.

H. EMPP and ESA Reminders

In September and October, the ESA Section begins to send out Summary of Changes letters for all taxpayers that have certified their ESA Statement and paid ESA liability in full. Recognizing that manufacturers occasionally move personal property between facilities located in different jurisdictions, a copy of this letter is sent to every local unit in which a taxpayer has reported EMPP if a change on their ESA Statement has been made to *any* parcel located in *any* local unit. This is done to assist each assessor in identifying property that may have been moved in or out of their local unit. Assessors are advised that even if their local unit is not listed on the Summary of Changes letter, it may be prudent to note whether any changes made to a parcel reported in another local unit may affect a parcel located in their local unit.

At times, taxpayers attempt to add a parcel to their ESA Statement that was not previously reported to the Department of Treasury. In these cases, the ESA Section will reach out to the assessor to ask if a Combined Document (Form 5278) was filed for the parcel and, if it was, request a copy of the Form. ESA Staff will also ask for a letter confirming that the EMPP exemption was claimed properly and that the failure to transmit the information to the Department of Treasury was not the fault of the taxpayer. These letters are not used to incriminate an assessor who made a mistake,

but rather to add to Treasury files to document why a parcel was added to an ESA Statement after the statement was generated on May 1st.

The ESA Section has received consent judgments entered by the Michigan Tax Tribunal for stipulated agreements between EMPP claimants and the local units in which they have personal property. It is extremely important that any stipulated agreement filed with the Michigan Tax Tribunal indicates that the personal property reported on the parcel meets the definition of “eligible manufacturing personal property,” identifies which eligible manufacturing personal property qualifies for the exemption under MCL 211.9m and MCL 211.9n and directs the Department of Treasury to generate an ESA statement so that the taxpayer may pay ESA on the exempt personal property. Assessors are advised to contact the ESA Section for a list of previous dockets that contained the appropriate requirements.

More information is available in the Assessors Guide to EMPP and ESA available online at www.michigan.gov/propertytaxexemptions.

Further information and guidance on the Eligible Manufacturing Personal Property (EMPP) Exemption, Special Acts and the Essential Services Assessment (ESA) is available at www.michigan.gov/ESA. Additional questions should be sent via email to ESAQuestions@michigan.gov.

I. Omitted or Incorrectly Reported Property (MCL 211.154)

Assessors are reminded that when submitting 154 petitions it is necessary to include complete copies of the property record cards for every year a change is being requested on the petition. For example, if a 154 petition requests a change for 2019 and 2020 the property record card for 2019 and the property record card for 2020 should be submitted. In addition, assessors must submit the calculations and documents needed to understand the reasons for the change and the amount of the requested change in the assessment and taxable values. Additionally, the 154 petition must contain an original signature. The Commission cannot accept electronic signatures or scanned signatures on petitions.

For 154 petitions involving removal of personal property, staff may request verification that the assessor inspected personal property location or otherwise confirmed that the personal property was disposed and was not located in the local unit on the applicable tax day. Additionally, staff may inquire as to the extent of the assessor’s communication with the taxpayer to confirm that personal property was reported in the new location.

Questions can be directed to the staff at Treas-154petitions@michigan.gov. Additional information, including Bulletin 2 of 2018 and copies of the approved forms, are available online at www.michigan.gov/154petitions.

J. Disabled Veterans Exemption – Qualified Error

On October 14, 2020, PA 206 of 2020 was signed into law. This Act amends MCL 211.53b regarding July and December Board of Review authority by adding as a qualified error an issue beyond the control of a disabled veteran or the unremarried surviving spouse **that caused a denial** of the disabled veterans exemption:

1. An error made by the local tax collecting unit in processing of a timely filed exemption affidavit; or
2. A delay in the determination by the United States Department of Veterans Affairs that a veteran is permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

As a reminder, a correction by the July and December Board of Review for a qualified error can be made for the current year and the immediately prior year only.

K. Authority of July and December Boards of Review

Assessors are reminded that the July and December Boards of Review may only act on matters described in MCL 211.53b. This includes qualified errors listed in MCL 211.53b(8), and appeals related to the principal residence exemption, qualified agricultural exemption, taxable value uncapping, qualified start-up business exemption, disabled veteran's exemption, and poverty exemption.

Assessors should carefully review the Board of Review FAQ and Bulletins 5 of 2017 and 6 of 2018 to ensure their Boards of Review are acting within their statutory authorities.

Assessors should not be requesting that the July or December Boards of Review take action outside of the limited authority provided in MCL 211.53b.

L. Online Education Portal and CERTS Login

STC Online Education Portal

The State Tax Commission offers a variety of online classes, available free of charge, that provide continuing education credit. The online classes can be accessed at <https://coned.mi-stc.org>. You will need to have your username and password to access the courses. If you do not know your username or password, email State-Tax-Commission@michigan.gov.

You must complete all requirements of the online course before you will receive your certificate of completion for the course. If a certificate is not emailed to you, then you likely did not complete one or more of the course requirements. The requirements that must be completed are listed at the top of each course and as you complete each one, they will be removed from the list.

Once you have received your certificate, you are responsible for uploading it into the CERTS platform to receive the continuing education credit for the course.

MiSUITE/CERTS

Several updates were released in August to make MiSUITE a more user-friendly and secure platform. These updates include allowing users to request and receive an automated password reset link, simplified password requirements, and the ability to securely register a device. Additional security measures were also implemented, including password expirations. Passwords will now expire after 90 days. If your password is expired, you will automatically be redirected to an Update Password page upon attempting to log in. Simply create a new password, confirm that password, and click "update."

You can access MiSUITE/CERTS by going to <https://sso.migov.net>

Assessors can check continuing education hours by logging into the CERTS system and checking your profile page. Total hours remaining to be completed are listed on the profile page in CERTS as well as the completed classes that have been properly logged into the system.

Assessors are responsible for logging their own continuing education hours in CERTS. When logging credit, be sure to pick the correct course, date, location and upload proof of attendance.

If you have any questions, concerns, or need further assistance, please email Treas-MiSUITEHelp@michigan.gov.