



2019

Assessment Roll Report



Amy DeHaan, MMAO(4) - Assessor
Charter Township of Garfield,
Grand Traverse County
May 1, 2019

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Charter Township of Garfield

Grand Traverse County

3848 VETERANS DRIVE
TRAVERSE CITY, MICHIGAN 49684
PH: (231) 941-1620 • FAX: (231) 941-1588

May 1, 2019

Chuck Korn, Supervisor, and
Garfield Township Board:

I have completed the first Annual Assessment Roll Report for tax year 2019, Fiscal Year 2020.

The purpose of this report is to provide:

- 1) a synopsis of the Township's Fiscal Year 2020 property tax base;
- 2) an overview of the Township's various property tax incentive programs and exemptions;
- 3) the results of the 2018 Audit of Minimum Assessing Requirements, performed by the State Tax Commission;
- 4) legislative changes affecting assessment administration; and
- 5) trends and forecasts in the real estate market.

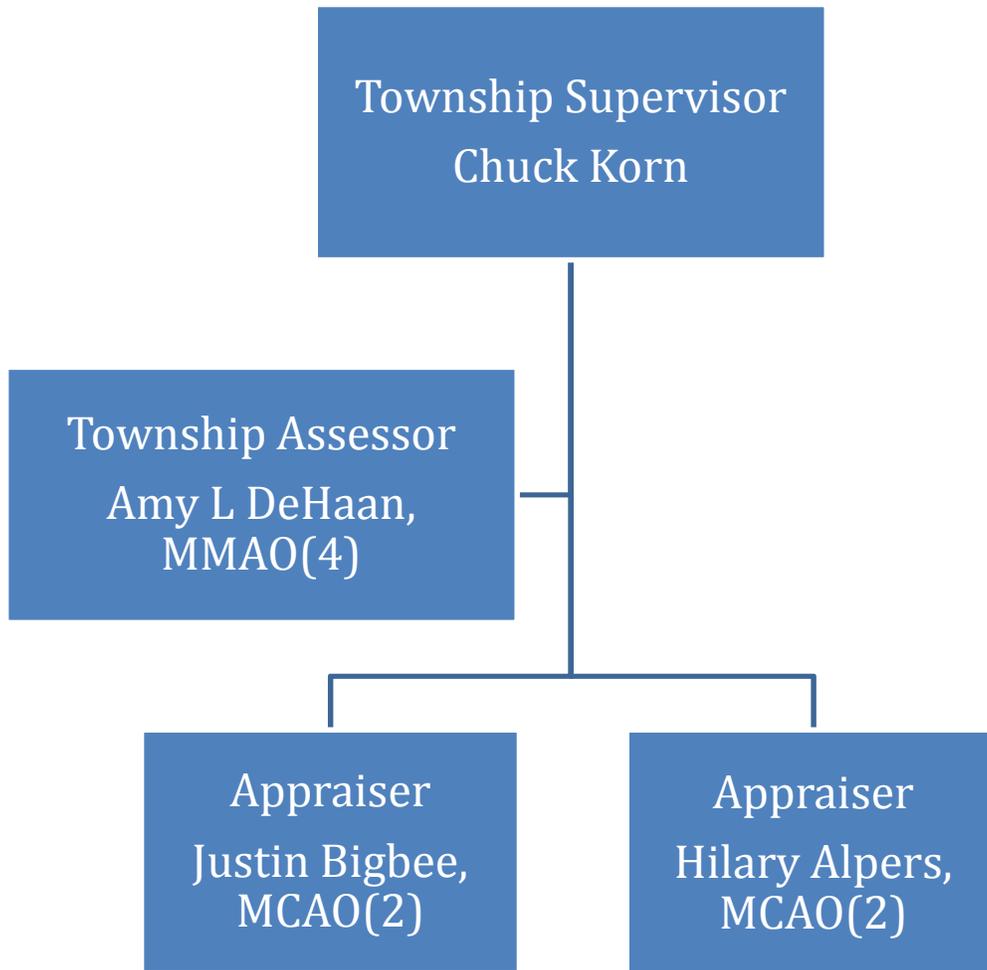
It is my intention to provide this report to you annually, following County Equalization which takes place in April. Since this is the first year for this report, I have included items that highlight the final work product of the assessing department - the annual assessment rolls. If there is additional information that would be beneficial to you, please let me know and I will do my best to include it next year.

I hope this report is informative and helps in your role as a Garfield Township elected official.

Respectfully Submitted,

Amy L DeHaan
Assessor

Assessing Department Organization Chart, 2019



In the fall of 2019, Justin Bigbee - appraiser, plans to enroll in the State Tax Commission's one year MMAO(3) program. This was a goal set when he was hired by the Township in April 2018, and he is looking forward to the challenge. This program will count for his continuing education required by the state that all assessors are required to take annually, as well as advance his certification level.

2019 Assessment Rolls

Parcel Counts

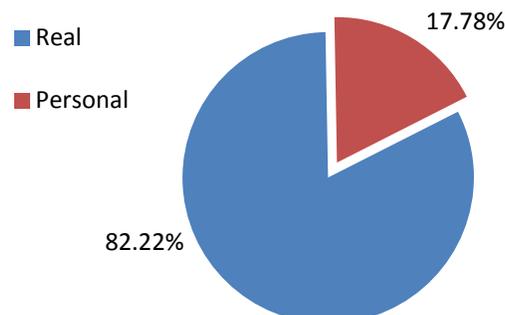
The Township Assessor is responsible for administering five separate assessment rolls. The ad valorem roll contains all real and personal property subject to taxation at the full millage rate. The **Industrial Facilities (IFT) roll**¹ contains eligible real and personal property subject to reduced millage rates for a limited period of time. The **Payment In Lieu of Tax (PILT) roll**² contains real properties - typically rent subsidized apartment properties - that have an official agreement with the Township to pay a percentage of their rental income, less utility costs, instead of ad valorem millage rates. PILT properties may also have a Municipal Services Agreement with the Township to help cover the costs of emergency and other services. The **DNR Payment In Lieu of Tax (DNR-PILT) roll**³ contains property that is real property, owned by the State of Michigan that is subject to full rate millages - except those paid directly to the State (the State Education Tax and the School Operating millage). The **County Land Bank Sales roll** (formally known as the Tax Reverted Clean Title Act (TRCTA) roll⁴) contains properties that are subject to the full millage rate, but half of the levy is allocated to the Grand Traverse County Land Bank Authority. The IFT, PILT, DNR-PILT and TRCTA rolls are known as **Special Acts Assessment rolls**.

Assessable property in the State of Michigan is categorized as either real or personal. All assessable property is further classified as agricultural, commercial, developmental, industrial, residential, timber-cutover or utility. Parcel counts by type and classification for each of the five rolls are contained in the chart below.

2019 Parcel Counts

	Class ↓	Ad Valorem	IFT	PILT	DNR-PILT	TRCTA	Totals
Real Property	Commercial	1018	0	18	0	2	1038
	Industrial	76	5	0	0	0	81
	Residential	5592	0	0	1	7	5600
	Exempt	<u>184</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	184
	Real Property Totals:	6873	5	18	1	9	6906
Personal Property	Commercial	1431	0	0	0	0	1431
	Industrial	50	11	0	0	0	61
	Utility	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	5
	Personal Property Totals:	1486	11	0	0	0	1497
Parcel County Totals		8356	16	18	1	9	8400

% of Parcel Count: Real v Personal



¹ As authorized by Public Act 198 of 1974.

² As authorized by Public Act 346 of 1966.

³ As authorized by Public Act

⁴ As authorized by Public Act 260 of 2003.

2019 Assessment Rolls

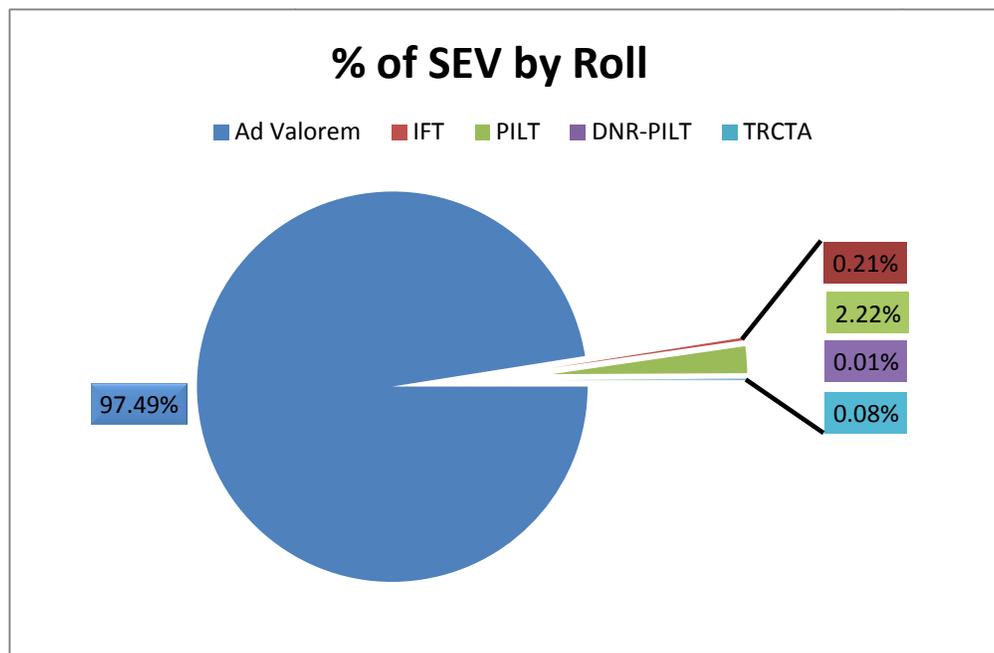
State Equalized Values

State Equalized Value (SEV) represents an estimate of 50% of the true cash value - or fair market value - of the properties assessed on the roll. The chart below summarizes the SEV's by property type, classification and roll.

2019 State Equalized Values (SEV)

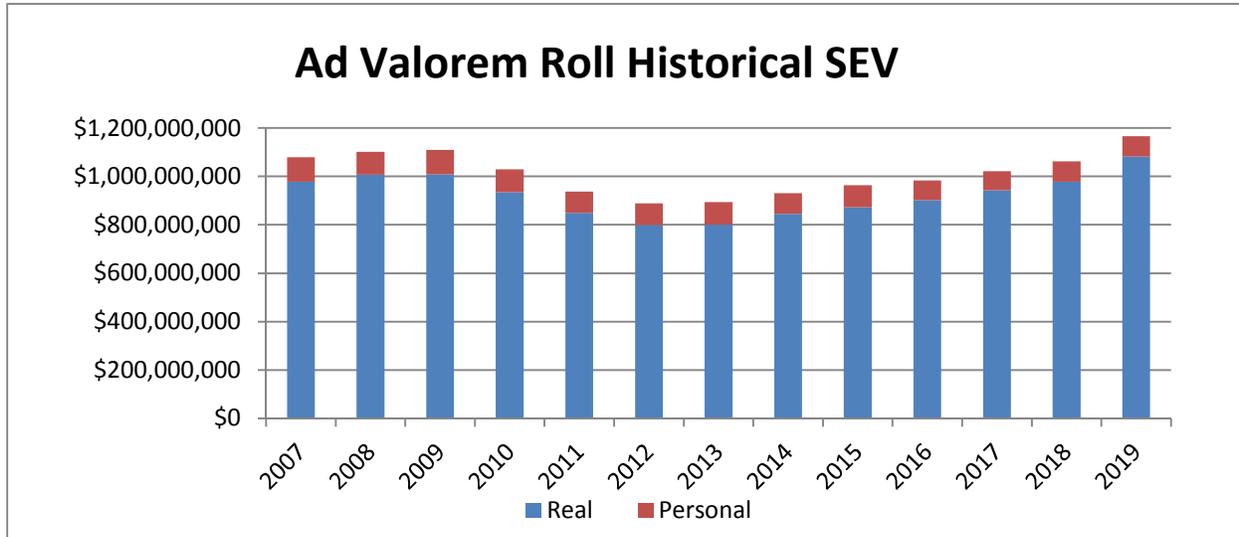
	Class ↓	Ad Valorem	IFT	PILT	DNR-PILT	TRCTA	Totals
Real Property	Commercial	\$429,412,400	\$ -	\$27,405,000	\$ -	\$142,900	\$456,960,300
	Industrial	\$30,717,600	\$1,601,400	\$ -	\$ -	\$ -	\$32,319,000
	Residential	\$661,706,000	\$ -	\$ -	\$145,700	\$840,200	\$662,691,900
	Exempt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Real Property Totals:	\$1,121,836,000	\$1,601,400	\$27,405,000	\$145,700	\$983,100	\$1,151,971,200
Personal Property	Commercial	\$45,574,000	\$ -	\$ -	\$ -	\$ -	\$45,574,000
	Industrial	\$14,003,200	\$934,700	\$ -	\$ -	\$ -	\$14,937,900
	Utility	\$24,115,800	\$ -	\$ -	\$ -	\$ -	\$24,115,800
	Personal Property Totals:	\$83,693,000	\$934,700	\$ -	\$ -	\$ -	\$84,627,700
	SEV Totals	\$1,205,529,000	\$2,536,100	\$27,405,000	\$145,700	\$983,100	\$1,236,598,900

As the following chart displays, over 97% of the Township's assessable property is assessed on the Ad Valorem roll.



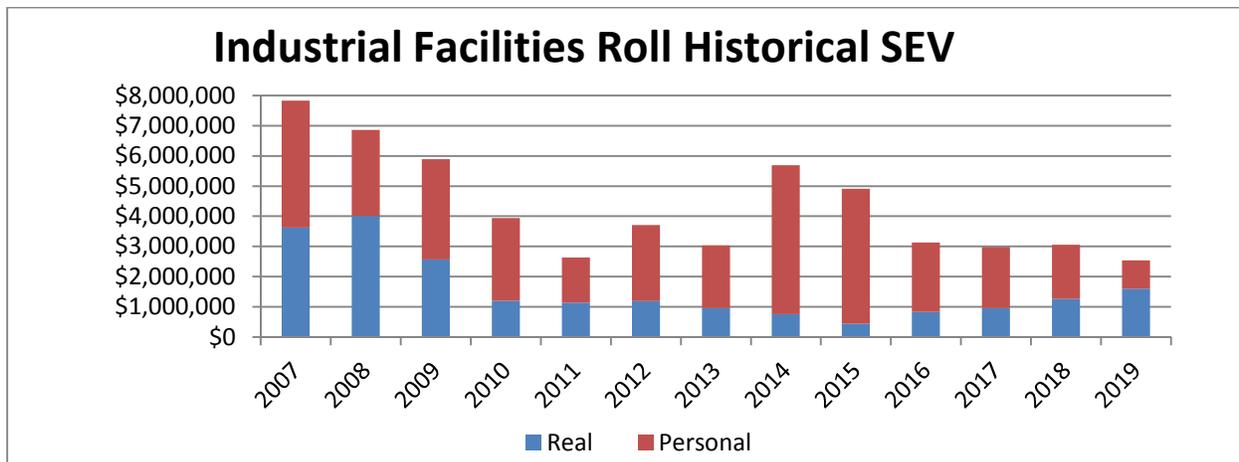
Ad Valorem Roll

A strong real estate market increased the Township's SEV for the seventh straight year, and places the 2019 SEV above the Township's pre-recession high in 2009. It is safe to say that Garfield Township has fully recovered from the Great Recession after ten years. The increase in 2019 was largely due to increases in commercial and residential class real property - both in sales and new construction.



Industrial Facilities Roll

While the four Special Acts rolls comprise less than 3% of the Township's 2019 SEV, the IFT roll has been considered a reliable indicator of the amount of annual private sector investment in industrial real property and industrial machinery and equipment. The IFT assessment roll has seen consistent decreases overall due to the phase-in of the Eligible Manufacturing Personal Property Exemption.



2019 Assessment Rolls

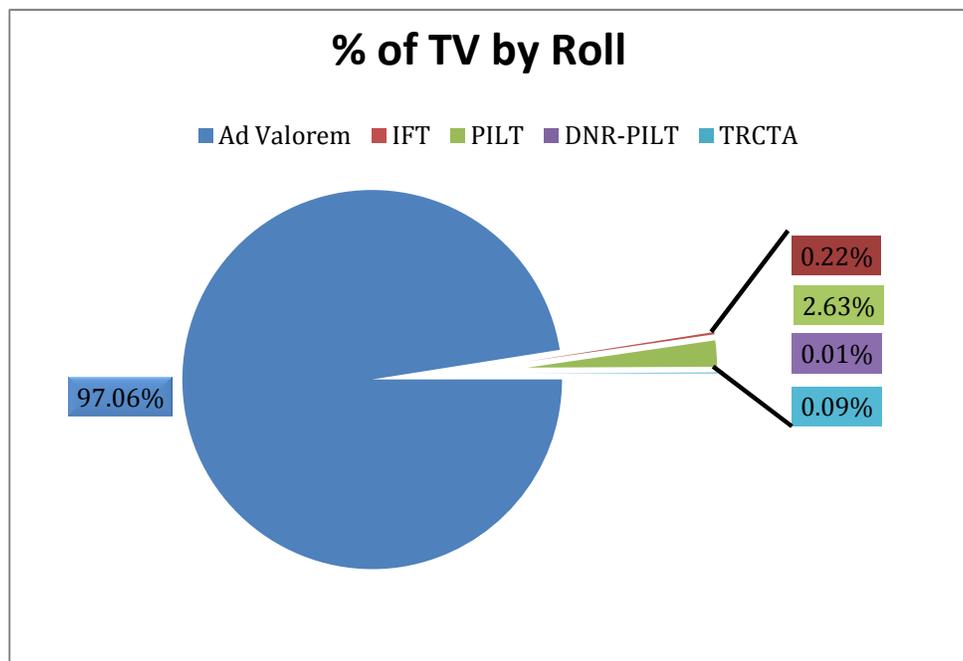
Taxable Values

Taxable Value (TV) represents the property tax base of the Township. While the State Equalized Value (SEV) is a measure of 50% of the fair market value of property on the roll, the TV is used to calculate property taxes (multiplying TV by the millage rate).

2019 Taxable Values (TV)

	Class ↓	Ad Valorem	IFT	PILT	DNR-PILT	TRCTA	Totals
Real Property	Commercial	\$337,000,154	\$ -	\$25,476,848	\$ -	\$132,986	\$362,609,988
	Industrial	\$24,753,871	\$1,235,947	\$ -	\$ -	\$ -	\$25,989,818
	Residential	\$495,543,469	\$ -	\$ -	\$58,214	\$699,178	\$ 496,300,861
	Exempt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Real Property Totals:	\$857,297,494	\$1,235,947	\$25,476,848	\$58,214	\$832,164	\$884,900,667
Personal Property	Commercial	\$45,574,000	\$ -	\$ -	\$ -	\$ -	\$45,574,000
	Industrial	\$14,003,200	\$934,700	\$ -	\$ -	\$ -	\$14,937,900
	Utility	\$24,115,800	\$ -	\$ -	\$ -	\$ -	\$24,115,800
	Personal Property Totals:	\$83,693,000	\$934,700	\$ -	\$ -	\$ -	\$84,627,700
	TV Totals	\$940,990,494	\$2,170,647	\$25,476,848	\$58,214	\$832,164	\$969,528,367

As displayed on the following chart, slightly more than 97% of the Township's tax base is based on the Ad Valorem roll.

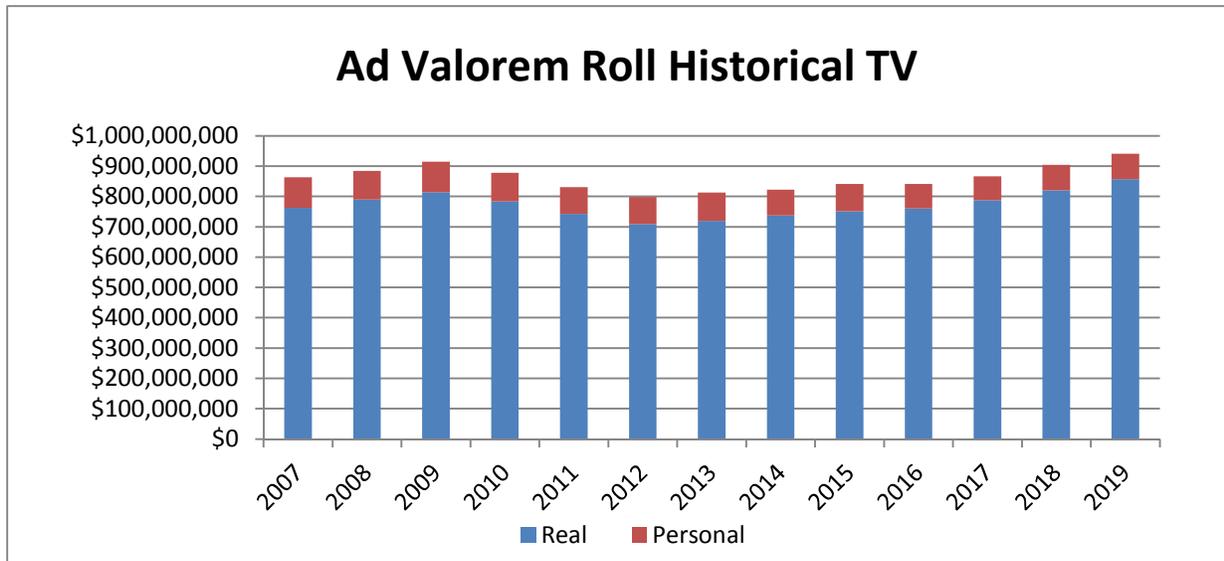


2019 Assessment Rolls

Historical Taxable Values

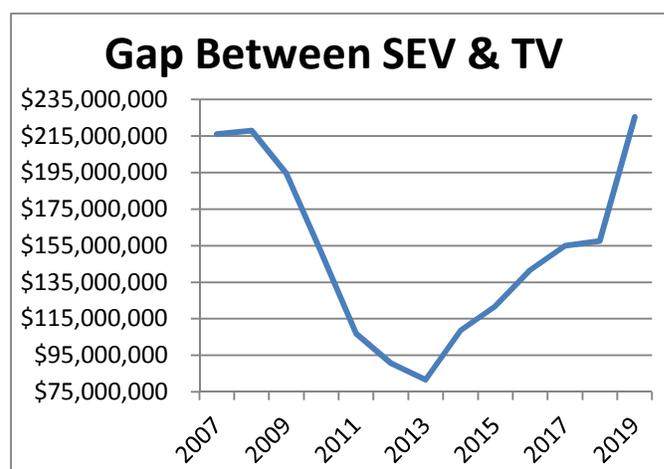
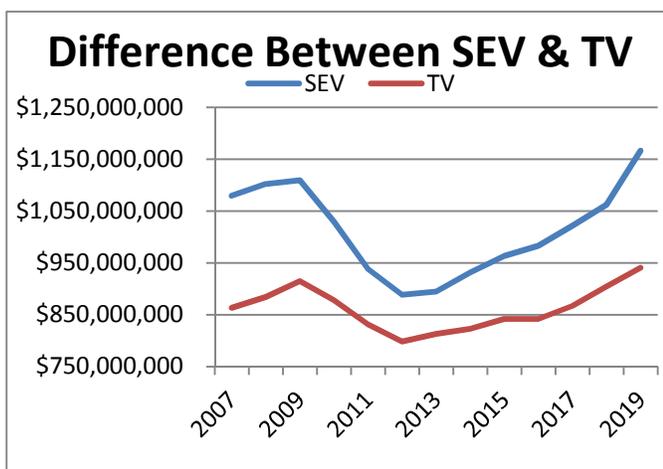
Ad Valorem Roll

While real property values increased due to the strong real estate market, the increase in taxable value increased just over 4%, bringing the TV slightly higher than the peak of Garfield Township TVs in 2009 when the Great Recession began reducing values overall. It has taken ten years, but the Township has finally fully recovered.

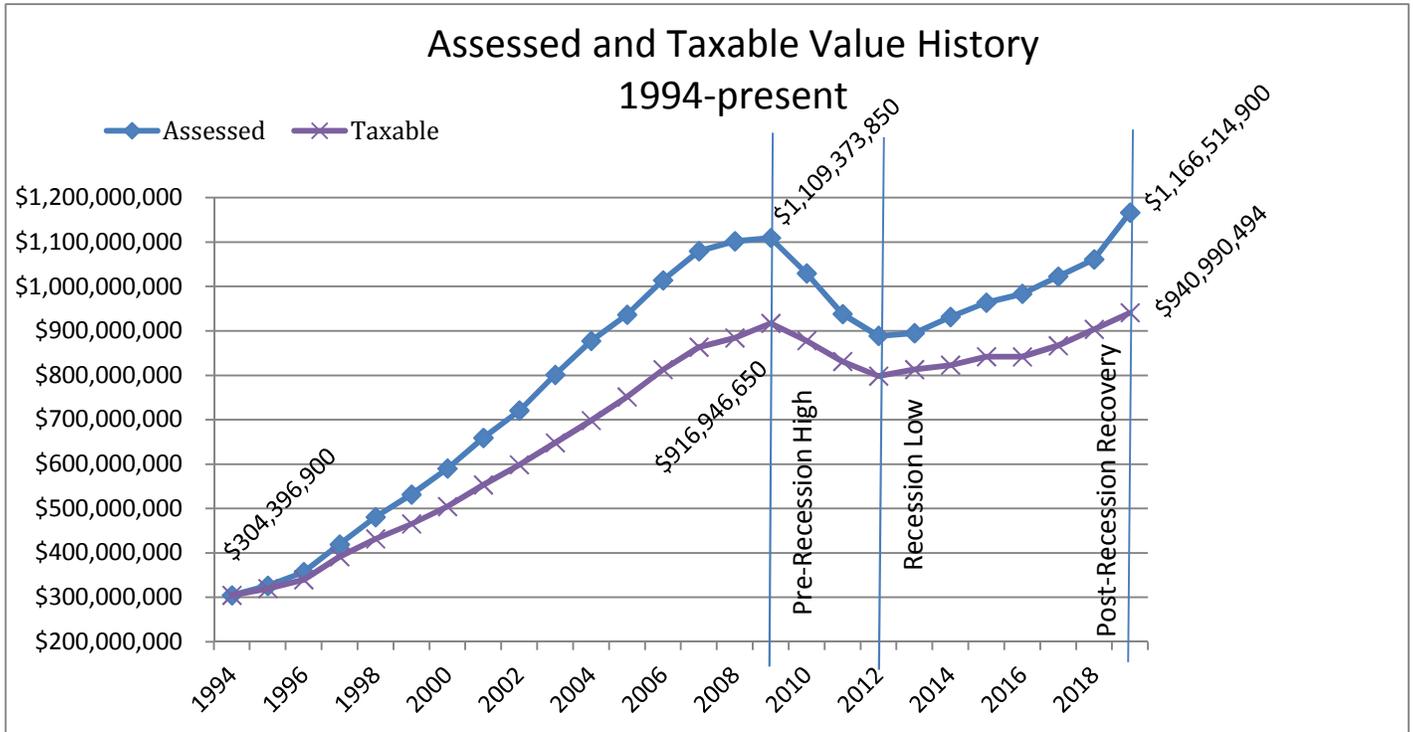


Ad Valorem TV vs SEV

The relationship of Taxable Value to State Equalized Value provides insight into the limiting effects of Proposal A. The graph below displays the gap between TV and SEV. The gap represents the loss in the property tax base due to the capping provisions contained in Proposal A. While this gap narrowed significantly with the loss in property value during the Great Recession, it once again continues to widen as the market recovers.

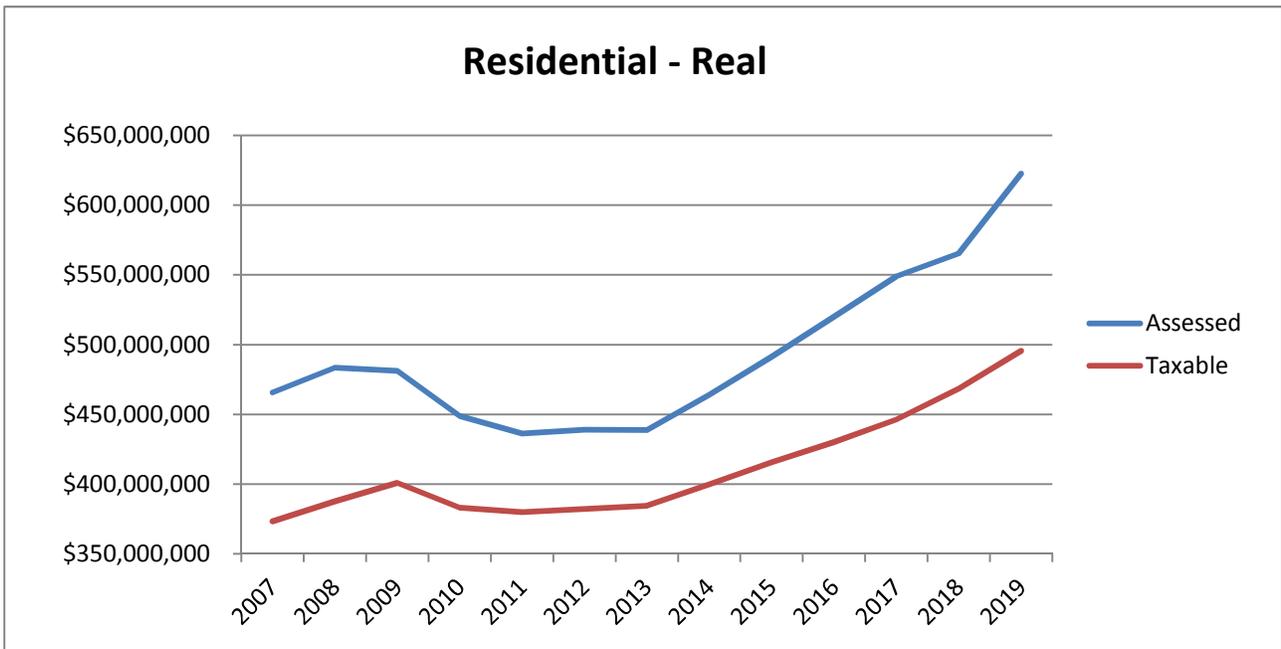
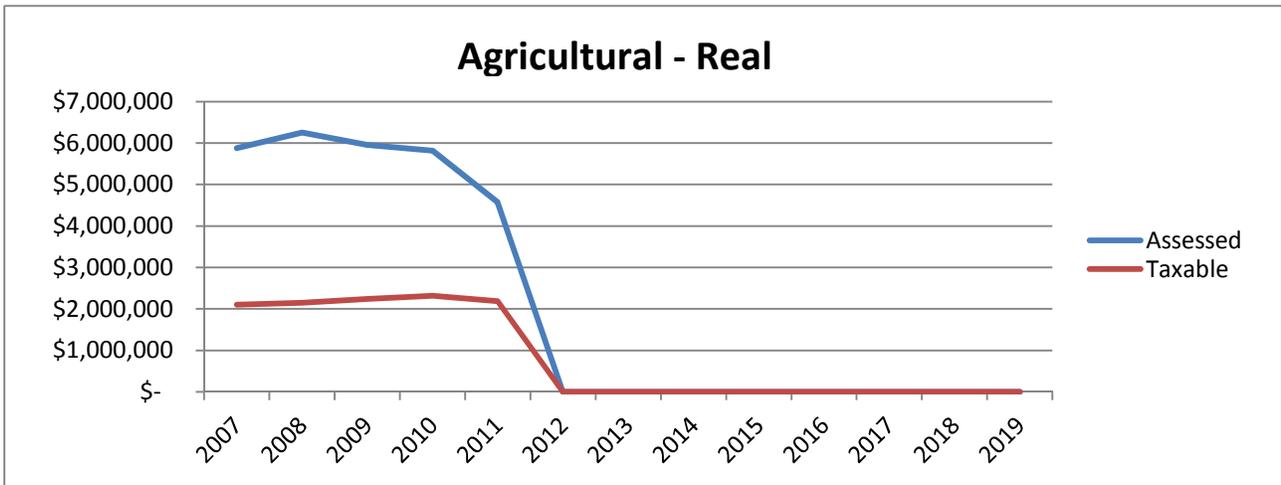


To further illustrate what has happened to both SEV and TV since the onset of Proposal A, the following graph shows the gap since 1994.

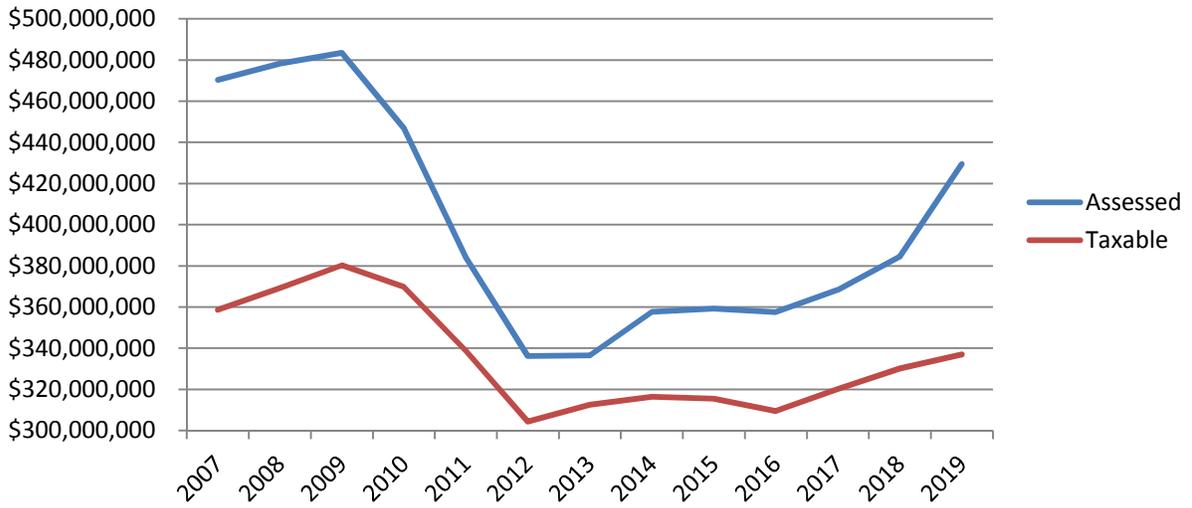


Ad Valorem Assessed & Taxable Comparisons by Class

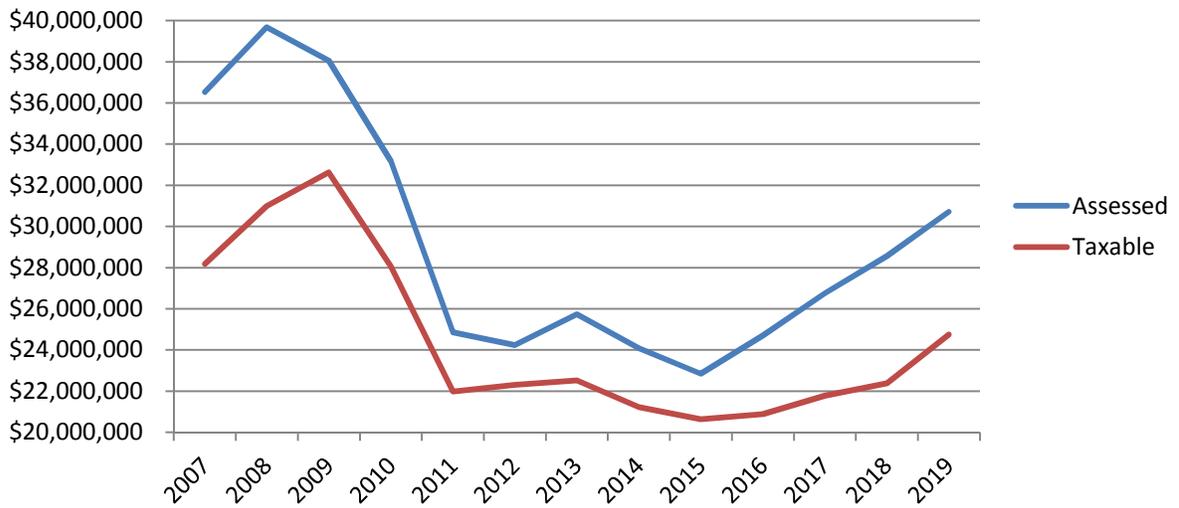
In 2012, in the wake of falling values due to the Great Recession, Garfield Township had a total of 22 agricultural parcels. County Equalization studies showed that this property class required a value increase of more than 9% during a time when all other property class studies showed value decreases. Since all, or most, of these parcels could potentially be residential developments, it was decided to move all of the agricultural parcels into the residential class. Thereby, protecting them from the value increases shown in the studies.



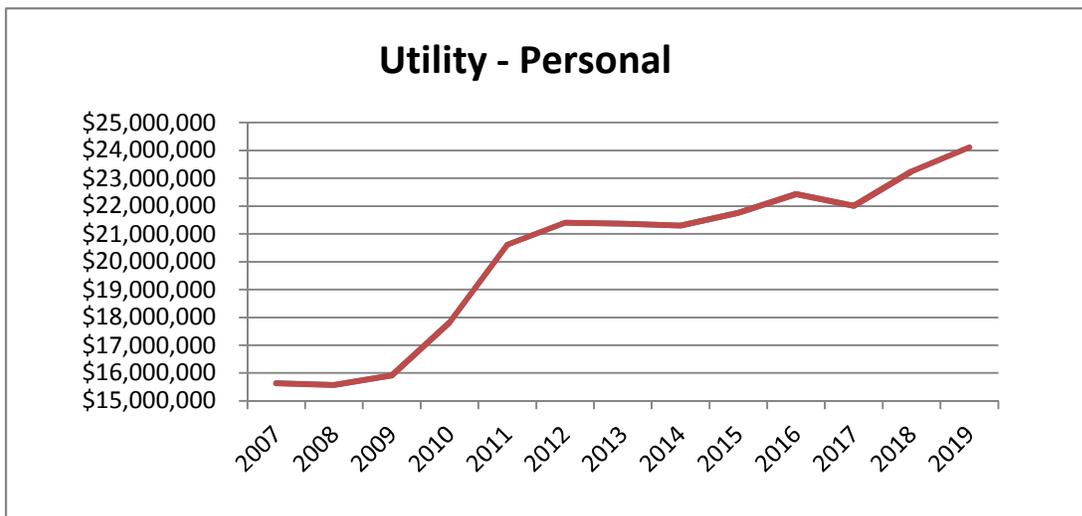
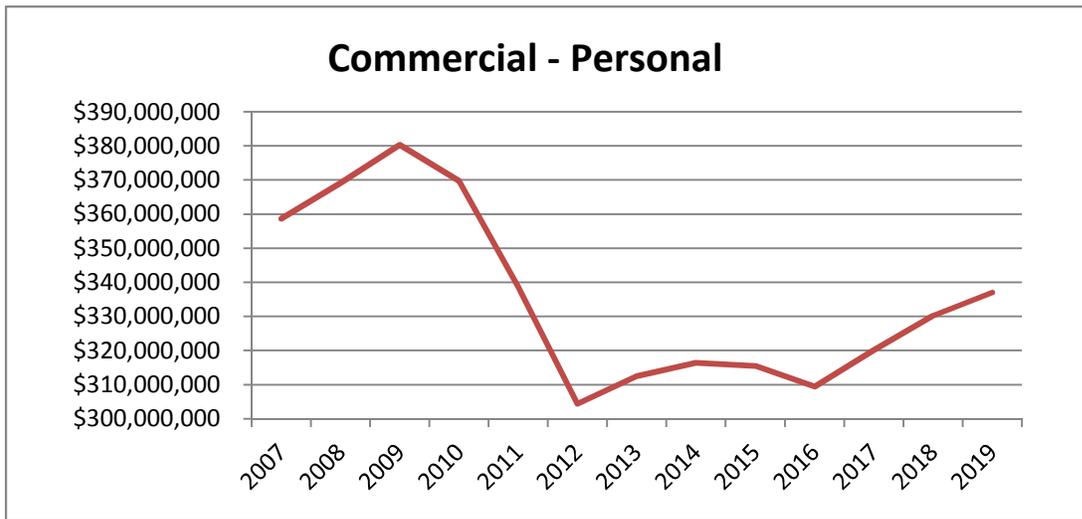
Commercial - Real



Industrial - Real

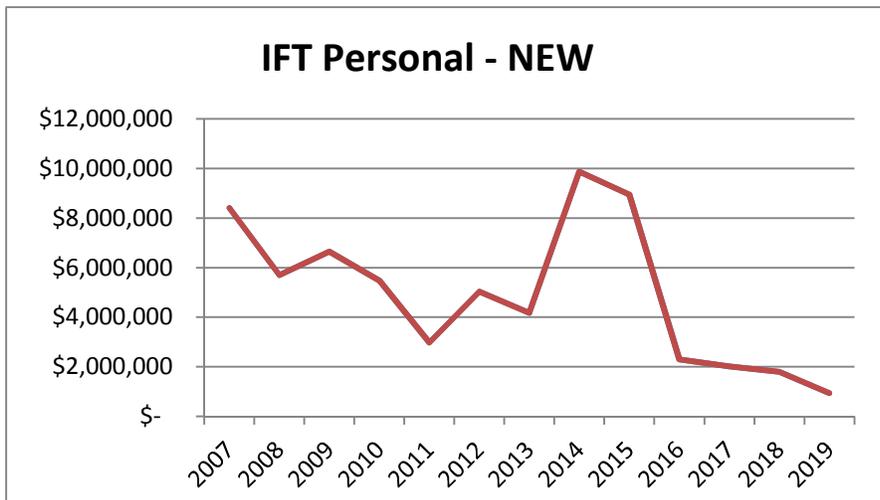
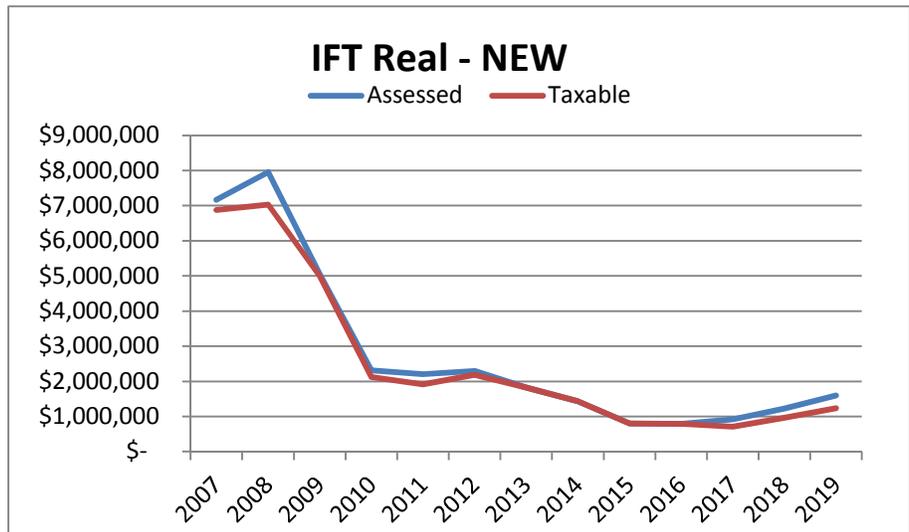
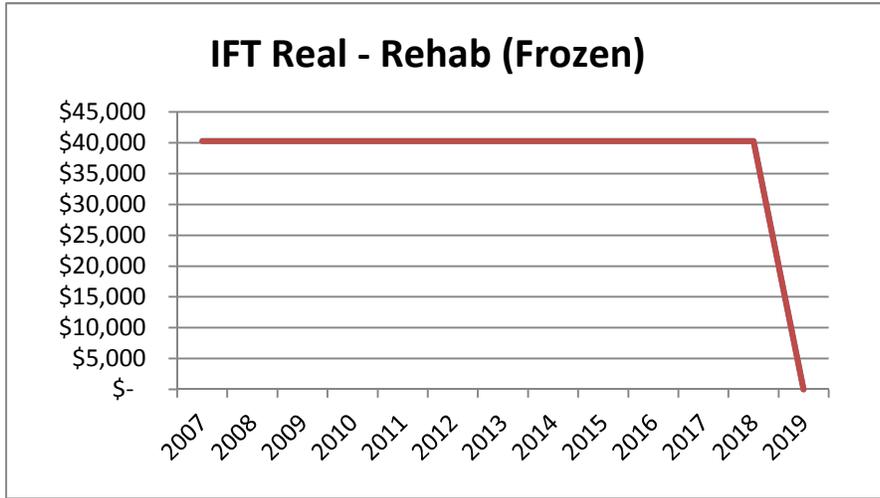


Where only one line is depicted on the following charts, the AV and TV are the same.



Special Acts Rolls - Assessed & Taxable Comparisons

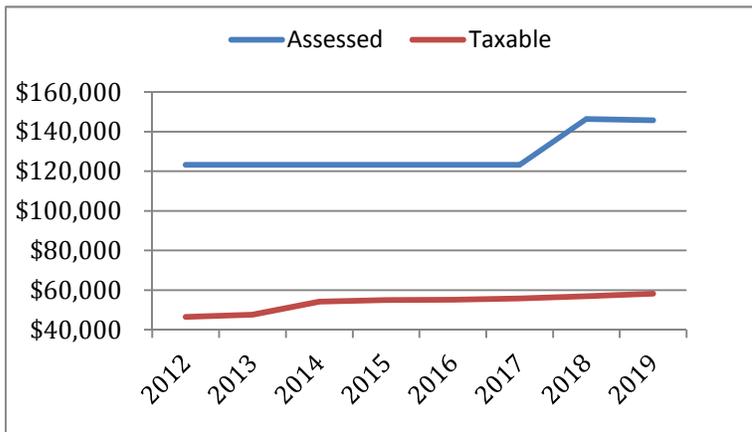
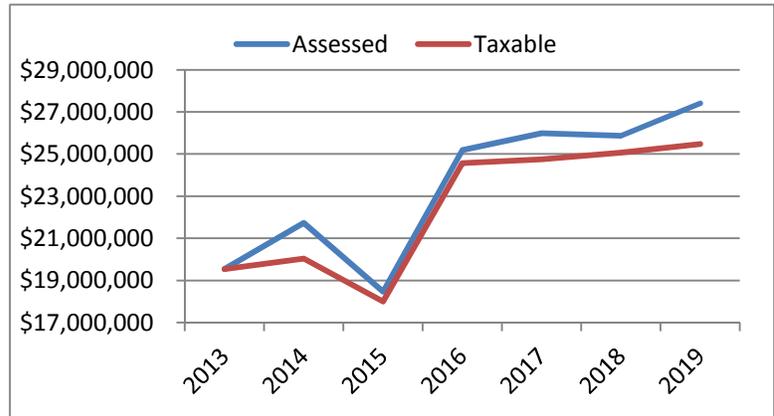
Industrial Facilities (IFT) Roll



Payments In Lieu of Taxes (PILT) Roll

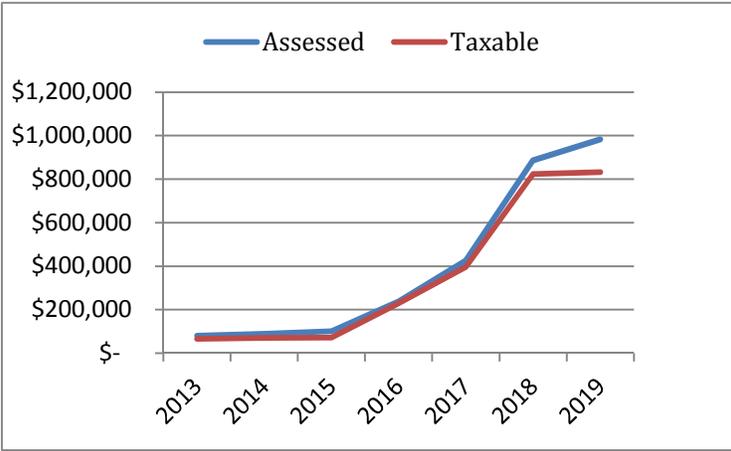
Prior to 2013, none of the Exempt or PILT roll properties had values assigned to them nor were there sketches or photos of exempt buildings. Every parcel should have sketches, photos and a value assigned. There are several reasons for this: 1) it is required by the STC as part of the annual assessment review

process; 2) if an exempt property sells to a private individual or company, there is a value that can be put on the roll; and 3) should a disaster occur, the assessing database can be used to assist in the determination of the dollar value of loss to all properties. All of Garfield Township's Exempt and PILT properties have been reviewed in the field since 2013, have sketches of both land and buildings and the majority have up-to-date photos.



DNR-PILT Roll

County Land Bank Sales (TRCTA) Roll



Headlee Millage Reduction Fraction

In 1978, Michigan voters approved the "Headlee" tax limitation amendments to the Michigan Constitution of 1963 (Article IX, Sections 24 - 34). Often referred to as the "Headlee Rollback", this constitutional amendment requires a local unit of government to reduce its millage when annual growth on existing property is greater than the rate of inflation. As a consequence, the Township's millage rate is "rolled back" so that the resulting growth in Township property tax revenue does not exceed the rate of inflation. This is accomplished through the use of the "Headlee" Millage Reduction Fraction (MRF).

Another amendment to the Michigan Constitution, known as Proposal A of 1994, requires the taxable value of an individual property to be capped by the rate of inflation, with the exception of properties which transfer ownership. For those properties that experienced a transfer of ownership in the previous year, the taxable value is "uncapped" and the taxable value becomes equal to the State Equalized Value (SEV). When the overall growth in taxable value exceeds the rate of inflation, a millage reduction fraction must be applied to the Township's millage rates.

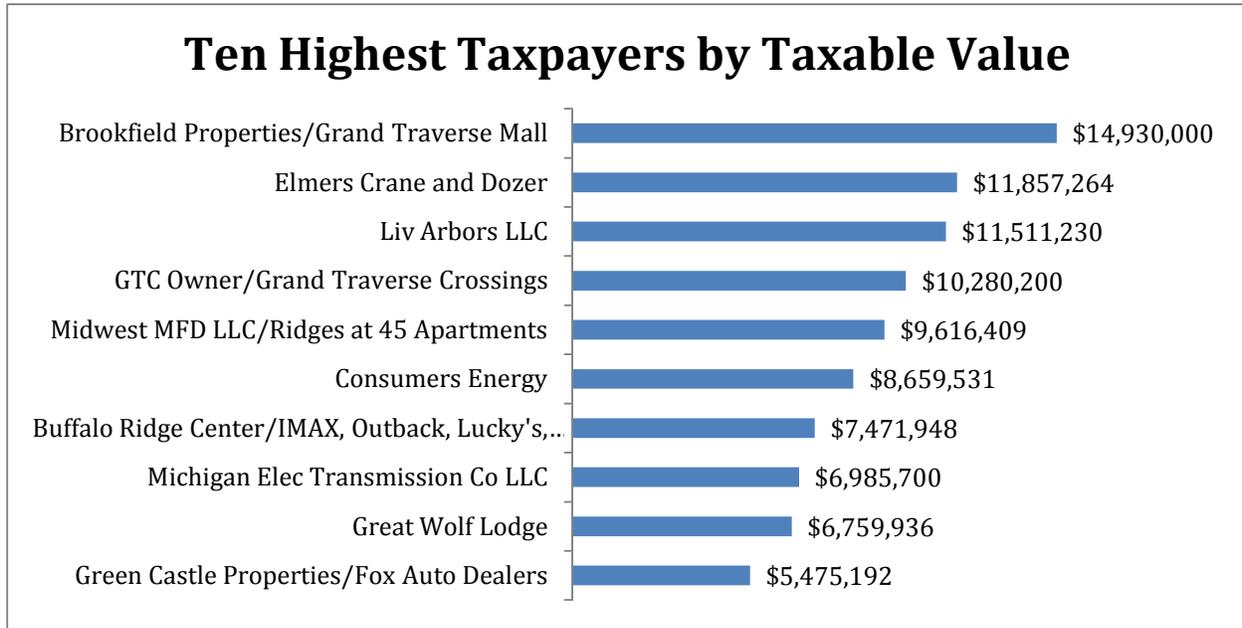
For tax year 2019, the inflation rate multiplier of 1.024, along with the "uncapping" of taxable value in an active real estate market, has surprisingly resulted in the Township's total taxable value staying below the rate of inflation over 2018.

The Township's millage reduction fraction is calculated by the assessor and estimated to be 1.0000 for the 2019 tax year. This multiplier is applied to the Township's 2018 permanently reduced authorized millage rates. Depending on the calculated factor, the multiplier may or may not reduce the maximum allowable millage rate the Township is able to levy in 2019 and forward. Due to this factor being 1.0000, the 2019 maximum authorized millage rate is estimated to be 4.5410 for the second year in a row.

While the Township is allowed, by Law, to levy 4.5410 mills, it has not levied more than 3.3584 (in 2006 and 2007) since at least the onset of the Headlee amendment in 1978. The Garfield Township Board has reduced millage rates three times since 2007 and has levied 2.0000 mills from 2015 through 2018. While it is not anticipated, should the Township need to return to the charter authorized millage of 5.000 mills at some time in the future, a vote by the electors would be required.

All Rolls

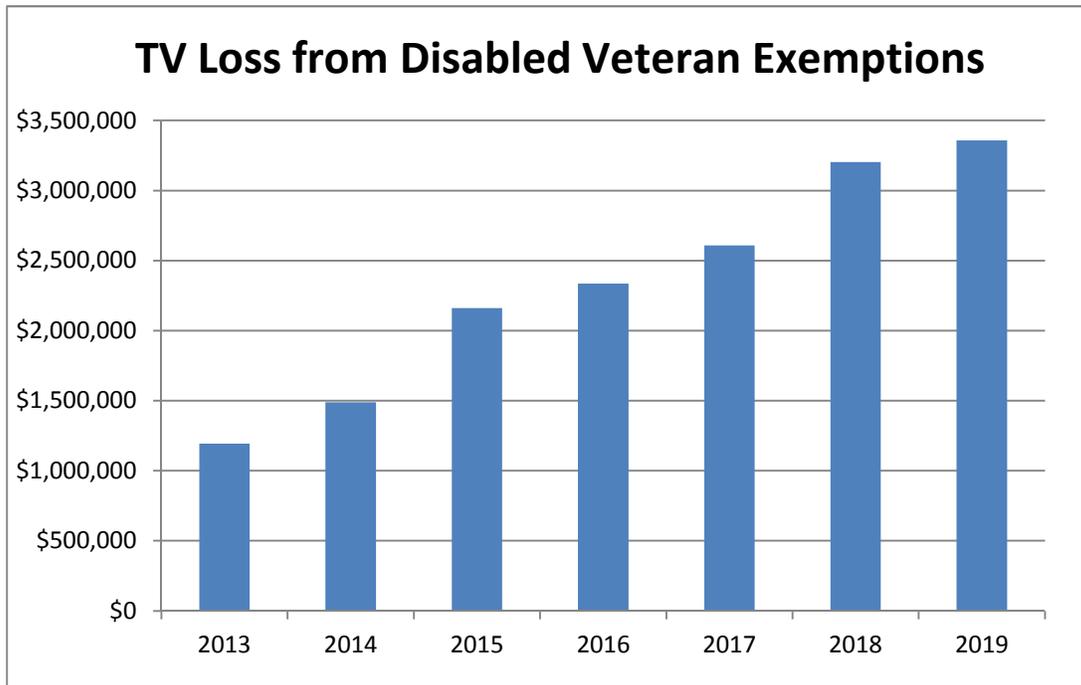
The 2019 taxable values of the Township's ten largest taxpayers are listed in the following chart. The total taxable value includes both real and personal property from all assessment rolls.



Exemptions

Disabled Veteran Exemptions

In 2013, the State Legislature passed Public Act 161, which provides a property tax exemption on the homestead of honorably discharged veterans of the United States Military who are 100% disabled. This chart shows the loss in taxable value due to these exemptions since the creation of the exemption.



The State Tax Commission requires the disabled veteran to file annually for this exemption with the March, July or December Board of Review. As more veterans move into the area and learn of this program, the number of exemptions granted has risen from 17 in 2013 to 37 in 2018. To date, 37 exemptions have been granted for a total loss of \$3,356,897 in taxable value for the 2019 tax year.

The State Tax Commission, per MCL 211.10f, has jurisdiction to determine substantial compliance with the requirements of the GPTA through the Audit of Minimum Assessing Requirements (AMAR). It is considered a review of the local unit of government, and is based on statute as well as STC rules, policy, bulletins and publications. In 2018, all units in Grand Traverse County were reviewed.

The AMAR requirements include:

- Does the local unit have proper ECFs?
- Does the local unit have proper land value maps?
- Does the local unit have proper land value determinations?
- Does the true cash value on the record cards match the assessment roll?
- Does the local unit conduct an annual personal property canvas?
- Did the local unit properly process any Small Business Taxpayer Exemptions that were received?
- Does the local unit have poverty exemption guidelines?
- Do the local unit poverty exemption guidelines include an asset test?
- Did the Board of Review meet the statutory requirements in granting poverty exemptions and follow local unit policies?
- Did the July/December Board of Review meet their statutory requirement?
- Did the local unit meet the requirements of MCL211.27b regarding failure to file a Property Transfer Affidavit?

Once the AMAR review was complete, the Township received the results. The letter from the Department of Treasury and the AMAR Review Sheet can be found on the next several pages.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

August 9, 2018

Chuck Korn, Supervisor
Garfield Township, Grand Traverse County
3848 Veterans Drive
Traverse City, MI 49684

Dear Chuck Korn:

Tax Management Associates recently conducted an Audit of Minimum Assessing Requirements (AMAR) on behalf of the State Tax Commission in your local unit. Following is a summary of the audit findings:

Review Item	Requirement Met (Yes/No)
Does the local unit have proper ECF's?	Yes
Does the local unit have proper land value maps?	Yes
Does the local unit have proper land value determinations?	Yes
Does the true cash value on the record cards match the assessment roll?	Yes
Does the local unit conduct an annual personal property canvas?	Yes
Did the local unit properly process any Small Business Taxpayer Exemptions that were received?	No
Does the local unit have poverty exemption guidelines?	Yes
Do the local unit poverty exemption guidelines include an asset test?	Yes
Did the Board of Review meet the statutory requirements in granting poverty exemption and follow local unit policies?	Yes
Did the July/December Board of Review meet their statutory requirements?	Yes
Did the local unit meet the requirements of MCL 211.27b regarding failure to file a Property Transfer Affidavit?	Yes

A copy of the AMAR Review with detailed comments regarding each item, is enclosed. An electronic version of the form, which includes links that provide more specific information regarding each requirement is available on the State Tax Commission's website at www.michigan.gov/statetaxcommission.

Please provide a corrective action plan no later than **September 14, 2018** outlining how each requirement that was not met will be corrected, as well as specific dates when the deficiency will be corrected. Please note that specific dates are required so that we may determine the date of

AMAR Review
Page 2
August 9, 2018

any necessary follow up review. Failure to submit a plan to correct each item and a date by which item will be corrected will result in the rejection of your corrective action plan.

The 2018 AMAR review includes several background questions that are designed to gather information and to ensure that local units review their policies and procedures as it relates to exemptions, PRE denials, forms filed with County Equalization and statistical information. We ask that local units review this information, particularly where an item was marked no, and discuss these issues with their assessor. No corrective action plan on these items is required, however they will be checked again at the follow up review.

If you have any questions, please do not hesitate to contact me at 517-335-3429.

Sincerely,



Kelli Sobel
Michigan Department of Treasury

Enc: AMAR Review

Cc: Township Clerk
Township Assessor
Equalization Director

**Michigan State Tax Commission
Audit of Minimum Assessing Requirements
AMAR Review Sheet**

The State Tax Commission, per MCL 211.10f, has jurisdiction to determine substantial compliance with the requirements of the General Property Tax Act. The AMAR review reflects the minimum assessing requirements of a local unit of government based on statute and STC Rules, Policy, Bulletins and Publications. Local units of government that do not meet one or more of the minimum requirements must submit a corrective action plan detailing how and when the deficiencies will be resolved.

Failure to submit an acceptable corrective action plan, or failure to resolve the deficiencies as outlined within the corrective action plan that is approved by the State Tax Commission, will result in a determination of substantial non-compliance and may result in the State Tax Commission assuming jurisdiction of the assessment roll of the local unit of government. Failure to meet one or more of the minimum AMAR requirements does not automatically result in State Tax Commission assumption of jurisdiction of the assessment roll.

Local Unit Background Information:

Year of Audit: 2018
Name of Local Unit: GARFIELD TWP
Name of County: GRAND TRAVERSE
Name of Assessor: AMY DEHAAN
Assessor Certification Level: MMAO 4
Name of Supervisor, City Manager or Mayor: CHUCK KORN Title: SUPERVISOR
Mailing Address for Supervisor: 3848 Veterans Drive, Traverse City, MI 49684

What date did the assessor certify the assessment roll? L-4037 signed and dated 3-5-18.

What is the Residential Coefficient of Dispersion (COD) for the local unit? Unit had 607 valid sales to calculate a Residential COD of 9.33.

What is the Residential Price Related Differential (PRD) for the local unit? Unit had 607 valid sales to calculate a Residential PRD of 1.02.

Does the L-4022 in possession of the local unit match the L-4022 in possession of the County Equalization Director and the information uploaded on the L-4023 on the E-File Site?

YES: NO: X

The information uploaded on the L-4023 on the E-File Site does not match the L-4022 for the residential and commercial class counts. L-4023 has 5,573 residential parcels and the L-4022 has 5,567. L-4023 has 1,021 commercial parcels and the L-4022 has 1,019. The local unit's L-4022 signed and dated 4-4-18 matches the L-4022 in possession of the County Equalization Director. 6,662 total real parcels with a total assessed value of 978,464,700. The L-4023 has 6,670 parcels with the same total assessed value. The Equalization Director, James Baker, showed that this was his mistake, he takes full responsibility and does not want it counted against the assessor.

MCL 211.7cc requires interest at a rate of 1.25% per month or fraction of a month to be charged to the owner of property that has been issued a PRE denial notice. Upon collecting the interest, MCL 211.7cc also details the required distribution of the interest depending on the governmental unit

analysis of front foot rates, square foot rates, site values or acreage rates for all property classes in the unit.

4. Does the true cash value on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property (STC Policy)?

Requirement Met: YES: NO:

Notes:

Unit has 0 parcels on override.

Unit has 0.05% (3 out of 6,662) flat land values with no reason. These 3 parcels have a -0- flat land value, classed 202 or 207 and are not exempt.

5. Personal Property Review:

- a) Does the local unit conduct an annual personal property canvass?

YES: NO:

Unit has a Personal Property Policy, adopted in 2018, with procedures and practices to follow when conducting an annual personal property canvass. A detailed list of items to review is included. All businesses are driven by for the canvass.

- b) Did the local unit grant any exemptions under MCL 211.9o (Small Business Taxpayer Exemption)?

YES: NO:

Unit has 1,890 personal property parcels. 854 have the Form 5076 Accepted, granting an exemption.

- c) If the answer to item 5b is yes, does a sampling indicate the local unit properly processed the exemptions received? This includes: Form 5076 filled out completely, timely received and received annually. If Form 5076 is not received the exemption is removed, parcel number created for any business that was granted an exemption, ensuring that a parcel with the exemption is not retired, all locations within the local unit are considered when granting the exemption.

Requirement Met: YES: NO:

Notes:

Unit did not properly process exemptions received by accepting Forms received after Feb 20 and not taking them to MBOR.

6. Review of Exemptions Granted under MCL 211.7u (poverty exemptions)

- a) Did the local unit grant any exemptions under MCL 211.7u (Poverty Exemption)?

YES: NO:

Unit had 6 Poverty Exemptions granted by the MBOR for 2018.

- b) Does the local unit have poverty exemption guidelines?

YES: NO:

Unit adopted Resolution No. 2008-02-T on 1-24-08 for poverty exemption guidelines with annually adopted Federal income guidelines and an application.

Comments:

I hereby declare that the foregoing information submitted is a complete and true statement.

Alfonso A Consiglio

Signature

7/25/18

Date

By checking this box, I agree and confirm that the signature I have typed above is the electronic representation of my original, handwritten signature when used on this document and creates a legally-binding contract. I further understand that signing this document using my electronic signature will have the same legally-binding effect as signing my signature using pen and paper.

This is the "Corrective Action Plan" for item 5.c. submitted after receiving the AMAR results:



Charter Township of Garfield Grand Traverse County

3848 VETERANS DRIVE
TRAVERSE CITY, MICHIGAN 49684
PH: (231) 941-1620 • FAX: (231) 941-1588

CHUCK KORN
SUPERVISOR

LANIE McMANUS
CLERK

JEANE BLOOD LAW
TREASURER

MOLLY AGOSTINELLI, TRUSTEE
DENISE SCHMUCKAL, TRUSTEE

STEVE DUELL, TRUSTEE
DAN WALTERS, TRUSTEE

August 22, 2018

Kelli Sobel
Michigan Department of Treasury
PO Box 30471
Lansing, MI 48909

Dear Ms Sobel,

This letter is intended to outline the steps Garfield Township will take to correct the deficiency noted during the 2018 AMAR review conducted by Tax Management Associates. There was one area noted that did not meet those requirements:

Did the local unit properly process any Small Business Taxpayer Exemptions that were received?

"Unit did not properly process exemptions received by accepting Forms received after Feb 20 and not taking them to MBOR."

In January, I attended the Assessors Summit in Lansing. It was my understanding from the session I attended that I should accept all 5076 forms until the roll was turned over to the March Board of Review, and take any others received prior to the closing of the MBOR to the MBOR. That is what I did.

Corrective action: Any Small Business Taxpayer Exemption forms received AFTER February 20th will continue to be clearly stamped with the date received and the post mark date noted or mailing envelop attached, AND all those received AFTER February 20th will be taken to the MBOR.

Should this plan not meet your requirements, or is unsatisfactory for any reason, please contact me so it may be corrected.

Sincerely,

Amy L DeHaan

c: Township Supervisor, Township Clerk, Equalization Director

Amy L DeHaan, MMAO(4)
Assessor

And, the response from the State indicating that no follow up was necessary:

5102 (Rev. 04-15)



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

September 6, 2018

RECEIVED
SEP 13 2018
Garfield Twp Assessor

Chuck Korn, Supervisor
Garfield Township, Grand Traverse County
3848 Veterans Drive
Traverse City, MI 49684

Dear Chuck Korn:

Thank you for submitting your plan to correct the deficiencies noted in the 2018 AMAR Review. Your plan has been accepted as submitted. No follow up review will be necessary.

Thank you for your cooperation throughout this process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kelli Sobel".

Kelli Sobel
Michigan Department of Treasury

Cc: Local Unit Clerk
Local Unit Assessor
Equalization Director

The most generally useful measure of variability or uniformity is the Coefficient of Dispersion (COD). It measures the average percentage deviation of the [sales] ratios from the median [sales] ratio. The COD has the desirable feature that its interpretation does not depend on the assumption that the ratios are normally distributed. In general, more than half the ratios [in a study] fall within one COD of the median ratio. The following excerpt from the International Association of Assessing Officers (IAAO) publication, "Standards on Ratio Studies", shows the standards for COD used worldwide:

Table 1-3. Ratio Study Uniformity Standards indicating acceptable general quality*

Type of property—General	Type of property—Specific	COD Range**
Single-family residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2–4 unit family housing	5.0 to 20.0
Income-producing properties	Larger areas represented by large samples	5.0 to 15.0
Income-producing properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant land		5.0 to 25.0
Other real and personal property		Varies with local conditions

These types of property are provided for guidance only and may not represent jurisdictional requirements.

** Appraisal level for each type of property shown should be between 0.90 and 1.10, unless stricter local standards are required.*

PRD's for each type of property should be between 0.98 and 1.03 to demonstrate vertical equity.

PRD standards are not absolute and may be less meaningful when samples are small or when wide variation in prices exist. In such cases, statistical tests of vertical equity hypotheses should be substituted (see table 1-2).

*** CODs lower than 5.0 may indicate sales chasing or non-representative samples.*

Vertical equity, or the differences in the appraisal of low- and high- value properties, is tested by use of the Price Related Differential (PRD). The PRD measures price-related bias in assessments, and should be between 0.98 and 1.03 according to the IAAO Standards. A PRD considerably above 1.00 tends to indicate assessment regressivity, while a PRD below 1.00 suggests assessment progressivity. Regressivity means that properties with lower values are being assessed too high - or low value properties are valued at greater percentages of market value than high value properties, and progressivity happens when properties with higher values are assessed too low - or low value properties are valued at smaller percentages of market value than high value properties.

The advantage of the PRD is that it can be easily calculated. However, there are disadvantages to using it. If the study contains too few sales or the mean sale ratio is heavily influenced by several extreme sales prices, the PRD may not be a reliable measure of vertical inequities. Likewise, if the study uses a lot of sales, the PRD may be too insensitive to show small pockets where there is significant inequity.

Below are the countywide results pertaining to the Residential COD and PRD, which are two of the Uniformity Standards that indicate acceptable general quality in Ratio Studies :

2018 Grand Traverse County AMAR Results

	<i>Residential</i>								
	<u>COD</u>	<u>PRD</u>	<u># Sales</u>	<u># Res Pcls</u>	<u>% Transferred</u>	<u>2018 Res AV</u>	<u>2018 Total AV</u>	<u>Weighted COD</u>	<u>Weighted PRD</u>
Acme Twp	16.49	1.05	218	3021	7.22%	\$ 318,331,700	\$ 388,555,700	0.90893	0.05788
Blair Twp	11.59	1.03	313	3868	8.09%	\$ 252,232,700	\$ 321,423,700	0.91724	0.08151
East Bay Twp	11.58	1.02	525	7334	7.16%	\$ 582,370,100	\$ 671,229,300	1.53717	0.13540
Fife Lake Twp & Village of Fife Lake	15.93	1.03	62	1173	5.29%	\$ 61,010,700	\$ 68,905,300	0.24972	0.01615
Garfield Twp	9.33	1.02	607	5567	10.90%	\$ 565,309,700	\$ 978,464,700	1.43194	0.15655
Grant Twp	19.71	1.11	38	865	4.39%	\$ 54,081,500	\$ 70,043,000	0.18938	0.01066
Green Lake Twp	9.03	1.03	283	3660	7.73%	\$ 313,871,900	\$ 333,789,400	0.64614	0.07370
Long Lake Twp	11.39	1.01	430	4731	9.09%	\$ 597,732,000	\$ 619,187,900	1.23836	0.10981
Mayfield Twp	13.7	1.03	47	865	5.43%	\$ 52,443,898	\$ 73,137,072	0.16281	0.01224
Paradise Twp & Kingsley Village	13.95	1.02	135	2319	5.82%	\$ 134,165,800	\$ 150,767,700	0.47617	0.03482
Peninsula Twp	14.84	1.03	555	3800	14.61%	\$ 834,967,700	\$ 914,736,700	2.08248	0.14454
Union Twp	21.70	1.08	21	399	5.26%	\$ 26,702,500	\$ 27,390,100	0.11522	0.00573
Whitewater Twp	12.99	1.05	91	1783	5.10%	\$ 235,066,500	\$ 256,226,100	0.29888	0.02416
Traverse City	12.97	1.03	630	5996	10.51%	\$ 762,123,900	\$ 1,194,374,800	2.06602	0.16407
COUNTY-WIDE TOTALS:			3955	45381		\$ 4,790,410,598	\$ 6,068,231,472	12.32045	1.02722
Grand Traverse Co Mean:	13.94	1.04	283	3242	7.61%	\$ 342,172,186	\$ 493,445,105		
Low:	9.03	1.01	21	399	4.39%	\$ 26,702,500	\$ 27,390,100		
High:	21.70	1.11	630	7334	14.61%	\$ 834,967,700	\$ 1,194,374,800		
Median:	13.35	1.03	251	3341	7.19%	\$ 283,052,300	\$ 327,606,550		
Mode:	#N/A	1.03	#N/A	865	#N/A	#N/A	#N/A		

NOTE: All units passed 9 out of 11 requirements or better.

The residential COD for Garfield Township was 9.33, and the PRD was 1.02. Both indicators meet the standards for uniformity, as set by the IAAO.

During 2018, 14 new Public Acts affecting property tax administration were passed by the Legislature, with eight of those being passed during the Lamé Duck session at the end of the year. The most significant is PA 660, better known as Assessing Reform, was introduced in April, 2018, and went through a unique process of gathering input from all stakeholders before a workgroup gathered several times to come to an agreement on the language to be included in the bill. As the 2018 President of the Michigan Assessors Association, I did a significant amount of work on this legislation and was involved in the workgroup meetings to arrive at what was finally passed.

PA 117 of 2018 - Qualified Forest Property (effective 7/25/18)

Adds Part 535 to the Natural Resources and Environmental Protection Act (NREPA) to:

- Provide for registration of foresters by the Department of Natural Resources (DNR);
- Creates a Board of Foresters, within the DNR, to evaluate the registered forester program and maintain a list of registered foresters;
- Establish forester registration application procedures;
- Establish minimum requirements to be a registered forester;
- Establish a biennial registration fee and require fees to be deposited in the Forest Development Fund;
- Specify general professional activities and requirements for registered foresters; and
- Establish a complaints procedure.

Allows the money in the Forest Development Fund to be spent for the administration and enforcement of Part 535. Also, this legislation repeals Part 21 of the Occupational Code, which provided for registration of foresters by the Department of Licensing and Regulatory Affairs, and amends the General Property Tax Act to refer to a registered forester under Part 535 of NREPA, rather than Part 21 of the Occupational Code.

PA 132 of 2018 - Personal Property Exemption filing dates (effective 5/3/18)

Amends the General Property Tax Act (GPTA) to:

- Remove the annual exemption filing statement to claim the "small parcel exemption" and restates that the initial filing must be filed no later than February 20th of the first year the exemption was claimed;

- Specifies that an exemption would remain in effect until the personal property was no longer eligible personal property;
- Requires an owner of personal property that is no longer eligible personal property to file a rescission;
- Provides owners who fail to file a rescission and whose property is later determined to be ineligible for exemption to be subject to repayment of any additional taxes with interest;
- Deletes provisions that authorize an assessor to deny a claim for exemption for the current year and immediately preceding three calendar years; and
- Allows local units of government to develop and implement an audit program of exemption claims for the current and three previous calendar years.

PA 133 of 2018 - Principal Residence Exemptions (effective 5/3/18)

Amends the GPTA to:

- Allow a property owner who previously occupied the property as his or her principal residence but now resides in another location for convalescence to retain a PRE if the owner intends to return; and
- Deletes the requirement that the property be unoccupied if the owner is continuing to receive the PRE while he or she resides in a nursing home or assisted living facility.

PA 247 and 248 of 2018 - Personal Property: Distribution of Local Community Stabilization Act Share Revenue (effective 6/28/18)

Amends the Local Community Stabilization Authority Act to:

- Modify calculations within the Act, including the qualified school debt millage rate;
- Modify distribution of share revenue payments to delay, from 2019 to 2021, the implementation of the new formula and the manner for phasing in the formula;
- Requires municipalities to allocate reimbursements in the same manner as the taxes that were lost due to previously enacted personal property tax exemptions;
- Modify deadlines government entities must meet to report information and perform calculations, and create new reporting requirements;
- Provide for procedures to reimburse underpayments and collect overpayments under the Act; and
- Require the Department to make distribution calculations and commercial and industrial personal property taxable values available on the internet.

PA 438 of 2018 - Michigan Tax Tribunal (effective 10/1/19)

Amends the Tax Tribunal Act to:

- Specify that the Tax Tribunal, for administrative purposes only, would be in the Department of Licensing and Regulatory Affairs (LARA), instead of the Department of Treasury;
- Require Tribunal members to receive training on matters relevant to the work, including proper courtroom procedures, State and local tax issues, accepted appraisal practices and proper assessing practices;
- Specify the duties Tribunal members would have to perform personally;
- Allow Tribunal members to engage in other gainful employment or business or professional activity for remuneration, subject to the bill; and
- List circumstances under which a Tribunal member could be disqualified from a proceeding, and the disqualification process.

PA 484 of 2018 - Special Assessments (effective 1/1/19)

Amends PA 33 of 1951 (which provides for police and fire protection for certain villages, townships and cities) to:

- Specify that, after December 31, 2018, a special assessment levied under the Act must be spread on the taxable value of the property assessed based on the special benefit provided to the property assessed and may not be based on police and fire protection provided in a previous year to assessed property; and
- Require a special assessment imposed under the Act to be levied on all properties within the special assessment district established under the Act other than properties exempt from the collection of taxes under the GPTA.

PA 505 and 541 of 2018 - Essential Services Assessment (effective 3/29/19)

Amends the State Essential Services Act and the Alternative State Essential Services Act, respectively, to:

- Modify, from August 15 to October 15, the date by which each eligible claimant must electronically revise and certify a completed statement and make full payment of the assessment for that assessment year;

- Modify, from September 15 to December 15, the date by which the Department of Treasury must issue a notice to the eligible claimant if the claimant does not certify the statement and full payment of the assessment;
- Require an eligible claimant to submit the assessment payment by April 15 of the year following the assessment year, instead of October 15, along with the required penalty;
- Increase, from 1% per week to 5% per month, the penalty an eligible claimant would have to pay on the unpaid balance for each month payment that was not made in full, and increase, from 5% to 30%, the maximum penalty that could be paid on the total amount due and unpaid; and
- Modify, from December to June of the immediately preceding assessment year, the dates by which certain exemptions must be rescinded if the eligible claimant does not subject payment in full and any penalty due.

PA 616 of 2018 - Personal Property: Distribution of Local Community Stabilization Act Share Revenue (effective 12/28/18)

Amends the Local Community Stabilization Authority Act to:

- Change the distribution of disbursements made by the Local Community Stabilization Authority (LCSA);
- Move the earmark for Fire Protection Grants to Tier 1 and fully fund those grants; and
- Earmark \$10.0 million for distribution to local health departments (primarily counties).

PA 633 of 2018 - Principal Residence Exemptions (effective 12/28/18)

Amends the GPTA to:

- Allow a property owner who previously occupied the property as his or her principal residence but had vacated the property because it was damaged or destroyed to retain a PRE if the owner meets certain conditions; and
- Allow an owner of property who previously occupied the property as his or her principal residence but did not occupy that property on June 1 or November 1 while absent due to the damage or destruction of the property for which the exemption was not on the tax roll to file an appeal with the July or December board of review.

PA 659 of 2018 - Property Tax Limitation (effective 3/19/19)

Amend the Property Tax Limitation Act to modify election notice requirements for a proposal to increase the total tax rate limitation of a local unit of government.

Section 6 of Article IX of the state constitution limits the total amount of property taxes that certain local units may levy, but also allows these limitations to be increased to a certain extent if approved by the votes of the applicable local unit. Section 3 of the Property Tax Limitation Act establishes procedures for such an election.

Previously, the notice published by the county clerk of an election on the question of such an increase must contain a statement by the county treasurer of the total of all voted increases in the total tax rate limitation, in any local units, that affect the taxable property in the local unit voting on the increase, and the years those increases are effective.

This Public Act removes this requirement and instead requires that the notice of election must include a statement of both of the following:

- The amount, in dollars per thousands of dollars of taxable value, by which the total tax rate limitation in the local unit is proposed to be increased; and
- The number of years the increase would be effective.

It also adds a reference to the section of the Michigan Election Law that establishes general procedures and requirements for the publication of election notices.

PA 660 of 2018 - Assessing Reform (effective 12/28/18)

Amend the GPTA to:

- Require the State Tax Commission (STC) to audit the assessing districts in Michigan to determine if they complied with certain requirements, such as employing or contracting with an assessor of record that oversaw and administered an annual assessment of all property liable to taxation in the assessing district, beginning on and after December 31, 2021;
- Require the STC to develop and implement an audit program to determine whether an assessing district was in substantial compliance with the Act's requirements;
- Allow the STC to initiate a process to ensure than an assessing district achieved or maintained substantial compliance with the Act's requirements after December 31, 2021;

- Require the STC to develop and implement a process to ensure that all assessing districts in the State achieved and maintained substantial compliance with the Act's requirements, and list what that process would have to include;
- Require every county to have a designated assessor on file with the STC beginning December 31, 2020, subject to further requirements and provisions listed under the Act;
- Allow the governing bodies of two or more contiguous cities or townships, by agreement, to appoint a single board of review to serve as the board of review for each of those cities or townships for the purposes of the Act;
- Allow a village that was located in more than one assessment district to request STC approval that the assessment of property within the village be combined with the assessment of property in one of those assessing districts;
- Require all assessing officials to maintain land value maps only through calendar year 2018; and
- Require the STC to adopt and publish guidelines to implement the Act.

The Act states "It is the intent of the legislature to appropriate sufficient money to address start-up and training costs associated with this amendatory act, including, but not limited to, necessary costs incurred to train board of review members, increase the number of assessors qualified to serve as assessors of record, facilitate initial designated assessor designations, respond to assessor request for technical assistance, enhance staff and programming with the STC to improve technical support for assessors of record, and transition some assessment services to designated assessors."

PA 672 of 2018 - Qualified Forest Exemptions (effective 3/29/19)

Amend the GPTA to:

- Increase the current limitation of 1,200,000 acres of qualified forest property that can be exempted to 2,500,000, beginning with the 2018-2019 fiscal year.
- Adds to the application process for property owners interested in obtaining an exemption for qualified forest property:
 1. The Department of Agriculture and Rural Development (MDARD) qualified forest school tax affidavit must include a statement indicating that the property owner holds the timber rights for the property for which the exemption is being claimed. If the application and supporting documents that are in compliance and approved by MDARD extend to multiple parcels owned by the same person and located in the same local tax collecting unit, then MDARD could include the

information required in the tax affidavit in a single tax affidavit instead of one for each parcel; and

2. MDARD has to provide to the conservation district and the Department of Treasury a spreadsheet listing all parcels for which have received a qualified forest school tax affidavit.
- Eliminates the provisions that an owner may claim and exemption for up to 640 acres or the equivalent of 16 survey units consisting of 1/4 of 1/4 of a section of qualified forest property in each local tax collecting unit, as well as the additional provisions if an exemption is granted for less than 640 acres;
 - Amends the fee collection provision to specify that the fee would be collected on the summer tax bill, or if the local tax collecting units does not collect summer taxes, on the winter tax bill at the same time and in the same manner as other taxes collected;
 - Remove the requirement that a landowner must provide rescission documents if all or part of the exempted property is no longer considered a qualified forest property. Instead, the property owner must notify MDARD that all or part of the property is no longer qualified, upon which MDARD would notify the county treasurer that a request has been made to remove the exemption and to calculate any recapture tax required under PA 379 of 2006;
 - Penalties apply to property owners who fail to notify MDARD that all or a portion of the property is no longer qualified forest property; and
 - If an owner of qualified forest property does not wish to keep all or a portion of the property enrolled in the Qualified Forest Program, the owner must immediately notify MDARD as described above.

Each year, the Assessing Department studies the real estate market to estimate the adjustments in property values for the next year. They, along with the County Equalization Department, review every sale to determine whether it is representative of the market - known as an Arm's Length transaction. Once the sales have been evaluated, staff calculates the sales ratio [assessed value at the time of sale divided by the sales price] for each sale as well as the total sales ratio for each class. This analysis determines the overall level of assessment in each property class. The ratios calculated indicate whether property is assessed at 50%, below 50% - requiring an increase, or above 50% - indicating a decrease.

Preliminary Residential Sales Study Indications

A preliminary two-year sales study indicates an estimated 5.24% increase on 2019 State Equalized Values in the residential class. This two-year study, as required by the State Tax Commission, includes sales from April 1, 2017, through March 31, 2019, and is used to determine values for 2020. This sales study period was revised by the State Tax Commission, as published in STC Bulletin 9 of 2017, issued on June 6, 2017.

Preliminary Commercial Sales Study Indications

A preliminary two-year sales study shows a minimal increase of 2.01% on 2019 State Equalized Values for property in the commercial class. This two-year study, as required by the State Tax Commission, includes sales from April 1, 2017, through March 31, 2019, and is used in determining 2020 values. As with all sales studies, this study period was revised by the State Tax Commission, as published in STC Bulletin 9 of 2017, issued on June 6, 2017.

Preliminary Industrial Sales Study Indications

There have been six (6) actual industrial sales in a preliminary two-year sales study, which indicate an increase estimated at 8.77% for industrial properties on the 2019 State Equalized Values. This two-year study includes sales from April 1, 2017, through March 31, 2019, which is required by the State Tax Commission and is used in determining values for the 2020 assessment roll. The study period was revised by the State Tax Commission on June 6, 2017, through STC Bulletin 9 of 2017. However, due to the limited number of sales in the industrial class, the Grand Traverse County Equalization Department typically performs appraisal studies to determine the assessment ratio for this property class. Results of the appraisal study are not typically available until December, 2019. It is highly probable that the Industrial study will be a combination of the sales and appraisal studies.