March 5, 1982

Honorable Chair and Members of the
Marquette County Board of Commissioners
Marquette, Michigan

Ladies and Gentlemen:

A meeting of your Executive Committee was duly called and held on March 5, 1982 and copies of the minutes of that meeting have been furnished to all members of the Board of Commissioners and a copy of the minutes is attached hereeto and made a part of this report.

Respectfully submitted,

EXECUTIVE COMMITTEE

________________________________________  Chair
March 5, 1982

The Executive Committee meeting was duly called and held on March 5, 1982 at 7:00 p.m. in the Courthouse Annex.

Present: Commissioners Cheatham, LaPin, May, Racine and Villeneuve.

Absent: None.

In Attendance: Commissioners Carlson and LaMere; Wes Larson, Negauene Township Assessor/Supervisor; Ivan Fende, Chocolay Township Supervisor; Harold Bahrman, West Branch Supervisor; Mark Maki, Assessor, Chocolay Township; Gary Trudgeon, Equalization Department; William Kerr, Powell Township Assessor; Don Bode, City of Ishpeming Assessor; Tom Feldhuson, WJPD Radio; Earl Yelle, Sands/West Branch Assessor; Earl Robinson, Skandia Township Supervisor; Darwin Heikkila, Forsyth Township Assessor; Frank Valente, City of Negauene; Henry Schneider, Equalization Director; Howard Robare, Humboldt/Champion Townships Assessor; Taisto Tuominen, Republic Township; John Adams, Republic Township; John Mateckel, Marquette/Ewing/Ely Townships Assessor; Arvid Erickson, Republic Township; Tim Haydon, Skandia Township Assessor; John DeJulianne, Forsyth Township Supervisor; Jacki Lykins, Equalization Department; Duane Beard, Controller; Emil Aho, City of Ishpeming Board of Review; Francis Ward, West Branch Township; William Pietila, Richmond Township Assessor; David Hamel, Champion Township; Bonnie Hartgell, Forsyth Township; Roy Hanson, Michigamme Township; James McDonald, City of Marquette Assessor; Charles Schneider, Ishpeming Township; Ralph Kasten; Richard Lawrence, Republic Township; Tim Simula, Champion Township; Norbert Grant, Republic Township; Tony Miller, WLUC-TV.

Chair LaPin opened the meeting. Roll call was taken and all members of the Committee were present. Commissioner LaPin noted a notice was sent to all assessors and supervisors of townships, and assessors and managers of cities within the county regarding the present meeting. Commissioner LaPin read a statement on the purpose of the meeting, which was to determine how final values of units were arrived at.

The public comment section was opened. Wes Larson, Negauene Township Supervisor/Assessor, presented a communication to the Committee on the equalization process. Frank Valente presented equalization values of three identical homes in three different counties: Delta, Iron and Marquette Counties. The assessed values ranged from $23,000 for Iron County to $38,200 for Marquette County. Valente said he made personal trips to verify the figures. Larson noted the County Board’s request to the State Tax Commission for an investigation on methods used by the Equalization Department in the equalization process. He believes the question should be determined by the County Board not the state. No further public comment was forthcoming and the section was closed.

Approval of the agenda was the next item of business. No changes were made.
Commissioner LaPin stated Chocolay Township would be first to be heard on their particular concerns, followed by Sands and West Branch Townships, and Skandia Township. Commissioner LaPin said the township representatives will have an opportunity to present their views; the Equalization Department will follow; each will have a chance for rebuttal; and members of the Board present will have a chance to ask questions. At that point the hearing will be closed. He indicated interruptions will not be tolerated.

Ivan Fende, Supervisor, Chocolay Township, and Mark Maki, Assessor, Chocolay Township, were present for the hearing on that township's valuations. Maki said they have no charges against Henry Schneider. He said the township believes they are close to 50% valuation. He said he intends to introduce information to support that contention should Henry Schneider recommend a higher valuation. The assessment roll was accepted tentatively by Chocolay Township Board.

Schneider said his department's and the township's figures are within 2% of each other. He said he used procedures established by the State Tax Commission in determining the assessed values and little leeway is provided in those procedures. He said the typical range of disagreement between county and unit figures is 5%.

Ivan Fende contended the same methods used by the county for assessing value in other units should have been used for Chocolay Township (Chocolay was assessed using sales studies; most other units by appraisals). He said Chocolay Township received in increase and the City of Marquette did not. This has occurred the last two years. Fende said he cannot see how Chocolay Township could increase during both years when the neighboring unit of Marquette City was not increased. He said homes are not selling so it is hard to justify increasing values.

Maki said he made some increases in this year's rolls. Maki noted most units were done by appraisal methods and Chocolay was done by a sales study. Schneider said he can provide data that both assessment methods are compatible. In response to questions by Commissioner Racine, Fende said his dispute is with the use of sales methods vs appraisal methods for their units. It was noted the three cities and Chocolay Township were done by sales studies. Schneider said it would be preferable to use one method for all units. To do so would result in a high increase in appraisals. A brief discussion was held on the process followed by the Equalization Department for sales studies.

Fende questioned whether there was a way to identify property sales transacted through creative financing. Schneider said in some cases this can be determined but not usually because they do not have enough access to information to make that determination.

Earl Yelle, Sands Township Supervisor/Assessor and Assessor for West Branch Township, and Harold Bahman, Supervisor, West Branch Township, were present regarding their townships' concerns with the assessed valuations. Yelle noted he is a Level II assessor, and briefly summarized his assessing experience/training. He noted he is required to take a three hour refresher course each year.
Yelle said Sands Township is unique as it is divided between "new" Sands Township and "old" Sands Township. He noted several subdivisions have been created in recent years which make up the new section. He said he and the county are in fairly close agreement on new construction assessments but his values vary greatly with the county's for the old area. Yelle provided figures on an assessment prepared by the Equalization Department an one by the First National Bank of Marquette on a home in Sands Township. The data showed the Equalization Department's value was 40% higher than the appraisal conducted by the First National Bank. He also submitted an assessment of property in West Branch Township done by the Equalization Department which the Tax Tribunal lowered by 18%. He said 54.3% of parcels within Sands are new constructions; those older than 1972 comprise 45.7%. He said 64% of the parcels contained in the county's study are new homes, opposed to 36% of the older homes. He believes the only way an appraisal could be equitable for Sands Township is to use 36% of new home descriptions and 64% of the old homes. He provided a copy of an agricultural study conducted by the Equalization Department indicating a greater ratio of parcels contained in the study than should be expected were owned by members of the Yelle family. He noted there is a 1.6266 factor recommended for that class. He does not believe the increases are justifiable.

Yelle contended that the Equalization Department's study does not indicate true cash value for Sands Township for 1982. Yelle asked the Committee to recommend to the Board that Sands Township's equalized value be rolled back to the 1981 level.

Schneider noted random number tables were used to select parcels and these parcels were provided to units last summer and they were asked to review them and if they had concerns to contact the Equalization Department.

RE Tax Tribunal decision on West Branch parcel. Schneider noted the Tax Tribunal never sees a parcel that is being appealed. All information they receive is provided by the petitioner and assessing official and the data provided may or may not be good. He said he does not necessarily agree with the Tribunal decision on the value of the property.

RE appraisal by bank. Schneider said bank appraisals are not always done by qualified appraisers. He said he had a disagreement over this parcel before and he has not had an opportunity to review the bank appraisal. He would like to review it before responding to it.

RE Agricultural (AG) Study for Sands Township. Schneider said the AG property used in the study were selected randomly. He noted the Yelle name appears on lots of deeds in that township. No intentional selection was made of those parcels included in the study. Even if that was the case it should not change the projection of the class.

Commissioner LaPine asked what basis was used for determining AG values. Schneider responded that a market value of $150 to $350 per acre was used for larger parcels, and up to $1,200 for smaller parcels. The basis for the value is what the land can produce. Schneider said timber cut-over values are slightly more than last year. In general the range has not changed in the last two years.
A discussion was held on the effect of supply and demand on market values.

Yelle said he believes information he provided indicates that Schneider is assessing 20% to 40% higher than market values for older homes in Sands Township.

Harold Bahrman, West Branch Supervisor, said Yelle has done a good job of assessing for West Branch. He said Yelle assessed a 16 acre parcel at $275 per acre and the Equalization Department assessed it at about three times that amount.

Commissioner LaPin questioned how many appraisals were done by the Equalization Department in which they were unable to get into the homes. Schneider did not provide figures but noted many people work and many will not allow them into their homes. His department attempts to do an interior review but if that is not possible an estimate is made.

A short recess was held. Upon reconvening, the definition of "highest and best use" in the context of assessing property and as contained in the Assessors Manual was read.

Earl Robinson, Skandia Township Supervisor, and Tim Haydon, Assessor, Skandia Township, were present. Robinson said they oppose the 1982 study done by the Equalization Department. He said Skandia received increases each year from 1976 to 1980, and a 26% increase is proposed for this year. Schneider said equity was a problem in that unit last year. He said other problems encountered were incorrect data and incomplete data. Schneider said the ratio developed this year is an equitable treatment of the unit and a fairly reasonable projection of value.

Darwin Heikilla, Forsyth Township Assessor, and John DeJuliannie, Supervisor, Forsyth Township, were present. Heikilla commented on a Mining Journal article in which Schneider said a lot of sales used by Heikilla to indicate incorrect equalization by the Equalization Department were not valid studies. He believes this is not true. He then read a letter addressed to the County Board on Forsyth Township equalization. Heikilla asked the County Board, through the Equalization Committee, to accept Forsyth Township's roll as accepted by the Board of Review next week.

Schneider believes Heikilla's contentions contained in the communication are not true. He said Heikilla has not seen the appraisal studies prepared by his department and therefore questions how he can contend in his letter that the appraisals are poor judgments.

Re Heikilla's statement in his letter on the Tax Tribunal's decision to reduce 58 of 62 parcels. Schneider said a change in assessors occurred in Forsyth Township during that time. In his view the hearings were based on the prior assessor's appraisals and those appraisals were not defended before the Tribunal by the present assessor. The Tribunal Office also felt the change in assessors was a problem during the hearings. He said he proposed ratio for Forsyth Township is reasonable and correct and he believes he can support it with data.
Heikilla said he did not review the appraisals done by the Equalization Department because appraisals are based on what someone thinks the property will sell for in the future not on something that is known. He said all information available on parcels appealed before the Tribunal was submitted to the Tribunal referee. He said he did not have the market data used by the prior assessor on the assessments that were appealed.

John DeJuliannie did not believe the Tribunal would have lowered valuations of 58 out of 62 assessments without reason. He questioned how appraisals conducted by the county staff could be more accurate than those done on a local level. He said the county sets figures at the level the state desires.

Commissioner LaPin said units had an opportunity to meet with the Committee on their tentative figures before the figures were sent to the state and Forsyth Township did not request a meeting.

Schneider said less than 2% of Forsyth Township property owners presented cases before the Tribunal.

Commissioner Racine left the meeting.

Heikilla said he received the notice that all units had an opportunity to present concerns with the Equalization Department’s figures. He said he addressed a letter to Schneider on the figures and received no response.

Commissioner LaPin questioned Champion Township’s valuations for AG. He said a large increase in that class has occurred. It was noted the Supervisor or Assessor from Champion Township were not present. It was also noted Champion Township’s assessor is an employee of the Equalization Department.

Dave Hamel, Champion Township, said he owns AG land in Champion. He said the township assessor did not attempt to meet with him when he came to assess his land. Schneider said he is willing to meet with Hamel, the Champion assessor, and Berle LaPin, as past assessor for the unit, on the figures. Commissioner LaPin asked if the assessor could look at the property again.

A letter from the City of Ishpeming assessor was read stating they believe the procedures followed by the Equalization Department to compile the 1982 studies in the City of Ishpeming were fair and equitable and that they support the procedures used. They also stated they would protest if value should be added to their unit by a concurrent reduction in value to other units within the county.

A letter from the Township of Ishpeming concerning the responsibilities of local units, county and state under the law, and stating they believe changes are needed in that law, was read. They also stated they oppose any action that would result in a factor being passed on properties within the Township of Ishpeming as those properties are already assessed at 50%.