August 10, 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 August 10, 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 hereto and made a part of this report.

Respectfully submitted,

EXECUTIVE COMMITTEE

______________________________ Chair

______________________________

______________________________

______________________________
August 10, 1982

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

Ladies and Gentlemen:

You will recall, on March 3, 1982 the Marquette County Board of Commissioners acted to request the Michigan State Tax Commission investigate methods used by the Marquette County Equalization Department for the equalization process to determine the following:

1. If the value projections the Marquette County Equalization Department made are reasonable projections of the units' values.

2. If the studies were performed in a discriminatory manner.

3. If the methods employed by the Marquette County Equalization Department are legal.

The request was made as a result of meetings with local assessors and supervisors during the 1982 county equalization process who questioned some of the procedures used by the County Equalization Department in determining equalized values.

On August 10, 1982 your Executive Committee met with Robert Vandermark, Chair, State Tax Commission; Ward Drexel, State Tax Commissioner; Norm Portin and Michael Wainio, State Tax Commission Staff – District #1; and Henry Schneider, Director, Marquette County Equalization Department, to discuss the results of that investigation. Mr. Vandermark advised the Committee that the questions asked by the County are among those normally reviewed by the State Tax Commission when routinely reviewing equalization studies. He said the State Tax Commission's investigation of the Marquette County Equalization Department did not indicate that improper or discriminatory methods were used by the Department in the equalization process.

Mr. Vandermark also informed the Committee that Marquette County received the lowest increase in valuation of any County in the State. He indicated the State Tax Commission's staff had determined a substantially higher equalized value for Marquette County but because the studies prepared by the County Equalization Department's staff in determining its value figures were conducted properly the State accepted the County's figures.
As the questions asked by the Marquette County Board of Commissioners of the Michigan State Tax Commission resulted from concerns brought forth by local assessors and/or supervisors, your Committee recommends that the County Board communicate with local units advising them that the Executive Committee met with the State Tax Commission regarding equalization methods used by the Marquette County Equalization Department, and informing them of what transpired at that meeting.

In talking with members of the State Tax Commission, the Committee was told that the Commission will be conducting an advanced assessors' school in Marquette on September 29 and 30, 1982. They also indicated they would be happy to conduct a school on the equalization process for County officials. Therefore, your Committee recommends that the County Board ask the State Tax Commission to hold a school on the equalization process for interested county, city and township elected officials, including individuals on the November ballot for County Commissioner. For the convenience of State Tax Commission officials, the Committee believes the school should be scheduled for either the day before or day after the September 29-30, 1982 assessors' school.

Respectfully submitted,

EXECUTIVE COMMITTEE

Chair

___________________________

___________________________

___________________________

___________________________
The Executive Committee meeting was duly called and held on August 10, 1982 at 7:00 p.m. in the Courthouse Annex.

Present: Commissioners LaPin, May and Villeneuve.

Absent: Commissioners Cheatham and Racine.

In Attendance: Robert Vandermark, Chair, State Tax Commission; Ward Dixel, Member of the State Tax Commission; Norm Fortin, District #1 Supervisor, State Tax Commission; Mike Wainio, District #1 Field Staff, State Tax Commission; Henry Schneider, Director, Equalization Department; and Duane Beard, Controller.

The meeting was called to order by Chair LaPin.

There was no public comment.

Approval of the agenda was the next order of business. It was moved by Commissioner Villeneuve, supported by Commissioner May, and carried unanimously to approve the agenda as presented.

Approval of the minutes of the July 13, 1982 meeting was the next item of business. It was moved by Commissioner Villeneuve, supported by Commissioner May and carried unanimously to approve the minutes of the July 13, 1982 meeting as read.

Robert Vandermark, Chair, State Tax Commission, was present at the invitation of the Committee to discuss the State Tax Commission's investigation of the equalization methods used by the County Equalization Department that was requested by the Marquette County Board of Commissioners in March, 1982. Also present for the discussion were: Ward Dixel, State Tax Commissioner; Norman Fortin, State Tax Commission staff; Mike Wainio, State Tax Commission staff; and Henry Schneider, Equalization Director.

Commissioner LaPin advised Mr. Vandermark that a meeting was held by the Committee with the Equalization Director and various township supervisors and assessors to discuss the methods used by the County Equalization Department for determining assessments. He noted some units in the county filed appeals of their county equalized values which were dismissed last week by the Tax Tribunal.

Mr. Vandermark apologized to the Committee for not being able to meet with them earlier. He said the County Board's request for an investigation arrived in the midst of the state equalization process thus delaying their action on the request.

A copy of the Board Chair's letter to Mr. Vandermark was provided to those present. It was noted the County Board had requested that the State Tax Commission determine the following:

1. If the value projections the Marquette County Equalization Department made are reasonable projections of the units' values.
2. If the studies were performed in a discriminatory manner.

3. If the methods employed by the Marquette County Equalization Department are legal.

Mr. Vandermark advised the Committee that these questions are what would normally be reviewed by the State Tax Commission when routinely reviewing equalization studies. The question of whether procedures were discriminatory and/or legal are looked at. The Tax Commission uses set procedures in reviewing work by County Equalization Departments which include the three questions addressed by the County, as well as many others. He said they did not find anything that indicated improper methods or discriminatory methods were used on the part of the Marquette County Equalization Director.

Mr. Vandermark noted court rulings have mandated that the State Tax Commission must cross-check class assessments developed by counties. The County must perform an adequate study of each class in each unit and the state must do a cross-check on this work. State Tax Commission staff came up with substantially more value for Marquette County than the County studies came up with this year. However, the State Tax Commission adopted the county figures in spite of that. This was done because of a general policy that if a study is done correctly; and procedures are followed as spelled out in the assessor's manual; and procedures conform to the law, the Tax Commission will accept that study regardless of what is turned up in the cross-check. The cross-check by State staff determined the study done by the county was a good study even though figures were lower than the State's.

Mr. Vandermark said he believes the most important step of the equalization process is at the local level. A local assessor has the obligation to equalize assessment rolls uniformly within his township or city. He is guided by the same laws as the County and State in this process and if he does his job correctly the role of the county in equalization becomes fairly routine. He said nobody can solve the problem of non-uniformity within a unit but the local assessor.

Commissioner LaPin mentioned the assessment of a parcel in a local unit that was discussed during the Marquette County equalization process. The question concerned assessing the property as residential when it is not being used for residential purposes but was used for farming. Mr. Vandermark said the classification system for properties is defined by statute. What an individual calls residential may not meet State definition. He said the value of a property is not changed by its classification, however, zoning established by a local unit may make a difference on the value. Market value of a parcel will not change whether it is classified agricultural or residential. He added the local assessor determines the classification.
Mr. Lapin said there was an argument between a local assessor and the Equalization Director on assessing property based on its "best use" rather than its present use. Commissioner Lapin felt the department could not assume someone would build a home on land presently used for farming.

Mr. Vandermark said the legislature is talking about changing the statute pertaining to assessing values of farmland. This will require a constitutional amendment. He said property values for any classification of land is presently determined at the level at which the property could sell for as it presently "sits".

Mr. Vandermark continued to explain the equalization process. He noted the importance of equalization is twofold:

1. Uniform and fair distribution of the property tax (tax burden).
2. State shared revenues are distributed to local units based on equalized value.

Because of the above, Mr. Vandermark said it is important to gain uniformity within local units.

The next step in the process is at the county level. The county is responsible for equalizing total values of individual townships/cities. If one unit is equalized high and another low than the high unit is paying an unfair proportion of tax dollars for services received.

The next step is at the State level. The State has an obligation to the 83 counties in the State to maintain a uniform assessment level state-wide, for the same reasons as local and county must do so: 1) Distribution of tax; and 2) Distribution of aid dollars. Mr. Vandermark said more than $5 billion is collected through property taxes in Michigan. This is more than other State revenues combined (other total about $3.5 billion).

Mr. Vandermark said if everyone uses the same guidelines (state assessor's manual) in assessing, uniformity throughout the State will be achieved. If the guidelines are followed by local assessors the County should be able to equalize as assessed; if the County follows them the State should be able to equalize as assessed. In order for the system to work must be uniform guidelines to follow that are readily available to local assessors.

Mr. Vandermark provided the Committee copies of newly adopted standards for equalization studies. He said they are the result of a joint effort by MAC, Equalization Directors' Association and the State Tax Commission.

Mr. Vandermark said they simplify the equalization process. They will require more appraisal studies in units where there are little sales occurring. The new standards shorten the amount of data required. He said there is pending legislation which will accelerate the deadline when studies must be completed; and the deadline that the State Tax Commission must meet. He doesn't believe the new standards will significantly affect the realizability of studies, and may increase it. The new system is based on two twelve month study periods rather than three study periods totaling 18 months.
Executive Committee  
August 10, 1982  
Page 4

Commissioner LaPin said values are continuing to increase in Marquette  
County and yet homes are not selling and mortgage foreclosures are on the  
rise. Mr. Vandermark said Marquette County had the lowest increase of  
any county in the State this year. Commissioner LaPin noted the State Tax  
Commission increased the County CEV in 1981 even though economic conditions  
were getting worse. Mr. Vandermark said the sale values of property must  
prove out economic conditions in order to decrease the CEV. He said the  
State Tax Commission is presently in court defending Marquette County's  
equalized value against other counties.

Commissioner LaPin said he believes the recent expansion boom of the area  
mines increased values of homes in Marquette County but since that boom has  
ended the values have not come down.

Mr. Vandermark noted the State Tax Commission is an independent agency.  
Commissioners are appointed by the Governor for six year terms; they are  
a bi-partisan Commission.

Commissioner Villeneuve asked if it is legal to use sales studies in one  
township and appraisal studies in another when determining county  
equalized value. Mr. Vandermark said this is permitted. It was noted  
Chocolay Township appealed their value based on that reason.

Mr. Vandermark noted the State Tax Commission will be in Marquette  
September 29-30 for an assessors' school. He said the State Tax  
Commission is willing to meet with local assessors in the County at any  
time and are willing to conduct schools for County Commissioners, etc.  
Mr. Vandermark, Mr. Dixel, Mr. Fortin and Mr. Wainio then left the meeting.

It was the general consensus of the Committee that local assessors  
should be advised of the State Tax Commission's findings in regard to  
questions that had come up on methods used by the Equalization Department.  
It was moved by Commissioner May, supported by Commissioner Villeneuve  
and carried unanimously to report to the Board that the Committee met  
with the State Tax Commission on this and to recommend that the Board send local  
units a communication advising them that the meeting was held and what  
transpired.

The Committee felt a school for in-coming, and present, County Commissioners  
on the equalization process would be beneficial. It was moved by  
Commissioner May, supported by Commissioner Villeneuve and carried  
unanimously to inform the Board that the State Tax Commission indicated  
they are willing to conduct a school on the equalization process for  
the benefit of County Commissioners and local officials, and to recommend  
that the Board request that such a school be held and that it include  
County, City and Township Elected Officials who may be interested.

The next item of discussion was a draft policy prepared by Henry Schneider  
on the Equalization Department's participation in special projects. This  
was deferred from the last meeting so that Committee members would have an  
opportunity to review it. The Controller noted under Board policy draft
Executive Committee  
August 10, 1982  
Page 5

policies are to be reviewed by the Controller and Chief Civil Counsel for report to the Committee. He said he has some concerns with the policy as it is stated, and is preparing a revised draft which he would like to review with Henry Schneider and Pat Micklow before consideration by the Committee. Also on the Committee's agenda was consideration of an attendance rule for members of appointed boards/commissions. The Controller noted this was also referred to himself and Chief Civil Counsel. He said there may be legal problems with the current draft wording of the policy. Ms Micklow advised him that it may be necessary to hold due process hearings on dismissals of members of appointed boards or commissions. He will present recommendations to the Committee on both policies at their next meeting. Henry Schneider left the meeting.

A communication from Senator Mack acknowledging receipt of the Board's letter opposing H.B. 4150 to amend the School Code was noted and filed.

The following notices related to utility rate adjustment applications were noted and filed:

a. Notice from Wisconsin Electric Power Co. on hearing to consider adjustment to customer billings. Board Chair has written opposing any increase to their rates.

b. Notice from the Public Service Commission on application of Michigan Consolidated Gas Co. for approval of depreciation accrual rates.

c. Notice from Public Service Commission on application of Upper Peninsula Power Co. for authority to file, establish and make effective increased rates. A communication has been sent by the Board Chair opposing a rate increase.

A resolution from Charlevoix County opposing H.B. 4150 to amend School Code of 1976 as amended was received. This is identical to a resolution adopted by the Marquette County Board, and was placed on file.

A resolution from the City of Marquette supporting the solid waste management plan was received. A copy of the resolution will be sent to each Board member to be taken into consideration when the solid waste plan is reviewed.

There was no public comment.

It was moved by Commissioner May, supported by Commissioner Villeneuve and carried unanimously to adjourn at 9:25 p.m.

Respectfully submitted,

Karen Chubb, Commission Aide

MSS176_13_20_07.tif