

Cover Story



This continuing education article and accompanying self-assessment is worth 2.0 elective credits in MTA's

Township Governance Academy. See page 23 for details.

OBJECTIVES

- Offers insights and explanation into the role each official plays in township assessment administration
- Explains the qualifications and duties of key individuals in handling township assessing

CORE COMPETENCIES

- To work effectively with individuals, departments and committees to achieve desired outcomes
- To demonstrate knowledge about township government responsibilities, functions and powers
- To be aware of financial matters affecting the township, including revenue sources

The township board's role in assessment administration

One of the topics that generates the most interest, input—and often, complaints—from township residents is taxes. As Benjamin Franklin once said, along with death, nothing else in life is certain except taxes.

While some officials may not think that they play much of a role in the property assessment administration and taxation of their township, nothing could be further from the truth. Every township board member shares a responsibility to ensure that every parcel of property in their township is being fairly, properly and equitably assessed, and that the person or persons hired by the township to perform this function have the experience, certification and resources necessary to perform the job well.

The most important thing to remember regarding assessing is that without tax dollars, a township could not exist or function. All township officials must be aware of who is responsible for its assessing practices and what duties are involved.

WHO HANDLES TOWNSHIP PROPERTY ASSESSING?

According to MCL 41.61(1), the township supervisor is the chief assessing officer of the township. However, if the supervisor is not certified at the proper level (*further discussed below*) by the State Tax Commission (STC), the law requires the township board to appoint a properly certified assessor. Many township supervisors are not certified assessors and do not handle the township's assessing. Both the job descriptions of supervisor and assessor have greatly increased in required duties over the years and, quite frankly, it can be a challenge to do both.

With oversight over all township employees, the township board is responsible for hiring a township assessor. As a township employee, the assessor answers to the entire township board, which is responsible for setting the assessor's salary and creating the job description for the position. MTA resources—including a salary survey and sample job descriptions—are available at www.michigantownships.org.

The law states that the assessor is subordinate to the supervisor, even if the supervisor is not a certified assessor. As chief assessing officer, the non-certified supervisor is still responsible for the assessment process.

It is important to note that MCL 211.10d(7) requires the assessment roll—the public record of the assessed value of all property in the township—to have a certificate (this year, the L-4037) attached to it that has been signed by the certified assessor who prepared the roll. If the supervisor is not certified at the proper level, the supervisor does not sign the roll. In that case, the certified assessor who prepared the roll signs it. Upon completing the assessment, the assessment roll must be deposited with the supervisor. (MCL 41.61)

A CHECK-AND-BALANCE SYSTEM

Have you ever heard a supervisor or board member say that he or she never worries about the assessing department? That's a scary statement! If a problem with the assessing office occurs, the supervisor—as well as the entire board—will take part of the blame. The claim by some, if a problem occurs, may be that they did not know what was going on and the assessor is totally at fault. That excuse, however, will be futile since it is the township board's responsibility to know what is happening within the township in terms of assessing.

It is critical for assessors to keep the township supervisor—and the entire board—apprised of the work happening within the assessing department. This creates an effective check-and-balance system for the township.

It goes without saying that the township board should be updated periodically on the day-to-day activities within all departments of the municipality. The assessing department is no exception. It is the responsibility of the assessor to make sure the board is current with the status of the assessing office and, of course, any matters of concern. A point to remember is that if a STC 14-Point Review (*discussed later in the article*) is conducted, it is under the purview of the entire township board.



As a township employee, the assessor answers to the entire township board, which is responsible for setting the assessor's salary and creating the job description for the position.

The township board impacts the assessing department as well. The board may make resolutions, if need be, to ensure that the township is in compliance with state law. For example, has your township board passed a resolution to adopt an income and asset test for poverty exemptions? If not, it should have. Has it passed a resolution for the board of review to accept written appeals by taxpayers? If not, will the board accept such appeals? Decisions made by the township board impact the assessing department, so communication between the two entities is vital.

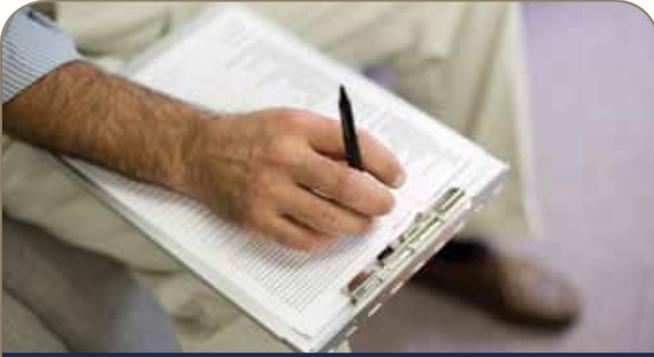
ASSESSOR CERTIFICATION

A township board needs to be aware of many things before hiring an assessor, and the assessor's certification tops the list. It is imperative that the assessor hired by the township has the proper certification to sign the township's assessment roll. The bigger the jurisdiction, the higher level of certification—and expertise—the township will need.

At the end of 2009, an executive order abolished the State Assessors Board, which had oversight of all assessing practices in the state. That authority was transferred to the STC, and one of the first acts of the new STC was to abolish the old levels of assessing certification (Levels 1-4) and replace them with three new levels: Michigan Certified Assessing Officer (MCAO), previously levels 1 and 2; Michigan Advanced Assessing Officer (MAAO), previously level 3; and Michigan Master Assessing Officer (MMAO); previously level 4.

What level assessor does your township require? The easiest and most precise way to explain this is to simply look to the STC for guidance. The STC certification levels required of townships (and cities) are published annually and are calculated by state equalized value (SEV). For 2011, they are:

MCAO Level: SEV greater than \$0 but less than \$487 million or a combined SEV of the commercial and industrial classifications, both real and personal property which includes utility property, of less than 20 percent of \$487 million (or \$97 million).



The assessor generates an assessment roll, property appraisal record cards, personal property record system, tax maps and land value maps, among other items.

MAAO Level: SEV greater than or equal to \$487 million but less than \$2.119 billion or a combined SEV of the commercial and industrial classifications, both real and personal property which includes utility property, greater than or equal to 20 percent of \$487 million (or \$97 million) but less than 20 percent of \$2.119 billion (or \$424 million).

MAAO Level: SEV greater than or equal to \$2.119 billion or a combined SEV of the commercial and industrial classifications, both real and personal property which includes utility property, greater than or equal to 20 percent of \$2.119 billion (or \$424 million).

In computing SEV, the equivalent SEV as carried on the industrial facilities tax roll will be considered; the equivalent SEV of all other specific tax rolls will also be considered.

The certification level of a township with one large commercial or industrial property that causes an increased SEV may be reduced by the STC if that one property is assessed by an assessing officer certified at the level required for the assessment unit, provided that assessing officer assumes responsibility through any appeals for that assessment year. When an assessor is responsible for more than one unit of government, the certification level for those units of government is determined by combining the SEV of all units for which that assessor is responsible.

The SEV requirements for townships are adjusted annually by the rate of increase in the statewide SEV as compiled by the Assessment and Certification Division of the Michigan Department of Treasury. Officials must look at their township's ad valorem and special acts (industrial facilities) Form L-4022s for the figures needed in these computations. The township assessor and county equalization office will have these forms.

Newly elected supervisors in townships with an SEV less than \$125 million may be granted a six-month conditional certification, pending the requirements spelled out in MCL 211.10d.

It is time to do the math—is your township in compliance? It can come as a surprise to some officials to learn that their township is not. One unit's supervisor told me that her

township board was stunned when the assessment roll was seized by the state. Apparently, their assessor had taken on several jurisdictions, bringing the numbers above what he was certified to assess. Take precautions to make sure your township does not get caught in a similar situation.

WHAT IT TAKES TO BECOME AN ASSESSOR

A lot of hard work and schooling goes into becoming a certified assessor at any level. While many taxpayers may think assessors pull numbers out of the air, as you will see, "It just isn't so."

Do you know what constitutes the award of each level of assessor? What level is your township's assessor?

The STC is responsible for the education and certification of assessing officers in the state of Michigan. The field of assessing has changed dramatically over the years, and now more than ever, education is critical. Each level requires certain classes that must be taken. It would consume all of the space in this article to review the education requirements for each level. Instead, a snapshot of these requirements appears below:

MCAO (previously Levels 1-2):

- The MCAO class is an online/lecture hybrid.
- Students are required to attend monthly online classes, and mandatory 8 a.m. to 5 p.m. "practicum" Saturday sessions, held approximately every four to six weeks, throughout the 24-month program.
- All entry-level assessors who complete the MCAO program will be placed on probation for one year at the end of the two-year educational program.
- Newly certified MCAO assessors who are signing an assessment roll must pass an STC mini-review to be removed from probation.

MAAO (previously Level 3):

The applicant must provide proof of successfully passing all courses as well as have two years of experience in the field. The course curriculum for MAAO certification consists of *Basic Income, Principles of Appraising, Basic Statistics, Personal Property, Budget Preparation/Government Finance/Management, and Equalization*.

MMAO (previously Level 4):

- Assessors must complete five classes. These classes include: *Advanced Income, Personnel Relations/Labor Relations, Advanced Statistics, How to Critique an Appraisal* and *Commercial/Industrial Valuation of Property*.
- The first step in the application process is successful completion of a 50-question multiple choice examination. Successful completion is receiving a score of 75 percent or better on the exam.
- During a 12-month period, a group selected to continue on in this program will work to complete a case study and thesis. They will be mentored by a panel of three MMAO-certified assessors. The panel of mentors will meet quarterly with the candidates. The panel will also monitor online

discussion forums to which the candidates are required to post weekly.

- The required thesis must include three to five pages discussing each of the five classes, to demonstrate the candidate’s knowledge of the subjects and personal experience with each topic.
- At the end of the 12 months, the panel will grade the case study and thesis, and conduct an oral exam. The panel will then recommend to the STC the candidates who should receive MMAO certification

It is important to remember that assessors must maintain annual continuing education. Education is never wasted in the assessing area—governing laws change frequently and all assessors must be “in the know” to stay in compliance. MTA courses, including the annual *Board of Review Training*, can help assessors meet these continuing education requirements.

THE ASSESSOR’S DUTIES—REQUIRED BY LAW

Not all township board members know the extent of the statutory duties of a township assessor. The assessor is required by Michigan law to discover, list and value all property—both real and personal—within their jurisdiction.

Real property includes land, land improvements and structures, farms, businesses, industry, residences, timber cut-over land and development property. Personal property includes furniture and fixtures, machines and equipment belonging to a business,

certain public utilities, structures on leased property, and other similar tangible property.

The assessor’s office, through statistical and analytical methods, determines the appraised value of the property. This is no easy task. The property’s taxable value is based on Proposal A, which was approved by Michigan voters in 1994. These taxable values are then used to determine the distribution of property taxes levied to taxpayers. Only if these values are current, correct and equitable will tax limits, debt limits, and the distribution of state funds to the state, county, cities, townships, schools, colleges, etc., be as the Legislature intended.

The assessor also maintains property record cards reflecting such things as current ownership of real property, by accurately tracking all land transfers, splits and subdivisions. To ensure the accuracy of property assessing cards, the STC strongly encourages every assessing unit to reassess 20 percent of all of the community’s property every year. This achieves the long-standing goal of re-inspecting all property every five years, and minimizes budget problems and time constraints if an assessor tries to visit all of the properties in one year. The assessor also develops the assessment roll, land value maps and economic condition factor (ECF) maps.

SOUND RECORD-KEEPING

MCL 41.62 requires the supervisor to preserve and keep the books, assessment roll, and other papers belonging to the



The assessor's office, through statistical and analytical methods, determines the appraised value of the property.

office in a safe and suitable place and deliver them on demand to his or her successor in office.

According to MCL 211.20a, "Assessment rolls and property appraisal cards shall be available for inspection and copying during the customary business hours." MCL 750.492 requires that persons have at least four hours per day to examine these records. If the township does not have "normal business hours" or records are not kept at a township office, the township must post designated days, times and locations where records are available. A reasonable charge may be made for requested copies.

Board of review records, minutes, etc. are to be kept with the township clerk. For every paper, there is a place. Township boards should adopt a Freedom of Information Act policy that clearly delineates who to contact and other guidelines when requesting township documents.

INSIDE THE BOARD OF REVIEW

One way that non-assessing supervisors maintain responsibility for the township assessment process is to serve as secretary of the board of review (BOR), as required under the General Property Tax Act. (MCLs 41.61 and 211.33) As secretary, the supervisor keeps a record of the board of review's proceedings and all changes made in the township's assessment roll. This is an effective way for a supervisor to get a feel for what the taxpayers are saying with regard to taxation. The supervisor does not vote on appeals, except in the case of poverty exemptions. If the supervisor cannot serve as the BOR secretary, the board of review may appoint one of its members to serve as secretary.

The BOR process begins when assessment change notices are sent to taxpayers 14 days before the March board of review meeting. The phone calls start here.

The organizational BOR meeting is held on the Tuesday following the first Monday in March. (MCL 211.29) At this meeting, the assessor signs off and delivers the assessment roll to the board of review, at which time he or she can no longer make changes

to the assessment roll. Changes for the remainder of the year can only be made by the board of review members.

The board of review consists of three, six or nine members, and possibly two alternates, depending on the size of the jurisdiction. The township board appoints board of review members for a two-year term beginning in an odd year. The BOR members are required to take an oath of office within 10 days of their appointment each term.

At the organizational meeting, the board of review will need to review the roll with the assessor so that members completely understand any changes or concerns that the assessor may have that may impact appeals. The board selects a chairperson and then gets ready to roll up their sleeves for the days ahead.

Ten days before the appeals will be heard, there must be public notices with date, time and location of where the meetings will be held, in compliance with MCL 211.29 as well as the Open Meetings Act. The notices must be published in three successive issues of a generally circulated newspaper—the last one appearing at least one week before the first meeting of appeals.

The meeting for appeals starts the following Monday, though the township board may, by resolution, authorize an alternative starting date on either the Tuesday or Wednesday following the second Monday in March. The first meeting must start no earlier than 9 a.m. and no later than 3 p.m. and last at least six hours. Three of these hours must be after 6 p.m. (MCL 211.30)

The board of review signs off on the assessment roll with its changes within 10 days of its final meeting, or not later than the first Monday on April. (MCL 211.30a) The assessor then forwards all necessary paperwork, including a summary form called an L-4022 that denotes assessed and taxable values, to the county in a timely manner.

If BOR members make changes to the assessment roll, they must be able to defend them. Decisions are based on information presented by the petitioner, and the BOR alone must make the judgment call. The roll is theirs and theirs alone, and should not be influenced by the assessor or supervisor. However, the supervisor or assessor should provide any information necessary for the BOR to make a decision. Petitioners must be notified of the board of review's decision by the first Monday in June (MCL 211.30(4)), and must receive notice that they have the right to appeal any decision made by the board to the Michigan Tax Tribunal.

Delaying or not following any of these processes is not acceptable and has serious consequences for the township.

FACING A 14-POINT REVIEW

The State Tax Commission 14-Point Review process is in place to evaluate a local unit's compliance with state property tax law. When the reviews began back in 2002, it was found that some jurisdictions were non-compliant—and some were substantially non-compliant. This was a wake-up call for municipal boards and assessors statewide. Among the issues that were revealed were:

- Record cards were not updated or were inaccurate
- Land value maps and economic condition factors maps were not current, making it hard to justify assessments
- Inadequate board of review minutes
- Not filing reports with county equalization departments in a timely manner

There could be many reasons why such oversight occurs, but one thing is certain: Any non-compliance must be fixed. The goal of assessing is to be fair and consistent—state-wide, county-wide and township-wide. To make sure a township is on the right track, township officials and the assessors must work together.

If a township is found non-compliant, this is not just a slap on the hand. Action is required to remedy non-compliance, and in some cases, this can be very costly to a township. The manpower and hours it takes to bring a unit back into compliance doesn't happen overnight, and if the roll is seized by the state, the township is liable for the cost.

A new MTA member program can assist townships facing a 14-point review, or questioning the quality of their assessing program. Turn to page 22 to learn more.

TO SUM IT UP

The township, as a whole, sets the standards of its unit. It is critical for the township board and its assessing team to work together to meet the goal of compliance with state guidelines. Whether it's the supervisor who is the chief assessing officer, the clerk who houses the board of review documents, the township board that votes on resolutions, or the board of review members who work as a check-and-balance in the fairness of assessing, all are equally important.

We can all acknowledge the difficulties that townships are facing, with harsh budget cuts, declining property values and rising foreclosures. It has never been more crucial to make sure that your township's assessing practices are in tip-top shape.

What are you waiting for? There is no time like the present to take action and start with a plan. Remember: Township board members, board of review members and your township assessor are all in this together and need to work together toward a goal. Much time can be wasted by looking back; we need to bring our best to the township assessment administration process and always look forward. ■

Margaret R. Ford, BA, MA, MAA03
Assessor, **Monitor Charter Township** (Bay Co.)

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assessor@monitortwp.org.



Turn to page 23 for a continuing education self-assessment, worth 2.0 elective credits in MTA's Township Governance Academy.

MTA launches program to offer assessing help

MTA has launched a new Assessment Administration Review service, offering member townships assistance in evaluating their assessing function and preparing for a State of Michigan 14-point “mini-review.”

In 2008, the State Tax Commission piloted a shorter “mini-review” that targets several aspects of the 14-point review that are key indicators of assessment administration compliance. Mini-reviews are done for an entire county at one time and are announced each year. Failure of a mini-review may require a full, 14-point review of the unit. Failure of the 14-point review may require a full, unit-wide reappraisal of properties.

According to the State Tax Commission, “In general, local units fail the review because of three major reasons: record cards have not been updated and/or are inaccurate, the unit does not have land value maps with current land values, and the local unit does not have current economic condition factor (ECF) determinations.”

MTA’s Assessment Administration Review consulting service targets the same key compliance areas as the mini-review.

HOW IT WORKS

A township board may choose from three levels of review:

- **Basic Assessing Administration Review:** Desk review of assessing documents and written report to township board (no field work)
- **Intermediate Assessing Administration Review:** Desk review of assessing documents and written report to township board, plus field inspections (number depends on size of unit and types of properties)
- **Advanced Assessing Administration Review:** Desk review of assessing documents and written report to township board, plus field inspections (number depends on size of unit and types of properties), plus follow-up review and written report on follow-up to township board

At all levels of review, MTA’s consultants—who each have 12-plus years of assessing experience and are all certified as Michigan Advanced Assessing Officer (formerly Level 3) or higher—will conduct the following “desk review” of the township’s records and provide a written report to the board:

- Review and perform an analysis of the assessing database for proper data entry as it applies to:
 - Land values (no flat or minimal values)
 - Proper calculation of buildings
 - Correct uncapping of taxable value
 - Additions for building permits
 - Analysis of ECF and land values
- Match the database to the physical record card and equalization data
- Verify that ECF and land value calculations are being accurately used based on:
 - Land value determination maps
 - ECF determination maps
- Verify that the unit has a policy on inspection of records
- Verify record compliance and dates

At the Intermediate and Advanced Review levels, the consultant will also perform an on-site “field inspection,” in which the information in the township’s records will be compared to a selection of actual properties in representative property classifications. An Advanced Review also provides a follow-up review and report of the township’s response to issues identified during the initial review.

THE NEXT STEP

This new MTA program aims to help townships ensure that their assessing program is efficiently and effectively administered, prepare for an anticipated state review or provide an understanding of a model assessing program. For more information or to request services, contact MTA Member Information Services Specialist Cindy Davis at (517) 321-6467 or cindy@michigantownships.org.

Continuing Education Self-Assessment



Participants enrolled in the Township Governance Academy (TGA), a credentialing program offered through MTA, may obtain 2.0 elective credits for successful completion of this quiz. To obtain credit, participants must answer the following 10 multiple-choice questions by circling the correct answer and receive a minimum passing score of 70 percent. The questions are based on content from the article, "The township board's role in assessment administration," beginning on page 16. There is no charge for MTA members to take the quiz or to obtain TGA credit. Completed quizzes should be sent to: MTA Education Center, 512 Westshire Drive, Lansing, MI 48917, or faxed to (517) 321-8908. MTA will notify you of your results within two weeks after receiving your quiz. **IMPORTANT:** Please keep a copy of your completed quiz in your TGA binder. For more information about TGA, visit www.michigantownships.org/tga.asp.

TGA Continuing Education—April 2011 The Township Board's Role in Assessment Administration 2.0 Elective Credits

(To receive credit, this quiz must be completed by April 1, 2015.)

NAME: _____ **TOWNSHIP & COUNTY:** _____

ADDRESS: _____ **CITY/ZIP:** _____

E-MAIL ADDRESS: _____

1. **The responsibility for ensuring township assessing practices are in tip-top shape falls upon:**
 - a. the assessor
 - b. the township supervisor
 - c. the township board
 - d. the State Tax Commission
2. **The certification level for assessors responsible for more than one unit of government is measured by:**
 - a. using the combined state equalized value of all units within that local assessing district
 - b. using the combined state equalized value of all units for which that assessor is responsible
 - c. using a combined state equalized value of the commercial and industrial classifications, greater than or equal to 20 percent of their allowed level
 - d. using a combined state equalized value of the commercial and industrial classifications, less than or equal to 20 percent of their allowed level
3. **The assessor is required by Michigan law to:**
 - a. discover, list and value all real property within his/her jurisdiction
 - b. discover, list and value all commercial and industrial property within his/her jurisdiction
 - c. discover, list and value all personal property within his/her jurisdiction
 - d. discover, list and value all real and personal property within his/her jurisdiction
4. **The law states that:**
 - a. the assessor is subordinate to the supervisor even if the supervisor is not a certified assessor
 - b. the assessor is subordinate to the supervisor only if the supervisor is not a certified assessor
 - c. the supervisor is the chief assessing officer only if the assessor is not certified at the proper level by the State Tax Commission (STC)
 - d. the supervisor must appoint a chief assessing officer if he/she is not certified at the proper level by the STC
5. **The certificate attached to the assessment roll is signed by:**
 - a. the township board
 - b. the supervisor
 - c. the certified assessor who prepared the roll
 - d. the supervisor only if certified at some level
6. **According to MCL 211.20a:**
 - a. assessment rolls and property appraisal cards shall be available for inspection and copying only on designated days, times and locations
 - b. assessment rolls and property appraisal cards shall be available for inspection and copying only if records are not kept at the local unit public office
 - c. assessment rolls and property appraisal cards shall be available for inspection only during customary business hours
 - d. assessment rolls and property appraisal cards shall be available for inspection and copying during customary business hours
7. **Once the assessor signs off on the assessment roll at the board of review organizational meeting:**
 - a. only the assessor can make changes from that point forward
 - b. only the board of review members may make changes from that point forward
 - c. either the assessor or the board of review members may make changes from that point forward
 - d. no changes may be made from that point forward
8. **Board of review members are required to take an oath of office:**
 - a. within 10 days of their appointment
 - b. within 20 days of their appointment
 - c. each year
 - d. administered by the township clerk
9. **The board of review must conclude business no later than:**
 - a. the second Monday in March
 - b. March 30
 - c. April 1
 - d. April 15
10. **If an assessment roll is seized by the state due to non-compliance, who is responsible for the costs?**
 - a. the assessor
 - b. the board of review
 - c. the State Tax Commission
 - d. the township