



**2005 - 06 Annual Report
Assessing**

Reid Duford, City Assessor

**Assessor's Office
2005-06
Annual Report**

General Property Tax Laws

The General Property Tax Laws of the State of Michigan apply to all property within the State. The Michigan General Property Tax Act (Act 206 of the Public Acts of 1893) states, "all property, real and personal, within the jurisdiction of this state, not expressly exempted, shall be subject to taxation." Accordingly, property assessment in Michigan utilizes an ad valorem tax system, which taxes property based on its value.

The assessor's job consists of four basic duties - inventory and list all property within the taxing jurisdiction, equitably evaluate every taxable property, calculate a taxable value for every parcel, and prepare an assessment roll with all taxable property listed in an orderly fashion. The assessment function is required to be administered at the local level (cities and townships) prior to the equalization function, which is administered at both the county and state levels of government.

Since tax year 1994, there have been significant changes to the General Property Tax Laws of the State of Michigan. The voters approved Proposal A, a constitutional amendment, on March 15, 1994. This new legislation added a number of new terms to the Assessor's vocabulary such as homestead exemption (amended in December 2003 to Homeowner's Principal Residence Exemption or PRE), uncapping, taxable value, and capped value. More changes were implemented in October 1999, when the State Tax Commission adopted new personal property multiplier tables to be used by assessors in the valuation of personal property tax assessments. The new tables, in general, resulted in faster depreciation of personal property and resulted in a loss in the personal property class for 2000. More recently, in 2003, Public Act 415 of 2000 now requires buildings on leased land and certain leasehold improvements to be assessed as real property.

Major Tax Appeals

A major tax appeal milestone was reached during fiscal year 2004-05. The City of Midland and the Dow Corning Corporation came to a mutually acceptable resolution and settled Cornings' tax appeal. As a result of this settlement, the City of Midland had a negative levy of 2.63 mills in July of 2005 for the Tax Appeal Reserve Fund, and a millage rate for Operating and Debt of 12.42 mills resulting in a total city millage of 9.79 mills for fiscal year 2005-06.

Although the Dow Corning tax appeal was put to rest, two other major property tax appeals continued throughout the 2005-06 fiscal year. The MCV tax appeal, also known as the longest tax trial in Michigan's history, after a full 14 months, came to an end with replies to closing statements submitted on June 9, 2003. Since then, however,

the Michigan Tax Tribunal (MTT) delivered a decision on January 23, 2004 that was unsuccessfully appealed to the Court of Appeals. As a result of these juridical renderings the city was compelled to apply for leave to the Michigan Supreme Court for further consideration to overturn the lower courts' decisions. Nonetheless, this case is far from over since it will only resolve the initial years 1997 through 2000. The remaining years (2001-2006) are under appeal and have not yet been heard by any court.

The Michigan Tax Tribunal also handed down a decision for the Dow Chemical Corporate Center case on June 17, 2005, which was also appealed to the Court of Appeals and is waiting its day in court. The Dow Chemical Main Plant appeal is still ongoing with tax years at issue beginning in 1997 and extending to current years.

Software and Technology Improvements

The Assessor's Office purchased BS&A software in late 1999. Data was converted from HTE and beginning in 2000 the assessment roll and all required reports are generated using this new assessment administration software. Assessment information is now maintained on the BS&A system and information such as names and addresses of property owners are updated on HTE through the use of an interface program.

A number of upgrades have been made to the Assessor's website, both in appearance and in utility. The Assessor's Office is expected to re-release its new and improved webpage early in the 2006-07 fiscal year. Assessing staff enters additional data, on a daily basis, in an effort to continually improve the site. During fiscal year 2005-06 the assessor's office completed the majority of the work necessary to allow internal users and the general public the ability to look up the age and square footage of residential properties as well as the ability to view digital photos of residential properties. One, additional, well received upgrade to the website was the inclusion of online tax maps of the entire city. These maps can be accessed as a PDF file and can be easily printed on letter or legal size paper from any standard printer linked to the Internet.

The Assessor's office also worked closely with the Information Services Department to implement a new imaging system that was installed at the end of 2005. Assessing was one of first departments to test, implement and use this new software. Approximately 40,000 documents are now imaged and stored electronically; as a result, these files can be conveniently stored using a fraction of the space. Documents such as property record cards and recently filed warranty deeds can then be quickly accessed, by assessing staff, and can then be sent electronically via e-mail or printed upon request.

The Assessor's office has also been actively involved with the implementation of GIS as well. Through cooperative efforts with the City's Geographic Technologies Group, the Assessing staff has worked diligently to share knowledge and create an efficient implementation of the new GIS. The new GIS benefits our office by providing the ability to print or access maps with information such as aerial photos, zoning classifications,

and engineering details which will increase our analytical and decision making capacity. This information is especially useful when setting up special assessment and industrial facility districts because data regarding existing sidewalks, sewers, and water lines are readily available and calculations for front-foot assessments can be simplified. In addition, land divisions, new subdivisions, and property boundary adjustments can be created faster and more accurately. By streamlining data and being accessible to all City staff, GIS will greatly enhance data-sharing between all departments.

Personnel

Presently, the Assessor's Office holds five full-time positions and one part-time. These positions include: the Assessor, Deputy Assessor, Personal Property Auditor, two Appraisers and a part-time Office Professional. The education and professional development of these employees remained a priority during fiscal year 2005-06. Various members of the staff attended assessing workshops and educational programs in an effort to obtain higher State Assessors Board certification levels.

Assessment Notices and Board of Review

Prior to tax year 2007, any appeal of an assessment and/or taxable value was required to be made to the March Board of Review. This is still the case for all residential properties; however, new legislation (Act 174 of 2006, effective May 30, 2006) allows an option for most commercial, industrial, developmental and utility properties to bypass the Board of Review and appeal directly to the MTT.

Assessment notices are mailed in late February or early March, each year. The Board of Review will meet to consider appeals of the 2007 assessed and/or taxable values on March 12, 13, 14 and 15, 2007. Specific times for these dates are posted on the city calendar and on the assessment notices. Property owners wishing to appeal may do so in person, by agent or by letter, if postmarked no later than March 15, 2007.

Assessing Information

Property owners, realtors, lenders, title companies, and potential buyers and sellers often utilize information available in the Assessor's office and on the Internet at www.midland-mi.org. Information available includes the following:

- ✍ A public computer terminal is located at our front desk; access to this computer is available to research property records and assessment information.
- ✍ Appeal procedure information ("How to Review and Appeal Your Property Assessment" pamphlets are available as well as personal staff assistance)
- ✍ Assessed and Taxable value of property

- ✍ Homeowner's Principal Residence Exemption Affidavit, information and forms
- ✍ Poverty Exemption application forms
- ✍ Maps showing lot dimensions and owners names
- ✍ Property tax law information, procedures and deadlines as well as Personal property statements and related information
- ✍ Sales information including date and price paid (often used by realtors, potential purchasers and sellers)
- ✍ Special Assessment information (special assessments are for new improvements such as water mains, sanitary sewer mains and paving improvements)
- ✍ Specific information for a property (lot size, year built, square footage, building dimensions and sketch, number of baths, number of fireplaces, sales history etc. is shown on property record cards)

The Assessing employees update information on a daily basis. This information consists of property records, ownership information and assessments for 15,794 real property parcels (land and buildings) and 1553 personal property accounts. The total estimated market value on the ad valorem assessment roll for the City of Midland in 2006 is \$5.46 billion, the assessed value is \$2.73 billion and the taxable value is \$2.51 billion. Millage rates are levied on the taxable value. City property value represents approximately 69% of the taxable value of Midland County. The 2006 City of Midland total assessment roll increased \$42 million or approximately 1.58% from the 2005 assessment roll. The taxable value for 2006 increased \$78 million or approximately 3.2% from the 2005 assessment roll. The 2006 Industrial Facilities Tax Roll is approximately \$103 million assessed and taxable value, a decrease of approximately \$18.2 million, or 14.98% from the 2005 roll.

During fiscal year 2005-06 residential properties in the city were reanalyzed and divided into new economic neighborhoods based on geographic area in preparation for developing new economic condition factors as part of the city-wide reassessment.

Shown below is the State Equalized Value, parcel count (real, personal and exempt) and amount of change over the past ten years.

Year	State Equalized Value	Amount of Change in State Equalized Value From the Prior Year	Parcel Count	Change in Parcel Count
2006	\$2,732,627,400	+42,392,700	18,141	+71
2005	\$2,690,234,700	- 17,968,200	18,070	+ 132

2004	\$2,708,202,900	+ 34,985,400	17,938	+ 354
2003	\$2,673,217,500	+ 40,568,900	17,584	+ 17
2002	\$2,632,648,600	+ 341,129,000	17,567	+ 295
2001	\$2,291,519,300	+ 88,619,000	17,272	+ 158
2000	\$2,202,900,300	+ 25,611,600	17,114	- 104
1999	\$2,177,288,700	+ 103,486,050	17,218	+ 182
1998	\$2,073,802,650	+ 44,803,250	17,036	+ 133
1997	\$2,028,999,400	+ 26,472,700	16,903	- 16
1996	\$2,002,526,700	+ 30,295,700	16,919	+ 189

In the most recent five-year period, from 2001 to 2006, the assessed value has increased for the City of Midland by 19.25%, or a total of \$441,108,100. During this same period, the parcel count increased by 5.03%, or a total of 869 parcels.

Personal Property Auditing

During 2005-06, all audits conducted by Tax Management Associates as part of the personal property audit grant program were completed. The audits resulted in an increase of \$5.5 million in taxable value for tax years 2003-2005. This grant program allowed for a large volume of audits to be completed and provided valuable training to assessing staff; thus, ensuring accurate personal property assessments moving forward. During the past year, our Personal Property Auditor has attended several State Tax Commission hearings to defend these audit results while continuing to manage an aggressive in-house audit program. As a result, numerous additional petitions for omitted and incorrectly reported property have been filed with the State Tax Commission.

Goals

Our goals for 2006-07 are to continue to develop the city-wide reassessment program and to continue an ongoing data conversion program by entering additional information from many sources of media into an integrated digital assessment database. Efforts will also be focused on improving economic condition factoring tables, land value maps, and building and improvement valuations. These efforts will allow us to develop better uniformity within each class of property and to ensure our assessment records meet the State's statutory assessment requirements.

As in the past, we will focus on refining the software and technologies used and develop new procedures to constantly improve our assessment administration. Current performance measurements will be reviewed and new benchmarks will be established. A continued focus on training and development of assessing staff will be key to improve knowledge and diversity of tasks, within the Assessor's office. Most of all, our central focus will be to provide uniform and equitable assessments among all property classes.