

**State Tax Commission
Requirements of the Equalization Director**

The Equalization process is vital to guaranteeing that properties are assessed at 50% of market value as is required by Article IX, Section 3 of the Michigan Constitution of 1963. County Equalization serves as a check on assessments determined at the local level, ensuring they are fair and equitable across the County.

The responsibilities of County Equalization rest primarily with each County's Board of Commissioners. Recognizing the technical and difficult nature of equalization duties, the State, through the General Property Tax Act, requires each County to employ a certified Equalization Director to assist and advise the Board in fulfilling their duties.

In addition to the general purpose of ensuring fair and equitable assessments, statutory requirements of County Equalization include the collection and analysis of sales data, providing assessment assistance to local units, and providing the State Tax Commission with annual reports.

The purpose of this document is to provide County officials with information regarding the statutory and State Tax Commission guidelines for County Equalization. The policies can be found in the General Property Tax Act of 1893, as amended and State Tax Commission rules and publications.

BASIC REQUIREMENTS

Each County must establish a Department of Equalization and appoint a Director of that department. R 209.41 (1), MCL 211.34 (3)

The Director of the Equalization Department is to be appointed by and serve the County Board of Commissioners. MCL 211.10d (11)

The Director of the Equalization Department must be certified by the State Tax Commission at the level required by the State Tax Commission. MCL 211.10d (11)

Two or more Counties may jointly establish a shared Equalization Department. Any joint Equalization Department must assist the Boards of Commissioners of each County in meeting the requirements of the General Property Tax Act and State Tax Commission rules and policy. MCL 211.34b

ANNUAL DEADLINES

By the **third Monday in February**, the Equalization Director must publish a statement showing the tentative recommended equalization ratios and estimated multipliers necessary to compute individual state equalized value of real and personal property for each classification in each local unit. MCL 211.34a (1)

By the **Wednesday following first Monday in April** or the tenth day after adjournment of the March Board of Review which ever occurs first the Equalization Director must receive the completed assessment roll from each local unit of government. MCL 211.30 (6)

By the **second Monday in April**, the Equalization Director must prepare a report that recommends the equalized value of each class of real and personal property for each local unit and present it to the County board of Commissioners. R 209.41 (6)

By the **third Monday in April**, the Equalization Director must file form L-4023, reporting the final recommended state equalized values for each class, with the State Tax Commission for each local unit. R 209.41 (6), MCL 211.150(4)

By the **first Monday in May**, Deadline to file official County Board of Commissioners report of County Equalization (L-4024) with the STC. R 209.52(5)

By the **first Monday in May**, the Equalization Director must compute these amounts and the current and immediately preceding year's taxable values for each classification of property that is for each unit of local government in the County. This must be filed with the State Tax Commission. R 209.5(2) MCL 211.34d (2)

By the **first Monday in June**, the Equalization Director must deliver the statement of the computations to the county treasurer. The county equalization director must also calculate the millage reduction fraction for each unit of local government in the county for the current year. MCL 211.34d (3)

By the **fourth Monday in June**, the Equalization Director must report all of the following to the State Tax Commission: MCL 211.27d

- (a) Total taxable value of all property in the county as of the fourth Monday in May.
- (b) Total taxable value for each classification of real and personal property.
- (c) Total taxable value of all property in the county that receives a principal residence exemption or qualified agricultural property exemption.
- (d) Total taxable value of all property in the county for which a principal residence exemption or a qualified agricultural property exemption has not been granted.

By **June 30**, the Equalization Director shall file an interim status report with the State Tax Commission. R 209.41 (4)

By **November 1**, the Equalization Director must deliver the year's sales studies to the State Tax Commission.

By **October 31st**, the Equalization Director submits apportionment (L-4402) to the STC. MCL 211.37 and 207.12

By **December 1**, the Equalization Director must report equalization studies to the assessors in each township and city.

By **December 31**, the Equalization Director shall prepare and submit one copy of the equalization study to the County Board of Commissions and another to the State Tax Commission. R 209.41
(5)

NOVEMBER - DECEMBER

- The equalization director will run one-year sales studies on STC Forms 4618 (L-4015), 2793 (L-4047) and review for use of one-year study as per STC Bulletin 9 of 2017 and will send to local units as applicable.
- The equalization director will verify that the 100% study box in CAMA accurately reflects the study characteristics.
- (By November 1st) – The equalization director should deliver the year's sales ratio studies on Form 2793 with both the L-4017 and L-4047 sections complete to PSD Staff for review.
- (By December 1st) – The equalization director shall deliver the year's appraisal studies to the assessors and PSD Staff for review. It is recommended that the equalization director send the Form 603 (L-4018R) to each local unit assessor.
- (By December 1st) – The equalization director will submit the apportionment millage report (L-4402) to the STC. (MCL 211.37 and MCL 207.12)
- (By December 1st) – If the studies have been modified since November 1, the equalization director shall report updated equalization studies to the assessors and PSD staff.

ADDITIONAL ITEMS TO BE CONSIDERED DURING THE ANNUAL EQUALIZATION CYCLE

- The equalization department will provide a back-up of sales databases and appraisal databases (that include updated sketches, pictures, and pricing of study parcels) when requested by PSD Staff.
- The equalization department should process deeds regularly (daily/weekly/monthly) as provided by their Register of Deeds office.
- The equalization department processes and procedures should include the mailing of real property statements (RPS), Form L-4182R, as necessary as deeds are processed.
- The equalization department should visually/physically verify any sales/parcels that are used for land value and ECF analysis. Use of aerial imagery may be warranted in some instances.
- The equalization department will net road rights of way and county surface drains on all applicable parcels and agricultural land per statute and STC guidance. (MCL 211.7e) (1981-1982 OAG No. 6007, November 1981)
- It is recommended that the equalization department should utilize the L-4014A and L-4015A check boxes in CAMA to accurately reflect the parcels in study.
- Equalization studies for real property should not be estimated without prior approval of PSD Staff.
- The EQ director will complete all computations for rollbacks: Headlee, Truth in Assessing, Truth in County Equalization, and Truth in Taxation.

COUNTY EQUALIZATION ESSENTIAL DUTIES CHECK LIST

A Recommendation of Best Business Practices

This Equalization checklist is provided as a model of best practices document to help County Equalization Departments maintain compliance with equalization requirements as found in the General Property Tax Act of 1893, as amended, and State Tax Commission rules and publications. Some dates presented within are prior to statutory due date as a best business practice recommendation.

JANUARY

- Prepare tentative equalization ratios and estimated multipliers to meet publishing deadline of the third Monday in February.
- (By December 31st) – The equalization director will send STC Forms 4618 and 4504 (L-4015 and L-4015a), Form 2793 (L-4017 and L-4047), Form 603 (L-4018R) and 602 (L-4018P) and L-4018 Recap, Land Value Grid (LVG)/Analysis, Economic Condition Factor (ECF) determination/analysis and Form 3215 (L-4113) - Certification of Equalization Study by Equalization Director to STC. (MCL 211.2, R 209.41 (5))
- (By December 31st) – If the county study plan has been revised since October 31st filing a revised Form 3689 (L-4027i) Interim Status Report should be filed with the STC at equalization@michigan.gov. (R 209.41 (4))
- It is recommended that CED commence selection of parcels for upcoming appraisal studies in all classes where there are not enough sales to conduct a sales ratio study and upon rolling over county database to the new assessing cycle to immediately check those parcels in the CAMA program for reporting on form L-4014A.

FEBRUARY

- It is recommended that the equalization director conduct pre-March Board of Review audits for each local unit of government.
- (On or before third Monday in February) – The equalization director will publish tentative equalization ratios and estimated multipliers. (MCL 211.34a(1))
- It is recommended that the CED continue parcel selection and mapping of appraisal parcels and examine available sales parcels used for upcoming land and BCF analysis checking parcels into CAMA program for reporting on form L-4014A.

MARCH

- It is recommended that parcel selection and mapping of appraisal parcels and parcels used for upcoming land and BCF analysis be checked into CAMA program for reporting on form L-4014A.
- It is recommended that CED start performing record verification on sampling of local unit Personal Property statements. in anticipation of the December 1st and December 31st study reporting deadlines.

APRIL

- Finalize appraisal parcel mapping and begin field work.
- (Wednesday following 1st Monday in April) – The equalization department will receive Form 606 (L-4021) and Form 607 (L-4022) from each of the local unit assessors. (R 209.26 (6a), (6b))
- (Wednesday following first Monday in April, or tenth day after adjournment of the March Board of Review, whichever occurs first) – The equalization department will receive the completed assessment roll and database from each local unit of government and complete post board of review audit procedures per county guidelines. (MCL 211.30 (6))
- (On or before 2nd Monday in April) – The equalization director will present to the County Board of Commissioners a report that recommends the equalized value of each class of real and personal property for each local unit. (R 209.41 (6))
- (Tuesday following 2nd Monday in April) – The Board of Commissioners will meet in session to equalize the assessment rolls in the manner provided by law. The equalization will be completed before the first Monday in May. (MCL 209.5 and MCL 211.34 (1))
- (No later than the 3rd Monday in April) – The equalization director will eFile Form 2164 (L-4023) for each local unit. (R 209.41 (6))
- (No later than the 3rd Monday in April) – The equalization director will eFile Form 4626, Assessing Officer's Report of Taxable Values as of State Equalization in May, for each unit in the county. (MCL 207.12)

MAY

Field Review of appraisal parcels ongoing

- The equalization department will run Form 4618 (L-4015) reports for each local unit for sales that occurred from April 1 of 2 years prior through March 31 of the current year and analyze and code for Land Value (LV) and Economic Condition Factor (ECF) purposes and will establish study plans for these parcels and sales ratio studies. Parcels utilized in Land/ECF value analysis should be mapped and field inspected.
- (By the first Monday in May) – The County Board of Commissioners will complete equalization before the first Monday in May. (MCL 209.5 and MCL 211.34 (1)). The equalization director will eFile Form 608 (L-4024), Official County Board of Commissioners report of County Equalization. (MCL 211.34d)
- (On or before the first Monday in May) – The equalization department will receive the assessor’s tabulation of taxable valuations for each classification of property on STC form (609) L-4025 to be used in “Headlee” calculations. (MCL 211.34d(2))
- (2nd Monday in May) – The State Tax Commission shall meet for the purposes of Preliminary State Equalization giving any county with concerns the opportunity to attend. (Counties under a corrective plan prescribed by the STC will be required to attend if the Corrective Plan requires attendance) (R 209.43 (1))
- (4th Monday in May) - The State Tax Commission shall meet for the purposes of Final State Equalization giving any county with concerns the opportunity to attend. (Counties under a corrective plan prescribed by the STC will be required to attend if the Corrective Plan requires attendance) (R 209.43 (7))

JUNE

Field Review of appraisal parcels and parcels utilized in Land/ECF analysis ongoing

- It is recommended that the equalization director notify each local unit assessor of the county’s study plan for each class in their unit including draft Form 4618 (L-4015) sales ratio study listing and Form 2793 for the 2-year (L-4017) section.
- (On or before first Monday in June) – The equalization director will file Form 612 L-4028 Millage Reduction Fraction Computation and 613 (L-4028-IC) with the County Treasurer & STC. (MCL 211.34d and 211.150)
- (On or before May 31st) - Personal Property Summary Report (PPSR) & (On or before June 7th) - Personal Property Inter-County Summary Report (PPSR-IC) are due to the Department of Treasury. (MCL 123.1353(3))
- (Fourth Monday in June) – The equalization director will eFile the L-4046 Taxable Valuations to the STC. (MCL 211.27d)
- (By June 30th) – It is recommended that the equalization director file Form 5571 (L-4014a) Preliminary Appraisal Study Listing with the PSD staff.
- (By June 30th) – The equalization director will file Form 3689 (L-4027i) Interim Status Report with the STC at equalization@michigan.gov to notify them of their planned studies. (R 209.41 (4))

JULY - AUGUST - SEPTEMBER

Field Review of appraisal parcels and parcels utilized in Land/ECF analysis ongoing

- It is recommended that the equalization director prepare finalized Form 4618 (L-4015) sales ratio study listing and Form 2793 for the 2-year (L-4017) section that was previously delivered in June to each local unit assessor. In November, the one-year section of Form 2793 (L-4047) should be reconciled separately for sales through the end of September.
- It is recommended that the equalization director analyze land sales, establish land values, and provide them to each local unit assessor and PSD staff for review.
- (By August 31st) – If the county study plan has been revised, the equalization director will file a revised Form 3689 (L-4027i) Interim Status Report with the STC at equalization@michigan.gov. (R 209.41 (4))
- It is recommended that equalization director will establish economic condition factors (ECF's) for each class in each local unit where an appraisal study is being conducted and will provide same to PSD staff.
- It is recommended that the equalization director begin the preparation and analysis of all data necessary for the apportionment report that will go to the County Board in October.
- It is recommended that the equalization department will enter into the county's computer assisted mass appraisal (CAMMA) system the land values and ECF's as calculated.

OCTOBER

Field Review of appraisal parcels ongoing

- The equalization director will verify that land values and ECF's have been applied as calculated into the CAMMA software and if ECF's and land values have changed since last reporting to PSD, will provide updates to PSD staff as applicable.
- The equalization director will present the Apportionment Report to County Board of Commissioners.
- (By October 31st) – If the county study plan has been revised, the equalization director will file a revised Form 3689 (L-4027i) Interim Status Report with the STC at equalization@michigan.gov (R209.41 (4))