



Building Owners and Managers Association
38800 Country Club Drive, Farmington Hills, MI 48331

September 17, 2014

Senate Finance Committee

RE: Proposed changes to the Tax Tribunal Act SB 1039

BOMA Metro Detroit represents over 400 members and over 250 million square feet of office space in southeast Michigan; nationally BOMA boasts 16,500-plus members and nine billion square feet of commercial properties. BOMA members represent every aspect of our industry from building owners, building managers, real estate brokers, and various suppliers including landscapers, roofers, janitorial services, utilities, construction firms and architects. BOMA is a primary source of information on office building development, leasing, building operating costs, energy consumption patterns, local and national building codes, legislation, occupancy statistics and technological developments.

It is important to understand BOMA has a vested interest in the efficiency and expediency of the Michigan Tax Tribunal. The most important cases to BOMA members are those filed before the entire Tribunal and involve a tremendous amount of revenue to both taxpayers and governmental units. Members of BOMA include the largest names in Michigan commercial development including Schostak Brothers & Company, CBRE, General Motors, REDICO, KIRCO, Bedrock Real Estate Services, and the Farbman Group.

BOMA understands first hand that there were sizeable challenges facing the Tribunal; however, we believe there have been significant improvements over the last several years, which have helped our industry and the taxpayers in the State of Michigan. We believe it best to focus efforts that will likely have broad support from the taxpayer base and therefore support the following concepts of SB 1039:

- 1) Members of the Tribunal- Section 22(1)- We believe appropriations to adequately staff the Tax Tribunal with the expertise necessary to adjudicate tax issues would greatly enhance the Tax Tribunal's efficacy.
- 2) Contract Assessors- Section 32(G) should be deleted. It is the assessor and a taxpayer who are likely opposition in a property tax case.
- 3) Classification dispute- Section 35a(3) should be changed so that no board of review protest is required for a classification appeal but instead the initial appeal should be filed with the State Tax Commission, if not the Tax Tribunal. Local boards of review do not have expertise with respect to property classification. SB 1039 eliminates board of review protests for determinations of exemption for a personal residence or qualified agricultural property. As the system is currently proposed, taxpayers may have to file a classification appeal at the board of review, the Tax Commission and the Tax Tribunal. We believe the board of review protest for classification appeals should also be eliminated. This will further support the intent of streamlining and simplifying the process. In 2006, the Legislature eliminated board of review protests for cases involving the valuation of industrial and commercial properties and the Legislature should now do the same for classification protests. The General Property Tax Act also should be amended to be consistent with this change.

4) "Taxpayer"- In Section 35a(10) (p. 8, line 22), instead of the word "taxpayer," and in Section 35a(11) (p. 9, line 19) instead of the word "owner," it would be better to use "party in interest". For example-with a net lease the lessor who pays the tax is not the one who bears the economic burden and the lessee (or other non-owner who bears the real cost) should be able to pursue tax relief. Furthermore, it would be wise for the Legislature to add a provision such as the following to the Tribunal Act: A "party in interest" includes and is not limited to either one who has an ownership interest in the property involved in the matter or a party who will bear the cost that ultimately will result if the relief requested is denied.

5) Service of Petition- Section 35a(11) should specify that where an Assessor appeals a State Tax Commission classification decision to the Tax Tribunal, the Assessor shall serve the Petition upon the party listed on the tax roll as the taxpayer and any party who was involved with the State Tax Commission's classification proceeding which has resulted in the Tribunal appeal.

6) Subpoenas- Section 36(1) With respect to reasons for denying subpoenas at the end of line 2 on page 12, we recommend the following be added after "sufficient in law," "including but not limited to any reason permitted under a Tax Tribunal Rule, Michigan Court Rule 2.305 or Michigan Court Rule 2.506.

7) Raising the jurisdiction of the small claims division to include disputes involving up to \$200,000 of SEV. This is higher than proposed. Whether the new limit is \$150,000 or \$200,000, the change is welcome, including indexing the amount for inflation.

We are committed to working with the sponsor and committee members in order to ensure a streamlined process that benefit taxpayers, our communities and the businesses that keep them strong and help them grow.

For more information on BOMA, its members or issue positions please contact:

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| Gregg McDuffee, Government Affairs Committee, Co-Chair | gregory_mcduffee@dwjba.com |
| John Sier, Government Affairs Committee, Co-Chair | john.sier@kitch.com |
| Janet Langlois, BOM/ Metro Detroit, Executive Director | jlanglois@bomadet.org |
| Sean Mann, Michigan Legislative Consultants | sean@mlcml.com |