

Schools hold onto 'tax battle' money

By Joanne Maliszewski
staff writer

Farmington Public Schools can keep \$1.5 million it set aside in case Oakland County had won its battle against the Michigan Tax Tribunal over property values.

When the state was in the middle of a housing recession in 1982, the Tribunal forced the county to slap a 6-percent factor on property values.

School officials set aside \$1.5 million

— generated from the 6-percent increase in property assessments — in case the Michigan Supreme Court ruled in favor of Oakland County, thus forcing local governments to refund excess revenue to taxpayers, said Michael Flanagan, Farmington Schools finance director.

Farmington and Farmington Hills, on the other hand, simply reduced their property-tax rates to offset the 6-percent factor — and thus avoid the prospect of a major tax refund.

The Supreme Court ruled in favor of the Tax Tribunal Sept. 4, said Herman Stevens, Oakland County Equalization Division director.

FIVE COUNTIES — Oakland, Washtenaw, Lapeer, Ingham and Livingston — went to court to battle the Tax Tribunal on two issues stemming from the method of assessing property in late 1981 when housing sales hit an all-time low.

When tax time rolled around in December 1982, both local and county as-

sessors established property values based on the growing trend of slumping housing sales.

Values had decreased from July 1, 1984, to Dec. 31, 1982, by 25 percent," Stevens said. "We tried to look at tax day as Dec. 31. We established values as of that day."

The Tax Tribunal disagreed. It applied the 6-percent factor on property values after learning the county established property values based on the state of the market between July and December 1982. The Tax Tribunal requires assessments to be based on a 24- or 12-month sales study, Stevens said.

HOUSES IN 1982 weren't generally selling. Those that were sold often went for a price below their assessed value,

Stevens said.

Assessed value is generally 50 percent of the market value. Using a 24- or 12-month sales study — as required by the state — would have put the assessed value of property in Oakland County beyond the 50-percent limit.

But the "Supreme Court went ahead and agreed with the Tax Tribunal," Stevens said.

"What they said is that we should have been using a 24-month or 12-month study, according to the state procedures. Oakland County could not use different procedures than was published in the Tax Tribunal's procedures."

Although the Supreme Court ruled in favor of the state on the 6-percent factor, it ruled in favor of the counties, and their method of taking into consid-

eration the type of financing used, when looking at housing-sale studies to determine property assessments, said Dean Babb, Farmington Hills assessor.

"They ruled, yes, it is true, you should consider creative financing when it affects the sale of property," Babb said. "The state Tax Tribunal has to adopt the method of considering creative financing."

CREATIVE FINANCING affects the sales price when a house that is regularly sold at \$100,000 is sold on land contract for \$150,000.

"It's not an earth-shattering decision. It's not going to change anything. We could always take an unusual sale out of the study. Now, (according to the Supreme Court), the Tax Tribunal must develop a method," Babb said.

Keynoter

Winston S. Churchill to speak

Winston S. Churchill will be the keynote speaker at the 37th Annual Dinner of the Detroit Chapter of the American Society for Technion-Israel Institute of Technology at 6:15 p.m. Monday, Oct.

21, at Adat Shalom Synagogue. Church is a member of the British House of Commons and also is a vice president of the British Technion Society.

David Hermelin, national president of state of Israel Bonds, is serving as dinner chairman; Dr. Joseph N. Epel of the American Technion Society is hosting the event.

Churchill is the grandson of Winston Churchill, Great Britain's distinguished leader during World War II. He continues a strong family tradition of deep personal involvement on behalf of the Technion-Israel Institute of Technology in Haifa.

His interest in Middle East affairs

led to Churchill's activities for the British Technion Society, counterpart of the American Society for Technion which shares objectives of encouraging financial support for Israel's only technological university.

First elected a Member of Parliament in 1967 in an election in Manchester, Churchill won the seat from the Labour Party, and most recently won election to the new seat of Davysburn in June 1983.

The Detroit Chapter of Technion is headquartered in Southfield. For reservations to the dinner, call the Technion office, 559-5190.


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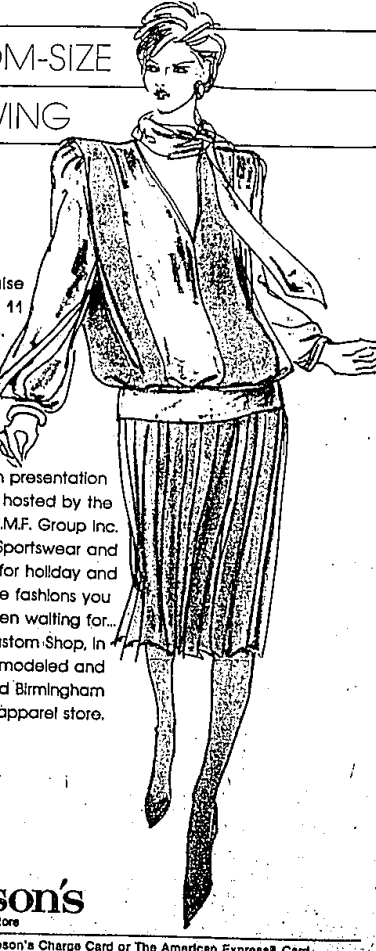
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