

**CITY OF CHARLOTTE**

**COUNCIL POLICY**

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<b>AUDITING OF STATUS OF TAX-EXEMPT PROPERTIES</b>	<b>2018-03</b>		<b>1 of 2</b>

**1. PURPOSE**

The purpose of this policy is to establish procedures for auditing the status of tax-exempt properties.

**2. AUTHORITY**

This policy is adopted pursuant to the provisions of 2.1(B) of the City Charter.

**3. BACKGROUND**

The State of Michigan establishes standards for review of assessing practices of municipalities and periodically audits assessing departments pursuant to a program called Audit of Minimum Assessing Requirements (AMAR). One of the standards in future AMAR reviews will be the procedures used by the Assessing Department to audit the status of properties that the Department has previously classified as exempt from property taxation.

The purpose of such a procedure is to insure the fairness and equity of assessing practices used by the City so that the burden of financing the provision of public services does not fall more heavily on taxed properties than necessary. Such a situation can occur if properties that had once been classified as tax-exempt have been converted to a use that renders them taxable but no review of their status has been undertaken.

The effect of such a situation can be minimized by establishing a procedure through which the status of tax-exempt properties is audited so as to insure that said properties still qualified for tax-exempt status.

**4. PROCEDURE**

The Assessing Department shall, to the extent feasible, assure that properties classified as tax-exempt merit said designation pursuant to the property tax laws of the State of Michigan by employing the following procedures:

- 4.1.** The owner(s) of property requesting exempt status shall complete an application on forms prepared by the City Assessor and submit such application to the Assessor not later than March 1 of the tax year for which the exemption is requested.

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**4.1.1.** Properties classified as tax-exempt on the effective date of this policy shall not be required to submit this application but shall be subject to all other requirements of the audit process herein established.

**4.2.** Each year in conjunction with the annual inspection of 20% of properties in the City, the Assessor shall conduct an audit of tax-exempt properties located in the geographic area(s) of the City subject to the annual inspection.

**4.2.1.** In conducting the audit, the Assessor shall prepare and distribute to the owner(s) of property classified as tax-exempt a questionnaire. Said questionnaire shall be in such form as the Assessor determines necessary to solicit information from the owner(s) as to the use status of such property so as to verify that the use is consistent with standards contained in State statute to qualify for tax-exempt status.

**4.2.2.** If the Assessor determines that the property no longer qualifies for tax-exempt property, he or she shall change the status of the property to the appropriate class and include said property on the ad valorem roll for all subsequent tax years.

**5. EFFECTIVE DATE**

This policy shall become effective upon its approval by the City Council.

**6. SUNSET DATE**

This policy shall sunset four years following its effective date.