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BILL ANALYSIS

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Senate Bill 150 (as passed by the Senate)  
Sponsor: Senator Stephanie Chang  
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 8-22-24

### **RATIONALE**

Generally, Small Claims Division hearings are an informal hearing process to resolve appeals filed with the Michigan Tax Tribunal. These hearings last about 30 minutes and parties typically represent themselves. Following the COVID-19 pandemic, small claims hearings moved to virtual meetings. According to testimony before the Senate Committee on Finance, Insurance, and Consumer Protection, the ability to meet virtually removed barriers such as travel times and cost for participants of the hearings, and so it has been suggested that the Tax Tribunal Act be amended to allow virtual Small Claims hearings to continue.

### **CONTENT**

**The bill would amend the Tax Tribunal Act to allow the residential property and small claims division ("small claims division") of the Michigan Tax Tribunal to conduct hearings and rehearings telephonically, by videoconferencing, or in person.**

Under the Act, the small claims division of the Tribunal has jurisdiction over a proceeding in which residential property is exclusively involved or one involving an appeal of any other tax over which the tribunal has jurisdiction if the amount of the tax in dispute is \$20,000 or less, adjusted annually for inflation. (In 2023, the adjusted amount was \$28,003 or less.)

Except as otherwise provided, the small claims division must meet in the county in which the property in question is located or in a county contiguous to that county. A petitioner-appellant must not be required to travel more than 100 miles from the location of the property in question to the hearing site, except that a rehearing by a Tribunal member must be at a site determined by the Tribunal. Under the bill, these provisions would apply only to in-person hearings. The bill would allow the small claims division to conduct hearings and rehearings telephonically, by videoconferencing, or in person.

In addition, by leave of the Tribunal and with the mutual consent of all parties, a small claims division proceeding may take place at a location mutually agreed upon by all parties or by use of amplified telephonic or video conferencing equipment. Instead, under the bill, upon request of one of the parties, an in-person hearing could take place at a location mutually agreed upon by all parties.

MCL 205.762

### **PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

The bill is a reintroduction of Senate Bill 272 of the 2021-2022 Legislative Session. Senate Bill 272 passed the Senate and was discharged from the House Committee on Tax policy but received no further action.

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

The bill would reduce the stress associated with small claims hearings and rehearings in multiple ways. Firstly, the bill would reduce the cost burden for petitioner-appellants. While current law prohibits a petitioner-appellant from being required to travel more than 100 miles, a petitioner-appellant may still have to travel a long way, paying for gas, parking, and lodging, if necessary. A petitioner-appellant also may have to pay for childcare while away or take time off work. Allowing petitioner-appellants to attend small claims hearings or rehearings telephonically or virtually would make participation more cost-effective. Additionally, allowing hearings and rehearings to be conducted telephonically or virtually would reduce the stress on the Tax Tribunal. Testimony before the Senate Committee on Finance, Insurance, and Consumer Protection indicates that the bill would provide flexibility to the Tribunal by making scheduling easier, for example. Lastly, testimony indicates that petitioner-appellants often find the small claims process stressful. The bill would allow them to participate in hearings and rehearings from the comfort of their homes. Overall, the bill would alleviate stress related to small claims court on the part of petitioner-appellants and the Tribunal.

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Analyst: Nathan Leaman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.