

[MSC Opinion: Circuit courts have subject matter jurisdiction over appeals from State Tax Commission classification decisions](#)

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On May 23, 2011, the Michigan Supreme Court issued its opinion in [Midland Cogeneration Venture Limited Partnership v Robert Naftaly](#), Case Nos. 140814, 140817-140823. The Court concluded that the final sentence of MCL 211.34c(6), which prevents judicial review of a State Tax Commission (“STC”) decision, is unconstitutional. Accordingly, the Court severed the sentence, left the remainder of MCL 211.34c(6) in full effect, and held that circuit courts have jurisdiction over these appeals.

In this consolidated appeal, each plaintiff is a Michigan property owner who objected to a local tax assessor’s classification of the plaintiff’s property as industrial real property or commercial personal property in 2008. All nine plaintiffs timely petitioned the board of review to reclassify the property as industrial personal property. When the board denied the request, all plaintiffs petitioned the STC to reclassify the property. When the STC refused, each plaintiff obtained relief in the circuit court.

The Court of Appeals granted leave to appeal and consolidated the appeal. The court held that the plain language of MCL 211.34c(6) bars an appeal to the circuit court of an STC decision. Accordingly, the court reversed the circuit courts rulings.

The Michigan Supreme Court granted leave to appeal on the narrow issue of whether a circuit court has subject matter jurisdiction over an appeal of a STC classification decision. The Court began its analysis by noting that article 6, section 28 of the Michigan Constitution provides an absolute guarantee of judicial review for every judicial or quasi-judicial administrative agency decision affecting private rights of licenses. Here, the Court determined that the STC is quasi-judicial in nature because it “arbitrates” disputed claims. Similarly, the STC affects private rights as taxpayers have a private right to ensure that their property is taxed the same as similarly situated property.

The Court commented that its decision in *McAvoy v. HB Sherman Co*, 401 Mich 419 (1977) was not applicable in this case. In *McAvoy*, the Court concluded that the Legislature may exert control over the mechanics of administrative decisions. However, in this case, the Court concluded that MCL 211.34c(6) is not an exercise over control of the mechanics of STC appeals. Rather, it is an absolute bar on judicial review.

Accordingly, the Court concluded that the final sentence of MCL 211.34c(6), which bars appellate review, violates article 6, section 28 of the Michigan constitution. The Court determined that the sentence can be severed from the remaining statute, and the rest of MCL 211.34c(6) remains in full force and effect. Circuit courts have subject matter jurisdiction over appeals from an STC classification decision. The Court of Appeals judgment is reversed.