

Payments in Lieu of Taxes (PILT) Q & A

Note: This document is applicable to PILT under the “purchased lands” provisions. The “swampland” payments, which are based on a straight \$2 per acre and paid in December of each year, were not changed by P.A. 513.

1. Question: Can PILT bills be submitted in the summer?

Answer: No. Public Act 513 provides for a single billing per year per taxing authority for all Department of Natural Resources (DNR) property.

2. Question: When do PILT bills need to be submitted?

Answer: Per Public Act 31 of 2010, DNR PILT bills should be provided by December 1 to your county. Taxing authorities are to submit a single statement including all DNR purchased land parcels in their jurisdiction. A break down of millage rates must be supplied with bills including an explanation for “Others”. Counties will forward the PILT bills to Treasury.

3. Question: Who can I contact at the Department of Treasury if I have questions regarding PILT Billings or Payments?

Answer: Lisa Harry at (517) 241-4358 or Theresa Maccagnone at (517) 373-3166.

Mailing address:

**Michigan Department of Treasury
PILT Program
PO Box 30722
Lansing, MI 48909**

Or electronically to:

TreasuryPILT@michigan.gov

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4. Question: How do I distribute monies received to current year millages?

Answer: The local tax collecting unit shall distribute the amount received in the same manner and in the same proportions as general ad valorem taxes collected. See sample distribution sheet on DNR web page.

5. Question: When will the Department of Treasury make PILT payments on DNR purchased lands for a tax year?

Answer: Assuming adequate appropriations and accurate and timely billings are received, the Department of Treasury will make PILT payments as required by PA 31 of 2010, MCL 324.2154 (1 & 3):.

(1) Excerpts: Treasurer or other officer charged with collection of taxes for an assessing district shall forward a single statement of the assessment to the respective county by December 1 annually. County shall forward the statements to the Lansing office by December 15 annually. Lansing office of the department shall review each statement, authorize the state treasurer to pay the amount of assessment in a separate payment to each affected assessing district by February 14 annually.

(3) If the amount available for payment to all local assessing districts from the general fund or from any restricted fund is less than the amount required for payment to all local assessing districts from the general fund or from any restricted fund, the amount available for payment to each local assessing district shall be distributed in the same proportion from the general fund or from any restricted fund that the required payment to that local assessing district is to the total of all required payments from the general fund or from any restricted fund. Except for the 2010 state fiscal year, partial payments do not satisfy payments obligated by this state.

If appropriations are not sufficient to make full payments, Public Act 31 of 2010 requires that prorated payments be made. To that extent, date of payment will depend upon the accuracy and timeliness of billing statements provided by all the local units.

6. Question: Do school millages need to be broken out?

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Answer: Yes. Public Act 513 of 2004 stipulates that school taxes are to be paid from the School Aid Fund (SAF). Therefore, each school millage rate must be specified as school millage rate so funds can be obtained from the SAF for payment. The Department of Treasury will issue one warrant/EFT for all assessments, including the SAF share, to each jurisdiction. (See Exhibit 1 for suggested billing detail and format.)

7. Question: Can DNR property “revert” and be turned over to the county for collection?

Answer: No. There is no legal authority for State owned property to be subject to either reversion or other lien. While payment in lieu of taxes are determined similar to taxes, all government lands are exempt from the property tax and these payments are not “taxes.”

8. Question: How is the “property valuation” determined?

Answer: Property valuation is determined by the Department of Treasury, State Tax Commission. Public Act 513 of 2004, section 2153 (7) (b) says “In 2009 and each year after 2009, the valuation of property shall not increase each year by more than the increase in the immediately preceding year in the general price level or 5%, whichever is less.” Taxable values are increased by the Inflation Rate Multiplier each year following.

9. Question: What millage rates should be used in the billing?

Answer: Per State Tax Commission Policy Statement December 4, 2009:
http://www.michigan.gov/documents/treasury/STC-DNR-PILTPolicyStatement_303372_7.pdf
Public Act 513 of 2004, section 2153 (6) (c) says that assessments can not include “Any millage in excess of the rate levied in 2004.” The State Tax Commission determined that a local unit of government may not levy a yearly millage for DNR owned property which exceeds the 2004 total millage rate. In addition, the Commission determines that Public Act 513 of 2004 does not allow a local unit of government to levy more than its actual total millage rate in any given year. Neither PA 513 of 2004, nor PA 206 of 1893, allows a local unit of government to levy in excess of actual millage rates.

Effective immediately, a local unit of government may submit a statement levying either the current year’s total millage rate for the local unit or the total millage rate levied in 2004, whichever is less. A local unit may levy any individual tax within the total millage rate regardless of the type of

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tax, as long as the total millage rate of the current year does not exceed the total rate levied by the local unit in 2004.

10. Question: Can State Education Tax (SET) be included on PILT bills?

Answer: No. Public Act 513 of 2004 does not provide authority to local units to bill or for the payment of SET. SET assessments should not appear on the PILT billing statement.

11. Question: Can special assessments, special improvements or administrative fees be included on PILT bills?

Answer: No. Public Act 513 of 2004 does not provide authority for local units to bill or for the payment of these assessments.

12. Question: If the DNR acquires new property, how will it be valued and when will a PILT statement be required?

Answer: For the first full year of PILT, the valuation will be based upon ½ of the true cash value. DNR pays the taxes for the year of acquisition. After that, a PILT statement should be submitted. Millage rates shall be either the current year's total millage rate for the local unit or the total millage rate levied in 2004, whichever is less.

13. Question: What if the PILT bill is sent and has a higher taxable value than the taxable value set by the State Tax Commission?

Answer: The Department of Treasury will only pay on the value assessed by the State Tax Commission. The payment will be adjusted and it will be the taxing authority's responsibility to correct the open balance on the PILT bill.

These questions and answers are intended to provide guidance to general questions pertaining to interpretation of P.A. 513 of 2004 and only reflect an attempt by the DNR to facilitate the statutory requirements.