

Taxable Value Reporting Guide

Tax Year 2008 and forward

The online taxable value collection system formerly known as the DS4410 has undergone a number of recent changes. For tax year 2008 and forward, laws tied to the new Michigan Business Tax have granted some exemptions to property taxes for industrial and commercial personal property. As a result, it has become necessary for the Michigan Department of Education (MDE) to collect taxable value data in greater detail than in previous years.

Taxable value must now be collected for four general classes of property, which are represented as four columns on the online form:

- 1) **PRE & Qualified Ag. & Qualified Forest:** This class of property was formerly referred to as "Homestead" on the DS4410. It includes any DNR PILT properties.
- 2) **Industrial Personal Property**
- 3) **Commercial Personal Property**
- 4) **All Other (Non-PRE):** This class of property corresponds to what was formerly referred to as "Non-Homestead" on the DS4410, except it no longer includes Industrial or Commercial Personal Property. This value should include the value of property used to calculate the tax under Act No. 189 of 1953, MCL 211.181-211.182, which taxes the lessees or users of tax-exempt property.

Three values must be reported for each of the 4 classes of property:

- 1) **Includes Capture but not RZ:** This is the ad valorem taxable value of the unit, including any value captured by a tax increment financing (TIF) plan, but NOT including Renaissance Zone (RZ) values. The Department then subtracts the captured values to calculate a "net" taxable value for State Aid purposes. If the captured values are subtracted from this value before reporting, the district gets reimbursed twice for the captured amount.
- 2) **Only Capture:** This is the taxable value that corresponds specifically to SCHOOL OPERATING TAXES captured by any tax increment financing plan properties within the unit. This includes, but is not limited to, DDA, LDFA, TIFA, SmartZone, and Brownfield Redevelopment Plan properties. The following rules apply:
 - Report the plans' captured value, not the current value. Current value minus initial value equals captured value.
 - Report the value captured for local school operating taxes. If a plan is not capturing school operating taxes, and is only capturing nonschool taxes, report zero capture.
 - If the plan is capturing less than 100% of available school taxes, multiply the value available for capture by the percentage capture.
 - If the industrial facilities tax (IFT) capture is negative, the ad valorem tax captures must be reduced to offset the negative IFT capture. Negative IFT capture can occur when IFT exemptions expire, or when IFT values drop for other reasons.
 - For DDA, TIFA, and LDFA plans, Form 2604 makes the calculations described in the first four rules. On Form 2604, there is a table at the

end of Step 5 that shows the captured values for the DS 4410/taxable value reporting. For local units with more than one plan, each plan's values must be added together. Captured values for brownfield plans must be obtained from the authority/local unit.

- Do not report any capture for qualified RZ property within the unit. Qualified RZ parcels do not pay school operating taxes, therefore are not subject to capture of school operating taxes. Please do not report any capture taking place during the phase out period of RZ property.
- 3) **Only RZ:** This is the taxable value of any Renaissance Zone property within the unit. Prior to 2008, these values are to be "rolled up" with the ad valorem tax roll values for the purposes of DS4410 reporting. Beginning with 2008 values, these values are reported separately. The value of property in an RZ or Tool and Die Zone should be included in the report even though the property does not pay the 18 mill school operating tax levy. The law requires the State to separately reimburse school districts for their loss. If you exclude the RZ value from the report, the schools get reimbursed twice by the State. Please include the full value of renaissance zone property that is on the ad valorem tax roll, whether or not the exemption is being phased out.
 - 4) Beginning with tax year 2010, the taxable value of Senior Citizen and Disabled housing properties exempt under MCL 211.7d should be included and reported as PRE. For earlier years, the taxable value of these properties is reported as "Other non-PRE".

General Guidelines

The following guidelines pertain to ALL fiscal years:

- 1) Industrial Facilities Tax (IFT), Commercial Facilities Tax (CFT), Neighborhood Enterprise Zone, Obsolete Properties Tax, Technology Park Tax, and Commercial Rehab Act Tax properties should NOT be reported anywhere on this report. However, if any of these properties are subject to TIF capture, and the capture is negative, the ad valorem tax captures must be reduced to offset the negative specific tax capture.
- 2) Taxable values shall be adjusted for tax foreclosure chargebacks and for proceeds of foreclosed property auctions paid to school districts, according to the following schedule.
 - a. 2008 taxes go delinquent on March 1, 2009.
 - b. If the taxes remain unpaid, by April 1, 2011 the property is foreclosed, title transfers to either the county or state, and taxes on the property are canceled.
 - c. The foreclosed property may be sold at auction as soon as the following July, September, or November, and part of the proceeds of the sale may be paid to taxing units to reimburse them for the property taxes that were canceled. Or the property may be transferred to a local government or land bank authority.
 - d. The county may either reduce the taxable value of the property when the canceled taxes are charged back to the school districts before the sale (b) and then increase the taxable value of the property for any sale proceeds returned to the school districts (c), or simply reduce the taxable value of the property for the amount of school taxes canceled and not recovered from sale of the property.
 - e. Please see examples of the corresponding calculations provided.