

ESA Topics: Renaissance Zone Property



A common question received by the ESA Mailbox is the what form to fill out and how to fill out the forms for property in Renaissance Zones.

P.A. 92 indicates: The acquisition cost for personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is \$0.00 except for the 3 years immediately preceding the expiration of the exemption of that personal property under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, during which period of time the acquisition cost for that personal property means the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, multiplied by the percentage reduction in the exemption as provided in section 9(3) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2689.

We advise the following for Renaissance Zone Eligible Manufacturing Personal Property (RZ EMPP) Reporting:

1. If all the RZ EMPP was first placed in service in 2006 – 2012 and is not subject to an extended IFT or PA 328 exemption, we would recommend you file Form 632, the personal property statement until the property becomes exempt under MCL 211.9m or MCL 211.9n. At that time, you will file Form 5278.
2. If the RZ EMPP is not subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2006 or after 2012 and in 2006-2012, you will file Form 5278. You will fill out Part 1, Part 2 and Part 3 (Section 1) of Form 5278.
3. If the RZ EMPP is subject to an extended IFT or PA 328 exemption and If all the RZ EMPP was first placed in service in 2006 – 2012, you will file Form 5278. Fill out Part 1, Part 2, and Part 3 (Section 2) of Form 5278.
4. If the RZ EMPP is subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2006 or after 2012 and in 2006-2012, you will file Form 5278. Fill out Part 1, Part 2, and Part 3 (Section 2) of Form 5278.
5. If all the RZ EMPP was first placed in service before 2006 or after 2012, file Form 5278 and fill out Parts 1 and 3 (Section 1).

Please note a separate Form 5278 must be filed for each personal property parcel number, i.e. ad valorem, IFT, PA 328.

A company, who resides in a Renaissance Zone, that properly and timely files a Form 5278 for their EMPP first placed in service before 2006 or after 2012 (exempt under 211.9m or 211.9n) will be exempt from all millages and exempt from ESA unless the Renaissance Zone is in the 3 year phase-out period.

We would ask that any taxpayer filing Form 5278 for RZ EMPP fill in the acquisition cost, meaning the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest. The ESA system will calculate the appropriate percentage reduction for that RZ EMPP Property, including a 100% reduction for property not in the 3 year phase-out period.

For additional ESA information, links to statutes, forms, and to sign up for the ESA Email List, please visit www.michigan.gov/esa.

This information constitutes an interpretation of one or more statutes administered by the Bureau of Local Government Services and not legal advice. As the interpretation reached in these examples are limited to the facts provided, any variation in those facts might result in a different interpretation being reached. Therefore, a taxpayer may wish to consult counsel before proceeding in this matter.