5102 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

MINUTES OF THE MEETING OF THE STATE TAX COMMISSION

Holiday Inn Express and Okemos Conference Center,
Okemos A & B Rooms
2187 University Park Drive, Okemos, Michigan

Tuesday, September 20, 2016
9:00 a.m.

PRESENT: ***Douglas B. Roberts, Chair STC***
Barry S. Simon, Member STC
W. Howard Morris, Member STC

Heather S. Frick, Executive Director
LaNiece Densteadt, Recording Secretary

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The item numbers referred to in the minutes correspond to the agenda items as numbered.

It was moved by Morris, supported by Simon, and unanimously approved to adopt the minutes of August 23, 2016. (Item 1 on agenda)

Public Comment – Agenda Items Only (Item 2 on agenda): No member of the public wished to comment.

It was moved by Simon, supported by Morris, and unanimously approved Form 4435 – 2017 Electronic Signature Declaration for Annual Property Reports for State Assessed Telephone, Railroad and Car Line Entities. (Item 3 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved the updated Personal Property Form 632 – 2017 Personal Property Statement, along with additional Forms 2699 – 2017 Statement of "Qualified Personal Property" by a "Qualified Business" (as of 12-31-16), 3589 – 2017 Cable Television and Utility Personal Property Report (as of 12-31-16), 4798 – Automotive Manufacturing Equipment Personal Property Report, 3612 – 2017 Itemized Listing of Daily Rental Property (as of 12-31-16) (For Additional Reporting), 3595 – 2017 Itemized Listing of Daily Rental Property (as of 12-31-16), 2807 – 2017 Statement of "Qualified Personal Property" by a "Qualified Business", 2698 – 2017 Idle Equipment, Obsolete Equipment, and Surplus Equipment Report (as of 12-31-16), 633 – 2017 Electric Distribution Cooperative Personal Property Statement, 3966 – 2017 Taxpayer Report of Personal Property "Move-Ins" of Used Equipment (as of 12-31-16) Occurring During 2016. (Item 3 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved to adopt the official order to overturn Bay City, Bay County 2016 July Board of Review actions pertaining to parcel 09-160-029-390-012-00 and order the assessor to notify the affected taxpayer and contact the Michigan Department of Treasury Property Services Division Staff within 30 days of this order to review this matter further. (Item 5 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved to adopt staff recommendation for all 2016 classification appeals. (See attached link for file identification.) (Item 6 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved the 2017 State Tax Commission meeting schedule. (Item 7 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved to adopt the staff recommendation on the Charitable Non-Profit Housing Organization Exemptions for the following: (Item 8 on agenda)

These exemptions will either expire on **December 30, 2019 for a period of three (3 years) or December 30, 2021 for a period of five (5 years),** or until one of the following events occur**:**

1. The eligible nonprofit housing property is occupied by a low-income person under a lease agreement, or
2. The eligible nonprofit housing property is transferred by the charitable nonprofit housing organization.

County	Local Unit	Parcel Number	Years Approved
Wayne	City of Inkster	82-44-001-06-0025-000	3 Years
Wayne	City of Inkster	82-44-003-05-0082-000	3 Years
Wayne	City of Inkster	82-44-004-02-0112-000	3 Years
Wayne	City of Inkster	82-44-004-02-0160-000	3 Years
Wayne	City of Inkster	82-44-005-01-0010-000	3 Years
Wayne	City of Inkster	82-44-005-01-0016-002	5 Years
Wayne	City of Inkster	82-44-005-02-0015-000	3 Years
Wayne	City of Inkster	82-44-006-01-0018-000	3 Years
Wayne	City of Inkster	82-44-006-01-0023-000	3 Years
Wayne	City of Inkster	82-44-006-01-0036-000	3 Years
Wayne	City of Inkster	82-44-006-01-0050-002	3 Years
Wayne	City of Inkster	82-44-006-01-0092-000	3 Years
Wayne	City of Inkster	82-44-010-04-0687-000	3 Years
Wayne	City of Inkster	82-44-010-06-0238-000	3 Years
Wayne	City of Inkster	82-44-014-02-0152-002	3 Years
Wayne	City of Inkster	82-44-023-06-0025-000	3 Years
Wayne	City of Inkster	82-44-025-02-1427-000	3 Years
Wayne	City of Inkster	82-44-025-03-0010-000	3 Years
Wayne	City of Inkster	82-44-016-01-0163-000	3 Years
Ottawa	City of Holland	70-16-27-303-003	5 Years
Ottawa	City of Holland	70-16-27-303-004	5 Years
Ottawa	Holland Township	70-16-08-363-001	5 Years
Ottawa	Holland Township	70-16-08-364-021	5 Years

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Ottawa	Holland Township	70-16-08-362-010	5 Years
Ottawa	Holland Township	70-16-08-363-006	5 Years

It was moved by Simon, supported by Morris, and unanimously approved to adopt the following staff recommendations regarding the City of Detroit's Reappraisal requests and have staff report back to Commission on the progress in six months: (Item 9 on agenda)

1. Approved the modified corrective action plan.

2. Contingent upon an acceptable work plan being submitted by the City of Detroit and accepted by the Commission, approved the delay of the completion of the reappraisal of commercial and industrial properties until the 2018 assessment year.

3. Approved the Audit of Minimum Assessing Requirements (AMAR) review be conducted in 2020 when Wayne County is scheduled to be reviewed under the AMAR List of Counties for Review.

4. Approved the staff recommendation regarding the City's uncapping plan indicating that the City should first determine if the failure to uncap is on the part of the transferee failing to file a Property Transfer Affidavit in a timely manner as required by law or was a result of a clerical error on the part of the assessor.

   If the City of Detroit determines the taxpayer properly filed a Property Transfer Affidavit, as required by statute, and that the uncapping error is solely the result of an assessor error, then the March Board of Review may correct a parcel's taxable value for the current year if that value is incorrect as a result of the prior year's missed uncapping under MCL 211.27a, consistent with MCL 211.29 and the Michigan Supreme Court's decision in *Michigan Properties*. The March Board of Review, however, must use the finalized TCV, TV and SEV on the tax rolls from the year following the transfer of ownership, without any adjustment, to determine what the uncapped TV should have been in the year following the transfer.

   If the City becomes aware that a taxable value of a property was not uncapped in the year following a transfer of ownership of that property due to the failure of the transferee of the property to file a Property Transfer Affidavit in a timely manner, the taxable value of the property should uncap for the year following the transfer of ownership. In this instance, the City should recalculate the taxable values of subsequent years, if any, using the uncapped taxable value as a base and complete a separate Form 3214, formerly known as form L-4054, Assessor Affidavit Regarding "Uncapping" of Taxable Value. Subsequently, the affected assessment rolls and tax rolls should be updated accordingly and the property owner will be billed for taxes based on the uncapped and recalculated taxable values.

5. Approved to allow the City of Detroit to submit a request (Form 4738 – STC Continuing Educational Course and Instructor Approval Request) for continuing education approval for all educational programs the City will provide certified assessors with assessment administration education. Staff will review the request to ensure it meets the continuing education requirements for annual certification and send notification to the City if the course is approved upon completion of the review.

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6. Approved the request for John Ryan of J.F. Ryan Associates Inc. to regularly meet with the City of Detroit; however, the request is limited to the requirements included within the contractual provisions outlined in the contract between J.F. Ryan Associates Inc. and the State of Michigan. The Commission also approved that J.F. Ryan Associates Inc. continue to review the work completed by the City to determine if the City is on track to complete the work as presented to the State Tax Commission in the corrective action plan in the timeframes provided. The Commission also requested the City timely submit the requested information to J.F. Ryan and Associates Inc. and continue to provide written monthly reports.

7. Staff confirmed that Wayne County has no oversight requirement over the City of Detroit's reappraisal and Wayne County must still perform the required statutory equalization steps outlined in the General Property Tax Act and Commission policy to ensure uniform and equitable assessments.

8. Requested the City of Detroit to submit a sample for staff review of the source document detailing the process for submitting L-4035 (Petition to the Board of Review) and L-4035a (Taxable Value Calculations Worksheet) electronically.

It was moved by Morris, supported by Simon, and unanimously approved the New Personal Property Exemption FAQ, Obsolete Property Rehabilitation Act FAQ, Commercial Rehabilitation Act FAQ, and the Neighborhood Enterprise Zone (NEZ) Act FAQ. (Item 10 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved to adopt the staff recommendations on the Special Items Exemptions Agenda. (Item 11 on agenda) (See attached link for file identification.)

It was moved by Morris, supported by Simon, and unanimously approved to adopt the staff recommendations on the Exemptions Agenda. (Item 12 on agenda) (See attached link for file identification.)

It was moved by Morris, supported by Simon, and unanimously approved to adopt the MCL 211.154 **Concurrences**. (Item 13 on agenda) (See attached link for file identification)

It was moved by Morris, supported by Simon, and approved to adopt staff recommendations on MCL 211.154 petitions on the **Special Items Agenda**. **(**Item 14 on agenda) (See attached link for file identification)

It was moved by Simon, supported by Morris, and unanimously approved the following MCL 211.154 petition as a **concurrence,** initially noticed as a non-concurrence. (Item 15 on agenda)

Meridian Township, Ingham County

154-16-0300 RICHARD S. FERRO, D.O., P.C. 33-02-02-90-530-182
PERSONAL PROPERTY

2016 AV from $ 0 to $ 54,700 TV from $ 0 to $ 54,700

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St. Clair Shores City, Macomb County

154-16-0311 JILL ELIZABETH & MARK ALAN WELDY 09-14-35-307-017
REAL PROPERTY

2016 AV from $ 0 to $ 66,100 TV from $ 0 to $ 50,900

City of Rochester Hills, Oakland County

154-16-0306 WALTONWOOD UNIVERSITY IL LLC 70-15-07-476-008
REAL PROPERTY

2014 AV from $ 815,630 to $ 2,407,100 TV from $ 802,980 to $ 2,369,770
2015 AV from $ 815,630 to $ 2,407,100 TV from $ 815,630 to $ 2,407,100
2016 AV from $ 865,700 to $ 2,554,870 TV from $ 818,070 to $ 2,414,320

It was moved by Simon, supported by Morris, and unanimously approved to adopt all other MCL 211.154 petitions. (See attached link for file identification.) (Item 15 on agenda)

Public Comment (Item 16 on agenda): No member of the public wished to comment.

It was moved by Roberts, supported by Simon, to go into closed session to discuss an item of pending litigation. Roll Call Vote: Chairperson Roberts – Yes, Commissioner Simon – Yes, Commissioner Morris – Yes. The motion was unanimously approved.

It was moved by Roberts, supported by Simon, and unanimously approved to return to open session. Roll Call Vote: Chairperson Roberts – Yes, Commissioner Simon – Yes, Commissioner Morris – Yes. The motion was unanimously approved.

It was moved by Simon, supported by Morris, and unanimously approved to issue official orders of dismissal reflecting the Commission's prior letters finding that the Commission lacks subject matter jurisdiction to each of the named parties in the *Thomas E. Dunn et al v State Tax Commission Chairperson et al*, Michigan Court of Appeals Docket No. 328149. Separate orders for dismissal were issued for the following parcels and MCL 211.154 files:

154-13-0847 Parcel Number: 40-007-109-024-00
154-14-1144 Parcel Number: 34-051-001-000-070-01
154-14-1145 Parcel Number: 34-150-019-000-025-00
154-14-1146 Parcel Number: 34-150-019-000-035-00
154-14-1147 Parcel Number: 72-005-104-013-0021
154-14-1148 Parcel Number: 080-026-100-002-00
154-14-1149 Parcel Number: 65008-023-005-05
154-14-1150 Parcel Number: 005-0-022-300-015-05
154-14-1151 Parcel Number: 005-0-029-400-010-00
154-14-1152 Parcel Number: 005-0-028-300-010-00
154-14-1153 Parcel Number: 23-07-12-400-016

The next Commission meeting will be held October 18, 2016, at the Okemos Conference Center in the Okemos A & B Rooms, 2187 University Park Drive, Okemos.

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It was moved by Roberts, supported by Morris, and unanimously approved to adjourn the meeting of the State Tax Commission at 9:50 a.m.

DATE TYPED: **September 21, 2016**

DATE APPROVED: **October 18, 2016**

Douglas B. Roberts, Chair
State Tax Commission

Barry N. Simon, Member
State Tax Commission

W. Howard Morris, Member
State Tax Commission

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
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BULLETIN 11 of 2016
Inflation Rate Multiplier
October 18, 2016

TO: **Assessors and Equalization Directors**

FROM: **State Tax Commission**

RE: **Inflation Rate Multiplier for use in the 2017 capped value formula and the "Headlee" Millage Reduction Fraction (MRF) formula**

Note: The Calculation of the Inflation Rate Multiplier is set in statute. MCL 211.34d states:

(l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

(f) "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States department of labor, bureau of labor statistics.

Based on this statutory requirement, the calculation for 2016 is as follows:

1. The 12 monthly values for October 2014 through September 2015 are averaged.
2. The 12 monthly values for October 2015 through September 2016 are averaged.
3. The ratio is calculated by dividing the average of column 2 by the average of column 1.

The specific numbers from the US Department of Labor, Bureau of Labor Statistics are as follows:

Oct-14	237.433	Oct-15	237.838
Nov-14	236.151	Nov-15	237.336
Dec-14	234.812	Dec-15	236.525
Jan-15	233.707	Jan-16	236.916
Feb-15	234.722	Feb-16	237.111
Mar-15	236.119	Mar-16	238.132
Apr-15	236.599	Apr-16	239.261
May-15	237.807	May-16	240.236
Jun-15	238.638	Jun-16	241.038
Jul-15	238.654	Jul-16	240.647
Aug-15	238.316	Aug-16	240.853
Sep-15	237.945	Sep-16	
Average	**236.742**		**238.718**
		Ratio	**1.00X**
		% Change	**X.X%**

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Local units <u>cannot</u> develop or adopt or use an inflation rate multiplier other than 1.00X in 2017. It is not acceptable for local units to indicate to taxpayers that you do not know how the multiplier is developed.

- **Inflation Rate Multiplier Used in the 2017 Capped Value Formula**

The inflation rate, expressed as a multiplier, to be used in the 2017 Capped Value Formula is 1.00X**.**

The 2017 Capped Value Formula is as follows:

2017 CAPPED VALUE = (2016 Taxable Value – LOSSES) X 1.00X + ADDITIONS

The formula above does not include 1.05 because the inflation rate multiplier of 1.00X is lower than 1.05.

- **Inflation Rate Multiplier Used in 2017 "Headlee" Calculations**

The inflation rate multiplier of 1.00X shall ALSO be used in the calculation of the 2017 "Headlee" Millage Reduction Fraction required by Michigan Compiled Law (MCL) 211.34d.The formula for calculating the 2017 "Headlee" Millage Reduction Fraction (MRF) is as follows:

$$\textbf{2017 MRF} = \frac{\textbf{(2016 Taxable Value – LOSSES) X 1.00X}}{\textbf{2017 Taxable Value – ADDITIONS}}$$

- The following is a listing of the inflation rate multipliers used in the Capped Value and "Headlee" calculations since the start of Proposal A:

1995	1.026
1996	1.028
1997	1.028
1998	1.027
1999	1.016
2000	1.019
2001	1.032
2002	1.032
2003	1.015
2004	1.023
2005	1.023
2006	1.033
2007	1.037
2008	1.023
2009	1.044
2010	0.997
2011	1.017
2012	1.027
2013	1.024
2014	1.016
2015	1.016
2016	1.003
2017	

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

BULLETIN NO. 12 of 2016
CHANGES FOR 2017
October 18, 2016

TO: Assessors
Equalization Directors

FROM: State Tax Commission (STC)

RE: **PROCEDURAL CHANGES FOR THE 2017 ASSESSMENT YEAR**

The purpose of this Bulletin to provide information on statutory changes or procedural changes for the 2017 assessment year.

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A. Inflation Rate Used in the 2017 Capped Value Formula.

The inflation rate, expressed as a multiplier, to be used in the 2017 Capped Value formula is 1.00X. The 2017 Capped Value Formula is as follows:

2017 CAPPED VALUE = (2016 TAXABLE VALUE - LOSSES) X 1.00X + ADDITIONS

The preceding formula does not include 1.05 because the inflation rate multiplier of 1.00X is lower than 1.05.

B. Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2016.

MCL 211.7u, which deals with poverty exemptions, was significantly altered by PA 390 of 1994 and was further amended by PA 620 of 2002.

Local governing bodies are required to adopt guidelines that set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons **shall not** be set lower than $20,160 which is the amount shown on the following chart for a family of 3 persons. The income level for a family of 3 persons may be set higher than $20,160. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2017 assessments.

Size of Family Unit	Poverty Guidelines
1	$ 11,880
2	$ 16,020
3	$ 20,160
4	$ 24,300
5	$ 28,4400
6	$ 32,580
7	$ 36,730
8	$ 40,890
For each additional person	$5,200

Note: PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. Please see STC Bulletin 5 of 2012 for more information on poverty exemptions.

Note: P.A. 135 of 2012 changed the requirements for filing documentation in support of a poverty exemption to allow an affidavit (Treasury Form 4988) to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This does include the owner of the property who is filing for the exemption.

C. Multipliers for the Valuation of Free-Standing Communication Towers.

The State Tax Commission recommends that, subject to the qualifications stated below, communication towers should be valued for the 2017 assessment year using the table of **historical** (original cost when the tower was new) cost valuation multipliers set forth in the multiplier table below. These multipliers have been developed in a manner such that they account for the typical depreciation which is expected for a tower of the indicated age and also account for changes in the cost of the tower and erecting it that have occurred since the time the tower was constructed. On this basis, the multiplier table which is shown below is intended to predict the current true cash value of a tower of the vintage year in which the tower was constructed. An important component in determining the current value of a tower built in a given year is the change in the cost of materials, particularly changes in the cost of steel, between the time of construction and the current Tax Day. Since the table considers both depreciation and changes in construction costs, and since changes in construction cost have not always occurred at a constant rate, the multiplier table does not always evidence a decline in the rate by which the historical cost must be adjusted in order to determine current value. This effect is expected and can be better understood if one remembers that the multiplier table is not a depreciation table and the multipliers are applied to the historic cost of construction, not to the current replacement cost.

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Communication towers are real property. When a communication tower is built on land owned by the owner of the tower, the tower is valued and assessed as a real property improvement to the land on which it is located. When a communication tower is built on leased land, the owner is required to report the original construction cost of the tower on Section N of its personal property statement, in the same way that it would report any other structure on leased land. Although the construction costs are reported on the personal property statement, a tower on leased land is not assessed on the personal property assessment roll. Instead, the assessor is required to establish a separate real property assessment for a tower located on leased land, using the procedures set forth in State Tax Commission Bulletin 8 of 2002 and State Tax Commission Bulletin 1 of 2003.

Please note: Sometimes communication towers are located on land that is exempt because the land is owned by an exempt entity such as a municipality or is otherwise exempt. When this occurs, the tower must be assessed to the tower owner on the real property roll as a structure on leased land. IN ADDITION, the assessor must also consider whether the land should also be assessed to the tower owner as provided by MCL 211.181.

There may be situations where the value of a particular freestanding communication tower is more or less than the figure developed by using this table. This could be due to unusual depreciation (physical deterioration and/or obsolescence) or an unusual enhancement in value caused by supply and demand factors in a particular area.

The State Tax Commission has developed STC Form 3594 for reporting the costs of freestanding communication towers. This form was developed for the specific purpose of gathering construction cost information for communication towers. The assessor may use this form to gather detailed information regarding the construction costs of communication towers. This cost information can then be used as a basis for valuation by multiplying the historic cost by the appropriate multiplier from the table located below.

Please note the following:

- The preferred method for valuing freestanding communication towers is using original cost new multiplied by the appropriate multiplier from the following table.

- In some cases historical/original cost may be unobtainable. Those cases may require using the Assessor's Manual cost new multiplied by the Assessor's Manual depreciation table multiplier.

- Do not apply the Assessor's Manual depreciation table multipliers to the historical/original cost of a tower.

- Do not apply the communication tower multipliers from the following table to the Manual cost new of a tower.

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State Tax Commission Form 3594 is a real property statement and, as such, the taxpayer is not required to complete and submit the form to the assessor unless the taxpayer is specifically asked to do so. If a communication tower is located on leased land, the owner should already be reporting its original acquisition costs on Section N of the personal property statement (STC Form L-4175). If so, the assessor would only need to send STC Form 3594 if more detailed information regarding costs is needed. The assessor IS NOT REQUIRED TO SEND STC Form 3594 to tower owners each year. The following table applies to both guyed and self-supporting communication towers.

HISTORICAL (ORIGINAL) COST VALUATION MULTIPLIERS FOR USE IN 2017 ASSESSMENTS OF FREESTANDING COMMUNICATIONS TOWERS

YEAR OF CONSTRUCTION	MULTIPLIER	YEAR OF CONSTRUCTION	MULTIPLIER
2016	0.97	1996	0.92
2015	0.95	1995	0.91
2014	0.93	1994	0.91
2013	0.92	1993	0.91
2012	0.91	1992	0.91
2011	0.90	1991	0.88
2010	0.86	1990	0.86
2009	0.84	1989	0.85
2008	0.86	1988	0.87
2007	0.88	1987	0.85
2006	0.90	1986	0.83
2005	0.9[illegible]	1985	0.82
2004	0.98	1984	0.82
2003	0.96	1983	0.79
2002	0.95	1982	0.84
2001	0.92	1981	0.89
2000	0.95	1980	0.97
1999	0.94	1978	1.08
1998	0.93	1978	1.15
1997	0.92	1977 and prior	1.22

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D. Property Classification

The State Tax Commission reminds assessors that classification is to be determined annually and is based upon the use of the property <u>and not</u> highest and best use of the property. The Commission is aware that some assessors are still classifying property according to highest and best use and/or are not classifying property on an annual basis. The Commission asks that all assessors take the necessary steps to ensure that all real and personal property is properly classified according to MCL 211.34c.

E. Sales Studies

Equalization study dates are as follows for 2017 equalization:
Two Year Study: October 1, two years prior through September 30, current year
Single Year Study: October 1, preceding year through September 30, current year

For 2016 studies for 2017 equalization the dates are as follows:
Two Year Study: October 1, 2014 through September 30, 2016
Single Year Study: October 1, 2014 through September 30, 2015

Note that the time period revisions apply to all equalization studies, that is: sales ratio studies, land value studies and economic condition factor studies for appraisals. Also note that the revised time period for two year studies applies to all real property classifications.

Please be advised that the above sale study dates **are not** the same as the valuation date used in appeals before the Michigan Tax Tribunal. Evidence presented in a Tax Tribunal appeal should reflect the value of the property as of tax day (December 31). This means that sales occurring *after* September 30, 2016, should still be considered and included when submitting evidence in a Tax Tribunal appeal involving the 2017 tax year.

Assessors should also be aware of the changes for the 2017 studies used for 2018 equalization. At its meeting on August 23, 2016, the State Tax Commission adopted to change the dates for the two year study period effective for the 2017 studies for the starting base for 2018 Equalization. For the 2017 studies for the 2018 equalization two year study the dates are as follows: April 1, 2015 through March 31, 2017. The single year study dates did not change and will remain October 1, 2016 through September 30, 2017.

F. Changes to Personal Property Tax

Beginning with the 2016 assessment year, qualified new personal property and qualified previously existing personal property located on occupied real property is exempt from ad valorem taxation and is instead subject to the State Essential Services Assessment. Additionally, certain P.A. 198 (IFT) Property and New Personal Property (P.A. 328) are subject to the State Essential Services Assessment.

On May 5, 2016, Public Acts 107-110 of 2016 were signed into law with immediate effect. These Public Acts amended the General Property Tax Act, Industrial Facilities Exemption Act, Essential Services Assessment Act and the Alternative Essential Services Assessment Act and address implementation issues associated with the Essential Services Assessment. These Public Acts provide for several legislative changes including the clarification of the reporting and filing requirements for Eligible Manufacturing Personal Property (EMPP), streamlining the appeal process, transferring the State Tax Commission's responsibilities to the Michigan Department of Treasury and defining acquisition cost for construction in progress as 50% of the fair market value at the time of acquisition by the first owner beginning with the 2017 tax year.

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To claim the eligible manufacturing personal property (EMPP) exemption for the 2017 assessment year, a fully completed Form 5278, *Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)*, must be received by the Assessor of the local unit of government where the qualified personal property is located no later than February 20, 2016 (due to holiday, February 21, 2017). Taxpayers should not complete this affidavit and statement unless the personal property meets the definition of eligible manufacturing personal property.

Property that was placed in service in 2007 through 2012 will still be reported as ad valorem personal property in Part 2 on Form 5278, the *Combined Document*. Property meeting the definitions of qualified new personal property and qualified previously existing personal property placed in service after 2012 and prior to 2007 will be exempt from ad valorem taxes and will instead pay the state specific Essential Services Assessment.

Assessors are reminded that they are not required to mail Form 5278 to taxpayers. Taxpayers can obtain a copy from the Department of Treasury's website, www.michigan.gov/esa. Assessors should ensure that Form 5278 is timely filed and fully completed by the property owner. The Assessor should carefully evaluate the business activities of the claimant to ensure that they meet the statutory requirements of the Eligible Manufacturing Personal Property Exemption. The Commission strongly recommends that assessors contact taxpayers who have not fully completed Part 1 of Form 5278 in an effort to obtain the missing information before issuance of a denial.

Assessors will have to enter all the Form 5278 information into their assessing software. Assessors that do not have BS&A software and that have taxpayers claiming the personal property exemption will be provided with reporting instructions from the Department of Treasury. All data from Form 5278 must be entered and uploaded to BS&A for submission to the Department of Treasury no later than April 1, 2017.

Further information and guidance on the Eligible Manufacturing Personal Property (EMPP) Exemption, Special Acts and the Essential Services Assessment (ESA) is available at www.michigan.gov/ESA. Additional questions should be sent via email to ESAQuestions@michigan.gov.

G. Disabled Veterans Exemption

Assessors and Board of Review members are asked to review in detail the STC issued Frequently Asked Questions regarding the Disabled Veterans Exemption and to review Bulletin 22 of 2013 regarding eligibility for the exemption. More information regarding the Disabled Veterans Exemption is available on the Commission website.

H. Senior Citizen and Disabled Family Housing Exemption

P.A. 78 of 2016 was signed into law on April 12, 2016, with an effective date of July 11, 2016. This Act amends MCL 211.7d to provide for an approved exemption to take effect in the year in which the exemption was claimed, if the claim had been filed by October 31 and

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the facility was fully and finally complete. The Act requires a claim for exemption to be filed simultaneously with the local assessor and the Department of Treasury. The assessor is required to approve or disapprove a claim for exemption within 60 days after receiving the exemption claim and then notify the owner and the Department of Treasury of the approval or disapproval by December 31 after the initial filing. Assessors and Equalization Directors are encouraged to review P.A. 78 of 2016 and Bulletin 7 of 2016 form more detailed information.

I. Principal Residence Exemption

P.A. 144 of 2016 was signed into law on June 6, 2016 with immediate effect. P.A. 144 of 2016 amends the General Property Tax Act to allow an eligible property owner to retain a principal residence exemption on property if the eligible claimant is absent while on active duty as a member of any branch of the United States Armed Forces, as long as the owner establishes an intent to return to the property. To claim the exemption all of the following statutory conditions must be met: (i) the owner must continue to own the property while deployed or stationed elsewhere for active duty, (ii) the owner has not established a new principal residence, (iii) the owner maintains or provides for the maintenance of the property while deployed or stationed elsewhere for active duty and (iv) the property is not used for any business or commercial purpose except as provided in section 7dd(c). See MCL 211.7cc(32).

P.A. 144 of 2016 also allows an owner of property who previously occupied that property as his or her principal residence but did not occupy that property on June 1 or November 1 while residing in a nursing home or assisted living facility under the circumstances described above or while absent on active duty as a member of any branch of the United States Armed Forces to file an appeal to claim and receive a principal residence exemption which was not on the tax roll. Principal residence exemption appeals that were not on the tax roll can be filed with the July or December Boards of Review in the year that the exemption was claimed or the immediately succeeding three years. More information regarding these changes can be found on the PRE website at www.michigan.gov/taxes (not a live link).

J. Transfers of Ownership

P.A. 243 of 2015 amended MCL 211.27a(7)(c) to create an exception to the general rule that the termination of a life estate, including a life lease or a lady bird deed, is a transfer of ownership. The Act provides that, after December 31, 2014, the termination of a life estate or life lease on residential real property does not result in a transfer of ownership for property tax purposes if the transferee is the transferor's or the transferor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the transfer. The Act also defines the term "commercial purpose," as used in MCL 211.27a, to mean "used in connection with any business or other undertaking intended for profit, but does not include the rental of residential real property for a period of less than 15 days in a calendar year."

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K. Computerized Database System Assessment Roll

P.A. 25 of 2016 was signed into law on March 1, 2016, with an effective date of May 30, 2016. This Act amends the General Property Tax Act to allow local tax collecting units to use a computerized database system as the assessment roll beginning with the 2017 tax year. The use of a computerized assessment roll is only permitted if the local unit and the assessor certify in a form and manner proscribed by the State Tax Commission that the proposed system complies with the requirements of the Act. The State Tax Commission approved Form 5446, *Request for New Certification for Use of a Computerized Assessment Roll by a Local Unit*, for local units of government to submit a request to use a computerized assessment roll. Form 5446 must be fully completed and received by the State Tax Commission no later than October 31st of the year prior to the year in which the computerized assessment roll will be used. Approvals are granted for three years. Form 5446 is available on the Commission's website. Assessors and Equalization Directors are encouraged to review P.A. 25 of 2016 and Bulletin 8 of 2016 for additional information on computerized database system assessment rolls.

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Bulletin No. 13 of 2016
Annual Calendar
October 18, 2016

TO: Equalization Directors and Assessors

FROM: The State Tax Commission

SUBJECT: Property Tax and Equalization Calendar for 2017

STATE TAX COMMISSION
2017 PROPERTY TAX, COLLECTIONS AND EQUALIZATION CALENDAR

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By the 1st day of each month	County Treasurer must account for and deliver to the State the State Education Tax collections on hand on or before the fifteenth day of the immediately preceding month. MCL 211.43(10)
By the 15th day of each month	County Treasurer must account for and deliver to the State the State Education Tax collections on hand on the last day of the preceding month. MCL 211.43(10)
December 1, 2016	Results of equalization studies should be reported to assessors of each Township and City.
December 31, 2016	Tax day for 2017 assessments and 2017 property taxes. MCL 211.2 Deadline for an owner that had claimed a conditional rescission of a Principal Residence Exemption to verify with the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640). MCL 211.7cc(5)

January 3, 2017 December 31, 2016 is a Saturday, January 1, 2017 is Sunday January 2, 2017 is a State Holiday	Deadline for counties to file 2016 equalization studies for 2017 starting bases with State Tax Commission (STC) for all classifications in all units on STC form L-4018. [R 209.41(5)]
January 10, 2017	Except as otherwise provided in section 9m, 9n, or 9o, Assessors and/or Supervisors are required to annually send a personal property statement to any taxpayer they believe has personal property in their possession in their local unit. Form 632 - Personal Property Statements must be sent or delivered no later than January 10 each year.
January 24, 2017	Local units with an SEV of $15,000,000 or Less: 2016 taxes collected by January 10 must be distributed within 10 business days of January 10. MCL 211.43(5) All other local units: Must distribute 2016 taxes collected within 10 business days after the 1st and 15th of each month except in March. MCL 211.43(3)(a)
February 1, 2017	Deadline for "qualified business" to submit STC form L-4143 for "qualified personal property" with the assessor (not later than February 1). MCL 211.8a(2) Notice by certified mail to all properties that are delinquent on their 2015 property taxes (not later than February 1). MCL 211.78f(1) Property Services Division staff reports to the State Tax Commission on the progress and quality of equalization studies for each county on preliminary Form L-4030.
February 10, 2017	Deadline to file the affidavit to claim the exemption for Eligible Personal Property – Form 5076. See STC Bulletin 11 of 2013 for more information. MCL 211.9o(2)
February 14, 2017	Last day to pay property taxes without the imposition of a late penalty charge equal to 3% percent of the tax in addition to the property tax administration fee, if any. MCL 211.44(3)

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February 14, 2017 Cont.	The governing body may waive the penalty for the homestead property of a senior citizen, paraplegic, quadriplegic, hemiplegic, eligible service person, eligible veteran, eligible widow or widower, totally and permanently disabled or blind persons, if that person has filed a claim for a homestead property tax credit with the State Treasurer before February 15. Also applies to a person whose property is subject to a farmland/development rights agreement if they present a copy of the development rights agreement or verification that the property is subject to the development rights agreement before February 15. If statements are not mailed by December 31, the local unit may not impose the 3% late penalty charge.
February 15, 2017	A local unit of government that collects a summer property tax shall defer the collection until this date for property which qualifies. MCL 211.51(3) STC reports assessed valuations for DNR lands to assessors. MCL 324.2153(2)
February 17, 2017 Feb. 18 is a Saturday Feb. 19 is a Sunday Feb. 20 is a State Holiday	Deadline for county equalization director to publish in a newspaper the tentative equalization ratios and estimated SEV multipliers for 2017. MCL 211.34a(1) (on or before the third Monday in February)
February 21, 2017 Feb. 20 is a State Holiday	Deadline for taxpayer filing of personal property statement with assessor. Form 3278 must be filed not later than February 20 for each personal property parcel for which the Eligible Manufacturing Personal Property exemption is being claimed. Deadline for taxpayer to file form 3711 if a claim of exemption is being made for heavy earth moving equipment. STC Bulletin 4 of 2001; MCL 211.19(2) Deadline for payments to municipalities from the Local Community Stabilization Authority: Local Community Stabilization Share revenue for county extra-voted millage, township millage, and other millages levied 100% in December 2016. MCL 123.1357(5)(b)
February 28, 2017	Last day for local treasurers to collect 2016 property taxes. MCL 211.78a.
March 1, 2017	The STC shall publish the inflation rate multiplier before March 1.

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March 1, 2017 Cont.	MCL 211.34d(15) Properties with delinquent 2015 taxes, forfeit to the County Treasurer. MCL 211.78g(1). County Treasurer adds $175 fee per MCL 211.78g(1), as well as all recording fees and all fees for service of process or notice. MCL 211.78g(3)(d) 2015 tax-delinquent redemptions require additional interest at non-compounded rate of ½% per month from March 1 forfeiture. MCL 211.78g(3)(b) County Treasurer commences settlement with local unit treasurers. MCL 211.55 County Property Tax Administration Fee of 4% added to unpaid 2016 taxes and interest at 1% per month. MCL 211.78a(3) Local units to turn over 2016 delinquent taxes to the County Treasurer. MCL 211.78a(2). On March 1 in each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent for collection. However, if the last day in a year that taxes are due and payable before being returned as delinquent is on a Saturday, Sunday, or legal holiday, the last day taxes are due and payable before being returned as delinquent is on the next business day and taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent on the immediately succeeding business day
March 6, 2017	The 2017 assessment roll shall be completed and certified by the assessor. MCL 211.24 (on or before the first Monday in March).
March 7, 2017	The assessor/supervisor shall submit the 2017 certified assessment roll to the Board of Review (BOR). MCL 211.29(1) (Tuesday after first Monday in March) Organizational meeting of Township Board of Review. MCL 211.29. City BOR may vary according to Charter provisions.
March 13, 2017	The BOR must meet on the second Monday in March. This meeting must start not earlier than 9 a.m. and not later than 3 p.m. The BOR must meet one additional day during this week and shall hold at least 3 hours of its required sessions during the week of the second Monday in March <u>after 6 p.m.</u> MCL 211.30. Note: The governing body of a city or township may authorize an alternative starting date for the second meeting of the March Board of Review, which can be either the Tuesday or the Wednesday following the second Monday in March. MCL211.30(2)

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March 14, 2017	Within ten business days after the last day of February, at least 90% of the total tax collections on hand, must be delivered by the local unit treasurer to the county and school district treasurers. MCL 211.43(3)(b)
March 31, 2017 April 1 is a Saturday.	District or ISD must reach agreement for summer tax collection with township or city, or county if there is a summer school levy. MCL 380.1613(2) Not later than April 1, local unit treasurers make final adjustment and delivery of the total amount of tax collections on hand. MCL 211.43(3)(c) Last day to pay all forfeited 2014 delinquent property taxes, interest, penalties and fees, unless an extension has been granted by the circuit court. If unpaid, title to properties foreclosed for 2014 real property taxes vests solely in the foreclosing governmental unit. MCL 211.78k Assessors are required to annually provide a copy of Form 5278 and Form 5277 (rescission affidavit) and other parcel information required by the Department of Treasury in a form and manner required by the Department of Treasury no later than April 1 of each year. (MCL 211.9m and 9n)
April 1, 2017	Separate tax limitations voted after April 1 of any year are not effective until the subsequent year. MCL 211.205i(2) No later than April 1, assessors shall transmit to the Department of Treasury the information contained in Form 5278, *Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)*, in a form and manner as directed by the Department. MCL 211.9m and MCL 211.9n
April 3, 2017	On or before the first Monday in April, the BOR must complete their review of protests of assessed value, taxable value, property classification or denial by assessor of continuation of qualified agricultural property exemption. MCL 211.30a
April 5, 2017	The township supervisor or assessor shall deliver the completed assessment roll, with BOR certification, to the county equalization director not later than the tenth day after adjournment of the BOR or the Wednesday following the first Monday in April, whichever date occurs first. MCL 211.30(7)

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April 5, 2017 Cont.	An assessor shall file STC form L-4021 with the County Equalization Department, and STC form L-4022 (signed by the assessor) with the County Equalization Department and the STC, immediately following adjournment of the board of review. (STC Administrative Rule: R 209.26(6a), (6b). The form L-4022 must be signed by the assessor of record. Form 4626 Assessing Officers Report of Taxable Values as of State Equalization due to the County.
April 11, 2017	County Board of Commissioners meets in equalization session. MCL 209.5(1) and 211.34(1) The equalization director files a tabular statement of the county equalization adopted by the County Board of Commissioners on Form L-4024 prescribed and furnished by the STC, immediately after adoption. County equalization shall be completed and official report (Form L-4024) filed with STC prior to May 1, 2017 (first Monday in May) MCL 209.5(2) The Property Service Division staff makes a final report to the State Tax Commission on Form L-4023 after the adoption of the 2017 equalization report by the County Board of Commissioners and prior to Preliminary State Equalization
April 17, 2017	Equalization director files separate Form L-4023 for each unit in the county with the STC no later than the third Monday in April. STC Rule 209.41(6); MCL 211.150(4) Allocation Board meets and receives budgets. MCL 211.210 Equalization Director submits separate Form 4626 for each unit in the county with the STC no later than the third Monday in April.
May 1, 2017	Final day for completion of delinquent tax rolls. MCL 211.57(1) Deadline for filing a Principal Residence Exemption (PRE) Active Duty Military Affidavit to allow military personnel to retain a PRE for up to three years if they rent or lease their principal residence while away on active duty. MCL 211.7dd Last day of deferral period for winter (December 1) property tax levies, if the deferral for qualified taxpayers was authorized by the County Board of Commissioners. MCL 211.59(3) Deadline for filing the Farmland Exemption Affidavit (Form 2599) with the local assessor if the property is NOT classified agricultural or if the

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May 1, 2017 Cont.	assessor asks an owner to file it to determine whether the property includes structures that are not exempt. Deadline for filing official County Board of Commissioners report of county equalization (L-4024) with STC. MCL 209.5(2) (first Monday in May) Appeal from county equalization to Michigan Tax Tribunal must be filed within 35 days after the adoption of the county equalization report by the County Board of Commissioners. MCL 205.735(3) Deadline for assessor to file tabulation of Taxable Valuations for each classification of property with the county equalization director on STC form L-4025 to be used in "Headlee" calculations. MCL 211.34d(2). (first Monday in May) Deadline for Department of Treasury to post the millage rate comparison reports on the PPT Reimbursement website. MCL 123.1353(5)
May 8, 2017	Preliminary state equalization valuation recommendations presented by the Property Services Division staff to the State Tax Commission. MCL 209.2(1) (second Monday in May)
May 15, 2017	Not later than this date, the State must have prepared an annual assessment roll for the state-assessed properties. MCL 207.9(1)
May 22, 2017	State Equalization Proceeding - Final State Equalization order is issued by State Tax Commission. MCL 209.4 (fourth Monday in May)
May 26, 2017	If as a result of State Equalization the taxable value of property changes, the Equalization Director shall revise the millage reduction fractions by the Friday following the fourth Monday in May. MCL 211.34d(2)
After May 24 and Before June 2	Last day for Allocation Board Hearing (not less than 8 days or more than 12 days after issuance of preliminary order). MCL 211.215
May 31, 2017 (MTT)	Appeals of property classified as commercial real, industrial real, developmental real, commercial personal, industrial personal or utility personal must be made by filing a written petition with the Michigan Tax Tribunal on or before May 31 of the tax year involved. MCL 205.735a(6)
June 1, 2017	Deadline for filing Principal Residence Exemption Affidavits (form 2368) for exemption from the 18-mill school operating tax to qualify for a PRE for the summer tax levy. MCL 211.7cc(2) Deadline for filing the initial request (first year) of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640) for the

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June 1, 2017 Cont.	summer tax levy. MCL 211.7cc(5) Deadline for filing for Foreclosure Entity Conditional Rescission of a PRE (Form 4983) to qualify for the summer tax levy. MCL 211.7cc(5) Assessment Roll due to County Treasurer if local unit is not collecting summer taxes MCL 211.905b(6)(a) First notice sent to all properties that are delinquent on 2016 taxes. MCL 211.78b No later than June 1, the county treasurer delivers to the state treasurer a statement listing the total amount of state education tax (SET) not returned delinquent, collected by the county treasurer, and collected and remitted to the county treasurer by each city or township treasurer, also a statement for the county and for each city or township of the number of parcels from which the SET was collected, the number of parcels for which SET was billed, and the total amount retained by the county treasurer and by the city or township treasurer MCL 211.905b(12) Requests are due from a Brownfield Redevelopment Authority, Tax Increment Finance Authority, Local Development Financing Authority or Downtown Development Authority for state reimbursements of tax increment revenue decreases as a result of the MBT reduction in personal property taxes (no later than June 1). Form 4650;P.A. 154-157 of 2008.
June 5, 2017	Deadline for notifying protesting taxpayers in writing of Board of Review Action (by the first Monday in June). MCL 211.30(4) County Equalization Director calculates current year millage reduction fractions including those for inter-county taxing jurisdictions. The completed, verified STC form L-4028 is filed with the County Treasurer and the STC on or before the first Monday in June. MCL 211.34d(3) Deadline for Assessors to report the current year taxable value of commercial personal property and industrial personal property to the County Equalization Director. MCL 123.1353(3) Deadline for Assessors to file the Personal Property 2017 Taxable Value for Expired Tax Exemptions – Form 5403 with the County Equalization Director and Department of Treasury. MCL 123.1353(6) Deadline for Assessors to file the Personal Property 2017 Taxable Value for Expired/Expiring Renaissance Zone Tax Exemptions – Form 5429 with the County Equalization Director and Department of Treasury. MCL 123.1353(6)
June 12, 2017	Allocation Board must issue final order not later than the second Monday in June. MCL 211.216

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June 15, 2017	Deadline for submission of Water Pollution Control PA 451 of 1994 Part 37 and Air Pollution Control PA 451 of 1994 Part 59 tax exemption applications to the State Tax Commission. Note: Applications for the above exemption programs received on or after June 16 shall be considered by the Commission contingent upon staff availability. Deadline for the assessor's report to the STC on the status of each Neighborhood "homestead" exemption granted under the Neighborhood Enterprise Zone Act. MCL 207.786(2) Deadline for foreclosing governmental units to file petition for tax foreclosure with the circuit court clerk for the March 1, 2017 forfeitures. MCL 211.78h(1) Each municipality that is a tax increment finance authority shall calculate and report to the Department of Treasury the municipality's tax increment small taxpayer loss for the current year. (MCL 123.1356a) Deadline for Tax Increment Finance (TIF) Authorities to file the 2017 TIF loss reimbursement claims - Form 5176, Form 5176BR, or Form 5176ICV. MCL 123.1356a(3)
June 20, 2017	Deadline for County Equalization Directors to file the Personal Property Summary Report and the Personal Property Inter-County (IC) Summary Report to the Department of Treasury. MCL 123.1353(3)
June 26, 2017	Deadline for equalization directors to file tabulation of final Taxable Valuations with the State Tax Commission on STC form L-4046. MCL 211.27d (fourth Monday in June)
June 29, 2017	Summer Tax Levy for School Millage Detail and Tax Roll. MCL 380.1613(4)(c). Before June 30 the county treasurer or the treasurer of the school district or intermediate school district shall spread the taxes being collected.
June 30, 2017	County Treasurer to spread summer SET and County Allocated and Prepare Tax Roll MCL 211.905b(6)(b). Not later than June 30, the county treasurer or the state treasurer shall spread the millage levied against the assessment roll and prepare the tax roll. Deadline for classification appeals to STC. MCL 211.34c(6). A classification appeal must be filed with the STC in writing on Form 2167 June 30. Deadline for County Equalization Director to file Interim Status Report of the ongoing study for the current year. [R 209.41(4)]

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June 30, 2017 Cont.	Township supervisor shall prepare and furnish the summer tax roll before June 30 to the township treasurer with supervisor's collection warrant attached if summer school taxes are to be collected. MCL 380.1612(1)
July 3, 2017 July 1 is a Saturday July 2 is a Sunday	Taxes due and payable in those jurisdictions authorized to levy a summer tax. (Charter units may have a different due date). MCL 211.44a(3) and (4)
July 5, 2017 July 4 is a State Holiday	Deadline for governmental agencies to exercise the right of refusal for 2016 tax foreclosure parcels. MCL 211.78m(1)
July 18, 2017	The July BOR may be convened to correct a qualified error (Tuesday after the third Monday in July). MCL 211.53b. The governing body of the city or township may authorize, by adoption of an ordinance or resolution, 1 or more of the following alternative meeting dates for the purposes of this section. An alternative meeting date during the week of the third Monday in July. MCL 211.53b(9)(b) An owner who owned and occupied a principal residence on May 1 for taxes levied before January 1, 2013, for which the exemption was not on the tax roll may file an appeal with the July Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. For taxes levied after December 31, 2012, an owner who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal with the July Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. MCL 211.7cc(19) An owner of property that is Qualified Agricultural Property on May 1 may appeal to the July Board of Review for the current year and the immediately preceding year if the exemption was not on the tax roll. MCL 211.7ee(6) July BOR may hear appeals for current year only for poverty exemptions, <u>but not</u> poverty exemptions denied by the March Board of Review. MCL 211.7u, STC Bulletin No. 5 of 2012

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July 31, 2017	Industrial Facilities Exemption Treasurer's Report (Form 170) must be filed with the Property Services Division on or before July 31 of the tax year involved. Appeals of property classified as residential real, agricultural real, timber-cutover real or agricultural personal must be made by filing a written petition with the Michigan Tax Tribunal on or before July 31 of the tax year involved. MCL 205.735a(6) A protest of assessed valuation or taxable valuation or the percentage of Qualified Agricultural Property exemption subsequent to BOR action, must be filed with the Michigan Tax Tribunal, in writing on or before July 31.
August 15, 2017	Each municipality shall report to the Department of Treasury the millage rate levied or to be levied that year for a millage described in section 5(g) or (w) that is used to calculate a distribution under section 17(4)(a)(i). See MCL 123.1353(4) for the calculation for the 2017 report. Deadline for Local School Districts and Intermediate School Districts to file the Personal Property Exemption Loss 2017 Debt Millage Reimbursement Claim for School Districts & Intermediate School Districts (ISDs) – Form 5411. MCL 123.1353(4) Deadline for electronically paying and filing the essential services assessment with the Department of Treasury without interest and penalty. MCL 211.1057
August 21, 2017	Deadline for taxpayer to file appeal directly with the Michigan Tax Tribunal if final equalization multiplier exceeds tentative multiplier and a taxpayer's assessment, as equalized, is in excess of 50 percent of true cash value (by the third Monday in August). MCL 205.737(7)
September 1, 2017	Second notice by first class mail to all properties that are delinquent on 2015 taxes (Sept 1). MCL 211.78c
September 14, 2017	Summer Taxes Due: Summer taxes due, unless property is located in a city with a separate charter due date (Sept 14). MCL 211.905b(10), MCL 380.1613(4)(e). MCL 211.107 Interest of 1% per month will accrue if the payment is late for the State Education Tax and County Taxes that are part of the summer tax collection. MCL 211.905b(9) and 211.44a(6). Note: date may be different depending on the city charter.
September 15, 2017	Last day of deferral period for summer property tax levies, if the deferral for qualified taxpayers. MCL 211.51(7).
September 20, 2017	Deadline for payments to counties from the Local Community

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	Stabilization Authority: Local Community Stabilization Share revenue for county allocated millage for calendar year 2017. MCL 123.1357(5)(a)
September 29, 2017 September 30 is a Saturday	Clerk of township or city delivers to supervisor and county clerk a certified copy of all statements, certificates, and records of vote directing monies to be raised by taxation of property (Sept 30). MCL 211.36(1). Financial officer of each unit of local government computes tax rates in accordance with MCL 211.34d and 211.34 MCL and governing body certifies that rates comply with Section 31, Article 9, of 1963 Constitution and MCL 211.24e, Truth in Taxation, on STC form L-4029 on or before September 30.
October	County prosecutor is obligated by statute to furnish legal advice promptly regarding the apportionment report. A County Board of Commissioners shall not authorize the levy of a tax unless the governing body of the taxing jurisdiction has certified that the requested millage has been reduced, if necessary, in compliance with Section 31 of Article 9 of the State Constitution of 1963 and MCL 211.34d, 211.37 and 211.34(1). The County Board also receives certifications that Truth in Taxation hearings have been held if required. MCL 211.24e
October 2, 2017 October 1 is a Sunday	County Treasurer adds $15 to each parcel of property for which the 2015 real property taxes remain unpaid. MCL 211.78d
October 13, 2017 October 14 is a Saturday October 15 is a Sunday	The assessor reports the status of real and personal Industrial Facility Tax property to STC. MCL 207.567(2) Governmental units report to the STC on the status of each exemption granted under the Commercial Redevelopment Act. MCL 207.666 Qualified local governmental units report to the STC on the status of each exemption granted under the Commercial Rehabilitation Act. MCL 207.854 The assessor's annual report of the determination made under MCL 207.783(1) to each taxing unit that levies taxes upon property in the local governmental unit in which a new facility or rehabilitated facility is located and to each holder of the Neighborhood Enterprise Zone certificate. MCL 207.783(2) Qualified local governmental units report to the STC on the status of each exemption granted under the Obsolete Property Rehabilitation Act. MCL 125.2794
October 20, 2017	Deadline for payments to municipalities from the Local Community

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	Stabilization Authority: Local Community Stabilization Share revenue for other millages not levied 100% in December for calendar year 2017. MCL 123.1357(5)(c)
October 31, 2017	October apportionment session of the County Board of Commissioners to examine certificates, direct spread of taxes in terms of millage rates to be spread on Taxable Valuations. MCL 211.37
November 1, 2017	Deadline for submission of New Personal Property PA 328 of 1998, Obsolete Property PA 146 of 2000, Commercial Rehabilitation PA 210 of 2005, Neighborhood Enterprise Zone PA 147 of 1992, Commercial Facilities PA 255 of 1978 and Industrial Facilities PA 198 of 1974 tax exemption applications to the State Tax Commission. Note: Applications for the above exemption programs received on or after November 1 shall be considered by the Commission contingent upon staff availability. Deadline for filing Principal Residence Exemption Affidavits (form 2368) for exemption from the 18-mill school operating tax to qualify for a PRE for the winter tax levy. MCL 211.7cc(2) Deadline for filing the initial request (first year) of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640) for the winter tax levy. MCL 211.7cc(5) Deadline for filing for Foreclosure Entity Conditional Rescission of a PRE to qualify for the winter tax levy. MCL 211.7cc (5)
November 3, 2017 November 4 is a Saturday November 5 is a Sunday	On or before November 5, Township Supervisor shall notify township treasurer of the amount of county, state and school taxes apportioned in township to enable treasurer to obtain necessary bond for collection of taxes. MCL 211.43 (1)
November 15, 2017	Form 600/L-4016, Supplemental Special Assessment Report due to the STC.
November 28, 2017	On or before November 28, Township Treasurer gives County Treasurer a bond running to the county in the actual amount of county, state and school taxes. MCL 211.43 (2)
December 1, 2017 **December 1, 2017**	County Equalization Director submits apportionment millage report to the STC. MCL 207.12 On or before December 1, County Treasurer delivers to township

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Cont.	supervisor a signed statement of approval of the bond and the township supervisor delivers the tax roll to the township treasurer. 2017 taxes due and payable to local unit treasurer are a lien on real property. Charter cities or villages may provide for a different day. MCL 211.40 On or before December 1, Deadline for foreclosing governmental units to transfer list of unsold 2017 tax foreclosure parcels to the clerk of the city, township, or village in which the parcels are located. MCL 211.78m(6) Results of equalization studies should be reported to assessors of each Township and City.
MTT Note:	Appeal to Michigan Tax Tribunal of a contested tax bill must be filed within 60 days after the mailing of the tax bill that the taxpayer seeks to contest. MCL 205.735. (Limited to arithmetic errors)
December 12, 2017	Special Board of Review meeting may be convened by assessing officer to correct qualified errors (Tuesday after the second Monday in Dec.). MCL 211.53b. The governing body of the city or township may authorize, by adoption of an ordinance or resolution, one or more of the following alternative meeting dates for the purposes of this section: An alternative meeting day during the week of the second Monday in December. MCL 211.53b(7) An owner who owned and occupied a principal residence on May 1 for taxes levied before January 1, 2012, for which the exemption was not on the tax roll may file an appeal with the December Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. For taxes levied after December 31, 2011, an owner who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal with the December Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. MCL 211.7cc(19) An owner of property that is Qualified Agricultural Property on May 1 may appeal to the December Board of Review for the current year and the immediately preceding year if the exemption was not on the tax roll. MCL 211.7ee(6) December Board of Review to hear appeals for current year poverty exemptions only, but not poverty exemptions denied by the March Board of Review. MCL 211.7u, STC Bulletin 5 of 2012
December 29, 2017 December 30 is a Saturday	The Department of Treasury may appeal the 2017 classification of any assessable property to the Small Claims Division of the Michigan Tax Tribunal. MCL 211.34c(7)

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December 31 is a Sunday	Deadline for an owner that had claimed a conditional rescission of a Principal Residence Exemption to verify to the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640). MCL 211.7cc(5) Deadline for a land contract vendor, bank, credit union or other lending institution that had claimed a foreclosure entity conditional rescission of a Principal Residence Exemption to verify to the assessor that the property still meets the requirements for the conditional rescission through the filing of an annual verification of a foreclosure entity. (MCL 211.7cc (5) A rescission affidavit (form 5277) shall be filed with the assessor of the Township or City in which the personal property is located, no later than December 31 of the year in which the exempted property is no longer eligible for the Eligible Manufacturing Personal Property exemption.
December 31, 2017	Tax day for 2018 property taxes. MCL 211.2(2) All taxes due and liens are canceled for otherwise unsold 2017 tax foreclosure parcels purchased by the state or transferred to the local unit or the Michigan Land Bank Fast Track Authority. MCL 211.78m(12) and (13) An eligible claimant may appeal an assessment levied, a penalty or rescission under the Essential Service Assessment Act to the Michigan Tax Tribunal by filing a petition no later than December 31 in that same tax year.
January 3, 2018 December 31 is a Sunday January 1 is a State Holiday January 2 is a State Holiday	Deadline for counties to file equalization studies for 2018 starting bases with State Tax Commission for all classifications in all units on STC form L-4018. [R 209.41(5)]. (January 3, 2018 due to the holidays)

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5102 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Bulletin 14 of 2016
Occupied Trailer Coach Exemption
October 18, 2016

TO: Assessors, Equalization Directors and Interested Parties

FROM: State Tax Commission

SUBJECT: $3.00 Per Month Specific Tax and Occupied Trailer Coach Exemption

Bulletins 7 of 1988, 11 of 1990, 15 of 1994 & 16 of 1998 are rescinded.

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Per MCL 125.1041, a $3.00/month specific tax shall be collected for every "occupied trailer coach" (as discussed below) by every park that is licensed, including licensed mobile home parks, licensed condominium campgrounds and licensed campgrounds. This $3.00/month specific tax exempts occupied trailer coaches from property taxes.

The $3.00/month specific tax exempts an occupied trailer coach from ad valorem property taxes. MCL 211.2 states "the taxable status of persons and real and personal property shall be determined as of each December 31, which shall be deemed the tax day." Therefore, if the trailer coach is not qualified to pay the $3.00/month specific tax on December 31 of the previous year, the exemption for the occupied trailer coach cannot be granted for the current assessment year.

The $3.00/month specific tax must be collected by the park operator for each occupied trailer coach and paid to the city or township treasurer of the assessment jurisdiction where the licensed park is located. Failure of the park operator to collect and pay the specific tax by the fifth day of each month for the preceding month subjects the park operator to a late payment penalty of 3% of the unpaid balance. Interest shall accrue on the unpaid balance at a rate of 1% per month and the licensee shall be liable for a civil fine of not more than $10.00 per occupied trailer coach for each month the park operator does not remit the specific tax.

The $3.00/month specific tax exempts everything that is manufactured as part of the mobile home or trailer coach, including manufactured add-on rooms that are acquired along with the trailer coach and are erected with the trailer on the site. This includes heat exchangers and central air conditioning.

The $3.00/month specific tax <u>does not</u> exempt improvements attached to the lot or parcel that are occupied by the exempt occupied trailer coach. The following are examples of improvements assessable as real property on leased land, pursuant to MCL 211.2(1)(c), and assessable to the owner of the improvement, whether or not that owner also owns the occupied trailer coach:

Occupied Trailer Coach Exemption

1. Detached sheds and buildings erected on concrete slabs, posts, piers or skids, with or without floors.
2. Attached sheds situated on concretes, posts or piers with or without floors.
3. Attached carports and porches.
4. Attached garages.
5. Concrete floors, walks, patios, etc., that are not part of the pad provided by the licensed park.
6. Wood decks and porches built on site by the owner of the mobile home or trailer coach.
7. Porches with or without chassis.
8. Porches built on site or that are pre-cast and moved to the site.
9. Additions that were built on and were not part of the original unit and are without chassis.

This list shall not be deemed exhaustive. Similar improvements not listed may be taxable as assessed real property on leased land.

The $3.00/month specific tax does not exempt the mobile home park or licensed campground itself. The land and any park-owned improvements are assessable to the owner of the park. This includes any mobile home or trailer coach used as a park office, storage, or any use except habitation.

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Occupied Trailer Coaches

In *Sandy Pines Wilderness Trails, Inc. v. Salem Township, Monterey Township, and the State Tax Commission*, the Michigan Court of Appeals defined "occupied trailer coach" as an "occupied moveable residence attached to and drawn by some other power source." The requirement that the coach be occupied is fulfilled by either permanent or temporary occupation. The State Tax Commission has determined that "occupied trailer coach" is any manufactured housing unit that is attached to a unified metal or wooden chassis in such a manner that a dolly can be placed under the chassis in order to haul the unit from one location to another. This includes the following:

1. Park models
2. Travel Trailers
3. Camping Trailers
4. Fifth Wheel Trailers

Modular housing units, which are not attached to a unified metal or wooden chassis cannot be occupied trailer coaches. Travel trailers, camping trailers, and fifth wheel campers that are licensed under the Michigan Vehicle Code are already exempt from property tax as licensed vehicles.

Mobile Homes Not Located in a Licensed Mobile Home Park or Campground

Mobile Homes that are not located in a licensed mobile home park or campground are assessable as part of the real property on which they are located, whether or not they are permanently affixed to the soil.

State Tax Commission

Assessor Guide to Eligible Manufacturing Personal Property Tax Exemption and ESA

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Published October 2016

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Introduction:

"I've heard Business Personal Property Taxes are all being eliminated", is one of the most frequently asked questions received by the STC. While significant changes to Business Personal Property Taxes begin in 2016, not all personal property tax is being eliminated.

In December of 2012, initial legislation was passed that significantly changed the taxation of personal property. The Acts, as amended, exempt about ½ of personal property from ad valorem taxation through two main provisions: 1) Small Business Taxpayer Exemption (MCL 211.9o) and 2) Eligible Manufacturing Personal Property Exemption (MCL 211.9m and MCL 211.9n). The Acts also identified a replacement specific tax on personal property, Essential Services Assessment (ESA) and reimbursement for local units lost revenue.

This Guide will focus on detailed information that assessors need to know about the Eligible Manufacturing Personal Property Tax Exemption, ESA, and Special Act changes and will provide resource material and contact information. The Small Business Taxpayer Exemption will not be covered in this material. State Tax Commission (STC) Bulletin 11 of 2013 detailed this process and can be found on the PPT website at www.michigan.gov/ppt.

Additionally, the local unit reimbursement will not be covered in this guide. More information on the local unit reimbursement can be found on the PPT website at www.michigan.gov/ppt under personal property tax information, personal property tax reimbursement.

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Statutory Review

MCL 211.9m and MCL 211.9n provide the statutory authority for the Eligible Manufacturing Personal Property Tax Exemption. ESA statutory authority is contained in P.A. 92, which will be covered in a separate section.

MCL 211.9m and MCL 211.9n are essentially identical except for the "type" of personal property they exempt.

MCL 211.9m exempts Qualified New Personal Property**.** Qualified New Personal Property is defined as property that was initially placed in service in this state or outside of this state ***after*** December 31, 2012 or that was construction in progress on or after December 31, 2012 that had not been placed in service in this state or outside of this state before 2013 **and** is eligible manufacturing personal property (EMPP).

Effectively this means any eligible manufacturing personal property placed in service in 2013 and after is exempt from ad valorem personal property taxation and subject only to the ESA.

MCL 211.9n exempts Qualified Previously Existing Personal Property. Qualified Previously existing personal property means personal property that was first placed in service within this state or outside of this state more than 10 years before the current calendar year **and** is eligible manufacturing personal property (EMPP).

Effectively this means that in 2016, EMPP placed in service in 2005 and earlier is exempt from ad valorem personal property taxation and subject only to the ESA. In 2017, EMPP placed in service in 2006 and earlier is exempt from ad valorem personal property taxation and subject only to the ESA.

This phase in of the exemption continues with all new EMPP placed in service being exempt and all existing EMPP phasing into exempt status each year beginning with 2005 and working up to EMPP placed in service in 2012 becoming exempt by 2023. In 2023, all EMPP will be exempt.

Please see the following phase out chart:

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Personal Property Phase Out Chart

October 22, 2015

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2016	2015	
	2014	
	2013	
	[redacted]	2012
	[redacted]	2011
	[redacted]	2010
	[redacted]	2009
	[redacted]	2008
	[redacted]	2007
	2005 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2017	2016	
	2015	
	2014	
	2013	
	[redacted]	2012
	[redacted]	2011
	[redacted]	2010
	[redacted]	2009
	[redacted]	2008
	[redacted]	2007
	2006 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2018	2017	
	2016	
	2015	
	2014	
	2013	
	[redacted]	2012
	[redacted]	2011
	[redacted]	2010
	[redacted]	2009
	[redacted]	2008
	2007 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2019	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
	[redacted]	2012
	[redacted]	2011
	[redacted]	2010
	[redacted]	2009
	2008 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2020	2019	
	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
		2011
		2010
	2009 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2021	2020	
	2019	
	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
		2011
	2010 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2022	2021	
	2020	
	2019	
	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
	2011 and Earlier	

After 2023, All Eligible Personal Property is subject to the ESA Specific Tax

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Key to the definition of both Qualified New Personal Property and Qualified Previously Existing Personal Property is that both must be Eligible Manufacturing Personal Property.

Eligible Manufacturing Personal Property (EMPP) is statutorily defined as all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. Let's examine in more detail each component of the definition of EMPP beginning with the definition of *occupied real property*.

Occupied Real Property is defined in MCL 211.9m as all of the following: (*i*) A parcel of real property that is entirely owned, leased, or otherwise occupied by a person claiming an exemption under section 9m or 9n. (*ii*) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under section 9m or 9n and that host a single, integrated business operation engaged primarily in industrial processing, direct integrated support, or both. A business operation is not engaged primarily in industrial processing, direct integrated support, or both if it engages in significant business activities that are not directly related to industrial processing or direct integrated support. Contiguity is not broken by a boundary between local tax collecting units, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. As used in this subparagraph, "single, integrated business operation" means a company that combines 1 or more related operations or divisions and operates as a single business unit. (*iii*) The portion of a parcel of real property that is owned, leased, or otherwise occupied by a person claiming the exemption section 9m or 9n or by an affiliated person.

To this point, we have covered that in order to be eligible to receive the exemption, EMPP must have been placed in service in 2013 and later or more than 10 years before the current year, for example in 2017 that would include EMPP placed in service in 2006 and earlier.

The personal property must be located on an occupied real property parcel, which is a parcel or part of a parcel owned or leased or occupied by the person claiming the exemption or contiguous parcels. That property must be predominantly used in industrial processing or direct integrated support. Please note: the classification of the property is not a determining factor in eligibility for the exemption. Nor is the fact that the personal property may be located in an industrial district or subject to an IFT.

Industrial Processing is defined in MCL 211.9M as: that term as defined in section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Industrial processing does not include the generation, transmission, or distribution of electricity for sale. MCL 205.54t and MCL 205.94o both contain the same definition of industrial processing and indicates that industrial processing includes the following activities:

a) Production or assembly.
b) Research or experimental activities.
c) Engineering related to industrial processing.
d) Inspection, quality control, or testing to determine whether particular units of materials or products or processes conform to specified parameters at any time before materials or products first come to rest in finished goods inventory storage.
e) Planning, scheduling, supervision, or control of production or other exempt activities.
f) Design, construction, or maintenance of production or other exempt machinery, equipment, and tooling.
g) Remanufacturing.
h) Processing of production scrap and waste up to the point it is stored for removal from the plant of origin.
i) Recycling of used materials for ultimate sale at retail or reuse.
j) Production material handling.
k) Storage of in-process materials.

For a more detailed definition of industrial processing and exclusions please review:

RAB 2000-4: http://www.michigan.gov/documents/rab-2000-4_108793_7.pdf and

MCL 205.54t:
http://www.legislature.mi.gov/(S(ld2ybk4njhsrfjyuikfljxyc))/documents/mcl/pdf/mcl-205-54t.pdf

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Direct Integrated Support is defined in MCL 211.9m as any of the following:

(*i*) Research and development related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

(*ii*) Testing and quality control functions related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

(*iii*) Engineering related to goods produced in industrial processing and conducted in furtherance of that industrial processing.

(*iv*) Receiving or storing equipment, materials, supplies, parts, or components for industrial processing, or scrap materials or waste resulting from industrial processing, at the industrial processing site or at another site owned or leased by the owner or lessee of the industrial processing site.

(*v*) Storing of finished goods inventory if the inventory was produced by a business engaged primarily in industrial processing and if the inventory is stored either at the site where it was produced or at another site owned or leased by the business that produced the inventory.

(*vi*) Sorting, distributing, or sequencing functions that optimize transportation and just-in-time inventory management and material handling for inputs to industrial processing.

These activities do not have to occur on the same site as the industrial processing nor do they have to be conducted by a related entity.

The final key piece of the definition is that the personal property located on occupied real property is **predominantly used** in industrial processing or direct integrated support. The determination of predominant use is a mathematical calculation. Property is determined to be predominantly used if the result of the following calculation is more than 50%:

*(i)*Multiply the original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9m, 9n, and 9o that is located on that occupied real property and that is not construction in progress by its percentage of use in industrial processing or in direct integrated support.

Personal property is used in industrial processing if it is not used to generate, transmit, or distribute electricity for sale, if it is not utility personal property as described in section 34c(3)(e), and if its purchase or use by the person claiming the exemption would be eligible for exemption under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. For an item of personal property that is used in industrial processing, its percentage of use in industrial processing shall equal the percentage of the exemption the property would be eligible for under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Utility personal property as described in section 34c(3)(e) is not used in direct integrated support.

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(*ii*) Divide the result of the calculation under subparagraph (*i*) by the total original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9m, 9n, and 9o that is located on that occupied real property and that is not construction in progress.

A graphic representation of this formula is:

Personal Property Original Cost on occupied real property times the percentage of use in industrial processing or direct integrated support

Divided by

Personal Property Original Cost on occupied real property

For this calculation:

Personal property includes all taxable personal property, personal property exempt under IFT (211.7k), exempt special tooling (211.9b), exempt under PA 328 (211.9f), exempt under the Small Business Taxpayer Exemption (211.9o) and exempt as EMPP under MCL 211.9m and 211.9n. Subtract the cost of construction in progress.

Original Cost means the fair market value of personal property at the time of acquisition by the first owner.

Example 1: Sample Calculation

Personal Property	Status	Original Cost	% of use in IP or DIS	IP/DIS Eligible Cost
Machine 1	IFT Exempt	$500,000	100%	$500,000
Office Furniture	GPTA Taxable	$100,000	0%	$0
Shipping container	GPTA Taxable	$50,000	30%	$15,000
Die/Mold	Special Tool	$250,000	100%	$250,000
Machine Foundation	GPTA Taxable	$100,000	50%	$50,000
Computers	GPTA Taxable	$35,000	60%	$21,000
Machine 2	328 Exempt	$250,000	50%	$125,000
Machine 3	IFT Exempt	$350,000	100%	$350,000
Mahine 4	GPTA Taxable	$150,000	100%	$150,000
Totals		$1,785,000		$1,461,000
$1,461,000 divided by $1,785,000 = 82%				

Each item of personal property is individually identified, the status determined, as well as the original cost and percent of use in industrial processing or direct integrated support. The original cost of each item of personal property is multiplied by its percentage of use in industrial processing or direct integrated support to determine an eligible cost. The total eligible cost is then divided by the total original cost to determine the percent of predominant use. Because the result of the calculation is greater than 50%, all personal

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property on this occupied real property would qualify for the EMPP exemption and be subject to ESA.

If the result of the calculation would have been less than 50%, then none of the personal property on this occupied real property would qualify for the EMPP exemption.

Example 2: Contiguous Properties

Combining the EMPP calculation for contiguous parcels involved in a single integrated business operation can expand the exemption to parcels that would not qualify on their own.

For example 3 contiguous parcels that host a single integrated business operation:

Parcel A: Total Eligible Cost $12 M divided by Total Original Cost $15 M = 80%

Parcel B: Total Eligible Cost $1 M divided by Total Original Cost $5 M = 20%

Parcel C: Total Eligible Cost $10 divided by Total Original Cost $12M = 83%%

Combined = Total Eligible Cost $23 M divided by Total Original Cost $32 M = 72%

Therefore, personal property on all three parcels would qualify for the exemption.

For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used* in *industrial processing* when the facility becomes operational.

Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP.

Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission, or distribution of electricity for sale are not eligible manufacturing personal property.

Assessors are responsible for the determination that personal property meets the definition in order to be exempt. Due to the number of variables involved in the definition to qualify for the exemption, the State Tax Commission or the Department of Treasury cannot provide a determination that any individual entity or “type” of business would qualify for the exemption.

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Claiming the Exemption, Review of Form 5278:

Taxpayers claim the exemption by filing Form 5278 *Eligible Manufacturing Personal Property Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)* with the local unit where the personal property is located no later than February 20th. The February 20th date will move to the next business day when February 20th falls on a weekend or a holiday. Form 5278 must be received by the local unit on or before February 20th and the STC has determined that postmarks are not acceptable.

Form 5278 contains three parts: Part 1, Form to Claim the Exemption, Part 2, Ad Valorem Personal Property Statement and Part 3, Report of Fair Market Value of Qualified New and Previously Existing Personal Property. Together these three parts form the Combined Document.

Assessors must review the combined document carefully and in particular should pay attention to the following:

Form 5278 Part 1:

- The form must be signed and dated.
- Taxpayer name must be provided.
- The personal property number must be correct and the information provided match the information contained in your records.
- The form must contain a nine digit FEIN number in the following format: XX-XXXXXXX.
- Was a separate Form 5278 filed out for each personal property parcel number? This is particularly important when there is an IFT or PA 328 exemption on the same real property parcel. Assessors should have established for 2016 a separate personal property parcel number for IFT Personal Property, PA 328 Personal Property and Ad Valorem Personal Property even if located on the same real property parcel. Failure to do so could result in incorrect calculation of the Ad Valorem Tax and/or ESA Tax that is due for that Personal Property.

If a form is filed without the FEIN, parcel number, if the taxpayer name is not provided or if the form was not signed and dated, then the form is not considered fully complete and should be denied. The STC strongly recommends that assessors contact taxpayers who have not fully completed Part 1 in an effort to obtain the missing information before issuance of a denial.

Please note that pursuant to statutory authority an electronic or facsimile signature may be used on Form 5278.

Form 5278 Part 2: This part of the Combined Document mirrors the personal property statement, however it contains reporting only for the non-exempt years. For example, in 2017 taxpayers will report EMPP placed in service in 2007 through 2012 in Part 2 of the

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Combined Document. As with the personal property statement, taxpayers must include any "other" forms that they would normally file with their personal property statement. These "other forms" include:

Form 633 Electric Distribution Cooperative Personal Property Statement
Form 3589 Cable Television and Utility Personal Property Report
Form 4565 Wind Energy System Report
Form 2698 Idle Equipment, Obsolete Equipment and Surplus Equipment Report
Form 4452 Cellular (Wireless) Site Equipment Personal Property Report
Form 4798 Automotive Manufacturing Equipment Personal Property Report

It is important to note that these forms should only include the non-exempt years. For example in 2017, taxpayers should only report on these additional forms, EMPP placed in service in 2007 through 2012. Assessors should ensure that EMPP reported on these additional forms includes only the non-exempt years and all other years are reported on Part 3 of the Combined Document.

There are a few minor differences between the personal property statement and Form 5278. For example, Sections C and H from the personal property statement are not included on Form 5278. This is because the years that were included in those sections are now all "exempt" years.

Exempt special tooling retains their specific exemption under MCL 211.9b and MCL 211.9d. As a reminder, there are very few tools that fall into the exempt special tools category. Tooling that was previously reported in Section H will either now be exempt and subject to ESA and reported in Part 3 (in 2017 this would include year's 2013, 2014, 2015 or 2016 and 2006 and prior) or be reported in Part 2 (in 2017 for years 2007 through 2012) in the corresponding table, we suggest using Table B.

Finally, construction in progress has been removed from Part 2 of the Form. In almost all cases, construction in progress would apply only to the immediately preceding year and two prior years. In the case of Form 5278, those years are all "exempt" years and are reported in Part 3 only.

As with Ad Valorem personal property statement filings, assessors should compare prior year(s) reporting to information reported on Form 5278 to ensure that the information filed appears accurate and complete. If the information filed on the Combined Document does not correspond with information previously filed, the assessor should contact the taxpayer to discuss the information filed to ensure the information filed on the Combined Document is accurate.

Form 5278 Part 3: This part of the Combined Document is the required Report of Fair Market Value of Qualified New and Previously Existing Personal Property. Taxpayers will begin by answering four questions regarding IFT's, PA 328 Exemptions, Renaissance Zones and MSF Resolutions.

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Finally, the taxpayers will report the Acquisition Cost of EMPP for the “exempt” years (in 2017 this will include 2013, 2014, 2015 and 2016 and 2006 and prior), with an exception related to extended IFT’s and PA 328 exemptions which will be covered in detail in a later section.

If a taxpayer includes an incorrect certificate number in any of these sections, assessors are asked to contact the taxpayer to correct the filing and ensure proper reporting and transmittal of information to the State of Michigan.

Some taxpayers may file Form 5278 when they have no property that is required to be reported on Part 3. This may be done in an effort to provide information to the assessor that this property qualifies for the exemption and will be subject to ESA at some future date. To that end, a checkbox has been included at the top of Part 3 for those taxpayers to indicate they have no current ESA liability for the personal property reported on the form.

Assessors are asked to review the following specific information in Part 3:

- IFT Certificate Number to ensure that is a valid certificate number, related to personal property within your local unit. Additionally, the format of the number must be verified to ensure it is in the correct format. IFT certificate numbers should follow the format of Year (4 digits) - Number (3 digits). Some certificate may end with a letter, but not all will contain the alpha character. Example Certificate Number: 2012-177.

  Assessors are also asked to verify the certificate begin and end date. As will be covered in a later section the ESA Tax is reduced for some specific IFT certificates. The determination of qualification for that reduction is based on the effective dates of the certificate. Taxpayers are being asked to attach a copy of their certificate to make verification of this information easier for assessors.

- PA 328 Certificate Number to ensure that is a valid certificate number, related to personal property within your local unit. Additionally, the format of the number must be verified to ensure it is in the correct format. PA 328 certificate numbers should follow the format of Number (3 digits) - Year (4 digits). Example Certificate Number: 159-2012.

  Assessors are also asked to verify the certificate begin and end date. Taxpayers are being asked to attach a copy of their certificate to make verification of this information easier for assessors.

- MSF Certificate for Alternative ESA to ensure that is a valid certificate number, related to personal property within your local unit. Additionally, the format of the number must be verified to ensure it is in the correct format. MSF Alternative ESA certificate numbers should following the format of Year (4 digits) – Number (3 digits). Example Certificate Number: 2016-001.

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Assessors should note that MSF Certificates for Alternative ESA will be issued beginning in 2016. The certificate is not effective for Alternative ESA until the year following the issuance. Therefore, in 2017 only those certificates issued in 2016 will qualify for Alternative ESA.

Assessors are also asked to verify the certificate begin and end date. Taxpayers are being asked to attach a copy of their certificate to make verification of this information easier for assessors.

- Assessors are asked to verify the Renaissance Zone name and Expiration Date to ensure that both are correct and that the information entered reflects a valid Renaissance Zone related to personal property within your local unit.

- Assessors should review the information regarding the acquisition cost and years placed in service, comparing this information to what has been previously filed by this taxpayer on their personal property statement. If the information filed on the Combined Document does not correspond with information previously filed, the assessor should contact the taxpayer to discuss the information filed to ensure the information filed on the Combined Document is accurate.

Transmitting Information to the State of Michigan:

Following review and verification, assessors are required to enter the information contained on Form 5278 into their computer assisted mass appraisal (CAMA) software. All information contained on the Form should be entered into the CAMA software, as submitted by the taxpayer or as amended after discussions with the taxpayer as referenced above.

Assessors should double check to ensure accuracy of data entered, specifically: FEIN, Parcel Number, Taxpayer Name, Certificate Numbers and Acquisition Cost.

Assessors are statutorily required to transmit the information contained in the Combined Document no later than April 1 each year.

Information will be provided to assessors annually on how the information contained in Form 5278 is to be transmitted to the State of Michigan. Information will also be provided annually to those assessing officers who do not use CAMA software on how to transmit Form 5278 to the State of Michigan.

Common Errors:

1. The parcel entered by the taxpayer in MTO or e-file does not match the parcel number submitted by CAMA software, requiring the taxpayer to reference previous personal property assessment notices or to contact the assessor. Taxpayers are

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unable to register for MTO if the number entered does not match exactly what was reported by the assessor in their CAMA software.

2. Taxpayer must enter the parcel number in the exact format utilized by and uploaded through the CAMA software. If the taxpayer reports dashes or spaces or differently that is entered in the CAMA software, the taxpayer will encounter difficulties when they try to register to view their statement in MTO.

3. Incorrect FEINs. FEINs are nine digits long in the format XX-XXXXXXX (entered into CAMA software <u>without</u> the dash). If a taxpayer submits Form 5278 with an FEIN that is longer or shorter, the assessor should contact the taxpayer to obtain the correct FEIN.

4. Skipping a line when entering acquisition cost. For example, entering 2014 values in 2015, 2013 in 2014, etc.

5. Changing values reported by the taxpayer in Part 3. While assessors should verify that the value entered in Part 3 correspond to prior year reporting, it is important that those values are not changed without notification to and discussion with the taxpayer. Taxpayers are able to update these values themselves when logging into MTO. If the assessor changes values without taxpayer notification and input, it may cause a problem with the taxpayer gaining access to their electronic statement.

6. Accepting incomplete 5278s. Missing fields sometimes affect Treasury's ability to generate a statement. For example, if there is no FEIN, the department cannot apply a parcel to a taxpayer's account.

7. Reporting values in the wrong *part* of Form 5278. Property placed in service in 9m/9n years (and any property subject to an extended IFT or P.A. 328) is reported in Part 3. Property placed in service during phase-in years is reported in Part 2.

8. Reporting values for the same year in *both parts* of Form 5278, unless that property is subject to an extended IFT. In effect, this will result in a taxpayer being taxed at both the local and state levels for the same property. Taxpayers with an extended IFT pay both the IFT Specific Tax and the ESA Specific Tax, therefore they are required to report values in both Parts 1 and 2 of the form.

9. Failing to submit the information from Form 5278 to the Department of Treasury or failing to timely submit the information from Form 5278 to the Department of Treasury. Filing Form 5278 is just part of the EMPP exemption, taxpayers have to pay ESA and in order to generate a statement the assessor must timely transmit the information to the Department of Treasury *as required by statute (MCL 211.9m(2)(f).*

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10. Incorrect certificate format. Assessors should verify that the certification number is valid, entered into the correction section (IFT in IFT and 328 in 328) and the correct format is used: IFT is YYYY-### and 328 is ###-YYYY.

Denials, Appeals, Amended Forms, Misplaced/Missed Forms, Late Filings and the 154 Process

The appeal and denial process for the exemption is detailed in MCL 211.9m:

> If the assessor of the township or city believes that personal property for which the form claiming an exemption is timely filed by February 20 each year is not qualified new personal property or the form filed was incomplete, the assessor may deny that claim for exemption by notifying the person that filed the form in writing of the reason for the denial and advising the person that the denial shall be appealed to the board of review under section 30 by filing a combined document as prescribed under subsection (2). If the denial is issued after the first meeting of the March board of review that follows the organizational meeting, the appeal of the denial is either to the March board of review or the Michigan tax tribunal by filing a petition and a completed combined document as prescribed under subsection (2), within 35 days of the denial notice. The assessor may deny a claim for exemption under this subsection for the current year only. If the assessor denies a claim for exemption, the assessor shall remove the exemption of that personal property and amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes.

Let's review in detail each component of the statutory requirement.

First, if an assessor believes that a property does not qualify for the exemption or if the form is filed incomplete, then the assessor may deny that claim for exemption. As discussed earlier, if a form is filed without the FEIN, taxpayer name, parcel number or if it was not signed and dated, then the form is not considered fully complete and should be denied. However, the STC strongly recommends that assessors communicate with taxpayers who have not fully completed Form 5278 in an effort to obtain the missing information before issuance of a denial.

Denials are issued for the current year only. Denials must be issued in writing and should be issued as soon as possible in order to afford the taxpayer all available rights of appeal.

If the written denial is issued prior to the first meeting of the March Board of Review that follows the organizational meeting, the taxpayer must appeal to the March Board of Review by filing a completed Combined Document (Form 5278).

If the written denial is issued by the assessor after the first meeting of the March Board of Review that follows the organizational meeting, then the taxpayer may appeal to the March Board or they may appeal directly to the Michigan Tax Tribunal. Taxpayers would

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appeal directly to the Michigan Tax Tribunal by filing a petition within 35 days of the issuance of a denial.

March Board of Review Authorities:

The March Board of Review has the authority to hear the denial of an exemption by the assessor. This would include denial due to the filing of an incomplete Form 5278. If the taxpayer presents a fully completed Form 5278 to the March Board of Review and the Board believes the property meets the exemption requirements, then the Board may grant the exemption. The March Board of Review also has the authority to review and accept an amended filing by the taxpayer as long as the taxpayer properly claimed the exemption by timely and completely filing Form 5278.

If the March Board of Review approves the exemption, the Board is statutorily required to remove the personal property from the assessment roll and the Board of Review shall file an affidavit with the proper officials involved in the assessment and collection of taxes and all affected official records shall be corrected.

Taxpayers appeal a denial by the March Board of Review directly to the Michigan Tax Tribunal.

July or December Board of Review Authorities:

The July and December Boards of Review **have no authority** over the exemptions in MCL 211.9m or MCL 211.9n.

If an assessor misplaces or misses a timely filed Form 5278, that **is not** considered a clerical error or mutual mistake and cannot be considered by the July or December Board of Review.

A taxpayer who filed Form 6[illegible]2 and later believes they qualify for the exemption cannot appeal to the July or December Board of Review. Failure to properly claim the exemption **is not** a qualified error under MCL 211.53b.

Amended Forms:

Assessors are encouraged to work with taxpayers regarding any missing information on Form 5278 and any concerns that the assessor may have regarding the accuracy of reported acquisition cost.

An assessor may accept an amended form from a taxpayer up until they turn their assessment roll over to the March Board of Review.

The March Board of Review also has the authority to review and accept an amended filing by the taxpayer as long as the taxpayer properly claimed the exemption by timely and completely filing Form 5278.

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Misplaced or Missing Forms:

We frequently are contacted by taxpayers who once they log into their electronic statement, find a parcel or parcels missing when they timely and completely filed Form 5278 with the proper local unit. When contacted, the assessor may determine that the Form was in fact timely filed and is misplaced or missing.

The assessor has no authority following submission of their assessment roll to the March Board of Review to grant the exemption. At the point that the taxpayer timely filed for the exemption and the assessor did not change their assessment roll to reflect that exemption, they are in fact denying the exemption and the taxpayer should appeal to the Michigan Tax Tribunal.

Late Filed Forms:

Taxpayers claim the exemption by filing Form 5278 *Combined Document* with the local unit where the personal property is located no later than February 20th. The February 20th date will move to the next business day when February 20th falls on a weekend or a holiday.

Form 5278 must be received by the local unit on or before February 20th and the STC has determined that postmarks are not acceptable. Nor is it acceptable to use the date the taxpayer signed the form.

Forms that are received after the due date should not be accepted. The assessor should date stamp the form and issue a written denial to the taxpayer indicating the statutory requirement to file no later than February 20th.

MCL 211.154 Petitions

The MCL 211.154 process can be used in a few limited instances to correct issues with Part 2 (Ad Valorem) Reporting from Form 5278.

The first situation is to correct an error in failing to extend an IFT Certificate. MCL 207.561a indicates in part:

> If a facility was subject to an industrial facilities exemption certificate on or after December 31, 2012, notwithstanding any other provision of this act to the contrary, that portion of the facility that is eligible manufacturing personal property shall remain subject to the industrial facilities tax and shall remain exempt from ad valorem property taxes as provided in section 8 until that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under section 9m, 9n, or 9o of the general property tax act.

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In accordance with this statutory change as indicated in Bulletin 8 of 2015, the assessor should have extended any IFT that was in effect on or after December 31, 2012 and would expire before the personal property on that IFT becomes exempt under MCL 211.9m or MCL 211.9n. For example: An IFT was approved effective December 31, 2007 with an expiration date of December 30, 2014. The personal property was placed in service in 2008. Because personal property placed in service in 2008 will not be exempt until 2019, the IFT will be extended from 2014 until 2019.

If an assessor failed to extend the certificate at the end of 2014, a MCL 211.154 petition can be filed in 2016 to remove the personal property from the Ad Valorem Roll and return it to the IFT Roll.

The second situation is when an assessor extended an IFT Certificate under the presumption that the taxpayer was going to claim the exemption, however the taxpayer does not file Form 5278 to claim the exemption.

Example: An IFT was approved effective December 31, 2007 with an expiration date of December 30, 2014. The personal property was placed in service in 2008. Because personal property placed in service in 2008 will not be exempt until 2019, the assessor extended the IFT from 2014 until 2019. In 2016 the taxpayer did not file Form 5278 to claim the exemption. At that point, the assessor is placed on notice that the IFT should not have been extended and should place the property on the Ad Valorem roll for the 2016 year. The assessor should also file a MCL 211.154 petition in 2016 to remove the property from the IFT Roll for the 2014 and 2015 years and return that property to the Ad Valorem Roll. **Please note**: the July and/or December Boards of Review would have no authority to make these changes to the 2014 or 2015 assessment rolls.

The third situation is when a change is made in Part 3 of the ESA statement that would affect the Ad Valorem reporting in Part 2 of the statement. Example: A taxpayer logs into MTO in 2017 and realizes they accidentally reported 2008 and 2009 personal property in Part 3 on the 2015 line. They make the change in MTO to reduce the 2015 line in Part 3. A letter is sent to the assessor indicating the taxpayer reduced their Part 3 filing and why. The assessor should immediately file a MCL 211.154 petition to return the 2008 and 2009 property to the Ad Valorem roll for the 2017 year. **Please note**: the July and/or December Boards of Review would no authority to make the change to the 2017 roll.

More information on the MCL 211.154 Petition process is available at www.michigan.gov/taxes.

Essential Services Assessment (ESA)

The Essential Services Assessment (ESA) is a state-specific tax on *eligible personal property* owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year. MCL 211.1055(2). Essentially, ESA is a specific tax replacement for the Ad Valorem personal property tax for exempt personal property.

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As indicated in the statutory definition, personal property subject to ESA is defined as *eligible personal property*. Eligible personal property means all of the following:

- Personal property exempt under MCL 211.9m or MCL 211.9n.

- Personal property exempt under MCL 211.9f (328 Exemption) approved after 2013, unless both of the following conditions are satisfied:

    1. The application for the 328 exemption under MCL 211.9f was filed before August 5, 2014, and

    2. The resolution approving the exemption states that the project is expected to have total new personal property of over $25 million within 5 years of the adoption of the resolution by the local assessing district or the Next Michigan Development Corporation.

- Personal property subject to an extended Industrial Facilities Exemption Certificate under MCL 207.561a (IFT Exemption).

- Personal property subject to an extended exemption under MCL 211.9f(8)(a) (328 Exemption).

The calculation of the ESA specific tax is relatively simple. MCL 211.1055 indicates:

1. Beginning January 1, 2016 the state essential services assessment is levied on all eligible personal property as provided in this section.

2. The assessment under this section is a state specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year and shall be calculated as follows:

    a. For eligible personal property acquired by the first owner in a year 1 to 5 years before the assessment year, multiply the acquisition cost of the eligible personal property by 2.4 mills.
    b. For eligible personal property acquired by the first owner in a year 6 to 10 years before the assessment year, multiply the acquisition cost of the eligible personal property by 1.25 mills.
    c. For eligible personal property acquired by the first owner in a year more than 10 years before the assessment year, multiply the acquisition cost of the eligible personal property by 0.9 mills.

The statute does contain some reductions in the ESA specific tax in certain circumstances:

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1. The acquisition cost reported is reduced for EMPP subject to **IFT Certificates** that were in effect before January 1, 2013. Specifically, this eligible personal property that is exempt under MCL 211.9m or MCL 211.9n and was previously subject to the IFT certificate, will pay the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires. More specific information will be provided on IFT certificates later in this Guide.

2. Personal Property located in a **Renaissance Zone** is 100% exempt (the acquisition cost is zero) from ESA until the three (3) years immediately preceding the expiration of the exemption of that personal property. During the last 3 years, the acquisition cost of the personal property in a Renaissance Zone is multiplied by the percentage reduction as outlined by MCL 125.2689:

    a. For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.
    b. For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.
    c. For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.

3. MCL 211.1071 provides that the Michigan Strategic Fund Board (MSF) may adopt a resolution to exempt from the assessment eligible personal property and either make the property subject to the **Alternative ESA** (P.A. 93 of 2014, as amended) or to exempt the property from both ESA and the Alternative ESA. Like ESA, the Alternative Essential Services Assessment is a state-specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year.

    An eligible claimant may be exempt from ESA and would instead qualify for the Alternative Essential Services Assessment if the board of the Michigan Strategic Fund adopts a resolution to exempt the eligible claimant from ESA and instead states the eligible personal property is subject to assessment under the Alternative Essential Services Assessment.

    The Alternative Essential Services Assessment is calculated by multiplying the acquisition cost of the eligible personal property by the following millage based upon the year the property was placed into service:
    - Multiply the acquisition cost by 1.2 mills if the property was placed into service 1 to 5 years before the assessment year
    - Multiply the acquisition cost by 0.625 mills if the property was placed into service 6 to 10 years before the assessment year
    - Multiply the acquisition cost by 0.45 mills if the property was placed into service more than 10 years before the assessment year

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An eligible claimant must present a business plan or demonstrate that a minimum of $25,000,000.00 will be invested in additional eligible personal property in this state during the duration of the written agreement.

Statute also requires that the MSF Board consider the following criteria when approving an exemption:

a. Out-of-state competition.
b. Net-positive return to this state.
c. Level of investment made by the eligible claimant.
d. Business diversification.
e. Reuse of existing facilities.
f. Near-term job creation or significant job retention as a result of the investment made in eligible personal property.
g. Strong links to Michigan suppliers.
h. Whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

4. The Department may provide guidelines for circumstances in which the actual acquisition price is not determinative of acquisition cost and the basis of determining acquisition cost in those circumstances.

   When the acquisition cost, year of acquisition by the first owner, or both are unknown, the Department may provide guidelines for estimating the acquisition cost and year of acquisition by the first owner. The Department may issue guidelines that allow for the reduction of acquisition cost for property that is idle, is obsolete or has material obsolescence, or is surplus.

   To date, the Department has not issued guidance in these areas.

5. Beginning with the 2017 assessment year, for property that is **construction in progress**, "acquisition cost" means 1/2 of the fair market value at the time *acquired by* the first owner, including the cost of freight, sales tax, and installation.

   In terms of reporting for ESA purposes, for property that is construction in progress, "acquired by" in the preceding definition, means the year the property is first reported on the Combined Document in Part 3.

ESA Due Dates:

An eligible claimant is required to make payment in full, by using MTO or Electronic Funds Transfer (EFT) credit, by August 15 without penalty. Payments **<u>cannot</u>** be mailed to the Department of Treasury.

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An eligible claimant who fails to submit a certified statement and pay ESA in full via MTO or e-file by August 15 shall be subject to late penalty, assessed by the Department, at a rate of 1% per week, up to a maximum of 5%, of the total amount due and unpaid.

For an eligible claimant's first assessment year, the penalty is waived by the Department if the statement is certified and full payment is submitted by September 15.

Eligible claimants who fail to submit a certified statement and pay ESA liability and late payment penalty in full by October 15 via MTO or e-file are subject to rescission of their eligible manufacturing personal property tax exemption. Should the eligible manufacturing personal property tax exemption be rescinded on property subject to an extended IFT or extended PA 328 exemption, the extended IFT or PA 328 exemption will be rescinded by the State Tax Commission.

ESA Electronic System to Certify and Pay:

Once an eligible claimant has properly claimed the eligible manufacturing personal property tax exemption by filing the Form 5278 with the local unit assessor no later than February 20th and the assessor has transmitted the information contained in Form 5278 to the Michigan Department of Treasury, the Department of Treasury will create an *Electronic ESA Statement (Statement)* from the information contained in Form 5278 and will make that *Statement* available through Michigan Treasury Online (MTO) not later than May 1.

Eligible claimants are statutorily required to submit a certified *Statement* either through MTO or through e-File (paper *Statements* are not available and paper *Returns* are not accepted). Prior to certifying the ESA Statement, a taxpayer may amend a return through MTO or e-File. Forms can only be amended up to and until September 15 of the tax year. Examples of amending returns include but are not limited to: adding a parcel, removing a parcel, changing the value reported from Part 3 of Form 5278 or correcting an incorrect certificate number.

Eligible claimants or their authorized preparer utilize MTO to view their *Statement*, view correspondence from Treasury, make changes to their *Statement*, certify their *Statement* and pay the ESA tax.

An eligible claimant is required to make payment in full, by using MTO or Electronic Funds Transfer (EFT) credit, by August 15 without penalty. Payments **cannot** be mailed to the Department of Treasury.

ESA Letters to Assessors:

The ESA System will automatically generate carbon copies (CC's) to assessors of letters sent to taxpayers when a taxpayer makes a change to any of their information in the system, when a parcel is removed from a taxpayer's filing or when a certification (IFT, PA

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328, MSF) or renaissance zone is removed because the certificate is not valid or has been entered incorrectly.

These letters are sent to ensure that assessors have all available information to guarantee proper ad valorem personal property taxation. Assessors have no authority nor do they have any responsibility to use the MTO system to make corrections to any item for taxpayers. Assessors are only required to ensure their personal property tax roll is correct. Please see the section on MCL 211.154 Petitions above.

Rescissions and Appeal Rights:

Assessors will also receive letters when a rescission is issued by the Department of Treasury

For any assessment year in which a taxpayer does not submit payment in full and any late payment penalty due by October 15, the Department of Treasury shall rescind, no later than the first Monday in December for the assessment year, any exemption described in section 9m or 9n of the general property tax act.

The Department will also ask the STC to revoke any exemption under section 9f of the general property tax act which was approved after 2013, any extended exemption for eligible personal property under section 9f(8)(a) and any exemption for eligible personal property subject to an extended industrial facilities exemption certificate.

After the Department rescinds the exemption, the taxpayer and assessor will be notified that the exemption has been rescinded. The taxpayer will be notified that they must file with the assessor of the Township or City within 30 days of the date of the rescission a personal property statement, for all property for which the exemption has been rescinded.

Assessors must ensure that they correct their assessment roll to return the personal property to the Ad Valorem roll. It is **<u>not necessary</u>** for an assessor to take this matter to any Board of Review, the determination of the Department is the necessary authority to correct the assessment roll.

Within 60 days of the date of the rescission, the treasurer of the local tax collecting unit shall issue amended tax bills for any taxes, including penalty and interest, that were not billed under the general property tax act and that are owed as a result of the order of rescission.

An eligible claimant may appeal a rescission by filing a petition with the MTT not later than December 31 in that tax year.

An eligible claimant may appeal a rescission, as a result of an audit by filing a petition with the MTT within 30 days of the date of that assessment's issuance.

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An eligible claimant may appeal an assessment levied or a penalty to the MTT by filing a petition not later than December 31 in that tax year.

An eligible claimant may appeal an assessment issued, including penalties or interest as a result of an audit conducted by filing a petition with the MTT within 30 days of the date of that assessment's issuance.

Key Things Assessors Need to Know About ESA:

- ESA is a specific tax replacement for Ad Valorem Personal Property Tax for Eligible Personal Property.
- The specific tax is calculated based upon the year of acquisition **by the first owner**.
- ESA is reduced under specific circumstances for: certain IFT property, property in renaissance zones, property subject to Alternative ESA by the MSF and for construction in progress (CIP).
- Most taxpayers will continue to pay Ad Valorem taxes and will also pay the ESA specific tax until the phase out is complete in 2023.
- ESA has specific statutory dates for taxpayers to certify their ESA statement and make payment using the on-line ESA system.
- Failure to meet the ESA due dates will result in rescission of the exemption and require the assessor to return the personal property to the Ad Valorem roll and for local unit Treasurers to bill the taxpayer for those Ad Valorem taxes.
- Appeal of rescissions or the ESA tax levied are to the MTT.
- Assessors will receive COPY of notification letters for changes made in the ESA system. These letters are to help assessors ensure proper Ad Valorem taxation.
- Assessors will also receive letters notifying them of rescissions made by the Department.

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Special Circumstances:

Assessors need to be aware of several special circumstances that may affect both the Ad Valorem and ESA filings for taxpayers.

1. **Renaissance Zones:** As indicated in P.A. 92, the acquisition cost for personal property exempt under the Michigan renaissance zone act is $0.00 except for the 3 years immediately preceding the expiration of the exemption of that personal property, 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.

Additionally, P.A. 92 indicates: For eligible personal property exempt under the Michigan Renaissance Zone Act, 1996 PA 376, MCL 125.2681 to 125.2696, an eligible claimant shall report the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, installation, and other capitalized costs, except capitalized interest.

Taxpayers were advised of the following for 2016 Renaissance Zone Eligible Manufacturing Personal Property (RZ EMPP) Reporting:

- 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 recommend they file Form 632, the personal property statement until the property becomes exempt under MCL 211.9m or MCL 211.9n. At that time, the taxpayer will file Form 5278.

- 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, taxpayers will file Form 5278.

- 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, taxpayers will file Form 5278.

- 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, taxpayers will file Form 5278.

- If all the RZ EMPP was first placed in service before 2006 or after 2012, taxpayers will file Form 5278.

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.

Taxpayers filing Form 5278 for RZ EMPP have been asked to 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.

2. **Leased Personal Property:** Leasing companies are not eligible to receive the EMPP exemption and may not use the Combined Document. However, MCL 211.9m does provide for lessees and lessors to make an election to allow the

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lessee to report the personal property under a lease agreement and pay the Ad Valorem and any ESA specific tax on that property. Specifically MCL 211.9m indicates:

With respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, all of the following apply:

> (i) If the personal property is eligible manufacturing personal property, the lessee and lessor may elect that the lessee report the leased personal property on the combined document.
>
> (ii) An election made by the lessee and the lessor under this subdivision shall be made in a form and manner approved by the department.
>
> (iii) Absent an election, the personal property shall be reported by the lessor on the personal property statement unless the exemption for eligible manufacturing personal property is claimed by the lessee on the combined document.

The Department has designed Form 5467 Election of Lessee Report of Eligible Manufacturing Personal Property, that will be filed with Form 5278 when the lessee and lessor elect for the lessee to report the personal property. This form will include all parcels statewide for which the election is being made for a specific lessee and lessor. That list will be attached to each Form 5278 filed where the election has been made. The form will also include the lease agreement expiration date so the assessor knows when the lease agreement ends.

The election will remain in place until rescinded by the lessee or lessor. The list of parcels/lease agreements will be updated annually and attached to Form 5278 for each election made.

3. **P.A. 328:** How P.A. 328 (MCL 211.9f) property is treated with the changes to the personal property tax can be confusing. MCL 211.9f(8) indicates:

Notwithstanding any other provision of this section to the contrary, if new personal property exempt under MCL 211.9f on or after December 31, 2012 is eligible manufacturing personal property, that eligible manufacturing personal property shall remain exempt under this section until the later of the following:

> (a) The date that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under this act under section 9m, 9n, or 9o.
>
> (b) The date that eligible manufacturing personal property is no longer exempt under the resolution adopted under subsection (1).

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Simply put: Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until whichever of the following is later:

a. The personal property is exempt under MCL 211.9m, 9n or 9o
b. The P.A. 328 exemption expires.

The definition of new personal property under P.A. 328 does not include EMPP for a resolution adopted after December 31, 2014.

Example 1: (Non-Extended P.A. 328)

A P.A. 328 exemption was approved in 2000 and effective for 2001 through 2030 (expires 12/30/30). The personal property is Eligible Manufacturing Personal Property (EMPP).

The exemption does not need to be extended because the exemption is valid until 2031.

The personal property will remain exempt under P.A. 328 until 2031 and will not be subject to the Essential Services Assessment (ESA) until 2031. The taxpayer is not required to file Form 5278 until 2031 when the property is no longer exempt under P.A. 328.

Example 2: (Extended P.A. 328)

A P.A. 328 exemption was effective 12/31/2012 and expires on 12/30/20. The personal property was placed in service in 2011, 2012, 2013 and 2014. The personal property is Eligible Manufacturing Personal Property (EMPP).

The law will extend the P.A. 328 exemption from Ad Valorem assessment through 2023. Property placed in service in 2012 will be considered eligible personal property in 2023 under MCL 211.1053(e)(i).

Beginning in 2021, the year following the original certificate expiration date, the property will pay the full Essential Services Assessment (ESA).

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022	TY 2023
2011	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA
2012	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA
2013	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA
2014	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA

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Example 3: (Extended P.A. 328 – Complex Example)

A P.A. 328 exemption was effective 12/31/2007 and expires 12/30/15. The personal property was placed in service in 2006, 2007, 2008 and 2009. The personal property is Eligible Manufacturing Personal Property (EMPP).

Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until the later of the following:

a. The personal property is exempt under MCL 211.9m, 9n or 9o
b. The P.A. 328 exemption expires.

The P.A. 328 exemption was in effect on or after December 31, 2012. Therefore, the exemption is extended until 2020, when the property placed in service in 2009 becomes exempt. The property shall remain exempt from Ad Valorem taxation under P.A. 328 until the personal property is exempt under MCL 211.9m, 9n or 9o.

This property will be subject to the full payment of the Essential Services Assessment (ESA) because MCL 211.1053 defines eligible personal property (which is property subject to pay the ESA) as both EMPP that is subject to an extended exemption under MCL 211.9f(8)(a) and EMPP exempt under MCL 211.9m or 9n..

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020
2006	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA
2007	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA
2008	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA
2009	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA

P.A. 328 Additional Information: The full ESA must be paid for all P.A. 328 exemptions approved in 2014 unless the application was filed before August 5, 2014 and the resolution approving the exemption projected costs to be at least $25 million. The taxpayer will fill out Form 5278 Part 3.

4. **IFT (P.A. 198 Exemptions):** How IFT (P.A. 198) property is treated with the changes to the personal property tax is one of the more complex and confusing parts of the statutory changes. Discussions regarding the treatment of IFT property begins with the taxpayer answering two questions:

   1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013?
   2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and therefore was extended under the provisions of MCL 207.561a?

DRAFT

Simply put, if the answer is yes to question 1, then property exempt under MCL 211.9m or MCL 211.9n will pay the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires.

If the answer is yes to question 2, the IFT certificate will be extended and not expire until all the property covered under that IFT certificate is exempt under MCL 211.9m and MCL 211.9n. Once the certificate expires, then the property will pay ESA on the full Acquisition Cost.

How does an assessor or taxpayer determine if an IFT certificate can or should be extended? That can be answered by asking a few simple questions:

1. Was the IFT certificate in effect **on or after December 31, 2012**?

   If yes, then the IFT certificate can be extended.
   If no, the personal property should have been returned to the Ad Valorem roll upon expiration of the IFT certificate (see MCL 211.154 Petitions section above. Depending on the year first placed in service, the property is reported in Part 2 (non-exempt) and Part 3 (exempt) of Form 5278.

2. Is the end date of the IFT certificate before or after the personal property is exempt under MCL 211.9m or MCL 211.9n? (See personal property phase out chart.)

   If the end date of the IFT certificate is before the personal property is exempt under MCL 211.9m or MCL 211.9n, then the IFT certificate is extended until the personal property is exempt under MCL 211.9m or MCL 211.9n.

   If the end date of the IFT certificate is after the personal property is exempt under MCL 211.9m or MCL 211.9n, then the IFT certificate is not extended.

Example 1: (Extended IFT)

A six year IFT Certificate was approved in 2007 and in effect for 2008 through 2013 (expires 12/30/13). The personal property under this certificate was placed in service in 2007 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2007 will become exempt under MCL 211.9n in 2018. We will begin with two simple questions:

1. Is the property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is the property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **Yes**

DRAFT

Because the answer to question 2 was Yes, the IFT Certificate now has an extended term of 2014, 2015, 2016 and 2017 under the provisions of MCL 207.561a.

During the extended term, the property remains subject to the IFT tax and will be reported in the appropriate table in Part 2 of the Form, but beginning in 2016 will also be subject to the ESA Specific Tax and will also have to be reported in Part 3 of the Form.

However, because the answer to question 1 was Yes, in 2016 and also in 2017, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner (MCL 211.1053a). Note: The Fair Market Value at the time of acquisition by the first owner should be reported at 100% on Form 5278; the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) will be calculated on the statement subsequently filed with the Department of Treasury, not on Form 5278.

Since the property becomes exempt under MCL 211.9n in 2018 the property is now subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018
2007	EXT - IFT + 50% ESA	EXT - IFT + 50% ESA	Full ESA

Example 2: (Non Extended IFT)

A twelve year IFT Certificate was approved in 2009 and in effect for 2010 through 2021 (expires 12/30/21). The personal property was placed in service in 2009 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2009 will become exempt under MCL 211.9n in 2020.

Going back to our two simple questions:

1. Is the property subject to an IFT Certificate that was in effect before January 1, 2013? Yes

2. Is the property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

The answer to question 2 is No, because the personal property covered under the IFT Certificate will become exempt under MCL 211.9n <u>before</u> the certificate was scheduled to expire. For 2016 through 2019 the personal property will be subject to the IFT Specific Tax and will be reported on Form 5278 Part 2 only and will not pay ESA Specific Tax.

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However, because the answer to question 1 was Yes, the taxpayer will report the property on Part 3 starting in 2020. In 2020 and in 2021 the personal property is subject to the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner. **Note: In this case the assessor must retain the IFT parcel number until 2022 and not move the property to the Ad Valorem parcel for purposes of ESA reporting.**

Since the property is exempt under MCL 211.9m and 9n and the IFT Certificate that would have been in effect for the parcel has expired, in 2022 the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022
2009	IFT	IFT	IFT	IFT	1/2 ESA	1/2 ESA	Full ESA

Example 3: (New IFT)

A six year IFT Certificate was approved in 2013 and in effect for 2014 through 2019 (expires 12/30/19). The personal property was placed in service in 2013 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2013 will become exempt under MCL 211.9m in 2016. Going back to our two simple questions:

1. Is the property subject to an IFT Certificate that was in effect before January 1, 2013? **No**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

Because in 2016, EMPP first placed in service after 2012 is exempt, the IFT Certificate expires and the personal property is reported on Form 5278 Part 3.

Because the answer to question 1 was No, the personal property is subject to the ESA Specific Tax at the full Acquisition Cost.

Example 4: (Extended IFT – A Complex Example)

An IFT Certificate was approved in 2005 and in effect for 2006 through 2017 (expires 12/30/17). The personal property was placed in service in 2005, 2006, 2007, 2008 and 2009 and is Eligible Manufacturing Personal Property (EMPP). We will begin with our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**

DRAFT

2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **Yes**

Because the answer to question 2 was Yes, the IFT Certificate has an extended term of 2017, 2018 and 2019 under the provisions of MCL 207.561a. The taxpayer will check Box 1 as yes on Part 3 of Form 5278. Because this is a complex example, we will go through the reporting year by year:
In 2016, the taxpayer will report the property placed in service in 2005 on Part 3 Section 2 of the form. Because the answer to question 1 was yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2006, 2007, 2008 and 2009 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2017, the taxpayer will report the property placed in service in 2005 and 2006 on Part 3 of the form. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2007, 2008 and 2009 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2018, the taxpayer will report the property placed in service in 2005, 2006, 2007, 2008 and 2009 on Part 3 of the form. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will also report the property placed in service in 2008 and 2009 in Part 2 of Form 5278 and this property will also be subject to the IFT Specific Tax.

In 2019, the taxpayer will report the property placed in service in 2005, 2006, 2007, 2008 and 2009 on Part 3 of the form. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will also report the property placed in service in 2009 in Part 2 of Form 5278 and this property will also be subject to the IFT Specific Tax.

Beginning in 2020 all the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

The table below graphically shows the year by year reporting.

DRAFT

IFT Certificate Effective 12-31-05 and Expires on 12-30-17 IFT					
Year Placed in Service	**2016**	**2017**	**2018**	**2019**	**2020**
2005	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2006	IFT Specific Tax	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2007	IFT Specific Tax	IFT Specific Tax	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2008	IFT Specific Tax	IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA at ½ FMV	ESA At Full Cost
2009	IFT Specific Tax	IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA At Full Cost

Contact Information:

ESA:

Email: ESAQuestions@michigan.gov
Phone: 517-241-0310
Web: www.michigan.gov/esa

State Tax Commission

Email: Statetaxcommission@michigan.gov
Phone: 517-335-3429

Local Unit Reimbursement Questions:

Email: TreasORTAPPT@michigan.gov
Phone: 517-373-2697

DRAFT

Appendix:

I. **Sample Assessor Letters**

II. **Sample ESA System Letters**

III. **ESA Topics**

IV. **ESA Frequently Asked Questions**

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Sample Assessor Letters

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Sample Letter: Incomplete Form 5278

February 2, 2017

John Doe Manufacturing
123 Main St.
Anytown, MI 12345

RE: Eligible Manufacturing Personal Property Tax Exemption Claim
PARCEL ID: 01-02-003-004-05
TAX YEAR: 2017
PROPERTY ADDRESS: 123 Main St.

Dear Property Owner:

We have received Form 5278 Eligible Manufacturing Personal Property Tax Exemption Claim for the property described above. Your submitted Form was incomplete and cannot be accepted. The following items were missing from your submission:

- FEIN
- Parcel Number
- Taxpayer Name
- Signature
- Date

You can resubmit Form 5278 with **all** required information. Form 5278 must be received by the local assessing unit by February 20, 2017 (or the next business day when February 20 falls on a weekend or a holiday).

The 2017 March Board of Review has the authority to review and accept an amended filing as long as the Eligible Manufacturing Personal Property Tax Exemption was properly claimed by filing a complete Form 5278 by the filing deadline.

Failure to timely claim the Eligible Manufacturing Personal Property Tax Exemption is not a qualified error and cannot be appealed to either the July or December Boards of Review.

Additional information on the Eligible Manufacturing Personal Property Tax Exemption is available on the Department of Treasury's website at www.michigan.gov/esa.

Sincerely,

Jane Smith
Jane Smith, Assessor
Anytown Township

DRAFT

Sample Letter: Form 5278 filed after deadline
Letter issued <u>after</u> first meeting of the March Board of Review

March 15, 2017

John Doe Manufacturing
123 Main St.
Anytown, MI 12345

RE: Eligible Manufacturing Personal Property Tax Exemption Claim
PARCEL ID: 01-02-003-004-05
TAX YEAR: 2017
PROPERTY ADDRESS: 123 Main St.

Dear Property Owner:

We have received Form 5278 Eligible Manufacturing Personal Property Tax Exemption Claim for the property described above. **A properly completed Form 5278 was required to be received by the local assessing unit no later than February 20, 2017** (or the next business day when February 20 falls on a weekend or a holiday). Since you failed to properly file and claim the Eligible Manufacturing Personal Property Tax Exemption by this deadline, your Form 5278 is not accepted.

Further appeal of this action may be made to the 2017 March Board of Review by submitting a completed Form 5278 **or** you may appeal directly to the Michigan Tax Tribunal by filing a written petition and completed Form 5278 within 35 days of the date of this notice. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

Failure to timely claim the Eligible Manufacturing Personal Property Tax Exemption is not a qualified error and cannot be appealed to either the July or December Boards of Review.

Additional information on the Eligible Manufacturing Personal Property Tax Exemption is available on the Department of Treasury's website at www.michigan.gov/esa.

Sincerely,

Jane Smith
Jane Smith, Assessor
Anytown Township

DRAFT

Sample Letter: Form 5278 filed after deadline
Letter issued <u>prior to</u> first meeting of the March Board of Review

February 26, 2017

John Doe Manufacturing
123 Main St.
Anytown, MI 12345

RE: Eligible Manufacturing Personal Property Tax Exemption Claim
PARCEL ID: 01-02-003-004-05
TAX YEAR: 2017
PROPERTY ADDRESS: 123 Main St.

Dear Property Owner:

We have received Form 5278 Eligible Manufacturing Personal Property Tax Exemption Claim for the property described above. **A properly completed Form 5278 was required to be received by the local assessing unit no later than February 20, 2017** (or the next business day when February 20 falls on a weekend or a holiday). Since you failed to properly file and claim the Eligible Manufacturing Personal Property Tax Exemption by this deadline, your Form 5278 is not accepted.

Further appeal of this action may be made to the 2017 March Board of Review by submitting a completed Form 5278 directly to the Board.

Failure to timely claim the Eligible Manufacturing Personal Property Tax Exemption is not a qualified error and cannot be appealed to either the July or December Boards of Review.

Additional information on the Eligible Manufacturing Personal Property Tax Exemption is available on the Department of Treasury's website at www.michigan.gov/esa.

Sincerely,

Jane Smith
Jane Smith, Assessor
Anytown Township

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SAMPLE FORM

Parcel No.

2016

Assessor Denial of Request for Exemption as Eligible Manufacturing Personal Property Defined in MCL 211.9m and MCL 211.9n

Issued under the authority of the General Property Tax Act, Public Act 206 of 1893, and the Essential Services Assessment Act, Public Act 92 of 2014, as amended.

Beginning December 31, 2015 (for the 2016 assessment year), qualified new personal property (MCL 211.9m) and qualified previously existing personal property (MCL 211.9n) that meets the definition of Eligible Manufacturing Personal Property (EMPP) and is located on occupied real property is exempt from taxation. To claim this exemption, a fully completed Form 5278 must be received by the Assessor of the local unit of government where the qualified personal property is located no later than February 22, 2016.

For the 2016 year only, Public Act 108 of 2016 extended the filing deadline. To claim the exemption after the original February 22, 2016 deadline, a fully completed Form 5278 must be received by the assessor of the local unit where the qualified personal property is located no later than May 31, 2016.

Part 1: Taxpayer Information

Provide the information for the taxpayer who filed Form 5278 claiming the EMPP exemption.

Taxpayer Name	Name of Company Owner
Name of Contact Person	Phone Number
Street Number	City, State, ZIP Code
FEIN Number	Year the Original Affidavit for Exemption was Filed with Local Unit
Name of Person in Charge of Records	

Part 2: Local Unit of Government Information

Provide the local unit of government information where the personal property being claimed as EMPP is located.

Name of Local Unit of Government where the Personal Property is Located			
City	Township	Village	County
Street Name	City	State	Zip Code
List the Physical Address Where Personal Property is Located within the City or Township (attach additional pages as necessary)			

Part 3: Assessor Denial of Eligible Manufacturing Personal Property Exemption

The Assessor should deny an exemption for EMPP or personal property that is determined not to meet the eligibility requirements of MCL 211.9m and MCL 211.9n or if the filing is incomplete. When issuing a denial, the assessor must notify the taxpayer of the denial and their right to appeal. The assessor may deny a claim for exemption for the current year only. An assessor who denies an exemption should request that the taxpayer file Form 632, *Personal Property Statement*. In the absence of a completed Form 632, assessors are advised to use the best information available in order to estimate the assessment.

1. I certify that I am the assessor of record with the State Tax Commission for the local unit of government identified in Part 1 of this form.
2. I certify that Form 5278 was received by the taxpayer identified in Part 2 of this form no later than May 31, 2016.
3. I certify that based on my review, the qualified new personal property and/or the qualified existing personal property claimed on Form 5278 does not meet the definition of Eligible Manufacturing Personal Property as defined by MCL 211.9m and/or MCL 211.9n, therefore **the Eligible Manufacturing Personal Property exemption is denied**.

Printed Name	Signature	Date

Notification of Taxpayers Right of Appeal

A taxpayer who timely filed Form 5278 by May 31, 2016 and whose claim for exemption was denied by the assessor as unqualified or incomplete, may appeal the assessor's denial of the Eligible Manufacturing Personal Property exemption to the Michigan Tax Tribunal within 35 days of the date of this denial. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

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Sample ESA System Letters

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ESA – Notice of Account Status

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

RASPBERRY SOUR
7285 PARSONS DR
DIMONDALE, MI 48821-5004

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 02-XXXXXXX

The following is a status notice of the Essential Services Assessment (ESA) account for the above referenced taxpayer and requires action on the part of the taxpayer.

An eligible claimant is required to file a certified statement and full payment, including late payment penalty, not later than October 15th. Our records indicate that a statement with full payment has not been received for the above-referenced taxpayer. Late payment penalty will be applicable due to failure to pay in full by August 15th. The late payment penalty accrues at a rate of 1% per week, for up to 5 weeks. Please submit your statement and full payment, including penalty, through electronic filing or Michigan Treasury Online (MTO). If a statement and full payment, including penalty, are not received by October 15th, the Department will rescind the Eligible Manufacturing Personal Property (EMPP) exemption.

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PARCELS DETAILS:

Parcel ID	County	Local Unit	Site Address
03-1200-0808-20091	ALLEGAN	SAUGATUCK TOWNSHIP	3446 HOLLAND
05-1140-0808-20091	ANTRIM	TORCH LAKE TOWNSHIP	2659 N WEST TORCH LAKE DR
11-2080-0808-20091	BERRIEN	CITY OF WATERVLIET	384 FIRST ST
17-2010-0808-20091	CHIPPEWA	CITY OF SAULT STE MARIE	107 E PORTAGE AVE
32-3060-0808-20091	HURON	PORT AUSTIN TOWNSHIP	8603 BRIDGE ST
45-1060-0808-20091	LEELANAU	GLEN ARBOR TOWNSHIP	4483 W GLEN EDEN DR
45-2010-0808-20091	LEELANAU	CITY OF TRAVERSE CITY	10685 OLD MORGAN TRL
49-1110-0808-20091	MACKINAC	CITY OF ST IGNACE	1071 MACKINAC ST

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BP Number: 77856

Parcel ID	County	Local Unit	Site Address
61-2020-0808-20091	MUSKEGON	CITY OF MUSKEGON	1188 MICHIGAN AVE
64-3030-0808-20091	OCEANA	PENTWATER TOWNSHIP	300 E OLD STATE RD
70-3010-0808-20091	OTTAWA	SPRING LAKE TOWNSHIP	14591 STATED RD

As required by P.A. 92 of 2014, as amended, for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the Department shall issue an order to rescind, no later than the first Monday in December of the assessment year any exemption described in MCL 211.9m or MCL 211.9n.

Additionally, P.A. 92 of 2014, as amended, requires that for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the State Tax Commission shall issue an order to rescind, no later than the first Monday in December of the assessment year:

Any exemption under MCL 211.9f,

Any extended industrial facilities exemption certificate under section 11a of 1974 PA198, MCL 207.561a, or

Any extended exemption for eligible personal property under MCL 211.9f(8)(a).

The eligible claimant shall file with the assessor of the township or city within 35 days of the date of the Department's rescission, a statement under MCL 211.19 for all property for which the exemption has been rescinded. Within 60 days of rescission by the Department, the treasurer of the local tax collecting unit shall issue amended tax bills of any taxes, including penalty and interest, that were not billed under the General Property Tax Act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974 PA 198, MCL 207.551 to 207.572, and that are owed as a result of the rescission.

If a certified statement and full payment, including late payment penalty, are not received by October 15th, the taxpayer's EMPP exemption will be rescinded by the Department. Please visit www.michigan.gov/esa for information on approved electronic filing and payment methods.

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BP Number: 77856

ESA – Notice of Account Status

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

PAUL BEARER
555 N NASH ST
EL SEGUNDO, CA 90245-2818

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 09-XXXXXXX

The following is a status notice of the Essential Services Assessment (ESA) account for the above referenced taxpayer and requires action on the part of the taxpayer.

An eligible claimant is required to file a certified statement and full payment, including late payment penalty, not later than October 15th. Our records indicate that a statement with full payment has not been received for the above-referenced taxpayer. Late payment penalty will be applicable due to failure to pay in full by August 15th. The late payment penalty accrues at a rate of 1% per week, for up to 5 weeks. Please submit your statement and full payment, including penalty, through electronic filing or Michigan Treasury Online (MTO). If a statement and full payment, including penalty, are not received by October 15th, the Department will rescind the Eligible Manufacturing Personal Property (EMPP) exemption.

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TAX LIABILITY:

Tax Due	$ 9,658.00
Total Liability Due	**$ 9,658.00**

PARCELS DETAILS:

Parcel ID	County	Local Unit	Site Address	Tax Due
16121640	DELTA	CITY OF ESCANABA	119 S 5TH STREET	$ 5,734.00
16121639	DELTA	CITY OF ESCANABA	119 S 5TH STREET	$ 600.00
16121638	DELTA	CITY OF ESCANABA	119 S 5TH STREET	$ 1,920.00
16121637	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 0.00
16121636	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 0.00
16121635	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 0.00

For Office Use Only

BP Number: 20559

Parcel ID	County	Local Unit	Site Address	Tax Due
16121633	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 107.00
16121632	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 172.00
16121631	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 0.00
16121630	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 0.00
16121627	EATON	CITY OF LANSING	8226 MILLETT HIGHWAY	$ 624.00
16121626	INGHAM	CITY OF LANSING	244 E MOUNT HOPE AVENUE	$ 240.00
16121628	WAYNE	CITY OF ALLEN PARK	110 REPUBLIC DRIVE	$ 56.00
16121629	WAYNE	CITY OF DEARBORN	17745 ROTUNDA DRIVE	$ 81.00
16121634	EATON	DELTA TOWNSHIP	7460 MILLET HIGHWAY	$ 124.00

DRAFT

As required by P.A. 92 of 2014, as amended, for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the Department shall rescind, no later than the first Monday in December of the assessment year any exemption described in MCL 211.9m or MCL 211.9n.

Additionally, P.A. 92 of 2014, as amended, requires that for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the State Tax Commission shall issue an order to rescind, no later than the first Monday in December of the assessment year:

Any exemption under MCL 211.9f,

Any extended industrial facilities exemption certificate under section 11a of 1974 PA198, MCL 207.561a, or

Any extended exemption for eligible personal property under MCL 211.9f(8)(a).

The eligible claimant shall file with the assessor of the township or city within 35 days of the date of the Department's rescission, a statement under MCL 211.19 for all property for which the exemption has been rescinded. Within 60 days of rescission by the Department, the treasurer of the local tax collecting unit shall issue amended tax bills of any taxes, including penalty and interest, that were not billed under the General Property Tax Act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974 PA 198, MCL 207.551 to 207.572 and that are owed as a result of the order of rescission.

If a certified statement and full payment, including late payment penalty, are not received by October 15th, the taxpayer's EMPP exemption will be rescinded by the Department. Please visit www.michigan.gov/esa for information on approved electronic filing and payment methods.

For Office Use Only

BP Number: 20559

ESA – Notice of Account Status

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

SILVER MACHINES
5718 FORTUNA RD NW
ALBUQUERQUE, NM 87105-1372

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 40-XXXXXXX

The following is a status notice of the Essential Services Assessment (ESA) account for the above referenced taxpayer and requires action on the part of the taxpayer.

An eligible claimant is required to file a certified statement and full payment, including late payment penalty, not later than October 15th. Our records indicate that a statement with full payment has not been received for the above-referenced taxpayer. Late payment penalty will be applicable due to failure to pay in full by August 15th. The late payment penalty accrues at a rate of 1% per week, for up to 5 weeks. Please submit your statement and full payment, including penalty, through electronic filing or Michigan Treasury Online (MTO). If a statement and full payment, including penalty, are not received by October 15th, the Department will rescind the Eligible Manufacturing Personal Property (EMPP) exemption.

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PAYMENT(S):

May 1, 2016 $ 1,441.00

PARCELS DETAILS:

Parcel ID	County	Local Unit	Site Address
300200006	GOGEBIC	IRONWOOD TOWNSHIP	126 W. AURORA STREET
300200005	KENT	CITY OF GRAND RAPIDS	3921 KALAMAZOO AVENUE SE
300200004	WAYNE	CITY OF DETROIT	8002 QUINN STREET

For Office Use Only

BP Number: 77871

As required by P.A. 92 of 2014, as amended, for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the Department shall issue an order to rescind, no later than the first Monday in December of the assessment year any exemption described in MCL 211.9m or MCL 211.9n.

Additionally, P.A. 92 of 2014, as amended, requires that for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the State Tax Commission shall issue an order to rescind, no later than the first Monday in December of the assessment year;

Any exemption under MCL 211.9f,

Any extended industrial facilities exemption certificate under section 11a of 1974 PA198, MCL 207.561a, or

Any extended exemption for eligible personal property under MCL 211.9f(8)(a).

The eligible claimant shall file with the assessor of the township or city within 35 days of the date of the Department's rescission, a statement under MCL 211.19 for all property for which the exemption has been rescinded. Within 60 days of an order of rescission by the Department, the treasurer of the local tax collecting unit shall issue amended tax bills of any taxes, including penalty and interest, that were not billed under the General Property Tax Act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974 PA 198, MCL 207.551 to 207.572 and that are owed as a result of the order of rescission.

If a certified statement and full payment, including late payment penalty, are not received by October 15th, the taxpayer's EMPP exemption will be rescinded by the Department. Please visit www.michigan.gov/esa for information on approved electronic filing and payment methods.

DRAFT

For Office Use Only

BP Number: 77871

ESA – Notice of Account Status

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

HORNETS
615 GRISWOLD ST
DETROIT, MI 48226-3900

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 42-XXXXXXX

The following is a status notice of the Essential Services Assessment (ESA) account for the above referenced taxpayer and requires action on the part of the taxpayer.

The Department of Treasury is required under MCL 211.1057(4) to issue a notice to the eligible claimant if the claimant has not submitted a certified statement and full payment by August 15th. Our records indicate full payment including late payment penalty has not been received to date. Late payment penalty will be applicable due to failure to pay in full by August 15th. Penalty accrues at a rate of 1% per week, for up to 4 weeks. Please submit your payment no later than October 15th. If a statement and full payment, including penalty, are not received by October 15th, the Department will rescind the Eligible Manufacturing Personal Property (EMPP) exemption.

DRAFT

TAX LIABILITY:

Late Penalty	$ 72.00
Tax Due	$ 7,200.00
Total Liability Due	**$ 7,272.00**

PARCELS DETAILS:

Parcel ID	County	Local Unit	Site Address	Tax Due
987654321072001	WEXFORD	ANTIOCH TOWNSHIP	4490 N. 19 RD	$ 7,200.00

For Office Use Only

BP Number: 77876

As required by P.A. 92 of 2014, as amended, for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the Department shall issue an order to rescind, no later than the first Monday in December of the assessment year any exemption described in MCL 211.9m or MCL 211.9n.

As required by P.A. 92 of 2014, as amended, for any assessment year in which an eligible claimant does not submit a certified statement and full payment, including any late payment penalty, by October 15th, the State Tax Commission shall issue an order to rescind, no later than the first Monday in December of the assessment year;

Any exemption under MCL 211.9f,

Any exemption for eligible personal property subject to an extended industrial facilities exemption certificate under section 11a of 1974 PA198, MCL 207.561a, or

Any extended exemption for eligible personal property under MCL 211.9f(8)(a).

The eligible claimant shall file with the assessor of the township or city within 35 days of the date of the Department's rescission, a statement under MCL 211.19 for all property for which the exemption has been rescinded. Within 60 days of rescission by the Department, the treasurer of the local tax collecting unit shall issue amended tax bills of any taxes, including penalty and interest, that were not billed under the General Property Tax Act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974 PA 198, MCL 207.551 to 207.572 and that are owed as a result of the rescission.

If a certified statement and full payment, including late payment penalty, are not received by October 15th, the taxpayer's EMPP exemption will be rescinded by the Department. Please visit www.michigan.gov/esa for information on approved electronic filing and payment methods.

DRAFT

For Office Use Only

BP Number: 77876

ESA – Notice of Incorrect Certificate Filing

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

ASSESSOR, CITY OF LANSING
INGHAM COUNTY
124 W MICHIGAN AVE
FL 3
LANSING, MI 48933-1674

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 02-XXXXXXX

DRAFT

The purpose of this letter is to notify you that the Department has changed the information reported in Part 3 of Form 5278 for FEIN 02-0006092 when creating your electronic ESA Statement that will be available for filing and certification after May 1st.

Based on Department records and the ESA reporting requirements, changes reported in this notice were made to your electronic statement due to one or more of the following reasons:

1. The certificate (IFT, 328, or Michigan Strategic Fund) number provided is not valid.
2. The Renaissance Zone claimed is not valid.
3. ESA Reduction claimed does not qualify based on the certificate's effective date.
4. On Form 5278, Part 3: Essential Services Assessment Statement (ESA), Fair Market Value was incorrectly reported in ether Part 3, Section 1 or Part 3, Section 2.

As a result of these changes, the electronic ESA statement created will not reflect the invalid information reported on the taxpayer's Form 5278. Taxpayers may correct this information when they certify and file their electronic ESA statement through electronic filing or Michigan Treasury Online (MTO).

Parcel ID : 100222555121
County : INGHAM
Site Address :
Local Unit : CITY OF LANSING

Description	As Filed	Explanation
16a. MSF Certificate Number	2014-802	Certificate number is not valid.

Parcel ID : 200100555121
County : INGHAM
Site Address :
Local Unit : CITY OF LANSING

Description	As Filed	Explanation
14a. PA 328 Certificate Number	99-20	Certificate number is not valid.
15a. IFT Certificate Number	2002-11	Certificate number is not valid.
16a. MSF Certificate Number	2014-803	Certificate number is not valid.

For Office Use Only

BP Number: 77887

Parcel ID : 222111555121
County : INGHAM
Site Address :
Local Unit : CITY OF LANSING

Description	As Filed	Explanation
15a. IFT Certificate Number	2002-10	Certificate number is not valid.
16a. MSF Certificate Number	2014-800	Certificate number is not valid.

Parcel ID : 551225211121
County : INGHAM
Site Address :
Local Unit : CITY OF LANSING

Description	As Filed	Explanation
16a. MSF Certificate Number	2014-801	Certificate number is not valid.

Parcel ID : 555100888121
County : INGHAM
Site Address :
Local Unit : CITY OF LANSING

Description	As Filed	Explanation
15a. IFT Certificate Number	2001-13	Certificate number is not valid.

Parcel ID : 555111222121
County : INGHAM
Site Address :
Local Unit : CITY OF LANSING

Description	As Filed	Explanation
17A. 2015- Fair Market Value	$100000020.00	Year claimed does not qualify based on the certificate's effective dates OR Fair Market Value was reported in the wrong section of Form 5278, Part 3.

Any correspondence should be directed to the address at the top of this letter. Please include a copy of this letter with your response in order to timely direct it to the proper area. Additional information regarding ESA and logging into MTO is available at www.michigan.gov/ESA.

cc: Local Unit Assessor

DRAFT

For Office Use Only

BP Number: 77887

ESA – Notice of Intent to Rescind

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

PICCOLO
4479 PARADE DR
SUITE 3
JACKSON, MI 49201

Notice Date: October 25, 2016
Tax Year: 2016
FEIN 10-XXXXXXX

This notice of intent to rescind the Eligible Manufacturing Personal Property (EMPP) exemption is issued under the authority of P.A. 92 of 2014, as amended. The Department of Treasury intends to rescind the EMPP exemption(s) for the following parcel(s) by the first Monday in December.

Parcel ID	County	Local Unit	Liability	Payment Applied	Recomm for Rescind	Unpaid Amount
33-000-111	JACKSON	CITY OF JACKSON	$120.00	$120.00		$0.00
33-222-111	JACKSON	VILLAGE OF BROOKLYN	$120.00	$0.00	X	$120.00
PENALTY			$6.00	$6.00		$0.00
Summary			$246.00	$126.00		$120.00

DRAFT

If you disagree with the information provided, submit documentation of ESA payment(s) made in full within 14 days of the date of this Notice of Intent to Rescind. Address all correspondance to the address at the top of this page along with a copy of this notice.

Eligible claimants who fail to submit a certified statement and pay ESA (including late payment penalty), in full, by October 15th through Michigan Treasury Online or e-file, shall be subject to rescission of their EMPP tax exemption by the Department no later than the first Monday in December.

An eligible claimant may appeal an assessment levied, a penalty or a rescission by filing a petition with the Michigan Tax Tribunal (MTT) no later than December 31 of the tax year. Information regarding the MTT appeal process may be available by contacting the MTT. The MTT website is available at www.michigan.gov/taxtrib.

For Office Use Only

BP Number: 6837

Additionally, eligible claimants who fail to submit a certified statement and pay ESA (including late payment penalty), in full, by October 15th on property subject to an extended IFT or P.A. 328 exemption shall have the IFT or P.A. 328 exemption rescinded by the State Tax Commission no later than the first Monday in December.

All future orders/correspondence regarding the rescission of any extended IFT or P.A. 328 exemption will be issued by the STC.

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this notice.

DRAFT

For Office Use Only

BP Number: 6837

ESA – Statement / Payment Reminder

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

RASPBERRY SOUR
7285 PARSONS DR
DIMONDALE, MI 48821-5004

Notice Date:	August 8, 2016
Tax Year:	2016
FEIN:	02-XXXXXXX

Our records indicate that you filed Form(s) 5278 with your local tax collecting unit, claiming the Eligible Manufacturing Personal Property (EMPP) exemption on one or more parcels. Upon approval by the assessor, the information you entered was transmitted to the Department of Treasury and utilized to generate an Essential Services Assessment (ESA) statement, now available to you on Michigan Treasury Online (MTO). To receive the EMPP exemption for 2016 and avoid late payment penalties, you must certify this statement and pay your full ESA liability by August 15th.

To complete your claim for the EMPP exemption through MTO, you must:

- Log into MTO at https://mto.treasury.michigan.gov
- Create a Business relationship utilizing the FEIN and shared secret information reported on Form 5278
- Review the system generated statement
- Amend the generated statement, if necessary
- Certify and submit the statement as your return
- Pay ESA liability in full

Detailed instructions on how to navigate MTO as well as additional information regarding the EMPP exemption, ESA tax, and approved electronic filing and payment methods are available on the ESA website at www.michigan.gov/esa.

The State Essential Services Assessment Act (P.A. 92 of 2014, as amended) requires taxpayers claiming an EMPP exemption to file and certify an ESA statement and submit payment of their ESA liability in full by August 15th to avoid late payment penalties. If a certified statement and full payment (including late payment penalties) are not received by October 15th, Treasury is required to rescind your EMPP exemption. If your EMPP exemption is rescinded, you will become liable for taxes to the local tax collecting unit and any extended 328 or IFT exemption will be revoked.

DRAFT

For Office Use Only

BP Number: 77856

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

ASSESSOR, COLDWATER TWP
BRANCH COUNTY
319 SPRAGUE RD
COLDWATER, MI 49036-8120

Notice Date: August 23, 2016
Tax Year: 2016
FEIN: 09-XXXXXXX

DRAFT

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

Parcel ID : 27271001
County : BRANCH
Site Address : [illegible] GRANGE STREET
Local Unit : COLDWATER TOWNSHIP

Description	As Filed	As Corrected	Explanation
Parcel ID	2727100[illegible]	27271001	Department has updated Taxpayer's return with an additional parcel.

Parcel ID : 16121634
County : EATON
Site Address : 7460 MILLET HIGHWAY
Local Unit : DELTA TOWNSHIP

Description	As Filed	As Corrected	Explanation
Parcel ID	1612[illegible]	16121634	Department has updated Taxpayer's return with an additional parcel.

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

For Office Use Only

BP Number: 73992

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

ASSESSOR, CITY OF GRAND LEDGE
EATON COUNTY
7710 W SAGINAW HWY
LANSING, MI 48917-8974

Notice Date: October 22, 2016
Tax Year: 2016
FEIN: 02-XXXXXXX

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

DRAFT

Parcel ID : 23-2030-11-18-20151
Site Address : 2 N BRIDGE ST
County : EATON
Local Unit : CITY OF GRAND LEDGE

Description	As Filed	As Corrected	Explanation
Renaissance Zone		BROOKE ZONE	Affidavit value is different from the Department's records
Renaissance Expiration Date		20181230	Affidavit value is different from the Department's records

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

For Office Use Only

BP Number: 73601

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

ASSESSOR, DELTA TWP
EATON COUNTY
7710 W SAGINAW HWY
LANSING, MI 48917-8974

Notice Date: October 22, 2016
Tax Year: 2016
FEIN: 36-XXXXXXX

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

DRAFT

Parcel ID : 040-091-026-133-15 **Site Address : 2780 SANDERS RD**
County : EATON **Local Unit : DELTA TOWNSHIP**

Description	As Filed	As Corrected	Explanation
Fair Market Value 2005 and prior	818234.00	0.00	Affidavit value is different from the Department's records

Parcel ID : 040-091-026-132-15 **Site Address : 2780 SANDERS RD**
County : EATON **Local Unit : DELTA TOWNSHIP**

Description	As Filed	As Corrected	Explanation
Fair Market Value 2005 and prior	403015.00	0.00	Affidavit value is different from the Department's records

Parcel ID : 040-090-026-165-00 **Site Address : 2780 SANDERS RD**
County : EATON **Local Unit : DELTA TOWNSHIP**

Description	As Filed	As Corrected	Explanation
Fair Market Value 2014	90752.00	0.00	Affidavit value is different from the Department's records
Fair Market Value 2005 and prior	1112580.00	0.00	Affidavit value is different from the Department's records

Parcel ID : 040-090-026-164-00 **Site Address : 2780 SANDERS RD**
County : EATON **Local Unit : DELTA TOWNSHIP**

Description	As Filed	As Corrected	Explanation
Fair Market Value 2014	44699.00	0.00	Affidavit value is different from the Department's records

For Office Use Only

BP Number: 74150

Description	As Filed	As Corrected	Explanation
Fair Market Value 2005 and prior	547987.00	0.00	Affidavit value is different from the Department's records

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

DRAFT

For Office Use Only

BP Number: 74150

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

ASSESSOR, DELTA TWP
EATON COUNTY
7710 W SAGINAW HWY
LANSING, MI 48917-8974

Notice Date: October 22, 2016
Tax Year: 2016
FEIN: 09-XXXXXXX

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

DRAFT

Parcel ID : 16121634
County : EATON

Site Address : [illegible]Y MILLETT HIGHWAY
Local Unit : DELTA TOWNSHIP

Description	As Filed	As Corrected	Explanation
MSF 50% Resolution		Y	Affidavit value is different from the Department's records
MSF Certificate - 50%		2015056	Affidavit value is different from the Department's records
Regular PA 328 Certificate#		2004268	Affidavit value is different from the Department's records
Fair Market Value 2015 CIP	0.00	150000.00	Affidavit value is different from the Department's records
Fair Market Value 2014	0.00	150000.00	Affidavit value is different from the Department's records
Fair Market Value 2005 and prior	0.00	300000.00	Affidavit value is different from the Department's records

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

For Office Use Only

BP Number: 74150

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

SIS
4456 BROTHER ROAD
GRAND LEDGE, MI 48837

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 43-XXXXXXX

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

DRAFT

PAYMENT(S) RECEIVED:

May 1, 2016	$ 2,400.00
August 15, 2016	$ 120,000.00

CORRECTED TAX LIABILITY:

Tax Due	$ 120,000.00
Total Liability Due	**$ 120,000.00**

Description	As Filed	As Corrected	Explanation
26a. Total Tax Liability	$122400.00	$242400.00	Recalculation due to adjustment(s) on return.

Parcel ID : 33333300012
County : EATON
Site Address : 4457 SNOW ROAD
Local Unit : CITY OF GRAND LEDGE

Description	As Filed	As Corrected	Explanation
16a. 2015- MSF Certificate#	2015-EATON		MSF information provided does not match the Department's records.
16b. 2015- MSF Effective Date	01/01/2015		MSF information provided does not match the Department's records.
16c. 2015- MSF Expiration Date	12/30/2020		MSF information provided does not match the Department's records.
16e. 2015- MSF 50% Checkbox	Y		MSF information provided does not match the Department's records.

For Office Use Only

BP Number: 77880

Description	As Filed	As Corrected	Explanation
21A. 2015- Before Ren. Zone Red.	$120000.00	$240000.00	Computation recalculated due to adjustments on return.
24A. 2015- Tax Aft Ren Zone Red.	$120000.00	$240000.00	Computation recalculated due to adjustments on return.

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

DRAFT

For Office Use Only

BP Number: 77880

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

GARY GRAY
932 26TH ST
MENOMINEE, MI 49858-2213

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 40-XXXXXXX

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

DRAFT

Description	As Filed	As Corrected	Explanation
26a. Total Tax Liability	$225.00	$0.00	Recalculation due to adjustment(s) on return.

Parcel ID : 88105001
Site Address : 932 26TH STREET
County : MENOMINEE
Local Unit : MENOMINEE TOWNSHIP

Description	As Filed	As Corrected	Explanation
14a. PA 328 Certificate#	2011-669		PA 328 information provided does not match the Department's records.
14b. PA 328 Effective Date	12/31/2011		PA 328 information provided does not match the Department's records.
14c. PA 328 Expiration Date	12/30/2014		PA 328 information provided does not match the Department's records.
16d. 2015- MSF 100% Checkbox		Y	MSF information provided does not match the Department's records.
16e. 2015- MSF 50% Checkbox	Y		MSF information provided does not match the Department's records.
21A. 2015- Before Ren. Zone Red.	$84.00	$0.00	Computation recalculated due to adjustments on return.
24A. 2015- Tax Aft Ren Zone Red.	$84.00	$0.00	Computation recalculated due to adjustments on return.
21B. 2014- Before Ren. Zone Red.	$24.00	$0.00	Computation recalculated due to adjustments on return.

For Office Use Only

BP Number: 77860

Description	As Filed	As Corrected	Explanation
24B. 2014- Tax Aft Ren Zone Red.	$24.00	$0.00	Computation recalculated due to adjustments on return.
21C. 2013- Before Ren. Zone Red.	$72.00	$0.00	Computation recalculated due to adjustments on return.
24C. 2013- Tax Aft Ren Zone Red.	$72.00	$0.00	Computation recalculated due to adjustments on return.
17F. 2010- Fair Market Value	$50000.00		Year claimed does not qualify for ESA based on return filed.
21F. 2010- Before Ren. Zone Red.	$31.00		Computation recalculated due to adjustments on return.
24F. 2010- Tax Aft Ren Zone Red.	$31.00		Computation recalculated due to adjustments on return.
21K. 2005- Before Ren. Zone Red.	$14.00	$0.00	Computation recalculated due to adjustments on return.
24K. 2005- Tax Aft Ren Zone Red.	$14.00	$0.00	Computation recalculated due to adjustments on return.

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

DRAFT

For Office Use Only

BP Number: 77860

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

METRO METALS
28921 POKAGON ST
DOWAGIAC, MI 49047-8702

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 39-XXXXXXX

DRAFT

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

Description	As Filed	As Corrected	Explanation
26a. Total Tax Liability	$240.00	$120.00	Recalculation due to adjustment(s) on return.

Parcel ID : 33-010-110
Site Address : 428 N Summit, Webberville, MI
County : CASS
Local Unit : CITY OF DOWAGIAC

Description	As Filed	As Corrected	Explanation
17E. 2011- Fair Market Value	$500,000.00		Year claimed does not qualify for ESA based on return filed.
21E. 2011- Before Ren. Zone Red.	$120.00		Computation recalculated due to adjustments on return.
24E. 2011- Tax Aft Ren Zone Red.	$120.00		Computation recalculated due to adjustments on return.

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

For Office Use Only

BP Number: 77859

ESA – Summary of Changes

Issued under authority of Public Act 92 of 2014, as amended

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

CRANBERRY CRUNCH
7285 PARSONS DR
DIMONDALE, MI 48821-5004

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 02-XXXXXXX

Changes were made to the Essential Services Assessment (ESA) return for the taxpayer listed at the top of this correspondence. The Description column below details the item(s) changed on the taxpayer's ESA return. These changes are reflected in the As Corrected column in the list below.

DRAFT

Parcel ID : 25-1120-11-18-20151
County : GENESEE

Site Address : 21 E GRAND BLANC
Local Unit : GRAND BLANC TOWNSHIP

Description	As Filed	As Corrected	Explanation
5. Parcel Number Corr.	123-456-789		Amended Parcel ID as shown in As Filed field does not match Departmentrecords. Department has used original Parcel ID as listed above.

If you have any questions, please contact the Michigan Department of Treasury using the information at the top of this correspondence. If an outstanding tax liability is due, the taxpayer must pay the liability, plus any applicable late payment penalty, by October 15th to avoid Rescission of the Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Additional information regarding ESA is available at www.michigan.gov/ESA.

For Office Use Only

BP Number: 77855

ESA - Unregistered Taxpayer (E-file)

Issued under authority of Public Act 92 of 2014, as amended.

Michigan Department of Treasury
Essential Services Assessment (ESA)
P.O. Box 30710
Lansing, MI 48909
517-241-0310
www.michigan.gov/esa

TESTING JUNK ACCOUNT
7285 PARSONS DR
DIMONDALE, MI 48821

Notice Date: April 6, 2016
Tax Year: 2016
FEIN: 99-9999999

This letter is being sent to the above-referenced taxpayer to request additional information regarding your Essential Services Assessment (ESA) filing.

Because your account is not registered, the Department does not have an FEIN for your business.

<THIS IS WHERE ANY FREE FORM TEXT WOULD APPEAR AND IF FREE FORM TEXT IS ENTERED, THE MANAGER WILL NEED TO APPROVE THE LETTER BEFORE IT WILL GO TO THE PRINT CENTER>

Please provide a response within 7 days from the date of this letter. Failure to respond to this correspondence could result in rescission of the taxpayer's Eligible Manufacturing Personal Property (EMPP) exemption by the Department. Correspondence should be directed to the address at the top of this letter. Correspondence may also be emailed to ESAQuestions@michigan.gov or faxed to 517-241-1650. Please include a copy of this letter with your response in order to timely direct it to the proper area. Please visit www.michigan.gov/esa for information on ESA.

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BP Number: 3952

ESA Topics

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ESA Topics: Business Personal Property Taxes

"I've heard Business Personal Property Taxes are all being eliminated", is one of the most frequently asked questions received by the ESA mailbox. While significant changes to Business Personal Property Taxes begin in 2016, not all personal property tax is being eliminated.

In December of 2012, initial legislation was passed that significantly changed the taxation of personal property. The Acts, as amended, exempt about ½ of personal property from taxation through two main provisions: 1) Small Business Taxpayer Exemption (MCL 211.9o) and 2) Eligible Manufacturing Personal Property Exemption (MCL 211.9m and MCL 211.9n). The Acts also identified a replacement specific tax on personal property (Essential Services Assessment) and reimbursement for local units lost revenue.

The **Small Business Taxpayer Exemption (MCL 211.9o)** had an effective date of December 31, 2013 for the 2014 tax year. MCL 211.9o includes an exemption for eligible personal property which is defined as:

1. Personal property classified as industrial personal property or commercial personal property as defined in MCL 211.34c or would be classified as industrial personal property or commercial personal property if not exempt **and**
2. The combined true cash value of all industrial personal property and commercial personal property owned, leased by or in the possession of the owner or a related entity claiming the exemption is less than $80,000 in the local tax collecting unit **and**
3. The property is not leased to or used by a person that previously owned the property or a person that directly or indirectly controls, is controlled by, or under common control with the person that previously owned the property.

In order to claim the exemption the owner must **annually** file an affidavit, Form 5076. A personal property statement (Form 632) is not required to be filed for property that is properly claimed using this affidavit. State Tax Commission (STC) Bulletin 11 of 2013 detailed this process and can be found on the PPT website at www.michigan.gov/ppt.
Effective December 31, 2015, for the 2016 assessment year, **Qualified New Personal Property and Qualified Previously Existing Personal Property** is exempt from taxation.

Qualified New Personal Property (MCL 211.9m) is defined as property that was initially placed in service in this state or outside of this state ***after*** December 31, 2012 or that was construction in progress on or after December 31, 2012 that had not been placed in service in this state or outside of this state before 2013 **and** is eligible manufacturing personal property (EMPP).

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Qualified Previously Existing Personal Property (MCL 211.9n) means personal property that was first placed in service within this state or outside of this state more than 10 years before the current calendar year **and** is eligible manufacturing personal property (EMPP). Key to both of these definitions is that the Qualified New or Qualified Previously Existing personal property must be Eligible Manufacturing Personal Property.

Eligible Manufacturing Personal Property (EMPP) is defined as all personal property located on *occupied real property* if that personal property is *predominantly used* in *industrial processing* or *direct integrated support.* For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used* in *industrial processing* when the facility becomes operational. Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission, or distribution of electricity for sale are not eligible manufacturing personal property.

A more specific definition of EMPP, including the definitions of occupied real, predominantly used, industrial processing and direct integrated support can be found in STC Bulletin 7 of 2015 and specific ESA Topics, available on the ESA website at www.michigan.gov/esa.

These exemptions will phase in beginning in 2016 through 2023 when all Eligible Manufacturing Personal Property is exempt from ad valorem personal property tax. For 2016 EMPP first placed in service before 2006 or after 2012 is exempt from ad valorem taxation, while EMPP first placed in service in 2006 through 2012 remains subject to ad valorem tax.

Taxpayers whose property qualifies as EMPP will claim the exemption by annually filing Form 5278 with the local unit assessor no later than February 20 (February 21 in 2017). This form contains three Parts:

1) The form to claim the exemption
2) The ad valorem personal property statement with multipliers for the EMPP still subject to ad valorem tax, and
3) The Essential Services Assessment Statement.

The **Essential Services Assessment (ESA)** is a State specific tax on eligible personal property. In effect, this is a specific tax that replaces the personal property tax. Information regarding ESA is detailed in STC Bulletin 9 of 2015 available on the ESA website at www.michigan.gov/esa.

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Finally, the statutory changes affected some special act exemptions. These changes require that some exemption certificates remain in effect (are extended) until the EMPP exempted by these certificates become exempt under MCL 211.9m or MCL 211.9n. Detailed information regarding how these special act exemptions are affected is covered in the ESA IFT Topic available on the ESA website at www.michigan.gov/esa.

Please be sure to visit the ESA webpage and sign up for the ESA Listserv.

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ESA Topics: Claiming the Exemption under MCL 211.9m And MCL 211.9n

The ESAQuestions mailbox has been receiving a number of questions regarding claiming the exemption for property that qualifies under MCL 211.9m and MCL 211.9n. This ESA Topic will address the most often asked questions.

Form 5278 which is a Combined Document used to claim the exemption includes:

1. The form required to claim the EMPP exemption.
2. The personal property statement for those years for which the EMPP is not yet exempt and still pays ad valorem property taxes and
3. The statement required under the Essential Services Assessment.

This form will not be mailed to taxpayers but instead is available on line at www.michigan.gov/esa. This form must be filed for each individual parcel with the assessor where the personal property is located no later than February 20 each year (please note this date moves to the next business day when February 20th falls on a weekend or holiday.

The assessor must receive the form by February 20 (February 21, 2017). Make sure you file Form 5278 or Form 632 (Personal Property Statement), but not both.

Make sure you sign up for the ESA List Serv at www.michigan.gov/esa.

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ESA Topics: IFT (P.A. 198) Property Reporting and Treatment

How IFT (P.A. 198) and P.A. 328 (MCL 211.9f) property is treated with the changes to the personal property tax is one of the more complex and confusing parts of the statutory changes. This ESA Topic will focus on how IFT property is treated and will provide some basic examples that we hope will allow taxpayers and assessors to gain a better understanding of how these properties should be reported and how they will be treated for property taxation purposes. A future ESA Topic will focus on the P.A. 328 property.

First and most importantly, it is critical that taxpayers carefully read the instructions for Form 5278 and particularly for Part 3 of the Statement.

Discussions regarding the treatment of IFT property begins with the taxpayer answering two questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013?
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and therefore was extended under the provisions of MCL 207.561a?

Answering these two questions will guide you to understanding how your property is reported and treated under the personal property tax changes.

Simply put, if you can answer yes to question 1, then property exempt under MCL 211.9m or MCL 211.9n will pay the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires. If you answer yes to question 2, your certificate will be extended and not expire until all the property covered under that IFT certificate is exempt under MCL 211.9m and MCL 211.9n. Once the certificate expires, then the property will pay ESA on the full Acquisition Cost.

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Example 1: (Extended IFT)

A six year IFT Certificate was approved in 2007 and in effect for 2008 through 2013 (expires 12/30/13).

The personal property under this certificate was placed in service in 2007 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2007 will become exempt under MCL 211.9n in 2018.

We will begin with our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **Yes**

Because the answer to question 2 was Yes, the IFT Certificate now has an extended term of 2014, 2015, 2016 and 2017 under the provisions of MCL 207.561a.

During the extended term, the property remains subject to the IFT tax and will be reported in the appropriate table in Part 2 of the Form, but will also be subject to the ESA Specific Tax and will also have to be reported in Part 3 of the Form.

However, because the answer to question 1 was Yes, in 2017, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner (MCL 211.1053a).

Note: The Fair Market Value at the time of acquisition by the first owner should be reported at 100% on Form 5278; the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) will be <u>calculated</u> on the statement subsequently filed with the Department of Treasury, not on Form 5278.

Since the property becomes exempt under MCL 211.9n in 2018 the property is now subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

Example 2: (Non Extended IFT)

A twelve year IFT Certificate was approved in 2009 and in effect for 2010 through 2021 (expires 12/30/21).

The personal property was placed in service in 2009 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2009 will become exempt under MCL 211.9n in 2020.

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Going back to our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

The answer to question 2 is No, because the personal property covered under the IFT Certificate will become exempt under MCL 211.9n before the certificate was scheduled to expire. For 2016 through 2019 the personal property will be subject to the IFT Specific Tax and will be reported on Form 5278 Part 2 only and it will not pay ESA Specific Tax.

However, because the answer to question 1 was Yes, the taxpayer will report the property in Part 3 starting in 2020. In 2020 and in 2021 the personal property is subject to the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner.

Note: In this case the assessor must retain the IFT parcel number until 2022 and not move the property to the Ad Valorem parcel for purposes of ESA reporting.

Since the property is exempt under MCL 211.9m and MCL 211.9n and the IFT Certificate that would have been in effect for the parcel has expired, in 2022 the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

Example 3: (New IFT)

A six year IFT Certificate was approved in 2013 and in effect for 2014 through 2019 (expires 12/30/19).

The personal property was placed in service in 2013 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2013 will become exempt under MCL 211.9m in 2016.

Going back to our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **No**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

Because in 2016, EMPP first placed in service after 2012 is exempt, the IFT Certificate expires and the personal property is reported on Form 5278 Part 3.

Because the answer to question 1 was No, the personal property is subject to the ESA Specific Tax at the full Acquisition Cost.

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Example 4: (Extended IFT – A Complex Example)

An IFT Certificate was approved in 2005 and in effect for 2006 through 2017 (expires 12/30/17).

The personal property was placed in service in 2005, 2006, 2007, 2008 and 2009 and is Eligible Manufacturing Personal Property (EMPP).

As a reminder, personal property that was first placed in service in 2005 will become exempt under MCL 211.9m in 2016, personal property that was first placed in service in 2006 will become exempt in 2017, personal property first placed in service in 2007 will become exempt in 2018, personal property first placed in service in 2008 will become exempt in 2019 and personal property first placed in service in 2009 will become exempt in 2020.

We will begin with our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **Yes**

Because the answer to question 2 was Yes, the IFT Certificate has an extended term of 2017, 2018 and 2019 under the provisions of MCL 207.561a.

Because this is a complex example, we will go through the reporting year by year:

In 2016, the taxpayer will report the property placed in service in 2005 on Part 3 of the form. Because the answer to question 1 was yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2006, 2007, 2008 and 2009 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2017, the taxpayer will report the property placed in service in 2005 and 2006 on Part 3 of the form. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2007, 2008 and 2009 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2018, the taxpayer will report the property placed in service in 2005, 2006, 2007, 2008 and 2009 on Part 3 of the form. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will also report the property placed in service in 2008 and 2009 in Part 2 of Form 5278 and this property will also be subject to the IFT Specific Tax.

In 2019, the taxpayer will report the property placed in service in 2005, 2006, 2007, 2008 and 2009 on Part 3of the form. Because the answer to question 1 was Yes, the

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personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will also report the property placed in service in 2009 in Part 2 of Form 5278 and this property will also be subject to the IFT Specific Tax.

Beginning in 2020 all the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

The table below graphically shows the year by year reporting.

IFT Certificate Effective 12-31-05 and Expires on 12-30-17 IFT					
Year Placed in Service	**2016**	**2017**	**2018**	**2019**	**2020**
2005	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2006	IFT Specific Tax	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2007	IFT Specific Tax	IFT Specific Tax	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2008	IFT Specific Tax	IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA at ½ FMV	ESA At Full Cost
2009	IFT Specific Tax	IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA At Full Cost

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ESA Topics:
P.A. 328 Property Reporting and Treatment

How P.A. 328 (MCL 211.9f) property is treated with the changes to the personal property tax can be confusing. This ESA Topic will focus on how P.A. 328 property is treated and will provide some basic examples that we hope will allow taxpayers and assessors to gain a better understanding of how these properties should be reported and how they will be treated for property taxation purposes. A separate ESA Topic has been released that focuses on P.A. 198 property.

First and most importantly, it is critical that taxpayers carefully read the instructions for Form 5278 and particularly for Part 3 of the Statement.

MCL 211.9f(8) indicates:

> Notwithstanding any other provision of this section to the contrary, if new personal property exempt under this section on or after December 31, 2012 is eligible manufacturing personal property, that eligible manufacturing personal property shall remain exempt under this section until the later of the following:
>
> (a) The date that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under this act under section 9m, 9n, or 9o.
>
> (b) The date that eligible manufacturing personal property is no longer exempt under the resolution adopted under subsection (1).

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Simply put: Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until the later of the following:

a. The personal property is exempt under MCL 211.9m, 9n or 9o
b. The P.A. 328 exemption expires.

The definition of new personal property under P.A. 328 does not include EMPP for a resolution adopted after December 31, 2014.

Example 1: (Non-Extended P.A. 328)

A P.A. 328 exemption was approved in 2000 and effective for 2001 through 2030 (expires 12/30/30). The personal property is Eligible Manufacturing Personal Property (EMPP).

The exemption does not need to be extended because the exemption is valid until 2031.

The personal property will remain exempt under P.A. 328 until 2031 and will not be subject to the Essential Services Assessment (ESA) until 2031. The taxpayer is not required to file Form 5278 until 2031 when the property is no longer exempt under P.A. 328.

Example 2: (Extended P.A. 328)

A P.A. 328 exemption was approved in 2003 and effective for 2004 through 2013 (expires 12/30/13).

The personal property was placed in service in 2004 and 2005

The personal property is Eligible Manufacturing Personal Property (EMPP).

The law will extend the P.A. 328 exemption through 2015. Property placed in service in 2004 and 2005 will be considered eligible personal property in 2016 under MCL 211.1053(e)(i).

Beginning in 2016 the property will pay the full Essential Services Assessment (ESA). The taxpayer will fill out Form 5278 Part 3.

Example 3: (Extended P.A. 328 – Complex Example)

A P.A. 328 exemption was approved in 2010 and effective for 2010 through 2015 (expires 12/30/15).

The personal property was placed in service in 2011, 2012 and 2013.

The personal property is Eligible Manufacturing Personal Property (EMPP).

Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until the later of the following:

a. The personal property is exempt under MCL 211.9m, 9n or 9o
b. The P.A. 328 exemption expires.

The P.A. 328 exemption was in effect on or after December 31, 2012. Therefore, the exemption is extended until 2023 and the property shall remain exempt under P.A. 328 until the personal property is exempt under MCL 211.9m, 9n or 9o. (property first placed in service in 2012 becomes exempt under MCL 211.9n in 2023).

This property will be reported on Form 5278 Part 3.

This property will be subject to the full payment of the Essential Services Assessment (ESA) because MCL 211.1053 defines eligible personal property (which is property

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subject to pay the ESA) as both EMPP that is subject to an extended exemption under MCL 211.9f(8)(a) and EMPP exempt under MCL 211.9m or 9n..

P.A. 328 Additional Information

The full ESA must be paid for all P.A. 328 exemptions approved in 2014 unless the application was filed before August 5, 2014 and the resolution approving the exemption projected costs to be at least $25 million. The taxpayer will fill out Form 5278 Part 3.

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ESA Topics:
Industrial Processing

Effective December 31, 2015, for the 2016 assessment year, Qualified New Personal Property and Qualified Previously Existing Personal Property is exempt from taxation. Key to the definition of both Qualified New and Qualified Previously existing Personal Property is that the personal property must be **Eligible Manufacturing Personal Property**.

Eligible Manufacturing Personal Property (EMPP) is defined as all personal property located on *occupied real property* if that personal property is *predominantly used* in *industrial processing* or *direct integrated support.* For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used* in *industrial processing* when the facility becomes operational. Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP.

This ESA topic will focus on what is **Industrial Processing**. Industrial Processing is defined in MCL 211.9M as: *that term as defined in section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Industrial processing does not include the generation, transmission, or distribution of electricity for sale.*

MCL 205.54t and MCL 205.94o both contain the same definition of industrial processing and indicates that industrial processing includes the following activities:

a) Production or assembly.
b) Research or experimental activities.
c) Engineering related to industrial processing.
d) Inspection, quality control, or testing to determine whether particular units of materials or products or processes conform to specified parameters at any time before materials or products first come to rest in finished goods inventory storage.
e) Planning, scheduling, supervision, or control of production or other exempt activities.
f) Design, construction, or maintenance of production or other exempt machinery, equipment, and tooling.
g) Remanufacturing.

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h) Processing of production scrap and waste up to the point it is stored for removal from the plant of origin.
i) Recycling of used materials for ultimate sale at retail or reuse.
j) Production material handling.
k) Storage of in-process materials.

For a more detailed definition of industrial processing and exclusions please review:

RAB 2000-4: http://www.michigan.gov/documents/rab-2000-4_108793_7.pdf and

MCL 205.54t: http://www.legislature.mi.gov/(S(ld2ybk4njhsrfjyuikfljxyc))/documents/mcl/pdf/mcl-205-54t.pdf

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ESA Topics:
Direct Integrated Support

Effective December 31, 2015, for the 2016 assessment year, Qualified New Personal Property and Qualified Previously Existing Personal Property is exempt from taxation. Key to the definition of both Qualified New and Qualified Previously existing Personal Property is that the personal property must be **Eligible Manufacturing Personal Property**.

Eligible Manufacturing Personal Property (EMPP) is defined as all personal property located on *occupied real property* if that personal property is *predominantly used* in *industrial processing* or *direct integrated support.* For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used* in *industrial processing* when the facility becomes operational. Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP.

This ESA topic will focus on what is **Direct Integrated Support**. Direct Integrated Support is defined in MCL 211.9m as any of the following:

(*i*) Research and development related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
(*ii*) Testing and quality control functions related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
(*iii*) Engineering related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
(*iv*) Receiving or storing equipment, materials, supplies, parts, or components for industrial processing, or scrap materials or waste resulting from industrial processing, at the industrial processing site or at another site owned or leased by the owner or lessee of the industrial processing site.
(*v*) Storing of finished goods inventory if the inventory was produced by a business engaged primarily in industrial processing and if the inventory is stored either at the site where it was produced or at another site owned or leased by the business that produced the inventory.
(*vi*) Sorting, distributing, or sequencing functions that optimize transportation and just-in-time inventory management and material handling for inputs to industrial processing.

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These activities do not have to occur on the same site as the industrial processing nor do they have to conducted by a related entity.

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ESA Topics: Predominantly Used Calculation

Effective December 31, 2015, for the 2016 assessment year, Qualified New Personal Property and Qualified Previously Existing Personal Property is exempt from taxation. Key to the definition of both Qualified New and Qualified Previously existing Personal Property is that the personal property must be **Eligible Manufacturing Personal Property**.

Eligible Manufacturing Personal Property (EMPP) is defined as all personal property located on *occupied real property* if that personal property is ***predominantly used*** in *industrial processing* or *direct integrated support.* For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used* in *industrial processing* when the facility becomes operational. Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP.

This ESA topic will focus on the calculation to meet the **predominantly used** test.

MCL 211.9m indicates the following:

Personal property located on occupied real property is predominantly used in industrial processing or direct integrated support if the result of the following calculation is more than 50%:

> *(i)*Multiply the original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9n, and 9o and this section that is located on that occupied real property and that is not construction in progress by its percentage of use in industrial processing or in direct integrated support.
>
> For an item of personal property that is used in industrial processing, its percentage of use in industrial processing shall equal the percentage of the exemption the property would be eligible for under section 4t of the general sales

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tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.

Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission or distribution of electricity for sale is not included in this calculation.

(*ii*) Divide the result of the calculation under subparagraph (*i*) by the total original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9n, and 9o and this section that is located on that occupied real property and that is not construction in progress.

Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission or distribution of electricity for sale is not included in this calculation.

A graphic representation of this formula is:

Personal Property Original Cost on occupied real property times the percentage of use in industrial processing or direct integrated support

Divided by

Personal Property Original Cost on occupied real property

For this calculation:

Personal property includes all taxable personal property, personal property exempt under IFT (211.7k), exempt special pooling (211.9b), exempt under PA 328 (211.9f), exempt under the Small Busines Taxpayer Exemption (211.9o) and exempt as EMPP under MCL 211.9m and 211.9n. Subtract the cost of construction in progress. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission or distribution of electricity for sale is not included in this calculation.

Original Cost means the fair market value of personal property at the time of acquisition by the first owner.

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Example 1: Sample Calculation

Personal Property	Status	Original Cost	% of use in IP or DIS	IP/DIS Eligible Cost
Machine 1	IFT Exempt	$500,000	100%	$500,000
Office Furniture	GPTA Taxable	$100,000	0%	$0
Shipping container	GPTA Taxable	$50,000	30%	$15,000
Die/Mold	Special Tool	$250,000	100%	$250,000
Machine Foundation	GPTA Taxable	$100,000	50%	$50,000
Computers	GPTA Taxable	$35,000	60%	$21,000
Machine 2	328 Exempt	$250,000	50%	$125,000
Machine 3	IFT Exempt	$350,000	100%	$350,000
Mahine 4	GPTA Taxable	$150,000	100%	$150,000
Totals		$1,785,000		$1,461,000
$1,461,000 divided by $1,785,000 = 82%				

Each item of personal property is individually identified, the status determined, as well as the original cost and percent of use in industrial processing or direct integrated support. The original cost of each item of personal property is multiplied by its percentage of use in industrial processing or direct integrated support to determine an eligible cost. The total eligible cost is then divided by the total original cost to determine the percent of predominant use. Because the result of the calculation is greater than 50%, all personal property on this occupied real property would qualify for the EMPP exemption and be subject to ESA.

If the result of the calculation would have been less than 50%, then none of the personal property on this occupied real property would qualify for the EMPP exemption.

Example 2: Contiguous Properties

Occupied real property is defined in MCL 211.9m as all of the following:

> (*i*) A parcel of real property that is entirely owned, leased, or otherwise occupied by a person claiming an exemption under this section or under section 9n.
> (*ii*) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under this section or under section 9n and that host a single, integrated business operation engaged primarily in industrial processing, direct integrated support, or both. A business operation is not engaged primarily in industrial processing, direct integrated support, or both if it engages in significant business activities that are not directly related to industrial processing or direct integrated support. Contiguity is not broken by a boundary between local tax collecting units, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission

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lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. As used in this subparagraph, "single, integrated business operation" means a company that combines 1 or more related operations or divisions and operates as a single business unit.
(*iii*) The portion of a parcel of real property that is owned, leased, or otherwise occupied by a person claiming the exemption under this section or under section 9n or by an affiliated person.

Combining the EMPP calculation for contiguous parcels involved in a single integrated business operation can expand the exemption to parcels that would not qualify on their own.

For example 3 contigous parcels that host a single integrated business operation:

Parcel A: Total Eligible Cost $12 M divided by Total Original Cost $15 M = 80%

Parcel B: Total Eligible Cost $1 M divided by Total Original Cost $5 M = 20%

Parcel C: Total Eligible Cost $10 divided by Total Original Cost $12M = 83%%

Combined = Total Elgible Cost $23 M divided by Total Original Cost $32 M = 72%

Therefore, personal property on all three parcels would qualify for the exemption and be subject to ESA.

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

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ESA Topics:
Leased Equipment

A common question received by the ESA Mailbox is the treatment of leased equipment that is **Eligible Manufacturing Personal Property**.

Eligible Manufacturing Personal Property (EMPP) is defined as all personal property located on *occupied real property* if that personal property is ***predominantly used*** in *industrial processing* or *direct integrated support.* For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used* in *industrial processing* when the facility becomes operational. Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP.

MCL 211.9m and MCL 211.9n specifically indicate that Leasing companies are not eligible to receive the exemption and may not use the combined document.

However, there is a provision contained within both MCL 211.9m and MCL 211.9n that would allow lessees to report leased personal property. 9m and 9n indicate:

> With respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, all of the following apply:
>
> (i) If the personal property is eligible manufacturing personal property, the lessee and lessor may elect that the lessee report the leased personal property on the combined document.
>
> (ii) An election made by the lessee and the lessor under this subdivision shall be made in a form and manner approved by the department.
>
> (iii) Absent an election, the personal property shall be reported by the lessor on the personal property statement unless the exemption for eligible manufacturing personal property is claimed by the lessee on the combined document.

Form 5467 will be used to make this election beginning with the 2017 year. This form must be signed by both the lessee and lessor. The election will remain in place until revoked by the lessee or lessor or until the lease agreement expiration date.

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On the form, the lessee will list the parcel number on which the personal property was reported for the prior year, the parcel number it will be reported on for the current year, the local unit and county where the personal property parcels are located and the associated lease agreement expiration date.

New personal property reported for the first time, not previously reported by the lessor, will report only the current year parcel number where the personal property will be reported, the local unit, county and lease agreement expiration date. Note this election applies to all subsequently acquired personal property under the associated lease agreement.

Form 5467 will be filed once and the election will remain in place unless revoked or until the lease agreement expiration. Lessees will annually provide the Part 3 information with each Form 5278 filed.

Form 5467, which includes detailed instructions, is available on the ESA website at www.michigan.gov/esa.

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

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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, as amended, 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.

P.A. 92 also indicates that: For eligible personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, an eligible claimant shall report the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, installation, and other capitalized costs, except capitalized interest.

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 2007 – 2012 and <u>is not</u> 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 <u>is not</u> subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2007 or after 2012 and in 2007-2012, you will file Form 5278. You will fill out Part 1, Part 2 and Part 3 of Form 5278.

3. If the RZ EMPP <u>is</u> subject to an extended IFT or PA 328 exemption and If all the RZ EMPP was first placed in service in 2007 – 2012, you will file Form 5278. Fill out Part 1, Part 2, and Part 3 of Form 5278.

4. If the RZ EMPP <u>is</u> subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2007 or after 2012 and in 2007-2012, you will file Form 5278. Fill out Part 1, Part 2, and Part 3 of Form 5278.

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5. If all the RZ EMPP was first placed in service before 2007 or after 2012, file Form 5278 and fill out Parts 1 and 3.

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 2007 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.

Any taxpayer filing Form 5278 for RZ EMPP will 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.

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ESA Topics: ESA Statement Certify and Pay

A common question received by the ESA Mailbox is what happens after a taxpayer timely files Form 5278 with their local unit assessor.

Once an eligible claimant has properly claimed the personal property tax exemption by filing the *Affidavit and Statement for Eligible Manufacturing Personal Property and Essential Services Assessment* (Form 5278) with the local unit assessor no later than February 20th (May 31st for 2016 only, due to PA 108 of 2016), the assessor will transmit the information contained in Form 5278 to the Michigan Department of Treasury by April 1st (June 7 of 2016 due to PA 108 of 2016).

The Department of Treasury will create an *Electronic ESA Statement (Statement)* from the information contained in Form 5278 and will make that *Statement* available through Michigan Treasury Online (MTO) not later than May 1 (June 30th for 2016 only, due to PA 108 of 2016). Eligible claimants must submit a certified *Statement* either through MTO or through e-File (paper *Statements* are not accepted). A taxpayer must have a valid Federal Employer Identification Number to file Form 5278 and to certify the *Statement.* Prior to certifying the *Statement* an eligible claimant may amend a return through MTO or e-File on or before September 15 of the tax year. An amendment includes adding or removing a parcel. Eligible claimants or their authorized preparer will be able to utilize MTO to view their *Statement*, view correspondence from Treasury, make changes to their *Statement*, certify their *Statement* and pay the ESA tax.

Eligible claimants planning to use MTO to certify and pay the ESA tax can begin to register on MTO now. However, ESA specific registration will not be available until Mid-to-late April, after the Form 5278 information is transferred to the State from the local unit assessors. This is due to the fact that the shared secrets which are part of the ESA registration are based upon information contained within Form 5278 and therefore, the process for ESA registration cannot be finalized until this information is transmitted to the State.

Eligible claimants and/or authorized preparers that utilize third-party preparation software will have the option of certifying the *Statement* by filing a return electronically through the Modernized e-File System (MeF). MeF offers the advantage of allowing the eligible

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claimants or their authorized preparers to use the approved software developer of their choice to file their return.

When utilizing e-File, the electronic *Statement* must be signed by an authorized person, the Electronic Return Originator (ERO), if applicable, as well as any paid tax preparer. The *Statement* must be signed using Form MI-5352 (*E-file Authorization for the Essential Services Assessment (ESA) MI-5352*). Returns are signed by entering the taxpayer PIN in the software after reading the perjury statement displayed in the software. The taxpayer PIN will be selected by the taxpayer, or the taxpayer may authorize his or her tax preparer to select the taxpayer PIN. The MI-5352 will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-5352 in his or her records as part of the taxpayer's printed return. ESA e-filings submitted without a taxpayer PIN will be rejected by Treasury. **Do not** mail Form MI-5352 to Treasury. **Do not** include Form MI-5352 as an attachment to a return.

A "Tax Preparer Handbook for Electronic Filing Programs" as well as more information, program updates and a list of approved software developers is available on the Treasury web site at www.MIfastfile.org.

An eligible claimant is required to make payment in full, by using MTO or Electronic Funds Transfer (EFT) credit, by August 15 without penalty. Payments **cannot** be mailed to the Department of Treasury.

An eligible claimant who fails to submit a certified *Statement* and pay the ESA tax in full via MTO or e-File by August 15 shall be subject to late penalty at a rate of 1% per week, up to a maximum of 5%, of the total amount due and unpaid. For an eligible claimant's first assessment year, the penalty shall be waived if the *Statement* and full payment are submitted by September 15.

An eligible claimant can pay the ESA tax by using MTO or Electronic Funds Transfer (EFT) credit with penalty no later than October 15.

Eligible claimants who fail to submit a certified *Statement* and pay ESA in full, including any late payment penalities,by October 15 via MTO or e-file shall be subject to rescission of their personal property tax exemption.

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

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ESA Topics:
Calculation of the ESA SpecificTax

The calculation of the ESA specific tax is relatively simple. MCL 211.1055 indicates:

(1) Beginning January 1, 2016, the state essential services assessment is levied on all eligible personal property as provided in this section.
(2) The assessment under this section is a state specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year and shall be calculated as follows:
   (a) For eligible personal property acquired by the first owner in a year 1 to 5 years before the assessment year, multiply the acquisition cost of the eligible personal property by 2.4 mills.
   (b) For eligible personal property acquired by the first owner in a year 6 to 10 years before the assessment year, multiply the acquisition cost of the eligible personal property by 1.25 mills.
   (c) For eligible personal property acquired by the first owner in a year more than 10 years before the assessment year, multiply the acquisition cost of the eligible personal property by 0.9 mills.

We are frequently asked if there is any way to reduce the ESA Specific Tax payment. The statute does contain some reductions in the ESA specific tax in certain circumstances:

1. The acquisition cost reported is reduced for EMPP subject to **IFT Certificates** that were in effect before January 1, 2013. Specifically, this eligible personal property that is exempt under MCL 211.9m or MCL 211.9n and was previously subject to the IFT certificate, will pay the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires. More specific information will be provided on IFT certificates later in this Guide.

2. Personal Property located in a **Renaissance Zone** is 100% exempt (the acquisition cost is zero) from ESA until the three (3) years immediately preceding the expiration of the exemption of that personal property. During the last 3 years, the acquisition cost of the personal property in a Renaissance Zone is multiplied by the percentage reduction as outlined by MCL 125.2689:

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a. For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.
b. For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.
c. For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.

3. MCL 211.1071 provides that the Michigan Strategic Fund Board (MSF) may adopt a resolution to exempt from the assessment eligible personal property and either make the property subject to the **Alternative ESA** or to exempt the property from both ESA and the Alternative ESA. Like ESA, the Alternative Essential Services Assessment is a state-specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year.

   An eligible claimant may be exempt from ESA and would instead qualify for the Alternative Essential Services Assessment if the board of the Michigan Strategic Fund adopts a resolution to exempt the eligible claimant from ESA and instead states the eligible personal property is subject to assessment under the Alternative Essential Services Assessment.

   The Alternative Essential Services Assessment is calculated by multiplying the acquisition cost of the eligible personal property by the following millage based upon the year the property was placed into service:

   - Multiply the acquisition cost by 1.2 mills if the property was placed into service 1 to 5 years before the assessment year
   - Multiply the acquisition cost by 0.625 mills if the property was placed into service 6 to 10 years before the assessment year
   - Multiply the acquisition cost by 0.45 mills if the property was placed into service more than 10 years before the assessment year

   An eligible claimant must present a business plan or demonstrate that a minimum of $25,000,000.00 will be invested in additional eligible personal property in this state during the duration of the written agreement.

   Statute also requires that the MSF Board consider the following criteria when approving an exemption:
   a. Out-of-state competition.
   b. Net-positive return to this state.
   c. Level of investment made by the eligible claimant.
   d. Business diversification.
   e. Reuse of existing facilities.
   f. Near-term job creation or significant job retention as a result of the investment made in eligible personal property.

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g. Strong links to Michigan suppliers.
h. Whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

4. The Department may provide guidelines for circumstances in which the actual acquisition price is not determinative of acquisition cost and the basis of determining acquisition cost in those circumstances.

   When the acquisition cost, year of acquisition by the first owner, or both are unknown, the Department may provide guidelines for estimating the acquisition cost and year of acquisition by the first owner. The Department may issue guidelines that allow for the reduction of acquisition cost for property that is idle, is obsolete or has material obsolescence, or is surplus.

   To date, the Department has not issued guidance in these areas.

5. Beginning with the 2017 assessment year, for property that is **construction in progress**, "acquisition cost" means 1/2 of the fair market value at the time *acquired by* the first owner, including the cost of freight, sales tax, and installation.

   In terms of reporting for ESA purposes, for property that is construction in progress, "acquired by" in the preceding definition, means the year the property is first reported on the Combined Form 1, Part 3.

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

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ESA Frequently Asked Questions

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Essential Services Assessment
Frequently Asked Questions

General Information and Definitions

Are all personal property taxes being phased out?
No. While significant changes to Business Personal Property Taxes begin in 2016, not all personal property tax is being eliminated.

In December of 2012, initial legislation was passed that significantly changed the taxation of personal property. The Acts, as amended, exempt about half (½) of personal property from taxation through two main provisions: 1) Small Business Taxpayer Exemption (MCL 211.9o) and 2) Eligible Manufacturing Personal Property Exemption (MCL 211.9m and MCL 211.9n). The Acts also established a replacement specific tax on exempt personal property (Essential Services Assessment) and reimbursement for local unit's lost revenue.

What is ESA?
The Essential Services Assessment (ESA) is a state-specific tax on eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year. MCL 211.1055(2).

What is eligible personal property?
Eligible personal property means all of the following:

- Personal property exempt under MCL 211.9m or MCL 211.9n.
- Personal property exempt under MCL 211.9f (328 Exemption) approved after 2013 unless both of the following conditions are satisfied:
  - The application for the 328 exemption under MCL 211.9f was filed before August 5, 2014, and
  - The resolution approving the exemption states that the project is expected to have total new personal property of over $25 million within 5 years of the adoption of the resolution by the local assessing district or the Next Michigan Development Corporation.
- Personal property subject to an extended Industrial Facilities Exemption Certificate under MCL 207.561a (IFT Exemption).
- Personal property subject to an extended exemption under MCL 211.9f(8)(a) (328 Exemption).

What personal property is exempt under MCL 211.9m or MCL 211.9n?
MCL 211.9m and MCL 211.9n provide that beginning December 31, 2015, Qualified New Personal Property and Qualified Previously Existing Personal property is exempt from taxation.

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What is qualified new personal property?
Qualified New Personal Property is defined as personal property that was initially placed in service in this state or outside of this state ***after*** December 31, 2012 or that was construction in progress on or after December 31, 2012 (that had not been placed in service in this state or outside of this state before 2013) **and** is eligible manufacturing personal property (EMPP).

What is qualified previously existing personal property?
Qualified Previously Existing Personal Property is defined as personal property that was first placed in service within this state or outside of this state more than 10 years before the current calendar year **and** is eligible manufacturing personal property (EMPP).

What is eligible manufacturing personal property (EMPP)?
EMPP means all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support.

EMPP also includes personal property that is construction in progress or part of a new facility not in operation, if the personal property will be predominantly used in industrial processing when the facility becomes operational. Until the personal property is placed in service, it is "construction in progress." Construction in progress does qualify as EMPP if the property will qualify as EMPP when it is placed in service.

Personal property placed solely on occupied real property solely to qualify property for the exemption <u>is not</u> EMPP.

Utility personal property and personal property used in the generation, transmission or distribution of electricity for sale <u>is not</u> EMPP.

What is occupied real property?
Occupied real property includes all of the following:

1) A parcel of real property that is entirely owned, leased, or otherwise occupied by a person claiming an exemption under MCL 211.9m or 211.9n.
2) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under MCL 211.9m or 211.9n and that host a single, integrated business operation engaged primarily in industrial processing, direct integrated support, or both. A business operation is not engaged primarily in industrial processing, direct integrated support, or both if it engages in significant business activities that are not directly related to industrial processing or direct integrated support. Contiguity is not broken by a boundary between local tax collecting units, a road, a right-of-way, or

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property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. "Single, integrated business operation" means a company that combines 1 or more related operations or divisions and operates as a single business unit.

3) The portion of a parcel of real property that is owned, leased, or otherwise occupied by a person claiming the exemption under MCL 211.9m or 211.9n or by an affiliated person.

What is industrial processing?

Industrial processing is defined in MCL 205.54t of the General Sales Tax Act and MCL 205.94o of the Use Tax Act.

a) Production or assembly.
b) Research or experimental activities.
c) Engineering related to industrial processing.
d) Inspection, quality control, or testing to determine whether particular units of material or products or processes conform to specified parameters at any time before materials or products first come to rest in finished goods inventory storage.
e) Planning, scheduling, supervision, or control of production or other exempt activities.
f) Design, construction, or maintenance of production or other exempt machinery, equipment, and tooling.
g) Remanufacturing.
h) Processing of production scrap and waste up to the point it is stored for removal from the plant of origin.
i) Recycling of used materials for ultimate sale at retail or reuse.
j) Production material handling.
k) Storage of in-process materials.

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What is direct integrated support?

Direct integrated support means any of the following:

1) Research and development related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
2) Testing and quality control functions related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
3) Engineering related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
4) Receiving or storing equipment, materials, supplies, parts, or components for industrial processing, or scrap materials or waste resulting from industrial processing, at the industrial processing site or at another site owned or leased by the owner or lessee of the industrial processing site.
5) Storing of finished goods inventory if the inventory was produced by a

business engaged primarily in industrial processing and if the inventory is stored either at the site where it was produced or at another site owned or leased by the owner or lessee of the industrial processing site.

6) Sorting, distributing, or sequencing functions that optimize transportation and just- in-time inventory management and material handling for inputs to industrial processing.

Are there any charts that explain the personal property tax "phase out" by tax year?

	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2016	2015	
	2014	
	2013	
		2012
		2011
		2010
		2009
		2008
		2007
		2006
	2005 and Earlier	

	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2017	2016	
	2015	
	2014	
	2013	
		2012
		2011
		2010
		2009
		2008
		2007
	2006 and Earlier	

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	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2018	2017	
	2016	
	2015	
	2014	
	2013	
		2012
		2011
		2010
		2009
		2008
	2007 and Earlier	

	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2019	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
		2011
		2010
		2009
	2008 and Earlier	

	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2020	2019	
	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
		2011

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		2010
	2009 and Earlier	

	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2021	2020	
	2019	
	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
		2011
	2010 and Earlier	

	Exempt and Subject to ESA	Pays Ad Valorem or IFT
Tax Year 2022	2021	
	2020	
	2019	
	2018	
	2017	
	2016	
	2015	
	2014	
	2013	
		2012
	2011 and Earlier	

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Starting in 2023, all EMPP is exempt from ad valorem taxation and IFT and all Eligible Personal Property, including EMPP, is subject to the ESA Specific Tax.

Eligibility

How do I determine if my personal property is eligible for the exemption?
It is suggested that you begin by visiting the ESA Web Site which has significant information regarding the exemption, including statutory definitions that are referenced above. The ESA Web Site can be accessed at www.michigan.gov/esa.

Am I required to pay the ESA if I have less than $80,000 of personal property in my jurisdiction?
The Department cannot answer questions about whether a specific taxpayer qualifies for the exemption. However, taxpayers with less than $80,000 of personal property may qualify for the Small Taxpayer Exemption pursuant to MCL 211.9o, if the exemption is properly claimed by filing Form 5076 by February 10th each year. Please visit the PPT Web Site at www.michigan.gov/ppt for more information regarding this exemption.

I understand that only manufacturers are eligible for the exemption, is this true? Eligible Manufacturing Personal Property (EMPP) means all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. Please see the definitions section of the ESA Web Site for specific definitions regarding those activities. Non-manufacturers may in fact qualify for the exemption.

How do I determine if personal property is predominantly used in industrial processing or direct integrated support?
MCL 211.9m indicates personal property located on occupied real property is predominantly used in industrial processing or direct integrated support if the result of the following calculation is more than 50%:

*(i)*Multiply the original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9n, 9m and 9o that is located on that occupied real property and that is not construction in progress by its percentage of use in industrial processing or in direct integrated support.

For an item of personal property that is used in industrial processing, its percentage of use in industrial processing shall equal the percentage of the exemption the property would be eligible for under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission or distribution of electricity for sale is not included in this calculation.

(*ii*) Divide the result of the calculation under subparagraph (*i*) by the total original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9n, and 9o and this section *(9m)* that is

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located on that occupied real property and that is not construction in progress. Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission or distribution of electricity for sale is not included in this calculation.

Do you have an example of the predominant use calculation?

Personal Property	Status	Original Cost	% of use in IP or DIS	IP/DIS Eligible Cost
Machine 1	IFT Exempt	$500,000	100%	$500,000
Office Furniture	GPTA Taxable	$100,000	0%	$0
Shipping container	GPTA Taxable	$50,000	30%	$15,000
Die/Mold	Special Tool	$250,000	100%	$250,000
Machine Foundation	GPTA Taxable	$100,000	50%	$50,000
Computers	GPTA Taxable	$35,000	60%	$21,000
Machine 2	328 Exempt	$250,000	50%	$125,000
Machine 3	IFT Exempt	$350,000	100%	$350,000
Mahine 4	GPTA Taxable	$150,000	100%	$150,000
Totals		$1,785,000		$1,461,000
$1,461,000 divided by $1,785,000 = 82%				

Each item of personal property is individually identified, the status determined, as well as the original cost and percent of use in industrial processing or direct integrated support. The original cost of each item of personal property is multiplied by its percentage of use in industrial processing or direct integrated support to determine an eligible cost. The total eligible cost is then divided by the total original cost to determine the percent of predominant use. Because the result of the calculation is greater than 50%, <u>all personal property on this occupied real property would qualify as EMPP.</u>

If the result of the calculation would have been less than 50%, then none of the personal property on this occupied real property would qualify for the EMPP exemption.

Is it necessary to calculate the usage of each piece of personal property when calculating EMPP?

Yes. For an item of personal property that is used in industrial processing, its percentage of use in industrial processing shall equal the percentage of the exemption the property would be eligible for under MCL 205.54 or MCL 205.94o.

When does industrial processing begin and end?

Industrial processing begins when tangible personal property begins movement from raw materials storage to begin industrial processing. It ends when finished goods first come to rest in finished goods inventory storage.

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Can EMPP be located at another facility or site?
Personal property that is not owned, leased, or used by the person who owns or leases occupied real property where the personal property is located is not EMPP, unless the personal property is located on the occupied real property to carry on a current on-site business activity. Personal property placed on occupied real property solely to qualify the personal property for an exemption under MCL 211.9m or 211.9n is not EMPP.

Can previously owned equipment qualify for ESA?
Yes. The equipment will be treated based upon the year it was first placed into service by its first user, who is not necessarily the current owner. The original cost for used equipment is the acquisition cost to the first owner, including sales tax, freight, and installation.

Can self-constructed equipment qualify for ESA?
Self-constructed equipment may qualify for ESA. The key factors will be the tax year that the equipment was placed in service and whether the equipment qualifies as EMPP.

Is property that is exempt as special tooling required now to pay ESA?
No, exempt special tooling will remain exempt under MCL 211.9b.

Is property that is subject to an Air Pollution Control or Water Pollution Control Exemption now subject to ESA?
No, that property will remain exempt under the Air or Water Pollution Control exemption.

I bought the property used. Can I report the year and cost for which I purchased the property?
If the property was placed into service prior to your acquisition of the property, you must use the year it was placed into service by its original owner as well as its original cost, including sales tax, freight, and installation costs. This applies even if the property was re-booked for accounting purposes.

What is acquisition cost?
Acquisition cost means the fair market value of the 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 for capitalized interest.

There is a rebuttable presumption that the acquisition price paid by the first owner for personal property, and any costs of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, reflect the acquisition cost.

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For personal property exempt under MCL 211.9m or MCL 211.9n that would otherwise be exempt under MCL 211.7k (IFT) and for property subject to an extended IFT effective before January 1, 2003, acquisition cost means ½ of the fair market value of that personal property at the time of acquisition by the current owner.

For personal property exempt under the Renaissance Zone Act, the acquisition cost is $0 except for the three (3) years immediately preceding the expiration of the exemption of that personal property, during which time the acquisition cost for that personal property means fair market value at the time of acquisition by the current owner multiplied by the percentage reduction in the exemption as described MCL 125.2689(9)(3).

Beginning with the 2017 assessment year, for property that is construction in progress only, "acquisition cost" means 1/2 of the fair market value at the time acquired by the first owner, including the cost of freight, sales tax, and installation. For property that is construction in progress, "acquired by" means the year the property is first reported on the combined form as prescribed in section 7(8) in the report of the fair market value and year of acquisition by the first owner of qualified new personal property or qualified previously existing personal property.

The department may provide guidelines for circumstances in which the actual acquisition price is not determinative of acquisition cost and the basis of determining acquisition cost in those circumstances. When the acquisition cost, year of acquisition by the first owner, or both are unknown, the department may provide guidelines for estimating the acquisition cost and year of acquisition by the first owner. The department may issue guidelines that allow for the reduction of acquisition cost for property that is idle, is obsolete or has material obsolescence, or is surplus.

Do I have to be manufacturing within Michigan to qualify for the exemption?
No. Property can be direct integrated support to a manufacturing activity not located within the State of Michigan.

How is construction in progress treated with respect to ESA?
Construction in Progress is personal property which is not yet in service for a given assessment year. If the personal property is not in service on December 31st immediately prior to the beginning of the assessment year in question, it is Construction in Progress. Costs which are reportable as Construction in Progress include not only the cost of the property itself but also design, engineering, sales tax, freight and other installation costs relating to the personal property.

New Personal Property that is Eligible Manufacturing Personal Property (EMPP) is exempt from ad valorem taxation, and subject to the Essential Services Assessment (ESA) specific tax, beginning with the 2016 assessment year (having a valuation date of December 31, 2015). Personal Property is EMPP if it is

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located on Occupied Real Property where the predominant use of all of the personal property on the Occupied Real Property is for industrial processing and/or direct integrated support. Construction in progress qualifies as New Personal Property and will be exempt if it is EMPP.

For purposes of determining whether the personal property on Occupied Real Property is EMPP, the amount of cost incurred relating to Construction in Progress is not considered. In other words, when calculating the predominant use of the personal property on Occupied Real Property, the cost incurred for Construction in Progress is not included either in the denominator or the numerator of the fraction that determines the predominant use of the personal property. If the 50% test is met, all personal property, including construction in progress in EMPP. When the personal property which was formerly Construction in Progress is placed in service, it is thereafter considered in both the denominator and numerator of the fraction that determines the predominant use of the personal property on the Occupied Real Property.

If the Construction in Progress relates to a new facility, where there is no existing personal property being used for any purpose on the Occupied Real Property, then the Construction in Progress is EMPP if the predominant use of the new facility when the Construction in Progress is placed in service will be for industrial processing. Considering new facility Construction in Progress is also New Personal Property, it is exempt from ad valorem taxation and subject to the ESA specific tax beginning in the 2016 assessment year.

Beginning with the 2017 assessment year, for property that is construction in progress only, "acquisition cost" means 1/2 of the fair market value at the time acquired by the first owner, including the cost of freight, sales tax, and installation. For property that is construction in progress, "acquired by" means the year the property is first reported on the combined form as prescribed in section 7(8) in the report of the fair market value and year of acquisition by the first owner of qualified new personal property or qualified previously existing personal property.

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Filing Requirements

How do I claim the EMPP Exemption?

In order to claim the exemption an eligible claimant must file Form 5278 – *Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property State and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)* with the local tax collecting unit where the personal property is located no later than February 20th of each tax year.

Is it OK to postmark Form 5278 by February 20?

The Combined Document <u>must be received</u> by the local tax collecting unit no later than February 20. See State Tax Commission Bulletin 7 of 2015.

What if February 20 does not fall on a business day?
The deadline to file Form 5278 is February 20 or the next business day if February 20 falls on a Saturday, Sunday, or legal holiday.

What if I miss the deadline to file Form 5278 with the local tax collecting unit by February 20?
The State Tax Commission has determined that late-filed Forms 5278's should not be accepted by the local unit. Form 5278's that are not properly filed or are late filed are not considered a denial by the assessing officer for purposes of appeal rights. See State Tax Commission Bulletin 7 of 2015.

Can I file all of my parcels located within a single tax collecting unit on a single Form 5278?
No. Form 5278 must be filed for each personal property parcel for which the exemption is being claimed.

I did not check the All, Part or None Box on my 2015 Personal Property Statement. Can I still claim the exemption in 2016?
Yes. You simply timely file Form 5278 with the local tax collecting unit.

Does a taxpayer who filed Form 5278 also need to file Form 632 (the personal property statement) for the same parcel?
No. Taxpayers will file either Form 5278 or Form 632, but not both, for a given parcel.

What do I do when my property no longer qualifies for the exemption?
A rescission (Form 5277) must be filed with the assessor of the local tax collecting unit where the personal property is located no later than December 31 of the year in which the exempted property is no longer eligible for the exemption.

What records am I required to retain to support my claim for exemption?
For all personal property exempt under ESA, the taxpayer must maintain records which at minimum include:

- Location and description of the property
- Date of purchase
- Lease or acquisition information
- Purchase price
- Lease amount or value of property
- Information about the customary industrial use for the property
- Asset classification

Eligible claimants must provide access to their books and records if requested by the local unit assessing officer, County Equalization Department, or Department of Treasury for any year in which they claim the exemption.

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Are there any penalties for falsely claiming the ESA exemption?
Yes. Pursuant to MCL 211.21, an assessor shall report to the prosecuting attorney where the property is located any individual suspected of fraudulently claiming the exemption. Any individual who fraudulently claims an exemption is guilty of a misdemeanor punishable by not less than 30 days and not more than 6 months in jail and a fine of not less than $500 or not more than $2,500 or both.

I'm a leasing company, can I claim the exemption and which form do I file?
Leasing companies are not eligible to claim the EMPP Exemption. Form 5278 specifically states that the form cannot be filed by leasing companies. However, with respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, all of the following apply:

(i) If the personal property is eligible manufacturing personal property, the lessee and lessor may elect that the lessee report the leased personal property on the combined document.

(ii) An election made by the lessee and the lessor under this subdivision shall be made in a form and manner approved by the department.

(iii) Absent an election, the personal property shall be reported by the lessor on the personal property statement unless the exemption for eligible manufacturing personal property is claimed by the lessee on the combined document.

Elections are made by filing Form 5427 with the filing for Form 5278.

I'm confused, are you telling me I have pay both ad valorem personal property tax and ESA?
A company that meets the requirements of EMPP for tax year 2016, will pay ad valorem personal property tax on personal property placed into service from tax year 2006 to tax year 2012. The same company will also pay ESA on personal property placed into service in 2005 or earlier and/or in tax years 2013 or later.

Special Acts

How is my property treated if I have an Industrial Facilities Tax - PA 198 (IFT) Certificate.
Discussions regarding the treatment of IFT property begins with the taxpayer answering two questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013?
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and therefore was extended under the provisions of MCL 207.561a?

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Answering these two questions will guide you to understanding how your property is reported and treated under the personal property tax changes. Simply put, if you can answer yes to question 1, then property exempt under MCL 211.9m or MCL 211.9n will pay the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires.

If you answer yes to question 2, your certificate will be extended and not expire until all the property covered under that IFT certificate is exempt under MCL 211.9m and MCL 211.9n. Once the certificate expires, then the property will pay ESA on the full Acquisition Cost.

Do you have an example of how an extended IFT is treated?
A six year IFT Certificate was approved in 2007 and in effect for 2008 through 2013 (expires 12/30/13). The personal property under this certificate was placed in service in 2007 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2007 will become exempt under MCL 211.9n in 2018.

Beginning with our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **Yes**

During the extended term, the property remains subject to the IFT tax and will be reported in the appropriate table in Part 2 of Form 5278, but will also be subject to the ESA Specific Tax and will also have to be reported in Part 3 of Form 5278.

However, because the answer to question 1 was Yes, in 2016 and also in 2017, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner (MCL 211.1053a). Note: The Fair Market Value at the time of acquisition by the first owner should be reported at 100% on Form 5278; the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) will be calculated on the statement subsequently filed with the Department of Treasury, not on Form 5278.

Once the property becomes exempt under MCL 211.9n in 2018, the property will be subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

What about an example of a non-extended IFT?

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A twelve year IFT Certificate was approved in 2009 and in effect for 2010 through 2021 (expires 12/30/21).

The personal property was placed in service in 2009 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2009 will become exempt under MCL 211.9n in 2020.

Going back to our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**

2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

The answer to question 2 is No, because the personal property covered under the IFT Certificate will become exempt under MCL 211.9n before the certificate was scheduled to expire. For 2016 through 2019 the personal property will be subject to the IFT Specific Tax and will be reported on Form 5278, Part 2 only and it will not pay ESA Specific Tax.

However, because the answer to question 1 was Yes, the taxpayer will report the property in Part 3 starting in 2020 to 2021 and in 2021 the personal property is subject to the ESA Specific Tax at ⅓ the Fair Market Value at the time of acquisition by the first owner.

Note: In this case the assessor must retain the IFT parcel number until 2022 and not move the property to the Ad Valorem parcel for purposes of ESA reporting.

Since the property is exempt under MCL 211.9m and MCL 211.9n and the IFT Certificate that would have been in effect for the parcel has expired, in 2022 the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

I have an IFT that was recently approved. How is that treated?

A six year IFT Certificate was approved in 2013 and in effect for 2014 through 2019 (expires 12/30/19).

The personal property was placed in service in 2013 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2013 will become exempt under MCL 211.9m in 2016.

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Going back to our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **No**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

Because in 2016, EMPP first placed in service after 2012 is exempt, the IFT Certificate expires and the personal property is reported on Form 5278, Part 3. Because the answer to question 1 was No, the personal property is subject to the ESA Specific Tax at the full Acquisition Cost.

Those are pretty simple examples, what about a more complex example?
An IFT Certificate was approved in 2005 and in effect for 2006 through 2017 (expires 12/30/17).

The personal property was placed in service in 2005, 2006, 2007, 2008 and 2009 and is Eligible Manufacturing Personal Property (EMPP).

As a reminder, personal property that was first placed in service in 2005 will become exempt under MCL 211.9m in 2016, personal property that was first placed in service in 2006 will become exempt in 2017, personal property first placed in service in 2007 will become exempt in 2018, personal property first placed in service in 2008 will become exempt in 2019 and personal property first placed in service in 2009 will become exempt in 2020.

We will begin with our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013?
   Yes
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **Yes**

Because the answer to question 2 was “Yes”, the IFT Certificate has an extended term of 2017, 2018 and 2019 under the provisions of MCL 207.561a.

In 2016, the taxpayer will report the property placed in service in 2005 on Part 3 of Form 5278. Because the answer to question 1 was yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2006, 2007, 2008 and 2009 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2017, the taxpayer will report the property placed in service in 2005 and 2006 on Part 3 of Form 5278. Because the answer to question 1 was Yes, the

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personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2007, 2008 and 2009 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2018, the taxpayer will report the property placed in service in 2005, 2006, 2007, 2008 and 2009 on Part 3 of Form 5278. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will also report the property placed in service in 2008 and 2009 in Part 2 of Form 5278 and this property will also be subject to the IFT Specific Tax.

In 2019, the taxpayer will report the property placed in service in 2005, 2006, 2007, 2008 and 2009 on Part 3 of Form 5278. Because the answer to question 1 was Yes, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will also report the property placed in service in 2009 in Part 2 of Form 5278 and this property will also be subject to the IFT Specific Tax.

Beginning in 2020 all the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

IFT Certificate Effective 12-31-05 and Expires on 12-30-17 IFT					
Year Placed in Service	**2016**	**2017**	**2018**	**2019**	**2020**
2005	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2006	IFT Specific Tax	ESA at ½ FMV	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2007	IFT Specific Tax	IFT Specific Tax	ESA at ½ FMV	ESA at ½ FMV	ESA At Full Cost
2008	IFT Specific Tax	IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA at ½ FMV	ESA At Full Cost
2009	IFT Specific Tax	IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA at ½ plus IFT Specific Tax	ESA At Full Cost

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I have a P.A. 328 (MCL 211.9f) exemption. How is that exemption treated?
MCL 211.9f(8) indicates: Notwithstanding any other provision of this section to the contrary, if new personal property exempt under this section on or after December

31, 2012 is eligible manufacturing personal property, that eligible manufacturing personal property shall remain exempt under this section until the later of the following:

(a) The date that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under this act under section 9m, 9n, or 9o.

(b) The date that eligible manufacturing personal property is no longer exempt under the resolution adopted under subsection (1).

Simply put: Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until the later of the following:

a. The personal property is exempt under MCL 211.9m, 9n or 9o
b. The P.A. 328 exemption expires.

The definition of new personal property under P.A. 328 does not include EMPP for a resolution adopted after December 31, 2014.

Do you have an example of what happens to a PA 328 exemption that would not be extended?
A P.A. 328 exemption was approved in 2000 and effective for 2001 through 2030 (expires 12/30/30). The personal property is Eligible Manufacturing Personal Property (EMPP).

The exemption does not need to be extended because the exemption is valid until 2031.

The personal property will remain exempt under P.A. 328 until 2031 and will not be subject to the Essential Services Assessment (ESA) until 2031. The taxpayer is not required to file Form 5278 until 2031 when the property is no longer exempt under P.A. 328.

Do you have an example for a PA 328 exemption that would need to be extended? A P.A. 328 exemption was approved in 2003 and effective for 2004 through 2013 (expires 12/30/13). The personal property was placed in service in 2004 and 2005. The personal property is Eligible Manufacturing Personal Property (EMPP).

The law will extend the P.A. 328 exemption through 2015. Property placed in service in 2004 and 2005 will be considered eligible personal property in 2016 under MCL 211.1053(e)(i).

Beginning in 2016 the property will pay the full Essential Services Assessment (ESA). The taxpayer will fill out Form 5278, Part 3.

What about a more complex example?

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A P.A. 328 exemption was approved in 2010 and effective for 2010 through 2015 (expires 12/30/15). The personal property was placed in service in 2011, 2012 and 2013. The personal property is Eligible Manufacturing Personal Property (EMPP).

Eligible Manufacturing Personal Property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until the later of the following:

a. The personal property is exempt under MCL 211.9m, 9n or 9o
b. The P.A. 328 exemption expires.

The P.A. 328 exemption was in effect on or after December 31, 2012. Therefore, the exemption is extended until 2023 and the property shall remain exempt under P.A. 328 until the personal property is exempt under MCL 211.9m, 9n or 9o. (property first placed in service in 2012 becomes exempt under MCL 211.9n in 2023). This property will be reported on Form 5278 Part 3.

This property will be subject to the full payment of the Essential Services Assessment (ESA) because MCL 211.1052 defines eligible personal property (which is property subject to pay the ESA) as both EMPP that is subject to an extended exemption under MCL 211.9f(8)(a) and EMPP exempt under MCL 211.9m or 9n.

What about a P.A. 328 exemption approved in 2014?
The full ESA must be paid for all P.A. 328 exemptions approved in 2014 unless the application was filed before August 5, 2014 and the resolution approving the exemption projected costs to be at least $25 million. The taxpayer will fill out Form 5278, Part 3.

Is my property exempt from ESA if it is located in a Renaissance Zone?
Generally, yes. Property located in a Renaissance Zone is 100% exempt from ESA until the three (3) years immediately preceding the expiration of the exemption of that personal property. During the last three years, the acquisition cost of the personal property is multiplied by the percentage reduction as outlined by MCL 125.2689.

For eligible personal property exempt under the Michigan renaissance zone act an eligible claimant shall report the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, installation, and other capitalized costs, except capitalized interest.

Statement Certification and ESA Payments

I have determined I am eligible for the exemption. I have timely filed Form 5278 with my local unit assessor. What happens now?

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Once an eligible claimant has properly claimed the personal property tax exemption by filing the Combined Document (Form 5278) with the local unit assessor no later than February 20th (February 22, 2016 due to the weekend), the assessor will transmit the information contained in Form 5278 to the Michigan Department of Treasury no later than April 1.

The Department of Treasury will create an *Electronic ESA Statement (Statement)* from the information contained in Form 5278 and will make that *Statement* available through Michigan Treasury Online (MTO) not later than May 1. Eligible claimants must submit a certified *Statement* either through MTO or through e-file (paper S*tatements* are not accepted).

Can I make changes to the information in the Electronic Statement?
An eligible claimant may amend a return through MTO on or before September 15 of the tax year.

Can I add a parcel to the affidavit in MTO or e-file?
A taxpayer may amend a return until September 15 of the tax year in question by adding or removing a parcel.

Do I have to sign up for MTO to view my statement, certify and pay?
Eligible claimants or their authorized preparer may utilize MTO to view their *Statement*, view correspondence from Treasury, make changes to their *Statement*, Certify their *Statement* and pay the ESA tax.

Please see the MTO Guides and Shared Secrets help documents available on the ESA website for further information on using MTO.

Eligible claimants and/or authorized preparers that utilize third-party preparation software will have the option of certifying the *Statement* by filing a return electronically through the Modernized e-File System (MeF). MeF offers that advantage of allowing the eligible claimants or their authorized preparers to use the approved software developer of their choice to file their return.

Will there be multiple users from one company and can all users see the information in MTO? Will they all have different passwords?
A company can allow multiple registrants to have an MTO business relationship with ESA. Each user would have their own password.

Please see the MTO Guides and Shared Secrets help documents available on the ESA website for further information on using MTO.

Is there anything I need to know if I'm using E-File?
The electronic *Statement* must be signed by an authorized person, the Electronic Return Originator (ERO), if applicable, as well as any paid tax preparer. The

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Statement must be signed using Form MI-5352 (*E-file Authorization for the Essential Services Assessment (ESA) MI-5352*). Returns are signed by entering the taxpayer PIN in the software after reading the perjury statement displayed in the software. The taxpayer PIN will be selected by the taxpayer, or the taxpayer may authorize his or her tax preparer to select the taxpayer PIN. The MI-5352 will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-5352 in his or her records as part of the taxpayer's printed return. ESA e-filings submitted without a taxpayer PIN will be rejected by Treasury.

Do not mail Form MI-5352 to Treasury.
Do not include Form MI-5352 as an attachment to a return.

A "Tax Preparer Handbook for Electronic Filing Programs" as well as more information, program updates and a list of approved software developers is available on the Treasury web site at www.MIfastfile.org.

Can a taxpayer use a Social Security number if they do not have a FEIN?
No. A taxpayer must have a valid Federal Employer Identification Number (format XX-XXXXXXX) to file an ESA affidavit and statement. MCL 211.1053(a).

What if a taxpayer is a sole proprietor and does not have a FEIN?
An FEIN is required in order to file for ESA. FEIN's can be obtained at no cost from the Internal Revenue Service.

When is my payment due?
An eligible claimant is required to make payment in full, by using MTO or Electronic Funds Transfer (EFT) credit, by August 15 without penalty. Payments **cannot** be mailed to the Department of Treasury.

Can taxpayers make one payment on the FEIN level?
Yes. Taxpayers will be allowed to pay their ESA *Statements* on either MTO or E-File. Those systems is set up for taxpayers to pay their parcels at the FEIN level.

What if I don't certify my *Statement* or make payment in full by August 15?
An eligible claimant who fails to submit a certified *Statement* and pay ESA in full via MTO or e-file by August 15 shall be subject to late penalty at a rate of 1% per week, up to a maximum of 5%, of the total amount due and unpaid.

What if I don't certify my *Statement* or make payment by October 15?
Eligible claimants who fail to submit a certified *Statement* and pay ESA in full by October 15 via MTO or e-file shall be subject to rescission of their personal property tax exemption. More information on appeals and rescission can be found in the appeals section below.

Is there any provision for a penalty waiver?

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For the eligible claimant's first assessment year only, the penalty shall be waived if the eligible claimant submits the *Statement* and full payment of the assessment levied by September 15 of the tax year.

Calculation of the Tax

How much is the ESA tax?
The ESA tax is calculated by multiplying the acquisition cost of the eligible personal property by the following millage based upon the year the property was first placed into service:

- Multiply the acquisition cost by 2.4 mills if the property was placed into service 1 to 5 years before the assessment year
- Multiply the acquisition cost by 1.25 mills if the property was placed into service 6 to 10 years before the assessment year
- Multiply the acquisition cost by 0.9 mills if the property was placed into service more than 10 years before the assessment year

Is there anything I can do to reduce my ESA tax?
As described above, the acquisition cost reported is reduced for certain IFT Certificates.

Property located in a Renaissance Zone is 100% exempt from ESA until the three (3) years immediately preceding the expiration of the exemption of that personal property. During the last 3 years, the acquisition cost of the personal property is multiplied by the percentage reduction as outlined by MCL 125.2689.

Beginning with the 2017 assessment year, for property that is construction in progress only, "acquisition cost" means 1/2 of the fair market value at the time acquired by the first owner, including the cost of freight, sales tax, and installation. For property that is construction in progress, "acquired by" means the year the property is first reported on the combined form as prescribed in section 7(8) in the report of the fair market value and year of acquisition by the first owner of qualified new personal property or qualified previously existing personal property.

Additionally, the Michigan Strategic Fund Board (MSF) may adopt a resolution to exempt from the assessment under this act eligible personal property (Alternative ESA).

What is the Alternative Essential Services Assessment?
Like ESA, the Alternative Essential Services Assessment is a state-specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the

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assessment year. An eligible claimant may be exempt from ESA and would instead qualify for the Alternative Essential Services Assessment if the board of the Michigan Strategic Fund adopts a resolution to exempt the eligible claimant from ESA and instead states the eligible personal property is subject to assessment under the Alternative Essential Services Assessment.

How much is the Alternative Essential Services Assessment tax?
The Alternative Essential Services Assessment is calculated by multiplying the acquisition cost of the eligible personal property by the following millage based upon the year the property was placed into service:

- Multiply the acquisition cost by 1.2 mills if the property was placed into service 1 to 5 years before the assessment year
- Multiply the acquisition cost by 0.625 mills if the property was placed into service 6 to 10 years before the assessment year
- Multiply the acquisition cost by 0.45 mills if the property was placed into service more than 10 years before the assessment year

Is there a minimum investment required to be eligible for the exemption?
An eligible claimant shall present a business plan or demonstrate that a minimum of $25,000,000.00 will be invested in additional eligible personal property in this state during the duration of the written agreement.

Are there other statutory requirements to be exempt by the MSF Board?
Statute requires that the MSF Board consider the following criteria when approving an exemption:
(a) Out-of-state competition.
(b) Net-positive return to this state.
(c) Level of investment made by the eligible claimant.
(d) Business diversification.
(e) Reuse of existing facilities.
(f) Near-term job creation or significant job retention as a result of the investment made in eligible personal property.
(g) Strong links to Michigan suppliers.
(h) Whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

Is it possible to receive the MSF exemption and immediately affect my ESA tax? No. An exemption is effective in the assessment year immediately succeeding the year in which the fund board adopts the resolution.

RESCISSION AND APPEAL RIGHTS

Where can a taxpayer appeal a denial of exemption made by the assessor?
If the written denial is issued prior to the first meeting of the March Board of Review that follows the organizational meeting, the taxpayer must appeal to the

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March Board of Review by filing a completed Combined Document (Form 5278).

If the written denial is issued by the assessor after the first meeting of the March Board of Review that follows the organizational meeting, then the taxpayer may appeal to the March Board or they may appeal directly to the Michigan Tax Tribunal. Taxpayers would appeal directly to the Michigan Tax Tribunal by filing a petition within 35 days of the issuance of a denial.

What if the denial was due to filing of an incomplete Form 5278, can the March Board of Review hear that appeal?

The March Board of Review has the authority to hear the denial of an exemption by the assessor. This would include denial due to the filing of an incomplete Form 5278. If the taxpayer presents a fully completed Form 5278 to the March Board of Review and the Board believes the property meets the exemption requirements, then the Board may grant the exemption.

Can I go to the March Board of Review with an amending filing?

The March Board of Review also has the authority to review and accept an amended filing by the taxpayer as long as the taxpayer properly claimed the exemption by timely and completely filing Form 5278.

The assessor lost or misplaced my Form 5278, can the July or December Board of Review grant the exemption?

The July and December Boards of Review **<u>have no authority</u>** over the exemptions in MCL 211.9m or MCL 211.9n.

If an assessor misplaces or misses a timely filed Form 5278, that **<u>is not</u>** considered a clerical error or mutual mistake and cannot be considered by the July or December Board of Review.

A taxpayer who filed Form 632 and later believes they qualify for the exemption cannot appeal to the July or December Board of Review. Failure to properly claim the exemption **<u>is not</u>** a qualified error under MCL 211.53b.

I did not certify my ESA *Statement* and did not pay my ESA tax by October 15, what happens now?

For any assessment year in which an eligible claimant does not submit payment in full and any penalty due by October 15, the Department of Treasury shall rescind, no later than the first Monday in December for the assessment year, any exemption described in section 9m or 9n of the general property tax act.

Additionally, upon request of the Department, the State Tax Commission shall rescind any exemption under section 9f of the general property tax act which was approved after 2013, any extended exemption for eligible personal property under section 9f(8)(a) and any exemption for eligible personal property subject to

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an extended industrial facilities exemption certificate.

What happens after the Department rescinds the exemption?
The eligible claimant must file with the assessor of the township or city within 30 days of the date of the rescission issued, a personal property statement, for all property for which the exemption has been rescinded under this section.

Within 60 days of the date of the rescission issued, the treasurer of the local tax collecting unit shall issue amended tax bills for any taxes, including penalty and interest, that were not billed under the general property tax act and that are owed as a result of the order of rescission.

Can I appeal the rescission decision?
An eligible claimant may appeal a rescission to the Michigan Tax Tribunal (MTT) by filing a petition not later than December 31 in that tax year.

An eligible claimant may appeal a rescission, as a result of an audit by filing a petition with the MTT within 35 days of the date of that assessment's issuance.

Can I appeal my ESA tax or penalty?
An eligible claimant may appeal an assessment levied or a penalty to the MTT by filing a petition not later than December 31 in that tax year.

An eligible claimant may appeal an assessment issued, including penalties or interest as a result of an audit conducted by filing a petition with the MTT within 35 days of the date of that assessment's issuance.

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Reset Form

Michigan Department of Treasury
1029 (Rev. 09-16)

Agenda Item #8

State of Michigan
State Tax Commission

ANNUAL PROPERTY REPORT
For Year Ended December 31, 2016

State Assessed Telephone Companies

This report is issued under Michigan Public Act 282 of 1905, as amended. Filing of this report is mandatory. There can be only one authorized contact person for each company. Companies with annual gross receipts greater than $1,000,000 are required to file this report on or before March 31. Companies with annual gross receipts equal to or less than $1,000,000 are required to file this report on or before March 15. A company failing to file a complete report by the applicable due date shall be subject to a fine of $500 per day.

Instructions for completion and filing options for this report are located on pages 13 thru 15.

I. COMPANY INFORMATION AND CONTACT IDENTIFICATION

Company Name		Federal Tax ID Number	
Company Address to which the tax bill should be sent	City	State	ZIP Code
Company Authorized Contact Person (to whom correspondence concerning this report should be addressed)		Company Website	
Contact Address	City	State	ZIP Code
Contact Telephone Number	Contact Fax Number	Contact E-Mail Address	

NOTARY

Printed Name of President, Secretary, Superintendent or Chief Officer under whose direction this report was prepared.

By my signature below, I certify that the information (including any attachments) in this report is complete and correct to the best of my knowledge and belief.

Signature	Title	Date

Subscribed and sworn to before me this _____ day of _____, _____.

Signature of Notary Public	My Commission Expires
Printed Name of Notary Public	Acting in the County of

Has your company experienced any name changes, acquisitions, or sales during the calendar year immediately preceding the statutory due date of this report?

☐ Yes ☐ No

If Yes, provide the following information:

Description of Change (sale, acquisition, etc)	Date of Change
Name of Company Acquired	Name of Company Sold

Under what name did the Taxpayer file last year?

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II. PERSONAL PROPERTY STATEMENT

Section A: Personal Property Listing Multiplier Tables

Read the instructions carefully. Detailed instructions for the allocation of your personal property may be found in the instructions at the end of this document. This report is subject to audit. All tangible personal property in your possession, whether owned or leased, including fully depreciated and expensed assets must be included. Items are to be reported in the year new, at full original cost new including freight, installation, and sales tax in the column titled “Reportable Costs Current Year”.

The “Costs Reported Prior Year”, “Losses”, “Additions” and “True Cash Value” columns are for Assessment and Certification Division use only.

Table A

Furniture and Fixtures

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.9100	
2015					0.8000	
2014					0.6900	
2013					0.6100	
2012					0.5300	
2011					0.4700	
2010					0.4200	
2009					0.3700	
2008					0.3300	
2007					0.2900	
2006					0.2700	
2005					0.2400	
2004					0.2200	
2003					0.1900	
Prior					0.1200	
Totals						

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Table B

Machinery and Equipment

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.8900	
2015					0.7600	
2014					0.6700	
2013					0.6000	
2012					0.5400	
2011					0.4900	
2010					0.4500	
2009					0.4200	
2008					0.3800	
2007					0.3600	
2006					0.3300	
2005					0.3100	
2004					0.2900	
2003					0.2800	
Prior					0.2300	
Totals						

Table D

Office Electronic,Video, and Testing Equipment

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.8400	
2015					0.6400	
2014					0.5500	
2013					0.4900	
2012					0.4400	
2011					0.4100	
2010					0.3800	
2009					0.3500	
2008					0.3300	
2007					0.3100	
2006					0.2900	
2005					0.2800	
2004					0.2600	
2003					0.2500	
Prior					0.1700	
Totals						

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Table F

Computer Equipment

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.6000	
2015					0.4400	
2014					0.3200	
2013					0.2400	
2012					0.1900	
2011					0.1500	
Prior					0.0800	
Totals						

Table H & I

FCC Uniform System of Accounts, Part 32

Account 32.2210 Analog, Digital, and Optical Switching and Operator Systems
Account 33.2232 Circuit Equipment

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.8860	
2015					0.6990	
2014					0.5510	
2013					0.3730	
2012					0.2450	
2011					0.1650	
2010					0.1180	
2009					0.0890	
2008					0.0680	
2007					0.0530	
Prior					0.0451	
Totals						

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Table J

FCC Uniform System of Accounts, Part 32

Account 32.2411 Poles
32.2421 Aerial Cable Metallic
32.2423 Buried Cable Metallic
32.2424 Submarine Cable Metallic
32.2426 Intrabuilding Network Cable Metallic, and
32.2431 Aerial Wire

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.9210	
2015					0.7740	
2014					0.6510	
2013					0.5480	
2012					0.4610	
2011					0.2660	
2010					0.1910	
2009					0.1650	
2008					0.1250	
Prior					0.0140	
Totals						

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Table K

FCC Uniform System of Accounts, Part 32

Account 32.2310 Information Origination/Termination Equipment

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.8760	
2015					0.6730	
2014					0.5030	
2013					0.3620	
2012					0.2490	
2011					0.1650	
2010					0.1070	
2009					0.0730	
2008					0.0570	
Prior					0.0500	
Totals						

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Table M

Fiber Optic Cable

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.9440	
2015					0.8370	
2014					0.7420	
2013					0.6580	
2012					0.5840	
2011					0.5180	
2010					0.4600	
2009					0.4080	
2008					0.3620	
2007					0.3210	
2006					0.2840	
2005					0.2520	
2004					0.2240	
2003					0.1990	
2002					0.1760	
2001					0.1560	
2000					0.1390	
1999					0.1230	
1998					0.1090	
1997					0.0970	
1996					0.0860	
1995					0.0760	
Prior					0.0680	
Totals						

Instructions: Enter the breakdown of types of Fiber reported in Table M above. “Lit Fiber” is Fiber that is in use. “Unlit – Never Used” is Fiber that will never be used (considered idle with 0% credit). “Unlit Fiber – Future Use” is Fiber that will have possible use in the future (considered standby with 20% credit). **The total must equal 100%.**

Type of Fiber	% of Total	TCV	
Lit Fiber			
Unlit Fiber - Never Used			(Before additional depreciation is applied)
Unlit Fiber - Future Use			(Before additional depreciation is applied)
TOTALS	100%		

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Table N

FCC Uniform System of Accounts, Part 32
Account 32.2441 Conduit Systems

	Costs Reported Prior Year (office use only)	Losses (office use only)	Additions (office use only)	Reportable Costs Current Year	Multiplier	True Cash Value (office use only)
2016					0.9740	
2015					0.9270	
2014					0.8800	
2013					0.8340	
2012					0.7890	
2011					0.7450	
2010					0.7010	
2009					0.6570	
2008					0.6140	
2007					0.5720	
2006					0.5310	
2005					0.4900	
2004					0.4500	
2003					0.4110	
2002					0.3720	
2001					0.3350	
2000					0.3020	
1999					0.2670	
1998					0.2340	
1997					0.2030	
1996					0.1750	
1995					0.1490	
1994					0.1250	
1993					0.1020	
1992					0.0840	
1991					0.0670	
1990					0.0530	
Prior					0.0400	
Totals						

(Office use only)

Section A: Personal Property True Cash Valu

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Section B: Leased Personal Property or Indefeasible Rights to Use (IRU)

Any leased personal property **which is not listed above because the original cost new is not known**, should be reported below. Complete as much information about the lease/agreement as possible. Include any Indefeasible Rights to Use Personal Property that are used by you in the business of providing telephone/telegraph service.

Description of Property or Usage Right	Beginning Date of Agreement	Ending Date of Agreement	Rent or Fee	Frequency of Payment	True Cash Value (office use only)
				Subtotal	

Section C: Personal Property Construction in Progress

Any personal property partially installed or constructed as of December 31st should be reported at 100% of original costs new incurred to date (including sales tax, freight and installation). Provide approximation of percentage complete.

Project Identifier	Year Started	Expected Completion	Location and Description of Construction	Percent Complete	Incurred Cost to Date
				Subtotal	
				X .50	
				True Cash Value	

Personal Property Calculations Summary

Section A: Personal Property Tablse Subtotals	
Section B: Leased Personal Property Subtotal	
Section C: Personal Property Construction In Process Subtotal	
	(Office use only)
Total Personal Property True Cash Value (Sum of Sections A, B, and C)	

The Total Personal Property True Cash Value above will be completed AFTER the Assessment and Certification Division has had the opportunity to review and value the Section B property. These totals will become part of the basis for calculating the taxable value for all of your property (both real and personal).

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III. REAL PROPERTY

A. Assessed Real Property

Have there been any changes (additions or losses) to your Real Property in the calendar year immediately preceding the statutory filing date of this report?

☐ Yes ☐ No

If No, skip B and C.
If Yes, describe losses and additions in B and/or C below, as appropriate.

If you are filing this report for the first time, list all Real Property in section C as an addition.

B. Losses to, or Transfer of Real Property

If there have been any changes to Real Property owned or leased by your company for the calendar year immediately preceding the statutory due date of this report which could cause a reduction in value, provide a complete description of any changes below. These changes include, but are not limited to property destroyed, property removed, and transfers of ownership.

Parcel ID	Street Address, City or Township, or County and/or Legal Description	Date of Loss	Cost	Description of Physical Change Total	True Cash Value (office use only)
				Total	

Attach additional sheets if necessary.

C. Additions to, or Acquisitions of Real Property

If there have been any changes to Real Property owned or leased by your company for the calendar year immediately preceding the statutory due date of this report which could cause an increase in value, provide a complete description of any changes below. These changes include, but are not limited to new property acquired or leased, new construction or other assessable improvements or additions to existing property, omitted property, and previously exempt property for which an exemption no longer applies.

Parcel ID	Street Address, City or Township, or County and/or Legal Description	Date of Addition	Cost	Description of Physical Change	True Cash Value (office use only)
				Total	

Attach additional sheets if necessary.

(Office use only)

Total Real Property True Cash Value	

The Total Real Property True Cash Value above will be completed AFTER the Assessment and Certification Division has had the opportunity to review and value the additions and losses. These totals will become part of the basis for calculating the capped and taxable values for all of your property (both real and personal).

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NOTE

All summary calculations will be completed AFTER the Property Services Division has reviewed and processed the information contained in this Annual Property Report. Once all processing is complete, you may view the summary calculations (worksheets) by requesting a personal identification number (PIN) and accessing your company's secure, online account. For additional information on how to request a PIN to access your account, refer to the "How to file this report" section of the instructions.

Tentative values will be posted on or about May 15 and final values will be posted on or about June 15. Each state assessed company will receive a final tax bill by mail and any taxes due are payable on July 1.

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2017
Application for the Eligible Expenditures Credit against Tax Levied on State-Assessed Companies as provided by MCL 207.13b(1)

Instructions:

Companies which are assessed by the State Tax Commission under the authority of Public Act 282 of 1905 may receive an Eligible Expenditures credit against the tax imposed by the act.

In order to receive the Eligible Expenditure credit the following requirements must be met:

1. The company must submit a timely credit application. This form shall be filed with the State Tax Commission in accordance with the following schedule:

   Companies whose **gross receipts do not exceed $1,000,000** shall file **on or before March 15.**
   Companies whose **gross receipts exceed $1,000,000** shall file **on or before March 31.**

2. The company must be subject to the annual maintenance fee required under Section 8 of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act for the one year period between April 1 of the prior year and March 31 of the current year.

3. The company must have incurred Eligible Expenditures:

   The law defines "Eligible Expenditures" as follows:
   "Eligible Expenditures" means expenditures made by a company to purchase and install eligible equipment.
   "Eligible Equipment" means property placed into service in the state for the first time with information carrying capacity in excess of 200 kilobits per second in both directions.

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Company Name

Federal Employer ID Number (FEIN)

Eligible Expenditure Credit (MCL 207.13b(1))

Is your company subject to (billed and required to pay) the annual maintenance fee required under Section 8 of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act for the one year period between April 1 of last year and March 31 of the current year?

☐ Yes ☐ No

If No, you are not eligible for this credit, DO NOT SUBMIT EXPENDITURES.
If Yes, list the Eligible Expenditures incurred during the prior calendar year.

Description of Equipment	Amount of Eligible Expenditure

Attach additional sheets if necessary.

2017
Application for the Maintenance Fee Credit against Tax Levied on State-Assessed Companies as provided by MCL 207.13b(5)

Instructions:
Companies which are assessed by the State Tax Commission under the authority of Public Act 282 of 1905 may receive a Maintenance Fee credit against the tax imposed by the act.

After any credit under MCL 207.13b(1) is determined, a company shall be allowed a credit against any remaining tax imposed under this act equal to the credit allowed under section 8 of the metropolitan extension telecommunications rights-of-way oversight act, less the amount of any credit determined under MCL 207.13b(1).

If the credit allowed under this subsection for the tax year and any unused carryforward of the credit allowed by this subsection exceed the company's remaining tax liability for the tax year after any credit under MCL 207.13b(1) is determined, that portion of the credit that exceeds the remaining tax liability for the tax year shall not be refunded but may be carried forward to offset any tax liability in subsequent tax years that remains after any credit claimed under subsection (1) in that subsequent tax year is determined until used up.

In order to receive the Maintenance Fee Credit under MCL 207.13b(5) this form shall be filed with the State Tax Commission **before May 1st.**

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Company Name

Federal Employer ID Number(FEIN)

Maintenance Fee Credit (MCL 207.13b(5))

Is your company subject to (billed and required to pay) the annual maintenance fee required under Section 8 of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act for the one year period between April 1 of last year and March 31 of the current year?

☐ Yes ☐ No

If No, you are not eligible for this credit.
If Yes, please provide the following information about the Section 8 Maintenance Fees

Amount Billed $ _____ **Amount Paid** $ _____

Instructions for Completion of the Annual Property Report by Telephone Companies

Who Must File?
All state-assessed telephone companies must file this report. State-assessed telephone companies are companies which:

1. Provide switching and/or routing of 2-way information of the user's choosing that is transmitted over landlines and/or landline transmission of 2-way information of the user's choosing that are voice and/or data and/or broadband, and
2. Offer these services either directly or indirectly to the public in Michigan.

Authorization, Due Dates, and Penalties for Non-Compliance
This form is issued under the authority of the Michigan Public Act 282 of 1905, as amended. This report is subject to audit. Filing is mandatory. Failure to file this report may subject the Taxpayer to a fine of $500.00 per day for each day that filing is delayed beyond its due date. Taxpayers having annual gross revenue of less than $1 million dollars must file this report by March 15, and Taxpayers having annual gross revenues of $1 million dollars or more must file this report by March 31.

How to submit this report:
This report may be submitted electronically or mailed in paper format. If you wish to submit this form electronically, visit the following web site at **www.michigan.gov/stateassessedproperty** or you may call 517-241-2444 for more information on how to file electronically. Any company which desires to take advantage of the new online process, will be able to request an individual secure Personal Identification Number (PIN) by filling out Treasury form 4435. Once the Personal Identification Number (PIN) is issued, the company can use that PIN to access the site for submitting their Annual Property Report and any applicable credit applications online. The company can also use the PIN to view calculation worksheets and tax notices, once all the processing is complete. The secure PIN protects the account, and restricts access so that only the person which the company authorizes can access or view the information submitted to the state.

If submitting this form by mail, complete and sign the declaration on page one and send the entire completed form to:

Mailing Address:
Michigan Department of Treasury
Michigan State Tax Commission
PO Box 30471
Lansing, MI 48909

For Overnight Package Delivery:
Michigan Department of Treasury
Michigan State Tax Commission
Austin Building
430 W. Allegan Street
Lansing, MI 48922

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SECTION I. COMPANY INFORMATION AND CONTACT IDENTIFICATION

Company Name: Insert the company name as it is legally registered with the state or local unit of government. If your company uses any name other than the legally registered name, provide the assumed name(s) as well.

Federal Employer ID Number (FEIN): Insert the taxpayer's Federal Employer ID Number.

Company Address: Provide the address where the tax bill should be sent.

Authorized Contact Person: Insert the Name, address, e-mail address and Telephone number of the person authorized by the company to act as the sole contact person for correspondence regarding this report.

If there have been any name changes, mergers, acquisitions or other changes in the calendar year immediately preceding the statutory due date of this report, provide the information requested. Include the name under which the company reported property to the State of Michigan last year.

SECTION II. PERSONAL PROPERTY STATEMENT

(A) Personal Property Listing Multiplier Tables
You must report in these sections all tangible personal property located in the State of Michigan which is owned by you or is leased and engaged by you in the business of providing telephone/telegraph service. Property must be listed at its **full original cost new, in the year that it was new.** The "Costs Reported Prior Year", "Losses", "Additions", and "True Cash Value" columns are for Property Services Division (PSD) use only. To view the values and calculations entered by the Property Services Division, complete form 4435 to obtain a Personal Identification Number (PIN) for access to the online reporting form available at
www.michigan.gov/stateassessedproperty (see "How to submit this report" section above for additional information). Tentative Values will be electronically posted on or about May 15th, and Final Values will be electronically posted on or about June 15th.

The valuation multipliers that will be used to value the property disclosed by the taxpayer in this report are intended to be applied to the original cost of new, not used, property. Original cost new includes freight, installation, and sales tax. If the original cost new of an asset is known, or can be reasonably ascertained through investigation, you must report that cost on the line that represents the year that it was new, even if you have adjusted the cost in your accounting records to reflect revaluation of the asset using a “purchase”, “fresh start”, “push down”, or similar accounting methodology, or even if your booked cost reflects a “used” purchase, lease “buy-out” price or a “trade-in” credit. The cost of all property must be included in this report even if the asset is fully depreciated for federal income tax or financial accounting purposes, and even if the property has been expensed, rather than capitalized in your accounting system.

Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental, rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Non-registered motor vehicles and equipment attached to motor vehicles which are not used while the vehicle travels on the highway are assessable, but vehicles registered with the Michigan Secretary of State on December 31st are exempt. Computer software, if the purchase was evidenced by a separate invoice amount and if the software is commonly sold separately, is exempt.

Table A: Furniture and Fixtures
Examples of the assets to be reported in this section include, but are not limited to: decorations, seating, office furniture, shelving and racks, lockers, modular office components, cabinets, counters, rent-to-own furnishings, bookcases, displays, mobile office trailers, tables, filing systems, slat walls, non-freestanding signs, window treatments, uniforms and linens.

Table B: Machinery and Equipment
The assets to be reported in this section include all assets that are not designated for disclosure in another section. Some examples of such assets include, but are not limited to the following types of machinery and equipment: air compressors, boiler, furnace, unlicensed vehicular, vehicle mounted equipment, conveyors, incinerators, maintenance and janitorial, waste containers, computer controlled lighting, hand tools of mechanics and trades, freestanding and other safes not assessed as real property, fork lift trucks.

Note: Motor Vehicles and Attached Equipment
If the taxpayer owns or leases motor vehicles used in Michigan and the vehicles are properly registered with the Michigan Secretary of State, the registered vehicles are exempt from assessment, but any attached equipment which is not designed for operation while the vehicle is moving on the highway, is not exempt.

Table D: Office Electronic, Video and Testing Equipment
Examples of assets to be reported in this section include, but are not limited to: office machines, non-computerized cash registers, copiers (including digital copiers/document processing devices), faxes, mailing and binding equipment, photography and developing equipment, shredders, projectors, telephone and switchboard systems, audio and video equipment, amplifiers, CD, cassette and disc players, speakers, cable television local origination equipment, electronic scales, surveillance equipment, electronic diagnostic and testing equipment, satellite dishes, electronic testing or laboratory equipment, cellular transmitter site equipment (except towers and land improvements and items reported under other sections of this form – see State Tax Commission Bulletin 3 of 2000, as amended), cellular telephones, security systems, 2-way and mobile land radio equipment, pay-per-view systems, wooden and plastic pallets and shipping containers, and distributive control systems (see Bulletin 3 of 2000, as amended). Other assets may be included at another time.

Table F: Computer Equipment
Examples of assets to be reported in this section include, but are not limited to: assessable software, personal and midrange and mainframe computer and peripheral equipment, including servers, data storage devices, CPUs, input devices, output devices, monitors, networking equipment, computerized point of sale terminals, global positioning system equipment, pager instruments, and cable television converters. Do not report digital copiers in this section even if the equipment can also be used as a computer peripheral. (report those in table D)

Table H & I: Analog, Digital and Optical Switching and Operator Systems
(FCC Uniform System Account 32.2210)
(FCC Uniform System Account 32.2232)

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Table J: Poles, All Metallic Cable (including: aerial, buried, submarine, and intra-building network) and Aerial Wire.
(FCC Uniform System Accounts 32.2411, 32.2421, 32.2423, 32.2424, 32.2426 & 32.2431)

Table K: Information Origination/Termination Equipment
(FCC Uniform System Account 32.2310)

Table M: Fiber Optic Cable

Table N: Conduit Systems
(FCC Uniform System Account 32.2441)

(B) Leased Personal Property
This section is provided for the limited purpose of reporting any leased property which is not listed in section A due to the inability of the taxpayer to ascertain the original cost new. If the cost new is not ascertainable, provide as much information as possible about the lease/rental agreement terms. Include any indefeasible rights to use personal property that are used by you in the business of providing telephone/telegraph service. Personal Property listed in this section will be reviewed and valued by the Property Services Division.

(C) Personal Property Construction in Progress
Construction in progress is defined as property and network systems which are located in Michigan and which are either under construction or have not been placed in service on or before December 31st. Report all costs that have been incurred including overheads, installation costs incurred, sales tax and freight. Reporting of costs should be separated by project. Property which is placed in service on or before December 31st is considered placed in service that year and should be entirely reported on the line which represents the year that it was considered placed in service. Similarly, the cost of all assets must be reported as acquired in the year that they were placed in service, rather than the year of purchase, if those years differ.

Section III. Real Property

A. Previous Year Assessed Real Property
Indicate whether there have been any changes to your real property as compared to the prior year's information and provide information about any changes in B and C. If you would like to view your previous year reported Real Property for comparison, you may request an individual secure Personal Identification Number (PIN) by completing Treasury Form 4435. This PIN allows you to view your secure online account which will have the previous year information as well as the calculations worksheets, and tax notices for the current year, once all the processing has been completed by the Property Services Division.

B. Losses to Real Property
Losses means the decrease in value which has not been reflected in the assessment unit's immediately preceding year's assessment roll. Losses include removal or destruction of real property, newly exempt property, or newly contaminated property.

C. Additions to Real Property
Additions means an increase in value which has not been reflected on the assessment unit's immediately preceding years assessment roll. Additions include omitted property, new or replacement construction, and increases in value due to new public services and/or contamination remediation.

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Reset Form

Michigan Department of Treasury
1028 (Rev. 09-16)

State of Michigan
State Tax Commission

ANNUAL PROPERTY REPORT

For Year Ended December 31, 2016

State Assessed Railroads

This report is issued under Michigan Public Act 282 of 1905, as amended. Filing of this report is mandatory. There can be only one authorized contact person for each company. Companies with annual gross receipts greater than $1,000,000 are required to file this report on or before March 31. Companies with annual gross receipts equal to or less than $1,000,000 are required to file this report on or before March 15. A company failing to file a complete report by the applicable due date shall be subject to a fine of $500 per day.

Instructions for completion and filing options are available on pages 9-12 of this report.

Company Name	Federal Tax ID Number		
Company Address to which the tax bill should be sent	City	State	ZIP Code
Company Authorized Contact Person (to whom correspondence concerning this report should be addressed)		Company Website	
Contact Address	City	State	ZIP Code
Contact Telephone Number	Contact Fax Number	Contact Email Address	

Notary

Printed name of President, Secretary, Superintendent or Chief Officer under whose direction the report was prepared.		
By my signature below, I certify that the information (including any attachments) in this report is complete and correct to the best of my knowledge and belief.		
Signature	Title	Date
Subscribed and sworn to before me this _____ day of _____ , _____		
Signature of Notary Public		My Commission Expires
Printed Name of Notary Public	Acting in the County of	

Has your company experienced any name changes, acquisitions, or sales during the calendar year immediately preceding the statutory due date of this report?

☐ Yes ☐ No

If yes, provide the following information:

Description of Change (merger, acquisition, sale)	Date of Change
Under what name did the Taxpayer file last year?	Name of Company Sold

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Schedule 1, Statement of Total Cost of Rolling Stock Owned or Leased by Year of Acquisition (Includes Locomotives, Freight Cars, Passenger Cars, Highway and Work Equipment)

YEAR OF ACQUISITION	Number of Units Reported Prior Year	COSTS REPORTED PRIOR YEAR (office use only)	LOSSES (office use only)	ADDITIONS (office use only)	NUMBER OF UNITS	REPORTABLE COSTS CURRENT YEAR	MULTIPLIER	TRUE CASH VALUE (office use only)
2016							0.8900	
2015							0.7600	
2014							0.6700	
2013							0.6000	
2012							0.5400	
2011							0.4900	
2010							0.4500	
2009							0.4200	
2008							0.3800	
2007							0.3600	
2006							0.3300	
2005							0.3100	
2004							0.2900	
2003							0.2800	
Prior							0.2300	
TOTALS								
							Schedule 1 Total True Cash Value	

Schedule 2, Investment in Road Property Used in Transportation Service with Additions and Retirements for the Year (Michigan Only)

Column A Previous Year Plant Balance from Last Year's Column F	Column B Original Cost of Retirements Made During Calendar Year	Column C Accumulated Depreciation of Retirements at Beginning of Calendar Year	Column D Expenditures for Additions During the Calendar Year	Column E Depreciaton of New Additions During the Calendar Year	Column F Plant Balance at Year End = A - B +D	Column G Accumulated Depreciation at Year End	Column H Net Book Value = F - G

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If your prior year plant ending balance is not equivalent to the amount in Column A that was carried forward from last year's report, please indicate the revised amount and provide an explanation.

Revised Column A: _____

Explanation: _____

Plus

Construction in Progress (CIP) _____ X .50 = Adjusted CIP _____

(incurred cost to date)

Equals

Schedule 2 True Cash Value _____

Note: Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental (operating), rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Motor vehicles registered with the Michigan Secretary of State on Tax Day (December 31st) are exempt. Non-registered motor vehicles and equipment attached to motor vehicles which is not used while the vehicle travels on the highway are assessable. Computer software, if the purchase was evidenced by a separate invoice amount and if the software is commonly sold separately, is exempt.

Schedule 3

A. Interest Paid on Debt From Railway Operations (National)

Last Four Year Results as Previously Reported (office use only)				Balance at Close of Calendar Year (December 31st)	Five Year Average (office use only)
year - 4	year - 3	year - 2	year - 1		
-0-	-0-	-0-	-0-		

B. Total New Operating From Railway Operations (National)

Last For Year Results as Previously Reported (office use only)				Balance at Clost of Calendar Year (December 31st)	Five Year Average (office use only)
year - 4	year - 3	year - 2	year - 1		

Schedule 4, Statement of Allocation Factors

Note: "National" includes all North American Activity (U.S., Canada, and Mexico), "Michigan" only includes those items attributable to the State of Michigan.

Are your operations entirely within the State of Michigan?

☐ Yes ☐ No

If Yes, you do not need to provide the following information.
If No, please provide the following information below (Car Miles and Revenue)

Car Miles	**National**	**Michigan**
1. Freight Car Miles (Loaded and Empty)		
2. All Other Car Miles		
3. Total Car Miles (1+2)		
4. Percentage Attributable to Michigan		

Revenues (please enter full dollar amounts)	**National**	**Michigan**
1. Freight Revenue		
2. All Other Revenue from Operation		
3. Total Operating Revenue (1+2)		
4. Percentage Attributable to Michigan		

Schedule 5, Sales and Transfers of Car Marks

Did any sales or transfers of car marks occur during the calendar year immediately preceding the statutory due date of this report?

☐ Yes ☐ No

If Yes, describe any sales or transfers that occurred.

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Schedule 6, Statement of Railcar Mileage Traveled Over Track Operated by Your Company (Itemize by Car Mar)

Car Mark	Mileage	Car Mark	Mileage	Car Mark	Mileage

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Schedule 7, Real Property

Have there been any changes (additions or losses) to your Real Property in the calendar year immediately preceding the statutory filing date of this report?

☐ Yes ☐ No

If yes, please describe losses and/or additions in box below:

NOTE

All summary calculations will be completed AFTER the Property Services Division has reviewed and processed the information contained in this Annual Property Report. Once all processing is complete, you may view the summary calculations (worksheets) by requesting a personal identification number (PIN) and accessing your company's secure, online account. For additional information on how to request a PIN to access your account, please refer to the "How to file this report" section of the instructions.

Tentative values will be posted on or about May 1, and final values will be posted on or about June 15. Each state assessed company will receive a final tax bill by mail and any taxes due are payable on July 1.

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2017
Application for Tax Credit for Maintenance and Improvement of Rights of Way

Section 13 of PA 282 of 1905, as amended allows credit for eligible expenses incurred in the State of Michigan by railroad companies for maintenance or improvement of rights of way, including those items, except depreciation, in the official maintenance-of-way and capital track accounts of the railroad company in this state during the calendar year immediately preceding the statutory due date of this report, but not to exceed the total liability for the tax under this act.

Eligibility Requirements
In order to be eligible for the tax credit for maintenance and improvement of rights of way under MCL 207.13(2), the railroad companies must fulfill the statutory requirements detailed in Section 13 of PA 282 of 1905 (MCL 207.13(3)). In addition to providing the requested summary information on this application for credit, each company must complete and file [3 copies of] the report described in Section 13 with the State Tax Commission that includes, but is not limited to, detailed information of the nature and location of expenses. A summary of the eligibility and reporting requirements are listed in the attached instructions on pages 11-13.

Eligible and Non-Eligible Expenses
Examples of Eligible and Non-Eligible Expenses are listed in the attached instructions on pages 11-13.

Maximum Credit Available
The maintenance of way expense credits are not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

*****NOTE***** Filing of this credit application does not relieve the company of the statutory requirement of filing [3 copies] of the detailed expense report described in Section 13(3). You are still required to provide that to the State Tax Commission at the following address:

Mailing Address:
Michigan Department of Treasury
Michigan State Tax Commission
PO Box 30471
Lansing, MI 48909

For Overnight Package Delivery:
Michigan Department of Treasury
Michigan State Tax Commission
Austin Building
430 W. Allegan Street
Lansing, MI 48922

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Company Name

Eligibility

Has your company incurred eligible expenses, and submitted three (3) copies of the required expense report as described above?

☐ Yes ☐ No

If Yes, please enter total eligible expenses below.
If No, you are **NOT ELIGIBLE** for credit. **DO NOT SUBMIT EXPENSES.**

Total Eligible Expenses for Maintenance and Improvement of Rights of Way in Michigan which you have reported in the above described report.

$

2017
Application for Tax Credit for Maintenance and Improvement of Qualified Rolling Stock in Michigan

Section 13a of Public Act 282 of 1905, as amended, allows a credit for eligible expenses incurred in the State of Michigan by railroad and car companies for maintenance or improvement of eligible companies' qualified rolling stock.

Eligible Company is defined as:
Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

Eligible Expenses are expenses for repairs and maintenance that satisfy all of the following criteria:
1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred **in the State of Michigan.**
3. Eligible expenses must be made for the maintenance or improvement of rolling stock which are subject to taxation by the State under PA 282 of 1905 as amended.

Examples of Eligible and Non-Eligible Expenses are listed in the attached instructions.

Maximum Credit Available:

This credit is not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

Company Name

Eligibility
Are you an "eligible company" which has incurred expenses that satisfy ALL of the requirements listed above?

☐ Yes ☐ No

If Yes, please enter total eligible expenses below.
If No, you are **NOT ELIGIBLE** for credit. **DO NOT SUBMIT EXPENSES.**

Total Eligible Expenses for Maintenance and Improvement of Qualified Rolling Stock in Michigan (include labor, material, overhead, and payments to others for work done)

$

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Instructions for Completion of the Annual Report by State Assessed Railroads

Who must file this report? (MCL 207.6)
All railroad companies, union station and depot companies, and switching and terminal companies operating in the State of Michigan pursuant to Section 6 of PA 282 of 1905.

When is this report due? (MCL 207.6)
If your annual gross receipts exceed $1,000,000, this report is due by March 31st.
If your annual gross receipts do not exceed $1,000,000, this report is due by March 15th.

How to submit this report:
This report may be submitted electronically or mailed in paper format. If you wish to submit this form electronically, please visit the following web site at **www.michigan.gov/stateassessedproperty** or you may call 517-241-2444 for more information on how to file electronically. Any company which desires to take advantage of the new online process, will be able to request an individual secure Personal Identification Number (PIN) by filling out Treasury form 4435. Once the Personal Identification Number (PIN) is issued, the company can use that PIN to access the site for submitting their Annual Property Report and any applicable credit applications online. The company can also use the PIN to view calculation worksheets and tax notices, once all the processing is complete. The secure PIN protects the account, and restricts access so that only the person which the company authorizes can access or view the information submitted to the state.

If submitting this form by mail, please complete and sign the declaration on page [illegible] and send the entire completed form to:

Mailing Address:	**For Overnight Package Delivery:**
Michigan Department of Treasury	Michigan Department of Treasury
Michigan State Tax Commission	Michigan State Tax Commission
PO Box 30471	Austin Building
Lansing, MI 48909	430 W. Allegan Street
	Lansing, MI 48922

What property is subject to taxation? (MCL 207.5)
The term "property having a situs in this state", includes all property, real and personal, of the persons, corporations, companies, co-partnerships and associations enumerated in the act which is owned, used and occupied by them within the limits of this state, and also such proportion of their rolling stock, cars, and other property as is used partly within and partly without this state as provided by PA 282 of 1905.

Schedule 1
List all rolling stock which is owned or leased by you. List the number of units reported as well as reportable current year costs. Property must be listed at its full original cost new, in the year that it was new. If the original/new acquisition cost of a railcar that was initially purchased by another company can be obtained, that information must be reported. If the original/new acquisition cost of a railcar that was initially purchased by another company cannot be obtained, then the original/new acquisition cost shall be equal to the subsequent price paid by the reporting company upon acquiring the used railcar. All betterments, including capital improvements, mandated betterments, capital upgrades, safety features, and mandated repairs should be reported in the year the expenditure is booked as a fixed asset.

The "Costs Reported Prior Year", "Losses", "Additions", and "True Cash Value" columns are for Property Services Division (ACD) use only. To view the values and calculations entered by the Property Services Division, please fill out form 4435 to obtain a Personal Identification Number (PIN) for access to the online reporting form available at www.michigan.gov/taxes (please see "How to submit this report" section above for specific website location). Tentative Values will be electronically posted on or about May 15th, and Final Values will be electronically posted on or about June 15th.

Schedule 2
This is to be submitted by all railroads and calls for summary data relating to investment for the company(s) properties in Michigan. Investment in account 732 (improvements on leased property) shall also be reported on Schedule 2. The "Previous Year Plant Balance" column is for Property Services Division office use only. List any retirements that have occurred during the calendar year immediately preceding the statutory due date of this report. List the accumulated depreciation for those retirements in the column designated.

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List any expenditures for additions that occurred during the calendar year immediately preceding the statutory due date of this report. Exclude locally-assessed property, erosion control property, and property funded by the Michigan Department of Transportation. List the accumulated first year depreciation for those additions in the column designated. Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental, rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Non-registered motor vehicles and equipment attached to motor vehicles which is not used while the vehicle travels on the highway are assessable. Computer software, if the purchase was evidenced by a separate invoice amount and if the software is commonly sold separately, is exempt.

In the Accumulated Depreciation column, list the accumulated depreciation for assets in place at year end.
List the balance of costs at calendar year end (December 31st). The “True Cash Value” column is for Property Services Division office use only.

List the current year construction in progress. Report all costs that have been incurred including overheads, installation costs incurred, sales tax and freight. Reporting of costs should be separated by project. Property which is placed in service on or before December 31st is considered placed in service that year and should be entirely reported on the line which represents the year that it was considered placed in service. Similarly, the cost of all assets must be reported as acquired in the year that they were placed in service, rather than the year of purchase, if those years differ. The adjusted construction in progress and the Schedule 2 True Cash Value will be calculated by the Property Services Division.

Schedule 3

A. Enter the Total Interest Paid to service debt to finance railway operations. Interest must be for short term and long term debt. The columns provide for the amounts from the last four years. The phase-in of the interest in the valuation calculation based on the income approach, began with the 2011 tax year.

B. Enter the Total Net Operating Income from Railway Operations. The columns provide for the amounts reported from the last four years.

Schedule 4

If your company’s property (whether owned or leased) is used entirely within the State of Michigan, you are not required to provide allocation information. If your company’s property (whether owned or leased) is used partly within and partly without the State of Michigan, provide the allocation information based on the system as a whole, and the portion attributable to Michigan. For further details on reporting specifications, consult the Uniform System of Accounts for Railroad Companies. (49 CFR 1201 et.seq.)

Schedule 5

Please check the appropriate box indicating whether any sales or transfers of car marks have occurred in the calendar year immediately preceding the statutory due date of this report. If you select yes, please describe any sales and transfers of car marks that occurred.

Schedule 6

Enter the total annual mileage traveled during the calendar year immediately preceding the statutory due date of this report, over track that you operate (whether owned or leased). Please provide the mileage by individual car mark.

Schedule 7

Indicate whether there have been any changes to your real property as compared to the prior year’s information and provide information about any changes in the reporting box.

Losses to Real Property

Losses mean the decrease in value which has not been reflected in the assessment unit’s immediately preceding year’s assessment roll. Losses include removal or destruction of real property, newly exempt property, or newly contaminated property.

Additions to Real Property

Additions mean an increase in value which has not been reflected on the assessment unit’s immediately preceding year’s assessment roll. Additions include omitted property, new or replacement construction, and increases in value due to new public services and/or contamination remediation.

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Instructions for Tax Credit for Maintenance and Improvement of Right of Way

Sec. 13 of PA 282 of 1905, as amended, (more specifically MCL 207.13(2) and MCL 207.13a(5)(b)(ii)), allows credit against the tax imposed, for eligible expenses incurred in the State of Michigan by railroad companies for maintenance or improvement of rights of way, including those items, except depreciation, in the official maintenance-of-way and capital track accounts of the railroad company in this state during the calendar year immediately preceding the statutory due date of this report, but not to exceed the total liability for the tax under this act.

Additional Statutory Requirements for Eligibility (MCL 207.13(2) - (5))
In order to be eligible for the tax credit for maintenance and improvement of rights of way, the railroad companies must complete and file [3 COPIES OF] an annual report with the State Tax Commission that includes the following:

1. Detailed data of right of way work conducted in this state during the past calendar year separated by costs of labor and materials on each project and itemized in the following categories:

   (a) Miles of track laid
   (b) Tons of new ballast installed
   (c) Number of ties installed
   (d) Miles of track surfaced
   (e) Signals installed
   (f) Under drainage work done

2. The number of notices of violation from the railway inspectors by railroad section,
3. A detailed account of the location and nature of the work defined by railroad section or mile posts surrounding the work area plus the county, city, or township in which the work was performed,
4. Demonstration that the highest priority of expenditures for the maintenance and improvement of rights of way has been given to rail lines that handle hazardous materials, especially those that are located in urban or residential areas, and detailed data on the tonnages of hazardous materials handled in relation to tonnages of other traffic handled over the rail line for which a tax credit is being applied.

In addition, the company must grant to another railroad company, upon application by the latter, trackage rights over its line for trains, providing that the train operations do not interfere with the movement of Michigan freight using the same trackage, if operations can be accomplished safely in the opinion of the grantor and if trackage arrangements and train operations are approved by the interstate commerce commission.

*****NOTE*** Filing of the credit application does not relieve you of the requirement of filing 3 copies of the above defined report with the State Tax Commission. You are still required to provide the above information in a separate report.**

What expenses are eligible for credit against the tax levied? MCL 207.13(2)

Eligible Expenses:

1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.

2. Eligible expenses must have been incurred in the State of Michigan.

3. Examples of Eligible Capital Expenses for Road and Equipment include, but are not limited to items from the following categories:

   (1) Engineering exp. directly related to R & E Property
   (3) Other Right-of-Way Expenses
   (4) Grading
   (5) Tunnels and Subways
   (6) Bridges, trestles, and culverts
   (7) Elevated Structures
   (8, 9, 10, 11) Ties, Rails and other Track Material
   (12) Track Laying and Surfacing
   (13) Fences, Snowsheds, and Signs
   (17) Roadway Buildings (portion housing MOW equipment and engineering)
   (23) Wharves and Docks
   (24) Coal and Ore Wharves
   (25) TOFC/COFC Terminals
   (26) Communication Systems
   (27) Signals and Interlockers
   (37) Roadway Machines
   (38) Roadway small tools
   (39) Public Improvements - Construction
   (43) Other Expenses - Road

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4. Examples of Eligible MOW Expenses include, but are not limited to items from the following categories (reference to lines in Schedule 410):

1-5 Superintendence
6-7 Roadway Maintenance (req. for sight lines)
8-9 Tunnels and Subways
10-11 Elev. struct., Bridges, Trestles & Culverts
12-15 Ties, Rail, and other Track Material
16-17 Ballast
12-17 Track Laying and Surfacing
102 Fences, Snowsheds, and Signs
102 Roadway Buildings(MOW portion only)
103-104 Coal and Ore Wharves
106 TOFC/COFC Terminals
23 Communication Systems
21-22 Signals and Interlockers
109 Roadway Machines
110 Small Tools and Supplies
111 Removing Snow, Ice, and Sand
25-26 Public Improvements - Maintenance
115-117 Injuries to persons, insurance
1-117 Stationery and Printing
112-114 Empl Health And Welfare Benefits
148-150 Right-of-way Expenses
124-126 and 139-141 Maint. of joint tracks, yards, and other facilities - Dr.
124-126 and 139-141 Maint. of joint tracks, yards, and other facilities - Cr.

5. Eligible Expenses for repairs to foreign cars damaged by derailment are determined on a case-by-case basis, net of offsets.

Non-Eligible Expenses:

1. Expenses that were not incurred during the calendar year immediately preceding the statutory due date of this report are NOT ELIGIBLE.
2. Expenses made outside of Michigan are not eligible.
3. Expenses from the following capital expenditure categories are not eligible:

(2) Land for transp. purposes
(16) Station and Office Buildings
(18) Water Stations
(19) Fuel Stations
(20) Shops and Engine Houses
(21) Grain Elevators
(22) Storage Warehouses
(29) Power Plant
(31) Power Transmission Systems
(35) Miscellaneous Structures
(44) Shop Machinery
(45) Power Plant Machinery
(52) Locomotives
(53-57) Railroad Cars

4. If you receive grants from the Michigan Department of Transportation for improvement of Public Crossings (21-22 signals, 25-26 Public Improvements-maintenance, Schedule 410 line 39 public improvements), they are given "in and out" treatment and are not eligible expenses for the purpose of the credit calculation. (Receipts are not revenue and payments are not expenses.)

5. Expenses for cleanups of spills of cargo are NOT ELIGIBLE.

6. Expenses for removal of wrecked cars are NOT ELIGIBLE.

Maximum Credit Available (MCL 207.13(2))
The maintenance of way expense credits under MCL 207.13(2) and MCL 207.13a(5)(b)(ii) are not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

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Instructions for Tax Credit for Maintenance and Improvement of Qualified Rolling Stock in Michigan

Who is eligible for the credit? (MCL 207.13a)
An Eligible Company is defined as: Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

What expenses are eligible for credit?

Eligible Expenses are expenses for repairs and maintenance that satisfy all of the following criteria:
1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred in the State of Michigan.
3. Eligible expenses must be made for the maintenance or improvement of railcars which are subject to taxation by the State under PA 282 of 1905 as amended.

Note: Repairs to leased railcars on which the lessor pays the taxes are not eligible for credit claims by the lessee and vice versa.

Examples:
Eligible expenses include, but are not limited to: repainting, interior or exterior washing, and repair or replacement of car parts and components.

Expenses which are NOT eligible include, but are not limited to: expenses for repairs or maintenance performed outside Michigan; expenses for repairs or maintenance on railcars for which the company has no tax liability; expenses for repair, maintenance or improvement to any railroad right-of-way and track; and expenses for repairs or maintenance not incurred in the calendar year immediately preceding the statutory due date of this report.

Maximum Credit Available
This credit is not refundable or deferrable. Expenses in excess of company's property tax liability are not eligible for credit against prior or subsequent years' liability.

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Michigan Department of Treasury
1027 (Rev. 09-16)

Reset Form

State of Michigan
State Tax Commission

ANNUAL PROPERTY REPORT

For Year Ended December 31, 2016

State Assessed Car Loaning, Stock Car, Refrigerator and Fast Freight Line Companies and Other Car Companies

This report is issued under Michigan Public Act 282 of 1905, as amended. Filing of this report is mandatory. There can be only one authorized contact person for each company. Companies with annual gross receipts greater than $1,000,000 are required to file this report on or before March 31. Companies with annual gross receipts equal to or less than $1,000,000 are required to file this report on or before March 15. A company failing to file a complete report by the applicable due date shall be subject to a fine of $500 per day.

Instructions for completion and filing options for this report are located on pages 6 and 7.

Company Name		Federal Tax ID Number	
Company Address To Which The Tax Bill Should Be Sent		City	State	ZIP Code
Company Authorized Contact Person (to whom correspondence concerning this report should be addressed)			Company Website
Contact Address		City	State	ZIP Code
Contact Telephone Number	Contact Fax Number	Contact Email Address	

Notary

Printed Name of President, Secretary, Superintendent or Chief Officer Under Whose Direction This Report Was Prepared		
By my signature below, I certify that the information (including any attachments) in this report is complete and correct to the best of my knowledge and belief.		
Signature	Title	Date
Subscribed and sworn to beofre me this _____ day of _____, _____		
Signature of Notary Public		My Commission Expires
Printed Name of Notary Public	Acting in the County of	

Has your company experienced any name changes, acquisitions, or sales during the calendar year immediately preceding the statutory due date of this report?

☐ Yes ☐ No

If yes, provide the following information:

Description of Change (merger,acquisition, sale)	Date of Change
Under what name did the Taxpayer file last year?	Name of Company sold

DRAFT

Schedule 1, Statement of Railcar Marks and Michigan Mileage

List every car mark registered to your company that has mileage within Michigan.

Car Marks					

Provide the total Michigan mileage reported by all railroad companies.

Railroad Company Name	Mileage Reported
Ann Arbor Railroad	
Baltimore and Ohio Terminal Railroad Company	
Canadian National Railways (includes GTW and WC Railroads)	
Canadian Pacific Railway Company (includes the Soo Line Railroad)	
CSX Transportation Inc.	
Escanaba and Lake Superior Railroad Company	
Grand Elk Railroad	
Great Lakes Central Railroad Inc. (formerly TSBY)	
Huron and Eastern Railway and Michigan Shore Railroad Company	
Indiana and Ohio Railroad Company	
Indiana Northeastern Railroad Company	
Jackson and Lansing Railroad Company	
Lake State Railway and Saginaw Bay Southern Railroad	
Lake Superior and Ishpeming Railroad Company	
Marquette Rail LLC	
Michigan Air-Line Railway Company	
Michigan Southern Railroad Company Inc.	
Mid Michigan Railroad Company	
Norfolk Southern Corporation	
Total Michigan Mileage	

Attach additional sheets if necessary.

DRAFT

Schedule 2, Statement of Total National (System) Miles Traveled

Schedule 3

Did any sales or transfers of car marks occur during the calendar year immediately preceding the statutory due date of this report?

☐ Yes ☐ No

If Yes, describe any sales or transfer that occured.

Schedule 4, Statement of Total Cost of Railcars Owned or Leased By Year of Acquisition

Year of Acquisition	Number of Units Reported Prior Year	Costs Reported Prior Year (ACD office use only)	Losses (ACD office use only)	Additions (ACD office use only)	Number of Units	Reportable Costs Current Year	Multiplier	True Cash Value (ACD office use only)
2016							0.8900	
2015							0.7600	
2014							0.6700	
2013							0.6000	
2012							0.5400	
2011							0.4900	
2010							0.4500	
2009							0.4200	
2008							0.3800	
2007							0.3600	
2006							0.3300	
2005							0.3100	
2004							0.2900	
2003							0.2800	
Prior							0.2300	
Totals								
							Current Year National Carline True Cash Value	

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NOTE

All summary calculations will be completed AFTER the Property Services Division has reviewed and processed the information contained in this Annual Property Report. Once all processing is complete, you may view the summary calculations (worksheets) by requesting a personal identification number (PIN) and accessing your company's secure, online account. For additional information on how to request a PIN to access your account, refer to the "How to file this report" section of the instructions.

Tentative values will be posted on or about May 15, and final values will be posted on or about June 15. Each state assessed company will receive a final tax bill by mail and any taxes due are payable on July 1.

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2017 Application for Tax Credit for Maintenance and Improvement of Qualified Rolling Stock in Michigan

Section 13a of Public Act 282 of 1905, as amended, allows a credit for eligible expenses incurred in the State of Michigan by railroad and car companies for maintenance or improvement of eligible companies' qualified rolling stock.

Eligible Company is defined as:
Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

Eligible Expenses are expenses for repairs and maintenance that satisfy all of the following criteria:

1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred **in the State of Michigan.**
3. Eligible expenses must be made for the maintenance or improvement of rolling stock which are subject to taxation by the State under PA 282 of 1905 as amended.

Examples of Eligible and Non-Eligible Expenses are listed in the attached instructions.

Maximum Credit Available:

This credit is not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

Company Name

Eligibility

Are you an "eligible company" which has incurred expenses that satisfy ALL of the requirements listed above?

☐ Yes ☐ No

If Yes, enter total eligible expenses below.
If No, you are **NOT ELIGIBLE** for credit. **DO NOT SUBMIT EXPENSES.**

Total Eligible Expenses for Maintenance and Improvement of Qualified Rolling Stock in Michigan (include labor, material, overhead, and payments to others for work done)

$

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Instructions for Completion of the Annual Property Report by State Assessed Car Loaning, Stock Car, Refrigerator and Fast Freight Line Companies and Other Car Companies

Who must file this report? (MCL 207.6)
Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state, and anyone engaged in carrying on any business, the property of which is subject to taxation under the act, must make and file an annual report with the State Tax Commission on such form as the board (now Commission) shall provide.

When is this report due? (MCL 207.6)
If your annual gross receipts exceed $1,000,000, this report is due by March 31st.
If your annual gross receipts do not exceed $1,000,000, this report is due by March 15th.

How to submit this report:
This report may be submitted electronically or mailed in paper format. If you wish to submit this form electronically, visit the following web site at **www.michigan.gov/stateassessedproperty** or you may call 517-241-2444 for more information on how to file electronically. Any company which desires to take advantage of the new online process, will be able to request an individual secure Personal Identification Number (PIN) by filling out Treasury form 4435. Once the Personal Identification Number (PIN) is issued, the company can use that PIN to access the site for submitting their Annual Property Report and any applicable credit applications online. The company can also use the PIN to view calculation worksheets and tax notices, once all the processing is complete. The secure PIN protects the account, and restricts access so that only the person which the company authorizes can access or view the information submitted to the state.

If submitting this form by mail, complete and sign the declaration on page one and send the entire completed form to:

Mailing Address:
Michigan Department of Treasury
Michigan State Tax Commission
PO Box 30471
Lansing, MI 48909

For Overnight Package Delivery:
Michigan Department of Treasury
Michigan State Tax Commission
Austin Building
430 W. Allegan Street
Lansing, MI 48922

What property is subject to taxation? (MCL 207.3)
The term "property having a situs in this state", includes all property, real and personal, of the persons, corporations, companies, co-partnerships and associations enumerated in the act, which is owned, used and occupied by them within the limits of this state, and also such proportion of their rolling stock, cars and other property as is used partly within and partly without this state, as determined by PA 282 of 1905.

Schedule 1
In the top portion, list every railcar mark registered to your company which has Michigan mileage traveled in the calendar year immediately preceding the statutory filing date of this report. In the lower portion, report the Michigan mileage traveled, as reported to you from each of the individual railroad companies. Attach additional sheets if necessary.

Schedule 2
List the total system mileage traveled for the entire nation, including the United States, Canada, and Mexico.

Schedule 3
Check the appropriate box indicating whether any sales or transfers of car marks have occurred in the calendar year immediately preceding the statutory due date of this report. If you select yes, describe any sales and transfers of car marks that occurred.

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Schedule 4

List all rolling stock which is owned or leased by you. List the number of units reported as well as reportable current year costs. Property must be listed at its full original cost new, in the year that it was new. If the original/new acquisition cost of a railcar that was initially purchased by another company can be obtained, that information must be reported. If the original/new acquisition cost of a railcar that was initially purchased by another company cannot be obtained, then the original/new acquisition cost shall be equal to the subsequent price paid by the reporting company upon acquiring the used railcar. All betterments, including capital improvements, mandated betterments, capital upgrades, safety features, and mandated repairs should be reported in the year the expenditure is booked as a fixed asset.

The “Costs reported prior year”, “Losses”, “Additions”, and “True Cash Value” columns are for Property Services Division use only. List the number of units and the reportable costs by acquisition year in the columns provided. Reportable costs are acquisition cost new by year of acquisition. To view the values and calculations entered by the Property Services Division, fill out form 4435 to obtain a Personal Identification Number (PIN) for access to the online reporting form available at **www.michigan.gov/stateassessedproperty** (see “How to submit this report” section above for additional information). Tentative Values will be electronically posted on or about May 15th, and Final Values will be electronically posted on or about June 15th.

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Instructions for Tax Credit for Maintenance and Improvement of Qualified Rolling Stock in Michigan

Who is eligible for the credit? (MCL 207.13a)

An Eligible Company is defined as:
Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

What expenses are eligible for credit?

Eligible Expenses are expenses for repairs and maintenance that satisfy all of the following criteria:

1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred in the State of Michigan.
3. Eligible expenses must be made for the maintenance or improvement of railcars which are subject to taxation by the State under PA 282 of 1905 as amended.

Note: Repairs to leased railcars on which the lessor pays the taxes are not eligible for credit claims by the lessee and vice versa.

Examples:

Eligible expenses include, but are not limited to: repainting, interior or exterior washing, and repair or replacement of car parts and components.

Expenses which are NOT eligible include, but are not limited to: expenses for repairs or maintenance performed outside Michigan; expenses for repairs or maintenance on railcars for which the company has no tax liability; expenses for repair, maintenance or improvement to any railroad right-of-way and track; and expenses for repairs or maintenance not incurred in the calendar year immediately preceding the statutory due date of this report.

Maximum Credit Available

This credit is not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

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Michigan Department of Treasury
1019 (Rev. 10-16)

THIS IS NOT A TAX BILL

L-4400

Notice of Assessment, Taxable Valuation, and Property Classification

This form is issued under the authority of Public Act 206 of 1893, Sec. 211.24c and Sec.211.34c, as amended. This is a model assessment notice to be used by the local assessor.

FROM:	PARCEL IDENTIFICATION: PARCEL CODE NUMBER: PROPERTY ADDRESS:
NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:	**PRINCIPAL RESIDENCE EXEMPTION** **% Exempt As "Homeowners Principal Residence":** **.00%** **% Exempt As "Qualified Agricultural Property":** **.00%** **% Exempt As "MBT Industrial Personal":** **.00%** **% Exempt As "MBT Commercial Personal:"** **.00%** **Exempt As "Qualified Forest Property":** ☐ **Yes** ☐ **No** **Exempt As "Development Property":** ☐ **Yes** ☐ **No**

ACCORDING TO MCL 211.34c THIS PROPERTY IS CLASSIFIED AS:

PRIOR YEAR'S CLASSIFICATION:

The change in taxable value will increase/decrease your tax bill for this year by approximately:	PRIOR AMOUNT YEAR: **2016**	CURRENT TENTATIVE AMOUNT YEAR: **2017**	CHANGE FROM PRIOR YEAR TO CURRENT YEAR
1. TAXABLE VALUE:			
2. ASSESSED VALUE:			
3. TENTATIVE EQUALIZATION FACTOR:			
4. STATE EQUALIZED VALUE (SEV):			
5. There **WAS or WAS NOT** a Transfer of Ownership on the property in 2016:			

The 2017 Inflation Rate Multiplier is: TBD

March Board of Review Appeal Information:

The Taxable Value, the Assessed Value, the State Equalized Value, the Property Classification, or the Transfer of Ownership may be appealed by filing a protest with the Local Board of Review. Protests are made to the Board of Review by completing a Board of Review Petition Form. A Petition Form may be obtained directly from the local unit or from the State Tax Commission at www.michigan.gov/treasury. Click on Forms (at top of page), then click on Property Tax, then click on Board of Review to obtain Form L-4035.

The Board of Review will meet at: (enter dates and times and place)

Not less than 14 days before the meeting of the Board of Review, the assessment notice shall be mailed to the property owner.

Property taxes are calculated on the Taxable Value (see line 1 above). The Taxable Value number entered in the "Change from Prior Year to Current Year" column, does not indicate a change in your taxes. This number indicates the change in the Taxable Value.

State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value.

IF THERE WAS A TRANSFER OF OWNERSHIP on your property in 2016, your 2017 Taxable Value will be the same as your 2017 State Equalized Value.

IF THERE WAS NOT A TRANSFER OF OWNERSHIP on your property in 2016, your 2017 Taxable Value is calculated by multiplying your 2016 Taxable Value by TBD (Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2017 Taxable Value cannot be higher than your 2017 State Equalized Value.

The denial of an exemption from the local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The denial of an exemption from the local school operating tax for a "homeowner's principal residence" may be appealed to the Michigan Tax Tribunal by the filing of a petition within 35 days of issuance of this notice. The petition must be a Michigan tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at www.michigan.gov/ taxtrib.

Filing a protest with the Board of Review is necessary to protect your right to further appeal valuation and exemption disputes to the Michigan Tax Tribunal and classification appeals to the State Tax Commission. Properties classified Commercial Real, Industrial Real or Developmental Real may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31. Commercial Personal, Industrial Personal, or Utility Personal Property may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31 if a personal property statement was filed with the local unit prior to the commencement of the Board of Review as provided by MCL 211.19, except as otherwise provided by MCL 211.9m, 211.9n and 211.9o. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

HOMEOWNER'S PRINCIPAL RESIDENCE AFFIDAVIT INFORMATION REQUIRED BY P.A. 114 OF 2012. If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit by June 1 for the immediately succeeding summer tax year levy and all subsequent tax levies or by November 1 for the immediate succeeding winter tax levy and all subsequent tax levies.

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Michigan Department of Treasury
3128 (Rev. 10-16)

L-4035a

2017 Taxable Value Calculations Worksheet

Petition No. _____

Issued under authority of P.A. 206 of 1893. Filing is mandatory.

This form must be completed by the Board of Review (B of R) and made part of the Board of Review Record whenever a change is made to an individual parcel of property which causes Taxable Value to change.

Complete Section 1 if the B of R changes Capped Value.

SECTION 1

		By Assessor	By B of R
2016 Final Taxable Value as set by Assessor, Board of Review or Michigan Tax Tribunal (Enter number into column labeled "By Assessor.")	=	_____	_____
Amount of Losses (See page 11 and 12 of STC Bulletin #3 of 1995 for formulas)	=	_____	_____
Amount of Additions (See page 6 - 11 of STC Bulletin #3 of 1995 for formulas.	=	_____	_____

2017 Capped Value

= (2016 Taxable Value - Losses) X (TLD) + Additions

= (_____ - _____) X _____ + _____

= _____ **By B of R**

2017 Capped Value = _____

Complete Section 2 if the B of R changes Assessed Value.

SECTION 2

		By Assessor	By B of R
2017 Assessed Value	=	_____	_____

2017 Tentative SEV = 2017 Assessed Value X 2017 Tentative Equalization Factor

= _____ X _____

= _____ **By B of R**

2017 Tentative SEV = _____

2017 Tentative Taxable Value is the lesser of the 2017 Capped Value or the 2017 Tentative SEV.

2017 Tentative Taxable Value = _____

Signature of Secretary, Board of Review	Date

DRAFT

Draft 10/5/2016

Michigan Department of Treasury
4093 (Rev. 10-16)

THIS IS NOT A TAX BILL

L-4400 LH

Notice of Assessment, Taxable Valuation (including Leasehold Improvements) and Property Classification

This form is issued under the authority of Public Act 206 of 1893, Sec. 211.24c, as amended. This is a model assessment notice to be used by the local assessor.

FROM:	PARCEL IDENTIFICATION: PARCEL CODE NUMBER: PROPERTY ADDRESS:
NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:	**PRINCIPAL RESIDENCE EXEMPTION** **% Exempt As "Homeowners Principal Residence":** **.00%** **% Exempt As "Qualified Agricultural Property":** **.00%** **% Exempt As "MBT Industrial Personal":** **.00%** **% Exempt As "MBT Commercial Personal:"** **.00%** **Exempt As "Qualified Forest Property":** ☐ **Yes** ☐ **No** **Exempt As "Development Property":** ☐ **Yes** ☐ **No**

THIS PROPERTY IS CLASSIFIED AS:

PRIOR YEAR'S CLASSIFICATION IF DIFFERENT:

The change in taxable value will increase/decrease your tax bill for this year by approximately:	PRIOR AMOUNT YEAR: **2016**	CURRENT TENTATIVE AMOUNT YEAR: **2017**	CHANGE FROM PRIOR YEAR TO CURRENT YEAR
1. TAXABLE VALUE:			
2. ASSESSED VALUE:			
3. TENTATIVE EQUALIZATION FACTOR:			
4. STATE EQUALIZED VALUE:			
5. There **WAS or WAS NOT** a Transfer of Ownership on this property in 20__			

The 2016 Inflation Rate Multiplier is: TBD

The Taxable Value, the Assessed Value, the State Equalized Value, the Property Classification, or the Transfer of Ownership may be appealed by filing a protest with the Local Board of Review. Protests are made to the Board of Review by completing a Board of Review Petition Form. A Petition Form may be obtained directly from the local unit or from the State Tax Commission at www.michigan.gov/treasury. Click on Forms (at top of page), then click on Property Tax, then click on Board of Review to obtain Form L-4035.
The Board of Review will meet at: (enter dates and times and place)

DRAFT

Not less than 14 days before the meeting of the Board of Review, the assessment notice shall be mailed to the property owner.

Property taxes are calculated on the Taxable Value (see line 1 above). The Taxable Value number entered in the "Change from Prior Year to Current Year" column, does not indicate a change in your taxes. This number indicates the change in the Taxable Value.

State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value.

IF THERE WAS A TRANSFER OF OWNERSHIP on your property in 2016, your 2017 Taxable Value will be the same as your 2017 State Equalized Value.

IF THERE WAS NOT A TRANSFER OF OWNERSHIP on your property in 2016, your 2017 Taxable Value is calculated by multiplying your 2016 Taxable Value by TBD (Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2017 Taxable Value cannot be higher than your 2017 State Equalized Value.

The denial of an exemption from the local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The denial of an exemption from the local school operating tax for a "homeowner's principal residence" may be appealed to the Michigan Tax Tribunal by the filing of a petition within 35 days of issuance of this notice. The petition must be a Michigan tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at www.michigan.gov/ taxtrib.

Filing a protest with the Board of Review is necessary to protect your right to further appeal valuation and exemption disputes to the Michigan Tax Tribunal and classification appeals to the State Tax Commission. Properties classified Commercial Real, Industrial Real or Developmental Real may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31. Commercial Personal, Industrial Personal, or Utility Personal Property may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31 if a personal property statement was filed with the local unit prior to the commencement of the Board of Review as provided by MCL 211.19, except as otherwise provided in Sections 211.9m, 211.9n and 211.9o. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

Leasehold Improvement Information: If this notice form is for the personal property of a tenant who has installed leasehold improvements, the following are the 2017 Taxable Value (TV) and the 2017 State Equalized Value (SEV) of the leasehold improvement portion of the total property:

2017 TV	**2017 SEV**

HOMEOWNER'S PRINCIPAL RESIDENCE AFFIDAVIT INFORMATION REQUIRED BY P.A. 114 OF 2012. If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit by June 1 for the immediately succeeding summer tax year levy and all subsequent tax levies or by November 1 for the immediate succeeding winter tax levy and all subsequent tax levies.

Reset Form

Michigan Department of Treasury
5076 (Rev. 09-16)

Parcel Number

2017

Affidavit to Claim Small Business Tax Exemption Under MCL 211.9o

Notice: Questions regarding this form should be directed to the assessor of the city or township where the personal property is located. This form was issued under the authority of Public Act 206 of 1893. **This form must be filed annually by the owner or the owner's authorized agent.**

Name and Address of Owner

To claim an exemption, this Affidavit must be received by the Assessor of the local unit where the personal property is located no later than February 10, 2017 (postmarked is acceptable).

IMPORTANT INFORMATION: This affidavit will exempt property owned only by the entity filing the affidavit. If personal property is leased to or used by an entity other than the property's owner, the owner of that personal property must file the affidavit for that property, not the lessee or the user. The owner may file the affidavit and claim the exemption only if the True Cash Value of all of the commercial or industrial personal property located within the city or township that is owned by, leased to, or in the possession of the owner or a related entity was less than $80,000 on December 31, 2016.

Name of Local Unit of Government

City _____ Township _____

List all addresses where Personal Property is located within the City or Township. (may attach additional sheets)	Names of Owners or Partners (If sole Proprietorship or Partnership)

County	Owner Telephone Number	Legal Name of Owner, if different from above

Assumed Names Used by Legal Entity, if any	Description of Owner's Business Activity

Check only one:

☐ Sole Proprietorship ☐ Limited Liability Co. MI ID# _____ ☐ Corporation MI ID# _____ ☐ Partnership

Name and Telephone Number of Person in Charge of Personal Property Records	Address where Personal Property Records are Kept

Names of all other businesses having personal property, including any leasehold improvements assessed as personal property at the locations included in this affidavit. (attach additional sheets, if any)	Date Business Began in Local Tax Collecting Unit

The undersigned certifies that:

1. I am the owner of the commercial personal property and industrial personal property being claimed as exempt or I am the duly authorized agent.
2. The True Cash Value of all the Personal Property, as defined by Public Act 153 located within the city or township indicated above, that is owned by, leased to, or in the possession of the owner or related entity was less than $80,000 on December 31, 2016.
3. Below are the procedures used to determine that the True Cash Value of the Eligible Personal Property was less than $80,000 on December 31, 2016:
   a) The determination of True Cash Value was based on the State Tax Commission's recommended valuation procedures as set forth on Form 632, *Personal Property Statement (L-4175)*. Attach an explanation of the method used if your answer is NO ..... ☐ Yes ☐ No
   b) The determination of True Cash Value includes all assessable personal property, located within the city or township listed on this Affidavit that is owned by, leased to, or in the possession of the owner or related entity. This shall include all trade fixtures and may include leasehold improvements not assessed as real property. Attach an explanation if not all personal property is included ..... ☐ Yes ☐ No ☐ N/A

I hereby certify that the information contained within, and attached to, this Affidavit provides a full and true statement of all personal property owned, leased, or in the possession of the owner or related entity on December 31, 2016.

Printed Name	Signature	Date

Indicate which:

☐ Sole Proprietor ☐ Partner ☐ Officer ☐ Managing Member ☐ Agent (attach letter of authority)

Trade Fixtures: Items of property that have been attached to real estate by a tenant to facilitate the tenant's use of the property for business purposes and which are both capable of being removed and are removable by the tenant under the terms of the lease. Examples of trade fixtures are certain costs related to telephone and security systems and most signs.

Leasehold Improvements: Land improvements, such as paving and landscaping, and improvements made by a tenant to structures owned by the landlord. Leasehold improvements are characterized by the fact that they cannot be removed for use elsewhere because they will be destroyed by removal. Leasehold improvements may be assessed as real property to the owner of the real property or may be assessed as personal property to the tenant. The State Tax Commission has directed that commencing in 2017 all Leasehold improvement installations in 2016, or later, must be valued as improvements made to the leased real property.

Additional information can be located in Public Act 153 and State Tax Commission Bulletin 11 of 2013.

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STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on October 18, 2016 received a report regarding Manlius Township, Allegan County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2013 which indicated: the Township did not have a policy on public inspection of records, was not properly completing Form 4035-a, did not have documented economic condition factors or land value determinations, did not have land value maps, the true cash value on the assessment roll did not agree with the true cash value on the record cards and the record card accuracy was at 88%, which is below the STC required 90%.

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2015 roll and

Whereas, the follow up review conducted in August 2015 indicated that Township still did not have proper land value determinations, that there remained 639 parcels with land value adjustments with no documentation and 5.1% of the parcels had flat land values without reason and 3% of the parcels had overrides with no reason. The Township provided a response to the follow up review indicating they would correct all deficiencies for the 2016 assessment roll and

Whereas, a second follow up review conducted in July 2016 indicated that they still do not have proper land value determinations, 3% of the parcels had override without reason and 3.3% of the parcels have flat lands without reason and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and no response was received and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law

DRAFT

211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2016 ad valorem assessment roll of Manlius Township, Allegan County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2017 assessment roll.

Further, the Commission orders the Township Assessor to attend mandatory training offered by the State on ECF's and Land Values. This training will be at no cost to the Township.

Further, the Commission orders that a bill shall be sent to Manlius Township, Allegan County covering the time and expenses incurred by the State Tax Commission for implementation of this order.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1982, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 18th day of October, A.D. 2016.

DRAFT

_____
Douglas B. Roberts, Chairperson

_____
Barry N. Simon, Member

_____
W. Howard Morris, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960

_____
Heather S. Frick, Executive Director

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on October 18, 2016 received a report regarding Butman Township, Gladwin County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2013 which indicated: the Township was not properly completing Form 4035-a, did not have documented economic condition factors or land value determinations, did not have land value maps and the true cash value on the assessment roll did not agree with the true cash value on the record cards and

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2015 roll and

Whereas, the follow up review conducted in July 2015 indicated that Township still the Township did not have documented land value determinations. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2016 assessment roll and

Whereas, a second follow up review conducted in June 2016 indicated that they still do not have proper land value determinations and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response asked for another year to fix the deficiencies noted and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by

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section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2016 ad valorem assessment roll of Butman Township, Gladwin County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2017 assessment roll.

Further, the Commission orders that a bill shall be sent to Butman Township, Gladwin County covering the time and expenses incurred by the State Tax Commission for implementation of this order.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Law.

WITNESS, my hand and seal of the State Tax Commission this 18th day of October, A.D. 2016.

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_____
Douglas B. Roberts, Chairperson

_____
Barry N. Simon, Member

_____
W. Howard Morris, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

_____
Heather S. Frick, Executive Director

STATE OF MICHIGAN
STATE TAX COMMISSION
TUEBOR
CIRCUMSPICE

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on October 18, 2016 received a report regarding Buckeye Township, Gladwin County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2013 which indicated: the Township was not properly completing Form 4035-a, did not have documented economic condition factors or land value determinations and did not have land value maps.

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2015 roll and

Whereas, the follow up review conducted in July 2015 indicated that Township still did not have economic condition factors or land value determinations. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2016 assessment roll and

Whereas, a second follow up review conducted in June 2016 indicated that they still do not have proper economic condition factors or proper land value determinations and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response asked for another year to fix the deficiencies noted and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission

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shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2016 ad valorem assessment roll of Buckeye Township, Gladwin County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2017 assessment roll.

Further, the Commission orders that a bill shall be sent to Buckeye Township, Gladwin County covering the time and expenses incurred by the State Tax Commission for implementation of this order.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 18th day of October, A.D. 2016.

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_____
Douglas B. Roberts, Chairperson

_____
Barry N. Simon, Member

_____
W. Howard Morris, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

_____
Heather S. Frick, Executive Director

STATE OF MICHIGAN
TUEBOR
CIRCUMSPICE
STATE TAX COMMISSION

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on October 18, 2016 received a report regarding Sherman Township, Gladwin County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2013 which indicated: the Township was not properly completing Form 4035-a, did not have documented economic condition factors or land value determinations, did not have land value maps and the record card accuracy was at 88%, which is below the STC required 90%.

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2015 roll and

Whereas, the follow up review conducted in July 2015 indicated that Township still the Township was not properly completing Form 4035-a, did not have documented economic condition factors or land value determinations and had not yet begun a review of 20% of the Township's parcels in order to improve record card accuracy. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2016 assessment roll and

Whereas, a second follow up review conducted in June 2016 indicated that they still do not have proper economic condition factors for 8 of the 11 ECF neighborhoods or proper land value determinations and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response asked for another year to fix the deficiencies noted and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an

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appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2016 ad valorem assessment roll of Sherman Township, Gladwin County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2017 assessment roll.

Further, the Commission orders that a bill shall be sent to Sherman Township, Gladwin County covering the time and expenses incurred by the State Tax Commission for implementation of this order.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1985, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 18th day of October, A.D. 2016.

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_____
Douglas B. Roberts, Chairperson

_____
Barry N. Simon, Member

_____
W. Howard Morris, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

_____
Heather S. Frick, Executive Director

STATE OF MICHIGAN
TUEBOR
CIRCUMSPICE
STATE TAX COMMISSION

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on October 18, 2016 received a report regarding Tobacco Township, Gladwin County and

Whereas, the staff report indicated that the Township underwent an AMAR Review in 2013 which indicated: the Township was not properly completing Form 4035-a, did not have documented economic condition factors or land value determinations, did not have land value maps and the record card accuracy was at 89%, which is below the STC required 90%.

Whereas, the Township presented a corrective action plan that indicated they would correct the deficiencies noted in the review for the 2015 roll and

Whereas, the follow up review conducted in July 2015 indicated that Township still the Township did not have documented economic condition factors or land value determinations and had not yet begun a review of 20% of the Township's parcels in order to improve record card accuracy. The Township provided a response to that follow up review indicating that they would correct all deficiencies for the 2016 assessment roll and

Whereas, a second follow up review conducted in June 2016 indicated that they still do not have proper economic condition factors for 5 of the 8 ECF neighborhoods or proper land value determinations and

Whereas, the Township was provided notice of a recommendation to assume jurisdiction and provided 21 days to provide a response for consideration by the State Tax Commission and this response asked for another year to fix the deficiencies noted and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization

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department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission hereby assumes jurisdiction of the 2016 ad valorem assessment roll of Tobacco Township, Gladwin County.

Further, the Commission orders that Township hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2017 assessment roll.

Further, the Commission orders that a bill shall be sent to Tobacco Township, Gladwin County covering the time and expenses incurred by the State Tax Commission for implementation of this order.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986 Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 18th day of October, A.D. 2016.

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_____
Douglas B. Roberts, Chairperson

_____
Barry N. Simon, Member

_____
W. Howard Morris, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960.

_____
Heather S. Frick, Executive Director

STATE OF MICHIGAN
E PLURIBUS UNUM
TUEBOR
SI QUAERIS PENINSULAM AMOENAM
CIRCUMSPICE
STATE TAX COMMISSION

5102 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 18, 2016

TO: Heather S. Frick, Executive Director
State Tax Commission

FROM: LaNiece Densteadt, Departmental Technician
State Tax Commission

SUBJECT: New Certifications of Computerized Assessment Rolls

The following units have certified that the requirements of Act 112 of 1990, MCL 211.42a as amended and the conditions of Public Act 25 of 2016 are being met and request the State Tax Commission certify the use of a computerized database as the assessment roll. All required documentation has been received and reviewed.

These certifications will expire **May 1, 2020.**

Date printed: October 7, 2016

New Certifications:

Allegan County
Laketown Township
Saugatuck Township

Berrien County
Royalton Township

Branch County
Coldwater Township

Cass County
Marcellus Township

Charlevoix County
Charlevoix Township

Cheboygan County
Benton Township

Dickinson County
City of Iron Mountain

Emmet County
City of Petoskey
Resort Township

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Genesee County
City of Davison
Grand Blanc Township

Gladwin County
Buckeye Township

Grand Traverse County
Garfield Township

Hillsdale County
City of Hillsdale

Huron County
Sheridan Township

Jackson County
Grass Lake Township

Kent County
City of Lowell
City of Walker
Ada Township

Livingston County
Brighton Township
Green Oak Township
Hartland Township

Macomb County
City of St. Clair Shores

Midland County
City of Midland
Larkin Township
Midland Township

Monroe County
City of Petersburg

Oakland County
City of Lake Angelus
City of Northville
City of Rochester Hills
City of Troy
Independence Township
Springfield Township
White Lake Township

Otsego County
Bagley Township
Hayes Township

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Ottawa County
City of Hudsonville
Wright Township
Zeeland Charter Township

Roscommon County
Markey Township

Saginaw County
City of Frankenmuth
City of Saginaw
Saginaw Township

Washtenaw County
City of Dexter
Dexter Township
Lyndon Township

Wayne County
City of Gibraltar
City of Grosse Pointe
City of Grosse Pointe Park
City of Livonia
City of Northville
City of Riverview
City of Southgate
City of Wyandotte

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5102 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 18, 2016

TO: Heather S. Frick, Executive Director
State Tax Commission

FROM: LaNiece Densteadt, Departmental Technician
State Tax Commission

SUBJECT: Re-certifications and New Certifications of Computerized Tax Rolls

The following units have certified that the requirements of Act 112 of 1990, MCL 211.42a as amended are being met and request the State Tax Commission certify the computerized tax roll. All required documentation has been received and reviewed.

These certifications will expire **May 1, 2019.**

Date printed: October 7, 2016

New Certifications:

None

New Certification Denials:

Genesee County
Village of Goodrich

Recertifications:

Genesee County
Village of Lennon

Kent County
Oakfield Township

Lapeer County
Burnside Township

Recertification Denials:

None

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3500 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 18, 2016

TO: State Tax Commission

FROM: Nancy Armstrong, Analyst

SUBJECT: Michigan Advanced Assessing Officer (MAAO) Certification

We are pleased to present to the Commission for recognition the recent recipients of the Michigan Advanced Assessing Officer (MAAO) Certification. These students successfully completed the last of the eight MAAO Self-Paced Courses and were awarded their MAAO Certificates.

Kyle Harris
Keith Hartman
Brent Kilpela
Adam Million
Kyle Murphy
Anthony Ronewicz
Kristen Steger
Tami Stewart

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