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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Bulletin No. 2
April 17, 2017
Electronic Filing

TO: Assessors and Equalization Directors

FROM: State Tax Commission

RE: Electronic Filing of Real Property Statements, Personal Property Statements and the Combined Document (Form 5278)

Bulletin 19 of 2011 is rescinded.

MCL 211.19 describes the requirements for filing of real and personal property statements.

Section 19(1) – Requires the supervisor or the assessing officer, upon entering office, to make a full and accurate determination of the taxable status of all property (real and personal) and the individuals to whom it should be assessed.

Section 19(2) – States that the supervisor or assessing officer shall require the submission of a personal property statement (State Tax Commission Form L-4175) by the responsible person(s) whom the supervisor or assessor believes has personal property by February 20, except as otherwise provided in MCL 211.9m, 9n or 9o. There are no current statutory provisions, which would provide for an extension of the February 20 filing date. The supervisor or assessing officer shall provide notice no later than January 10 each year. The notice shall include information regarding the Eligible Personal Property Exemptions (MCL 211.9m and MCL 211.9n) and the Small Business Taxpayer Exemption (MCL 211.9o) and an explanation where additional information regarding these exemptions and the required forms are available.

Section 19(3) – If a supervisor, an assessing officer, a county tax or equalization department, or the state tax commission considers it necessary to require from any person a statement of REAL property assessable to that person, it shall notify the person, and that person shall submit the statement. See also Attorney General Opinion No. 6555 of 1988 regarding the authority to require a real property statement.

Section 19(4) - Contains language that gives the local unit the option to provide for and accept electronic filing of either the personal property statement and/or the real property statement. This will be discussed later in this bulletin.

Section 19(5) – The personal property statement identified in Section 19(2) and the real property statement identified in Section 19(3) shall be in a manner and form as prescribed by the State Tax Commission. It is the responsibility of the State Tax commission to set forth a single

standard and reporting format for permissible electronic filing of the personal property statement and/or real property statement with the local unit.

Section 19(6) – Permits the taxpayer submitting a personal property statement and/or a real property statement to sign the form manually (original signature), by facsimile signature or electronically by an approved electronic personal identification number (PIN) signature.) The State Tax Commission's electronic and facsimile signature policies are discussed later in this bulletin. Prohibits the supervisor or assessor from requiring a taxpayer to file a requested or required statement before the statutory annual filing date of February 20.

Section 19(7) – The real and personal property statements (hard copy and electronic versions) requested and required to be filed must be submitted on State Tax Commission authorized or approved forms and/or electronic format. Failure to use the State Tax Commission authorized or approved form and/or electronic format shall constitute an improper filing. Further, the statement must be signed by one of the 3 following methods: 1) manually, 2) by facsimile signature, 3) or by electronic personal identification number (PIN) signature. Advises and requires the supervisor or assessor to retain and preserve all statements that are not in the proper form or are not properly signed. The improperly filed statement may still be used to make the assessment and as evidence in any proceeding regarding the assessment. The statement and all supporting documentation submitted shall be held confidential pursuant to Section 23 of the GPTA, even though the statement was not properly filed with the local unit supervisor or assessor.

Section 19(8) – States that an electronically filed personal property statement, real property statement, or the 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) under MCL 211.9m or 9n, or under MCL 211.1057 the State Essential Services Assessment Act, an electronic personal identification number (PIN) signature shall be accepted by the local unit provided that the procedure prescribed by the STC for accepting electronic signatures is followed. A facsimile signature shall also be accepted provided that the procedure prescribed by the STC for accepting facsimile signatures is followed. These procedures are discussed later in this bulletin.

Section 19(9) – Indicates that the Department of Treasury's use of a personal property statement or information on a personal property tax statement must adhere to the provisions regarding disclosure of information as stated in the Revenue Act, specifically MCL 205.28(1)(f).

Electronic Filing of Personal Property Statements and Real Property Statement(s)

Unlike the electronic filing of federal or state income tax returns to a central location, there are over 1500 local units within the State of Michigan that could authorize the acceptance of electronically filed real and personal property statements. The electronic filing format prescribed by the STC is **tab delimited (spreadsheet) export**.

State Tax Commission Electronic Signature Policy for Personal Property Statements and Real Property Statements

1. In order to use an electronic signature, a personal identification number must be issued by conventional mail to the individual who signed the form. Personal identification numbers are to be treated as confidential information (to be disseminated only for use in the assessment process) and will not be issued over the telephone. Upon written request, personal identification numbers may be issued by facsimile or by electronic mail.
2. Upon receipt of the personal identification number, an individual may use this number in lieu of his or her actual signature on Real and Personal Property Statements which are filed electronically as long as the following declaration is accepted when filing the statement:

By submitting this personal property statement electronically, you are declaring that you are the person responsible for filing this business return on behalf of the owner or corporation and that you concur that the issued PIN shall be used in lieu of an actual signature when filing this statement. Additionally you declare that you have filled out the form to the best of your ability and have answered all questions fully.

3. Personal identification numbers will expire one year from the date of issuance.
4. Local tax collecting units shall accept (non-expired) personal identification numbers as electronic signatures on Real and Personal Property Statements filed electronically, unless the local tax collecting unit has not provided for the electronic filing of such statements.

State Tax Commission Facsimile Signatures Policy for Personal Property Statements and Real Property Statements

The following constitutes the procedure prescribed by the State Tax Commission under authority of Section 19(8) relating to the acceptance of **facsimile signatures** by local tax collecting units for Personal Property Statements and Real Property Statements.

1. An individual desiring to use a facsimile signature on a Real or Personal Property Statement shall first properly complete Form 3980, Facsimile Signature Declaration for Real and Personal Property Statements, and submit this form to the State Tax Commission. Form 3980 will not be treated as confidential information. It shall be the responsibility of the individual submitting this form to verify that the form was properly completed and has been received by the State Tax Commission.
2. After the form has been properly completed by the individual submitting the form and has been received by the State Tax Commission, the individual may use this facsimile

- signature in lieu of his or her actual signature on Real and Personal Property Statements which are not filed electronically, until the expiration date for the facsimile signature. The expiration date for use of the facsimile signature will be one year from the date a properly completed Form 3980 is received by the State Tax Commission.
3. Local tax collecting units shall accept a facsimile signature (prior to the expiration date of the facsimile signature) for which a properly completed Form 3980 has been received by the State Tax Commission. In such cases, the facsimile signature shall be accepted in place of an actual signature on a Real or Personal Property Statement which has been filed non-electronically.
 4. Properly completed Forms 3980 filed by February 1 will be processed by February 15. Properly completed Forms 3980 received after February 1, will be processed on a first-come-first-served basis with no guarantee of processing prior to February 20.

Electronic Filing of the Combined Document (Form 5278)

The following constitutes the procedure prescribed by the State Tax Commission under authority of Section 19(8) relating to the acceptance of electronic and facsimile signatures by local tax collecting units for the Combined Document, Form 5278.

1. An individual desiring to use an electronic signature or facsimile signature on a Combined Document, Form 5278, is **not** required to complete and file Form 3980, Facsimile Signature Declaration for Real and Personal Property Statements, or any other forms. In order to receive the EMPP exemption, the eligible claimant is required to register on Michigan Treasury Online (MTO) or utilize an approved e-Filing software vendor. The eligible claimant must then certify and electronically pay the ESA tax liability shown on that certified statement. The claimant's registration on MTO or utilization of an approved e-Filing software vendor provides sufficient verification to utilize an electronic signature or facsimile signature on the Combined Document (Form 5278).
2. Local tax collecting units shall accept all (non-expired) personal identification numbers as electronic signatures on the Combined Document (Form 5278) filed electronically.
3. Local tax collecting units cannot adopt a policy or procedure to limit the claimant's ability to provide for the electronic filing of the Combined Document (Form 5278) by February 20.



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**Bulletin 3 of 2017
April 17, 2017
Millage Requests
and Rollbacks**

TO: County Clerks, Treasurers, Equalization Directors, and Chairpersons of Boards of Commissioners; Township Clerks, Treasurers, Supervisors, and Assessors; City Clerks and Assessors; Village Clerks; School District Boards of Education; Intermediate School Districts; Community College Boards of Trustees; and Authority Governing Bodies

FROM: State Tax Commission (STC)

SUBJECT: MILLAGE REQUESTS AND MILLAGE ROLLBACKS

This Bulletin addresses 2017 millage rollback procedures for ("Headlee") millage reduction fractions under Michigan Compiled Law (MCL) 211.34d, "Truth in Assessing" under MCL 211.34, "Truth in County Equalization" under MCL 211.34, "Truth in Taxation" under MCL 211.24e, and the rollbacks (for Counties only) based on the convention facilities and cigarette tax collections (Health and Safety Act) (see the "Special Note for Counties Only" on page 13 of this Bulletin).

The forms relating to millage rollbacks can be found on the STC Website (www.michigan.gov/statetaxcommission).

1. Form L-4029 (614), *2017 Tax Rate Request*, which is used to calculate the maximum allowable millage levy after possible reduction by the MCL 211.34d ("Headlee") millage reduction fraction and the MCL 211.34 "Truth in Assessing" or "Truth in County Equalization" rollback fraction. Form L-4029 is not used to calculate the MCL 211.24e "Truth in Taxation" base tax rate fraction.
2. Form L-4297 (868), *Truth in Taxation Notice*, which is used to comply with the publication requirements of MCL 211.24e "Truth in Taxation".
3. Form L-4034 (2166), *2017 Millage Reduction Fraction Calculations Worksheet*, which is used to compute the MCL 211.34d ("Headlee") millage reduction fraction, the MCL 211.34 "Truth in Assessing" or "Truth in County Equalization" rollback fraction, and the MCL 211.24e "Truth in Taxation" base tax rate fraction.

A. Important Information for 2017:

- 1. Eligible Personal Property Tax Exemption:** P.A. 402 of 2012 as amended by P.A. 153 of 2013, MCL 211.9o, was effective December 31, 2013 for the 2014 Tax Year and exempts from taxation all eligible personal property. Eligible personal property is defined in the Act and detailed in the Assessors Guide to Small Business Taxpayer Exemption. Beginning with the 2014 year, eligible personal property must be treated as losses in the Millage Reduction Formula.
- 2. Treatment of commercial personal property and industrial personal property for K-12 school operating millage rollback calculations only:** It is important for assessors and equalization directors to note that, both commercial personal property and industrial personal property are to be included with the “homestead” group of parcels which also includes parcels receiving a full or partial homeowner’s principal residence, qualified agricultural property, or qualified forest property exemption. Commercial personal property now receives a partial exemption of up to 12 mills and the removal of its value from K-12 school operating rollback calculations is consistent with the longstanding policy of including that property’s value with the “homestead” group of parcels that receive a partial exemption from the (up to) 18 school operating mills. In other words, the taxable value of both commercial personal property and industrial personal property will no longer be included in the “non-homestead” group of parcels, but will be included in the “homestead” group. Please note that the procedures required in this Bulletin supersede any conflicting guidance in previous letters and bulletins, including previous letters pertaining to Forms L-4025, L-4028, etc.
- 3. Treatment of expiring renaissance zones:** The State Tax Commission directs that, as a renaissance zone is expiring, qualified renaissance zone (REZ) parcels shall have their taxable values excluded from all rollback calculations for millages that are not wholly or fully levied against those REZ parcels.

For example, the taxable value of REZ parcels that have 75 percent of the County operating millage levied against them in one year shall be excluded from County operating millage rollback calculations for that year. In the following year, when the renaissance zone has expired and 100 percent of the County operating millage is levied against those parcels, the taxable value of those parcels shall be included in the rollback calculations for the County operating millage.¹ Do NOT include in any rollback calculation any REZ parcels which do not have 100 percent of the millage levied against them.

This procedure is similar to and consistent with the rollback calculations “treatment by exclusion” of commercial personal property parcels and parcels with partial homeowner’s principal residence exemptions, partial qualified agricultural property exemptions, etc.

¹Note that when REZ parcels in one year become subject to levy of 100 percent of a millage in the following year, their taxable value shall be treated as additions for rollback purposes for the taxing entity that did not levy 100 percent of its millage against those parcels in the prior year. Additionally, note that these additions for rollback purposes are not additions for capped value calculations.

from the non-homestead group of properties for K-12 school operating rollback calculations.

However, this procedure does not apply only to rollback calculations for local school operating millages. REZ parcels in “partially expired” renaissance zones shall have their taxable values excluded from ALL rollback calculations for ALL taxing jurisdictions having a millage which is not wholly or fully levied against the REZ parcels.

Please note that it is necessary to include the taxable value of REZ parcels in the rollback calculations for local school district sinking fund millages and for intermediate school district regional enhancement millages.

When calculating rollbacks that may be affected by the value of REZ parcels, it is important to use/adhere to the following guidelines:

- For millages that are not levied against REZ parcels, the value of REZ parcels should be excluded from rollback calculations.
- For millages that are levied against REZ parcels (intermediate school district regional enhancement millages and K-12 building and site sinking fund millages), the value of REZ parcels should be included in rollback calculations.
- For millages that are not levied against REZ parcels (i.e., for millages that are levied only on the non-REZ group of parcels), the value of parcels moving into REZ (exempt) status represent losses to the non-REZ group and the value of parcels moving out of REZ status represent additions to the non-REZ group.
- For millages that are levied against REZ parcels, the value of parcels moving into, or out of, REZ status do not represent additions or losses for rollback calculations.
- For capped value calculations, the value of parcels moving into, or out of, REZ status is not additions or losses (REZ parcels remain on the ad valorem roll).

B. 2017 Millage Reduction Fraction (MRF) Formula Required by MCL 211.34d

The Headlee millage reduction fraction intends that, ignoring additions and losses, any current operating millage must be reduced if it would produce more tax dollars, adjusted for inflation, than it did last year. While this calculation may result in a millage reduction fraction that is less than 1.0000, it cannot exceed 1.0000.

1. 2017 formula for calculating the “Headlee” MRF:

The following formula in general terms shall be used in 2017 for calculating the MRF:

$$\text{MRF} = \frac{(\text{prior year's taxable value} - \text{losses}) \times \text{inflation rate multiplier}}{\text{current year's taxable value} - \text{additions}}$$

The following is the MRF formula stated in terms that are specific to its use in 2017:

$$2017 \text{ MRF} = \frac{(2016 \text{ taxable value} - \text{losses}) \times 1.009}{2017 \text{ taxable value} - \text{additions}}$$

Please note the following regarding use of the above formula:

- The amount of additions and losses are based on the taxable value of additions and losses as defined by Public Act (PA) 476 of 1996 and as found in MCL 211.34d.
- The Michigan Supreme Court ruled in WPW Acquisition Company v City of Troy that increases in value due to increases in occupancy are not constitutional additions. P.A 164 of 2014 amended MCL 211.34d to remove the language that defined increases in occupancy as additions and added language to the section limiting decreases in occupancy as losses to the time period prior to December 31, 2013.
- The Michigan Supreme Court also ruled in Toll Northville Ltd. and Biltmore Wineman LLC v Township of Northville that increases in value due to public infrastructure improvements are not constitutional additions. Increases in value due to the addition of public infrastructure are not to be included as additions in the above formula.
- The taxable value of some additions and losses are at 50 percent of true cash value and some may be less than 50 percent of true cash value. For more information about additions and losses, please see the instructions for Form L-4025 and State Tax Commission Bulletin No. 3 of 1995, including its supplements contained in Bulletin No. 3 of 1997. Please also see paragraph G of State Tax Commission Bulletin No. 15 of 2002. Additionally, please see State Tax Commission Bulletin No. 19 of 2002 concerning the calculation of additions and losses for personal property. Also, additions and losses are defined in MCL 211.34d.
- The inflation rate multiplier for 2017 “Headlee” calculations is 1.009.
- Excludes the taxable value for parcels that receive any type of partial or full exemption from the millage.

2. Instructions regarding the rollback calculations for local school districts (these instructions do not apply to intermediate school districts or community colleges):

For local school district rollback calculations, there may be two categories of parcels under certain circumstances: (1) “non-homestead” parcels and (2) all parcels in the local school district.

“Non-homestead” parcels are defined for millage rollback purposes as those parcels that do not have a partial or full exemption from the (up to) 18 mills of K-12 school operating millage.²

²Some units and software vendors have chosen to label commercial personal property and industrial personal property as 100 percent homeowner’s principal residence exemption property (i.e., PRE) for rollback calculations.

The “non-homestead” category excludes the taxable value, additions, and losses for parcels that for the current year that

- Have a partial or full homeowner’s principal residence exemption,
- Have a partial or full qualified agricultural property exemption,
- Have a qualified forest reserve exemption,
- Are classified as industrial personal property,
- Are classified as commercial personal property,
- Are qualified parcels in a renaissance zone, including a tool and die recovery zone, or
- Receive any other type of partial or full exemption from the millage.

The second category of parcels for local school district rollback purposes consists of all parcels in the local school district. If a local school district levies an operating millage against the category of all parcels in the local school district, the “Headlee” and “Truth in Taxation” rollback calculations shall be made for that group of parcels.

Please note that REZ parcels may or may not be included in the category of all parcels in the local school district. REZ parcels are subject to the levy of millage for building and site sinking funds (MCL 380.1212), but REZ parcels are not subject to hold harmless and other **operating** millages that are levied against all parcels by a local school district (such as for operation of a community swimming pool). It is important to note that where a local school district levies various millages on all parcels, some of which are levied on REZ parcels and some of which are not, it is necessary to perform two sets of rollback calculations for the category of all parcels in the local school district. One set will include REZ parcels and one set will exclude REZ parcels, respectively. Please note, if a parcel receives any other type of partial or full millage exemption from MCL, it shall be treated in the same manner as an REZ parcel.

Likewise, if a local school district levies an operating millage against “non-homestead” parcels, the “Headlee” and “Truth in Taxation” rollback calculations shall be made for that group of parcels. Except in rare circumstances, it will always be necessary to calculate the rollback fractions for the category of “non-homestead” parcels. It will also frequently be necessary to calculate the rollback fractions for all parcels in a local school district.

The following chart lists the operating millages that local school districts generally levy and the corresponding category of parcels each millage is levied against:

LOCAL SCHOOL DISTRICT MILLAGE CHART

| Type of Millage Levied by Local School District | Parcels Against Which the Millage is Levied |
|--|---|
| Supplemental (hold harmless) millage | All parcels in the local school district |
| Up to 18 mills of operating millage when there is no supplemental (hold harmless) millage levied or when there is less than 18 mills of supplemental (hold harmless) millage levied | Non-homestead parcels in the local school district |
| Millage levied under MCL 380.1212 for the purpose of creating a building and site sinking fund (this levy is subject to the “Headlee” rollback but not the “Truth in Taxation” rollback) | All parcels in the local school district, including REZ parcels |
| Millage levied for operating a community college under Part 25 of the School Code of 1976 | All parcels in the local school district |
| Certain millages levied for the operation of a library (see MCL 380.1211(8) for details) | All parcels in the local school district |
| Certain millages levied for operation of a community swimming pool (see MCL 123.1073 for details) | All parcels in the local school district |
| Millage levied for a recreation system (see MCL 123.52 for details) | All parcels in the local school district |
| Millage levied for recreation authorities (see MCL 123.1141 for details) | All parcels in the local school district |

Assessors are required to identify and report separate taxable values on Form L-4025 (609) for either one or both of these two categories for each local school district depending on the millage(s) being levied by the school district. Equalization directors are likewise required to calculate a MRF for these same categories on Form L-4028 (612) and Form L-4028IC (613).

Please note that local school districts are not authorized to levy an enhancement millage (of up to 3 mills). MCL 380.705 provides that an enhancement millage may be levied only by an intermediate school district, and then only if approved by the voters of the intermediate school district. See paragraph 4(e) below regarding the proper entries on Form L-4029 (614) for local school districts.

3. Building and site sinking fund millage not subject to “Truth in Taxation”:

The building and site sinking fund millage levied under MCL 380.1212 is subject to the “Headlee” rollback, but it is not subject to the “Truth in Taxation” rollback.

4. Guidelines for Form L-4029, 2017 Tax Rate Request, due by September 30 each year to the County Board of Commissioners:

Form L-4029 (614) should be reviewed carefully before completing it so that the instructions are clearly understood. In addition, please note the following guidelines:

- Every MRF shall be rounded to four decimal places. This means that if the number in the fifth place past the decimal is 5 or above you increase the number in the fourth place by 1. If the number in the fifth place past the decimal is 4 or below, do not change the number in the fourth place past the decimal.
- The MRF entered in column 6 shall not exceed 1.0000.
- It is possible to have a MRF of less than 1.0000 due to the uncapping of taxable value resulting from parcels which experienced a transfer of ownership in the prior year.
- The State Education Tax (SET) is not subject to any rollbacks and should not be included on Form L-4029 (614). The State Treasurer separately certifies the SET to local treasurers. This information is posted to the web at www.michigan.gov/set.
- Local school districts shall separately list operating millages on Form L-4029 (614) categorized by whether the millages are levied against all parcels in the local school district or against "non-homestead" parcels in the local school district. (See the definition of "non-homestead" in item 2 above.) The abbreviations "Operating All" and "Operating Non-Home" may be used when completing column 2 on Form L-4029 (614):

"Operating All" is short for "operating millage levied on all parcels in the local school district". For example, supplemental (hold harmless) millages are levied against all parcels in the local school district.

"Operating Non-Home" is short for "operating millage levied on the 'non-homestead' group of parcels". (See the definition of "non-homestead" in paragraph 2 above.)

C. Method of Calculating the "Headlee" and Truth In Taxation Millage Rollback Fractions for the Non-Homestead Group

Because of the difficulty experienced by assessors and computer companies in tracking properties which came into or left the non-homestead group (as previously defined in this Bulletin) of properties during the prior year, the State Tax Commission has adopted the following method of calculating the millage rollback for the non-homestead group of properties which **shall** be used.

1. Pick a date after the close of the current March Board of Review but before the First Monday in May of the current year as the status day for determining which properties are part of the NON-HOMESTEAD group for current. **DO NOT** include within this group any properties which have a partial or a total Homeowner's Principal Residence or Qualified Agricultural Property Exemption as of the status day picked.
2. Total the *current* Taxable Valuations of the properties in this group.
3. Total the *previous* Taxable Valuations of THESE SAME properties (from step 2) regardless of their previous Homestead status.
4. Total the "usual" Losses and Additions for THESE SAME properties. The "usual" Losses and Additions are the Losses and Additions discussed on pages 2 through 4 of the Instructions for Form L4025 (such as new construction or a building burning down). DO NOT include, in the total, Losses and Additions due to properties moving in and out of the NON-HOMESTEAD group.
5. Calculate the rollback fractions using these numbers.

Example: If there were 1000 properties in the non-homestead group of properties in the previous year but there were only 950 properties in the group as of the date picked for the current year:

1. Pick the date.
2. Total the *current* Taxable Valuations of the 950 properties.
3. Total the *previous* Taxable Valuations of the same 950 properties.
4. Total the "usual" Losses and Additions applicable to the same 950 properties. DO NOT include Losses and Additions attributable to properties moving in and out of the group since the Fourth Monday in May of previous year.
5. Calculate the millage rollbacks using the Taxable Values (found in steps 1 through 3) attributable to the same 950 properties.

The method outlined in the preceding five steps shall NOT be used when calculating the millage rollback fractions applied against those millages levied by local school districts on all properties in the local school district. The method outlined in the preceding five steps shall be used when calculating the millage rollback fractions that apply to millages levied by a LOCAL school district against the non-homestead group of properties in the LOCAL school district.

For Local School Districts: Since commercial personal property is exempt from only the first 12 mills "non-homestead" operating millage levied, most school districts will be levying one operating rate on commercial personal property and a higher rate on "non-homestead" property. And most districts levying supplemental (hold-harmless) millage will levy three different operating rates: one rate on "homestead" property, a higher rate on commercial personal property, and an even higher rate on "non-homestead" property. To help ensure that the correct millage rates are levied on all property classes, a box has

been added to the lower right corner of the L-4029 (614) form. The local school district is to enter in this box the combined total of the NH operating and the supplemental (hold-harmless) operating millage requested to be levied for each of the class groups listed. These totals should **not** include any recreational millage, sinking fund millage or debt.

For example, for a school district levying 17.8 mills on “non-homestead” property, the district should enter “0” in the box For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal; “5.8” in the box For Commercial Personal; and “17.8” in the box “For All Other Property.”

The exemptions on industrial personal, qualified forest, and other “homestead” property, and commercial personal property, are reduced by any supplemental (hold-harmless) millage levied.

Example: A local school district has voted 5 hold harmless mills on “homestead” property in addition to the 18 mills on “non-homestead” property, reducing the 18 mill exemption to 13 mills, (the 18 mills was reduced by a current year MRF to 17.8 mills) and reducing the 12-mill commercial personal property exemption to 7 mills.

On the L-4029 (614) lines, the district requests:

1. The levy of 5 mills on all property, designated as “OP ALL” or “OP HH/SUPP”, and
2. 12.8 mills on “non-homestead” property, designated as “OP NH” (assumes a 0.2 mill millage reduction).

The following millage rates should be entered in the new box in the lower right corner of the L-4029 (614):

1. For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal – 5.0
2. For Commercial Personal – 10.8: The commercial personal exemption of 12 mills is reduced by 5 mills, leaving a remaining exemption of 7 mills to apply to the non-homestead operating millage. $(5.0 \text{ HH/S} + (12.8 \text{ NH} - 7) = 10.8)$
3. For all other property – 17.8: The total of 5.0 and 12.8 mills. $(5.0 \text{ HH/S} + 12.8 \text{ NH} = 17.8)$

For intermediate school districts: Please note that the value of REZ parcels may or may not be included in the rollback calculations for an intermediate school district (ISD). REZ parcels are subject to the levy of enhancement millages (see MCL 380.1211c), but REZ parcels are not subject to any other operating millages levied by an ISD. It is important to note that where an ISD levies an enhancement millage on all parcels including REZ parcels and levies another millage which is not levied on REZ parcels, it is necessary to perform two sets of rollback calculations. One set will include REZ parcels and one set will exclude REZ parcels, respectively.

D. 2017 Millage Rollbacks Related to State Equalization (MCL 211.34)

There may be Counties, Villages, authorities, Townships, and Cities which will be impacted by the additional rollback requirement of MCL 211.34. MCL 211.34 provides that "...Each year the county board of commissioners shall advise the local taxing units when the state tax commission increases the equalized value of the county as established by the board of county commissioners and each taxing unit other than a city, township, school district, intermediate school district, or community college district, shall immediately reduce its maximum authorized millage rate, as determined after any reduction caused by section 34d, so that subsequent to the increase ordered by the state tax commission pursuant to Act No. 44 of the Public Acts of 1911, as amended, being sections 209.1 to 209.8 of the Michigan Compiled Laws, total property taxes levied for that unit shall not exceed that which would have been levied for that unit at its maximum authorized millage rate, as determined after any reduction caused by section 34d, if there had not been an increase in valuation by the state. If its state equalized valuation exceeds its assessed valuation..., a city or township shall reduce its maximum authorized millage rate, as determined after any reduction caused by section 34d, so that total property taxes levied for that unit do not exceed that which would have been levied based on its assessed valuation."

1. "Truth in County Equalization" (applies to the millages levied by Counties, Villages, and authorities only):

A "Truth in County Equalization" rollback fraction shall be calculated for each County, Village, and authority when its 2017 state equalized value (SEV) exceeds its 2017 County equalized value (CEV). "Truth in County Equalization" does not affect Townships, Cities, local school districts, intermediate school districts, or community colleges. Also, taxing authorities located in more than one County are not subject to "Truth in County Equalization".

The following is the formula for calculating the "Truth in County Equalization" rollback fraction:

$$\text{"Truth in County Equalization" rollback} = \frac{\text{total taxable value based on CEV for all classes}}{\text{total taxable value based on SEV for all classes}}$$

Total taxable value based on CEV is the total taxable value of individual parcels in the taxing jurisdiction as if CEV had become the final SEV for the unit. The total taxable value based on SEV is the actual total taxable value of individual parcels calculated using final SEV as of the fourth Monday in May. For example, assume the following for an individual parcel with no additions or losses:

- 2016 SEV and taxable value (TV) = 100,000
- 2017 CEV = 102,000
- 2017 SEV = 105,000
- 2017 TV based on CEV = 102,000
- 2017 TV based on SEV = 104,400

The 2017 TV based on CEV of 102,000 will contribute to the numerator of the rollback fraction formula, while the 2017 TV based on SEV of 104,400 will contribute to the denominator of the fraction in the formula for “Truth in County Equalization”.

Note that the rollback fraction calculated for a County will likely be different from the fraction calculated for a Village or for an authority because of the different mix of properties within each taxing jurisdiction. The “Truth in County Equalization” millage rollback fraction shall not exceed 1.0000.

2. “Truth in Assessing” (applies to the millages levied by Cities and Townships only):

A “Truth in Assessing” rollback fraction shall be calculated for each City and Township when its 2017 SEV exceeds its 2017 assessed value (AV).

The following is the formula for calculating the “Truth in Assessing” rollback fraction:

$$\text{“Truth in Assessing” rollback} = \frac{\text{total taxable value based on AV for all classes}}{\text{total taxable value based on SEV for all classes}}$$

Total taxable value based on AV is the total taxable value of individual parcels in the assessing unit as if AV had become the final SEV in the unit. Total taxable value based on SEV is the final total taxable value calculated using final SEV for all parcels as of the fourth Monday in May. For example, assume the following for an individual parcel with no additions or losses:

- 2016 SEV and TV = 99,000
- 2017 AV = 99,000
- 2017 SEV = 101,000
- 2017 capped value (CV) = 101,000
- 2017 TV based on AV = 99,000
- 2017 TV based on SEV = 101,000

The 2017 TV based on AV of 99,000 contributes to the numerator of the rollback fraction formula, while the 2017 TV based on SEV of 101,000 contributes to the denominator of the fraction in the rollback formula for “Truth in Assessing”. For some parcels, the TV based on AV may be the same as TV based on SEV because the CV is lower than both AV and SEV. The “Truth in Assessing” millage rollback fraction shall not exceed 1.0000.

Both the “Truth in County Equalization” and the “Truth in Assessing” rollback fractions identified above are applied against the unit's respective “maximum authorized millage rate” (regardless of when the millage was approved by the voters), but after any reduction caused by the unit's section 211.34d (“Headlee”) MRF for the current year. For example, a “Truth in Assessing” millage rollback fraction would be applied to the maximum rate for a Township or City after that rate has been reduced by any applicable “Headlee” MRF for the current year.

Each of the “Truth in County Equalization” and “Truth in Assessing” rollback fractions is placed on Form L-4029 in column 8, which is labeled “Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction”. There will never be a circumstance where there is both a “Truth in County Equalization” rollback fraction and a “Truth in Assessing” rollback fraction for the same taxing jurisdiction. Therefore, column 8 is used for one rollback fraction or the other, not both.

The adoption of a SEV by the State Tax Commission which exceeds the CEV for any one, any combination, or all of the separately equalized classifications of property of a County shall result in the calculation of a “Truth in County Equalization” millage rollback fraction to be applied to the total authorized County, Village, or authority millage rate, after any applicable “Headlee” reduction. It should be noted that all “Truth in County Equalization” millage rollback fractions are calculated on the basis of all of the classifications of the County, Village, or authority taken together, not by each separately equalized classification taken separately.

The maximum authorized millage rate, after reduction by any applicable “Headlee” or MCL 211.34 reduction for the year results in the applicable millage rate for the County, Village, or authority in the matter of “Truth in County Equalization” or the applicable millage rate for the Township or City in the case of “Truth in Assessing”. Both rates may need to be further reduced by “Truth in Taxation”, if applicable. After all of these considerations, the reduced rate is applied against the TV of each parcel of property on the tax roll.

E. “Truth in Taxation” (Required by MCL 211.24e)

Truth in Taxation intends that the Board of a taxing unit approve the operating millage levy when the following situation occurs. The current levy of the sum of all operating millages for the unit produces more tax dollars than last year’s actual levy. For the preceding statement, ignore additions, losses, and building and site fund millage.

1. 2017 formulas for calculating the “Truth in Taxation” base tax rate (BTR) and the base tax rate fraction (BTRF):

$$2017 \text{ BTR} = 2016 \text{ operating levy rate} \times 2017 \text{ BTRF}$$

$$2017 \text{ BTRF} = \frac{2016 \text{ total TV} - \text{losses}}{2017 \text{ total TV} - \text{additions}}$$

The amounts of the losses and additions used in the formula above will be the same as those used in the “Headlee” calculation discussed in paragraph A of this bulletin. The BTRF is calculated for each local taxing unit on Form L-4034 (2166).

Important note regarding millages approved in 2017: If a local taxing unit wishes to levy combined operating millage that is greater than the 2017 BTR, the local unit must comply with one of the two options described in paragraph 2 below. This is true even if the millage to be levied has been approved by the voters anytime in 2017. This

requirement is different from the provisions of the “Headlee” rollback, which do not apply in 2017 to new millages authorized by the voters after April 30, 2017.

Special note for Counties only: A County must reduce its BTR for “Truth in Taxation” purposes by a rate produced by dividing its estimated convention facilities tax revenue by the County's current year TV. A further reduction in a County's 2017 BTR must be made in the same manner for the estimated cigarette tax revenue to be received by the County during the calendar year 2017. An estimate of this revenue and the convention facilities tax revenue will be sent to the Counties in May 2017. A County which complies with Section 16 of the Uniform Budgeting and Accounting Act (see paragraph 2 below) is not required to make the calculations relating to the convention facilities tax and the cigarette tax discussed in this paragraph. The procedure for levying an operating tax rate that exceeds the BTR is prescribed in MCL 211.24e and will be discussed in paragraph 2 below.

2. Procedures for levying an operating millage rate which exceeds the BTR:

A local taxing entity which wishes to levy an operating millage rate that exceeds the BTR may do so either (a) by complying with Section 16 of the Uniform Budgeting and Accounting Act (MCL 141.436) or (b) by complying with the requirements of “Truth in Taxation” (MCL 211.24e).

The following are the provisions of Section 16 of the Uniform Budgeting and Accounting Act:

- a. Unless another method for adopting a budget is provided by a charter provision in effect on April 1, 1980, the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act.
- b. **The general appropriations act shall set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied. The amendatory act that added this subsection shall be known and may be cited as “the truth in budgeting act”.**
- c. The general appropriations act shall set forth the amounts appropriated by the legislative body to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year.
- d. The general appropriations act shall be consistent with uniform charts of accounts prescribed by the state treasurer or, for local school districts and intermediate school districts, by the state board of education.
- e. This act shall not be interpreted to mandate the development or adoption by a local unit of a line-item budget or line-item general appropriations act.

- f. The legislative body shall determine the amount of money to be raised by taxation necessary to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, shall order that money to be raised by taxation, within statutory and charter limitations, and shall cause the money raised by taxation to be paid into the funds of the local unit.
- g. Except as otherwise permitted by section 102 of the state school aid act of 1979, 1979 PA 94, MCL 388.1702, or by other law, the legislative body shall not adopt a general appropriations act or an amendment to that act which causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations. (Emphasis added.)

If a unit complies with Section 16 of the Uniform Budgeting and Accounting Act, it is not required to publish a separate “Truth in Taxation” notice or have a separate “Truth in Taxation” hearing (as required by MCL 211.24e) when it wishes to levy an operating rate which exceeds the BTR.

The following are the requirements of MCL 141.412 regarding the notice of hearing for the proposed budget (these are separate from the “Truth in Taxation” notice requirements):

A local unit shall hold a public hearing on its proposed budget. The local unit shall give notice of the hearing by publication in a newspaper of general circulation within the local unit at least 6 days before the hearing. The notice shall include the time and place of the hearing and shall state the place where a copy of the budget is available for public inspection. The notice shall also include the following statement printed in 11-point boldfaced type: “The property tax millage rate proposed to be levied to support the proposed budget will be a subject of this hearing.”

Those taxing entities that wish to levy an operating millage rate which is greater than the BTR but which do not meet the requirements of Section 16 of the Uniform Budgeting and Accounting Act must meet the “Truth in Taxation” requirements of MCL 211.24e. Form L-4297(868) is a model Notice of Public Hearing for use by local taxing units which do not meet the requirements of Section 16 of the Uniform Budgeting and Accounting Act. Form L-4297(868) fulfills the requirements of MCL 211.24e for the notice required to be published in the newspaper if a local unit of government intends to levy an operating millage rate greater than the BTR and does not meet the requirements of Section 16 of the Uniform Budgeting and Accounting Act. Also included with this bulletin is an example showing how to calculate the figures which are placed on the “Truth in Taxation” Notice of Public Hearing (Form L-4297 (868)). It is important to note that Form L-4297 (868) is not the notice form for the budget hearing under Section 16 of the Uniform Budgeting and Accounting Act.

There is no prohibition against holding a “Truth in Taxation” hearing prior to and in anticipation of an approval of millage by voters.

3. Additional BTR, BTRF, and “Truth in Taxation” procedures and information:

- The BTRF is calculated each year and does not compound.
- The BTRF is rounded to 4 decimal places.
- The BTR is calculated by multiplying the BTRF by the operating millage rate levied in the immediately preceding year. The BTR shall be rounded down as directed by PA 38 of 1999.
- MCL 211.24e (“Truth in Taxation”) provisions are not applicable to a taxing jurisdiction that levied an operating millage of one mill or less in the immediately preceding year.
- If a local taxing entity fulfills the legal requirements for levying an operating millage in excess of the BTR, the rate levied shall not exceed the maximum authorized rate after reduction by MCL 211.34 and MCL 211.34d, where reductions under those sections are applicable.
- “Truth in Taxation” provisions do apply to local school districts (i.e., local school district millages are subject to “Truth in Taxation”).

4. Example of calculations for the “Truth in Taxation” Notice of Public Hearing for 2017 (Form L-4297 (868)):

Example:

- 2017 BTR for a local taxing entity is 9.5000 mills.
- 2016 TV = 1,000,000
- 2016 operating millage levied = 9.6000 mills
- 2017 TV = 1,050,000
- The local taxing entity in question wishes to levy 10.0000 mills for operating purposes and the 10.0000 mills do not exceed the maximum authorized millage rate after reduction by MCL 211.34d (“Headlee”) and MCL 211.34 (“Truth in Assessing” or “Truth in County Equalization”).

Given this information, the following formulas would be used to calculate the figures to be entered on Form L-4297:

Proposed increase = millage the taxing entity proposes to levy in 2017 - BTR

Proposed increase = 10.0000 mills - 9.5000 mills = 0.5000 mills

$$\begin{aligned}
 \text{Percentage increase in operating revenue} &= \frac{\text{proposed increase}}{\text{BTR}} \times 100 \\
 &= \frac{0.5000 \text{ mills}}{9.5000 \text{ mills}} \times 100 \\
 &= 5.26\%
 \end{aligned}$$

Percentage increase (could also be a decrease) if the proposed increase is not approved

$$\begin{aligned}
 &= \frac{(\text{BTR} \times \text{current year TV}) - (\text{operating millage levied in prior year} \times \text{prior year TV})}{(\text{operating millage levied in prior year} \times \text{prior year TV})} \times 100 \\
 &= \frac{(9.5000 \text{ mills} \times 1,050,000) - (9.6000 \text{ mills} \times 1,000,000)}{(9.6000 \text{ mills} \times 1,000,000)} \times 100 \\
 &= \frac{(0.0095 \times 1,050,000) - (0.0096 \times 1,000,000)}{(0.0096 \times 1,000,000)} \times 100 \\
 &= \frac{9,975 - 9,600}{9,600} \times 100 \\
 &= \frac{375}{9,600} \times 100 \\
 &= 3.91\%
 \end{aligned}$$

F. Additional Considerations

- In years that the inflation rate is greater than 1.000 and the Headlee millage reduction fraction (MRF) is less than 1.0000, Truth in Taxation's base tax rate fraction (BTRF) by definition is less than the MRF.
- When the inflation rate is less than 1.000, the BTRF will exceed the MRF in all cases.
- Definition for this purpose: 'Maximum Allowable Millage' means all operating millage as reduced by applying the applicable Headlee multiplier, and Truth in Assessing or Truth in Equalization multiplier.
- While the Headlee MRF is limited on the upside to 1.0000, Truth in Taxation's BTRF may exceed 1.0000. However, the BTRF cannot cause the base tax rate to exceed the 'maximum allowable millage' net of any building and site fund millage (BSF).
- Newly approved operating millage (since last year's levy) is subject to the requirements of Truth in Taxation. So even when the BTRF is greater than the MRF or 1.0000, the newly approved millage will often cause the 'Base Tax Rate' to be less than the

‘Maximum Allowable Millage’ (sum of operating millage net of BSF), thereby requiring compliance with Truth in Taxation in order to levy more than the ‘Base Tax Rate’.

Example: How is the base tax rate applied if last year’s maximum allowable millage available was 2 mills, but the actual levy was 1.7 mills? Does ‘Truth in Assessing’ come into play?

Last year this unit could have levied 2.0000 operating mills (maximum allowable millage (MAM)), but chose to levy 1.7000 mills. The current year’s ‘Millage Reduction Fraction’ is 1.0000, but the applicable ‘Truth in Assessing’ or ‘Truth in Equalization’ multiplier is .9500. Since there is no expired or newly voted millage the current ‘Maximum Allowable Millage’ (MAM) is 1.9000 operating mills.

$$\begin{aligned} 2017 \text{ MAM} &= 2016 \text{ MAM} \times 2017 \text{ MRF} \times \text{Truth in Assessing or Truth in Equalization} \\ 2017 \text{ MAM} &= 2.0000 \quad \times 1.0000 \quad \times .9500 = 1.9000 \end{aligned}$$

Assume this year’s ‘Base Tax Rate Fraction’ is 1.0050.

$$\begin{aligned} \text{This year's 'Base Tax Rate' is } 1.7085 &= 2016 \text{ Actual Levy} \times 2017 \text{ BTRF} \\ \text{BTR} &= 1.7000 \quad \times 1.0050 = 1.7085 \end{aligned}$$

What does this mean?

- The taxing jurisdiction can levy up to 1.7085 total operating mills (plus any BSF) without holding a Truth in Taxation hearing (including Section 16 of the Uniform Budget and Accounting Act).
- The taxing jurisdiction may not levy more than 1.9000 operating mills without a successful millage election.
- The taxing jurisdiction must comply with the requirements of Truth in Taxation to levy more than 1.7085 operating mills (net of any BSF), up to 1.9000 operating mills (net of BSF).

2017 Millage Reduction Fraction Computation

This form is issued under authority of Sections 211.34d and 211.150, M.C.L. Filing of this form is mandatory. Failure to file is punishable under Section 211.119, M.C.L.

INSTRUCTIONS: This form is to be completed by the county equalization director for all taxing jurisdictions which levy a property tax in his/her county. This form is to be filed with each unit of local government and with the State Tax Commission. Also provide a copy of this form to the equalization director of each county which shares an intercounty taxing jurisdiction. On this initial computation form, the 2017 millage reduction fraction (MRF) can be calculated only for taxing jurisdictions located exclusively within a single county. This will include the county unit as well as all townships and nearly every city and village. The MRF for a school district which is not fractional with any other county can also be calculated and listed on this form. For any taxing jurisdiction which extends into one or more other counties, leave the MRF column blank and enter the notation "IC" for intercounty.

| County | | | | | | |
|-------------|---------------------|----------------------------------|----------------------------------|-------------------------|----------------------------|-------------------------------------|
| Code Number | Taxing Jurisdiction | 2016 Taxable Value as of 5/23/16 | 2017 Taxable Value as of 5/22/17 | Taxable Value of Losses | Taxable Value of Additions | 2017 Millage Reduction Fraction (1) |
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(1) If this calculation results in a number greater than 1.0000, enter 1.0000.

2017 Complete Millage Reduction Fraction Computation

This form is issued under authority of Sections 211.34d and 211.150, M.C.L. Filing of this form is mandatory. Failure to file is punishable under Section 211.119, M.C.L.

INSTRUCTIONS: The valuations on this form are for a single county. When this valuation information has been obtained from the equalization directors of all the counties which are included within the boundary of the intercounty fractional taxing jurisdictions listed, the 2017 millage reduction fractions can be calculated for those intercounty jurisdictions. The valuation information required by 211.34d, MCL, is the same information needed for P.A. 5 of 1982, Section 211.24e, MCL "Truth in Taxation." A different formula is used for Section 24e than is used for Section 34d, but the 2016 Taxable Value, 2017 Taxable Value, Taxable Value of Losses, and Taxable Value of Additions are the same quantities used in both formulas. **This form is to be filed with the State Tax Commission and with each unit of local government which has taxable property located in more than one county.**

| County | | | | | | |
|-------------|---------------------|----------------------------------|----------------------------------|-------------------------|----------------------------|-------------------------------------|
| Code Number | Taxing Jurisdiction | 2016 Taxable Value as of 5/23/16 | 2017 Taxable Value as of 5/22/17 | Taxable Value of Losses | Taxable Value of Additions | 2017 Millage Reduction Fraction (1) |
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(1) If this calculation results in a number greater than 1.0000, enter 1.0000.

2017 Tax Rate Request (This form must be completed and submitted on or before September 30, 2017)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory; Penalty applies.

Carefully read the instructions on page 2.

| | |
|--|---|
| County(ies) Where the Local Government Unit Levies Taxes | 2017 Taxable Value of ALL Properties in the Unit as of 5-22-17 |
| Local Government Unit Requesting Millage Levy | For LOCAL School Districts: 2017 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties. |

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2017 tax roll.

| (1) Source | (2) Purpose of Millage | (3) Date of Election | (4) Original Millage Authorized by Election Charter, etc. | (5) ** 2016 Millage Rate Permanently Reduced by MCL 211.34d "Headlee" | (6) 2017 Current Year "Headlee" Millage Reduction Fraction | (7) 2017 Millage Rate Permanently Reduced by MCL 211.34d "Headlee" | (8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction | (9) Maximum Allowable Millage Levy * | (10) Millage Requested to be Levied July 1 | (11) Millage Requested to be Levied Dec. 1 | (12) Expiration Date of Millage Authorized |
|---------------|---------------------------|-------------------------|--|--|---|---|---|---|---|---|---|
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|-------------|------------------|-------------------|------|
| Prepared by | Telephone Number | Title of Preparer | Date |
|-------------|------------------|-------------------|------|

CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

| | | | |
|--------------------------------------|-----------|------------|------|
| <input type="checkbox"/> Clerk | Signature | Print Name | Date |
| <input type="checkbox"/> Secretary | | | |
| <input type="checkbox"/> Chairperson | Signature | Print Name | Date |
| <input type="checkbox"/> President | | | |

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

**** IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 3 of 2017 for instructions on completing this section.

| | |
|---|------|
| Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY) | Rate |
| For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal | |
| For Commercial Personal | |
| For all Other | |

Instructions For Completing Form 614 (L-4029) 2017 Tax Rate Request, Millage Request Report To County Board Of Commissioners

These instructions are provided under MCL Sections 211.24e (truth in taxation), 211.34 (truth in county equalization and truth in assessing), 211.34d (Headlee), and 211.36 and 211.37 (apportionment).

Column 1: Source. Enter the source of each millage. For example, allocated millage, separate millage limitations voted, charter, approved extra-voted millage, public act number, etc. Do not include taxes levied on the Industrial Facilities Tax Roll.

Column 2: Purpose of millage. Examples are: operating, debt service, special assessments, school enhancement millage, sinking fund millage, etc. A local school district must separately list operating millages by whether they are levied against ALL PROPERTIES in the school district or against the NON-HOME group of properties. (See State Tax Commission Bulletin 3 of 2017 for more explanation.) A local school district may use the following abbreviations when completing Column 2: "Operating ALL" and "Operating NON-HOME". "Operating ALL" is short for "Operating millage to be levied on ALL PROPERTIES in the local school district" such as Supplemental (Hold Harmless) Millages and Building and Site Sinking Fund Millages. "Operating NON-HOME" is short for "Operating millage to be levied on ALL PROPERTIES EXCLUDING PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL, QUALIFIED FOREST AND INDUSTRIAL PERSONAL PROPERTIES in the local school district" such as the 18 mills in a district which does not levy a Supplemental (Hold Harmless) Millage.

Column 3: Date of Election. Enter the month and year of the election for each millage authorized by direct voter approval.

Column 4: Millage Authorized. List the allocated rate, charter aggregate rate, extra-voted authorized before 1979, each separate rate authorized by voters after 1978, debt service rate, etc. (This rate is the rate before any reductions.)

Column 5: 2016 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback. Starting with taxes levied in 1994, the "Headlee" rollback permanently reduces the maximum rate or rates authorized by law or charter. The 2016 permanently reduced rate can be found in column 7 of the 2016 Form L-4029. For operating millage approved by the voters after April 30, 2016, enter the millage approved by the voters. For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable."

Column 6: Current Year Millage Reduction Fraction. List the millage reduction fraction certified by the county treasurer for the current year as calculated on Form 2166 (L-4034), *2017 Millage Reduction Fraction Calculations Worksheet*. The millage reduction fraction shall be rounded to four (4) decimal places. The current year millage reduction fraction shall not exceed 1.0000 for 2017 and future years. This prevents any increase or "roll up" of millage rates. Use

1.0000 for new millage approved by the voters after April 30, 2017. For debt service or special assessments not subject to a millage reduction fraction, enter 1.0000.

Column 7: 2017 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback. The number in column 7 is found by multiplying column 5 by column 6 on this 2017 Form L-4029. This rate must be rounded DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999, Supplemented by Letter of 6/7/2000.) For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable."

Column 8: Section 211.34 Millage Rollback Fraction (Truth in Assessing or Truth in Equalization). List the millage rollback fraction for 2017 for each millage which is an operating rate. Round this millage rollback fraction to 4 decimal places. Use 1.0000 for school districts, for special assessments and for bonded debt retirement levies. For counties, villages and authorities, enter the Truth in Equalization Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON CEV FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. Use 1.0000 for an authority located in more than one county. For further information, see State Tax Commission Bulletin 3 of 2017. For townships and cities, enter the Truth in Assessing Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON ASSESSED VALUE FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. The Section 211.34 Millage Rollback Fraction shall not exceed 1.0000.

Column 9: Maximum Allowable Millage Levy. Multiply column 7 (2017 Millage Rate Permanently Reduced by MCL 211.34d) by column 8 (Section 211.34 millage rollback fraction). Round the rate DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999, Supplemented by Letter of 6/7/2000.) For debt service or special assessments not subject to a millage reduction fraction, enter millage from Column 4.

Column 10/Column 11: Millage Requested to be Levied. Enter the tax rate approved by the unit of local government provided that the rate does not exceed the maximum allowable millage levy (column 9). A millage rate that exceeds the base tax rate (Truth in Taxation) cannot be requested unless the requirements of MCL 211.24e have been met. For further information, see State Tax Commission Bulletin 3 of 2017. A LOCAL School District which levies a Supplemental (Hold Harmless) Millage shall not levy a Supplemental Millage in excess of that allowed by MCL 380.1211(3). Please see the memo to assessors dated October 26, 2004 regarding the change in the collection date of certain county taxes.

Column 12: Expiration Date of Millage. Enter the month and year on which the millage will expire.

2017 Millage Reduction Fraction Calculations Worksheet

Including Millage Reduction Fraction Calculations Not Specifically Assigned to the County Equalization Director by Law

| | |
|--------|---------------------|
| County | Taxing Jurisdiction |
|--------|---------------------|

2016 Total Taxable Value.....

Losses

Additions.....

2017 Total Taxable Value Based on SEV

2017 Total Taxable Value Based on Assessed Value (A.V.)

2017 Total Taxable Value Based on CEV

NOTE: The last two items above are only needed when it is necessary to calculate a Truth in Assessing or Truth in County Equalization Rollback Fraction.

1. Section 211.34d, MCL, "Headlee" (for each unit of local government)

$$\frac{(2016 \text{ Total Taxable Value} - \text{Losses}) \times \text{Inflation Rate of 1.009}}{(2017 \text{ Total Taxable Value Based on SEV} - \text{Additions})} =$$

2017 Millage Reduction Fraction (Headlee). Round to 4 decimal places in the conventional manner. If number exceeds 1.0000, line through and enter 1.0000.

See State Tax Commission Bulletins No. 3 of 1995 and 19 of 2002 regarding the calculation of losses and additions.

See also the Supplements to STC Bulletin No. 3 of 1995 contained in STC Bulletin No. 3 of 1997.

2a. Section 211.34, MCL, "Truth in Assessing" (for cities and townships if S.E.V. exceeds A.V. for 2017 only)

$$\frac{2017 \text{ Total Taxable Value Based on Assessed Value for all Classes}}{2017 \text{ Total Taxable Value Based on SEV for all Classes}} =$$

2017 Rollback Fraction (Truth in Assessing)
Round to 4 decimal places in the conventional manner.

See State Tax Commission Bulletin 3 of 2017 for more information regarding this calculation.

2b. Section 211.34, MCL, "Truth in County Equalization" (for villages, counties and authorities if S.E.V. exceeds C.E.V. for 2017 only)

$$\frac{2017 \text{ Total Taxable Value Based on CEV for all Classes}}{2017 \text{ Total Taxable Value Based on SEV for all Classes}} =$$

2017 Rollback Fraction (Truth in County Equalization)
Round to 4 decimal places in the conventional manner.

See State Tax Commission Bulletin 3 of 2017 for more information regarding this calculation.

3. Section 211.24e, MCL, "Truth in Taxation" (for each taxing jurisdiction that levied more than 1 mill for operating purposes in 2016 only).

$$\frac{(2016 \text{ Total Taxable Value} - \text{Losses})}{(2017 \text{ Total Taxable Value Based on SEV} - \text{Additions})} =$$

2017 Base Tax Rate Fraction (Truth in Taxation)
Round to 4 decimal places in the conventional manner.

Use the same amounts for additions and losses as were used for the 211.34d ("Headlee") rollback.

NOTE: The truth in taxation BTRF is independent from the cumulative millage reductions provided by sections 211.34d and 211.34. The Base Tax Rate equals the BTRF X 2016 Operating Rate levied.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

Bulletin No. 4 of 2017
April 17, 2017
Certified Interest Rates

TO: Assessing Officers and County Equalization Directors

FROM: Michigan State Tax Commission

SUBJECT: Certified Prevailing Institutional Lending Rates of Interest for the Period January 2017 through March 2017, Expressed as Percentages.

| | Residential | Commercial/Industrial | Agricultural |
|-----------|-------------|-----------------------|--------------|
| January | 4.63 | 4.43 | 4.71 |
| February | 4.67 | 4.42 | 4.71 |
| March | 4.70 | 4.48 | 4.71 |
| April | | | |
| May | | | |
| June | | | |
| July | | | |
| August | | | |
| September | | | |
| October | | | |
| November | | | |
| December | | | |

Note: The use of these rates is discussed in Bulletin No. 11 of 1985 dated October 14, 1985.

The following frequently asked questions are being provided as a service to assessors and taxpayers to better inform them about the administration of Public Act 328 of 1998, as amended.

Note: The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.

1. What is a New Personal Property Tax Exemption?

The New Personal Property Tax Exemption, Public Act 328 of 1998, as amended, was created to provide a tax reduction to eligible businesses bringing new business or more business to the State of Michigan. Types of eligible businesses are those primarily engaged in manufacturing, mining, research and development, wholesale trade or office operations. For purposes of a new Michigan development corporation, eligible business means only an eligible New Michigan business. In order to qualify for the exemption, the qualified personal property must be placed in an “eligible district” after the local governmental unit adopts the resolution which provides for the exemption. Property placed in the district prior to the resolution will not receive the exemption. Also, the “eligible district” must be established before the exemption can be approved by the local governmental unit’s resolution. Completed applications are first submitted to the local governmental unit (i.e. city, township or village) for approval. If the local government approves the application, they then forward it to the Department of Treasury for review. Exemptions are not effective until approved by the State Treasurer.

2. Who can file an application for a New Personal Property Tax Exemption?

The application for a new personal property tax exemption is filed by an owner or lessee of an eligible business with the clerk of the local governmental unit. It is important to note, that after December 31, 2014, new personal property does not include Eligible Manufacturing Personal Property (EMPP). Claimants with personal property that meets the definition of “eligible manufacturing personal property” are not eligible for a New Personal Property Exemption pursuant to MCL 211.9f.

3. How do I apply for a New Personal Property Tax Exemption?

An application for the New Personal Property Tax Exemption can be found at the Michigan Department of Treasury website: www.michigan.gov/propertytaxexemptions.

Application is made by the owner or lessee of the facility seeking the exemption and filed with the local governmental unit. After a resolution approving the exemption has been adopted, the applications are sent to the Department of Treasury. Complete applications must meet all of the following requirements:

Frequently Asked Questions
New Personal Property Exemption
(PA 328 of 1998, as amended)

- a. The personal property must be **NEW PERSONAL PROPERTY**, not previously on Michigan's tax rolls and personal property placed in the district after the resolution was adopted.
- b. The personal property must be located in an **ELIGIBLE LOCAL ASSESSING DISTRICT**, a city, township or village that contains an **ELIGIBLE DISTRESSED AREA**, or that is party to an intergovernmental agreement creating a next Michigan development corporation, or a city, township or village that meets the following conditions and is located in a county, all or a portion of which, borders another state or Canada:
 - i. Is currently served by not fewer than 4 of the following existing services:
 - (A) water
 - (B) sewer
 - (C) police
 - (D) fire
 - (E) trash
 - (F) recycling.
- c. The local assessing district must adopt a resolution which provides for the exemption.
- d. The local assessing district must enter into a written agreement with the eligible business subject to the exemption that includes the following statements:
 - (A) The exemption is revoked if the eligible business is determined to be in violation of the provisions of the written agreement.
 - (B) The eligible business may be required to repay all or part of the personal property taxes exempted under this section if the eligible business is determined to be in violation of the provisions of the written agreement.
 - (C) The exemption is revoked if the eligible business is determined to be in violation of the provisions concerning the exemption set forth in the resolution adopted by the local assessing district.
 - (D) The exemption is revoked if continuance of the exemption would be contrary to any of the requirements of MCL 211.9f.
- e. The new personal property must be owned or leased by an **ELIGIBLE BUSINESS**.
- f. The new personal property and the eligible business must be located in an **ELIGIBLE DISTRICT**.

The following are documents that must accompany all applications:

Frequently Asked Questions
New Personal Property Exemption
(PA 328 of 1998, as amended)

- a. A legal description for the property where the business is located.
- b. Detailed description of the business activities.
- c. Resolution approving the personal property exemption.
- d. Written agreement entered into by the eligible business subject to the exemption and the local assessing district.

4. What is the deadline for filing an application for a New Personal Property Tax Exemption? What happens if the application is filed after the October 31st deadline?

In order for an application to be considered and approved in the year in which the application is filed, all applications must be submitted by the local unit to the State Tax Commission before October 31st. Applications submitted after the deadline will be processed based on staff availability.

5. Who determines whether a facility qualifies for a New Personal Property Tax Exemption?

The local governmental unit and the State Tax Commission are responsible for determining whether a particular business is an “eligible business”.

6. Can an application for a New Personal Property Tax Exemption Certificate be denied?

Yes. An application can be denied at the local governmental unit or by the State Treasurer if all of the requirements are not met by the applicant.

7. Can a decision of the State Tax Commission or the State Treasurer regarding a New Personal Property Tax Exemption Certificate be appealed?

Yes. A party aggrieved by the issuance, refusal to issue, revocation, transfer or modification of the exemption may appeal a final decision by filing a petition with the Michigan Tax Tribunal, www.michigan.gov/taxtrib, within 35 days. MCL 205.735a (6).

8. What is the term of a New Personal Property Tax Exemption?

The term limit is established by the local governmental unit and is included in the resolution approving the exemption. There is no statutory limitation to the length of term for the exemption.

Frequently Asked Questions
New Personal Property Exemption
(PA 328 of 1998, as amended)

9. How does the Eligible Manufacturing Personal Property Exemption affect New Personal Property Tax Exemptions?

EMPP that was subject to a New Personal Property Tax Exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until whichever of the following is later:

1. The personal property is exempt under MCL 211.9m, 9n or 9o
2. The New Personal Property Tax exemption expires.

Please note, an extension of the New Personal Property Tax Exemption Certificate until the personal property is exempt under MCL 211.9m, 9n or 9o does not allow for the continued addition of new personal property to the New Personal Property Tax Exemption.

10. What determines the starting date of a New Personal Property Tax Exemption?

The date of the resolution approving the exemption is the starting date. Any personal property placed in the eligible district on or after the resolution date is covered under the exemption.

11. How will I be notified whether the New Personal Property Tax Exemption was granted or not?

The Department of Treasury will email the State Treasurer's letter to the eligible business, eligible assessing district clerk and assessor when the application has been approved. The letter will list the certificate number assigned to that specifically approved application, and will verify the status and term of the exemption.

12. How is the tax computed for a New Personal Property Tax Exemption?

There are no taxes on property covered under this act. This is a 100% tax exemption.

13. What happens when an incomplete application for a New Personal Property Tax Exemption is received?

If an application is incomplete or missing required elements when submitted, the company and/or the local governmental unit will be contacted and additional information will be requested.

14. I have a New Personal Property Tax Exemption in place and I purchase new equipment to replace old, outdated equipment. Is this new equipment covered under the existing exemption?

Yes. Any personal property that is purchased after the exemption is granted qualifies under the same terms as the original personal property.

Frequently Asked Questions
New Personal Property Exemption
(PA 328 of 1998, as amended)

15. Can a New Personal Property Tax Exemption be transferred to a new owner?

Yes. If an existing eligible business sells or leases new personal property exempt under an exemption to an acquiring eligible business, the exemption granted to the existing eligible business shall continue in effect for an acquiring eligible business only if the continuation of the exemption is approved in a resolution adopted by the governing body of the local governmental unit.

16. Can a New Personal Property Tax Exemption Certificate be revoked?

For an exemption granted after December 31, 2016, a New Personal Property Tax Exemption Certificate can be revoked if the eligible business is determined to be in violation of the written agreement, in violation of the resolution passed by the local unit, or if continuance of the exemption would be contrary to the requirements of MCL 211.9f.

17. What is the definition of “distressed parcel”?

A distressed parcel means a parcel of real property located in a city or village that meets the following conditions:

- a. Is located in a qualified Downtown Revitalization District, which is an area located within one or more of the following:
 - 1. The boundaries of a Downtown District as defined in the Downtown Development Authority Act, 1975 PA 197, MCL 125.1651.
 - 2. The boundaries of a Principal Shopping District or a Business Improvement District as defined in the Principal Shopping Districts and Business Improvement Districts Act, 1961 PA 120, MCL 125.981.
 - 3. The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.
- b. Meets one of the following conditions:
 - 1. Has a blighted or functionally obsolete building located on the parcel. “Blighted” and “functionally obsolete” are defined in section 2 of the Brownfield Redevelopment Financing Act, 1996 PA 381, MCL 125.2652.
 - 2. Is a vacant parcel that had been previously occupied.

Frequently Asked Questions
New Personal Property Exemption
(PA 328 of 1998, as amended)

- c. Is zoned to allow for mixed use.

18. What is the definition of an “Eligible Business”?

Effective August 7, 1998, MCL 211.9f defines an Eligible Business as a business engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations. For purposes of a next Michigan development corporation, eligible business means only an eligible next Michigan business. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales. “Casino” means a casino regulated by this state pursuant to the Michigan Gaming Control and Revenue Act, Initiated Law 1 of 1996, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

19. What is the definition of “Eligible District”?

“Eligible district” means 1 or more of the following:

- I. An Industrial Development District as defined in Plant Rehabilitation and Industrial Development Act, 1974 PA 198, MCL 207.551 to 207.572.
- II. A Renaissance Zone as defined in the Michigan Renaissance Zone Act, 1996 PA 376, MCL 125.2681 to 125.2696.
- III. An Enterprise Zone as defined in the Enterprise Zone Act, 1985 PA 224, MCL 125.2101 to 125.2123.
- IV. A Brownfield Redevelopment Zone as designated under the Brownfield Redevelopment Financing Act, 1996 PA 381, MCL 125.2651 to 125.2672.
- V. An Empowerment Zone as designated under Subchapter U of Chapter 1 of the Internal Revenue Code of 1986, 26 USC 1391 to 1397F.
- VI. An Authority District or a Development Area as defined in the Tax Increment Finance Authority Act, 1980 PA 450, MCL 125.1801 to 125.1830.
- VII. An Authority District as defined in the Local Development Financing Act, 1986 PA 281, MCL 125.2151 to 125.2174.
- VIII. A Downtown District or a Development Area as defined in the Downtown Development Authority Act, 1975 PA 197, MCL 125.1651 to 125.1681.
- IX. A Next Michigan Development District.

Frequently Asked Questions
New Personal Property Exemption
(PA 328 of 1998, as amended)

20. What is the definition of “Eligible Local Assessing District”?

An “eligible local assessing district” means a city, village, or township that contains an eligible distressed area that is party to an intergovernmental agreement creating a next Michigan development corporation, or a city, village or township that meets the following conditions and is located in a county, all or a portion of which, borders another state or Canada:

- i. Is currently served by not fewer than four (4) of the following existing services:
 - a. water
 - b. sewer
 - c. police
 - d. fire
 - e. trash
 - f. recycling

21. Where can I obtain copies of previously issued New Personal Property Exemption Certificates?

Copies of certificates acted upon by the State Tax Commission after January 1, 2013 are available on the Department of Treasury website at: www.michigan.gov/propertytaxexemptions. Choose the exemption program under which the certificate was issued. Within the “Certificate Activity” link, the certificates are listed according to the date they were acted upon.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: April 17, 2017
TO: State Tax Commission
FROM: Darcy Marusich
SUBJECT: FINAL 2017 STATE AVERAGE TAX RATE

The calculation for the 2017 State Average Tax Rate to be levied on State Assessed Property is based on the 2016 property taxes levied on Commercial, Industrial, and Utility (CIU) classifications of property.

| | |
|--------------------------------------|----------------------------|
| Total 2016 Taxable Valuation* | \$89,958,081,842.00 |
| State Education Tax Levy* | \$ 490,564,485.00 |
| County Tax Levies | \$ 583,322,758.00 |
| Township/City Tax Levies | \$1,199,473,693.00 |
| School Tax Levies | \$2,413,718,100.00 |
| Village Tax Levies | <u>\$ 24,604,646.00</u> |
| Total 2016 Tax Levies | \$4,711,683,682.00 |
| 2016 State Average Tax Rate | 52.38 |

\$4,711,683,682.00 divided by \$89,958,081,842.00 equals the final State Average Tax Rate of 52.38 (\$52.38 of tax per \$1,000 taxable value).

*Renaissance Zone property, as part of the ad valorem tax roll, is included in the total taxable valuation. These properties do not pay State Education Tax or operating millage.

Total 2016 Renaissance Zone CIU taxable value: \$1,521,291,703

*Beginning with the 2008 tax year, industrial personal property is exempt from State Education Tax.

Total 2016 Industrial Personal taxable value: \$7,729,838,824

2017 Calculation of Taxable Valuations Including Additions, Losses and Totals For Units Which Were Not Equalized As Assessed In 2016 or 2017

This form is issued as provided by Section 211.34(d) M.C.L. Filing of this form is mandatory. Failure to complete this form is punishable under Section 211.119, M.C.L.

Type of Property (Check one)

- ☐ Agricultural Real
☐ Commercial Real
☐ Industrial Real
☐ Residential Real

- ☐ Timber Cutover Real
☐ Developmental Real
☐ Total Personal

SEV Multipliers (Use multipliers with not less than 4 digits past decimal point)

2016: _____ **2017:** _____

| | | | | |
|----------------------------------|---------------------------------|--|---|---------------------------------|
| County | City or Township | | | |
| List School Districts on page 2. | Total 2016 Taxable Valuation | 2016 Taxable Valuation of Losses (Except Reclassified, etc.) | 2017 Taxable Valuation of Additions (Except Reclassified, etc.) | Total 2017 Taxable Valuation |
| 1. Total City or Township | | | | |
| 2. Villages | | | | |
| | | | | |
| | | | | |
| | | | | |
| 3. Authorities | | | | |
| | | | | |
| | | | | |
| 4. Other | | | | |
| | | | | |

See “**New Instructions for Local School Districts**”.

[illegible]

DISTRIBUTION: The Equalization Department shall retain the completed forms on file for audit purposes.

| | | |
|--------------------------------|--------------------|------|
| Signature of Assessing Officer | Certificate Number | Date |
|--------------------------------|--------------------|------|



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: April 17, 2017

TO: Members of the State Tax Commission

FROM: Charles Olney

SUBJECT: 2017 Report of Department of Natural Resources, Payment in Lieu of Taxes (DNR PILT) Valuations

MCL 324.2153 requires that each year the Commission determine the valuation of DNR PILT property and furnish those valuations to the assessing officers. The 2017 Inflation Rate Multiplier (1.009) has been used to calculate the new values per MCL 324.2153(8).

The 2017 valuations report for the DNR/PILT properties is available for review. The total DNR/PILT parcel count for the state is 7,769. The total Taxable Value represented by these parcels is \$566,631,289.

I respectfully recommend that the Commission approve the 2017 valuations as detailed in the 2017 DNR PILT Master List (Tax Roll).



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: April 17, 2017

TO: Michigan State Tax Commission
Heather Frick, Executive Director

FROM: Charles Olney, Property Services Division

SUBJECT: Request Approval of Cap Rates for 2017 State Assessment Parcels

Property Services Division staff is recommending the approval of the following Cap Rates for 2017 to be used in the preparation of the assessments of the State Assessment Roll. These rates have been developed using the methodology used in prior years and they reflect the relatively strong competitive position of the Michigan railroads. The requested rates are as follows:

Class 1 Railroads: Cap Rate of 11.17%
Short Line Railroads: Cap Rate of 11.12%
Very Short Line Railroads: Cap Rate of 12.15%
Railcar Company: Cap Rate of 11.17%

Thanks

A handwritten signature in black ink, reading "Charles Olney".

Charles Olney
State of Michigan
Department of Treasury
Property Services Division
E-mail: OlneyC1@Michigan.Gov
Phone: 517-241-2444
Fax: 517-241-2621

**STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION**

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on April 17, 2017 received a report regarding Manlius Township, Allegan County and

Whereas, the staff report indicated that due to an illness and subsequent resignation of the current assessor, the 2017 assessment roll for the Township was uncertified and

Whereas, the staff report also indicated that the Township did not hire an outside party to fix the deficiencies noted in the AMAR and follow up reviews for the 2017 assessment roll pursuant to the State Tax Commission's order dated October 18, 2016 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 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 2017 ad valorem assessment roll of Manlius Township, Allegan County.

Further, the Commission orders that an outside party be hired by the State Tax Commission to fix the issues associated with the 2017 assessment roll for the proper development of the 2018 assessment roll.

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 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 17th day of April, A.D. 2017.

Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, 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 April 17, 2017 received a report regarding City of St. Ignace, Mackinac County and

Whereas, the City of St. Ignace submitted a plan to correct the deficiencies noted in the 2015 AMAR Review on November 4, 2015. Of significance, the true cash value as indicated on the assessment roll did not agree with the true cash value on the record cards, valuations had been in override since 2013 and there was a lack of documented economic condition factors and

Whereas, pursuant to the corrective action plan which was accepted as submitted on February 8, 2016, a complete reappraisal of the residential class was to be completed in 2016 and implemented for the 2017 assessment roll and

Whereas, on March 6, 2017 the State Tax Commission was notified that the City's notice of assessments were inaccurate. Further investigation indicated that not only had the reappraisal not been implemented for the 2017 year, but the assessed and taxable values were calculated in override. Additionally, the assessor failed to apply the correct IRM and instead applied a tentative equalization factor to apply and

Whereas, the Commission was also notified of inaccurate posting of Board of Review actions and possible instances of following sales 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 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 2017 ad valorem assessment roll of City of St. Ignace, Mackinac County.

Further, the Commission orders that an outside party be hired by the State Tax Commission to fix the issues associated with the 2017 assessment roll for the proper development of the 2018 assessment roll.

Further, the Commission orders that a bill shall be sent to City of St. Ignace, Mackinac 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 17th day of April, A.D. 2017.

Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, 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, on May 26, 2015, the State Tax Commission assumed jurisdiction of the 2015 assessment roll of City of Menominee, Menominee County and

Whereas on November 29, 2016, the State Tax Commission assumed jurisdiction of the 2016 assessment roll of the City of Menominee, Menominee County and

Whereas, on February 14, 2017 the State Tax Commission ordered that the 2016 assessed and taxable valuations recommended by staff become the official assessed and taxable valuations for the year 2016

NOW THEREFORE, it is ordered that the 2015 assessed and taxable values in place following the December 2015 Board of Review become the official assessed and taxable valuations for 2015 and the jurisdiction of the 2015 assessment roll be returned to City of Menominee, Menominee County without prejudice.

NOW THEREFORE, it is ordered that the jurisdiction of the 2016 assessment roll be returned to the City of Menominee, Menominee County without prejudice.

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 17th day of April, A.D., 2017.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, 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**

FINDINGS OF FACT

Whereas, the State Tax Commission at its meeting on April 17, 2017 received a report and recommendation from the Assessor Discipline Advisory Committee regarding Ms. Linda Lewandowski, MAAO, and

Whereas, the State Tax Commission received complaints regarding Ms. Lewandowski alleging that she had engaged in inappropriate assessing practices while she was the assessor of record for Butman Township, and

Whereas, the complaints alleged Ms. Lewandowski failed to complete Form 4035-a, failed to properly document economic condition factors or land value determinations, failed to have land value maps, had true cash values on the assessment roll that did not agree with the true cash values on the record cards, and failed to correct the deficiencies outlined in the Audit of Minimum Assessing Requirements (AMAR) corrective action plans submitted by the local units and approved by the STC, and

Whereas, Ms. Lewandowski appeared before the Assessor Discipline Advisory Committee on February 13, 2017 and did not provide adequate justification for the errors that had occurred.

CONCLUSIONS OF LAW

THEREFORE be it resolved that the State Tax Commission based on the facts of the case stated in the consent agreement provided and the recommendation of the Assessor Discipline Advisory Committee, has determined that Lynda Lewandowski has violated Michigan Administrative Code R 211.447, specifically pertaining to malfeasance, misfeasance and nonfeasance of duties imposed by law or rule; and

BE IT FURTHER RESOLVED that the State Tax Commission may, based on the facts of a case, decide upon any action between issuance of a certificate in assessment administration and suspension of a certificate in assessment administration; and

BE IT FURTHER RESOLVED that as a result of the violation of Michigan Administrative Code by Ms. Lewandowski, the State Tax Commission orders that Ms. Lewandowski be referred to the Michigan Administrative Hearings System (MAHS) for a formal hearing regarding the revocation of her certification in

assessment administration contingent upon the further conditions of Consent Agreement.

BE IT FURTHER RESOLVED that the recommendation for MAHS hearing will be held in abeyance and the State Tax Commission will allow Ms. Lewandowski to complete the Audit of Minimum Assessing Requirement (AMAR) training program offered by the State Tax Commission no later than July 1, 2017, complete a BS&A software course that is pre-approved by the Executive Director of the State Tax Commission and completed no later than July 1, 2017, and complete a course on professional interaction and communication that is pre-approved by the Executive Director of the State Tax Commission no later than November 1, 2017.

BE IT FURTHER RESOLVED that upon completion of the Audit of Minimum Assessing Requirement (AMAR) pilot training, BS&A software course, economic condition factor and land value development course, and course on professional interaction and communication, Ms. Lewandowski shall be ordered to appear before the Assessor Disciplinary Advisory Committee. Failure to complete the above trainings shall result in Ms. Lewandowski automatically proceeding to MAHS for a formal hearing.

The authority for the actions required by this Official Order is found Section 10d of Act 206 of the Public Acts of 1893, as amended, being Michigan Compiled Law 211.10d and Executive Order 2009-51.

WITNESS, my hand and seal of the State Tax Commission this 17th day of April, A.D. 2017.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, 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**

FINDINGS OF FACT

Whereas, the State Tax Commission at its meeting on April 17, 2017 received a report and recommendation from the Assessor Discipline Advisory Committee regarding Ms. Lynn Balice, MCAO, and

Whereas, the State Tax Commission received complaints regarding Ms. Balice alleging that she had engaged in inappropriate assessing practices while she was the assessor of record for Dover Township and Rollin Township, and

Whereas, the complaints alleged Ms. Balice failed to properly document economic condition factors, had 100% of parcels on override, had a record card accuracy below the required 90% and failed to correct the deficiencies outlined in the Audit of Minimum Assessing Requirements (AMAR) corrective action plans submitted by the local units and approved by the STC, and

Whereas, Ms. Balice appeared before the Assessor Discipline Advisory Committee on February 13, 2017 and did not provide adequate justification for the errors that had occurred.

CONCLUSIONS OF LAW

THEREFORE be it resolved that the State Tax Commission based on the facts of the case stated in the consent agreement provided and the recommendation of the Assessor Discipline Advisory Committee, has determined that Lynn Balice has violated Michigan Administrative Code R 211.447, specifically pertaining to malfeasance, misfeasance and nonfeasance of duties imposed by law or rule; and

BE IT FURTHER RESOLVED that the State Tax Commission may, based on the facts of a case, decide upon any action between issuance of a certificate in assessment administration and suspension of a certificate in assessment administration; and

BE IT FURTHER RESOLVED that as a result of the violation of Michigan Administrative Code by Ms. Balice, the State Tax Commission orders that Ms. Balice be referred to the Michigan Administrative Hearings System (MAHS) for a formal hearing regarding the revocation of her certification in assessment administration contingent upon the further conditions of Consent Agreement.

BE IT FURTHER RESOLVED that the recommendation for MAHS hearing will be held in abeyance and the State Tax Commission will allow Ms. Balice to complete the State Tax Commission's Audit of Minimum Assessing Requirement (AMAR) pilot training no later than July 1, 2017, a BS&A software course that is pre-approved by the Executive Director of the State Tax Commission no later than July 1, 2017, and an economic condition factor and land value development course no later than November 1, 2017.

BE IT FURTHER RESOLVED that upon completion of the Audit of Minimum Assessing Requirement (AMAR) pilot training, BS&A software course, and economic condition factor and land value development course, Ms. Balice shall be ordered to appear before the Assessor Disciplinary Advisory Committee. Failure to complete the above trainings shall result in Ms. Balice automatically proceeding to MAHS for a formal hearing.

The authority for the actions required by this Official Order is found Section 10d of Act 206 of the Public Acts of 1893, as amended, being Michigan Compiled Law 211.10d and Executive Order 2009-51.

WITNESS, my hand and seal of the State Tax Commission this 17th day of April, A.D. 2017.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, 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**

FINDINGS OF FACT

Whereas, the State Tax Commission at its meeting on April 17, 2017 received a report and recommendation from the Assessor Discipline Advisory Committee regarding Ms. Kathryn Hoover, MCAO, and

Whereas, the State Tax Commission received complaints regarding Ms. Hoover alleging that she had engaged in inappropriate assessing practices while she was the assessor of record for the City of Hudson, and

Whereas, the complaints alleged Ms. Hoover failed to have properly calculate Economic Condition Factors and land value determinations, failed to have land value maps, had 22.5% of parcels on override and 2.5% of parcels with flat land values with no reason, provided 2016 eligible manufacturing personal property exemptions to four parcels when the required form had not been filed, and failed to correct the deficiencies outlined in the Audit of Minimum Assessing Requirements (AMAR) corrective action plans submitted by the local units and approved by the STC, and

Whereas, Ms. Hoover appeared before the Assessor Discipline Advisory Committee on February 13, 2017 and did not provide adequate justification for the errors that had occurred.

CONCLUSIONS OF LAW

THEREFORE be it resolved that the State Tax Commission based on the facts of the case stated in the consent agreement provided and the recommendation of the Assessor Discipline Advisory Committee, has determined that Kathryn Hoover has violated Michigan Administrative Code R 211.447, specifically pertaining to malfeasance, misfeasance and nonfeasance of duties imposed by law or rule; and

BE IT FURTHER RESOLVED that the State Tax Commission may, based on the facts of a case, decide upon any action between issuance of a certificate in assessment administration and suspension of a certificate in assessment administration; and

BE IT FURTHER RESOLVED that as a result of the violation of Michigan Administrative Code by Ms. Hoover, the State Tax Commission orders that Ms. Hoover be referred to the Michigan Administrative Hearings System (MAHS) for

a formal hearing regarding the revocation of her certification in assessment administration contingent upon the further conditions of Consent Agreement.

BE IT FURTHER RESOLVED that the recommendation for MAHS hearing will be held in abeyance and the State Tax Commission will allow Ms. Hoover to complete the Audit of Minimum Assessing Requirement (AMAR) training no later than July 1, 2017, to complete a BS&A software course that is pre-approved by the Executive Director of the State Tax Commission and completed no later than July 1, 2017, and to complete a course on personal property exemptions that is pre-approved by the Executive Director of the State Tax Commission and completed no later than November 1, 2017.

BE IT FURTHER RESOLVED that upon completion of the Audit of Minimum Assessing Requirement (AMAR) pilot training, BS&A software course, economic condition factor and land value development course, and course on personal property exemptions, Ms. Hoover shall be ordered to appear before the Assessor Disciplinary Advisory Committee. Failure to complete the above trainings shall result in Ms. Hoover automatically proceeding to MAHS for a formal hearing.

The authority for the actions required by this Official Order is found Section 10d of Act 206 of the Public Acts of 1893, as amended, being Michigan Compiled Law 211.10d and Executive Order 2009-51.

WITNESS, my hand and seal of the State Tax Commission this 17th day of April, A.D. 2017.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, 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



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

NICK A. KHOURI
STATE TREASURER

DATE: April 17, 2017

TO: Members of the State Tax Commission

FROM: Emily Leik, Departmental Analyst

SUBJECT: Charitable Nonprofit Housing Organization Exemptions

Public Act 456 of 2014 allows for an exemption from the collection of taxes under the General Property Tax Act, Public Act 206 of 1893, for charitable nonprofit housing organizations that own eligible nonprofit housing property. According to the Act, the State Tax Commission shall grant or deny the exemption after consultation with the State Treasurer or designee.

Enclosed is a list of various Habitat for Humanity County Organizations. All applications included in the attached list were reviewed by State Tax Commission staff, are determined to comply with the statutory requirements of Public Act 456 of 2014 and qualify for exemption.

It is recommended that you approve the applications effective on December 31, 2017 for the 2018 tax year, for either a period of three (3) or five (5) years with an expiration date of December 30, 2020 or December 30, 2022, or until one of the following events occurs:

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.

State Tax Commission
Applications for Exemption of Charitable Nonprofit Housing Property MCL 211.7kk
April 17, 2017 Meeting

| Application Number | Name of Charitable Organization | Unit | Unit Type | County | Parcel Number | Years Approved |
|--------------------|---------------------------------------|----------------|-----------|-----------|------------------|----------------|
| 17-005 | Westown Jubilee Housing Inc. | Grand Rapids | City | Kent | 41-13-26-434-005 | 3 years |
| 17-006 | Roscommon County Habitat for Humanity | Gerrish | Twp | Roscommon | 004-260-025-0000 | 5 years |
| 17-008 | Habitat for Humanity of Monroe County | South Rockwood | Village | Monroe | 48-040-079-00 | 5 years |
| 17-009 | Midland County Habitat for Humanity | Midland | City | Midland | 14-23-60-008 | 5 years |
| 17-010 | Habitat for Humanity of Huron Valley | Ypsilanti | Twp | Washtenaw | K-11-14-305-006 | 3 years |



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: April 17, 2017

TO: Heather S. Frick, Executive Director
State Tax Commission

FROM: LaNiece Densteadt, Departmental Analyst
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, 2020**.

Date printed: April 7, 2017

New Certifications: None

New Certification Denials: None

Recertification's:

Antrim County

Village of Bellaire
Village of Central Lake
Village of Elk Rapids
Village of Ellsworth
Village of Mancelona
Banks Township
Central Lake Township
Chestonia Township
Custer Township
Echo Township
Elk Rapids Township
Forest Home Township
Helena Township
Jordan Township
Kearney Township
Mancelona Township
Milton Township
Star Township
Torch Lake Township
Warner Township

Calhoun County

City of Battle Creek

Genesee County

Grand Blanc Township

City of Mt. Morris

Jackson County

Columbia Township

Pulaski Township

Kent County

Ada Township

Caledonia Township

Vergennes Township

Mason County

Pere Marquette Township

Monroe County

London Township

City of Petersburg

Newaygo County

Ensley Township

Otsego County

Charlton Township

Ottawa County

Robinson Township

City of Ferrysburg

Recertification Denials: None