



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

MINUTES OF THE MEETING OF THE STATE TAX COMMISSION

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

***Tuesday, August 23, 2016
9:00 a.m.***

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

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

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

It was moved by Morris, supported by Simon, and unanimously approved to adopt the minutes of June 7, 2016. (Item 1 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved to adopt the Certification Advisory Committee's recommendation granting a special waiver for those units whose certification level requirements have increased due to the SEV of wind turbines located in the local unit. A special waiver will be granted to Arcada Township, Bethany Township and Pine River Township in Gratiot County due to the effect of the wind turbine values. The Commission approved the Certification Level Guidelines for Townships, Cities and Counties for 2017. Beginning in 2017, the Commission approved that County certification levels will be based on the highest 2017 certification level requirement of the local units within the County. ([Counties](#)) ([Townships and Cities](#)) (Item 2 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved Bulletin 9 of 2016 Certified Interest Rates. (Item 3 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved Bulletin 10 of 2016 Assessor Certification Requirements for the 2017 Year. Of significance, the Commission will require that all assessors will be required to complete 20 hours of continuing education between November 1, 2016 and October 31, 2017 in order to recertify for 2018. Assessors were advised only four (4) hours of the 20 hours can be completed through an approved continuing education online course. (Item 4 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved the staff recommendation to rescind the following bulletins and remove these bulletins from the Commission's website that have been identified as either pertaining to assessment methods no longer practiced, guidance provided more thoroughly in later bulletins, or consisting solely of the transmissions of Public Acts or Attorney General Opinions: (Item 5 on agenda)

Year	Bulletin Number	Bulletin Title
1982	4	Variable Rate Mortgages
1982	5	Differential Rates – Services
1982	6	Special Assessments – Sewers and Paving
1982	10	Truth in Taxation
1982	11	State Tax Commission Administrative Rules
1982	12	Examination and Certification Fees
1982	13	Solar, Wind and Water Energy Tax Exemptions
1982	14	Incompatibility of City Commissioner Serving on Board of DDA
1982	15	Allocated Tax Rate Rollbacks – Headlee
1982	16	Form L-4293
1982	17	Exempt Properties – Parsonages
1982	20	Assessing Officers' Liability
1982	21	Listing of Mortgagor/Mortgagee and Land Contract Vendor/Land Contract Vendee on Assessment Roll
1982	22	Inclusion of Additional Sales in Equalization Study Assessment/Sales Rolls
1982	24	Compensation of Township Supervisor for Performing Assessor Duties
1983	1	Voted Increases in County Tax Rates
1983	2	Duty to List Name of Land Contract Purchase as Owner on Assessment Rolls
1983	3	Foreclosure of Mortgages Containing Due-on-Sale Clauses
1983	7	Initial Assessed Value as Finally Equalized of Property within Tax Increment Financing Plan
1983	10	Incompatibility of Township Treasurer Serving Simultaneously as Township Assessor
1983	13	Real Property Statements and Tax Rates for Annexing School Districts
1983	14	Failure of Member of Township Board of Review to Take Oath of Office
1983	15	Penalty for Late Payment of Summer School Taxes
1983	16	Village Assessors
1984	2	Commercial Forest Act
1985	6	Board of Review July and December
1985	7	Charter Township Millage
1985	8	Cost-Sharing in Valuation Appeals
1985	9	Tax Tribunal Petition Filing
1985	10	Effect of Tax Tribunal Decisions
1986	1	Extension of Commercial Facilities Exemption Certificates
1986	2	Auction Sales
1986	3	Tax Increment Financing Authority
1986	9	Millage Elections

1986	10	Exempt Property
1986	11	Eligibility for Exemption of Nonprofit Corporations Incorporated in Another State
1987	2	Assessors Manual Updates
1988	2	Steam and Electricity Producing Industrial Facilities
1988	4	Computation of Time for Local Treasurers to Remit Collected Taxes to School Districts
1988	5	Administration Fee on State-Owned Lands
1988	6	Duty to Invest and Maximize Investment Income Upon Tax Collection
1988	9	Small Business Administration Property Tax Liens
1988	10	Exemption of Unused School District Property from Taxation
1988	11	Appointment of Additional Members to Board of Review
1988	13	Nursery Stock Seasonal Protection Unit
1989	1	Authority to Require Property Owners to Provide Written Statement of Purchase Price and Conditions
1989	7	Establishment of Downtown Development Authority
1989	8	Private Nonprofit Economic Development Corporations
1989	9	Time of Preparation of Tax Role for Ad Valorem Property Taxes
1989	10	Site Condominium Projects
1990	6	Clerical Errors
1993	6	1993 School Millage Elections
1994	2	PA's 273 and 292 of 1993
1994	7	Revised Forms L-4154 and L-4155
1996	9	Revised Forms L-4154 and L-4155

The State Tax Commission created the Meeting Advisory Committee as an ad hoc committee to review its meeting procedures and agendas. The Meeting Advisory Committee was formed to further the Commission's goals to review its processes for greater transparency and efficiency in the administration of the property tax laws of the State of Michigan. Members of the Committee included:

Barry Simon	Commissioner
Heather Frick	Executive Director
Lisa Hobart	MMAO, City of Detroit
Matt Schmidt	MMAO, Charter Township of Shelby
Michael Woolford	MMAO, Monroe County Equalization Director

The recommendations of the Meeting Advisory Committee were presented to the Commission. The key aspects of the Committee's recommendations focused on increasing the usefulness and transparency of information on the State Tax Commission agenda, improving the meeting space environment to hold effective public meetings and hearings, and enhancing public comment at the State Tax Commission meetings. The Meeting Advisory Committee made the following recommendations to the State Tax Commission:

1. The Commission not change the format of the State Tax Commission agendas. To promote greater use and understanding items before the State Tax Commission, the Committee recommended that the Commission provide supporting documentation on the State Tax Commission website for each agenda item.

2. The Commission provide an additional opportunity for public comment at the beginning of the State Tax Commission agenda for issues limited to agenda items only. The Committee indicated the additional opportunity for public comment would allow the Commission to solicit input from the assessing community and public at large on policy items before the Commission prior to Commission action.
3. The Commission notice all MCL 211.154 matters and schedule hearings for 10:00 a.m. to allow for a break between agenda items in order to better notify the public of the timing when MCL 211.154 items and hearings will be heard.

It was moved by Simon, supported by Morris, and unanimously approved to adopt the Meeting Advisory Committee recommendations. The Commission requested the Meetings Advisory Committee monitor these measures moving forward reporting back to the Commission no later than December 13, 2016 on the effectiveness of the adopted changes. Additionally, the Commission requested the Attorney General’s office provide divisional level advice concerning adding an additional opportunity for public comment to the Commission’s agenda. (Item 6 on agenda)

The Commission reviewed the staff recommendation regarding the complaint filed against assessor Jill Schwanz that had proceeded to investigatory review pursuant to the Complaint Process Regarding Assessment Administration Practices approved by the Commission on December 16, 2015. Upon review of responses provided by the assessor, staff determined that no further action was necessary and recommended the Commission dismiss the complaint. It was moved by Simon, supported by Morris, and unanimously approved to adopt the staff’s recommendation to take no further action and dismiss the complaint against Ms. Jill Schwanz. (Item 7 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved to adopt the list of OPRA Qualified Local Governmental Units. (Item 8 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved to adopt the legislative report for Neighborhood Enterprise Zone Homestead Exemptions. (Item 9 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved to adopt the staff recommendation on the Charitable Non-Profit Housing Organization Exemptions for the following: (Item 10 on agenda)

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

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

County	Local Unit	Parcel Number	Years Approved
Clinton	Bingham Township	030-022-100-009-00	5 years
Clinton	DeWitt Township	050-160-000-042-60	5 years
Clinton	DeWitt Township	050-160-000-044-60	5 years

Clinton	DuPlain Township	19-061-110-000-005-00	5 years
Ingham	City of Lansing	33-01-01-10-206-131	5 years
Ingham	City of Lansing	33-01-05-05-227-275	3 years
Mason	City of Ludington	051-509-006-50	3 years
Midland	City of Midland	14-18-50-430	5 years
Midland	City of Midland	14-18-50-460	5 years
Midland	City of Midland	14-18-50-456	5 years
Midland	City of Midland	14-18-50-466	5 years
Oakland	City of Pontiac	14-16-408-001	3 years
Oakland	City of Pontiac	14-29-177-009	3 years
St. Clair	City of Port Huron	74-06-186-0044-000	5 years
St. Clair	Port Huron Township	74-28-272-0037-001	5 years
St. Clair	Port Huron Township	74-28-195-0004-000	5 years
St. Clair	Port Huron Township	74-28-195-0001-000	5 years
St. Clair	Port Huron Township	74-28-253-0105-000	5 years
St. Clair	City of St. Clair	74-07-049-0305-000	3 years
St. Clair	City of Yale	74-08-670-0017-000	3 years
St. Clair	City of Yale	74-08-670-0017-001	5 years
St. Clair	City of Yale	74-08-670-0017-002	5 years
Sanilac	Speaker Township	76-220-026-200-050-00	3 years
Washtenaw	Ypsilanti Township	K-11-15-186-023	3 years
Washtenaw	Ypsilanti Township	K-11-14-284-021	3 years
Wayne	City of Lincoln Park	45002060227000	5 years

It was moved by Morris, supported by Simon, and unanimously approved to adopt the staff recommendation on the Re-certifications and New Certifications of Computerized Tax Rolls for the following: (Item 11 on agenda)

These certifications will expire on **May 1, 2019**.

New Certifications:

Kent County

City of Walker

Macomb County

City of Eastpointe

City of Fraser

City of Memphis

City of Mount Clemens

City of New Baltimore

City of Richmond

City of Roseville

City of St. Clair Shores

City of Sterling Heights

City of Utica

City of Warren

Armada Township
Bruce Township
Chesterfield Township
Clinton Township
Lenox Township
Macomb Township
Ray Township
Richmond Township
Shelby Township
Washington Township
Village of Grosse Pointe Shores

Washtenaw County

Dexter Township

Recertifications:

Alcona County

Curtis Township
Haynes Township

Genesee County

City of Burton
City of Clio
City of Davison
City of Grand Blanc
City of Linden
Argentine Township
Clayton Township
Flushing Township
Genesee Township
Richfield Township
Thetford Township
Vienna Township

Kent County

Byron Township

The State Tax Commission recognized the following recipients who were awarded their Michigan Masters Assessing Officer (MMAO) Certificate. On June 3, 2016 these students successfully completed the MMAO May 2015 Program. The Commission also thanked the MMAO Instructors Mike Galligan, Pete Arbour and Micheal Lohmeier for their hard work and dedication. (Item 12 on agenda)

Timothy T. Baker
Christopher D. Coucke
Darrin P. Kraatz
Brooke L. Openshaw
Penny S. Shults
Jason M. Yoakam

Stacey M. Bassi
Charles E. Ericson
Jennifer E. Nieman
Justin R. Sears
Samuel C. Spang

The State Tax Commission recognized the following recipients who were awarded their Michigan Certified Assessing Officer (MCAO) Certificate. On May 20, 2016 these students successfully completed the MCAO July 2015 Lansing Program. The Commission also thanked the MCAO Instructors Dick Steffens, Lynne Houston, Bob Brandmier and Pete Arbour for their hard work and dedication. (Item 12 on agenda)

Jon E. Aylsworth
Marie J. Canterbury
Paul H. Ciraulo
Sarah J. Dvoracek
Dawn F. Elston
Luke T. Freeman
Jumana Judeh
Matthew J. Lafferty
Jared M. Litwiller
Faith R. Martin
Ravyn E. Schneider
Wayne G. Sutherland
Lynette S. Wagner
Jessica M. Wooten

Jill M. Brown
Daniel C. Cervi
Terry E. Dewey
Derek C. Eaton
Julia E. Fletcher
Steve Hurmez
Thomas L. Koon
Brianna L. Lindsay
Ron B. Manley
Thomas M. Paul
Kayle M. Stevenson
Anthony C. Switkowski
Jennifer M. Witherow
Caitin M. Zemla

The State Tax Commission recognized the following recipients who were awarded their Michigan Certified Assessing Officer (MCAO) Certificate. On April 29, 2016 these students successfully completed the MCAO Self-Study Program. (Item 12 on agenda)

Kaitlin R. Anderson
Keegan J. Bengel
Kimberly J. Comer
Heather S. Hyatt
Jaimee L. Kowalk
Christina M. Parrish
Meshia R. Rose

Holly A. Benedict
Andrew J. Clark
Christopher Fieldhouse
Travis W. Johnson
Viviana Lopez
Michael L. Robison
Nicholas S. Tacoma

The State Tax Commission recognized the following recipients who were awarded their Michigan Certified Assessing Officer (MCAO) Certificate. On July 29, 2016 these students successfully completed the MCAO Self-Study Program. (Item 12 on agenda)

John R. Baumann
Terson G. Bethea
Wesley M. Dault
Amanda K. Eisenhaver
Kylie L. Galligan
Christopher A. Koenes
Kristin T. McGrath
Matthew J. Smith
Teresa M. Ward

Gregory P. Babb
Joel F. Bremer
Megan I. Dolbee
Mitchell J. Elrod
Devin S. Goulooze
Josh T. Larkin
Lyndsey E. Shembarger
Brian P. Stagg

Commissioner Simon stated the following: I would like to offer my congratulations to all those who became certified at the various levels. I would also like to thank all the instructors that participated because without the instructors we would not be able to offer these courses.

Chairman Roberts stated the following: The single most important thing of the State Tax Commission is to improve the professionalism of the assessing process and frankly it begins with the assessors. I would like to congratulate them all.

The Commission received a proposed 2017 meeting schedule for their review. (Item 13 on agenda)

It was moved by Morris, supported by Simon, and unanimously approved to adopt the official order to certify and return the 2015 assessment roll for Jasper Township, Midland County. (Item 14 on agenda)

Matt Woolford appeared representing Michigan Association of Equalization Directors and as the Equalization Director of Kent, Allegan and Montcalm Counties. Marty Marshall also appeared representing the Michigan Association of Equalization Directors (MAED) and as the Equalization Director of Lenawee County. Mr. Woolford and Mr. Marshall addressed two issues raised by MAED in correspondences to the Commission dated July 12, 2016.

First, Mr. Woolford and Mr. Marshall addressed an issue of concern regarding the 24 Month Equalization Study Time Periods. Mr. Woolford and Mr. Marshall stated the current ending deadline of the period has posed some counties difficulties in the performance of their studies since the time period changed in 2009. The struggles some counties are experiencing included: (i) decreased accuracy in sales and appraisal studies, ECF calculations and vacant land analyses, (ii) wasted or misallocated resources, (iii) delayed or late sales and appraisal studies and (iv) other issues impacting taxpayers and the assessment/tax process. Mr. Woolford and Mr. Marshall identified the benefits to changing the 24 month time period back to April 1st through March 31st and requested the Commission revise the dates for the 2017 study period for use in setting the 2018 ratios and multipliers. It was moved by Roberts, supported by Simon, and unanimously approved to adopt Michigan Association of Equalization Directors request to change the 24 Month Equalization Study Time Period from October 1st through September 30th to April 1st through March 31st for the 2017 study period; however, the Commission reiterated if things do change, as they did in 2009, then the Commission may revisit the sales study dates again at a future meeting. (Item 15 on agenda)

Next, Matt Woolford appeared before the Commission representing Michigan Association of Equalization Directors concerning the new requirement for MMAO certification adopted in by the Commission in December 2015. The Commission's policy indicates that an individual must hold an MAAO certificate for one year and demonstrate to the State Tax Commission that they have one year experience working in a local unit assessing office. Mr. Woolford stated this requirement is negatively impacting all counties who are working to recruit, retain, and provide a path for advancement for equalization staff in Michigan. Mr. Woolford also reiterated that for over 30 years, the path toward MMAO (4) certification has never made a distinction between assessing experience and equalization experience. The Michigan Association of Equalization Directors (MAED) Executive Board and its membership respectfully requested that the requirement be amended to adopt the original STC staff recommendation which called for a 2 year experience requirement after obtaining the MAAO designation as a prerequisite to apply for the MMAO education program or receiving credit for courses under the MMAO Self-Paced option. It was moved by Roberts, supported by Morris, and unanimously approved to adopt the recommendation to amend the requirements for applying for the Michigan Master Assessing Officer certification to require 2 years of

experience while holding a Michigan Advanced Assessing Officer certification prior to being able to apply to the Commission's MMAO Program or receiving credit for courses under the MMAO Self-Paced Option. (Item 15 on agenda)

It was moved by Simon, supported by Morris, and unanimously approved to adopt the staff recommendations on the Special Items Exemptions Agenda. (Item 16 on agenda) ([See attached link for file identification.](#))

It was moved by Morris, supported by Simon, and unanimously approved to adopt the staff recommendations on the Exemptions Agenda. (Item 17 on agenda) ([See attached link for file identification.](#))

It was moved by Morris, supported by Simon, and unanimously approved to adopt the MCL 211.154 **Concurrences**. (Item 18 on agenda) ([See attached link for file identification](#))

It was moved by Simon, supported by Morris, and approved to adopt staff recommendations on MCL 211.154 petitions on the **Special Items Agenda**. (Item 19 on agenda) ([See attached link for file identification](#))

It was moved by Roberts, supported by Simon, and unanimously approved the following MCL 211.154 petition as a **concurrence**, initially noticed as a non-concurrence. (Item 20 on agenda)

City of Niles, Berrien County

154-16-0257 KAMPS INC 11-74-9940-1406-00-5
PERSONAL-IFT PROPERTY
2014 AV from \$ 0 to \$ 27,550 TV from \$ 0 to \$ 27,550
2015 AV from \$ 0 to \$ 26,600 TV from \$ 0 to \$ 26,600

154-16-0258 KAMPS INC 11-71-9999-0380-00-9
PERSONAL PROPERTY
2014 AV from \$ 299,210 to \$ 271,660 TV from \$ 299,210 to \$ 271,660
2015 AV from \$ 309,220 to \$ 282,620 TV from \$ 309,220 to \$ 282,620

Wawatam Township, Emmet County

154-16-0141 THOMAS CHASTAIN 24-42-03-13-101-035
REAL PROPERTY
2015 AV from \$ 3,100 to \$ 40,000 TV from \$ 3,100 to \$ 40,000
2016 AV from \$ 3,800 to \$ 40,000 TV from \$ 3,109 to \$ 40,000

City of Grand Rapids, Kent County

154-16-0267 GRAND RAPIDS MOTORCAR LLC 41-01-51-114-627
PERSONAL PROPERTY
2014 AV from \$ 0 to \$ 36,500 TV from \$ 0 to \$ 36,500
2015 AV from \$ 10,000 to \$ 44,000 TV from \$ 10,000 to \$ 44,000

City of Brighton, Livingston County

154-16-0263 HOMETOWN LAWN & PEST LLC 4718-99-003-477
PERSONAL PROPERTY

2016 AV from \$ 2,500 to \$ 10,700 TV from \$ 2,500 to \$ 10,700

City of Warren, Macomb County

154-16-0232 FD GROUP 7 LLC 13-26-478-039
REAL PROPERTY

2016 AV from \$ 54,490 to \$ 353,760 TV from \$ 54,490 to \$ 353,760

Sheridan Township, Mecosta County

154-16-0156 ALICE DOBIAS ESTATE 54-08-008-004-500
REAL PROPERTY

2014 AV from \$ 0 to \$ 3,100 TV from \$ 0 to \$ 3,100

2015 AV from \$ 0 to \$ 3,100 TV from \$ 0 to \$ 3,100

2016 AV from \$ 0 to \$ 3,100 TV from \$ 0 to \$ 3,100

It was moved by Roberts, supported by Simon, and unanimously approved to adopt all other MCL 211.154 petitions. ([See attached link for file identification.](#)) (Item 20 on agenda)

Representatives of the City of Detroit including Scott Patton, Lisa Hobart, Alvin Horhn and Laurie Hoose appeared before the Commission to discuss the City of Detroit's reappraisal, highlighting progress on the residential class reappraisal, issues with the commercial and industrial class reappraisal, internal organization restructuring, involvement of Tyler Technology, and reliance on resources outside of the City Assessor's Office, including receipt of data on recorded deeds, building permits, and demolition of structures. Following the updates on the City's progress, Ms. Hobart presented eight requests from the City of Detroit to the Commission:

1. Approval of the modified corrective action plan, which included seven requested amendments related to data gathering by a local not-for-profit, the handling of scheduled demolitions, completion of steps in 2015, not 2014, to get the database out of override, updates to reflect that remote data verification has not and will not be the primary method of gathering data for the commercial class, approval of a matrix that applies depreciation at half of actual age and then applies adjustments based on abnormal physical condition, modification of the standard for field inspection to be applied after property characteristics are verified remotely, and a revised indication that City staff and Tyler Technology will verify that a property is unimproved.
2. Approval of the delay of completion of the reappraisal of commercial and industrial properties until the 2018 assessment. Both Tyler Technology and the City's internal team are working on data collection, but until the work can be completed, the commercial and industrial properties will remain in override.

3. Request the AMAR review be delayed until 2019, 1 year after completion of the reappraisal project, including the delay in completion of the reappraisal of commercial and industrial properties until 2018.
4. Acknowledgement that the City's uncapping plan for approximately 43,000 properties in which a property transfer affidavit had been filed but the taxable value was not uncapped is satisfactory. The City's intent is to correct the taxable value prospectively starting with the 2017 assessment by taking the issue to the 2017 March Board of Review, based on advice from the City's legal department.
5. Allow for certified assessors to receive continuing education for the training programs put on by the City. The City indicated that they are developing materials that they would submit for continuing education approval. This material would be offered to City employees only.
6. Require John Ryan to have a regular meeting schedule with the City and participate in a collaborative process until completion of the reappraisal.
7. Affirm that STC oversight relinquishes Wayne County from providing any oversight and the equalization factor shall be set at 1.00 when the reappraisal is implemented for the residential class for the 2017 assessments.
8. Allow electronic Form 4035 and 4035a to serve as source documents with all other required documentation linking through the use of this technology. This request is made so that the City can help deliver timely tax bills to residents.

Chairman Roberts requested all requests be made in writing and recommended that before the Commission take any further action that staff and the Attorney General look at the City's requests, including the amended corrective action plan, and the Commission not take any further action at today's meeting.

It was moved by Roberts, supported by Morris, and unanimously approved to have staff and the Attorney General review the requests by the next Commission meeting and report back to the Commission. (Item 21 on agenda)

Public Comment (Item 22 on agenda): No member of the public wished to comment.

The next Commission meeting will be held September 20, 2016, at the Okemos Conference Center in the Okemos A & B Rooms, 2187 University Park Drive, Okemos.

It was moved by Roberts, supported by Morris, and unanimously approved to adjourn the meeting of the State Tax Commission at 11:20 a.m.

DATE TYPED: August 24, 2016

DATE APPROVED: September 20, 2016

**Douglas B. Roberts, Chair
State Tax Commission**

**Barry N. Simon, Member
State Tax Commission**

**W. Howard Morris, Member
State Tax Commission**

Michigan Department of Treasury
4435 (Rev. 09-16)

2017 Electronic Signature Declaration for Annual Property Reports For State Assessed Telephone, Railroad and Car Line Entities

Issued under authority of Public Act 282 of 1905, as amended.

INSTRUCTIONS: Any state assessed entity desiring to use an electronic signature on an Annual Property Report or to gain access to an individual secure online account, must properly complete this form and mail it to the Property Services Division (mailing address at bottom of form). Upon receipt of a properly completed form, the Property Services Division will issue a personal identification number (PIN) by conventional mail to the person who signs this form. This PIN may then be used in lieu of an actual signature when filing an Annual Property Report electronically.

Name and address (City, State, ZIP Code) of Person Authorized Below to Obtain this Request	Taxpayer Company Name on Report
	Contact E-mail Address
	Contact Telephone Number

THIS FORM IS CONFIDENTIAL AND INFORMATION ON THIS FORM IS TO BE USED ONLY IN THE ASSESSMENT PROCESS.

TYPE OF REPORTING ENTITY: Telephone - 99 Railroad - 98 Rail Car Line - 97

DECLARATION	
<p>I, _____, being duly sworn, depose and say that each Annual Property Report containing the personal identification number to be assigned to me by the Property Services Division, is a true and complete statement of all property, both real and personal, owned and/or used for state assessed purposes by the within mentioned taxpayer for the reporting period covered by the report, and that all data provided for the purposes of determining eligibility for, and calculating credits available for the reporting period is true and accurate to the best of my knowledge.</p> <p>In addition, by affixing my signature below, I do hereby affirm that I am a person duly authorized to procure a confidential personal identification number on behalf of the stated taxpayer, by virtue of the authority granted to me as President Secretary, Superintendent, Chief Officer, Owner, or duly authorized agent with attached Power of Attorney, Letter of Authority, etc.</p>	
Signature (must be actual signature) and Title	Date
REQUIRED NOTARIZATION	
Subscribed and sworn to before me this _____ day of _____, 20_____.	
Notary Public, State of _____	County _____
Signature of Notary Public _____	My Commission Expires _____
Printed Name of Notary Public _____	Acting in the County of _____
Property Services Division USE ONLY	
Company Parcel Number - 00 - 00 - 00 - 000 -	PIN Number _____
	Date of PIN Issuance _____

If you have any questions, visit www.michigan.gov/stateassessedproperty or contact the Property Services Division at 517-241-2444.

Send this **original** declaration by postal mail to:
Michigan Department of Treasury
Property Services Division
P.O. Box 30790
Lansing, MI 48909

State Assessed Annual Property Report Electronic Signature Instructions

1. Any state assessed entity desiring to use an electronic signature on an Annual Property Report and gain access to an individual secure online account, must properly complete Form 4435, Electronic Signature Declaration for Annual Property Reports and mail to: Michigan Department of Treasury, Property Services Division, P.O. Box 30790, Lansing, MI 48909.

The Property Services Division will review the submitted form and, if properly completed, will issue a personal identification number by conventional mail to the authorized 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 electronic mail.

2. Properly completed forms will be verified and processed by the Property Services Division and personal identification numbers usually issued within 5 business days of receipt after the end of January.

3. Upon receipt of the personal identification number from the Property Services Division, a state assessed entity will use this number in lieu of an actual signature on Annual Property Reports which are filed electronically. Secondly, it enables access to the individual secure accounts. These accounts will be used for online entry and submission of property data for those who choose to use the simplified online reporting process. These accounts will also be viewable for those who wish to view the calculation "worksheet" and the tentative and final taxable values that will be posted prior to the tax bills being sent through U.S. mail.

DRAFT

Michigan Department of Treasury
632 (Rev. 08-16)
Issued under authority of Public Act 206 of 1893.

Parcel No.

**This form must be completed
and returned to the assessor by
February 21, 2017.**

L-4175 2017

Approved by the State Tax Commission September 20, 2016.

2017 Personal Property Statement (As of 12-31-16)

FROM: (Name and Address of Assessor)

Location(s) of Personal Property Reported on This Statement. LIST ALL LOCATIONS. Attach additional sheets if necessary.		
Date of Organization	Date Business Began at above location	Square Feet Occupied
Assumed Names Used by Legal Entity, if any		
Names of Owner(s) or Partners (If sole proprietorship or partnership)		
If Sole Proprietorship, Taxpayer's Residential Address		
Legal Name of Taxpayer		
Address Where Personal Property Records are Kept		
Name of Person in Charge of Records		Taxpayer Telephone No.
Description of Taxpayer's Business Activity and NAICS Code		

FROM: (Name and Address of Assessor)

TO: (Name and Address of Taxpayer)

Preparer's Name, Address and Telephone Number and E-mail address

Check One Only:

Sole Proprietorship

Partnership

Limited Liability Co.

Corporation

MI ID# _____

NOTICE: DO NOT USE THIS FORM TO CLAIM AN EXEMPTION AS ELIGIBLE MANUFACTURING PERSONAL PROPERTY (EMPP) PURSUANT TO MCL 211.9m AND MCL 211.9n. To claim an exemption for EMPP, file Form 5278 with the local assessor where the personal property is located no later than February 21, 2017. Lessors of equipment are not eligible to file Form 5278 and must complete this form. Pursuant to P.A. 153 of 2013, if the true cash value of the assessable personal property you or a related party own, lease or possess in this local assessing unit is less than \$80,000, then you need not file this form if you file Form 5076 with the local unit where the property is located no later than February 10, 2017. See the instructions at Page 5.

SUMMARY AND CERTIFICATION. Complete ALL questions.

1. Have you excluded any exempt "Special Tools" from this statement? Yes No If Yes, state total original cost excluded _____
2. Have you excluded any air and water pollution control facilities and/or wind or water energy conversion devices for which an exemption certificate has been issued? Yes No If Yes, attach itemized list.
3. Have you, to the best of your knowledge, reported all of your assessable tangible personal property located in Michigan including fully depreciated and/or expensed assets, to the appropriate assessment jurisdiction? Yes No If No, attach explanation.
4. Did you hold a legal or equitable interest in personal property assessable in this jurisdiction which you have not reported on this statement (see instructions)? Yes No If Yes, attach itemized list.
5. Are you a party (as either a landlord or a tenant) to a rental or lease agreement relating to real property in this jurisdiction? Yes No If Yes, complete Section O.
6. Have any of your assets been subjected to "rebooking" of costs for accounting purposes or been purchased used (see instructions)? Yes No If Yes, attach itemized list.
7. Is any of your property "daily rental property," per P.A. 537 of 1998? Yes No If Yes, attach Form 3595.
8. Are other businesses operated at your location(s)? Yes No If Yes, attach itemized list.

Enter zero if appropriate.

9. Grand total from page 2	9a.	
10. Grand total from page 3	10a.	
11. Grand total from page 4	11a.	
12. Total cost of Idle Equipment from Form 2698	12a.	
13. Total cost of Personal Property Construction in Progress	13a.	X .50
14. Total cost of Cable TV, Utility and Wind Energy Assets from Forms 633, 3589 and 4565	14a.	
15. Total cost of cellular site equipment from Form(s) 4452	15a.	
TOTAL		

Assessor Calculations	
9b.	
10b.	
11b.	
12b.	
13b.	
14b.	
15b.	

The undersigned certifies that he/she is an owner, officer and/or the duly authorized agent for the above named taxpayer and that the above summary, with its supporting documents, provides a full and true statement of all tangible personal property owned or held by the taxpayer at the locations listed above on December 31, 2016.

Signature of Certifier	Date
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ASSESSOR'S ADJUSTMENT(S)

EXEMPTION(S)

TRUE CASH VALUE

ASSESSED VALUE (50% of TCV)

INSTRUCTIONS. Read carefully to obtain directions for the allocation of your personal property to Sections A - N.

All Tangible Personal Property in your possession at this location, including fully depreciated and expensed assets, must be reported in one of the Sections A through N. If you had "Move-Ins" of used property, you must also complete Form 3966, 2017 Taxpayer Report of Personal Property "Move-Ins" Occurring During 2016. "Move-Ins" are items of assessable personal property (hereafter referred to as "property") that were not assessed in this city or township in 2016, including (1) purchases of used property, (2) used property you moved in from a location outside this city or township, (3) property that was exempt in 2016 (such as exempt Industrial Facilities Tax property), and (4) property that you mistakenly omitted from your statement in 2016. "Move-Ins" DO NOT include property that has been moved from another location WITHIN this city or township or that was assessed to another taxpayer within this city or township in 2016 (i.e., property reported by a previous owner or previously leased property reported by the lessor in 2016). All "Move-Ins" must be reported on this page 2 and on Form 3966. Do not report 2015 acquisitions of new property on Form 3966.

Did you have "move-ins"? Yes No

SECTION A: Including Furniture and Fixtures			Assessor Calculations
2016		.91	
2015		.80	
2014		.69	
2013		.61	
2012		.53	
2011		.47	
2010		.42	
2009		.37	
2008		.33	
2007		.29	
2006		.27	
2005		.24	
2004		.22	
2003		.19	
2002		.12	
Prior		.12	
TOTALS	A1		A2

SECTION D: Including Office, Electronic, Video and Testing Equipment			Assessor Calculations
2016		.84	
2015		.64	
2014		.55	
2013		.49	
2012		.44	
2011		.41	
2010		.38	
2009		.35	
2008		.33	
2007		.31	
2006		.29	
2005		.28	
2004		.26	
2003		.25	
2002		.17	
Prior		.17	
TOTALS	D1		D2

SECTION B: Including Machinery and Equipment			Assessor Calculations
2016		.89	
2015		.76	
2014		.67	
2013		.60	
2012		.54	
2011		.49	
2010		.45	
2009		.42	
2008		.38	
2007		.36	
2006		.33	
2005		.31	
2004		.29	
2003		.28	
2002		.23	
Prior		.23	
TOTALS	B1		B2

SECTION E: Including Consumer Coin Operated Equipment			Assessor Calculations
2016		.92	
2015		.85	
2014		.77	
2013		.69	
2012		.61	
2011		.54	
2010		.46	
2009		.38	
2008		.30	
2007		.23	
2006		.15	
Prior		.15	
TOTALS	E1		E2

SECTION C: Including Rental Videotapes and Games			Assessor Calculations
2016		.76	
2015		.53	
2014		.29	
2013		.05	
Prior		.05	
TOTALS	C1		C2

SECTION F: Including Computer Equipment			Assessor Calculations
2016		.60	
2015		.44	
2014		.32	
2013		.24	
2012		.19	
2011		.15	
2010		.08	
Prior		.08	
TOTALS	F1		F2

COST GRAND TOTAL (for page 2)

TAXPAYER: Add totals from cost columns of Sections A-F (A1-F1). Enter grand total here and carry to line 9a, page 1.

\$	
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TRUE CASH VALUE GRAND TOTAL (for page 2)

ASSESSOR: Add True Cash Value totals from Sections A-F (A2-F2). Enter grand total here and carry to line 9b, page 1.

\$	
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Parcel No.

SECTION G - Other Assessable Personal Property Which You Own

Assessable Tangible Personal Property in your possession that is not entitled to depreciation under Generally Accepted Accounting Principals (GAAP) (e.g. fine art) or that the assessor has told you to report in this section or that is otherwise described in the instructions should be reported under this section. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. See instructions. Attach additional sheets, if necessary.

Description of Property	Acquisition Cost New	Acquisition Year	True Cash Value Assessor's Calculations
Total Acquisition Cost New	G1		G2

SECTION H - Standard Tooling

You must report your standard tooling in this Section. Complete both columns. Notice that GAAP (Generally Accepted Accounting Principals) net book value, as reported in this section, must implement accounting "changes in estimate", even if not otherwise material. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. See Instructions.

Acquisition Year	Acquisition Cost New	GAAP Net Book Value
2015		
2014		
2013		
Prior		
Total Acquisition Cost		H2

SECTION I - Qualified Personal Property

INCLUDE ONLY "Qualified Personal Property" as defined by Michigan Compiled Laws 211.8a (6)(c). See instructions. Attach extra schedules, if necessary, following the same format as below. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175.

Description of Equipment and Model or Serial Number	Owner Name and Complete Mailing Address	Original Cost Installed	Date of Installation	Lease Term in Months	Year of Manufacture	Total Average Monthly Rental	%	TCV to be Completed by Assessor
Total Installed Cost								I2

SECTION J - Leased Property in Your Possession Which Is Not Qualified Personal Property

Property you are leasing from another person or entity should be reported under this section. "Qualified" Personal Property should be reported under Section I. See instructions. Attach additional sheets if necessary. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175.

Lease No.	Name & Address of Lessor	Description of Equipment	Lease Term (in months)	Monthly Rental	1st Year in Service	Selling Price New (estimate, if necessary)
Total Selling Price New						J1

SECTION K - Other Personal Property in Your Possession Which You Do Not Own

Property not owned by you but in your possession on December 31, 2016 under arrangements other than a lease agreement should be reported under this section. See instructions. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. Attach additional sheets if necessary.

Name & Address of Owner	Description of Equipment	Age (estimate if necessary)	Selling Price New (estimate, if necessary)
Total Selling Price New			K1

COST GRAND TOTAL (for page 3)

TAXPAYER: Add Total Costs and Selling Prices from Sections G-K (G1-K1). Enter grand total here and carry to line 10a, page 1.

\$

TRUE CASH VALUE GRAND TOTAL (for page 3)

ASSESSOR: Add True Cash Value totals from Sections G-I (G2-I2). Enter grand total here and carry to line 10b, page 1.

\$

SECTION L - Detail of Leases (This Section is Completed by Leasing Companies)

Equipment that you lease to others should be reported under this section. Notice: You must also complete Sections A - F on Page 2. See instructions. You may use attachments in lieu of completing this section if the attachments contain the information requested below, in the same format, and if you complete the Tables on Page 2. **You must report Eligible Manufacturing Personal Property (EMPP) in this Section which you are leasing to another, unless both you and your lessee (your customer) have made an election, using Form 5467, to have the lessee report the EMPP on its Form 5278. See the detailed notice at the beginning of the Instructions, at the top of the first column, Page 5.** Attach additional sheets, if necessary.

Are you a manufacturer of equipment? Yes No

Lease No.	Name & Address of Lessee	Location of Equipment	Type of Equipment	Lease Period (Mo.)	Monthly Rental	1st Year in Service	Manufacturer Cost	Original Selling Price

SECTION M - Leasehold Improvements

Total Original Selling Price

All Leasehold Improvements (LHI) made at your place of business should be reported under this section, even if you believe that the improvements are not subject to assessment as Personal Property. Report trade fixtures, foundation costs and equipment installation costs, including wiring and utility connections, in the appropriate Section A through F, on page 2, not as LHI. See instructions. To prevent a duplicate assessment, provide as much detail as possible. You may attach additional explanations and/or copies of "fixed asset" records, if the attachment provides all of the information requested below and if you insert the total original cost in "Total Cost Incurred" below. Personal Property reported here should not be reported elsewhere on Form L-4175.

Year Installed	Description (Describe in detail)	Original Cost	STC Multiplier	True Cash Value Assessor's Calculation
2016				
<p>Notice: 2016 installations must be reported above. Installations of LHI prior to 2016 are reported in this section, below this notice. The State Tax Commission has directed that commencing in 2017 all Leasehold improvement installations in 2016, or later, must be valued as improvements made to the leased real property. Trade fixtures and installation costs for equipment, must be reported on page 2, regardless of the date of installation. Assessor: Do not address 2016 installations as personal property except where the lease is a pre-1984 lease.</p>				
Total Cost Incurred (including 2016) M1				M2

SECTION N - Buildings and Other Structures on Leased or Public Land and All Freestanding Signs and Billboards

Costs of Freestanding Communications Towers and Equipment Buildings at Tower sites (unless reported on Form 4452), and Costs of Freestanding Signs and Billboards must also be reported under this Section. Any Personal Property reported in this section should not be reported elsewhere on Form L-4175. Attach additional sheets, if necessary.

Check this box if you believe that these structures are already assessed as part of the real property.

Address or Location of Building	Year Originally Built	Total Capitalized Cost	True Cash Value Assessor's Calculation *
Total Capitalized Cost N1			N2

SECTION O - Rental Information. See Instructions. (Attach additional sheets, if necessary.)

IF YOU ARE THE TENANT

Name and address of landlord _____

Is your landlord the owner of the property? Yes No If you are a sublessee, enter the name and address of the owner of the property _____

IF YOU ARE THE LANDLORD

Name and address of tenant _____

Are you the owner of the property? Yes No If you are a sublessor, enter the name and address of the owner of the property _____

TO BE COMPLETED REGARDLESS OF WHETHER YOU ARE THE LANDLORD OR TENANT

Address of property rented or leased _____

Date that current rental arrangement began: _____. Square feet occupied: _____ Monthly rental \$ _____

Date current lease expires: _____. Are there options to renew the lease? Yes No

Expenses (e.g. taxes, electric, gas, etc.) paid by the tenant _____

Assessor Value
O2

COST GRAND TOTAL (for page 4)

TAXPAYER: Add Total Cost Incurred from Section M and Total Capitalized Cost from Section N (M1 and N1). Enter grand total here and carry to line 11a, page 1.

\$	
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TRUE CASH VALUE GRAND TOTAL (for page 4)

ASSESSOR: Add True Cash Value totals from Sections M-O (M2-O2). Enter grand total here and carry to line 11b, page 1.

\$	
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Instructions for Completing Form 632 (L-4175), 2016 Personal Property Statement

NOTICE: Do not report Eligible Manufacturing Personal Property (EMPP), as defined in MCL 211.9m and MCL 211.9n, using this form. Instead, use *Eligible Manufacturing Personal Property Exemption Claim, Ad Valorem Personal Property Statement and Report of Fair Market Value of Qualified New and Previously existing Personal Property (Combined Document)* (Form 5278) even if some or all of the personal property is not yet exempt. For a full definition of EMPP, see the instructions to Form 5278. Generally, personal property is EMPP if it is at a qualified location. A location qualifies if the predominant use of the personal property at the location is for Industrial Processing and/or Direct Integrated Support of Industrial Processing. Form 5278 must be fully completed and received by the assessor by February 21, 2017. Form 5278 can be accessed at www.michigan.gov/esa. A lessor of personal property is not eligible to file Form 5278, even if the personal property being leased is EMPP and it must report such EMPP on this form, unless both the lessor and the lessee have executed Election of Lessee Report of Eligible Manufacturing Personal Property (Form 5467), and the lessee has both reported the EMPP in question on form 5278 and has attached the fully executed Form 5467 to the 5278 submission.

NOTICE: If the true cash value of assessable personal property that you or a related party own, lease, or possess in this ("city" or "township") is under \$80,000, you may be eligible for an exemption for 2017 by filing Form 5076 by February 10, 2017. IF YOU ARE ELIGIBLE FOR THIS EXEMPTION AND FILE FORM 5076 TIMELY, YOU DO NOT HAVE TO COMPLETE THIS PERSONAL PROPERTY STATEMENT. Review Form 5076 and the instructions to that form to determine whether you qualify. Form 5076 and instructions can be accessed at www.michigan.gov/taxes by searching for Form 5076 or from the local assessor.

This form is issued under authority of the General Property Tax Act. Filing is mandatory. Failure to file may result in imprisonment for a period not less than thirty days, nor more than six months; a fine not less than \$100, nor more than \$1,000; or both fine and imprisonment at the discretion of the court. See MCL 211.21.

CAUTION: Read these instructions carefully before completing the form. **Complete all sections.** Because this form has been coded, it is imperative that it be returned to assure proper processing. If all of the personal property formerly in your possession has been removed from this assessing unit before December 31, 2016, you must notify the assessor at once in order to change the records accordingly. This statement is subject to audit by the State Tax Commission, the Equalization Department or the Assessor. **Failure to file this form by its due date will jeopardize your right to file a Section 154 appeal with the State Tax Commission.** You are advised to make a copy of the completed statement for your records. This form must be filed in the city or township where the personal property is located on December 31, 2016. Do not file this form with the State Tax Commission unless you have been specifically instructed to do so by the Commission's staff.

Although you must complete all sections of this form, you are not required to file pages that do not contain any reported cost. You must, however, insert a zero entry in the appropriate line(s) 10, 11 and/or 12 of the "Summary and Certification" on page 1 to indicate that you have no costs to report for that page; you must complete and file section O if you are a landlord, a lessee or a sublessee. In completing this form, you may not use attachments in lieu of completing a section, unless the instructions specifically authorize the use of attachments for completing the section.

FACSIMILE SIGNATURES: This form must be signed at the bottom of page 1. A facsimile signature may be used (P.A. 267 of 2002), provided that the person using the facsimile signature has filed with the Assessment and Certification Division of the Department of Treasury a signed declaration, under oath, using Form 3980. A facsimile signature is a copy or a reproduction of an original signature.

GENERAL EXPLANATION: The Michigan Constitution provides for the assessment of all real and tangible personal property not exempted by law. Tangible personal property is defined as tangible property that is not real estate. Form L-4175 is used for the purpose of obtaining a statement of assessable personal property for use in making a personal property assessment. Michigan law provides that the assessor must send Form L-4175 to any person or entity that may possess assessable personal property. Michigan law also provides that a person or entity receiving Form L-4175 must complete it and return it to the assessor by the statutory due date, even if they have no assessable property to report. If you had assessable personal property in your possession on December 31, 2016, you must submit a completed Form L-4175 to the assessor of the community where the property is located by the statutory due date, even if the assessor does not send you a form to complete.

COMPLETION OF FORM 632 (L-4175)

Page 1 - Statistical Information:

FROM: Insert name and address of the assessor if you are using a form not provided by the assessor. Often this form must be filed at an address different than the assessor's mailing address for other purposes. It is your responsibility to assure that this form is sent to the correct address. If you are unsure of the mailing address, call your local assessor or county equalization department.

TO: If you are not using a preprinted form, insert your name and address. Use the address at which you wish to receive future forms and tax billings. If your form is preprinted with an incorrect address, line out the incorrect portions and insert the corrections.

Parcel No.: Unless this is an initial filing, you have already been assigned a parcel number. If you are using a form not provided by the assessor, you must insert the correct parcel number. Failure to insert your parcel number may result in a duplicate assessment.

Preparer's Name and Address: Insert the name, address, telephone number and e-mail address of the person who has prepared this statement.

(Check One): Check the appropriate box indicating the form of legal organization used by the taxpayer in conducting its business. If the taxpayer is organized as a corporation or a limited liability company, insert the Michigan corporate identification number of the business or, if not authorized to do business in Michigan, the name of the state in which it is organized.

Location(s) of Personal Property: List the street addresses of all locations that are being reported on this statement. Locations in different school districts or lying within the boundaries of designated authorities or districts must be reported separately. All personal property at a given location in the same authority or district must be reported under one account, unless the assessor has directed otherwise. You must file a separate statement for property on which the tax is abated pursuant to P.A. 198 of 1974 (I.F.T.) or P.A. 328 of 1998 (certain new personal property).

Date of Organization: Insert the date that the taxpayer's business was first organized or commenced.

Date Business Began at Above Location: Insert the date that the taxpayer first commenced business at a location reported on this statement.

Square Feet Occupied: Insert the number of square feet of space occupied by the taxpayer at the location(s) reported.

Assumed Names: State any assumed names used by the taxpayer in conducting its business at the location(s) reported.

Names of Owners or Partners: If the taxpayer is a sole proprietorship or a partnership, list the name(s) of the proprietor or partners.

If Sole Proprietorship, Taxpayer's Residential Address: Insert sole proprietor's actual residence address. Do not use mailing address, if different than residence address.

Legal Name of Taxpayer: Insert the taxpayer's exact legal name.

Address Where Personal Property Records Are Kept: Insert the address where the records used to complete this statement are kept. Only insert the address of an agent if that agent has actual possession of all documents necessary to conduct an audit.

Name of Person in Charge of Records: Insert the name of the person at the address where the records are kept who has actual control of the documents necessary to conduct an audit.

Telephone Number.: Insert the telephone number of the person having charge of the records used for filing.

Description of Taxpayer's Business activity: Insert a descriptive phrase indicating the nature of the taxpayer's business activity and NAICS Code.

Page 1 – Summary and Certification:

Page 1, Line 1: "Special Tools" are exempt from taxation, pursuant to MCL 211.9b. If you are excluding "special tools" from your statement, you must check "Yes" and insert the amount of original cost excluded. "Special tool" means a finished or unfinished device such as a die, jig, fixture, mold, pattern, special gauge, or similar device, that is used, or is being prepared for use, to manufacture a product and that cannot be used to manufacture another product without substantial modification of the device. As used herein, a "product" can be a part, a special tool, a component, a subassembly or completed goods. "Special tools" do not include devices that differ in character from dies, jigs, fixtures, molds, patterns, or special gauges. Machinery or equipment, even if customized, and even if used in conjunction with special tools is not a "special tool." A die, jig, fixture, mold, pattern, gauge, or similar tool that is not a "special tool" is a "standard tool" and must be reported in Section H. Machinery or equipment, even if specialized, and even if used in conjunction with special tools or standard tools is not reported in Section H and must, instead, be reported in Section B. Only industrial tools in the nature of dies, jigs, fixtures, molds, patterns and special gauges can qualify for this exemption. Personal property not directly used to carry out a manufacturing process is not a "special tool." Dies, jigs, fixtures, molds, patterns, special gauges, or similar devices that are not "special tools" should be reported at full acquisition cost new under Section H of this form.

Page 1, Line 2: Air and water pollution control facilities and/or wind or water energy conversion devices may qualify for exemption from taxation, only if an exemption certificate has been issued by the State Tax Commission on or before December 31, 2016. If you claim such an exemption, check "Yes" and attach an itemized listing of the certificate numbers, dates of issuance and amounts.

Page 1, Line 3: You must file a completed Form L-4175 with the assessor of every Michigan assessment jurisdiction in which you had assessable personal property on December 31, 2016. If you have fulfilled this obligation, check "Yes." If you have not filed in every required jurisdiction, attach an explanation. You are required to report all tangible personal property in your possession in this location **even if the property has been fully expensed or depreciated for federal income tax or financial accounting purposes.** If you answer "No," attach a detailed explanation.

Page 1, Line 4: The purpose of this question is to determine whether you are a party to a contract relative to personal property located in this jurisdiction on December 31, 2016 that you have not reported on this statement, perhaps because of your belief that another party to the contract is the proper party to report. This includes situations where you believe you hold only a security interest in personal property, in spite of the fact that the contract is labeled a "lease." If you answered "yes" to this question, attach a rider that includes the name(s) of the interest holder(s), the nature of your interest, a description of the equipment, the year the equipment was originally placed in service, its original selling price when new and the address where the property was located on December 31, 2016. "Conditional sale" leased equipment must be reported by the lessor.

Page 1, Line 5: Check "Yes" if you are a lessor (landlord), a lessee (tenant) or a sublessee (subtenant) in a rental contract relating to the real property at this location. MCL 211.8(i) provides that, under some

circumstances, the value, if any, of a sub-leasehold estate shall be assessed to the lessee. If you check "Yes," complete Section O. Your rental arrangement will be analyzed by the assessor. If you check "Yes" and have made leasehold improvements to the real estate, you must also complete Section M. Your completion of Sections M and O will not necessarily result in an increased assessment.

Page 1, Line 6: The valuation multipliers contained in Sections A through F on page 2 are intended to be applied to the acquisition cost of new, not used, personal property. If the acquisition cost new of an asset is known to you or can be reasonably ascertained through investigation, you must report that cost in the year it was new when you complete Sections A through F, even if you have adjusted the cost in your accounting records to reflect revaluation of the asset using a "purchase," "fresh start," "push-down" or similar accounting methodology, or even if your booked cost reflects a "used" purchase, lease "buy-out" price or a "trade-in" credit. If you were unable to report the acquisition cost new for one or more of your assets, you should check "Yes" and attach a list of all such assets. On the list, provide a detailed description of each asset, the year or approximate year that the asset was new, and the Section, the amount and acquisition year at which you have reported the asset.

You must also provide a written explanation of the reason(s) that the original acquisition cost information is not available.

Page 1, Line 7: "Daily rental property" is tangible personal property, having a cost new of \$10,000 or less, that is exclusively offered for rental, pursuant to a written agreement, on an hourly, daily, weekly or monthly basis for a term of 6 months or less (including all permitted or required extensions). If you acquired the property "used" you must determine the cost new for purposes of determining whether the property qualifies for "daily rental property" treatment. If you believe that you have such property, see Form 3595, *Property Statement - Daily Rental Property*, for additional information. If you qualify, you must complete Form 3595 and comply with the requirements set forth therein.

Page 1, Line 8: This question requires you to disclose other businesses that share space with you at the location(s) of your business. If you answer "Yes" attach a list of all other businesses operating at your location(s). If you are located in a shopping center, office building or other multi-tenant facility, you are not required to list businesses having a different legal address.

Page 1, Line 9: Complete Sections A through F, page 2, and add the totals from Sections A through F to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 2 and carry that amount to page 1, line 9a.

Page 1, Line 10: Complete Sections G through K, page 3, and add the totals from Sections G through K to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 3 and carry the amount to page 1, line 10a.

Page 1, Line 11: Complete sections L through O, page 4, and add the totals from sections M and N to arrive at a Cost Grand Total, as directed by the instruction at the bottom of the page. Insert the Cost Grand Total in the box indicated at the bottom of page 4 and carry the amount to page 1, line 11a.

Page 1, Line 12: If you had assets that qualified as "idle equipment" or as "obsolete or surplus equipment" on December 31, 2016, complete Form 2698, *Idle, Obsolete and Surplus Equipment*, and carry the Total Original Cost from Form 2698 to line 12a.

"Idle equipment" is equipment that is part of a discontinued process and that has been disconnected and is stored in a separate location. Assets are **not** "idle" if they are present as standby equipment, are used intermittently or are used on a seasonal basis. "Obsolete or surplus equipment" is equipment that either requires rebuilding and is in the possession of a rebuilding firm on December 31, 2016 **OR** is being disposed of by means of an advertised sale because it has been declared as surplus by an owner who has abandoned a process or plant. Property that is part of a process that has been temporarily suspended from operation or which is being offered for sale with the expectation that the process will be continued at the same location,

does not qualify for idle or obsolete and surplus reporting treatment. Only property which would otherwise be reported in Sections A through F on Page 2 of Form L-4175 qualifies to be reported as idle or obsolete and surplus equipment. For more information, see instructions to Form 2698. Do not include these assets elsewhere on this form.

Page 1, Line 13: Report the total cost incurred for Construction in Progress, as calculated on an accrual basis, based on the extent of physical presence of the construction in progress in the assessment jurisdiction. Construction in Progress is property of a personal property nature that has never been in service and was in the process of being installed on December 31, 2016. Do not report partially constructed electric generating facilities as Construction in Progress. Such facilities must be reported on the Real Property Statement (Form 3991 - Gas Turbine and Diesel; Form 4070 - Hydroelectric; Form 4094 - Steam).

Page 1, Line 14: If you had cable television or utility assets on December 31, 2016, complete and file Form 3589, *Cable Television and Public Utility Personal Property Report*, or Form 633, *Distribution Personal Property Statement Electric Distribution Cooperate*, and carry the Total Original Cost from Form 3589 or Form 633 to line 15a. See the instructions to Form 3589. If you had wind energy system assets as defined in MCL 211.8 (i), on December 31, 2016, complete Form 4565, *Wind Energy System Personal Property Report*, and carry the total original cost from Form 4565 to line 14a. See the instructions to Form 4565.

Page 1, Line 15: If you had cellular (wireless) site assets on December 31, 2016, complete and file Form 4452, *Cellular (Wireless) Site Equipment Personal Property Report*, and carry the Total Original Cost from Form 4452 to line 15a. See the instructions to Form 4452.

Page 2 - General Instructions for Sections A through F:

You must report in these Sections the full acquisition cost new, in the year of its acquisition new, of all machinery and equipment, computer equipment, furniture and fixtures, signs, coin operated equipment, office equipment, electronic, video and testing equipment, rental video tapes and games and other tangible personal property owned by you and located in this assessment jurisdiction, **even if you have fully depreciated the asset or have expensed the asset under Section 179 of the Internal Revenue Code or under your accounting policies. All costs reported must include freight, sales tax and installation costs**, even in cases where the cost was actually incurred by another. Imputed sales tax, freight and installation costs must be reported by equipment leasing companies in cases where the lessee has paid or will pay such costs, or will provide the equivalent benefit in kind. Sales/Use tax must be imputed and reported by equipment leasing companies in cases where the lessee is paying sales or use tax on installment lease payments. The costs reported must include all costs (except capitalized interest) that would be capitalized by an end-user/owner of the property under generally accepted accounting principles, including overheads and "indirect costs" associated with the process of constructing, acquiring or making the property available for use. Capitalized expenditures made to a piece of machinery or equipment after the initial acquisition year must be reported in the year the expenditure is booked as a fixed asset. These costs must be reported the same as they are shown on your financial accounting fixed asset records, assuming that you account using generally accepted accounting principles. You must also report in these sections any other tangible personal property in your possession or under your control in this jurisdiction that is not reported under sections G through N. If you purchased an asset used, and do not know and cannot ascertain the acquisition cost new, attach the list and explanation required by the **Page 1, Line 6** instructions. The acquisition costs for the assets reported under each section must be totaled for each acquisition year. Place the yearly total on the line of the section corresponding to the year that the property was acquired. You must report the original acquisition cost, **not** your estimation of the value of the property. Equipment not fully installed on December 31, 2016 should be reported on **Page 1, Line 13** and should not be reported in these sections. Property that was reported as construction in progress **last** year but which was placed in service on or before December 31, 2016 should

be entirely reported on the 2016 acquisition line of the appropriate table, not the 2014 line. Similarly, the cost of all assets must be reported as acquired in the year that they were placed in service, rather than the year of purchase, if those years differ.

Leased assets and "daily rental property" must be reported by the **Owner** on sections A through H in the same manner as other property, using a cost which represents the price that would be paid by an end-user to acquire ownership of the property if it were to purchase rather than lease or rent. An itemized listing of the property must also be made in Section L (for leased assets) or pursuant to the requirements of the instructions for **Page 1, Line 7** (for daily rental assets). Lessors do not report Eligible Manufacturing Personal Property (EMPP), which is instead reported by the lessee on Form 5278.

All leased and daily rental assets must be reported by, and must be assessed to, the owner (the lessor or daily rental company), in spite of any agreement to the contrary between the parties to the lease or rental agreement, unless the property is EMPP, is "qualified personal property" or is owned by a bank. Leased and rental property must be reported at selling price new, even if the owner is the manufacturer of the asset or acquired the asset in the wholesale market for an amount less than the price that the end-user would have incurred to purchase the asset. If the asset is of a type that it is never sold to an end-user or if you have constructed the asset for your own use, report the price at which the asset would sell if a market sale did occur. See STC Bulletin 8 of 2007.

The cost reported in each of the sections of this form and on the forms used with this form should include the full invoiced cost, without deduction for the value of certain inducements such as service agreements and warranties when these inducements are regularly provided without additional charge.

Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental, rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Motor vehicles registered with the Michigan Secretary of State on December 31, 2016 are exempt. Special mobile equipment, as defined by MCL 257.62, and nonregistered motor vehicles are assessable. Computer software, if the purchase was evidenced by a separate invoice amount, and asset number, and if the software is commonly sold separately, is exempt.

If you have had "Move Ins" of used property during calendar year 2016, you must complete Form 3966, in addition to completing Form L-4175. You can obtain Form 3966 from the Michigan Department of Treasury Web Site at www.michigan.gov/taxes or from your local assessor. "Move-Ins" are items of assessable personal property that were not assessed in this city or township in 2016, including: acquisitions of previously used personal property (which should be reported in the year it was new and at the cost when new); used personal property you have moved in from outside this city or township; personal property that was exempt in 2016 (such as exempt industrial facilities tax property); and personal property that you mistakenly omitted from your statement in 2016. "Move-Ins" **do not include** property moved from another location **within** this city or township or assessed to another taxpayer **within** this city or township in 2016 (i.e. property reported by a previous owner or previously leased property reported by the lessor to this city or township last year). All "Move-Ins" must be reported in the appropriate section of Form L-4175, in addition to being reported on Form 3966. **Do not report** 2016 acquisitions of new property on Form 3966.

You must report the cost of business trade fixtures in the appropriate section, A through F, rather than in section M where you report leasehold improvements. You must also report the costs of installing personal property in the appropriate section, A through F. Trade fixtures and installation costs of machinery and equipment must not be reported in section M, even if you have booked them as leasehold improvements for financial accounting purposes. Trade fixtures are items of property that have been attached to real estate by a tenant to facilitate the tenant's use of the property for business purposes and which are both capable of being removed and are removable by the

tenant under the terms of the lease. Examples of trade fixtures are certain costs related to telephone and security systems and most signs. Examples of installation costs are the costs of machine foundations and electric, water, gas and pneumatic connections for individual manufacturing machines.

The costs of an electrical generating facility, including the costs of all attached equipment that is integrated as a component in accomplishing the generating process, such as boilers, gas turbines and generators, are not reported on this form. An exception is a small, movable generating unit that has a fixed undercarriage designed to allow easy movement of the unit from place to place to provide temporary electric power. Another exception is wind energy systems. See instructions to **Page 1, Line 14**.

The costs associated with a generating facility that does not have a fixed undercarriage must be reported to the assessor on the appropriate Real Property Statement (Form 3991 - Gas Turbine and Diesel; Form 4070 - Hydroelectric; Form 4094 - Steam). The costs associated with small, movable electrical generation units that have a fixed undercarriage and the costs associated with other unattached, movable machinery and equipment used at generating facilities, such as front loaders, forklifts, etc. are reported in section B of this form.

A summary of the items that should be reported in each section is contained in STC Bulletin 12 of 1999, its later annual supplement(s) and in these instructions. These bulletins, along with forms and other bulletins can be accessed via our Web site at www.michigan.gov/taxes. MCL 211.19 requires that you complete this form in accordance with the directions on the form and in these instructions. You may, however, attach supplementary material for the assessor to consider in making his or her valuation decisions. If you have questions regarding proper categorization of property, contact the State Tax Commission for clarification.

Completion of Section A, Page 2: The assets to be reported in this section include decorations, seating, furniture (for offices, apartments, restaurants, stores and gaming establishments), shelving and racks, animal cages and tanks, lockers, modular office components, cabinets, counters, rent-to-own furnishings, medical exam room furnishings, therapeutic medical beds and bedding, bookcases, displays, mobile office trailers, special use sinks (such as those found in medical offices, beauty shops and restaurants), tables, nonelectronic recreational equipment, filing systems, slat walls, non-freestanding signs, window treatments, uniforms and linens, cooking, baking and eating implements, shopping carts, booths and bars. Other assets may be included at a later time.

Completion of Section B, Page 2: The assets to be reported in this section include all assets that are not designated for disclosure in another section. Specifically, such assets include the following types of machinery and equipment: air compressors, airport ground, non-coin operated amusement rides and devices, auto repair & maintenance, beauty and barber shop, boiler, furnace, bottling & canning, crane and hoist, car wash, chemical processing, construction, unlicensed vehicular, conveyor, non-coin operated dry cleaning and laundry, air makeup and exhaust systems, manufacturing and fabricating, food processing, gym & exercise, heat treating, landscaping, sawmill, incinerators, maintenance and janitorial, nonelectronic medical and dental and laboratory and veterinary equipment, mining and quarrying, mortuary & cemetery, painting, hydrocarbon refining and production and distribution, plastics, pottery & ceramics, printing and newspaper, rubber manufacturing, scales, ski lifts, smelting, stone & clay processing, supermarket, textile, tanning, vehicle mounted, waste containers, wire product manufacturing, woodworking, automated tellers (ATM), computer controlled lighting, CNC controlled manufacturing, theater equipment, restaurant food preparation and dispensing and storing and serving equipment, soft drink fountains, coin counters, beverage container return machines, storage tanks, hand tools of mechanics and trades, nonregistered motor vehicles, freestanding and other safes not assessed as real property, oil and gas field equipment and gathering lines prior to commingling product with other wells (other lines are reported in Section J, Form 3589),

portable toilets, metal shipping pallets and containers, portable saw mills, LP tanks under 2,000 gallons, fuel dispensing control consoles, computer-controlled printing presses, stereo lithography apparatus, forklift trucks, non-coin operated gaming apparatus and computerized and mechanical handling equipment, commercial mail sorting operation equipment, pill counters, pram robotics. Other assets may be included at a later time.

Completion of Section C, Page 2: Report the acquisition cost new and the year of acquisition of rental videotapes, rental video games, rental DVD's and rental laser disks owned by you at this location. Other assets may be included at a later time.

Completion of Section D, Page 2: The assets to be reported in this section include office machines, non-computerized cash registers, faxes, mailing and binding equipment, photography and developing equipment, shredders, projectors, telephone and switchboard systems (even if computerized), audio and video equipment [used for receiving, transmitting, recording, producing and broadcasting], amplifiers, CD, cassette and disc players, speakers, cable television local origination equipment, electronic scales, surveillance equipment, electronic diagnostic and testing equipment (for automotive shops, medical offices, hospitals and dental offices), ophthalmology testing equipment, satellite dishes, video-screen arcade games, electronic testing equipment, electronic laboratory equipment, cellular telephones, medical laser equipment, reverse osmosis and hemodialysis systems, movable dynamometer, spectrum analyzer, security systems, 2-way and mobile land radio equipment, pay-per-view systems, wooden and plastic pallets and shipping containers, rental musical instruments and distributive control systems (see STC Bulletin 3 of 2000). Office machines which **are not** capable of being integrated into a local area or wide area computer network, office machines that are only capable of being used as a facsimile transmitting/receiving machine and/or as a copier, and office machines that are multifunctional but **are not** capable of being used as a computer peripheral, are reported in this section. A copier is a freestanding or desktop piece of office equipment, which is most commonly used in an office setting, and which is primarily designed to print, or to make copies of short-run text material produced in that office. Copiers generally use commercially available 8 1/2" by 11" bond or copy paper and produce duplicate originals of text documents in such a way that the use of carbon paper or other duplicating processes can be avoided. Printing presses are not copiers and must be reported in Section B of this form even if the operation of the printing press is regulated or controlled digitally, is controlled by a computer, or is automated. A printing press is a device designed primarily to produce commercial runs of printed material, such as books, pamphlets, forms, magazines, newspapers, or advertising circulars, for commercial sale, regardless of the technology employed in such production and regardless of the type of paper which is used. The definition of a printing press specifically includes any machine that employs an offset or other non-impact printing process, if the machine otherwise meets the definition of a printing press. Cellular site equipment, specifically including communication towers and land improvements must be reported on Form 4452, rather than in this section. If you are not required to report communication tower and land improvement costs on Form 4452, you must report such costs in Section N of this form. See STC Bulletin 13 of 2006 and the instructions for Form 4452. Other assets may be included at a later time.

Completion of Section E, Page 2: The assets to be reported in this section include consumer coin-operated equipment such as bill & change machines, juke boxes, pin ball machines, coin-operated pool tables and other non-video arcade games, snack & beverage machines, other vending machines, news boxes, laundry equipment, coin operated telephones and slot machines. Other assets may be included at a later time.

Completion of Section F, Page 2: The assets to be reported in this section include assessable software, personal and midrange and mainframe computer and peripheral equipment, including servers, data storage devices, CPUs, input devices such as scanners and keyboards, output devices such as printers and plotters, monitors,

networking equipment, computerized point of sale terminals, global positioning system equipment, lottery ticket terminals, gambling tote equipment, pager instruments, cable television converters and receivers for home satellite dish television systems.

A programmable logic control device for a machine should be reported in section B with the machine it serves. Office machines which are capable of being integrated into a local area or wide area computer network and office machines that are single function, or multifunction, and which are capable of being used as a computer peripheral, including copiers that can be used as a computer peripheral, are reported in this section. Other assets may be included at a later time.

Cost Grand Total, Page 2: After you have completed sections A through F, add together the totals of cells A1 through F1 to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 2 and carry to page 1, line 10a.

Section G, Page 3: Report all nonexempt tangible personal property owned by you at this location that is not entitled to depreciation/cost recovery under the United States Internal Revenue Code or that the assessor has told you to report in this section or that otherwise presents special valuation problems. An example of property not entitled to depreciation/cost recovery is fine art. Examples of properties that represent special valuation problems are: locally-assessed copper and fiber optic cable not reportable in Section M, frequently supplemented professional books, feature motion picture films, audio and video productions not sold to the public at large, musical instruments used for professional performance, LP tanks of 2,000 gallons or more that have not been assessed as real property, nuclear fuel and toll bridge company structures. Provide all requested information. An inspection of the property may be necessary. Property reported in this section should not be reported elsewhere on this form.

Section H, Page 3: Standard tools, dies, jigs, fixtures, molds, patterns and gauges and other manufacturing requisites of a similar nature (commonly referred to as "tooling") will be valued at an amount equal to the net book value of the asset. Report both Acquisition Cost New and GAAP net book value by year of acquisition in this section. See the instructions for line 1 for information regarding the tooling that is assessable. For purposes of personal property reporting, net book value shall be as determined using generally accepted accounting principles, in a manner consistent with the taxpayer's established methods of depreciation. The net book value for federal income tax purposes shall not be used for purposes of personal property tax reporting. If an accounting change in estimate is indicated relating to a particular asset, the net book value of that asset, as reported for personal property assessment purposes, shall be the value that would have existed for that asset on December 31, 2016 if a correct estimate had originally been made. Your obligation to implement the change in estimate for personal property reporting purposes shall not be affected by a determination that no financial accounting change in estimate is necessary due to lack of materiality. In no event shall assessable tooling be reported at an amount less than is indicated by its expected remaining useful life plus salvage value (if applicable under the depreciation method used).

Section I, Page 3: Report "qualified personal property" in this section. Do not report "qualified personal property" in sections A through F. "Qualified personal property" is property that was made available to you by a "qualified business" (usually a leasing company or a finance company) and which is not assessable to the "qualified business." Such property is assessable to you as the user. The requirements for "qualified business" treatment are strict and many leasing and financing companies do not qualify. Further, such treatment only applies to property subject to an agreement (usually labeled a lease) entered into after December 31, 1993 that qualifies for treatment as "qualified personal property." The "qualified business" is required to have filed a statement with the assessor by February 1st of the current year and is required to have made a written agreement with you in which it is specifically agreed that you will report the property to the assessor as "qualified personal property." See MCL 211.8a.

Section J, Page 3: Report all business machines, postage meters,

machinery, equipment, furniture, fixtures, tools, burglar alarms, signs and advertising devices and other tangible personal property that you are **renting or leasing** from another person or entity. Provide all of the information requested for each lease. You **must** provide the actual or estimated selling price new of the asset so control totals can be generated for use on the Summary and Certification portion of page 1. MCL 211.13 provides that all tangible personal property shall be assessed to the owner thereof, unless the owner is not known. A personal property statement will be sent to the owner. Property reported in this section should not be reported elsewhere on this form.

Section K, Page 3: Report all machines, meters, machinery, equipment, furniture, fixtures, tools, signs and advertising devices that are in your possession but are not owned, leased or rented by you. Examples include equipment left with you by vendors, such as display racks, coolers or fountain equipment, property loaned to you by another, property left with you for storage or rebuilding, consigned equipment not held for resale and assets sold but not yet picked up by the purchaser. Provide all of the information requested for each asset. You **must** provide the actual or estimated selling price new of the asset so that control totals can be generated for use on the Summary and Certification portion of page 1. MCL 211.13 provides that all tangible personal property shall be assessed to the owner thereof, unless the owner is not known. A personal property statement will be sent to the owner.

Cost Grand Total, Page 3: After you have completed sections G through K, add together the totals of cells G1 through K1 to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 3 and carry to line 11a on page 1.

Section L, Page 4: This section is to be completed by leasing companies and others who lease personal property to others. In addition to completing this section, you must complete sections A through F and any other sections that are applicable. You may use attachments rather than completing this section, but only if your attachment provides all the information requested on this section and if you insert the total original selling price where required on the form.

Section M, Page 4: This section is to be completed by tenants who are renting or leasing real property. All improvements (leasehold improvements) you have made to the real property should be reported, even if you believe that the improvements are not subject to assessment as personal property. Provide as much detail as possible so that the assessor can determine whether a personal property assessment should be made. Coaxial and/or fiber-optic wiring costs and associated infrastructure of audio and/or visual systems serving subscribers of one or more multiple unit dwellings or temporary habitations under common ownership, and which do not use public rights-of-way shall be reported in this section and be clearly identified as such. You may use attachments, but only if your attachment provides all the information requested in this section and if you insert the Total Cost Incurred where required on the form. See the instructions for page 1, line 5 for additional explanation.

Section N, Page 4: Report the total capitalized cost and year of construction of buildings and other structures you have placed on land not owned by you, such as leased or public lands or on public rights-of-way. Costs of freestanding communications towers and associated equipment buildings (unless such costs have been reported on Form 4452) and costs of freestanding billboards are examples of other structures that are to be reported. The reported cost must include all costs capitalized on your records. See STC Bulletin 8 of 2007.

Section O, Page 4: Landlords and tenants must provide rental information relating to lease arrangements to which they are a party. Do not report lease or rental arrangements relating to property occupied for residential purposes. If you are a landlord with multiple properties, contact the assessor to arrange an acceptable alternative reporting method. See instructions for page 1, line 5.

Cost Grand Total, Page 4: After you have completed sections M and N, add together the totals of cells M1 and N1 to arrive at a Cost Grand Total. Insert the Cost Grand Total in the box indicated at the bottom of page 4 and carry to line 12a on page 1.

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

OFFICIAL ORDER

Whereas, the State Tax Commission on August 2, 2016, received correspondence from the Bay County Equalization Department regarding Bay City, Bay County and

Whereas, that correspondence indicated the 2016 July Board of Review made corrections to the 2013 and 2014 taxable value for parcel 09-160-029-390-012-00 and

Whereas, the State Tax Commission on August 22, 2016, received correspondence from the Bay City Assessor which indicated that the 2016 July Board of Review corrected a qualified error relating to asphalt paving on parcel 09-160-029-390-012-00 and

Whereas, the 2016 July Board of Review had no authority to make corrections for a qualified error relating to asphalt paving for the 2013 and 2014 tax years and

Whereas, Michigan Compiled Law 211.53b(1) provides "If there has been a qualified error, the qualified error shall be verified by the local assessing officer and approved by the board of review. Except as otherwise provided in subsection (9), the board of review shall meet for the purposes of this section on Tuesday following the second Monday in December and on Tuesday following the third Monday in July. If approved, the board of review shall file an affidavit within 30 days relative to the qualified error with the proper officials and all affected official records shall be corrected. If the qualified error results in an overpayment or underpayment, the rebate, including any interest paid, shall be made to the taxpayer or the taxpayer shall be notified and payment made within 30 days of the notice. A rebate shall be without interest. The treasurer in possession of the appropriate tax roll may deduct the rebate from the appropriate tax collecting unit's subsequent distribution of taxes. The treasurer in possession of the appropriate tax roll shall bill to the appropriate tax collecting unit the tax collecting unit's share of taxes rebated. Except as otherwise provided in subsections (6) and (8) and section 27a(4), a correction under this subsection may be made for the current year and the immediately preceding year only."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission orders that the actions of the Bay City, Bay County 2016 July Board of Review related to changes to the taxable values for parcel 09-160-029-390-012-00 for the 2013 and 2014 tax years be overturned.

Further, it is ordered that the Bay City assessor notify the affected taxpayer of this order and contact the Michigan Department of Treasury Property Services Division staff within 30 days of this order to review this matter further.

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 20th day of September, A.D., 2016.



Douglas B. Roberts, Chairperson

Barry N. Simon, Member

W. Howard Morris, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960

Heather S. Frick, Executive Director

DRAFT

2016 State Tax Commission Classification Appeals

Petition No	Owner Name	County	Unit	Parcel Code	Current Class	Requested Class	Response Req Class	STC Staff Req Class
16-001	Shim Partnership LLC	St. Joseph	Burr Oak	75-001-029-006-10	Residential Real	Agricultural Real	Residential Real	Residential Real
16-002	James / Mike Gainer	St. Clair	Casco	74-12-036-2006-000	Residential Real	Agricultural Real	Residential Real	Residential Real
16-003	Gary & Martha Allen	Kalamazoo	Charleston	08-33-201-030	Residential Real	Agricultural Real	Residential Real	Residential Real
16-004	Airgas USA, LLC	Kent	Grandville	41-50-58-021-719	Commercial Personal	Industrial Personal	Industrial Personal	Industrial Personal
16-005	Dawn M Cazier	Montcalm	Reynolds	59-017-020-001-10	Residential Real	Agricultural Real	Residential Real	Residential Real
16-006	Dawn M. Cazier	Montcalm	Reynolds	59-017-020-001-00	Residential Real	Agricultural Real	Residential Real	Residential Real
16-007	Michael C. Krebs	Montcalm	Richland	59-018-021-004-50	Residential Real	Agricultural Real	Residential Real	Residential Real
16-008	Airgas USA, LLC	Wayne	Wayne	82-55-999-00-4326-001	Commercial Personal	Industrial Personal	Commercial Personal	Industrial Personal
16-009	Airgas USA, LLC	Washtenaw	Pittsfield	L-99-30-043-940	Commercial Personal	Industrial Personal	Industrial Personal	Industrial Personal
16-010	Airgas USA, LLC	Bay	Bangor	09-010-900-000-012-00	Commercial Personal	Industrial Personal	Industrial Personal	Industrial Personal
16-011	RAM Produce Distributors, LLC	Wayne	Detroit	20990130-01	Commercial Personal	Industrial Personal	Commercial Personal	Commercial Personal
16-012	Arthur & Marjorie Levine	Washtenaw	Scio	H-08-17-100-012	Residential Real	Agricultural Real	Residential Real	Dismissed
16-013	Dennis Sielski	Manistee	Filer	5106-029-325-01	Residential Real	Agricultural Real	Residential Real	Residential Real
16-014	Dennis Sielski	Manistee	Filer	5106-030-300-01	Residential Real	Agricultural Real	Residential Real	Residential Real
16-015	Dennis Sielski	Manistee	Filer	5106-030-175-01	Residential Real	Agricultural Real	Residential Real	Residential Real
16-016	John J. Witkowski, Jr. etal	Manistee	Filer	5106-031-225-02	Residential Real	Agricultural Real	Residential Real	Agricultural Real
16-017	John J. Witkowski, Jr. etal	Manistee	Filer	5106-136-150-1	Residential Real	Agricultural Real	Residential Real	Agricultural Real
16-018	Matthew E. Gould	Lake	Sweetwater	43-12-019-010-01	Residential Real	Commercial Real	Residential Real	Residential Real
16-019	Beck & Fisher Investments LLC	Clinton	Greenbush	19090-008-400-017-00	Commercial Real	Commercial Personal	Commercial Real	Commercial Real
16-020	GLE Scrap Metal, Inc.	Macomb	Warren	99-04-520-740	Commercial Personal	Industrial Personal	Commercial Personal	Commercial Personal
16-021	Glei's Orchards LLC	Branch	Coldwater	12-070-014-300-005-05	Commercial Real	Agricultural Real	Commercial Real	Commercial Real
16-022	S. Harkiewicz ET Al, Raymond C. Harkiewicz	Presque Isle	Krakow	060-021-000-004-00	Residential Real	Agricultural Real	Residential Real	Residential Real
16-023	S. Harkiewicz ET Al, Raymond C. Harkiewicz	Presque Isle	Krakow	060-016-000-008-00	Residential Real	Agricultural Real	Residential Real	Residential Real
16-024	S. Harkiewicz ET Al, Raymond C. Harkiewicz	Presque Isle	Krakow	060-020-000-001-00	Residential Real	Agricultural Real	Residential Real	Residential Real
16-025	S. Harkiewicz ET Al, Ramond C. Harkiewicz	Presque Isle	Krakow	060-021-000-002-00	Residential Real	Agricultural Real	Residential Real	Residential Real
16-026	Gordon Food Service, Inc.	Livingston	Green Oak	4716-99-000-220	Commercial Personal	Industrial Personal	Industrial Personal	Industrial Personal
16-027	Gordon Food Service, Inc.	Livingston	Green Oak	4716-99-001-379	Commercial Personal	Industrial Personal	Industrial Personal	Industrial Personal
16-028	Gordon Food Service	Livingston	Green Oak	4716-12-300-001	Commercial Real	Industrial Real	Industrial Real	Industrial Real
16-029	Gordon Food Service, Inc.	Livingston	Green Oak	4716-13-100-018	Commercial Real	Industrial Real	Industrial Real	Industrial Real
16-030	Gordon Food Service, Inc.	Kent	Wyoming	41-50-93-543-000	Commercial Personal	Industrial Personal	Commercial Personal	Commercial Personal
16-031	Kent Real Estate LLC	Kent	Wyoming	41-17-25-300-048	Commercial Real	Industrial Real	Commercial Real	Commercial Real

**Classification Determination Summary for Shim Partnership LLC, File 16-001
Parcel 75-001-029-006-10 Real Property, currently classified Residential Real.**

The taxpayer filing indicated that the subject property is 39 acres used for tillable farming. The taxpayer appealed to the Board of Review on March 11, 2016.

The assessor responded with parcel is 38 acres and vacant, no structures. Current owner has contracted seven acres to raise corn and/or beans.

Staff reviewed the petition filed and the record card provided by the assessor. The assessor recommends Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

- (i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.
- (ii) "Agricultural operations" means the following:
 - (A) Farming in all its branches, including cultivating soil.
 - (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
 - (C) Dairying.

(D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(E) Raising, breeding, training, leasing, or boarding horses.

(F) Turf and tree farming.

(G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Property does not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).
2. Lease agreement and assessor indicated only 7 acres of the 38 acres is contracted to raise corn and/or beans.
3. Aerial photographs and assessor indicate the remaining 24 acres of land is woods and scrubland.

Staff recommended parcel 75-001-029-006-10 be classified Residential Real.

Classification Determination Summary for James Gainer and Mike Gainer, File 16-002 Parcel 74-12-036-2006-000 Real Property, currently classified Residential Real.

The taxpayer filing indicated that the subject property is 60 acres that is landlocked with a new ditch in the middle of the closed road and unbuildable. The taxpayer appealed to the Board of Review on March 12, 2016.

The assessor responded with property does not meet agricultural requirements. Property class was found incorrect as agricultural during a reappraisal done in 2011. This vacant piece of land is fully wooded in spots and partially in other areas.

Staff reviewed the petition filed and the record card provided by the assessor. The assessor recommends Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

(i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.

(ii) "Agricultural operations" means the following:

(A) Farming in all its branches, including cultivating soil.

(B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.

(C) Dairying.

(D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(E) Raising, breeding, training, leasing, or boarding horses.

(F) Turf and tree farming.

(G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Property does not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).
2. Photographs do not indicate agricultural operations.
3. The taxpayer provided no evidence of agricultural activity taking place.

Staff recommended parcel 74-12-036-2006-000 be classified Residential Real.

Classification Determination Summary for Gary & Martha Allen, File 16-003 Parcel 08-33-201-030 Real Property, currently classified Residential Real.

The taxpayer filing indicated that the subject property is 40.25 acres used for farming and residential purposes. The taxpayer appealed to the Board of Review on March 17, 2016.

The assessor responded with there was an ownership change in 2015 leading to an uncapping in 2016. The Board determined that less than half the acreage was leased tillable ground (approximately 15 acres) per the petition and current lease agreements. The majority usage of the property was residential in nature consisting of a building site with residence and recreational lands.

Staff reviewed the petition filed and the record card provided by the assessor. The assessor recommends Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

- (i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.
- (ii) "Agricultural operations" means the following:
 - (A) Farming in all its branches, including cultivating soil.
 - (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
 - (C) Dairying.

(D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(E) Raising, breeding, training, leasing, or boarding horses.

(F) Turf and tree farming.

(G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Property does not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).

2. Agricultural Value Calculation

24 Acres at \$1,200	=	\$ 28,800 True Cash Value
Pole Building	=	\$ 2,039 True Cash Value
Total Agricultural Use	=	\$ 30,839 True Cash Value

Residential Value Calculation

16.25 Acres at \$5,000	=	\$ 81,250 True Cash Value
Home	=	\$ 80,170 True Cash Value
Total Residential Use	=	\$161,420 True Cash Value

3. Under MCL 211.34c(5) this property contains both residential and possibly agricultural uses. However \$161,420 or 84% of the value is in the residential component. Therefore, the property classification would be Residential Real.

Staff recommended parcel 08-33-201-030 be classified Residential Real.

Classification Determination Summary for Airgas USA, LLC, File 16-004 Parcel 41-50-58-021-719 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is for the storage, vaporization and distribution of liquid oxygen, argon and nitrogen. This is the final manufacturing stage, converting liquid into a saleable product. The taxpayer appealed to the Board of Review on March 11, 2016.

The assessor responded with upon a recent site inspection, the main building on the property consists of approximately 4,026 square feet of offices and retail sales area (31% of total building) and 8,960 square feet industrial and storage area (69% of total building).

Staff reviewed the petition filed, photographs and the record card provided by the assessor. The assessor recommends the property be classified as Industrial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The State Tax Commission at their meeting on October 31, 2011 adopted the opinion that personal property on an industrial real parcel is considered industrial personal.
2. The Assessor agrees the property should be classified Industrial Personal.

Staff recommended parcel 41-50-58-021-719 be classified Industrial Personal.

**Classification Determination Summary for Dawn Cazier, Files 16-005 and 16-006
Parcels 59-017-020-001-10 and 59-017-020-001-00 Real Property, currently
classified Residential Real.**

The taxpayer filing indicated that the subject properties are a total of 153 acres used for selling Christmas trees with another portion comprising leased land used to farm hay and corn. The taxpayer appealed to the Board of Review on March 17, 2016.

The assessor responded with the pine trees are not Christmas tree stock and the only farming going on for both parcels is a total of 17.24 acres.

Staff reviewed the petition filed and the record card provided by the assessor. The assessor recommends Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

(i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.

(ii) "Agricultural operations" means the following:

(A) Farming in all its branches, including cultivating soil.

- (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
- (C) Dairying.
- (D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.
- (E) Raising, breeding, training, leasing, or boarding horses.
- (F) Turf and tree farming.
- (G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

- (i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.
- (ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.
- (iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Property does not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).
2. Assessor indicated only 17.24 acres of the total 153 acres has agricultural activity taking place.
3. Aerial photographs indicate the remaining 135 acres of land is woods and scrubland.

Staff recommended parcels 59-017-020-001-10 and 59-017-020-001-00 be classified Residential Real.

Classification Determination Summary for Michael Krebs, File 16-007 Parcel 59-018-021-004-50 Real Property, currently classified Residential Real.

The taxpayer filing indicated that the subject property is 28.4 acres used for planting and selling Christmas trees and nursery stock. The taxpayer appealed to the Board of Review on March 15, 2016.

The assessor responded with the 28.4 acres include seedlings, grasses and other plants that have been planted; however, the plants are just scattered in parts of the 28.4 acres and not planted by the standard guidelines for nursery stock.

Staff reviewed the petition filed, pictures and the record card provided by the assessor. The assessor recommends Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

(i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.

(ii) "Agricultural operations" means the following:

(A) Farming in all its branches, including cultivating soil.

- (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
- (C) Dairying.
- (D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.
- (E) Raising, breeding, training, leasing, or boarding horses.
- (F) Turf and tree farming.
- (G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

- (i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.
- (ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.
- (iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Property does not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).
2. Assessor indicated only 12.79 acres of the 28.4 acres has agricultural activity taking place.
3. Aerial photographs indicate the remaining 15.61 acres of land is woods and scrubland.

Staff recommended parcel 59-018-021-004-50 be classified Residential Real.

Classification Determination Summary for Airgas USA, LLC, File 16-008 Parcel 82-55-999-00-4326-001 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is for the storage, vaporization and distribution of liquid oxygen, CO₂, nitrous oxide and nitrogen. Petitioner alleges this is the final manufacturing stage where liquid is converted into a saleable product. The taxpayer appealed to the Board of Review on March 11, 2016.

The assessor responded with the property does not appear to conform to the classification of Industrial Personal as defined by MCL 211.34c.

Staff reviewed the petition filed, photographs and the record card provided by the assessor. The assessor recommends Commercial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The real property is classified industrial.
2. The State Tax Commission at their meeting on October 31, 2011 adopted the opinion that personal property on an industrial real parcel is considered industrial personal.

Staff recommended parcel 82-55-999-00-4326-001 be classified Industrial Personal.

Classification Determination Summary for Airgas USA, LLC, File 16-009 Parcel L-99-30-043-940 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is for the storage, vaporization and distribution of liquid oxygen, CO₂, argon and nitrogen; as well as preparation of various gas mixes, including but not limited to, medical air and Grade D air. This is the final manufacturing stage where liquid is converted into a saleable product. The taxpayer appealed to the Board of Review on March 11, 2016.

The assessor responded with a field review of the property conducted on July 14, 2016 showed various gases are received, stored in large tanks to be processed, mixed, converted and repackaged for retail use. The assessor indicated that processes and activities at this location appear to meet the definition for “industrial processing.”

Staff reviewed the petition filed, photographs and the record card provided by the assessor. The assessor recommends the property be classified as Industrial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The real property is classified industrial real.
2. The State Tax Commission at their meeting on October 31, 2011 adopted the opinion that personal property on an industrial real parcel is considered industrial personal.

Staff recommended parcel L-99-30-043-940 be classified Industrial Personal.

Classification Determination Summary for Airgas USA, LLC, File 16-010 Parcel 09-010-900-000-012-00 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is for the storage, vaporization and distribution of liquid nitrogen and oxygen. This is the final manufacturing stage where liquid is converted into a saleable product. The taxpayer appealed to the Board of Review on March 11, 2016.

The assessor responded he agreed with petitioners' representative. It was revealed that this location is used to mix gases into complex gases, thus being an industrial facility. The definition for Industrial Real Property mentions "processing purposes, which can be considered the mixing of gases into complex gases."

Staff reviewed the petition filed, photographs and the record card provided by the assessor. The assessor recommends the personal property be classified as Industrial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The real property is classified industrial real.
2. The State Tax Commission at their meeting on October 31, 2011 adopted the opinion that personal property on an industrial real parcel is considered industrial personal.

Staff recommended parcel 09-010-900-000-012-00 be classified Industrial Personal.

Classification Determination Summary for RAM Produce Distributors, LLC, File 16-011 Parcel 20990130-01 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is personal property owned by R.A.M. Produce Distributors, LLC (“RAM Produce”). The taxpayer appealed to the Board of Review on March 11, 2016 claiming the property should be classified industrial personal.

The assessor responded with RAM Produce Distributors LLC is a food distributor of fruits and vegetables and not a manufacturer.

Staff reviewed the petition filed, photos and the record card provided by the assessor. The assessor recommends the property be classified as Commercial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The State Tax Commission adopted the official position that distribution warehouses are considered Commercial property at their May 29, 2012 meeting.
2. The assessor indicated RAM Distributors LLC is not a manufacturer.
3. Distribution is considered a commercial activity, as described in the STC Property Classification Guidelines of December 2013.

Staff recommended parcel 20990130-01 be classified Commercial Personal.

Classification Determination Summary for Arthur Levine and Marjorie Levine, File 16-012 Parcel H-08-17-100-012 Real Property, currently classified Residential Real.

The taxpayer filing indicated there was no intention of developing the property and that they continue to farm it as before.

The assessor responded with petitioner failed to protest the subject property's classification to the March Board of Review and only appealed the value of the property.

Staff reviewed the petition filed and the information provided by the assessor. The assessor recommends Residential Real.

Staff considered the following in their recommendation:

1. Under MCL 211.34c(6) states: an owner of any assessable property who disputes the classification of that parcel shall notify the assessor and may protest the assigned classification to the March board of review. An owner or assessor may appeal the decision of the March board of review by filing a petition with the state tax commission not later than June 30 in that year.
2. Assessor indicates the taxpayer did not appeal classification at the 2016 March Board of Review.
3. Statute requires the Petitioner appeal first to the March Board of review to preserve the appeal rights to the State Tax Commission. Petitioner failure to appeal to the 2016 March Board of Review.

Staff recommended parcel H-08-17-100-012 be dismissed.

**Classification Determination Summary for Dennis Sielski, Files 16-013, 16-014 and 16-015
Parcels 51-06-030-300-325-01, 51-06-0300-300-01 and 51-06-030-300-175-01 Real Property,
currently classified Residential Real.**

The taxpayer filing indicated that the subject property is a total of 136 acres used for pasture land for raising cattle and tilling hay and corn. The taxpayer appealed to the Board of Review on March 14, 2016.

The assessor responded indicating approximately 29 acres total is under cultivation and the remainder of the land is wooded.

Staff reviewed the petition filed, photographs and the record card provided by the assessor. The assessor recommends the property be classified as Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

- (i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.
- (ii) "Agricultural operations" means the following:
 - (A) Farming in all its branches, including cultivating soil.
 - (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
 - (C) Dairying.
 - (D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that

harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(E) Raising, breeding, training, leasing, or boarding horses.

(F) Turf and tree farming.

(G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. The assessor indicated that of the 136 acres, only approximately 19 acres are involved in agricultural activity and remaining land is wooded.

2. Residential Value Calculation:

26.25 Acres at \$1,797 per acre	=	\$ 47,171
20 Acres at \$1,900 per acre	=	\$ 38,000
61 Acres at \$1,638 per acre	=	\$ 99,918
Home	=	\$ 17,683
Total Residential Use	=	\$ 202,772

Agricultural Value Calculation:

10 Acres at \$1,797 per acre	=	\$ 17,970
19 Acres at \$1,683 per acre	=	\$ 31,977
Barn	=	\$ 1,082
Barn 2	=	\$ 963
Grain Storage	=	\$ 88
Cylindrical Silo	=	\$ 374
Total Agricultural Use	=	\$ 52,454

3. Under MCL 211.34c(5) this property contains both residential and possibly agricultural uses. However, \$202,772 or 79% of the value is in the residential component. Therefore, the proper classification would be Residential Real.

Staff recommended parcels 51-06-030-300-325-01, 51-06-0300-300-01 and 51-06-030-300-175-01 be classified Residential Real.

Classification Determination Summary for John J. Witkowski, Jr., Files 16-016 and 16-017 Parcels 51-06-136-150-012 and 51-06-136-150-01 Real Property, currently classified Residential Real.

The taxpayer filing indicated that the subject property is 59 acres total used wholly for agricultural operations. Petitioner indicated the land has always been used for farming and is currently being used for agricultural purposes. The taxpayer appealed to the Board of Review on March 14, 2016.

The assessor responded that upon her review of the adjacent parcels the residential real property classification appeared accurate provided both parcels had a qualified agricultural exemption. Additionally, she also indicated that it appears now more than 50% of parcel 51-06-136-150-012 is now planted to corn.

Staff reviewed the petition filed, aerial photographs and the record card provided by the assessor. The assessor recommends the property be classified as Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

(i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.

(ii) "Agricultural operations" means the following:

(A) Farming in all its branches, including cultivating soil.

(B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.

(C) Dairying.

(D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(E) Raising, breeding, training, leasing, or boarding horses.

(F) Turf and tree farming.

(G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Photographs provided show there is agricultural activity taking place on the properties.
2. The Assessor stated more than 50% of parcel 51-06-136-150-012 is now planted to corn.

Staff recommended parcels 51-06-136-150-012 and 51-06-136-150-01 be classified Agricultural Real.

Classification Determination Summary for Matthew Gould, File 16-018 Parcel 4312-019-010-01 Real Property, currently classified Residential Real.

The taxpayer filing indicated that the subject property is comprised of four acres. Petitioner has owned the property since 1977 and it was classified Commercial Real when originally purchased. The taxpayer appealed to the Board of Review on March 14, 2016.

The assessor responded indicating that the taxpayer is trying to sell the property and wants his assessment raised and the classification changed since listing the property for sale. The subject property has multiple uses.

Staff reviewed the petition filed, photographs, the record card and information provided by the assessor. The assessor recommends the parcel be classified Residential Real. The relevant statutory references are:

MCL 211.34c(2)(b): Commercial real property includes the following:

- (i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
- (ii) Parcels used by fraternal societies.
- (iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.

MCL 211.34c(2)(e): Residential real property includes the following:

- (i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.
- (ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.
- (iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. As stated in MCL 211.34c(2)e): Residential real property includes platted or unplatted parcels, with or without buildings, located within or outside village or city, which are used for, or probably will be used for, residential purposes.
2. Photographs do not substantiate commercial activity.
3. Residential Value Calculation:

2.50 Acres at \$2500 per acre	=	\$	6,250	True Cash Value
Home	=	\$	24,785	True Cash Value
Pole Building	=	\$	3,113	True Cash Value
Pole Building	=	\$	1,770	True Cash Value
Total Residential Use	=	\$	35,918	True Cash Value

Commercial Value Calculation:

1 Acre at \$2500 per acre	=	\$ 2,500 True Cash Value
Commercial Building	=	\$ 25,865 True Cash Value
Total Commercial Use	=	\$ 28,365 True Cash Value

4. Under MCL 211.34c(5) this property contains both residential and possibly commercial uses. However, \$35,918 or 56% of the true cash value is in the residential component. Therefore, the proper classification would be residential.

Staff recommended parcel 4312-019-010-01 be classified Residential Real.

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Classification Determination Summary for Beck & Fisher Investments LLC, File 16-019 Parcel 19090-008-400-017-00 Real Property, currently classified Commercial Real.

The taxpayer filing indicated that the subject property is regarding two bulk storage propane tanks improperly classified as commercial real instead of commercial personal. The taxpayer appealed to the Board of Review on March 16, 2016.

The assessor responded that 2015 a permit was pulled for two 60,000 gallon tanks and these tanks were placed on the 2016 assessment roll as Commercial Real property.

Staff reviewed the petition filed, photographs, the record card and information provided by the assessor. The assessor recommends the parcel be classified Commercial Real. The relevant statutory references are:

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

MCL 211.34c(2)(b): Commercial real property includes the following:

- (i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
- (ii) Parcels used by fraternal societies.
- (iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.

Staff considered the following in their recommendation:

1. Assessor stated the Michigan Assessors Manual states bulk LPG storage tanks are assessable and the LPG tanks are long-lived assets and should be classed as commercial real.
2. MCL 211.34c(2)(b) states: Commercial real property includes buildings on leased land used for commercial purposes.

Staff recommended parcel 19090-008-400-017-00 be classified Commercial Real.

Classification Determination Summary for GLE Scrap Metal, Inc., File 16-020 Parcel 99-04-520-740 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is engaged in environmentally-friendly scrap material recovery, processing and recycling of base and precious metals. The taxpayer appealed to the Board of Review on March 22, 2016.

The assessor responded with the taxpayer failed to provide sufficient evidence to support the classification change.

Staff reviewed the petition filed, aerial photos, and the record card provided by the assessor. The assessor recommends the personal property be classified as Commercial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The taxpayer provided no support or evidence of any manufacturing and processing going on at this location.
2. Taxpayer and Assessor indicated GLE is a corporation engaged in environmentally-friendly scrap material recovery, processing and recycling of base and precious metals.

Staff recommended parcel 99-04-520-740 be classified Commercial Personal.

Classification Determination Summary for File 16-021 - Gleis Orchards LLC Parcel 12-070-014-300-005-05 Real Property, currently classified Commercial Real.

The taxpayer filing indicated that the subject property is 4.6 acres consisting of a greenhouse and farmer's market that grows their own plants, apples, and vegetables to sell to consumers. The taxpayer appealed to the Board of Review on March 9, 2016.

The assessor responded with the commercial classification most significantly influences the total valuation of this parcel.

Staff reviewed the petition filed, photographs, record card and information provided by the assessor. The assessor recommends the parcel be classified Commercial Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

- (i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.
- (ii) "Agricultural operations" means the following:
 - (A) Farming in all its branches, including cultivating soil.

- (B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.
- (C) Dairying.
- (D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.
- (E) Raising, breeding, training, leasing, or boarding horses.
- (F) Turf and tree farming.
- (G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(b): Commercial real property includes the following:

- (i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
- (ii) Parcels used by fraternal societies.
- (iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.

Staff considered the following in their recommendation:

1. MCL 211.34c(2)(b) states: Commercial Real Property includes platted or unplatted parcels used for commercial purposes, whether wholesale, retail or service, with or without buildings.
2. Property does not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).
3. Pictures indicate a Commercial Marketing / Retail Store on the subject property with the property being used for a commercial activity.

Staff recommended parcel 12-070-014-300-005-05 be classified Commercial Real.

Classification Determination Summary for Raymond C. Harkiewicz, Files 16-022, 16-023, 16-024 and 16-025, Parcels 060-021-000-004-00, 060-016-000-008-00, 060-020-000-001-00 and 060-021-000-002-00 Real Property, currently classified Residential Real.

The taxpayer filing indicated that the subject properties total 400 acres used for agricultural operation and pasture land for livestock. The taxpayer appealed to the Board of Review on March 9, 2016.

The assessor responded with the total acres farmed does not meet the 50% tilled requirement under statute.

Staff reviewed the petition filed, photographs and the record card provided by the assessor. The assessor recommends Residential Real. The relevant statutory references are:

MCL 211.34c(2)(a): Agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. For taxes levied after December 31, 2002, agricultural real property includes buildings on leased land used for agricultural operations. If a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property. Contiguity is not broken by a boundary between local tax collecting units, a section boundary, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. For purposes of this subsection, contiguity requires that the parcel classified as agricultural real property by reason of its agriculture use and the vacant parcel, wooded parcel, or parcel on which is located 1 or more agricultural outbuildings must be immediately adjacent to each other, without intervening parcels that do not qualify for classification as agricultural real property based on their actual agricultural use. It is the intent of the legislature that if a parcel of real property is classified as agricultural real property and is engaged in agricultural operations, any contiguous parcel owned by the same taxpayer, that is a vacant parcel, a wooded parcel, or a parcel on which is located 1 or more agricultural outbuildings that comprise more than 50% of the taxable value of all buildings on that parcel as indicated by the assessment records for the local tax collecting unit in which that parcel is located, shall be classified as agricultural real property even if the contiguous parcels are located in different local tax collecting units. Property shall not lose its classification as agricultural real property as a result of an owner or lessee of that property implementing a wildlife risk mitigation action plan. As used in this subdivision:

(i) "Agricultural outbuilding" means a building or other structure primarily used for agricultural operations.

(ii) "Agricultural operations" means the following:

(A) Farming in all its branches, including cultivating soil.

(B) Growing and harvesting any agricultural, horticultural, or floricultural commodity.

(C) Dairying.

(D) Raising livestock, bees, fish, fur-bearing animals, or poultry, including operating a game bird hunting preserve licensed under part 417 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.41701 to 324.41712, and also including farming operations that harvest cervidae on site where not less than 60% of the cervidae were born as part of the farming operation. As used in this subparagraph, "livestock" includes, but is not limited to, cattle, sheep, new world camelids, goats, bison, privately owned cervids, ratites, swine, equine, poultry, aquaculture, and rabbits. Livestock does not include dogs and cats.

(E) Raising, breeding, training, leasing, or boarding horses.

(F) Turf and tree farming.

(G) Performing any practices on a farm incident to, or in conjunction with, farming operations. A commercial storage, processing, distribution, marketing, or shipping operation is not part of agricultural operations.

MCL 211.34c(2)(e): Residential real property includes the following:

(i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.

(ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.

(iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Staff considered the following in their recommendation:

1. Properties do not appear to have more than 50% of the taxable value in agricultural use as required in MCL 211.34c(2)(a).
2. Assessor indicated approximately 96 of the total 400 acres has farming activity.
3. Aerial photographs provided indicate that a majority of the land is wooded.

Staff recommended parcels 060-021-000-004-00, 060-016-000-008-00, 060-020-000-001-00 and 060-021-000-002-00 be classified Residential Real.

Classification Determination Summary for Gordon Food Service, Files 16-026 and 16-027 Parcels 4716-99-000-220 and 4716-99-001-379 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is industrial personal property. The taxpayer contends both their personal property and real property are located on industrial parcels. Consequently, the subject parcels should be classified as industrial personal property rather than commercial personal property. The taxpayer appealed to the Board of Review on March 15, 2016.

The assessor response cited the Ingham County Circuit Court orders indicating the property classification should be changed to industrial personal.

Staff reviewed the petition filed, court orders and the record card provided by the assessor. The assessor recommends Industrial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. In *Gordon Food Service, Inc. et al v Green Oak Charter Township and the Michigan Department of Treasury*, Ingham County Circuit Court Case Number 12-001245-AA, the Court held on July 5, 2016 that the subject properties should be classed industrial personal.

Staff recommended parcels 4716-99-000-220 and 4716-99-001-379 be classified Industrial Personal.

Classification Determination Summary for Gordon Food Service, Files 16-028 and 16-029, Parcels 4716-12-300-001 and 4716-13-100-018 Real Property, currently classified Commercial Real.

The taxpayer filing indicated that the subject property is industrial personal property. The taxpayer contends both their personal property and real property are located on industrial parcels. Consequently, the subject parcels should be classified as industrial real property rather than commercial real property. The taxpayer appealed to the Board of Review on March 15, 2016.

The assessor response cited the Ingham County Circuit Court orders indicating the property classification should be changed to Industrial Real.

Staff reviewed the petition filed and the record card and information provided by the assessor. The assessor recommends the parcel be classified Industrial Real. The relevant statutory references are:

MCL 211.34c(2)(d): Industrial real property includes the following:

- (i) Platted or unplatted parcels used for manufacturing and processing purposes, with or without buildings.
- (ii) Parcels used for utilities sites for generating plants, pumping stations, switches, substations, compressing stations, warehouses, rights-of-way, flowage land, and storage areas.
- (iii) Parcels used for removal or processing of gravel, stone, or mineral ores.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for industrial purposes.
- (v) For taxes levied after December 31, 2002, buildings on leased land for utility purposes.

MCL 211.34c(2)(b): Commercial real property includes the following:

- (i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
- (ii) Parcels used by fraternal societies.
- (iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.

Staff considered the following in their recommendation: In *Gordon Food Service, Inc. et al v Green Oak Charter Township and the Michigan Department of Treasury*, Ingham County Circuit Court Case Number 12-001245-AA, the Court held on July 5, 2016 that the subject properties should be classed industrial personal.

Staff recommended parcels 4716-12-300-001 and 4716-13-100-018 be classified Industrial Real.

Classification Determination Summary for Gordon Food Service, File 16-030, Parcel 41-50-93-543-000 Personal Property, currently classified Commercial Personal.

The taxpayer filing indicated that the subject property is personal property located on an industrial parcel and should be classified industrial property rather than commercial property. The taxpayer appealed to the Board of Review on March 9, 2016.

The assessor responded with the personal property is correctly classed commercial personal because it is used in the operations of a distribution warehouse. The assessor responded with evidence, including the record card, indicating the building is primarily used for warehousing and distribution. The assessor also indicated food products are purchased by Gordon Food Service from food manufacturers and are sorted and redistributed to end users and is used for commercial purposes. The assessor contends there is no industrial functions occurring within this building.

Staff reviewed the petition filed and the record card provided by the assessor. The assessor recommends Commercial Personal. The relevant statutory references are:

MCL 211.34c(3)(c): Industrial personal property includes the following:

- (i) All machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law.
- (ii) Personal property of mining companies.

MCL 211.34c(3)(b): Commercial personal property includes the following:

- (i) All equipment, furniture, and fixtures on commercial parcels, and inventories not exempt by law.
- (ii) All outdoor advertising signs and billboards.
- (iii) Well drilling rigs and other equipment attached to a transporting vehicle but not designed for operation while the vehicle is moving on the highway.
- (iv) Unlicensed commercial vehicles or commercial vehicles licensed as special mobile equipment or by temporary permits.

Staff considered the following in their recommendation:

1. The taxpayer provided no support or evidence of any manufacturing and processing going on at this location.
2. The photographs provided by the taxpayer indicate warehousing and distribution but no manufacturing and processing.
3. Warehousing is generally considered a commercial activity, as described in the STC Property Classification Guidelines of December 2013.
4. Distribution is considered a commercial activity, as described in the STC Property Classification Guidelines of December 2013.
5. The real property is classified Commercial Real.
6. In *Gordon Food Service Inc. and Kent Real Estate LLC v the Michigan State Tax Commission and City of Wyoming*, the Court issued a stipulated Order dated February 26, 2016 dismissing the classification appeal. As a result, the subject property was classified as commercial personal for the years at issue.

Staff recommended parcel 41-50-93-543-000 be classified Commercial Personal.

Classification Determination Summary for Kent Real Estate LLC, File 16-031 Parcel 41-17-25-300-048 Real Property, currently classified Commercial Real.

The taxpayer filing indicated that the subject property is real property located on an industrial parcel and should be classified industrial property rather than commercial property. The taxpayer appealed to the Board of Review on March 9, 2016.

Staff reviewed the petition filed and the information provided.

MCL 211.34c(2)(d): Industrial real property includes the following:

- (i) Platted or unplatted parcels used for manufacturing and processing purposes, with or without buildings.
- (ii) Parcels used for utilities sites for generating plants, pumping stations, switches, substations, compressing stations, warehouses, rights-of-way, flowage land, and storage areas.
- (iii) Parcels used for removal or processing of gravel, stone, or mineral ores.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for industrial purposes.
- (v) For taxes levied after December 31, 2002, buildings on leased land for utility purposes.

MCL 211.34c(2)(b): Commercial real property includes the following:

- (i) Platted or unplatted parcels used for commercial purposes, whether wholesale, retail, or service, with or without buildings.
- (ii) Parcels used by fraternal societies.
- (iii) Parcels used as golf courses, boat clubs, ski areas, or apartment buildings with more than 4 units.
- (iv) For taxes levied after December 31, 2002, buildings on leased land used for commercial purposes.

Staff considered the following in their recommendation:

1. The taxpayer provided no support or evidence of any manufacturing and processing going on at this location.
2. The photographs provided by the taxpayer indicate warehousing and distribution but no manufacturing and processing.
3. Warehousing is generally considered a commercial activity, as described in the STC Property Classification Guidelines of December 2013.
4. Distribution is considered a commercial activity, as described in the STC Property Classification Guidelines of December 2013.
5. The real property is classified Commercial Real.
6. In *Gordon Food Service Inc. and Kent Real Estate LLC v the Michigan State Tax Commission and City of Wyoming*, the Court issued a stipulated Order dated February 26, 2016 dismissing the classification appeal. As a result, the subject property was classified as commercial real for the subject years at issue.

Staff recommended parcel 41-17-25-300-048 be classified Commercial Real.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

**2017 REGULAR MEETINGS
MICHIGAN STATE TAX COMMISSION
HOLIDAY INN EXPRESS AND OKEMOS CONFERENCE CENTER
2187 UNIVERSITY PARK DRIVE
OKEMOS, MICHIGAN**

February 14, 2017

April 17, 2017

May 8, 2017 (Statutory)

May 22, 2017 (Statutory)

June 6, 2017 (Final State Assessed)

August 22, 2017

September 18, 2017

October 30, 2017

November 28, 2017

December 12, 2017 (Exemptions Appeals)

DRAFT

The State Tax Commission shall also meet at the call of the Chairperson.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: September 20, 2016
TO: Members of the State Tax Commission
FROM: LaNiece Densteadt, Departmental Technician
SUBJECT: Charitable Non Profit Housing Organization Exemption

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. As part of the review process, State Tax Commission staff consulted with the State Treasurer.

It is recommended that you approve the applications effective on December 31, 2016 for the 2017 tax year, for either a period of three (3) or five (5) years with an expiration date of December 30, 2019 or December 30, 2021, 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
September 20, 2016 Meeting

Application Number	Name of Charitable Organization	Unit	Unit Type	County	Parcel Number	Years Approved
16-037	Masjid Malcolm Shabazz House of Worship, Inc.	Inkster	City	WAYNE	82-44-001-06-0025-000	3 years
16-038	Masjid Malcolm Shabazz House of Worship	Inkster	City	WAYNE	82-44-003-05-0082-000	3 years
16-039	Masjid Malcolm Shabazz House of Worship, Inc.	Inkster	City	WAYNE	82-44-004-02-0112-000	3 years
16-040	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-004-02-0160-000	3 years
16-041	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-005-01-0010-000	3 years
16-042	Masjid Malcolm Shabazz House of Worship	Inkster	City	WAYNE	82-44-005-01-0016-002	5 years
16-043	Masjid Malcolm Shabazz House of Worship Inc	Inkster	City	WAYNE	82-44-005-02-0015-000	3 years
16-044	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-006-01-0018-000	3 years
16-045	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-006-01-0023-000	3 years
16-046	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-006-01-0036-000	3 years
16-047	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-006-01-0050-002	3 years
16-048	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-006-01-0092-000	3 years
16-049	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-010-04-0687-000	3 years
16-050	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-010-06-0238-000	3 years
16-051	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-014-02-0152-002	3 years
16-052	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-023-06-0025-000	3 years
16-053	Masjid Malcolm Shabazz House of Worship, Inc.	Inkster	City	WAYNE	82-44-025-02-1427-000	3 years
16-054	Masjid Malcolm Shabazz House of Worship Inc.	Inkster	City	WAYNE	82-44-025-03-0010-000	3 years
16-055	Masjid Malcolm Shabazz House of Worship, Inc.	Inkster	City	WAYNE	82-44-016-01-0163-000	3 years
16-056	Lakeshore Habitat for Humanity	Holland	City	OTTAWA	70-16-27-303-003	5 years
16-057	Lakeshore Habitat for Humanity	Holland	City	OTTAWA	70-16-27-303-004	5 years
16-058	Lakeshore Habitat for Humanity	Holland	Twp	OTTAWA	70-16-08-363-001	5 years
16-059	Lakeshore Habitat for Humanity	Holland	Twp	OTTAWA	70-16-08-364-021	5 years
16-060	Lakeshore Habitat for Humanity	Holland	Twp	OTTAWA	70-16-08-362-010	5 years
16-061	Lakeshore Habitat for Humanity	Holland	Twp	OTTAWA	70-16-08-363-006	5 years



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: September 20, 2016

TO: Members of the State Tax Commission

FROM: Heather S. Frick, Executive Director

SUBJECT: Staff Recommendation Regarding City of Detroit's Reappraisal

As background, in 2013, the State Tax Commission ordered a review of the record cards for the City of Detroit. That review indicated the record cards for the City were generally accurate in their listing of the properties attributes however, the record cards themselves showed serious deficiencies. Specifically, all of the cards reviewed were in override, the majority of the homes were at a class C, all homes were at 45% depreciation, all had an ECF of 1.0 and land values are all flat valued.

In accordance with standard STC policy, the Commission provided this information to the City and required a corrective action plan with detailed information on how they will correct these deficiencies and a timetable for those corrections. The City's plan indicated they would contract with various entities to conduct a complete reappraisal of the City's over 400,000 parcels. This reappraisal was to be completed for the 2017 assessment roll.

The State Tax Commission formally accepted the City's corrective action plan in April 2014. The State Tax Commission has statutory responsibility to ensure that certified assessment rolls meet the requirements of the General Property Tax Act (GPTA). This statutory responsibility includes ensuring that reappraisals meet the requirements of the GPTA, State Tax Commission Rules, Bulletins and Guidelines and the State Tax Commission Assessors Manual.

On August 23, 2016, representatives of the City of Detroit appeared before the Commission to provide an update on the City of Detroit's reappraisal, highlighting progress on the residential class reappraisal, issues with the commercial and industrial class reappraisal, internal organization restructuring, involvement of Tyler Technology, and reliance on resources outside of the City Assessor's Office, including receipt of data on recorded deeds, building permits, and demolition of structures. Following the updates on the City's progress, Ms. Lisa Hobart on behalf of the City of Detroit presented eight action items for the Commission's consideration. Staff recommends the Commission take the following actions regarding each of the requests delineated below:

- 1. Approval of the modified corrective action plan.** The City of Detroit presented a modification of the corrective action plan, which included seven requested amendments related to data gathering by a local not-for-profit, the handling of scheduled demolitions, completion of steps in 2015, not 2014, to get the database out of override, updates to reflect that remote data verification has not and will not be the primary method of gathering data for the commercial class, approval of a matrix that applies depreciation at half of actual age and then applies adjustments based on abnormal physical

condition, modification of the standard for field inspection to be applied after property characteristics are verified remotely, and a revised indication that City staff and Tyler Technology will verify that a property is unimproved.

Staff recommends the revised corrective action plan as presented by the City of Detroit be accepted.

- 2. Approval of the delay of completion of the reappraisal of commercial and industrial properties until the 2018 assessment.** During Ms. Hobart's testimony at the Commission's August meeting, Ms. Hobart indicated both Tyler Technology and the City's internal team are working on data collection for the commercial and industrial properties. Until the data collection work can be completed, the City has indicated that the industrial properties will remain in override.

As a result of this delay, staff recommends the City of Detroit provide an updated work plan for the completion of the reappraisal of the commercial and industrial properties within the City. Contingent upon an acceptable work plan being submitted and accepted, staff recommends approval of the delay of completion of the reappraisal of commercial and industrial properties until 2018.

- 3. Request the Audit of Minimum Assessment Requirements (AMAR) review be delayed until 2019.** The City of Detroit requested an AMAR be conducted one year after completion of the reappraisal project. Staff recommends the request be approved and the City of Detroit AMAR be conducted in 2020 when Wayne County is scheduled to be reviewed under the attached AMAR List of Counties for Review approved by the State Tax Commission on June 9, 2015.

Of significance, if the staff recommendation is adopted, the Commission should also approve a revision to the State Tax Commission Audit of Minimum Assessing Requirements (AMAR) List of Counties for Review to reflect this change.

- 4. Acknowledgement that the City's uncapping plan.** The City of Detroit indicated on the record that approximately 43,000 parcels failed to uncap as required by law. The City submitted a written plan outlining its intent is to correct the taxable value prospectively starting with the 2017 assessment by taking the issue to the 2017 March Board of Review based on advice from the City's legal department relying on *Michigan Properties LLC v Meridian Township*, 491 Mich 518 (2012). The City's letter does not describe in detail how it intends to carry out these corrections.

First, staff recommends the City determine if the failure to uncap is on the part of the transferee failing to file a Property Transfer Affidavit in a timely manner as required by law or was a result of a clerical error on the part of the assessor. Of significance, *Michigan Properties* addresses the controlling statute, MCL 211.27a, and a delayed uncapping that was solely the result of the assessor's error and not a taxpayer error in reporting the transfer.

If the City of Detroit determines the taxpayer properly filed a Property Transfer Affidavit, as required by statute, and that the uncapping error is solely the result of an assessor error, then the March Board of Review may correct a parcel's taxable value for the current year if that value is incorrect as a result of the prior year's missed uncapping under MCL 211.27a, consistent with MCL 211.29 and the Michigan Supreme Court's decision in *Michigan Properties*. The March Board of Review, however, must use the finalized TCV, TV and SEV on the tax rolls from the year

following the transfer of ownership, without any adjustment, to determine what the uncapped TV should have been in the year following the transfer.

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

This question has also been forwarded to the Attorney General's office for further divisional level advice.

5. **Allow for certified assessors to receive continuing education for the training programs administered by the City.** The City indicated at the August 23rd Commission meeting that they are developing materials that they intend to submit for continuing education approval. This material would be offered to City employees only.

Staff recommends the City of Detroit request continuing educational course approval for all educational programs the City will provide certified assessors with assessment administration education. The City should complete Form 4738, *State Tax Commission Continuing Educational Course and Instructor Approval Request*, and provide all of the following required documentation for each course to be offered by the City no less than 30 days prior to the scheduled course:

- a) Description of the course, including objectives.
- b) Timed outline of the course, including the time expected to be spent on each covered subject.
- c) Documentation of the qualifications of the Instructor(s), including programs previously instructed, resume, etc.
- d) Signed Continuing Education Instructor Agreement (see page 2).
- e) For online programs, include an explanation of the testing and accountability procedures.
- f) Any additional relevant information that will assist in completing the review process.
- g) Executed Instructor Agreement(s)

Upon submission, staff will review the course material and process each request to ensure that it meets the continuing education requirements for annual certification. Staff will then notify the City of Detroit if the course is approved upon completion of the review.

6. Require John Ryan of J.F. Ryan Associates Inc. to adhere to a regular meeting schedule with the City.

Staff recommends the Commission approve the City's request; however, this request should be limited to the requirements included within the contractual provisions outlined in the contract dated January 7, 2015 between J.F. Ryan Associates Inc. and the State of Michigan. As contractor, J.F. Ryan Associates monitors the City of Detroit Reappraisal project on behalf of the State Tax Commission to

ensure compliance with the General Property Tax Act (GPTA), State Tax Commission Rules, Bulletins and the State Tax Commission Assessors Manual.

J.F. Ryan Associates Inc. is responsible for monitoring the reappraisal conducted by the City of Detroit on behalf of the State Tax Commission and reporting to the State Tax Commission on the accuracy of the reappraisal work, ultimately recommending acceptance or denial of the reappraisal by the State Tax Commission.

Consequently, staff recommends that J.F. Ryan Associates Inc. continue to review the work completed by the City to determine if the City is on track to complete the work as presented to the State Tax Commission in the corrective action plan in the timeframes provided for in the corrective action plan. In order to assist with this review, staff recommends the Commission request the City timely submit the requested information to J.F. Ryan and Associates Inc. and continue to provide written monthly reports. The City of Detroit may also seek further guidance in accordance with the contract with J.F. Ryan Associates Inc. J.F. Ryan Associates Inc. will continue to act in its capacity as the liaison between the City of Detroit and State Tax Commission during the reappraisal work.

7. Affirm that Commission oversight relinquishes Wayne County from providing any oversight and provides that the equalization factor be set at 1.00 when the reappraisal is implemented for the residential class for the 2017 assessments.

Staff confirms that Wayne County has no oversight requirement over the City of Detroit reappraisal. Nevertheless, equalization factors cannot be predetermined. Wayne County must still perform the required statutory equalization steps outlined in the General Property Tax Act and Commission policy to ensure uniform and equitable assessments.

8. Allow electronic Form L-4035 and L-4035a to serve as source documents for City.

The City of Detroit has requested L-4035, *Petition to the Board of Review*, and L-4035a, *Taxable Value Calculations Worksheet*, be completed by the Board of Review electronically rather than for each individual parcel of property that causes a taxable value to change. The City indicated on the record that it intends to link all the required documentation to the source document. This request is made so that the City can help deliver timely tax bills to residents.

In order to determine if this will meet the Commission's requirements outlined in filing these mandatory forms, staff recommends the City of Detroit provide a sample source document detailing the process for further staff review.

Michigan State Tax Commission
Audit of Minimum Assessing Requirements (AMAR)
List of Counties for Review

2016 Counties	2017 Counties	2018 Counties	2019 Counties	2020 Counties
Antrim	Arenac	Alcona	Alger	Houghton
Baraga	Benzie	Allegan	Bay	Ionia
Branch	Calhoun	Alpena	Berrien	Iron
Cheboygan	Huron	Barry	Chippewa	Kent
Clare	Isabella	Cass	Crawford	Leelanau
Delta	Lake	Charlevoix	Dickinson	Livingston
Iosco	Mecosta	Clinton	Eaton	Mackinac
Jackson	Monroe	Emmett	Genesee	Macomb
Kalkaska	Ogemaw	Gladwin	Gogebic	Marquette
Keweenaw	Osceola	Grand Traverse	Gratiot	Missaukee
Luce	Roscommon	Hillsdale	Newaygo	Muskegon
Mason	Shiawassee	Ingham	Oceana	Ontonagen
Montcalm		Kalamazoo	Otsego	Ottawa
Oakland		Lapeer	Presque Isle	Saginaw
Oscoda		Lenawee	Sanilac	Schoolcraft
St. Clair		Manistee	Tuscola	Van Buren
St. Joe		Midland	Washtenaw	Wayne (No Detroit)
		Montmorency	Wexford	
17	12	18	18	17

Approved by the State Tax Commission June 9, 2015

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

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. 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.

More information on eligible manufacturing personal property is contained in State Tax Commission Bulletins 7, 8 and 9 of 2015 and available on the Essential Service Assessment website at www.michigan.gov/esa.

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

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

adopted, the applications are sent to the Department of Treasury. Complete applications must meet all of the following requirements:

- 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 new personal property must be owned or leased by an ELIGIBLE BUSINESS.
- e. The new personal property and the eligible business must be located in an ELIGIBLE DISTRICT.

The following are documents that must accompany all applications:

- 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.

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

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

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.

9. 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.

10. 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.

11. 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.

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

12. 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

13. 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.

14. 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.

15. Can a New Personal Property Tax Exemption Certificate be revoked? If yes, who holds the authority to do so?

No. A New Personal Property Tax Exemption Certificate cannot be revoked.

16. 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.

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

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.
- c. Is zoned to allow for mixed use.

17. 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.

18. 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.

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

(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.

19. 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

20. 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.

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

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 146 of 2000, 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 an Obsolete Property Rehabilitation Exemption?

The Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000, as amended, provides tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. The property must be located in an established Obsolete Property Rehabilitation District. Exemptions are approved for a term of 1-12 years as determined by the local unit of government. The property taxes for the rehabilitated property are based on the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the exemption. Additionally, the State Treasurer may approve reductions of half of the school operating and state education taxes for a period not to exceed 6 years for 25 applications annually. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of OPRA certificates. Exemptions are not effective until approved by the STC.

2. Who establishes an Obsolete Property Rehabilitation District?

The legislative body of a qualified local governmental unit may establish an Obsolete Property Rehabilitation District on its own initiative or upon a written request filed by the owner(s) of property comprising at least 50% of all taxable value of the property located within the proposed Obsolete Property Rehabilitation District.

3. How do I apply for an Obsolete Property Rehabilitation Exemption Certificate?

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

File two (2) copies of the completed application and all attachments with the clerk of the local governmental unit where the property is located. You must meet the following qualifications of the Act:

- a. The property must be located within a qualified local governmental unit defined under MCL 125.2782(k).

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Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

- b. The property must be located within an obsolete property rehabilitation district defined under MCL 125.2782(i)
- c. The property has been determined by the assessor to be an obsolete property defined under MCL 125.2782(h).

4. Are there provisions in the application process which are time sensitive?

Yes. To guarantee same year approval, applications must be completed and received by the State Tax Commission no later than October 31st. Applications received after October 31st will be processed based on staff availability.

5. Who determines if a facility qualifies for an Obsolete Property Rehabilitation Exemption Certificate?

Initially, that determination is made when the application is filed and reviewed by the local governmental unit. However, the local governmental unit's determination is reviewed and either approved, modified, or denied by the State Tax Commission (STC). The STC determination is based partly on the assessor's statement of obsolescence, which requires the assessor to visit the site and determine that the property is obsolete.

6. Can an application for an Obsolete Property Rehabilitation Exemption Certificate be denied?

Yes. An application can be denied at the local governmental unit level or by the State Tax Commission if all of the requirements were not met by the applicant.

7. Can a decision of the State Tax Commission (STC) regarding an Obsolete Property Rehabilitation Exemption Certificate be appealed?

Yes. A party aggrieved by the issuance, refusal to issue, revocation, transfer or modification of an Obsolete Property Rehabilitation exemption may appeal a final decision of the State Tax Commission 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 an Obsolete Property Rehabilitation Exemption Certificate?

The certificate may be issued for a period of at least 1 year, but not more than 12 years. The total amount of time determined for the certificate, including any extensions, shall not exceed 12 years after the completion of the rehabilitated facility. The certificate shall commence with its effective date and end on the December 30th immediately following the last day of the number of years approved.

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Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

9. What determines the starting date of an Obsolete Property Rehabilitation Exemption Certificate?

The effective date of the certificate is December 31st immediately following the date of issuance of the certificate by the State Tax Commission.

10. How is the tax computed on a rehabilitated facility?

Calculating the obsolete property's tax is a two-step process.

First, multiply the total mills levied as ad valorem taxes for that year by all taxing units by the taxable value of the real property (excluding land) for the tax year immediately preceding the effective date of the obsolete property rehabilitation exemption.

Second, multiply the local school district operating and state education tax mills by the difference between the taxable value of the real property (excluding land) for the current tax year and the taxable value of the real property (excluding land) for the tax year immediately preceding the effective date of the exemption. Within sixty (60) days after the granting of an obsolete property rehabilitation exemption certificate, the State Treasurer may exempt 50% of these mills for a period of not to exceed six (6) years. The State Treasurer will not grant more than 25 of these exemptions each year.

11. Are special assessment millage rates impacted by the granting of an Obsolete Property Rehabilitation Act exemption?

Special assessment millage rates may be impacted. Millage-based special assessments levied under Public Act 33 of 1951 do not apply to property with an Obsolete Property Rehabilitation Act exemption. However, the special assessment would still be applicable to the land on which the Obsolete Property Rehabilitation Act exemption property is located. Conversely, for millage-based special assessments levied under public acts other than Public Act 33 of 1951, property with an Obsolete Property Rehabilitation Act exemption pays on the full special assessment millage rate, the same as any "ad valorem" property.

12. What happens when an incomplete application for an Obsolete Property Rehabilitation Exemption Certificate is received?

The applicant will be contacted to submit the required items.

13. Can an Obsolete Property Rehabilitation Exemption Certificate be transferred?

Yes. A certificate may be transferred and assigned by the holder of the certificate to a new owner of the rehabilitated facility if the qualified local governmental unit approves the transfer after application by the new owner.

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Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

14. Can an Obsolete Property Rehabilitation Exemption Certificate (OPREC) be revoked? If yes, who holds the authority to do so?

Yes. The legislative body of the qualified local governmental unit may, by resolution, revoke the Obsolete Property Rehabilitation Exemption Certificate of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time has not been received. In addition, the certificate may be revoked if the holder of the OPREC has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.

15. When does the revocation of an Obsolete Property Rehabilitation Exemption Certificate take effect?

The revocation of an Obsolete Property Rehabilitation Exemption Certificate is effective the December 31st of the year in which the local governmental unit resolves to revoke the certificate.

16. What is the definition of “commercial property”?

MCL 125.2782(b) defines “commercial property” as:

“Land improvements classified by law for general ad valorem tax purposes as real property including buildings and improvements assessable as real property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206; MCL 211.8 and 211.14, the primary purpose and use of which is the operation of a commercial business enterprise. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise or a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property **does not** include any of the following: land or property of a public utility.” (Emphasis added)

17. What is the definition of “obsolete property”?

MCL 125.2782(h) defines “obsolete property” as:

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(PA 146 of 2000, as amended)

“Commercial property or commercial housing property that is 1 or more of the following:

- i. Blighted, as that term is defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381; MCL 125.2652;
- ii. A facility as that term is defined under section 20101 of the natural resources and environmental protection act, 1994 PA 451; MCL 324.20101; and
- iii. Functionally obsolete.”

18. What is the definition of “rehabilitation”?

“Rehabilitation” is defined by MCL 125.2782(1) as:

“changes to obsolete property other than replacement that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition. Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the obsolete property.”

19. What is the definition of “rehabilitated facility”?

MCL 125.2782(m) defines “rehabilitated facility” as:

“commercial property or commercial housing property that has undergone rehabilitation or is in the process of being rehabilitated, including rehabilitation that changes the intended use of the building. A rehabilitated facility **does not** include property that is to be used as a professional sports stadium or casino.” (Emphasis added)

Frequently Asked Questions
Obsolete Property Rehabilitation Act
(PA 146 of 2000, as amended)

20. What is required of the Local Governmental Unit regarding the yearly status reporting of Obsolete Property Rehabilitation Exemptions to the State Tax Commission?

Not later than October 15th of each year, each local governmental unit granting an Obsolete Property Rehabilitation Exemption shall report to the commission on the status of each exemption. The report must include the current value of the property to which the exemption pertains, the value on which the obsolete property rehabilitation tax is based, a current estimate of the number of jobs retained or created by the exemption, and a current estimate of the number of new residents occupying commercial housing property units covered by the exemption.

21. Where can I obtain copies of previously issued Obsolete Property Rehabilitation 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.

Frequently Asked Questions
Commercial Rehabilitation Act
(PA 210 of 2005, as amended)

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 210 of 2005, 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 Commercial Rehabilitation Exemption?

The Commercial Rehabilitation Act, PA 210 of 2005, as amended provides a tax exemption for property of which the primary purpose and use is the operation of a commercial business enterprise, multifamily residential or qualified retail food establishments. Types of commercial business enterprises may include but are not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Multifamily residential is housing that consists of 5 or more units. Qualified retail food establishments are primarily retail supermarkets, grocery stores, produce markets or delicatessens that offer fresh USDA inspected meat and poultry, fresh fruits and vegetables, and dairy products for sale. Applying for a Commercial Rehabilitation Exemption involves a multi-step process. First, completed applications are sent to the local governmental unit for review and approval. Qualified retail food establishment applicants must also submit an additional application at that time. If the local governmental unit approves the applications, they are forwarded to the State Tax Commission for further review and approval.

Commercial Rehabilitation Tax Exemption Certificate applications are available from the Michigan Department of Treasury at: www.michigan.gov/propertytaxexemptions.

2. Who establishes a Commercial Rehabilitation District?

The legislative body of a qualified local governmental unit may establish a commercial rehabilitation district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed commercial rehabilitation district.

3. Can a request to establish a Commercial Rehabilitation District be denied?

Yes. A hearing must be offered to all property owners within the proposed district and to the county, offering them an opportunity to appear and be heard. The local governmental unit may deny the establishment of the district but must put the denial into a resolution.

4. Who can file an application for a Commercial Rehabilitation Exemption Certificate and with whom is it filed?

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Commercial Rehabilitation Act
(PA 210 of 2005, as amended)

The owner of a qualified facility may file an application for a Commercial Rehabilitation Exemption Certificate with the clerk of the local governmental unit that established the Commercial Rehabilitation District.

5. How do I apply for a Commercial Rehabilitation Exemption Certificate?

Applications for Commercial Rehabilitation Exemption Certificates are filed with the local governmental unit by the owner of the property. The application must be accompanied by the following required documents:

- a. A general description of the facility (including year built, original use, most recent use, number of stories, square footage);
- b. A general description of the rehabilitated facility's proposed use;
- c. A detailed description of the general nature and extent of the rehabilitation to be undertaken;
- d. A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility;
- e. A time schedule for undertaking and completing the facility's rehabilitation;
- f. A statement of economic advantages expected from the exemption;
- g. A legal description of the property outlined in the application;
- h. A copy of the resolution approved by the local unit establishing the eligible district;
- i. The local unit resolution, containing all the required statements, approving the application for the exemption; and
- j. If applicable, a completed Form 4753, Commercial Rehabilitation Exemption Certification for Qualified Retail Food Establishments.

The local governmental unit will review the application and, if all requirements are met, will forward the application to the State Tax Commission.

6. Are there provisions in the application process which are time sensitive?

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Commercial Rehabilitation Act
(PA 210 of 2005, as amended)

MCL 207.848 requires that the commencement of the rehabilitation of the qualified facility does not occur earlier than 6 months before the applicant files the application for the Commercial Rehabilitation Exemption Certificate.

7. Who determines if a facility qualifies for a Commercial Rehabilitation Exemption Certificate?

Initially, that determination is made when the application is filed and reviewed by the local governmental unit. However, the local governmental unit's determination is reviewed and either approved, modified, or denied by the State Tax Commission.

8. What requirements for a Commercial Rehabilitation Exemption Certificate must be met to gain approval at the local governmental unit level?

An applicant seeking a Commercial Rehabilitation Exemption Certificate must meet the following qualifications:

- a. The commencement of the rehabilitation of the qualified facility does not occur earlier than 6 months before the applicant files the application for the Commercial Rehabilitation Exemption Certificate.
- b. The application relates to a rehabilitation program that when completed constitutes a qualified facility within the meaning of the act and that shall be situated within a Commercial Rehabilitation District established in a qualified local governmental unit eligible under the act.
- c. Completion of the qualified facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the qualified facility is situated.
- d. The applicant states, in writing, that the rehabilitation of the qualified facility would not be undertaken without the applicant's receipt of the exemption certificate.
- e. The applicant is not delinquent in the payment of any taxes related to the qualified facility.

9. Can a decision of the State Tax Commission (STC) regarding a Commercial Rehabilitation Exemption Certificate be appealed?

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Commercial Rehabilitation Act
(PA 210 of 2005, as amended)

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

10. What is the term of a Commercial Rehabilitation Exemption Certificate?

A certificate may be issued for a period to be determined by the legislative body of the local governmental unit of at least 1 year but not to exceed 10 years. If the number of years determined is less than 10, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate, including any extensions, shall not exceed 10 years after the completion of the qualified facility.

11. What determines the starting date of a Commercial Rehabilitation Exemption Certificate?

The effective date of the certificate is December 31st immediately following the date of issuance of the certificate by the State Tax Commission.

12. How is the Commercial Rehabilitation Tax computed for a rehabilitated facility?

Calculating the commercial rehabilitation tax is a two-step process. First, multiply the total mills levied as ad valorem taxes for that year by all taxing units by the taxable value of the real property (excluding land) for the tax year immediately preceding the effective date of the commercial rehabilitation exemption.

Second, multiply the local school district operating and state education tax mills by the difference between the taxable value of the real property (excluding land) for the current tax year and the taxable value of the real property (excluding land) for the year immediately preceding the effective date of the exemption.

For a qualified retail food establishment that was issued a certificate on or before December 31, 2009, the tax is the sum of the product computed by multiplying the total mills levied as ad valorem taxes for that year by all taxing units (including local school district operating and the state education tax) by the taxable value of the real property (excluding land) for the tax year immediately preceding the rehabilitation and the product computed by multiplying the local school district operating and state education tax mills by the difference between the taxable value of the real property (excluding land) for the current tax year and the taxable value of the real property (excluding land) for the tax year immediately preceding the rehabilitation.

13. Are special assessment millage rates impacted by the granting of a Commercial Rehabilitation Act exemption?

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Commercial Rehabilitation Act
(PA 210 of 2005, as amended)

Special assessment millage rates may be impacted. Millage-based special assessments levied under Public Act 33 of 1951 do not apply to property with a Commercial Rehabilitation Act exemption. However, the special assessments would still be applicable to the land on which the Commercial Rehabilitation Act exemption property is located. Conversely, for millage-based special assessments levied under public acts other than Public Act 33 of 1951, property with a Commercial Rehabilitation Act exemption pays on the full special assessment millage rate, the same as any “ad valorem” property.

14. What happens when an incomplete application for a Commercial Rehabilitation Exemption Certificate is received?

The applicant will be contacted to submit the required items.

15. For Qualified Retail Food Establishments, how do you determine if you are located in an “underserved area?”

Visit the Property Tax Exemption Section website at www.michigan.gov/propertytaxexemptions. Under “Commercial Rehabilitation Act,” click on “Qualified Retail Food Establishments.” Then click on “Eligibility Requirements,” which describes how to find the census tract that you are located in. Last, click on “Census Tracts Regarding Underserved Areas” for a listing of qualifying census tracts.

16. Can a Commercial Rehabilitation Exemption Certificate be transferred or amended?

Yes. MCL 207.853 allows a certificate to be transferred and assigned by the holder to a new owner of the qualified facility. The new owner must first apply and be approved by the qualified local governmental unit before the transfer may occur. A certificate may also be amended if the number of years initially exempted is less than 10. The certificate may then be subject to review by the legislative body of the qualified local governmental unit and be extended.

17. Can a Commercial Rehabilitation Exemption Certificate be revoked? If yes, who holds the authority to do so?

Yes. Pursuant to MCL 207.852, the legislative body of the qualified local governmental unit may, by resolution, revoke the Commercial Rehabilitation Exemption Certificate of a facility if it finds that the completion of rehabilitation of the qualified facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time, or that the holder of the Commercial Rehabilitation Exemption Certificate has not proceeded in good faith with the operation of the qualified facility in a manner consistent with the purposes of the act and in the absence of circumstances that are beyond control of the holder of the exemption certificate.

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Commercial Rehabilitation Act
(PA 210 of 2005, as amended)

18. When does the revocation of a Commercial Rehabilitation Exemption Certificate take effect?

The revocation of a Commercial Rehabilitation Exemption Certificate is effective the December 31st of the year in which the local governmental unit resolves to revoke the certificate.

19. What is the definition of a “Qualified Facility?”

A “Qualified Facility” is defined by MCL 207.842(h) as:

“A qualified retail food establishment or a building or group of contiguous buildings of commercial property that is 15 years old or older or has been allocated for a new market tax credit under section 45d of the internal revenue code, 26 USE 45d. Qualified facility also includes a building or a group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property which within the immediately preceding 15 years, was commercial property as defined in subdivision (a). Qualified facility shall also include vacant property located within a city with a population of more than 500,000 according to the most recent federal decennial census and from which a previous structure has been demolished and on which commercial property is or will be newly constructed provided an application for a certificate has been filed with that city before July 1, 2010. A qualified facility also includes a hotel or motel that has additional meeting or convention space that is attached to a convention and trade center that is over 250,000 square feet in size and that is located within a county with a population of more than 1,100,000 and less than 1,600,000 as of the most recent decennial census. A qualified facility **does not** include property that is to be used as a casino or a professional sports stadium. As used in this subdivision, “casino” means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.” (Emphasis added)

20. How is “rehabilitation” defined as it pertains to the Commercial Rehabilitation Act?

MCL 207.842(j) defines rehabilitation as changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or

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excessive height, new or improved fixed building equipment including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition. Rehabilitation for a qualified retail food establishment also includes new construction. Rehabilitation also includes new construction of a qualified facility that is a hotel or motel that has additional meeting or convention space that is attached to a convention or trade center that is over 250,000 square feet in size, located within a county with a population of more than 1,100,000 and less than 1,600,000 as of the most recent decennial census, if that new construction is an economic benefit to the local community as determined by the qualified local governmental unit. Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if that new construction is an economic benefit to the local community as determined by the qualified local governmental unit. Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the qualified facility.

21. What is the definition of “Commercial Property?”

MCL 207.842(a) defines “Commercial Property” as:

“Land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206; MCL 211.8 and 211.14, the primary purpose and use of which is the operation of a commercial business enterprise or multifamily residential use. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise. Commercial property **does not** include any of the following: land or property of a public utility.”
(Emphasis added)

22. What is a “Commercial Rehabilitation District?”

A “Commercial Rehabilitation District” or “district” is defined by MCL 207.842(b) as:

“an area not less than 3 acres in size of a qualified local governmental unit established as provided in section 3. However, if the commercial

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(PA 210 of 2005, as amended)

rehabilitation district is located in a downtown or business area or contains a qualified retail food establishment, as determined by the legislative body of the qualified local governmental unit, the district may be less than 3 acres in size.”

23. What is required of the Local Governmental Unit regarding the yearly status reporting of Commercial Rehabilitation Exemptions to the State Tax Commission?

MCL 207.854 provides that not later than October 15 of each year, each qualified local governmental unit granting a Commercial Rehabilitation Exemption shall report to the State Tax Commission on the status of each exemption. The report must include the current value of the property to which the exemption pertains, the value on which the commercial rehabilitation tax is based, and a current estimate of the number of jobs retained or created by the exemption, and the number of new residents.

24. Where can I obtain copies of previously issued Commercial Rehabilitation 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.

Frequently Asked Questions
Neighborhood Enterprise Zone (NEZ) Act
(PA 147 of 1992, as amended)

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 147 of 1992, 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 Neighborhood Enterprise Zone (NEZ) Exemption?

The Neighborhood Enterprise Zone Act, PA 147 of 1992, as amended, provides tax exemptions for the development and rehabilitation of residential housing located within eligible distressed communities. The local governmental unit (LGU) in these eligible distressed areas can designate areas as NEZs. Only facilities located within these established NEZs are eligible for NEZ certificates. New and rehabilitated facilities applications are filed, reviewed and approved by the LGU, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of new and rehabilitated facility certificates. Exemptions for new and rehabilitated facilities are not effective until approved by the STC. NEZ Homestead applications are filed, reviewed and approved by the LGU.

2. Who determines when and where to establish a Neighborhood Enterprise Zone (NEZ)?

NEZs are established by a local governmental unit (LGU) who meets the qualifications of an “Eligible Distressed Community” and desires to provide for the development and rehabilitation of residential housing. The LGU determines the areas to be established as an NEZ. Each NEZ must contain not less than 10 platted parcels of land which are compact and contiguous, or if located in a downtown revitalization district may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities. An NEZ containing new facilities, rehabilitated facilities, or a combination of both shall not exceed 15% of the total acreage contained within the boundaries of the LGU. An NEZ containing only homestead facilities shall not exceed 10% of the total acreage contained within the boundaries of the LGU. If approved by the board of commissioners of the county or a county executive, if the county has an elected or appointed county executive, the homestead facility NEZ can contain up to 15% of the total acreage of the LGU.

3. What is the difference between a Neighborhood Enterprise Zone and a Neighborhood Enterprise “Homestead” Zone?

A Neighborhood Enterprise Zone (NEZ) covers new facilities and/or rehabilitated facility projects. A Neighborhood Enterprise “Homestead” Zone covers only pre-existing residential property, located within a subdivision platted pursuant to state law before January 1, 1968.

Frequently Asked Questions
Neighborhood Enterprise Zone (NEZ) Act
(PA 147 of 1992, as amended)

4. Who can apply for a Neighborhood Enterprise Zone (NEZ) Exemption Certificate?

A Developer/Builder or owner may file an application for an NEZ Certificate, Form 4775, for a “new” or a “rehabilitated” facility project within an NEZ before a building permit is issued. In some cases, an application would still qualify despite the building permit being issued before the Form 4775 was filed. See MCL 207.774 for specifics.

A homeowner of a principal residence within an NEZ may file an application for NEZ “Homestead” Certificate, Form 2704B.

5. How do I apply for a Neighborhood Enterprise Zone Certificate?

An application for the Neighborhood Enterprise Zone (NEZ) Certificate can be found at the Michigan Department of Treasury website:
www.michigan.gov/propertytaxexemptions.

New or Rehabilitated Facility:

The application and required attachments are filed with the clerk of the local governmental unit (LGU) in which the facility is located. The clerk of the LGU reviews the application package and if complete, submits the application package to the local governing body for approval or denial by resolution. If approved, the application package, including a copy of the LGU resolution approving the application and setting the number of years the exemption is approved, is sent by the LGU clerk to the State of Michigan for further processing. The State Tax Commission (STC), upon receiving a complete application, will take action to approve or deny the issuance of a certificate of exemption. Exemptions are not effective until approved by the State Tax Commission.

Additional required attachments include:

New Facility:

- a. A copy of the legal description of the real property with the parcel identification number of the property for each house/condo being built;
- b. A clear and legible copy of the building permit;
- c. A copy of the new owner’s Deed showing ownership with the date the deed was executed and signatures;
- d. A copy of the Certificate of Occupancy and Compliance; and
- e. A copy of the Principal Residence Exemption (PRE) Affidavit (Form 2368), filed with the LGU assessor (black out Social Security Numbers).

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Rehabilitated Facility:

- a. Documentation providing the cost requirements of MCL 207.772(m);
- b. A copy of the legal description of the real property with the parcel identification number of the property for each house/condo being built or rehabilitated;
- c. A clear and legible copy of the building permit or trade permit;
- d. A copy of the new owner's Deed showing ownership with the date the deed was executed and signatures; and
- e. A Certificate of Occupancy and Compliance or documentation from the local building official certifying that the building meets minimum building codes for the LGU.

When a facility with an existing NEZ certificate is purchased and/or transferred the certificate may be eligible for transfer to the new owner by submitting the application Form 4775 with the revised information and a copy of the new owner's Deed directly to the Property Services Division. Additional documentation may be required.

Homestead Facility:

The application and required attachments are filed with the clerk of the local governmental unit (LGU) in which the facility is located. The LGU clerk reviews the application package and if complete, submits the application package to the local governing body for approval or denial by resolution. If "approved," the application package, including a copy of the LGU resolution approving the application and setting the number of years for exemption, is sent by the LGU clerk to the LGU assessor for further processing. The LGU assessor, upon receiving a complete application, will take action to approve or deny the issuance of a certificate of exemption. Exemptions are not effective until approved by the LGU assessor.

Additional required attachments include:

- a. A copy of the legal description of the real property with the parcel identification number; and
- b. A copy of the Warranty Deed or Document of Conveyance.

6. Are there provisions in the application process which are time sensitive?

Yes. An application for a Neighborhood Enterprise Zone (NEZ) Certificate must be filed with the clerk of the LGU for a facility located in an established NEZ before a building

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permit is issued for the new construction or rehabilitation of the facility. In some cases, an application would still qualify despite the building permit being issued before the Form 4775 was filed. See MCL 207.774 for specifics.

7. Who determines if a facility qualifies for a Neighborhood Enterprise Zone (NEZ) Certificate?

Initially, the determination is made when the application is filed and reviewed by the local governmental unit (LGU). However, the LGU's determination is reviewed and either approved, modified, or denied by the State Tax Commission (STC).

8. Can an application for a Neighborhood Enterprise Zone (NEZ) Certificate be denied?

Yes. An application can be denied at the local governmental unit (LGU) or by the State Tax Commission (STC) if all of the requirements were not met by the applicant.

9. Can a decision of the State Tax Commission (STC) regarding a Neighborhood Enterprise Zone (NEZ) Certificate be appealed?

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

10. What is the term of a Neighborhood Enterprise Zone Exemption Certificate?

New, rehabilitated, and homestead facilities may receive a term of exemption from 6-15 years.

“Rehabilitated facilities in a qualified historic building” may receive a term of exemption from 11-17 years. However, if all or a portion of the rehabilitated facility is not transferred or sold to a person who will utilize the facility as his/her principal residence within 12 years of the effective date of the NEZ Certificate, the certificate is revoked.

11. What determines the starting date of a Neighborhood Enterprise Zone (NEZ) Certificate for “new” and “rehabilitated facilities”?

The effective date of an NEZ Certificate is December 31st in the year in which the new facility or rehabilitated facility is substantially completed and for a new facility occupied by an owner as a principal residence.

In certain circumstances, the owner of a “new facility” can request the effective date of the NEZ Certificate to be December 31st in the year immediately preceding the date of occupancy by the owner as a principal residence.

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Upon the request of an owner of a “rehabilitated facility,” the effective date of the NEZ Certificate shall be December 31st in the year immediately preceding the date the rehabilitated facility is substantially completed.

12. Can the duration of a Neighborhood Enterprise Zone (NEZ) Certificate be extended?

Perhaps. An NEZ Certificate issued prior to January 1, 2006, may receive an extension for an additional 3 years, up to a maximum of 15 years, if approved by a resolution of the LGU prior to the certificate expiration. “Rehabilitated facilities” in a qualified historic building may receive a term of up to 17 years.

13. How is the Neighborhood Enterprise Zone (NEZ) Tax computed for a “rehabilitated facility”?

A parcel of property with an existing NEZ Certificate for a “rehabilitated facility” will have two assessments. The land will be assessed on the regular ad valorem assessment roll, while the building will have an assessment on the NEZ specific tax roll.

The property’s land assessment on the ad valorem roll may be adjusted by the March Board of Review. However, the NEZ tax roll assessment of a property with a “rehabilitated” certificate CANNOT have its assessment altered by the Board of Review during the life of the certificate.

The calculation of the NEZ taxes for a “rehabilitated facility” depends upon the date of issuance of the NEZ Certificate.

For rehabilitated facility certificates issued prior to January 1, 2006 for a term of 6-12 years:

The NEZ tax is determined by multiplying the total mills levied as ad valorem taxes by the taxable value of the “rehabilitated facility”, not including land, for the tax year immediately preceding the effective date of the certificate until the certificate expires.

For rehabilitated facility certificates issued prior to January 1, 2006 for a term of 6-12 years, which have been granted a three-year extension (Question 10) of the term of the certificate:

During the last three years of the term of the extended certificate, the tax calculation changes to the following:

In the tax year two years before the certificate expires, the NEZ tax is the sum of:

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- a. the current taxable value of the facility, excluding land, multiplied by **five-eighths (5/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year one year before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **three-fourths (3/4)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **seven-eighths (7/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

For rehabilitated facility certificates issued after December 31, 2005:

The NEZ tax is determined by multiplying the total mills collected under the general property tax act by the taxable value of the “rehabilitated facility”, not including land, for the tax year immediately preceding the effective date of the certificate, until the last three years before the certificate expires.

During the last three years of the term of the extended certificate, the tax calculation changes to the following:

In the tax year two years before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **five-eighths (5/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

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In the tax year one year before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **three-fourths (3/4)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **seven-eighths (7/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

14. How is the Neighborhood Enterprise Zone (NEZ) Tax computed for a “new facility”?

A parcel of property holding an NEZ Certificate for a “new facility” will have two assessments. The land will be assessed on the regular ad valorem assessment roll, while the building will have an assessment on the NEZ specific tax roll.

Both the property’s land assessment on the ad valorem roll and the NEZ tax roll assessment of a property with a “new facility” certificate may be adjusted by the March Board of Review.

The calculation of the NEZ taxes for a “new facility” depends on the date of issuance of the NEZ Certificate.

For new facility certificates issued prior to January 1, 2006, for a term of 6-12 years:

The NEZ tax is determined by multiplying one-half (1/2) the Principal Residence Exemption state average mills levied in this state in the immediately preceding calendar year by the taxable value of the “new facility”, not including land, until the certificate expires. The Principal Residence Exemption state average tax rate is set by the Michigan Department of Treasury, Assessment and Certification Division on an annual basis.

For new facility certificates issued prior to January 1, 2006, for a term of 6-12 years, which have been granted a three-year extension (Question 10) of the term of the certificate:

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During the last three years of the term of the extended certificate, the tax calculation changes to the following:

In the tax year two years before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **five-eighths (5/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year one year before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **three-fourths (3/4)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **seven-eighths (7/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

For new facility certificates issued after December 31, 2005:

The NEZ tax is determined by multiplying one-half (1/2) the Principal Residence Exemption state average mills levied in this state in the immediately preceding calendar year by the taxable value of the “new facility”, not including land, until the last three years before the certificate expires.

During the last three years of the term of the extended certificate, the tax calculation changes to the following:

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In the tax year two years before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **five-eighths (5/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year one year before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **three-fourths (3/4)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **seven-eighths (7/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

15. How is the Neighborhood Enterprise Zone (NEZ) Tax computed for a “Homestead facility?”

The NEZ tax for a “homestead facility” NEZ Certificate (issued for a term of 6-15 years), except for the last three years in which the certificate is in effect, is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **one-half (1/2)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

During the last three years of the certificate, the tax calculation changes to the following:

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In the tax year two years before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **five-eighths (5/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year one year before the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **three-fourths (3/4)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year the certificate expires, the NEZ tax is the sum of:

- a. the current taxable value of the facility, excluding land, multiplied by **seven-eighths (7/8)** the number of mills levied by the LGU and the county for operating purposes (excluding debt), plus
- b. the taxable value of the facility, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

16. How many tax bills will I receive?

In both July and December, you will receive two tax bills: one for the structure with the Neighborhood Enterprise Zone (NEZ) Certificate and one for the land which will be at the full millage rate.

17. What are the different types of Neighborhood Enterprise Zone (NEZ) Certificates?

There are three types of NEZ Certificates:

“New facility” is an exemption for a new structure or portion of a new structure, the primary purpose of which is residential housing which will be occupied by its owner as his/her principal residence.

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“Rehabilitated facility” is an exemption for an existing structure or a portion of an existing structure, the primary purpose is residential housing which can be owner or non-owner occupied, meeting specific requirements for improvement investment and true cash value.

“Homestead facility” is an exemption for an existing structure, purchased by or transferred to an owner after December 31, 1997, the primary purpose of which is residential housing occupied by the owner as his/her principal residence and is located within a subdivision platted pursuant to state law before January 1, 1968.

18. Are minimum investments for improvements required?

New facilities have no minimum or maximum investment required.

Rehabilitated facilities, for an existing structure with a current true cash value (TCV) of \$80,000 or less per unit, a minimum investment is required:

- a. if the rehabilitation is completed by a contractor, \$5,000 per owner-occupied unit or 50% of the TCV, whichever is less, or \$7,500 per non-owner-occupied unit or 50% of the TCV, whichever is less; and
- b. if the improvements are completed by the owner, \$3,000 per owner-occupied unit or \$4,500 per non-owner-occupied unit.

Homestead facilities require an owner committed to investing a minimum of \$500 in the first 3 years of the term of the certificate.

19. Can the ending date of a Neighborhood Enterprise Zone (NEZ) Certificate be changed after it is issued by the State Tax Commission (STC)?

Yes. An NEZ Certificate must be issued by the STC for the number of years granted by the local governmental unit’s resolution of approval. The Property Services Division staff determines the ending date of a certificate by the language in the local governmental unit (LGU) resolution approving the application. If an NEZ Certificate was issued before January 1, 2006, the LGU, may, by resolution, extend the certificate for an additional 3 years, up to a maximum of 15 years (or 17 years for a rehabilitated facility in a qualified historic building), before the original certificate expires.

20. Can I get a refund for prior year’s taxes that I have already paid after I get a Neighborhood Enterprise Zone (NEZ) Certificate?

Perhaps. The “new” or “rehabilitated” type certificate may be issued for a previous tax year. Check with the local governmental unit to ascertain if a refund is due.

The answer is NO for “homestead” certificates as the effective date begins December 31st of the year in which the certificate is approved and does not exempt previous tax years.

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21. What happens when an incomplete application for a Neighborhood Enterprise Zone (NEZ) Certificate is received?

For new and rehabilitated facilities, the applicant will be contacted to submit the required items. If the required items are not submitted within 30 days, the application may be dismissed as inactive.

22. If I have an existing home, a newly-built home, or a recently rehabilitated home in a Neighborhood Enterprise Zone (NEZ), but have never applied for an exemption, will my home qualify?

Perhaps. For eligibility of homestead facilities, check with the local governmental unit (LGU). For eligibility of new or rehabilitated facilities, check with the Property Services Division.

23. Is there a limit on the amount of time that an applicant can take to complete a project?

Yes. MCL 207.781 states that a certificate shall expire if the owner fails to complete the filing requirements under Section 10 within 2 years of the date the certificate was issued. The holder of the certificate may request in writing to the State Tax Commission (STC), a 1-year automatic extension of the certificate if the owner has proceeded in good faith with the construction or rehabilitation of the facility in a manner consistent with the purposes of this act and the delay in completion or occupancy by an owner is due to circumstances beyond the control of the holder of the certificate. The certificate holder will receive notice of the expiration date when the certificate has been approved, but before the Section 10 requirements are met.

24. I received a notice that my Neighborhood Enterprise Zone (NEZ) Certificate was approved, but has been held in abeyance. What does that mean?

Upon initial review of the application and the supporting documentation, the facility you applied for meets the requirements of the act. However, the documentation required in Section 10 must be filed before the certificate expires (2 years, or with written request of extension, 3 years from the date of approval) to complete the process and add your facility to the NEZ tax rolls. If your certificate expires without completing the requirements of Section 10, the facility will no longer be eligible for the exemption.

25. Can a Neighborhood Enterprise Zone (NEZ) Exemption Certificate be transferred to a new owner?

Yes. If the homestead, new, or rehabilitated facility is sold or transferred to another owner who otherwise complies with the requirements of the act and, for a homestead or new facility, uses the facility as a principal residence, the certificate shall remain in effect.

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A transfer of the certificate for a “new” or “rehabilitated facility”, for the term remaining on the certificate, is initiated by filing Form 4775 with the Property Services Division. Transfers of certificates for “Homestead facilities” are handled by the local governmental unit.

26. Can a Neighborhood Enterprise Zone (NEZ) Certificate be revoked? If yes, who holds the authority to do so?

Yes. An NEZ Certificate may be revoked if one of the following occurs:

- a. Written request is made to the State Tax Commission (via certified mail) by the holder of the certificate;
- b. The certificate for a “homestead or new facility” is automatically revoked if the facility is no longer occupied by the owner as their principal residence.
- c. Delinquent taxes on either the NEZ tax or the ad valorem property tax.
- d. The “homestead”, “new” or “rehabilitated” facility ceases to have residential housing as its primary purpose residential housing.
- e. Noncompliance of local governmental unit’s local construction, building or safety codes.

The revocation of an NEZ Certificate is effective beginning December 31st following the date of the State Tax Commission order. Or, if automatically revoked, it is effective December 31st following the automatic revocation.

27. When does the revocation of a Neighborhood Enterprise Zone (NEZ) Certificate take effect?

In most cases, the revocation of an NEZ Certificate is effective the December 31st of the year in which the State Tax Commission (STC) revoked the certificate. However, if the certificate is automatically revoked because the homestead facility or new facility is no longer a homestead, the revocation is effective December 31st following the automatic revocation.

28. What is required of the Local Governmental Unit (LGU) regarding the yearly status reporting of Neighborhood Enterprise Zone (NEZ) Homestead Certificates to the State Tax Commission (STC)?

Not later than June 15th of each year, each qualified LGU granting NEZ Homestead Certificates shall report to the STC on the status of each exemption. The report must include the number of certificates issued, the date of issuance of each certificate, the name

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and address of the holder of each certificate, the legal description of the real property of the homestead facility for which each certificate was issued, and the taxable value for each homestead facility for which a certificate was issued. For each certificate that was transferred, the report must include the date of each transfer, the name and address of the former holder of the certificate, and the name and address of the current holder of the certificate. For each certificate that was revoked pursuant to Section 11, the report must include the reason for the revocation, the date of the revocation, and the name and address of the holder of each certificate that was revoked. The report must also contain the impact on neighborhood revitalization in the LGU, including the estimated tax savings for all new and current certificate holders.

29. Are there any other parties I may wish to notify after I receive the Neighborhood Enterprise Zone (NEZ) certificate?

1. Your mortgage company if your taxes are escrowed.
The local governmental unit treasurer's office to request their refund process, if applicable (new or rehabilitated facilities).
2. The county treasurer's office to verify the property identification numbers, verify that the land on the ad valorem tax roll and the residence on the NEZ specific tax roll have been adjusted and that the taxes have been paid in full.

30. Where can I obtain copies of previously issued Neighborhood Enterprise Zone 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.