PAYMENTS IN LIEU OF TAXES
SUMMARY OF PROGRAMS
Updated September 15, 2014

Since October 1, 2008, the Department of Treasury has issued all payments in lieu of taxes (PILT). PILT are statutorily required to be made by the State of Michigan to local units of government for land owned by the State and managed by the Department of Natural Resources and privately owned land retained for long-term timber production. Payments are made from line item appropriations in the Department of Treasury appropriations act and the School Aid Act. Specifically, PILT are made for swamp and tax reverted lands, purchased lands, and Commercial Forest Act lands.

Swamp and Tax Reverted Lands PILT

Prior to January 1, 2014, Public Act (PA) 451 of 1994 as amended, subpart 13, directed that $2.00 per acre was to be paid to counties on lands that have tax reverted. Beginning January 1, 2014, this tax increased to $3.00 per acre. Beginning January 1, 2015, the tax will increase to $4.00 per acre. Beginning January 1, 2016, and annually thereafter, the tax will increase by 5% or the inflation rate, whichever is less. The inflation rate to be used for the purpose of this calculation is the inflation rate defined by The General Property Tax Act, 1893 PA 206, MCL 211.34D.

Payments made shall be in lieu of all other taxes levied against these lands and must be issued annually by December 1 from the General Fund. Payment is issued to the county with 50 percent disbursed to the county's General Fund and 50 percent disbursed to the township's General Fund.

Fiscal Year (FY) 2009 payments were made in full. Payments from FY 2010 through FY 2012 were prorated due to General Fund reductions. Beginning in FY 2013, the amount due per the statement of account prepared for each county must be paid in full. The following table summarizes the payments for the past six fiscal years.

Fiscal Year	Tax Year	Payment per Acre	Amount Appropriated	Amount Due	Amount Paid
2009	2008	$2.00	$7,071,200.00	$7,071,197.45	$7,071,197.45
2010	2009	$1.67	$6,227,300.00	$7,076,399.98	$6,227,300.00
2011	2010	$1.76	$6,227,300.00	$7,075,843.64	$6,227,300.00
2012	2011	$1.90	$6,730,600.00	$7,075,310.18	$6,730,598.92
2013	2012	$2.00	$7,429,100.00	$7,079,515.53	$7,079,515.53
2014(est.)	*2013*	*$2.00*	*$7,619,800.00*	*$7,077,371.94*	*$7,077,371.94*

Purchased Lands PILT

PA 451 of 1994 as amended, subpart 14, directs that land owned by the state, controlled by the department, and acquired on or after January 1, 1933, shall be assessed. Prior to January 9, 2013, any millage in excess of the millage rate levied in 2004 and assessments for special improvements were not eligible for payment. Land valuations were frozen from 2004 through 2008. In 2009 and thereafter, the valuation of

the property was not to increase each year by more than the increase in the preceding year's general price level or 5 percent, whichever was less. Lands acquired after 2004 were to be valued at initial valuation until 2009, when the scheduled annual increases were to occur.

Beginning January 9, 2013, a new formula was instituted for establishing property valuations. The new formula bases property valuations on the greater of the valuation provided under the prior formula and the taxable value of the property calculated under Section 27a of The General Property Tax Act, 1893 PA 206, MCL 211.27a.

Each tax assessing district is to remit one single statement annually for all properties within the district to the county by December 1. The county compiles the statements and is required to forward the statements annually to the Department of Treasury by December 15. Each statement is reviewed and entered into the PILT database. All assessments for state education tax (6 mills statewide) are eliminated prior to entry. Beginning in 2014, if an assessing district does not submit its annual statement by January 1, the amount payable to that assessing district will be reduced by 5% for each month or a portion of a month after January 1 that the statement is late. The state treasurer is required to annually forward a separate payment in the amount of the assessment to each affected assessing district in a county by February 14, provided the assessing district has submitted a statement.

Assessments for local school districts, intermediate school districts, and community colleges are paid from the School Aid Fund, which is appropriated in PA 94 of 1979. Beginning in FY 2012, PILT on lands purchased only with Michigan Natural Resources Trust Fund (MNRTF) will be paid entirely with MNRTF and cannot be prorated pursuant to PA 118 of 2011. All other payments are made from 50 percent General Fund and 50 percent restricted funds (i.e. Game and Fish Protection Fund and Waterways Fund).

Prior to FY 2013, if the amount appropriated from either the General Fund, Game and Fish Protection Fund, Waterways Fund, or School Aid Fund was not sufficient to support full payment, proration occurred based on the total amount due. Payments could not be issued until all bills were received to determine whether payments had to be prorated. FY 2009 payments were made in full. Payments from FY 2010 through FY 2012 were prorated due to insufficient appropriations. Beginning with the payments due for FY 2013, the amount due to local assessing districts is required to be paid in full. Beginning in 2014, if payment is not made in full to the local assessing districts, any delinquent amounts will be subject to penalty and interest as prescribed for delinquent taxes under The General Property Tax Act, 1893 PA 206, MCL 211.1 to 211.155. The following tables summarize payments for the past six fiscal years.

Fiscal Year 2009 – Tax Year 2008

Fund	Amount Appropriated	Amount Due	Amount Paid
General Fund	$2,150,000.00	$2,145,905.16	$2,145,905.16
Natural Resources Trust Fund	$500,000.00	$482,493.86	$482,493.86
Game and Fish Protection Fund	$1,715,000.00	$1,540,403.96	$1,540,403.96

Waterways Fund	$135,000.00	$123,007.33	$123,007.33
School Aid Fund	$3,400,000.00	$3,367,401.26	$3,367,401.26
Totals	**$7,900,000.00**	**$7,659,211.57**	**$7,659,211.57**

Fiscal Year 2010 – Tax Year 2009

Fund	Amount Appropriated	Amount Due	Amount Paid
General Fund	$1,936,000.00	$2,054,619.82	$1,935,998.81
Natural Resources Trust Fund	$521,200.00	$607,294.35	$475,773.80
Game and Fish Protection Fund	$1,787,900.00	$1,755,022.59	$1,350,070.22
Waterways Fund	$140,900.00	$140,607.99	$110,154.78
School Aid Fund	$3,400,000.00	$3,537,167.92	$3,393,873.94
Totals	**$7,786,000.00**	**$8,094,712.67**	**$7,265,871.55**

Fiscal Year 2011 – Tax Year 2010

Fund	Amount Appropriated	Amount Due	Amount Paid
General Fund	$1,936,000.00	$2,050,702.59	$1,897,137.65
Natural Resources Trust Fund	$521,200.00	$676,742.96	$475,167.62
Game and Fish Protection Fund	$1,787,900.00	$1,748,749.89	$1,312,307.17
Waterways Fund	$140,900.00	$139,321.00	$106,473.12
School Aid Fund	$3,400,000.00	$3,591,506.76	$3,399,971.46
Totals	**$7,786,000.00**	**$8,207,023.20**	**$7,191,057.02**

Fiscal Year 2012 – Tax Year 2011

Fund	Amount Appropriated	Amount Due	Amount Paid
General Fund	$1,896,400.00	$2,070,720.21	$1,896,396.95
Natural Resources Trust Fund	$2,505,500.00	$1,136,230.15	$1,136,230.15
Game and Fish Protection Fund	$1,748,600.00	$1,780,601.18	$1,748,599.24
Waterways Fund	$145,800.00	$145,799.45	$145,799.94
School Aid Fund	$3,000,500.00	$3,169,494.68	$3,000,497.03
Totals	**$9,296,800.00**	**$8,302,845.67**	**$7,927,523.31**

Fiscal Year 2013 – Tax Year 2012

Fund	Amount Appropriated	Amount Due	Amount Paid
General Fund	$2,098,500.00	$2,053,906.78	$2,053,906.78
Natural Resources Trust Fund	$1,190,200.00	$1,251,513.97	$1,251,513.97
Game and Fish Protection Fund	$1,937,000.00	$1,895,813.04	$1,895,813.04
Waterways Fund	$161,600.00	$158,093.74	$158,093.74
School Aid Fund	$3,328,000.00	$3,260,109.50	$3,260,109.50
Totals	**$8,715,300.00**	**$8,619,437.03**	**$8,619,437.03**

Fiscal Year 2014 (est.) – Tax Year 2013

Fund	*Amount Appropriated*	*Amount Due*	*Amount Paid*
General Fund	*$2,688,200.00*	*$2,520,803.10*	*$2,520,803.10*
Natural Resources Trust Fund	*$1,584,000.00*	*$1,556,201.52*	*$1,556,201.52*
Game and Fish Protection Fund	*$2,463,600.00*	*$2,444,424.91*	*$2,444,424.91*
Waterways Fund	*$204,600.00*	*$198,767.98*	*$198,767.98*
Private Fund – Donation	*$22,000.00*	*$15,794.56*	*$15,794.56*
School Aid Fund	*$4,009,500.00*	*$4,009,500.00*	*$4,009,500.00*
Totals	***$10,971,900.00***	***$10,745,492.07***	***$10,745,492.07***

Commercial Forest Act PILT

Private lands enrolled in the Commercial Forest Act Program are not subject to ad valorem taxes. Through 2011, private land owners were subject to an annual specific tax of $1.20 per acre. However, the amount paid by private land owners and the state increased by $0.05 per acre beginning January 1, 2012, and is scheduled to increase another $0.05 per acre every five years thereafter. Township treasurers distribute the payments in the same manner as the ad valorem general property taxes. The Department of Treasury currently issues payments of $1.25 per acre from the General Fund for the same lands as a payment in lieu of taxes to the county treasurers. The treasurers then distribute the funds in an amount equal to $0.25 per acre for each acre of commercial forest in that county in the same proportion as the ad valorem general property tax is distributed in each township. The remaining amount is distributed in the same manner as the collected ad valorem taxes.

FY 2009 payments were paid in full. Payments from FY 2010 through FY 2012 were prorated due to General Fund reductions. Beginning with the payments due for FY 2013, the amount due to counties is required to be made in full. The following table summarizes the payments for the past six fiscal years.

Fiscal Year	Tax Year	Payment per Acre	Amount Appropriated	Amount Due	Amount Paid
2009	2008	$1.20	$2,645,700.00	$2,645,691.02	$2,645,690.99
2010	2009	$1.20	$2,343,100.00	$2,647,392.90	$2,343,100.00
2011	2010	$1.20	$2,343,100.00	$2,656,429.20	$2,343,099.99
2012	2011	$1.20	$2,529,400.00	$2,663,002.03	$2,529,399.94
2013	2012	$1.25	$2,796,200.00	$2,777,138.54	$2,777,138.54
2014 (est.)	*2013*	*$1.30*	*$3,054,900.00*	*$2,781,437.94*	*$2,781,437.94*