

**State of Michigan  
State Tax Commission**

**ANNUAL PROPERTY REPORT  
For Year Ended December 31, 2011**

**State Assessed Railroads**

This report is issued under Michigan Public Act 282 of 1905, as amended. Filing of this report is mandatory. There can be only one authorized contact person for each company. Companies with annual gross receipts greater than \$1,000,000 are required to file this report on or before March 31. Companies with annual gross receipts equal to or less than \$1,000,000 are required to file this report on or before March 15. A company failing to file a complete report by the applicable due date shall be subject to a fine of \$500 per day.

**Instructions for completion and filing options are available on pages 9-12 of this report.**

Company Name		Federal Tax ID Number	
Company Address to which the tax bill should be sent	City	State	ZIP Code
Company Authorized Contact Person (to whom correspondence concerning this report should be addressed)		Company Web site	
Contact Address	City	State	ZIP Code
Contact Telephone Number	Contact Fax Number	Contact E-mail Address	

**Notary**

Printed name of President, Secretary, Superintendent or Chief Officer under whose direction this report was prepared.	
By my signature below, I certify that the information (including any attachments) in this report is complete and correct to the best of my knowledge and belief.	
Signature _____ Title _____ Date _____	
Subscribed and sworn to before me this _____ day of _____, _____.	
Signature of Notary Public	My Commission Expires
Printed Name of Notary Public	Acting in the County of

Has your company experienced any name changes, acquisitions, or sales during the calendar year immediately preceding the statutory due date of this report.	
<input type="checkbox"/> YES <input type="checkbox"/> NO	
If yes, provide the following information:	
Description of Change (merger, acquisition, sale)	Date of Change
Under what name did the taxpayer file last year?	Name of Company Sold

**Schedule 1, Statement of Total Cost of Rolling Stock Owned or Leased by Year of Acquisition  
(Includes Locomotives, Freight Cars, Passenger Cars, Highway and Work Equipment)**

YEAR OF ACQUISITION	No. of Units Reported Prior Year	COSTS REPORTED PRIOR YEAR (office use)	LOSSES (office use only)	ADDITIONS (office use only)	NO. OF UNITS	REPORTABLE COSTS CURRENT YEAR	MULTIPLIER	TRUE CASH VALUE (office use only)
2011							0.8900	
2010							0.7600	
2009							0.6700	
2008							0.6000	
2007							0.5400	
2006							0.4900	
2005							0.4500	
2004							0.4200	
2003							0.3800	
2002							0.3600	
2001							0.3300	
2000							0.3100	
1999							0.2900	
1998							0.2800	
Prior							0.2300	
<b>TOTALS</b>								

**Schedule 1 Total True Cash Value**

**Schedule 2, Investment in Road Property Used in Transportation Service with Additions and Retirements for the Year (Michigan Only)**

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
Previous Year Plant Balance from last Year's Column F	Original Cost of Retirements Made During Calendar Year	Accumulated Depreciation of Retirements at Beginning of Calendar Year	Expenditures for Additions During the Calendar Year	Depreciation of New Additions During the Calendar Year	Plant Balance at Year End = A - B + D	Accumulated Depreciation at Year End	Net Book Value = F - G

If your prior year plant ending balance is not equivalent to the amount in Column A that was carried forward from last year's report, please indicate the revised amount and provide an explanation.

Revised Column A:

Explanation:

plus

Construction in Progress (CIP)  x .50 = Adjusted CIP   
 (incurred cost to date) equals

**Schedule 2 True Cash Value**

**Note:** Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental (operating), rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Motor vehicles registered with the Michigan Secretary of State on Tax Day (December 31st) are exempt. Non-registered motor vehicles and equipment attached to motor vehicles which is not used while the vehicle travels on the highway are assessable. Computer software, if the purchase was evidenced by a separate invoice amount and if the software is commonly sold separately, is exempt.

**Schedule 3**

**A. Interest Paid on Debt From Railway Operations (National)**

Last Four Year Results as Previously Reported (office use only)				Balance at Close of Calendar Year (December 31st)	Five Year Average (office use only)
year - 4	year - 3	year - 2	year - 1		
-0-	-0-	-0-	-0-		

**B. Total Net Operating from Railway Operations (National)**

Last Four Year Results as Previously Reported (office use only)				Balance at Close of Calendar Year (December 31st)	Five Year Average (office use only)
year - 4	year - 3	year - 2	year - 1		

**Schedule 4, Statement of Allocation Factors**

Note: "National" includes all North American Activity (U.S., Canada, and Mexico), "Michigan" only includes those items attributable to the State of Michigan.

**Are your operations entirely within the State of Michigan?**  
 Yes  No   
 If Yes, you do not need to provide the following information.  
 If No, please provide the following information below (Car Miles and Revenues).

**Car Miles**

	National	Michigan
1. Freight Car Miles (Loaded and Empty)		
2. All Other Car Miles		
3. Total Car Miles (1+2)		
4. Percentage Attributable to Michigan		

**Revenues (please enter full dollar amounts)**

	National	Michigan
1. Freight Revenue		
2. All Other Revenue from Operation		
3. Total Operating Revenue (1+2)		
4. Percentage Attributable to Michigan		

**Schedule 5, Sales and Transfers of Car Marks**

Did any sales or transfers of car marks occur during the calendar year immediately preceding the statutory due date of this report?  
 Yes  No   
 If Yes, describe any sales or transfers that occurred.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## **NOTE**

All summary calculations will be completed AFTER the Assessment and Certification Division has reviewed and processed the information contained in this Annual Property Report. Once all processing is complete, you may view the summary calculations (worksheets) by requesting a personal identification number (PIN) and accessing your company's secure, online account. For additional information on how to request a PIN to access your account, please refer to the "How to file this report" section of the instructions.

Tentative values will be posted on or about May 15, and final values will be posted on or about June 15. Each state assessed company will receive a final tax bill by mail and any taxes due are payable on July 1.

Application for Tax Credit for Maintenance and Improvement of Rights of Way

Section 13 of PA 282 of 1905, as amended allows credit for eligible expenses incurred in the State of Michigan by railroad companies for maintenance or improvement of rights of way, including those items, except depreciation, in the official maintenance-of-way and capital track accounts of the railroad company in this state during the calendar year immediately preceding the statutory due date of this report, but not to exceed the total liability for the tax under this act.

Eligibility Requirements

In order to be eligible for the tax credit for maintenance and improvement of rights of way under MCL 207.13(2), the railroad companies must fulfill the statutory requirements detailed in Section 13 of PA 282 of 1905 (MCL 207.13(3)). In addition to providing the requested summary information on this application for credit, each company must complete and file [3 copies of] the report described in Section 13 with the State Tax Commission that includes, but is not limited to, detailed information of the nature and location of expenses. A summary of the eligibility and reporting requirements are listed in the attached instructions on pages 11-13.

Eligible and Non-Eligible Expenses

Examples of Eligible and Non-Eligible Expenses are listed in the attached instructions on pages 11-13.

Maximum Credit Available

The maintenance of way expense credits are not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

\*\*\*NOTE\*\*\* Filing of this credit application does not relieve the company of the statutory requirement of filing [3 copies] of the detailed expense report described in Section 13(3). You are still required to provide that to the State Tax Commission at the following address:

Mailing Address:
Michigan Department of Treasury
Michigan State Tax Commission
P O Box 30471
Lansing, MI 48909-7971

For Overnight Package Delivery:
Michigan Department of Treasury
Michigan State Tax Commission
Austin Building
430 W. Allegan Street
Lansing, MI 48922

Company Name

Eligibility

Has your company incurred eligible expenses, and submitted three (3) copies of the required expense report as described above?

Yes [ ] No [ ]

If Yes, please enter total eligible expenses below.
If No, you are NOT ELIGIBLE for credit. DO NOT SUBMIT EXPENSES.

Total Eligible Expenses for Maintenance and Improvement of Rights of Way in Michigan which you have reported in the above described report.

\$ [ ]

**2012**  
**Application for Tax Credit for Maintenance and Improvement**  
**of Qualified Rolling Stock in Michigan**

Section 13a of Public Act 282 of 1905, as amended, allows a credit for eligible expenses incurred in the State of Michigan by railroad and car companies for maintenance or improvement of eligible companies' qualified rolling stock.

**Eligible Company** is defined as:

Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

**Eligible Expenses** are expenses for repairs and maintenance that satisfy all of the following criteria:

1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred **in the State of Michigan**.
3. Eligible expenses must be made for the maintenance or improvement of rolling stock which are subject to taxation by the State under PA 282 of 1905 as amended.

Examples of Eligible and Non-Eligible Expenses are listed in the attached instructions.

**Maximum Credit Available:**

This credit is not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

Company Name
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**Eligibility**

Are you an "eligible company" which has incurred expenses that satisfy ALL of the requirements listed above?

Yes                   No

If Yes, please enter total eligible expenses below.

If No, you are **NOT ELIGIBLE** for credit. **DO NOT SUBMIT EXPENSES.**

<b>Total Eligible Expenses for Maintenance and Improvement of Qualified Rolling Stock in Michigan (include labor, material, overhead, and payments to others for work done).</b> \$
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## Instructions for Completion of the Annual Report by State Assessed Railroads

### Who must file this report? (MCL 207.6)

All railroad companies, union station and depot companies, and switching and terminal companies operating in the State of Michigan pursuant to Section 6 of PA 282 of 1905.

### When is this report due? (MCL 207.6)

If your annual gross receipts exceed \$1,000,000, this report is due by March 31st.

If your annual gross receipts do not exceed \$1,000,000, this report is due by March 15th.

### How to submit this report:

This report may be submitted electronically or mailed in paper format. If you wish to submit this form electronically, please visit the following web site at [www.michigan.gov/stateassessedproperty](http://www.michigan.gov/stateassessedproperty) or you may call (517) 241-4338 for more information on how to file electronically. Any company which desires to take advantage of the new online process, will be able to request an individual secure Personal Identification Number (PIN) by filling out Treasury form 4435. Once the Personal Identification Number (PIN) is issued, the company can use that PIN to access the site for submitting their Annual Property Report and any applicable credit applications online. The company can also use the PIN to view calculation worksheets and tax notices, once all the processing is complete. The secure PIN protects the account, and restricts access so that only the person which the company authorizes can access or view the information submitted to the state.

If submitting this form by mail, please complete and sign the declaration on page one and send the entire completed form to:

#### Mailing Address:

Michigan Department of Treasury  
Michigan State Tax Commission  
P O Box 30471  
Lansing, MI 48909-7971

#### For Overnight Package Delivery:

Michigan Department of Treasury  
Michigan State Tax Commission  
Austin Building  
430 W. Allegan Street  
Lansing, MI 48922

### What property is subject to taxation? (MCL 207.5)

The term "property having a situs in this state", includes all property, real and personal, of the persons, corporations, companies, co-partnerships and associations enumerated in the act, which is owned, used and occupied by them within the limits of this state, and also such proportion of their rolling stock, cars, and other property as is used partly within and partly without this state as provided by PA 282 of 1905.

### Schedule 1

List all rolling stock which is owned or leased by you. List the number of units reported as well as reportable current year costs. Property must be listed at its full original cost new, in the year that it was new. If the original/new acquisition cost of a railcar that was initially purchased by another company can be obtained, that information must be reported. If the original/new acquisition cost of a railcar that was initially purchased by another company cannot be obtained, then the original/new acquisition cost shall be equal to the subsequent price paid by the reporting company upon acquiring the used railcar. All betterments, including capital improvements, mandated betterments, capital upgrades, safety features, and mandated repairs should be reported in the year the expenditure is booked as a fixed asset.

The "Costs Reported Prior Year", "Losses", "Additions", and "True Cash Value" columns are for Assessment and Certification Division (ACD) use only. To view the values and calculations entered by the Assessment and Certification Division, please fill out form 4435 to obtain a Personal Identification Number (PIN) for access to the online reporting form available at [www.michigan.gov/taxes](http://www.michigan.gov/taxes) (please see "How to submit this report" section above for specific website location). Tentative Values will be electronically posted on or about May 15th, and Final Values will be electronically posted on or about June 15th.

### Schedule 2

This is to be submitted by all railroads and calls for summary data relating to investment for the company(s) properties in Michigan. Investment in account 732 (improvements on leased property) shall also be reported on Schedule 2. The "Previous Year Plant Balance" column is for Assessment and Certification Division office use only. List any retirements that have occurred during the calendar year immediately preceding the statutory due date of this report. List the accumulated depreciation for those retirements in the column designated.



List any expenditures for additions that occurred during the calendar year immediately preceding the statutory due date of this report. Exclude locally-assessed property, erosion control property, and property funded by the Michigan Department of Transportation. List the accumulated first year depreciation for those additions in the column designated. Inventory is exempt from assessment. Inventory does not include personal property under lease or principally intended for lease or rental, rather than sale. Property allowed a cost recovery allowance or depreciation under the Internal Revenue Code is not inventory. Non-registered motor vehicles and equipment attached to motor vehicles which is not used while the vehicle travels on the highway are assessable. Computer software, if the purchase was evidenced by a separate invoice amount and if the software is commonly sold separately, is exempt.

In the Accumulated Depreciation column, list the accumulated depreciation for assets in place at year end. List the balance of costs at calendar year end (December 31st). The "True Cash Value" column is for Assessment and Certification division office use only.

List the current year construction in progress. Report all costs that have been incurred including overheads, installation costs incurred, sales tax and freight. Reporting of costs should be separated by project. Property which is placed in service on or before December 31<sup>st</sup> is considered placed in service that year and should be entirely reported on the line which represents the year that it was considered placed in service. Similarly, the cost of all assets must be reported as acquired in the year that they were placed in service, rather than the year of purchase, if those years differ. The adjusted construction in progress and the Schedule 2 True Cash Value will be calculated by the Assessment and Certification Division.

### **Schedule 3**

- A. Enter the Total Interest Paid to service debt to finance railway operations. Interest must be for short term and long term debt. The columns provide for the amounts from the last four years. The phase-in of the interest in the valuation calculation based on the income approach, began with the 2011 tax year.
- B. Enter the Total Net Operating Income from Railway Operations. The columns provide for the amounts reported from the last four years.

### **Schedule 4**

If your company's property (whether owned or leased) is used entirely within the State of Michigan, you are not required to provide allocation information. If your company's property (whether owned or leased) is used partly within and partly without the State of Michigan, provide the allocation information based on the system as a whole, and the portion attributable to Michigan. For further details on reporting specifications, consult the Uniform System of Accounts for Railroad Companies. (49 CFR 1201 et.seq.)

### **Schedule 5**

Please check the appropriate box indicating whether any sales or transfers of car marks have occurred in the calendar year immediately preceding the statutory due date of this report. If you select yes, please describe any sales and transfers of car marks that occurred.

### **Schedule 6**

Enter the total annual mileage traveled during the calendar year immediately preceding the statutory due date of this report, over track that you operate (whether owned or leased). Please provide the mileage by individual car mark.

### **Schedule 7**

Indicate whether there have been any changes to your real property as compared to the prior year's information and provide information about any changes in the reporting box.

### **Losses to Real Property**

Losses mean the decrease in value which has not been reflected in the assessment unit's immediately preceding year's assessment roll. Losses include removal or destruction of real property, newly exempt property, or newly contaminated property.

### **Additions to Real Property**

Additions mean an increase in value which has not been reflected on the assessment unit's immediately preceding year's assessment roll. Additions include omitted property, new or replacement construction, and increases in value due to new public services and/or contamination remediation.

## Instructions for Tax Credit for Maintenance and Improvement of Right of Way

Sec. 13 of PA 282 of 1905, as amended, (more specifically MCL 207.13(2) and MCL 207.13a(5)(b)(ii)), allows credit against the tax imposed, for eligible expenses incurred in the State of Michigan by railroad companies for maintenance or improvement of rights of way, including those items, except depreciation, in the official maintenance-of-way and capital track accounts of the railroad company in this state during the calendar year immediately preceding the statutory due date of this report, but not to exceed the total liability for the tax under this act.

### **Additional Statutory Requirements for Eligibility (MCL 207.13(2) - (5))**

In order to be eligible for the tax credit for maintenance and improvement of rights of way, the railroad companies must complete and file [3 COPIES OF] an annual report with the State Tax Commission that includes the following:

1. Detailed data of right of way work conducted in this state during the past calendar year separated by costs of labor and materials on each project and itemized in the following categories:
  - (a) Miles of track laid
  - (b) Tons of new ballast installed
  - (c) Number of ties installed
  - (d) Miles of track surfaced
  - (e) Signals installed
  - (f) Under drainage work done
2. The number of notices of violation from the railway inspectors by railroad section,
3. A detailed account of the location and nature of the work defined by railroad section or mile posts surrounding the work area plus the county, city, or township in which the work was performed,
4. Demonstration that the highest priority of expenditures for the maintenance and improvement of rights of way has been given to rail lines that handle hazardous materials, especially those that are located in urban or residential areas, and detailed data on the tonnages of hazardous materials handled in relation to tonnages of other traffic handled over the rail line for which a tax credit is being applied.

In addition, the company must grant to another railroad company, upon application by the latter, trackage rights over its line for trains, providing that the train operations do not interfere with the movement of Michigan freight using the same trackage, if operations can be accomplished safely in the opinion of the grantor and if trackage arrangements and train operations are approved by the interstate commerce commission.

**\*\*\*NOTE\*\*\* Filing of the credit application does not relieve you of the requirement of filing 3 copies of the above defined report with the State Tax Commission. You are still required to provide the above information in a separate report.**

**What expenses are eligible for credit against the tax levied? MCL 207.13(2)**

### **Eligible Expenses:**

1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred in the State of Michigan.
3. Examples of Eligible Capital Expenses for Road and Equipment include, but are not limited to items from the following categories:
  - (1) Engineering exp. directly related to R & E Property
  - (2) Wharves and Docks
  - (3) Other Right-of-Way Expenses
  - (4) Coal and Ore Wharves
  - (4) Grading
  - (5) TOFC/COFC Terminals
  - (5) Tunnels and Subways
  - (6) Communication Systems
  - (6) Bridges, trestles, and culverts
  - (7) Signals and Interlockers
  - (7) Elevated Structures
  - (37) Roadway Machines
  - (8, 9, 10, 11) Ties, Rails and other Track Material
  - (38) Roadway small tools
  - (12) Track Laying and Surfacing
  - (39) Public Improvements - Construction
  - (13) Fences, Snowsheds, and Signs
  - (43) Other Expenses - Road
  - (17) Roadway Buildings (portion housing MOW equipment and engineering)

4. Examples of Eligible MOW Expenses include, but are not limited to items from the following categories (reference to lines in Schedule 410):

1-5 Superintendence	109 Roadway Machines
6-7 Roadway Maintenance (req. for sight lines)	110 Small Tools and Supplies
8-9 Tunnels and Subways	111 Removing Snow, Ice, and Sand
10-11 Elev. struct., Bridges, Trestles & Culverts	25-26 Public Improvements - Maintenance
12-15 Ties, Rail, and other Track Material	115-117 Injuries to persons, insurance
16-17 Ballast	1-117 Stationery and Printing
12-17 Track Laying and Surfacing	112-114 Empl Health And Welfare Benefits
102 Fences, Snowsheds, and Signs	148-150 Right-of-way Expenses
102 Roadway Buildings(MOW portion only)	124-126 and 139-141 Maint. of joint tracks, yards, and other facilities - Dr.
103-104 Coal and Ore Wharves	124-126 and 139-141 Maint. of joint tracks, yards, and other facilities - Cr.
106 TOFC/COFC Terminals	
23 Communication Systems	
21-22 Signals and Interlockers	

5. Eligible Expenses for repairs to foreign cars damaged by derailment are determined on a case-by-case basis, net of offsets.

#### **Non-Eligible Expenses:**

1. Expenses that were not incurred during the calendar year immediately preceding the statutory due date of this report are NOT ELIGIBLE.

2. Expenses made outside of Michigan are not eligible.

3. Expenses from the following capital expenditure categories are not eligible:

(2) Land for transp. purposes	(29) Power Plants
(16) Station and Office Buildings	(31) Power Transmission Systems
(18) Water Stations	(35) Miscellaneous Structures
(19) Fuel Stations	(44) Shop Machinery
(20) Shops and Engine Houses	(45) Power Plant Machinery
(21) Grain Elevators	(52) Locomotives
(22) Storage Warehouses	(53-58) Railroad Cars

4. If you receive grants from the Michigan Department of Transportation for improvement of Public Crossings (21-22 signals, 25-26 Public Improvements-maintenance, Schedule 410 line 39 public improvements), they are given "in and out" treatment and are not eligible expenses for the purpose of the credit calculation. (Receipts are not revenue and payments are not expenses.)

5. Expenses for cleanups of spills of cargo are NOT ELIGIBLE.

6. Expenses for removal of wrecked cars are NOT ELIGIBLE.

#### **Maximum Credit Available (MCL 207.13(2))**

The maintenance of way expense credits under MCL 207.13(2) and MCL 207.13a(5)(b)(ii) are not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.

## **Instructions for Tax Credit for Maintenance and Improvement of Qualified Rolling Stock in Michigan**

### **Who is eligible for the credit? (MCL 207.13a)**

An Eligible Company is defined as: Railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

### **What expenses are eligible for credit?**

**Eligible Expenses** are expenses for repairs and maintenance that satisfy all of the following criteria:

1. Eligible expenses must have been incurred during the calendar year immediately preceding the statutory due date of this report.
2. Eligible expenses must have been incurred in the State of Michigan.
3. Eligible expenses must be made for the maintenance or improvement of railcars which are subject to taxation by the State under PA 282 of 1905 as amended.

Note: Repairs to leased railcars on which the lessor pays the taxes are not eligible for credit claims by the lessee and vice versa.

### **Examples:**

Eligible expenses include, but are not limited to: repainting, interior or exterior washing, and repair or replacement of car parts and components.

Expenses which are NOT eligible include, but are not limited to: expenses for repairs or maintenance performed outside Michigan; expenses for repairs or maintenance on railcars for which the company has no tax liability; expenses for repair, maintenance or improvement to any railroad right-of-way and track; and expenses for repairs or maintenance not incurred in the calendar year immediately preceding the statutory due date of this report.

### **Maximum Credit Available**

This credit is not refundable or deferrable. Expenses in excess of a company's property tax liability are not eligible for credit against prior or subsequent years' liability.