

2017 Annual Report

Michigan State Tax Commission



Adopted by the State Tax Commission
February 13, 2018

About the State Tax Commission

The State Tax Commission was created by Act 360 of 1927 and is charged with providing general supervision of the administration of the property tax laws of the State of Michigan. Appendix 1 provides a list of the Public Acts for which the Commission administers property tax related functions. The Commission is comprised of three members appointed by the Governor with the advice and consent of the Senate. Biographical information about the Commission members is included in Appendix 2. Submission of this annual report is mandated by MCL 211.151.

Executive Order 2009-51, effective December 28, 2009 eliminated the “old” State Tax Commission and the State Assessors Board and combined both into a new single entity called the “new” State Tax Commission (the Commission). This provides for more efficient administration of property tax programs and a single point of entry for taxpayers, local units and assessors to direct questions or concerns related to assessment administration.

Primary Responsibilities

Pursuant to MCL 209.104, the primary duty of the State Tax Commission is to have general supervision of the administration of the property tax laws of the State, and to render assistance and give such advice and counsel to the assessing officers of the State as the Commission deems necessary and essential to the proper administration of the laws governing assessments and the levying of taxes in this State. Executive Order 2009-51, also gave the Commission the responsibility for certification and education of assessors. Following is a summary of the key components of the work of the Commission.

➤ **State Equalized Valuations**

The Commission reviews and approves the state equalized valuation for each of six separately equalized classifications of property for each of the 83 counties on an annual basis. The state equalized valuation is used in calculating the taxable valuations, which are the legal tax base for the levy of all authorized property taxes. The recommended state equalized valuations are prepared by staff after assembling, reviewing and analyzing statistical projections, summaries, property descriptions, and other data received from each county equalization department. Each county must prepare and submit an annual equalization study for this purpose.

➤ **Assessment of State Assessed Properties**

As required by MCL 207.1 – 207.21, the Commission annually adopts assessed and taxable valuations and prepares the tax roll for railroad, telephone, telegraph, and railroad car line companies. Because the assets and properties of these entities may be located throughout the State and in order to provide one tax bill for each company, assessment is made at the state rather than the local level.

➤ **Omitted and Incorrectly Reported Property**

In accordance with MCL 211.154, the Commission, receives, reviews and processes notifications of omitted and incorrectly reported real or personal property for the purpose of placing these properties on the assessment rolls. Notifications of omitted or incorrectly reported real or personal property may be received from the local assessing officers or from individual taxpayers.

➤ **Valuation of DNR-Owned Lands**

P.A. 603 of 2012 provided that beginning in 2013, the property values for DNR PILT property shall be the greater of the following: the prior value established which shall not increase by more than the CPI as defined in the Constitution or 5% whichever is less; or the taxable value calculated under MCL 211.27a. P.A. 603 of 2012 also allows PILT to apply to special assessments and to base PILT on current millage rates. The valuations certified by the Commission include recreational lands, timber-lands, state forest lands and similar lands purchased after 1933. The Commission does not place a valuation on “swamp tax” lands as a specific tax is paid on these lands.

➤ **Education and Certification of Assessing Officers**

Executive Order 2009-51 transferred responsibility for certification and education of assessors to the State Tax Commission. During 2017, the State Tax Commission continued offering programs for the Michigan Certified Assessing Technician (MCAT), Michigan Certified Assessing Officer (MCAO), Michigan Advanced Assessing Officer (MAAO) and Michigan Master Assessing Officer (MMAO) certifications.

➤ **Administrative Duties**

A variety of duties are involved in the administration of property tax related functions of the Public Acts within the jurisdiction of the Commission (Appendix 1), including:

- ❖ Prepare, approve, process and issue various forms, applications, certificates, technical guidance bulletins, memoranda, instructional training materials and manuals for dissemination to property owners, attorneys, county equalization directors, assessors and other tax officials. Provide and assist in organizing formal training schools for these individuals. Approve certification for qualified personal property examiners of local governmental units and county equalization departments.

- ❖ The State Tax Commission in 2010 created Advisory Committees to assist in the review and recommendation on critical assessment administration issues. These Committees include the Assessor Discipline Committee and the Education and Certification Committee, which continued to meet during 2017.
- ❖ Review complaints received from local assessors or individual taxpayers regarding assessment practices in local assessing units. The Commission's adopted complaint process and procedure was designed to ensure equity, fairness and due process for both the complainant and the accused.
- ❖ Oversee and maintain direct involvement in any additional property tax matters as provided by statute.

➤ **Audit of Minimum Assessing Requirements (AMAR)**

MCL 211.150 provides for the general duties of the State Tax Commission to specifically include:

To have and exercise general supervision over the supervisors and other assessing officers of this state, and to take such measures as will secure the enforcement of the provisions of this act, to the end that all the properties of this state liable to assessment for taxation shall be placed upon the assessment rolls and assessed at that proportion of true cash value which the legislature from time to time shall provide pursuant to the provisions of article 9, section 3 of the constitution.

Additionally, MCL 211.10f indicates in part:

If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll.

In order to meet these statutory requirements, the State Tax Commission has contracted with Tax Management Associates to conduct AMAR reviews in all local units in the State. The first AMAR cycle began in 2014 and was completed at the end of 2017. Beginning in 2018, the new five year cycle is scheduled to begin to ensure that all local units are reviewed once every five years.

During 2017, follow up reviews were conducted in 365 local units. Of those 365 local units, 94 were 2nd or 3rd follow up reviews. Of the 365, 256 completed all the corrections at the time of the follow up review.

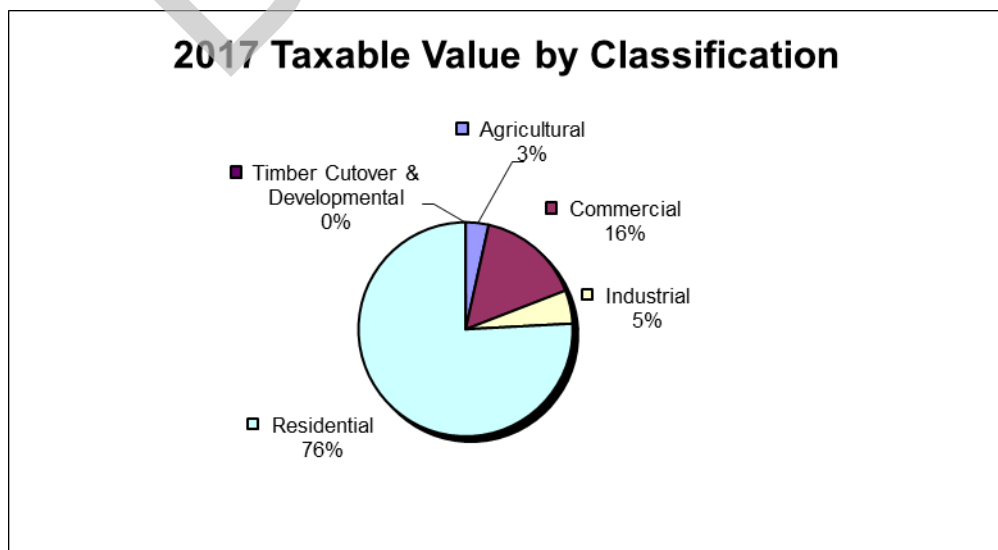
2017 Accomplishments

As required by MCL 211.149, the State Tax Commission met in formal session ten (10) times during calendar year 2017. The Commission follows the requirements of the Open Meetings Act. The agenda and minutes for each meeting are on the Commission web page at www.michigan.gov/statetaxcommission.

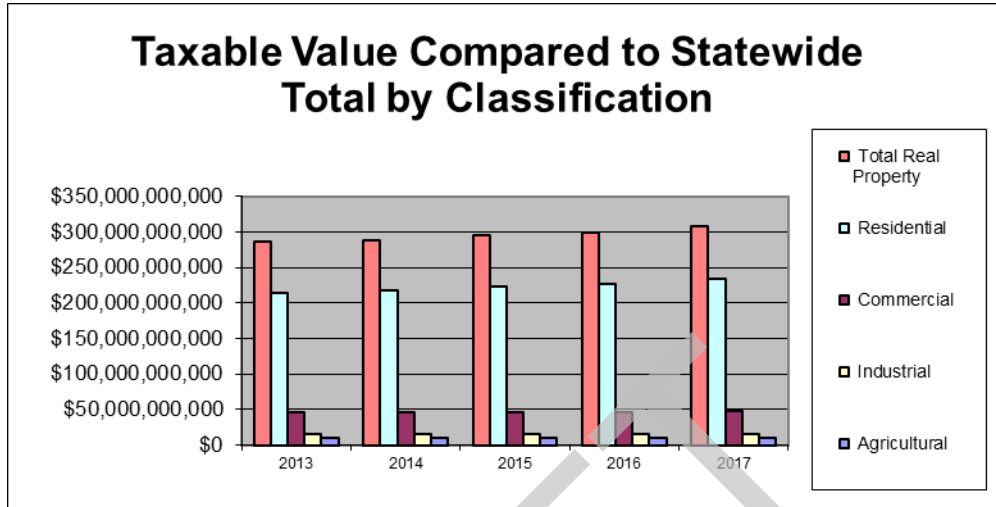
✓ State Equalized Valuations

The State Tax Commission finalized and approved the 2017 state equalized valuations for each property classification by county (Appendix 3) on May 22, 2017, as required by MCL 209.4. The total statewide summary is provided in the table below.

2017 State Equalized Valuation and Taxable Valuation State-Wide Classification Summary		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$23,373,256,261	\$10,661,601,032
Commercial	\$56,938,386,359	\$48,109,531,086
Industrial	\$17,497,180,650	\$15,554,139,502
Residential	\$289,601,352,471	\$233,317,845,350
Timber - Cutover	\$231,448,913	\$112,350,665
Developmental	\$126,402,182	\$67,257,658
Total Real Property	\$387,768,026,836	\$307,822,725,293
Total Personal Property	\$27,771,545,919	\$27,658,447,016
Total Real & Personal Property	\$415,539,572,755	\$335,481,172,309

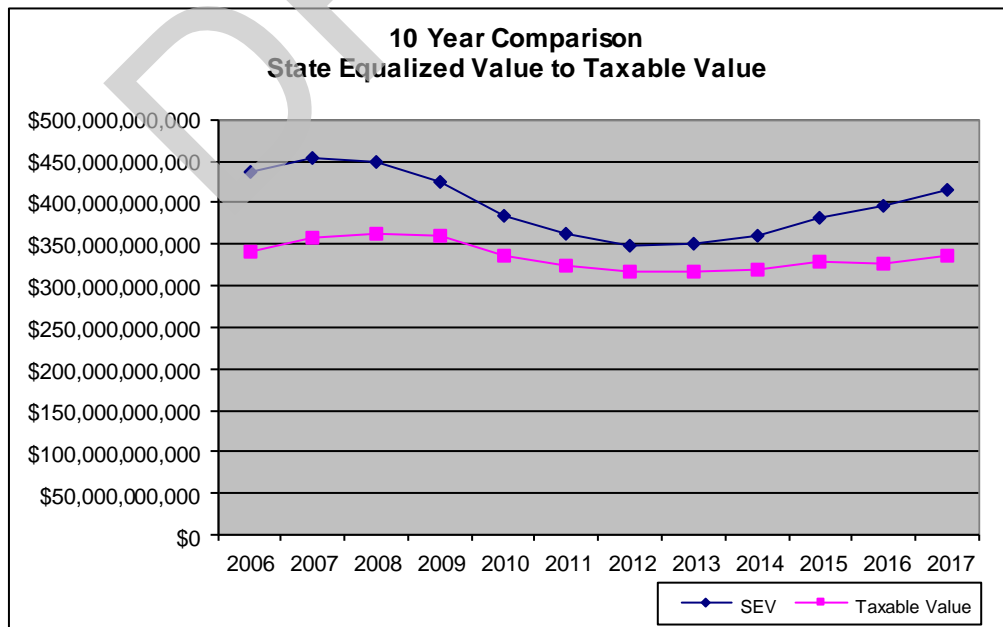


This report includes a five-year history of state equalized valuations and taxable valuations for each property classification in Appendix 4. The bar graph below illustrates the comparison of taxable valuation of each classification to the statewide total taxable valuation over a five-year period.



Note: Total Taxable Valuations for the Timber-Cutover and Developmental classifications are negligible as a percentage of the total of all classifications and do not appear on the graph.

Prior to 1994, property was assessed and taxed at 50 percent of true cash value. Beginning in 1994, Proposal A established the concept of taxable valuation to provide for the levy of property taxes on a value which cannot increase from year to year by more than 5 percent, or the rate of inflation, whichever is less, until a transfer of ownership occurs.



The following table provides the total statewide annual tax levy based on taxable valuation for the last five years.

Year	Taxable Valuation	Total Tax Levied
2012	\$315,782,771,299	\$12,756,792,023
2013	\$316,736,945,593	\$12,817,640,021
2014	\$319,501,803,623	\$13,033,563,272
2015	\$327,732,524,070	\$13,475,399,279
2016	\$327,405,758,407	\$13,653,142,170
2017	\$335,481,172,309	Available Mid 2018

✓ **Assessment of State Assessed Properties**

As required by MCL 207.1 - 207.21, the Commission adopts the assessed and taxable valuation of railroads, telephone companies and railroad car loaning companies. Appendix 5 provides a 5-year history.

✓ **Omitted and Incorrectly Reported Property**

The Commission acted on 901 petitions regarding omitted or incorrectly reported real and personal property in 2017. Petitions are received from local assessors or individual taxpayers. The following table indicates the total number of petitions acted upon by the Commission in each of the last five years.

Petition Type	2012	2013	2014	2015	2016	2017
Non-Concurrence	1022	1154	592	500	431	494
Concurrence	895	760	648	574	490	407
Total	1917	1914	1240	1,074	921	901

Note: Non-Concurrence = property owner/taxpayer did not agree with the local assessor
 Concurrence = property owner/taxpayer agreed with local assessor

✓ **Certification and Education of Assessors**

During 2010, the State Tax Commission became responsible for the certification and education of assessors. At that time the Commission revised all educational programs and authorized staff to offer these new programs as pilot programs for a three year period. In September 2013, the Commission made program changes based upon the review of the programs and the recommendations of staff and authorized the continuation of the new educational programs.

The MCAT Program was offered by both outside organizations and by the State at various locations throughout the State. The program continues to be very successful with 172 new MCAT's certified in 2017.

MCAO Programs were offered as 6 month online/lecture hybrids in January 2017 and in June 2017. Additionally, we continue to offer the Self-Study program. There were 75 new MCAO's certified during 2017.

The MAAO one year online/lecture hybrid was offered in April and October 2017. In addition, the self-paced courses were offered through outside organizations and through the State during 2017. We also developed and offered a Michigan Specific USPAP course to fulfill the MAAO requirement. That course was also offered by outside organizations during 2017. There were 71 new MAAO's certified during 2017.

During 2017, the one year MMAO Program concluded with 16 new MMAO's certified. We also offered the three pre-requisite classes during 2017 and began the new one year case study program in October 2017.

During 2017, we implemented a new Moodle online educational classroom. This new Moodle classroom includes a significant number of advanced features that make it easier for both the student, instructor and course administrator and provides increased security.

The following is a summary of each of the Committee's work and new program development during 2017:

- **Education and Certification:** Education and Certification Committee Members Lynette Girard, Ruth Scott, Linda Stevenson, Ed VanderVries and Nick Wheeler met in person and electronically during in 2017. This Committee continued to work on the development of educational programming and reviewed requests for approval of elective continuing education classes as well as requests for certification level waivers. During 2017, this committee continued to review of certification level requirements and how to adjust those requirements for the effect of wind turbines and personal property tax changes on those certification level requirements.
- **Discipline Advisory:** In December of 2015, the State Tax Commission updated the Complaint Process Regarding Assessment Administrative Practices. Discipline Advisory Committee Members Scott Engerson, Polly Cairns and Raman Patel met four times during 2017. They reviewed a number of complaints and made recommendations to the Commission.

✓ **Administrative Duties**

1. The Commission issued 27 Bulletins in 2017, several of which are annual updates of prior bulletins to correspond to the current year. Appendix 6 provides a complete list of the 2017 Commission Bulletins.
2. Under specific circumstances provided for in the General Property Tax Act, the Commission is statutorily required to assume jurisdiction of the assessment roll of a local unit as provided by MCL 211.10(f). In 2017, the Commission assumed jurisdiction of the roll for ten local units because the local unit failed to correct the

AMAR deficiencies by the stated time and seven because the local unit did not have a properly certified assessor.

- As provided by MCL 211.34c, in 2016 the Commission received 31 petitions of appeal of property classifications from property owners or local assessors.

Year	Number of Classification Appeals Received
2013	149
2014	69
2015	37
2016	31
2017	19

- In February 2010, the Commission approved changes to the Personal Property Examiner Program (PPE). These changes included transition to a three year certification cycle and implementing new annual continuing education requirements. The State Tax Commission had 710 active personal property examiners as of December 31, 2017.
- Beginning December 31, 2014, Public Act 456 of 2014 allowed an exemption from the collection of taxes under MCL 211.7kk of the General Property Tax Act, Public Act 206 of 1893, for charitable nonprofit housing organizations that own eligible nonprofit housing property. Staff reviews the applications and makes recommendations to the State Tax Commission to grant or deny the exemption after consultation with the State Treasurer or designee as required by the Act. In 2017, the Commission acted on 70 applications and granted approval to 63 of the charitable nonprofit housing organization exemption applications.
- As provided by various Public Acts, the Commission received and reviewed applications in 2017 for each of the statutory exemption programs. Staff reviews the applications and makes recommendations to the Commission to approve or deny the applications.

5 Year Summary of Exemption Certificates Granted

Type of Certificate	2013	2014	2015	2016	2017
Industrial Facility Exemptions	500	547	265	177	210
Air Pollution Control Exemptions	47	31	13	12	9
Water Pollution Control Exemptions	269	100	25	24	37
Obsolete Property Rehabilitation	25	21	31	43	40
Personal Property Exemptions	44	35	7	4	10
Neighborhood Enterprise New & Rehab	76	73	219	54	73
Commercial Rehabilitation	17	6	36	18	17
Total	978	813	596	332	393

STATE TAX COMMISSION
2017 ANNUAL REPORT

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APPENDIX 1

Public Acts under State Tax Commission Jurisdiction

The State Tax Commission administers Public Act 206 of 1893, the General Property Tax Act, as amended, and also administers related functions as follows:

1. Air Pollution Control Exemptions - Act 451, P.A. 1994, Part 59 as amended.
2. Water Pollution Control Exemptions - Act 451, P.A. 1994, Part 37 as amended.
3. Industrial Facility Exemptions - Act 198, P.A. 1974, as amended.
4. Commercial Facility Exemptions - Act 255, P.A. 1978, as amended.
5. Solar, Wind and Water Exemptions - Act 135, P.A. 1976.
6. Multiple Housing Exemptions - Act 438, P.A. 1976, as amended.
7. Farmland and Open Space Exemptions - Act 116, P.A. 1974, as amended.
8. Utility Assessments and Average Tax Rate - Act 282, P.A. 1905.
9. Appraisal of Department of Natural Resources Properties - Act 91, P.A. 1925.
10. Mining Assessments - Act 66, P.A. 1963.
11. Personal Property Examiner Certification - Act 40, P.A. 1969.
12. State Revenue Sharing Program - Act 140, P.A. 1971, as amended.
13. Single Business Tax - Inventory Reimbursement - Act 228, P.A. 1975, as amended.
14. Railroad Abandoned Right of Way and Adjacent Land Sales – Act 85, P.A. 1984.
15. Neighborhood Enterprise Zones Act - Act 147, P.A. 1992.
16. Renaissance Zones – Act 376, P.A. 1996.
17. Downtown Development Authority - Act 197, P.A. 1975.
18. Tax Increment Finance Authority - Act 450, P.A. 1980.
19. Local Development Finance Authority - Act 281, P.A. 1986.
20. Technology Park Districts - Act 385, P.A. 1984.
21. Review of Appraisals of Tax-Reverted State Lands - Act 60, P.A. 1995.
22. Obsolete Property Rehabilitation Act - Act 146, P.A. 2000.
23. New Personal Property Exemptions – Act 328, P.A. 1998, as amended.
24. Commercial Rehabilitation Exemptions – Act 210, P.A. 2005, as amended.
25. State Essential Services Assessment Act – Act 92 of 2014
26. Alternative State Essential Services Assessment Act – Act 93 of 2014

APPENDIX 2

Members of the State Tax Commission

Douglas B. Roberts

Douglas B. Roberts has served as a member of the State Tax Commission since January 1, 2003 and as Chairman of the Commission since January 2011. Dr. Roberts has served as Director of the Office of State Employer, as both Deputy Director and Acting Director of the Department of Management and Budget, as Deputy Superintendent of Public Instruction, Director of the Senate Fiscal Agency, and as State Treasurer. Dr. Roberts received both his doctorate and master's degrees from Michigan State University.

W. Howard Morris

W. Howard Morris was reappointed to the State Tax Commission in November 2017 to a four-year term expiring December 27, 2021. Mr. Morris has 30 years of professional accounting and financial experience and is the president and CIO of the Prairie & Tireman Group in Detroit. He is a former vice president and senior portfolio manager for Comerica Bank, former emergency financial manager of the Inkster Public School District, former CFO of the Detroit Public School District, and former president of WILMOCO Capital Management. Morris is a CPA, a chartered financial analyst, a personal financial specialist, and a chartered global management accountant. He received a bachelor's of business administration from Northwood University and an MBA from the Wharton School of the University of Pennsylvania.

Leonard D. Kutschman

Leonard D. Kutschman was appointed to the State Tax Commission in March 2017 to a three-year term expiring December 27, 2020. Mr. Kutschman is a Michigan Master Assessing Officer (MMAO), Michigan Certified General Appraiser, and Michigan Licensed Real Estate Broker. Mr. Kutschman has 45 years of property tax experience handling a variety of real estate and personal property tax issues and matters working in both the public and private sectors. Mr. Kutschman recently retired from the law firm of Honigman Miller Schwartz and Cohn LLP where he served as a property tax consultant. Mr. Kutschman attended the Lawrence Institute of Technology and has achieved the highest assessor certification in the State of Michigan.

APPENDIX 3

2017 State Equalized Valuations by County and Classification

County	Agricultural	Commercial	Industrial	Residential	Timber Cut-Over	Developmental	Total Real Property	Total Personal Property	Total Real and Personal
Alcona	\$40,062,600	\$27,711,200	\$11,485,200	\$685,340,600	\$0	\$0	\$764,599,600	\$36,607,300	\$801,206,900
Alger	\$8,815,100	\$37,361,677	\$10,196,700	\$405,692,428	\$0	\$0	\$462,065,905	\$18,391,060	\$480,456,965
Allegan	\$775,148,950	\$467,357,800	\$238,260,500	\$4,276,931,575	\$0	\$11,023,000	\$5,768,721,825	\$321,706,747	\$6,090,428,572
Alpena	\$87,631,400	\$114,683,700	\$35,140,000	\$732,622,600	\$0	\$0	\$970,077,700	\$71,666,280	\$1,041,743,980
Antrim	\$76,448,300	\$86,207,400	\$7,368,400	\$2,029,993,600	\$350,700	\$0	\$2,200,368,400	\$71,812,100	\$2,272,180,500
Arenac	\$104,564,910	\$44,918,800	\$8,013,700	\$475,876,100	\$0	\$0	\$633,373,510	\$42,691,950	\$676,065,460
Baraga	\$10,545,322	\$19,623,173	\$21,039,536	\$245,011,473	\$25,589,215	\$0	\$321,808,719	\$20,748,267	\$342,556,986
Barry	\$375,514,450	\$141,441,900	\$60,064,100	\$2,129,001,338	\$0	\$0	\$2,706,021,788	\$95,561,700	\$2,801,583,488
Bay	\$477,280,450	\$388,729,350	\$214,850,050	\$1,969,222,881	\$0	\$192,050	\$3,050,274,781	\$219,610,393	\$3,269,885,174
Benzie	\$24,145,700	\$90,849,369	\$4,578,800	\$1,519,372,467	\$2,231,958	\$0	\$1,641,178,294	\$40,269,200	\$1,681,447,494
Berrien	\$581,765,727	\$792,501,620	\$1,163,435,886	\$6,396,777,801	\$0	\$0	\$8,934,481,034	\$557,659,207	\$9,492,140,241
Branch	\$590,621,154	\$150,723,852	\$37,352,529	\$1,035,815,460	\$0	\$0	\$1,814,512,995	\$134,983,949	\$1,949,496,944
Calhoun	\$524,309,845	\$577,604,035	\$192,121,446	\$2,476,881,701	\$0	\$0	\$3,770,917,027	\$454,634,165	\$4,225,551,192
Cass	\$559,559,400	\$90,941,400	\$37,551,000	\$1,939,453,821	\$0	\$0	\$2,627,505,621	\$217,576,707	\$2,845,082,328
Charlevoix	\$52,705,100	\$166,444,656	\$44,469,300	\$2,271,990,799	\$0	\$0	\$2,535,609,855	\$84,574,877	\$2,620,184,732
Cheboygan	\$34,264,310	\$164,371,200	\$6,042,400	\$1,445,570,230	\$101,700	\$3,535,000	\$1,653,884,840	\$60,675,050	\$1,714,559,890
Chippewa	\$54,038,200	\$155,231,519	\$26,296,600	\$1,030,810,300	\$0	\$0	\$1,266,376,619	\$69,184,600	\$1,335,561,219
Clare	\$91,125,676	\$79,585,208	\$18,016,330	\$916,920,713	\$0	\$0	\$1,105,647,927	\$104,918,074	\$1,210,566,001
Clinton	\$759,930,929	\$403,209,583	\$56,315,067	\$2,146,109,160	\$0	\$11,380,000	\$3,376,944,739	\$140,158,590	\$3,517,103,329
Crawford	\$225,600	\$46,467,600	\$23,098,300	\$527,846,000	\$0	\$0	\$597,637,500	\$46,443,450	\$644,080,950
Delta	\$45,207,189	\$163,244,219	\$24,785,870	\$1,002,509,579	\$0	\$159,400	\$1,235,906,257	\$119,155,476	\$1,355,061,733
Dickinson	\$22,303,050	\$150,642,742	\$74,822,850	\$653,481,774	\$25,231,700	\$0	\$926,482,116	\$104,286,720	\$1,030,768,836
Eaton	\$508,573,940	\$652,909,238	\$183,754,728	\$2,511,869,176	\$0	\$9,008,500	\$3,866,115,582	\$264,485,433	\$4,130,601,015
Emmet	\$44,376,300	\$357,278,300	\$13,872,100	\$3,129,001,831	\$0	\$0	\$3,544,528,531	\$99,765,900	\$3,644,294,431
Genesee	\$193,997,600	\$2,072,265,800	\$271,068,300	\$7,655,357,447	\$0	\$0	\$10,192,689,147	\$628,382,344	\$10,821,071,491
Gladwin	\$94,054,800	\$50,283,050	\$10,237,800	\$902,786,738	\$0	\$0	\$1,057,362,388	\$44,582,854	\$1,101,945,242
Gogebic	\$1,237,081	\$56,283,546	\$12,752,637	\$500,782,745	\$26,115,230	\$0	\$597,171,239	\$67,858,513	\$665,029,752
Grand Traverse	\$147,924,836	\$987,731,000	\$84,171,700	\$4,610,492,699	\$0	\$0	\$5,830,320,235	\$246,857,341	\$6,077,177,576
Gratiot	\$878,146,243	\$119,236,500	\$31,946,300	\$585,111,263	\$0	\$0	\$1,614,440,306	\$378,632,200	\$1,993,072,506
Hillsdale	\$576,170,015	\$90,420,212	\$35,582,310	\$1,027,938,154	\$0	\$1,677,350	\$1,731,788,041	\$79,452,520	\$1,811,240,561
Houghton	\$17,343,669	\$169,840,768	\$12,789,901	\$910,424,720	\$22,195,074	\$2,288,437	\$1,134,882,569	\$64,078,777	\$1,198,961,346
Huron	\$1,750,319,639	\$118,515,767	\$40,374,600	\$1,055,248,053	\$0	\$0	\$2,964,458,059	\$691,992,863	\$3,656,450,922
Ingham	\$401,850,007	\$2,003,706,995	\$182,009,478	\$5,476,303,415	\$0	\$3,445,815	\$8,067,215,710	\$685,292,075	\$8,752,507,785
Ionia	\$637,591,794	\$147,904,123	\$42,594,017	\$1,242,668,364	\$0	\$0	\$2,070,758,298	\$111,467,100	\$2,182,225,398

2017 State Equalized Valuations by County and Classification

County	Agricultural	Commercial	Industrial	Residential	Timber Cut-Over	Developmental	Total Real Property	Total Personal Property	Total Real and Personal
Iosco	\$60,075,950	\$106,742,250	\$23,945,700	\$980,534,100	\$0	\$5,162,900	\$1,176,460,900	\$90,811,350	\$1,267,272,250
Iron	\$18,529,996	\$38,887,814	\$35,525,098	\$486,245,108	\$40,471,094	\$0	\$619,659,110	\$51,444,112	\$671,103,222
Isabella	\$402,791,681	\$483,859,766	\$32,398,300	\$1,192,624,329	\$0	\$0	\$2,111,674,076	\$121,099,536	\$2,232,773,612
Jackson	\$434,451,987	\$654,450,381	\$168,467,826	\$3,585,283,329	\$0	\$3,397,100	\$4,846,050,623	\$481,085,618	\$5,327,136,241
Kalamazoo	\$314,205,704	\$1,791,444,752	\$441,009,523	\$6,446,770,891	\$0	\$0	\$8,993,430,870	\$656,559,953	\$9,649,990,823
Kalkaska	\$22,755,100	\$51,102,200	\$8,969,500	\$719,241,900	\$0	\$0	\$802,068,700	\$145,437,600	\$947,506,300
Kent	\$359,750,646	\$5,105,513,010	\$1,210,706,400	\$17,638,777,919	\$0	\$0	\$24,314,747,975	\$1,599,633,700	\$25,914,411,675
Keweenaw	\$0	\$11,472,308	\$74,969	\$201,090,163	\$2,462,596	\$0	\$215,100,036	\$5,472,683	\$220,572,719
Lake	\$29,391,900	\$56,892,600	\$1,537,800	\$575,418,950	\$0	\$0	\$663,241,250	\$38,028,950	\$701,270,200
Lapeer	\$449,754,817	\$256,738,900	\$68,612,879	\$2,679,948,772	\$0	\$3,302,500	\$3,458,357,868	\$200,226,876	\$3,658,584,744
Leelanau	\$173,764,290	\$176,604,110	\$11,188,130	\$3,177,103,228	\$0	\$0	\$3,538,659,758	\$50,127,730	\$3,588,787,488
Lenawee	\$962,032,500	\$390,486,959	\$95,026,900	\$2,465,400,072	\$0	\$1,416,200	\$3,914,362,631	\$217,036,838	\$4,131,399,469
Livingston	\$260,703,229	\$1,006,855,056	\$268,925,528	\$8,393,949,673	\$0	\$4,939,200	\$9,935,372,686	\$517,866,706	\$10,453,239,392
Luce	\$5,304,400	\$17,488,700	\$3,089,500	\$204,195,690	\$666,100	\$0	\$230,744,390	\$10,763,407	\$241,507,797
Mackinac	\$14,536,236	\$211,568,990	\$18,818,115	\$835,441,079	\$3,996,507	\$0	\$1,084,360,927	\$154,559,924	\$1,238,920,851
Macomb	\$214,514,897	\$4,448,336,632	\$1,939,951,454	\$23,909,211,479	\$0	\$0	\$30,512,014,462	\$1,790,227,301	\$32,302,241,763
Manistee	\$38,986,700	\$100,404,300	\$53,043,400	\$1,100,710,195	\$0	\$0	\$1,293,144,595	\$96,733,800	\$1,389,878,395
Marquette	\$13,353,200	\$462,033,650	\$134,102,665	\$2,148,317,605	\$54,834,800	\$0	\$2,812,641,920	\$176,222,417	\$2,988,864,337
Mason	\$93,189,600	\$153,672,600	\$447,076,500	\$1,240,322,064	\$0	\$0	\$1,934,260,764	\$167,289,700	\$2,101,550,464
Mecosta	\$199,753,400	\$144,988,700	\$39,826,200	\$1,077,061,774	\$0	\$0	\$1,461,630,074	\$92,533,500	\$1,554,163,574
Menominee	\$101,432,753	\$72,425,754	\$38,063,025	\$732,230,543	\$0	\$0	\$944,152,075	\$72,831,362	\$1,016,983,437
Midland	\$167,398,638	\$480,088,900	\$262,265,685	\$2,242,180,651	\$0	\$0	\$3,151,933,874	\$531,101,140	\$3,683,035,014
Missaukee	\$166,925,100	\$44,481,900	\$7,491,000	\$522,027,450	\$0	\$0	\$740,925,450	\$73,077,700	\$814,003,150
Monroe	\$528,972,219	\$737,698,110	\$1,062,632,890	\$4,086,471,763	\$0	\$8,187,730	\$6,423,962,712	\$436,905,349	\$6,860,868,061
Montcalm	\$426,225,000	\$171,861,111	\$39,322,500	\$1,434,665,394	\$0	\$0	\$2,072,074,005	\$216,845,000	\$2,288,919,005
Montmorency	\$18,468,300	\$28,290,000	\$8,328,600	\$505,076,973	\$0	\$0	\$560,163,873	\$47,727,410	\$607,891,283
Muskegon	\$145,010,600	\$694,547,318	\$167,600,000	\$3,793,447,650	\$0	\$0	\$4,800,605,568	\$339,124,796	\$5,139,730,364
Newaygo	\$221,936,800	\$105,119,100	\$51,287,600	\$1,345,625,806	\$0	\$0	\$1,723,969,306	\$108,289,954	\$1,832,259,260
Oakland	\$70,329,430	\$10,486,445,800	\$1,954,501,320	\$53,043,295,649	\$0	\$0	\$65,554,572,199	\$3,453,780,010	\$69,008,352,209
Oceana	\$185,034,450	\$87,425,300	\$29,356,750	\$1,213,282,380	\$0	\$0	\$1,515,098,880	\$64,601,185	\$1,579,700,065
Ogemaw	\$92,777,400	\$108,593,200	\$8,249,500	\$757,595,781	\$0	\$0	\$967,215,881	\$60,675,086	\$1,027,890,967
Ontonagon	\$11,543,840	\$14,595,780	\$30,976,100	\$221,077,563	\$23,290,139	\$0	\$301,474,422	\$22,098,255	\$323,572,677
Osceola	\$131,658,100	\$38,802,800	\$26,695,350	\$579,803,800	\$0	\$0	\$776,960,050	\$85,359,200	\$862,319,250
Oscoda	\$11,357,100	\$25,110,800	\$8,406,700	\$363,499,420	\$0	\$0	\$408,374,020	\$43,991,100	\$452,365,120
Otsego	\$47,169,100	\$169,191,000	\$26,408,000	\$922,744,050	\$0	\$0	\$1,165,512,150	\$244,373,100	\$1,409,885,250
Ottawa	\$629,680,447	\$1,477,136,600	\$838,097,300	\$9,681,721,350	\$0	\$1,247,300	\$12,627,882,997	\$761,056,600	\$13,388,939,597

2017 State Equalized Valuations by County and Classification

County	Agricultural	Commercial	Industrial	Residential	Timber Cut-Over	Developmental	Total Real Property	Total Personal Property	Total Real and Personal
Presque Isle	\$80,112,200	\$24,449,800	\$27,283,000	\$646,498,188	\$84,000	\$14,500	\$778,441,688	\$30,008,270	\$808,449,958
Roscommon	\$4,903,100	\$101,861,600	\$1,837,000	\$1,347,973,013	\$0	\$0	\$1,456,574,713	\$43,708,042	\$1,500,282,755
Saginaw	\$639,018,224	\$1,012,462,315	\$132,676,200	\$3,348,783,833	\$16,400	\$0	\$5,132,956,972	\$428,251,150	\$5,561,208,122
Saint Clair	\$448,666,310	\$594,112,810	\$749,080,816	\$4,408,301,523	\$0	\$0	\$6,200,161,459	\$715,405,067	\$6,915,566,526
Saint Joseph	\$682,054,300	\$172,001,100	\$124,249,000	\$1,453,023,137	\$0	\$601,300	\$2,431,928,837	\$285,216,901	\$2,717,145,738
Sanilac	\$1,322,092,689	\$101,511,415	\$14,114,239	\$978,772,559	\$76,800	\$5,311,900	\$2,421,879,602	\$231,189,520	\$2,653,069,122
Schoolcraft	\$6,252,500	\$31,086,300	\$10,296,900	\$350,240,380	\$3,734,900	\$0	\$401,610,980	\$44,829,676	\$446,440,656
Shiawassee	\$526,550,895	\$181,974,190	\$29,270,220	\$1,370,324,543	\$0	\$0	\$2,108,119,848	\$104,076,600	\$2,212,196,448
Tuscola	\$1,049,895,623	\$91,761,900	\$33,642,357	\$1,031,884,701	\$0	\$0	\$2,207,184,581	\$411,113,795	\$2,618,298,376
Van Buren	\$470,865,500	\$262,907,200	\$80,654,200	\$2,663,226,298	\$0	\$0	\$3,477,653,198	\$703,542,800	\$4,181,195,998
Washtenaw	\$500,887,424	\$3,980,199,090	\$461,800,390	\$13,867,637,028	\$0	\$38,464,900	\$18,848,988,832	\$968,345,499	\$19,817,334,331
Wayne	\$25,528,800	\$8,662,983,686	\$2,986,980,086	\$30,875,493,532	\$0	\$11,747,100	\$42,562,733,204	\$4,108,348,869	\$46,671,082,073
Wexford	\$44,872,900	\$123,490,500	\$46,859,100	\$835,582,188	\$0	\$0	\$1,050,804,688	\$76,317,000	\$1,127,121,688
Grand Total	\$23,373,256,261	\$56,938,386,359	\$17,497,180,650	\$289,601,352,471	\$231,448,913	\$126,402,182	\$387,768,026,836	\$27,771,545,919	\$415,539,572,755

APPENDIX 4

State Equalized Valuation & Taxable Valuation State-Wide Totals by Classification

2017		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$23,373,256,261	\$10,661,601,032
Commercial	\$56,938,386,359	\$48,109,531,086
Industrial	\$17,497,180,650	\$15,554,139,502
Residential	\$289,601,352,471	\$233,317,845,350
Timber - Cutover	\$231,448,913	\$112,350,665
Developmental	\$126,402,182	\$67,257,658
Total Real Property	\$387,768,026,836	\$307,822,725,293
Total Personal Property	\$27,771,545,919	\$27,658,447,016
Total Real & Personal Property	\$415,539,572,755	\$335,481,172,309

2016		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$22,795,411,527	\$10,479,877,007
Commercial	\$53,870,354,704	\$46,766,419,902
Industrial	\$16,894,199,209	\$15,362,578,335
Residential	\$274,930,187,551	\$226,802,770,667
Timber - Cutover	\$238,999,493	\$114,315,228
Developmental	\$134,757,533	\$71,775,693
Total Real Property	\$368,818,910,017	\$299,597,736,832
Total Personal Property	\$27,898,913,829	\$27,808,021,575
Total Real & Personal Property	\$396,717,823,846	\$327,405,758,407

2015		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$21,623,537,941	\$10,400,901,985
Commercial	\$51,697,675,218	\$46,232,437,956
Industrial	\$16,369,452,454	\$15,232,173,035
Residential	\$259,196,283,521	\$222,669,176,470
Timber - Cutover	\$248,587,449	\$117,160,853
Developmental	\$161,875,398	\$94,501,423
Total Real Property	\$349,297,411,981	\$294,746,351,722
Total Personal Property	\$33,117,877,535	\$32,986,172,348
Total Real & Personal Property	\$382,415,289,516	\$327,732,524,070

2014		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$20,065,665,671	\$10,159,057,061
Commercial	\$50,367,573,850	\$45,696,993,833
Industrial	\$15,921,715,951	\$15,005,328,915
Residential	\$242,389,931,020	\$217,228,996,914
Timber - Cutover	\$251,968,165	\$114,698,317
Developmental	\$176,633,422	\$105,096,038
Total Real Property	\$329,173,488,079	\$288,310,171,078
Total Personal Property	\$31,419,449,925	\$31,191,632,545
Total Real & Personal Property	\$360,592,938,004	\$319,501,803,623

2013		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$18,656,815,548	\$9,932,397,330
Commercial	\$50,221,540,294	\$45,998,152,006
Industrial	\$16,112,103,742	\$15,271,705,195
Residential	\$233,400,321,222	\$214,316,601,069
Timber - Cutover	\$262,064,612	\$115,746,518
Developmental	\$221,701,272	\$129,844,106
Total Real Property	\$318,874,546,690	\$285,764,446,224
Total Personal Property	\$31,150,143,603	\$30,972,499,369
Total Real & Personal Property	\$350,024,690,293	\$316,736,945,593

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APPENDIX 5

5 YEAR SUMMARY OF STATE ASSESSED PROPERTIES

2017					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$680,137,843	\$35,625,620		\$35,602,965	\$22,655
Telephone Companies	\$1,150,903,735	\$60,284,338	52.38	\$24,541,256	\$35,743,082
Car Loaning Companies	\$136,936,740	\$7,172,746		\$4,725,847	\$2,446,899
Totals	\$1,967,978,318	\$103,082,704		\$64,870,068	\$38,212,636
2016					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$640,641,211	\$32,249,879		\$32,247,236	\$2,643
Telephone Companies	\$1,203,289,376	\$60,573,587	50.34	\$25,225,891	\$35,347,696
Car Loaning Companies	\$134,007,099	\$6,745,917		\$4,744,209	\$2,001,709
Totals	\$1,970,459,744	\$99,569,383		\$62,217,336	\$37,352,047
2015					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$627,247,082	\$31,312,174		\$31,302,251	\$9,924
Telephone Companies	\$1,218,811,988	\$60,843,094	49.92	\$18,646,583	\$42,196,511
Car Loaning Companies	\$133,296,686	\$6,654,171		\$3,736,591	\$2,917,579
Totals	\$1,979,355,756	\$98,809,439		\$53,685,425	\$45,124,014
2014					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$596,544,458	\$29,439,469		\$29,277,271	\$162,198
Telephone Companies	\$1,396,040,603	\$68,894,604	49.35	\$21,275,105	\$47,619,499
Car Loaning Companies	\$94,716,342	\$4,674,251		\$3,081,537	\$1,592,714
Totals	\$2,087,301,403	\$103,008,324		\$53,633,913	\$49,374,411
2013					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$575,974,244	\$27,809,249		\$27,319,797	\$489,452
Telephone Companies	\$1,438,530,112	\$70,992,450	49.54	\$22,303,834	\$46,688,615
Car Loaning Companies	\$80,052,042	\$3,911,988		\$2,915,112	\$996,876
Totals	\$2,094,556,398	\$102,713,687		\$52,538,743	\$50,174,944

* Available credits for railroad companies are for track and right-of-way maintenance and railcar maintenance as provided in MCL 207.13(2), MCL 207.13a(5)(b)(ii), and MCL 207.13a (5)(b)(i)

2017 STATE TAX COMMISSION BULLETINS

Number	Title
2017-01	4 th Quarter Certified Interest Rates
2017-02	Electronic Filing
2017-03	Millage Requests and Rollbacks
2017-04	1 st Quarter Certified Interest Rates
2017-05	Qualified Errors
2017-06	Poverty Exemptions
2017-07	Transfer of Qualified Agricultural Property
2017-08	Transitional Qualified Forest Property Exemption
2017-09	Sales Ratio Studies
2017-10	County Multipliers
2017-11	Interest Rates on MTT Judgments thru December 31, 2017
2017-12	2 nd Quarter Certified Interest Rates
2017-13	County Multipliers for 2014 Assessors Manual
2017-14	Assessor Certification
2017-15	Random Week for Qualified Business
2017-16	Inflation Rate Multiplier for 2018
2017-17	Property Tax and Equalization Calendar for 2018
2017-18	Recalculating Taxable Value
2017-19	Interest Rates on MTT Judgments thru June 30, 2018
2017-20	Transfer of Ownership
2017-21	Omitted or Incorrectly Reported Property
2017-22	Property Tax Appeal Procedures for 2018
2017-23	3 rd Quarter Certified Interest Rates
2017-24	Procedural Changes for the 2018 Assessment Year

2017-25	Lands Owned by Indian Tribes
2017-26	MCL 211.7o Charitable Exemption
2017-27	Boards of Review

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Chapter 9 Depreciation

Depreciation is a loss of utility and therefore of value from any cause. This loss in value is divided into three categories. They are physical deterioration, functional obsolescence, and economic obsolescence (also referred to as locational or external obsolescence).

Cost New

The starting point of a cost approach to value is the estimate of the cost new as of the date of appraisal. This cost new estimate can be either reproduction cost or replacement cost.

Reproduction Cost: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout and quality of workmanship and embodying all the deficiencies, superadequacies and obsolescence of the subject building.¹

Replacement Cost: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.²

Frequently it is not possible to exactly reproduce a building in the reproduction cost estimate. When existing building materials are observed which were utilized in prior years but are no longer available and are not listed within a cost service manual (e.g., stone rubble walls, asbestos insulation, transite panels, knob and tube wiring, etc.), a currently available replacement material can be substituted which offers about the same utility, function, structural strength, quality, and perhaps appearance. This is not a replacement cost approach but the "use of replacement materials within the reproduction cost approach." Technically, replacement materials are priced into many components of older buildings. For example, the present day price of a gas space heater would be for a unit which undoubtedly would not be an exact duplicate of the one you would find in a 50-year old building.

It is often debated whether the reproduction cost or the replacement cost should be the starting point in the cost approach to value. The State Tax Commission advises that the reproduction cost is generally the preferred starting point.

The following are some cautions about the use of the replacement cost:

1. The appraiser must redesign the building and will therefore be pricing a building which does not exist. The appraiser must remember that a replacement building must have utility equivalent to the building being appraised. This means that the replacement building must be equivalent

¹ Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Page 198

² IBID Page 197

- to the actual building with respect to capacity to house feasible manufacturing processes, total useful production capacity, useful quality of construction, utility, flexibility, etc.
2. A building of modern design and materials may cost more and the "perfect" replacement building may not be economical to build.
 3. Some forms of functional obsolescence may be missed under the mistaken impression that pricing a replacement building accounts for all forms of functional obsolescence.
 4. All points of difference between the actual building and a replacement building must be clearly stated and supported. Thus, as an example, if the existing heating system is changed in the replacement building, that fact must be clearly stated and supported.

A replacement cost analysis is sometimes required when analyzing depreciation caused by functional obsolescence. A replacement cost estimate does not include superadequacies existing in the building being appraised.

Depreciation Tables

Depreciation tables are included in Volume I of the Assessor's Manual for residential, mobile- manufactured and agricultural properties. Volume II contains schedules for commercial and industrial properties. These are also included at the end of this chapter. The State Tax Commission requires the use of these depreciation schedules, which have been used for many years, to maintain uniformity and continuity of assessment administration appraisals in Michigan. This requirement is made regardless of which cost manual is being used to estimate cost new. Deviations from the State Tax Commission depreciation schedules should be documented and represent market conditions.

Depreciation tables are used to rapidly secure systematic, equitable assessments. These tables are based on the premise that all structures depreciate from age and use, that normally depreciation takes place at a more or less uniform rate, and that the rate of physical deterioration is almost inversely proportional to the quality of the structure.

It should be noted that the type of exterior on a building is not the sole determining factor of depreciation. With normal maintenance, the various types of exterior often have an equal effect on total building depreciation. The frame of the building is about the only portion that cannot be reconditioned or maintained without extensive remodeling or reconstruction.

Depreciation as used in this manual is expressed as a percentage remaining or percent good. In other words, it is a direct multiplier rather than a subtractive rate. A 10% depreciation allowance would be expressed as 90% remaining condition. In order to promote uniformity in determining the age of a structure, the following rule should be followed.

Subtract the calendar year in which the building was constructed from the tax year for which the property is being appraised. The difference is the actual age in years. For example, a house built in 2012 and being appraised for the 2018 assessment (12-31-18) has an actual age of 6 years.

Depreciation tables in the Assessor's Manual include consideration for physical deterioration and normal obsolescence which is different from physical deterioration. Extraordinary functional and economic obsolescence should be separately identified, estimated and noted on the appraisal record card. An economic condition factor should also be applied where there are sufficient good sales to allow its calculation.

Since the State Tax Commission depreciation tables account for regular physical deterioration and normal obsolescence only, it is necessary to determine whether a particular property suffers from extraordinary obsolescence. Extraordinary obsolescence is usually of two types: economic obsolescence and functional obsolescence. Normal functional obsolescence frequently includes those items which, if cured, would be replaced by the same item but of modern design. Examples of normal functional obsolescence would be electric power boxes containing fuses rather than circuit breakers and ceiling and wall treatments which are no longer in style today.

Some examples of extraordinary obsolescence are the following:

1. Upper stories not used.
2. Unnecessary interior walls caused by piecemeal additions over the years.
3. Light and ventilation monitors no longer used.
4. Very small bay sizes.

When measuring extraordinary obsolescence, consideration should be given to the methods outlined earlier in this chapter. However, frequently it is not possible to mathematically measure obsolescence and good judgement must be relied on. In the final analysis, the estimating of depreciation is a function of observation, experience, and good judgment. Regardless of the mathematical result, the depreciation determined should be weighed in the light of the property as a whole. A method of measuring obsolescence may logically seem credible but produce a result which is unbelievable. The result should not defy common sense. Economic obsolescence should be supported by convincing evidence. General statements such as "Homes in this area are not selling" or "This is not a good place to do business" are not sufficient evidence to justify a deduction for economic obsolescence.

Maximum Depreciation - Minimum Final Condition

Very old buildings depreciate more or less according to the depreciation tables until they reach the limit of the tables. At or about these points, the buildings reach a limit of depreciation beyond which they do not seem to depreciate further as long as they are used. This can be observed from sales data where a number of these old buildings are involved. In special cases the limit of depreciation may be lower than the ending percentage condition listed in the depreciation tables even though the building is still being used. An unused building that has been boarded up may even depreciate to as low as 10% or 15% of the original value of the building.

Observed Condition

Occasionally an experienced appraiser will feel that for one reason or another; the building being appraised is in better or worse condition than the condition indicated by the depreciation tables using actual age. Sometimes, in an effort to improve on the results obtained by using the table, the appraiser will over-adjust in an effort to correct the table to meet what is felt to be the actual physical condition of the building. Certainly no depreciation table should be used blindly or indiscriminately, but neither should a building be over-assessed because a new coat of paint has been freshly applied in the normal course of maintenance or under-assessed because the house was in need of a coat of paint at the time of appraisal.

A percent condition lower than that found in the depreciation table should not be used unless something has caused the building to deteriorate faster than is indicated by the table.

If the appraiser varies too often from the depreciation tables, equity between buildings is soon destroyed.

Superior maintenance and inferior maintenance are factors that will justify diversion from the depreciation table to a small degree. The more common reason for using a different percent condition is remodeling. Remodeling is present to a degree in most old homes. Frequently, remodeling is extensive enough to eliminate some of the physical depreciation and the normal obsolescence allowed in the depreciation table.

Any extensive rebuilding or remodeling should be followed directly by a complete reappraisal of the subject property by the assessor. (Note: A residential property which has been remodeled may qualify for non-consideration of the true cash value resulting from expenditures for normal repairs, replacements and maintenance). (MCL 211.27(2))

The assessor may feel that it is desirable to compute an effective age when a building has been rebuilt or remodeled. The effective age of the building can be obtained simply by using the ratio of the value of the building after remodeling to the cost new of the building. This ratio expressed as a percent is actually the

observed percent good of the building. Opposite the percent condition in the depreciation table nearest to the observed depreciation computed is the effective age of the building. There are any number of formulated methods for computing the effective age of a structure, but each of them is merely a variation of this one simple principle.

As an example of computing effective age, consider a residential building 60 years old that has been remodeled extensively. The building would have been valued at \$60,000 new from the cost schedules and at 45% good or \$27,000 considering the standard depreciation table. However, based on observed actual condition, the appraiser assigned a depreciated condition of 70% good or \$42,000. By backing through the depreciation table, it can be seen that the effective age corresponding to 70% would be 30 years for valuation purposes.

Sometimes when there are minor additions of the same quality construction as the original building and when the additions in no way affect the remaining life of the entire building, the condition of the original building should be used even on the new area of the building, although the addition alone would not warrant such a low percent condition. This is based on the assumption that the addition alone would not be of much value without the remainder of the building.

Occasionally the appraiser will find it advisable to separate the original structure from the remodeled portion and depreciate each separately on the basis of the construction dates of the separate portions. This method of depreciation would usually be restricted to major remodeling or additions.

Commercial and Industrial Depreciation Table

The physical condition of commercial and industrial buildings is affected by type and quality of construction, age, use, and maintenance. The assessor should give careful consideration to the selection of the depreciation rate to be used. Best results will be obtained by applying the depreciation condition from the table along with consideration given to the observed condition estimated at the time of the appraisal. If extraordinary obsolescence is present, make allowances and indicate the percent allowed and document the basis for the allowance.

The column headings of 1½%, 2%, 2 ½%, 3%, and 4% which appear on the commercial and industrial depreciation table generally apply to the following building construction types:

- 1½% Heavy reinforced concrete or heavy steel frame with masonry
- 2% Reinforced concrete, steel or wood frame with masonry or wood walls
- 2½% Light steel or wood frame with masonry or wood walls
- 3% Inexpensive retail structures and low-cost buildings

4% Sheds, low-cost hangars and utility buildings

More specifically, the assessor can consider the life expectancy guidelines listed by type of occupancy and class of construction. They are typical life expectancies, in years, of various types of buildings.

These guidelines were developed by Marshall and Swift and are based on appraisers' opinions and studies of actual mortality, condition of surviving buildings, and ages at which major reconstruction or change of occupancy has taken place. These studies do not include cases of mortality from economic obsolescence or poor business management. These guidelines can be used as a help to selecting the proper depreciation column on the State Tax Commission Commercial/Industrial Depreciation Table. The percent labels on the STC depreciation schedule are roughly equivalent to the following building lives:

Percent	Years
1 ½%	60-65
2%	50
2 ½%	40
3%	30-35
4%	20-25

It is sometimes necessary to select a depreciation multiplier that falls between two columns. Thus, a building with a life expectancy of 45 years should get a multiplier halfway between the multipliers found in the 2 ½ % and 2% columns.

Fixed Attached Equipment

Real property generally includes fixed, attached equipment. This type of property is sometimes overlooked in the assessment process. It consists of equipment which is fixed or attached to the building in a permanent fashion.

Although all of the items of property that may fall into the classification of fixed, attached equipment cannot be listed, the following is characteristic: power equipment and facilities such as boilers, generators, ash and coal-handling equipment, cooling towers, power bus ducts, truck or platform scales, ovens, kilns, press pits, silos, craneways, cupolas, hoppers, insulation and piping and compressors and heat exchangers in refrigerated rooms, tanks, vats, spray booths, underground tanks and piping. A further expansion of this list would only emphasize the built-in character of this type of equipment.

This group of items is frequently entered on the books of an industrial concern as real property or as special property separate from regular personal property.

Because of the difficulty in estimating the cost new of fixed, attached equipment, its original book cost can be used as a starting point for its valuation assuming that the book cost includes sales tax, freight, and installation. The fixed, attached equipment multipliers listed below are applied against the original book cost of

fixed, attached equipment to produce an estimate of the full current value of the property. These multipliers can also be used when the original book cost is unavailable but a current reproduction cost is known and is indexed back to the date of installation. The assessor should use a consistent approach to the valuation of fixed, attached equipment. The use of effective age may be necessary when valuing rebuilt or modernized fixed, attached equipment to assure uniformity.

Fixed, Attached Equipment Multipliers

Age	Multiplier
1	98
2	96
3	94
4	92
5	90
6	88
7	86
8	84
9	82
10	80
11	78
12	76
13	74
14	72
15	70
And over	

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

IN THE MATTER OF:

Docket 17-025636

**State Tax Commission,
Petitioner,**

Agency No. Wayne Kinne

v

**Wayne Kinne,
Respondent.**

OFFICIAL ORDER

On December 28, 2017, Petitioner filed a fully executed Stipulation and Dismissal Without Prejudice in the above entitled matter.

On January 4, 2018, the Administrative Law Judge (ALJ) issued and entered an Order Allowing Withdrawal.

The Stipulation and Dismissal reiterates the Assessor Discipline Advisory Committee's recommendation made to the Commission at their October 30, 2017 meeting that Respondent's certificate in assessment administration be suspended or revoked, following allegations that Respondent had engaged in inappropriate assessing practices during the time he was the assessor of record for Ingham Township, Ingham County.

As a result of the Stipulation and Dismissal, the properly noticed hearing scheduled for January 8, 2018 before the Michigan Administrative Hearing System was cancelled.

ORDER

NOW THEREFORE IT IS ORDERED that:

1. The Stipulation and Dismissal and ALJ's Order Allowing Withdrawal is adopted by reference and made a part of this Official Order.
2. The Respondent's certificate in assessment administration is hereby REVOKED from the effective date this Official Order is issued and entered.

3. 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 13th day of February A.D., 2018.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, Member

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

Heather S. Frick, Executive Director

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

IN THE MATTER OF:

State Tax Commission,
Petitioner

v

Wayne Kinne,
Respondent

Docket No.: 17-025636

Case No.: Kinne

Agency: Treasury

Case Type: Treas State Tax
Commission

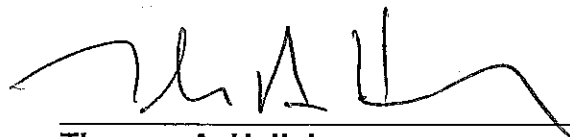
Filing Type: Appeal

Issued and entered
this 4th day of January, 2018
by: Thomas A. Halick
Administrative Law Judge

ORDER OF DISMISSAL

On December 28, 2017, Assistant Attorney General James A. Ziehmer, on behalf of Petitioner, sent in a stipulated request that the hearing in the above-captioned matter be dismissed without prejudice.

NOW THEREFORE, IT IS ORDERED that the hearing in the above-captioned matter is dismissed without prejudice. Accordingly, we have removed this case from our formal hearing docket, cancelled the hearing scheduled for January 8, 2018 and are closing our file in this matter.



Thomas A. Halick
Administrative Law Judge

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

STATE TAX COMMISSION,

Petitioner,
v

WAYNE KINNE,

Respondent.

Docket No. 17-025636

Case No. Kinne

Agency: Treasury

Case Type: Treas State Tax
Commission

Filing Type: Sanction/Revocation

Wayne Kinne
Respondent
1420 Johnston St., Box 238
Dansville, MI 48819

James A. Ziehmer (P75377)
Assistant Attorney General
Revenue & Tax Division
Attorney for Petitioner
PO Box 30754
Lansing, Michigan 48909
(517) 373-3203

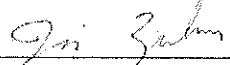
STIPULATION AND DISMISSAL WITHOUT PREJUDICE

A formal hearing was scheduled for January 8, 2018 regarding allegations of improper assessment administration practices by Wayne Kinne including misfeasance, malfeasance, and/or nonfeasance of duty in violation of State Tax Commission General Rule 209.155. The parties have reached an agreement to resolve this matter without a hearing on the following terms:

1. Wayne Kinne agrees to immediately voluntarily surrender his assessor's license.
2. Wayne Kinne agrees to not act as the Assessor of Record for any local unit of government upon surrender of his assessor's license.

This matter is dismissed, without prejudice, subject to the State Tax Commission's express right to take any further action if Wayne Kinne fails to comply with the above terms.

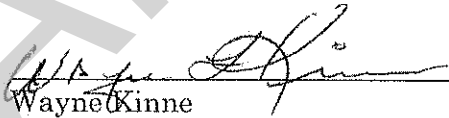
Respectfully submitted:
BILL SCHUETTE
Attorney General


James A. Ziehm (P75377)
Assistant Attorney General
Revenue & Tax Division
Attorney for Petitioner

Dated: 12/27/17


Heather Frick
Executive Director
Michigan State Tax Commission

Dated: 12/27/17


Wayne Kinne
Respondent

Dated: December 20th 2017

DRAFT

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

IN THE MATTER OF:

Docket 17-025061

**State Tax Commission,
Petitioner,**

Agency No. Deborah Dunham

v

**Deborah Dunham,
Respondent.**

OFFICIAL ORDER

On December 13, 2017, Petitioner filed a fully executed Stipulation and Dismissal Without Prejudice in the above entitled matter.

On December 19, 2017, the Administrative Law Judge (ALJ) issued and entered an Order Allowing Withdrawal.

The Stipulation and Dismissal reiterates the Assessor Discipline Advisory Committee's recommendation made to the Commission at their October 30, 2017 meeting that Respondent's certificate in assessment administration be suspended or revoked, following allegations that Respondent had engaged in inappropriate assessing practices during the time she was the assessor of record for the City of Gaylord, Otsego County.

As a result of the Stipulation and Dismissal, the properly noticed hearing scheduled for December 20, 2017 before the Michigan Administrative Hearing System was cancelled.

ORDER

NOW THEREFORE IT IS ORDERED that:

1. The Stipulation and Dismissal and ALJ's Order Allowing Withdrawal is adopted by reference and made a part of this Official Order.
2. The Respondent's certificate in assessment administration is hereby REVOKED from the effective date this Official Order is issued and entered.

3. 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 13th day of February A.D., 2018.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, Member

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

Heather S. Frick, Executive Director

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

STATE TAX COMMISSION,

Petitioner,
v

DEBORAH DUNHAM,

Respondent.

Docket No. 17-025061

Case No. Dunham

Agency: Treasury

Case Type: Treas State Tax
Commission

Filing Type: Sanction

Deborah Dunham
Respondent
831 Knollwood Lane
Gaylord, MI 49735
(989) 858-1237

Michael S. Hill (P73084)
Assistant Attorney General
Revenue & Tax Division
Attorney for Petitioner
PO Box 30754
Lansing, Michigan 48909
(517) 373-3203


STIPULATION AND DISMISSAL WITHOUT PREJUDICE

A formal hearing was scheduled for December 20, 2017 regarding allegations of improper assessment administration practices by Deborah Dunham including misfeasance, malfeasance, and/or nonfeasance of duty in violation of State Tax Commission General Rule 209.155. The parties have reached an agreement to resolve this matter without a hearing on the following terms:

1. Deborah Dunham agrees to immediately voluntarily surrender her assessor's license #R-6160.
2. Deborah Dunham agrees to not act as the Assessor of Record for any local unit of government upon surrender of her assessor's license.

This matter is dismissed, without prejudice, subject to the State Tax Commission's express right to take any further action if Deborah Dunham fails to comply with the above terms.

Respectfully submitted:
BILL SCHUETTE
Attorney General



Michael S. Hill (P73084)
Assistant Attorney General
Revenue & Tax Division
Attorney for Petitioner

Dated: December 13, 2017



Heather Frick
Executive Director
Michigan State Tax Commission

Dated: December 13, 2017



Deborah Dunham
Respondent

Dated: December 12, 2017

DRAFT

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

IN THE MATTER OF:

State Tax Commission,
Petitioner

v

Deborah Dunham,
Respondent

Docket No.: 17-025061

Case No.: DUNHAM

Agency: Treasury

Case Type: Treas State Tax
Commission

Filing Type: Appeal

Issued and entered
this 19th day of December 2017
by: Peter L. Plummer
Administrative Law Judge

ORDER ALLOWING WITHDRAWAL

On December 13, 2017, Parties submitted a Stipulation and Dismissal without Prejudice and withdrew the request for hearing in the above-entitled matter.

NOW THEREFORE, IT IS ORDERED that the hearing in the above-captioned matter is dismissed without prejudice. Accordingly, we have removed this case from our formal hearing docket, cancelled the hearing scheduled for December 20, 2017, and are closing our file in this matter.



Peter L. Plummer
Administrative Law Judge

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

IN THE MATTER OF:

Docket 17-025060

**State Tax Commission,
Petitioner,**

Agency No. Michael Foust

v

**Michael Foust,
Respondent.**

OFFICIAL ORDER

On December 15, 2017, Petitioner filed a fully executed Stipulation and Dismissal Without Prejudice in the above entitled matter.

On December 19, 2017, the Administrative Law Judge (ALJ) issued and entered an Order Allowing Withdrawal.

The Stipulation and Dismissal reiterates the Assessor Discipline Advisory Committee's recommendation made to the Commission at their October 30, 2017 meeting that Respondent's certificate in assessment administration be suspended or revoked, following allegations that Respondent had engaged in inappropriate assessing practices during the time he was the assessor of record for City of Zilwaukee and Zilwaukee Township, Saginaw County.

As a result of the Stipulation and Dismissal, the properly noticed hearing scheduled for December 20, 2017 before the Michigan Administrative Hearing System was cancelled.

ORDER

NOW THEREFORE IT IS ORDERED that:

1. The Stipulation and Dismissal and ALJ's Order Allowing Withdrawal is adopted by reference and made a part of this Official Order.
2. The Respondent's certificate in assessment administration is hereby REVOKED from the effective date this Official Order is issued and entered.

3. 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 13th day of February A.D., 2018.



Douglas B. Roberts, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, Member

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

Heather S. Frick, Executive Director

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

IN THE MATTER OF:

State Tax Commission,
Petitioner

v

Michael Foust,
Respondent

Docket No.: 17-025060

Case No.: FOUST

Agency: Treasury

Case Type: Treas State Tax
Commission

Filing Type: Enforcement

Issued and entered
this 19th day of December 2017
by: Peter L. Plummer
Administrative Law Judge

ORDER ALLOWING WITHDRAWAL

On December 15, 2017, Parties submitted a Stipulation and Dismissal without Prejudice and withdrew the request for hearing in the above-entitled matter.

NOW THEREFORE, IT IS ORDERED that the hearing in the above-captioned matter is dismissed without prejudice. Accordingly, we have removed this case from our formal hearing docket, cancelled the hearing scheduled for December 20, 2017, and are closing our file in this matter.



Peter L. Plummer
Administrative Law Judge

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

STATE TAX COMMISSION,

Petitioner,
v
MICHAEL FOUST,
Respondent.

Docket No. 17-025060

Case No. Foust

Agency: Treasury

Case Type: Treas State Tax
Commission

Filing Type: Sanction/Suspension/
Revocation

Michael R Bell (P47890)
Assistant Attorney General
Revenue & Tax Division
Attorney for Petitioner
PO Box 30754
Lansing, Michigan 48909
(517) 373-3203

Michael Foust
Respondent
Assessor
City of Zilwaukee, and
Township of Zilwaukee
P.O. Box 3707
Saginaw, MI 48605

STIPULATION AND DISMISSAL WITHOUT PREJUDICE

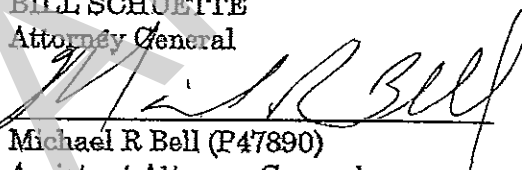
A formal hearing is scheduled for December 20, 2017 regarding allegations of improper assessment administration practices by Michael Foust including misfeasance, malfeasance, and/or nonfeasance of duty in violation of State Tax

Commission General Rule 209.155. The parties have reached an agreement to resolve this matter without a hearing on the following terms:

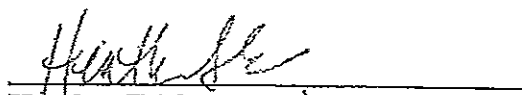
1. Michael Foust has chosen not to renew his certification and he thereby agrees to immediately voluntarily relinquish his assessor's license #R-7382.
2. By signing this stipulation and voluntarily relinquishing his assessor's license, Michael Foust agrees to never again act as the Assessor of Record for any local unit of government.

This matter is dismissed, without prejudice, subject to the State Tax Commission's express right to take any further action if Michael Foust fails to comply with the above terms.

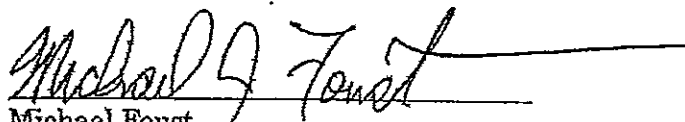
Respectfully submitted:
BILL SCHUETTE
Attorney General


Michael R Bell (P47890)
Assistant Attorney General
Revenue & Tax Division
Attorney for Petitioner

Dated: 12/15/17


Heather Frick
Executive Director
Michigan State Tax Commission

Dated: 12-15-17


Michael Foust
Respondent

Dated: 12-14-17



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018

TO: Members of the State Tax Commission

FROM: Heather Frick, Executive Director

SUBJECT: Assessor Discipline Advisory Committee Recommendations

The Assessor Discipline Advisory Committee (ADAC) met on November 21, 2017 with three assessing officers. The ADAC provides the following information and recommendations to the State Tax Commission.

1. Laura Erhart (MCAO): Portage Township, Houghton County

Ma, Erhart came before the ADAC on November 21, 2017, after failing to correct deficiencies in Portage Township, Houghton County following the initial 2015 AMAR review. The areas of concern were as follows:

- Policy regarding public inspection of records must be approved by Township Board (2015 AMAR review)
- Economic Condition Factors were not applied as calculated (2015 AMAR review)
- Lack of Land Value Maps (2015 AMAR review, 2016 AMAR follow up)
- Lack of documented Land Value Determinations (2015 AMAR review, 2016 AMAR follow up, 2017 AMAR follow up)
- Lack of Economic Condition Factor for the commercial class (2016 AMAR follow up, 2017 AMAR follow up)
- Lack of Economic Condition Factor for the agricultural class (2017 AMAR follow up)
- 241 parcels with land adjustments with no reason (2017 AMAR follow up)

The Assessor Discipline Advisory Committee recommended that formal hearing before MAHS be held in abeyance and that Ms. Erhart be required to complete the State Tax Commissions' Audit of Minimum Assessing Requirement (AMAR) training and complete a BS&A software course on Land Value and Economic Condition Factors.

The ADAC recommendation was presented to Ms. Erhart in the form of a Consent Agreement. On January 25, 2017, Ms. Erhart emailed a counter-proposal to the Consent Agreement to the Executive Director of the State Tax Commission. Ms. Erhart made minor changes to formatting and wording of the Consent Agreement in her counter-proposal, but did not propose any changes to the two training courses recommended by the ADAC. Ms. Erhart did include in her counter-proposal that she be permitted to attend any future meetings before the ADAC by telephone.

Staff has reviewed the counter-proposal submitted by Ms. Erhart and recommends that the State Tax Commission issue and Order holding formal hearing before MAHS in abeyance and requiring Ms. Erhart to complete the State Tax Commission's Audit of Minimum Assessing Requirement (AMAR) training and complete a BS&A software course on Land Value and Economic Condition Factors, with Ms. Erhart then being required to reappear before the ADAC following completion of these courses. Staff further recommends that Ms. Erhart be allowed to reappear before the ADAC by telephone, as requested in her counter-proposal.

2. Sarah Kady (MCAO): City of Marlette, Sanilac County

Ms. Kady came before the ADAC on November 21, 2017, after failing to correct deficiencies in the City of Marlette, Sanilac County following the 2016 AMAR follow up. The areas of concern were as follows:

- Lack of complete Land Value Maps (2016 AMAR follow up)
- 9 parcels remaining in override after 2014 and 2015 AMAR reviews involving prior assessor (2016 AMAR follow up)
- Land Value Maps did not meet requirements (2017 AMAR follow up)

The 2017 AMAR follow up specifically found that the land value maps did not have color coding, did not have land sales and a separate land sales map was not provided.

The Assessor Discipline Advisory Committee and Sarah Kady have entered into a Consent Agreement, holding formal hearing before MAHS in abeyance and requiring Ms. Kady to complete the State Tax Commission's Audit of Minimum Assessing Requirement (AMAR) training, a BS&A System software course, and the State Tax Commission's Michigan Advanced Assessing Officer Land Value Determinations and Economic Condition Factors Online/Lecture course, and reappear before the ADAC following completion of these courses.

3. Kathryn Hoover (MCAO): City of Hudson, Lenawee County

Ms. Hoover first came before the ADAC on February 13, 2017, after failing to correct deficiencies in the City of Hudson, Lenawee County following the 2013 AMAR review. The areas of concern were as follows:

- Failing to have Economic Condition Factors calculated in accordance with State Tax Commission publications and MCL 211.10e (following 2013 AMAR Review and 2014 Corrective Action Plan)
- Failing to have land value maps in accordance with State Tax Commission publications and MCL 211.10e (following 2013 AMAR Review and 2014 Corrective Action Plan)
- Failing to have land value determinations in accordance with State Tax Commission publications and MCL 211.10e (following 2013 AMAR Review and 2014 Corrective Action Plan)
- Having 22.5% of parcels in override (following 2013 AMAR Review and 2014 Corrective Action Plan)

- Having 2.6% of parcels with flat values with no reasoning (following 2013 AMAR Review and 2014 Corrective Action Plan)
- Providing EMPP exemptions for 2016 on four parcels, despite the lack of required filing of Form 5278 for any of the parcels.

The ADAC and Ms. Hoover entered into a Consent Agreement, which was approved by the Commission in an Order issued April 17, 2017. Ms. Hoover was required to complete the Audit of Minimum Assessing Requirement (AMAR) training, a BS&A software course, and a course on personal property exemptions.

Ms. Hoover was required to reappear before the ADAC on November 21, 2017, following completion of the required courses. At the November 21, 2017 ADAC hearing, Ms. Hoover was unable to provide adequate justification for the continued errors and failure to take the necessary corrective actions.

The Assessor Discipline Advisory Committee and Kathryn Hoover have entered into a Consent Agreement, stating that Kathryn Hoover will proceed to MAHS for formal hearing regarding her certification in assessment administration.

DRAFT

STATE TAX COMMISSION MEETING
Complaints Dismissal
February 13, 2018

The following complaints pertaining to the malfeasance, misfeasance, or nonfeasance of an assessing officer or local unit assessing office have proceeded to investigatory review, pursuant to the Complaint Process Regarding Assessment Administration Practices approved by the State Tax Commission on December 16, 2015. Upon review of responses provided by the assessor and/or local unit, Commission staff has determined that no further action is necessary and recommends that the State Tax Commission dismiss the complaint.

COUNTY	UNIT	ASSESSOR	DATE RECEIVED	COMPLAINT	REQUESTED ACTION
Kalkaska	Garfield Township	Sally Akerley	11/14/17	A complaint regarding Sally Akerley, assessor Garfield Township, Kalkaska County was received on November 14, 2017. The complaint asserted, in relevant part, that Ms. Akerley did not take any action on a claim for a qualified agricultural property exemption. Staff reviewed the complaint and then requested a response and supplemental information from the assessor with respect to this issue. Ms. Akerley timely submitted all of the requested information. Staff reviewed the information provided and on January 12, 2018 staff found that no further disciplinary action was necessary and recommended that the complaint be dismissed.	No further action is necessary for this complaint. Staff recommends that the complaint be dismissed.
Manistee	Maple Grove Township	H. Wayne Beldo	11/13/17	A complaint regarding H. Wayne Beldo, assessor for Maple Grove Township, Manistee County, was received on November 13, 2017. The complaint asserted multiple claims, including failing to correct erroneous inclusion of a building on a parcel, applying a principal residence exemption when no affidavit was filed, failing to file an answer form in a Tribunal appeal, and failing to	No further action is necessary for this complaint. Staff recommends that the complaint be dismissed.

				consider the 2016 assessed value established by the Tribunal as the basis for the 2017 assessment. Staff reviewed the complaint and then requested a response and supplemental information from Mr. Beldo with respect to the identified issues. Mr. Beldo timely submitted all of the requested information. Staff reviewed the information provided and on January 12, 2018, staff found that no further action was necessary and recommended that the complaint be dismissed.	
Mecosta	Martiny Township	Ruth Chapman	10/23/17	A complaint regarding Ruth Chapman, assessor for Martiny Township, Mecosta County, was received on October 23, 2017. The complaint asserted multiple claims, including failing to respond to taxpayer requests for property record cards and failing to respond to taxpayer inquiries requesting a copy of the 2017 March Board of Review decision. Staff reviewed the complaint and then requested a response and supplemental information from Ms. Chapman with respect to the identified issues. Ms. Chapman timely submitted all of the requested information. Staff reviewed the information provided and on January 12, 2018, staff found that no further action was necessary and recommended that the complaint be dismissed.	No further action is necessary for this complaint. Staff recommends that the complaint be dismissed.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018
TO: Members of the State Tax Commission
FROM: Heather Frick, Executive Director
SUBJECT: Tecumseh Township, Lenawee County

At your June 6, 2017 State Tax Commission Meeting, the Commission unanimously approved an official order to assume jurisdiction of 2017 assessment roll for Tecumseh Township. The order required the township to hire an outside party to fix the deficiencies noted in the roll and to complete that work for the 2018 assessment roll.

On July 19, 2017, staff received correspondence from Curt Brown, Tecumseh Township Supervisor, indicating that the Township had hired Amanda Lacelle, MAAO, as the Assessor of Record. The Township indicated the new assessor would conduct a complete reappraisal and implement the completed work for the 2018 assessment roll.

On January 30, 2018, staff received correspondence from Assessor Amanda Lacelle, Tecumseh Township, indicating to date, 659 parcels out of the estimated 1100 residential parcels were inspected and measured. All the industrial, commercial, and agricultural real classes had been reappraised and entered into the BS&A database for the 2018 roll. Ms. Lacelle stated because of recent ongoing challenges and setbacks, the residential class will not be completed for the 2018 roll. On behalf of Tecumseh Township, Ms. Lacelle is requesting an extension to complete the reappraisal for the residential class for the 2019 assessment roll. A copy of the correspondence dated January 30, 2018 is attached.

Staff recommends the Commission grant the request for an extension to Tecumseh Township in order for the Township to complete the reappraisal of the residential class for the 2019 assessment roll.

MCL 211.7b: Disabled Veterans Exemption

Frequently Asked Questions



**Prepared by the Michigan State Tax
Commission**

February 2018

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DRAFT

MCL 211.7b Disabled Veteran's Exemption

Michigan P.A. 161 of 2013 amended MCL 211.7b relating to the exemption for disabled veterans. Specifically this Act changed MCL 211.7b to read as follows:

Sec. 7b. (1) Real property used and owned as a homestead by a disabled veteran who was discharged from the armed forces of the United States under honorable conditions or by an individual described in subsection (2) is exempt from the collection of taxes under this act. To obtain the exemption, an affidavit showing the facts required by this section and a description of the real property shall be filed by the property owner or his or her legal designee with the supervisor or other assessing officer during the period beginning with the tax day for each year and ending at the time of the final adjournment of the local board of review. The affidavit when filed shall be open to inspection. The county treasurer shall cancel taxes subject to collection under this act for any year in which a disabled veteran eligible for the exemption under this section has acquired title to real property exempt under this section. Upon granting the exemption under this section, each local taxing unit shall bear the loss of its portion of the taxes upon which the exemption has been granted.

(2) If a disabled veteran who is otherwise eligible for the exemption under this section dies, either before or after the exemption under this section is granted, the exemption shall remain available to or shall continue for his or her unremarried surviving spouse. The surviving spouse shall comply with the requirements of subsection (1) and shall indicate on the affidavit that he or she is the surviving spouse of a disabled veteran entitled to the exemption under this section. The exemption shall continue as long as the surviving spouse remains unremarried.

(3) As used in this section, "disabled veteran" means a person who is a resident of this state and who meets 1 of the following criteria:

(a) Has been determined by the United States department of veterans affairs to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

(b) Has a certificate from the United States veterans' administration, or its successors, certifying that he or she is receiving or has received pecuniary assistance due to disability for specially adapted housing.

(c) Has been rated by the United States department of veterans affairs as individually unemployable.

Applying for the Exemption:

In order to apply for the exemption, the disabled veteran, their unremarried surviving spouse or their legal designee must **annually** file an affidavit with the local unit where the property is located. The State Tax Commission has adopted Form 5107, Affidavit for Disabled Veterans Exemption as a sample application. The application process requires that the veteran must file both the affidavit and supporting evidence with the local city or township assessor annually. When possible, this submission should be made in the first two months of the assessment year (January or February). If the submission is made later, the veteran or unremarried surviving spouse will receive a tax billing statement and the local unit's administrative costs are increased. Further, if it is determined that the submission is incomplete, the exemption may be jeopardized.

The March, July and December Boards of Review have authority to review and grant the Disabled Veterans Exemption. The sentence "during the period beginning with the tax day for each year and ending at the time of the final adjournment of the local board of review" has been interpreted by the State Tax Commission to mean the March, July and December Boards of Review all have authority to grant this exemption. Taxpayers should contact the local unit to determine the last day they will accept applications to present to the December Board of Review.

If the exemption is granted by the July or December Board of Review does it eliminate all the property taxes for that year?

Yes. If the exemption is granted by the December Board of Review then refunds would be issued for the taxes paid in September and no taxes would be due on the property in February of the following year.

What is the authority of the Board of Review in granting an exemption for a prior assessment year?

The Board of Review only has the authority to grant a Disabled Veteran's Exemption for the year in which it is meeting.

I escrow my taxes, how do I get my refund?

Taxpayers are advised to contact their mortgage company or bank to discuss this matter.

If the veteran or surviving spouse purchased the home in September, what abatement of taxes is he or she eligible to receive?

Disabled veterans or their eligible unremarried surviving spouse who purchased their home mid-year are eligible for a partial refund of the current year's summer and winter taxes they have paid for that year or an exemption from taxes they will pay for that year. Taxpayers are encouraged to provide the local city or township with a copy of the closing documents from the purchase of their home to assist the local unit in determining their property tax obligations.

What if the taxpayer is unable or unwilling to provide a closing statement when they sell or purchase a home? How is the exemption calculated?

In the absence of relevant information contained in the closing documents, the STC advises assessors to divide the total taxes for the year by 12 and then multiply that number by the number of months the veteran will own the home and use it as their homestead or divide the total taxes for the year by 365 and then multiply that number by the number of days the veteran will own the home and use it as their homestead

If the veteran, who has owned and lived in their home for the full year, receives notification in August that they are 100% totally and permanently disabled or individually unemployable or have been granted pecuniary assistance? Do they receive the exemption for the full year?

The State Tax Commission recommends the exemption be granted for the full year.

Are special assessments eliminated as well?

Special assessments are not considered property taxes. MCL 211.7b specifically indicates that the property is exempt from the collection of taxes under the General Property Tax Act. Therefore, if an exemption is granted under MCL 211.7b, a special assessment would not generally be eliminated and would still be required to be paid. However, there is at least one special assessment statute, Michigan PA 33 of 1951, which is a millage based special assessment and provides funding for police and fire protection services. That special assessment specifically provides that exempt properties are not subject to the assessment. If the statute under which the special assessment is levied provides that it does not apply to exempt properties, then the property would not be subject to the special assessment.

Determining the Property which is Eligible for the Exemption:

Real property owned and used as a homestead by the disabled veteran or his or her unremarried surviving spouse is eligible for the exemption.

What constitutes a Homestead?

A homestead is generally defined as any dwelling with its land and buildings where a family makes its home. A homestead within the meaning of the statute is the primary residence of a Michigan resident or the primary residence of an unremarried surviving spouse who is a Michigan resident. To be a homestead, the residence must be owned by the veteran or unremarried surviving spouse and must be the place where the veteran or the unremarried surviving spouse always intends to return. The claimant who is required to file must have filed a Michigan income tax return claiming resident status or, if he or she is a new resident who has not yet been required to file a Michigan income tax return, he or she must intend to file a return claiming resident status.

Are parcels contiguous to the parcel I live on eligible for the exemption?

No. The Act is specific that the exemption is for real property owned and used as a homestead. A “Homestead” and a “Principal Residence” are not interchangeable terms. The criteria to qualify under the Principle Residence Exemption and to qualify for this exemption are not the same. Therefore, the qualification provided for contiguous vacant parcels under the Principal Residence Exemption does not apply.

Does the taxpayer have to be receiving a Principle Residence Exemption on the property in order to qualify for the exemption?

No. The Act does not require the taxpayer to be receiving a Principal Residence Exemption, it only requires them to own and use the property as their homestead.

Is the property eligible to receive a partial exemption if it is also used for a business purpose?

No. Unlike the Principal Residence Exemption, the property either qualifies for a 100% exemption, or it doesn't qualify at all for the exemption. If it is used for any business or commercial purpose, other than for farming, it will not qualify for the exemption. The State Tax Commission has determined that a minor business activity such as a roadside fruit stand, which results in the use of 5% or less of the value of the parcel for business purposes is not disqualifying.

Is the property eligible to receive the exemption if there are other structures on the property which could be rented or used for a business purpose but are not currently being used?

Yes. Unlike the Principal Residence Exemption, the Disabled Veteran's Exemption is determined by the actual use of the property. Provided that there is no other actual use of the property, other than farming, the property can qualify as the disabled veteran's or unremarried surviving spouse's homestead, if all other requirements are met.

If I own the land and am in the process of building a home which will be my homestead, will the property qualify for an exemption?

No. Until the property is actually occupied by the disabled veteran or unremarried surviving spouse, it cannot qualify for exemption. When the property is occupied, the disabled veteran or unremarried surviving spouse will be eligible for a part-year exemption.

I am in the process of building a home and am living in a trailer on the property until the home is completed. Do I qualify for the exemption?

Yes, as long as you own the trailer and are using it as your homestead and meet all other requirements for the exemption.

I rent my home but pay property taxes as part of my rent, am I eligible?

No. The Act is specific that the property must be owned by the disabled veteran or by their unremarried surviving spouse.

I am a disabled veteran who is a lifelong Michigan resident. In addition to my primary residence, I also own a summer home “up north”. Are both of my homes eligible for the exemption?

No. The Act is specific that the property must be owned and used as a homestead.

My mother’s home is in a life estate and I will receive the home upon her death. I live in the home with her now and pay the property taxes. Am I eligible for the exemption?

No. Your mother is the owner of the home; therefore you are not eligible for the exemption.

My home is in a trust. Am I eligible for the exemption?

That depends on the form of the trust. Any trust that shares ownership of the home (provides that there are additional current beneficiaries) other than the disabled veteran (and/or his or her spouse or unremarried surviving spouse) would not be eligible for the exemption. The Act does not provide for a partial exemption in the situation where the veteran or unremarried surviving spouse are only a partial owner of a property.

If I own stock or a membership in a residential cooperative, does my unit qualify for the exemption?

No. A membership or stock ownership in a cooperative is the ownership of an interest in a corporation, not the ownership of real property.

If I have a life estate, life lease “lady bird” life interest in my residence and the remainder interest is held by others, can my property qualify as my homestead?

Yes. If the other requirements for receiving the exemption are satisfied, then property occupied under a life estate, life lease or “lady bird” life interest can qualify as the disabled veteran’s or unremarried surviving spouse’s homestead.

If my home is in a joint tenancy or there are other co-owners, am I eligible for the exemption?

No. A joint tenancy is a form of concurrent ownership wherein each co-tenant owns an undivided share of property and the surviving co-tenant has the right to the whole estate. A co-ownership is a fractional ownership interest, with part ownership held by others. The Act does not provide for a partial exemption in the situation where you are a partial owner of a property. Ownership of the homestead by the disabled veteran with his or her spouse, as tenants by the entirety, is not disqualifying, however.

If I am disqualified from receiving the exemption by the fact that there are other joint tenants or co-owners, can I remove the other owners from the title and reapply for the exemption?

Yes. Further, if the property was the homestead of the qualified disabled veteran or unremarried surviving spouse during the relevant time period, it is the State Tax Commission's interpretation that the exemption can be granted by the Board of Review to begin on the date when the qualified disabled veteran or unremarried surviving spouse would have qualified for the exemption, but for the fact that there were disqualifying joint tenants or co-owners.

Unremarried Surviving Spouses:

If a disabled veteran who is otherwise eligible for the exemption under this section dies, either before or after the exemption under this section is granted, the exemption shall remain available to or shall continue for his or her unremarried surviving spouse. The surviving spouse shall comply with the requirements of subsection (1) and shall indicate on the affidavit that he or she is the surviving spouse of a disabled veteran entitled to the exemption under this section. The exemption shall continue as long as the surviving spouse remains unremarried.

How does an unremarried surviving spouse establish qualification of his or her homestead for exemption?

An unremarried surviving spouse qualifies for the exemption by their spouse having been qualified prior to their death. The unremarried surviving spouse must meet the same residency and ownership requirements as the veteran. In addition, the unremarried surviving spouse must have been living with the disabled veteran at the time of his or her death and must have never remarried. Further, the disabled veteran to whom he or she was married must have been a Michigan resident at the time of his or her death, must have owned a Michigan homestead at the time of his or her death and must be determined to have been qualified for disability benefits under one of the three specified Department of Veteran's Affairs programs prior to his or her death. Qualification for benefits under other Department of Veteran's Affairs programs does not qualify the unremarried surviving spouse to receive the exemption.

What if the unremarried surviving spouse purchases a new home either in the same local unit or another local unit, are they still eligible for the exemption?

The Disabled Veteran's exemption is not an exemption for the benefit of the property. Instead, it is an exemption personal to the qualifying disabled veteran or the unremarried surviving spouse of the qualified deceased disabled veteran. Since the exemption is personal to the qualified individual, the unremarried surviving spouse is not required to own and use as their homestead, the home that the veteran owned and used as their homestead – they can move to another home.

The State Tax Commission is aware that the Michigan Tax Tribunal in MTT Docket 16-004780 - *Deborah E. Rabun v City of Farmington Hills*, held that a surviving spouse cannot qualify for the exemption when the deceased disabled veteran never owned or occupied the subject property as a homestead.

While the STC understands that is the position of the MTT, the STC does not agree or support that determination. Since the exemption is personal to the qualified individual the STC is advising assessors and Boards of Review that they can and should approve exemptions for unremarried surviving spouses that meet all other statutory requirements, regardless of if the disabled veteran ever owned or occupied that subject property as a homestead.

If a surviving spouse of a qualified disabled veteran remarries and then divorces, or is again widowed, is he or she qualified as an unremarried surviving spouse?

No. “Unremarried” means that the spouse has remained unmarried since the date of the veteran’s death.

Can a surviving spouse receive the exemption of the veteran was never declared 100% disabled?

No. The eligibility of the surviving spouse is conferred upon them by the veteran having been eligible prior to his or her death.

If a surviving spouse was married to a person who died in the line of duty, does he or she qualify for the exemption?

No. Unfortunately, the exemption is only available to unremarried surviving spouses of disabled veterans who have received the requisite determination from the Department of Veteran’s Affairs.

If an unremarried surviving spouse is receiving dependency and indemnity compensation is that enough to make them eligible for the exemption?

No. Qualification for benefits under other Department of Veteran’s Affairs programs does not qualify the unremarried surviving spouse to receive the exemption.

Must an unremarried surviving spouse obtain a current award letter from the Veterans Administration in order to continue to receive the exemption?

No. The unremarried surviving spouse may not be able to obtain an award letter after their spouse dies. Therefore, the local unit should accept the most recent letter that the unremarried surviving spouse can provide.

Eligibility Requirements:

In order to be eligible for the exemption, the disabled veteran must have been honorably discharged from the armed forces of the United States. He or she must be a Michigan resident. Additionally, he or she must meet one of three disability award qualification categories with the Department of Veteran’s Affairs:

- (a) The disabled veteran must have been determined by the United States department of veterans' affairs to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- (b) The disabled veteran must have received a certificate from the United States veterans' administration, or its successors, certifying that he or she is receiving or has received pecuniary assistance due to disability for specially adapted housing.
- (c) The disabled veteran must have been rated by the United States department of veterans' affairs as individually unemployable.

The disabled veteran must have some form of award certificate documentation from the U.S. Department of Veteran's Affairs which indicates the actual award of benefits under the program to qualify for the exemption. Award letters are generally released each November or December. The local unit should ask for the most recent award letter. The unremarried surviving spouse may not be able to obtain an award letter after their spouse dies. Therefore, the local unit should accept the most recent letter that the unremarried surviving spouse can provide. A letter from the County Department of Veterans Affairs indicating they have reviewed their records and the veteran meets the qualification is insufficient.

All three disability ratings from the Department of Veteran's Affairs which qualify the veteran for an exemption require that the veteran's disability must have been service-connected. The Department of Veteran's Affairs determinations which qualify for exemption must not be confused with other veteran's programs which provide benefits based on a disability which is not service-connected. A service connected-disability is a disability related to an injury or disease that developed during or was aggravated while on active duty or active duty for training.

How is a determination made that the disabled veteran is permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate?

The Veteran's Administration Schedule for Rating Disabilities is used to assess the medical conditions and illnesses incurred or aggravated during the veteran's military service and a percentage rating from 0% to 100% is assigned based on the severity of the disability. Individuals filing the affidavit for the exemption under criteria a) must provide a copy of the letter from the Veterans' Administration indicating they have a 100% service connected disability and are entitled to receive benefits. The Act does not require the disabled veteran to have already received the benefit, it only requires that he or she has been determined to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

What is assistance for specially adapted housing?

The Veterans' Administration provides veterans having certain specified permanent and total service-connected disabilities with financial assistance to purchase or construct an adapted home or modify an existing home to accommodate a disability. There are two grant programs: specially adapted housing grant (SAH) and the special housing adaptation grant (SHA). The

State Tax Commission has determined that receipt of either grant would qualify an individual for the exemption under criteria b). Individuals filing the affidavit for the exemption under criteria b) must provide a copy of the certificate from the Department of Veteran's Affairs indicating they are receiving or have received pecuniary assistance due to disability for specially adapted housing.

What does “individually unemployable” mean?

Individual unemployability is part of the Veteran's Administration disability compensation program. Under this program, veterans may receive compensation at the 100% rate even though their service connected disability is not rated at 100%. The Veteran's Administration determines eligibility and in order to be eligible, a veteran must prove they are unable to maintain substantially gainful employment as a result of their service connected disability. In addition, the veteran must have one service-connected disability rated at 60% or more or two or more service connected disabilities with at least one rated at 40% or more with a combined rating of 70% or more. Individuals filing the affidavit for the exemption under criteria c) must provide a copy of the letter from the Veteran's Administration indicating they are individually unemployable. The assessor and Board of Review are not required to, or permitted to assess the veteran's qualifications independently. Instead, documentation issued by the Department of Veteran's Affairs must form the basis for the evaluation and qualification for the exemption.

Is there an asset test and/or means test to determine eligibility?

No, there is no asset test and/or means test to determine eligibility. In order to be eligible, the disabled veteran must meet the requirements of Public Act 161 of 2013 regardless of the income or the value of the assets of the veteran or the unremarried surviving spouse.

Can a veteran still receive the exemption if he or she is gainfully employed?

Yes, unless the veteran's claim of the exemption is based on category (c), being rated as individually unemployable. Categories (a) and (b) are ratings based on the specific nature of the veteran's disabilities and do not depend on whether the veteran can actually hold gainful employment.

Can the local assessor make the determination that the veteran qualifies for the exemption, or must the Board of Review grant the exemption?

It is the State Tax Commission's interpretation, based upon wording of the statute, that every Disabled Veterans Exemption must be approved or confirmed by the Board of Review. If the assessor receives the required paperwork from a qualified veteran prior to sending the assessment change notices in February of the assessment year, the assessor can provisionally grant the exemption. This will allow assessors to avoid sending an assessment notice that may lead the veteran to believe that the exemption has been denied and that they must protest to the March Board of Review in order to receive the exemption. However, the assessor must then submit the exemption documentation to the March Board of Review at its organizational meeting and the Board must approve or disapprove the exemptions. In situations where the required

paperwork is received after the assessor turns the roll over to the March Board, the exemption may only be granted upon action by the Board of Review. A protest by the taxpayer is not required in these instances, and the Board of Review can act on its own motion to approve or deny the exemption.

Can the local Board of Review deny the exemption of a disabled veteran who has received a designation from the Veteran's Administration of 100% total and permanently disabled or individually unemployable or who is received assistance for specially adapted housing?

If the veteran or unremarried surviving spouse meets the requirements of the Act and has received a determination of 100% total and permanent disability or individually unemployable or is receiving or has received assistance for specially adapted housing, the Board of Review cannot make an independent determination that they do not believe the veteran or unremarried surviving spouse is entitled to the exemption and therefore deny the exemption.

Changes in the Property's Status During the Assessment Year:

The Disabled Veteran's exemption is not an exemption for the benefit of the property. Instead, it is an exemption personal to the qualifying disabled veteran or the unremarried surviving spouse of the qualified deceased disabled veteran. Since the exemption is personal to the qualified individual, the exemption only extends to the taxes actually paid by the disabled veteran or the unremarried surviving spouse. Therefore, if the exemption status of the property changes during the assessment year, the assessor is directed to act to proportionally remove the exemption. Where the ownership of the property changes, the assessor is directed to obtain a copy of the closing statement to determine the actual amount of both the summer and winter property taxes paid by the disabled veteran or unremarried surviving spouse in the year of the sale. Only the taxes paid by the veteran or unremarried surviving spouse, (directly, or indirectly as part of the closing process) may be abated and/or refunded. However, even if the taxes have been paid by the qualified disabled veteran or the unremarried surviving spouse, the taxes refunded or abated cannot exceed the amount of taxes actually allocated to him or her in the closing statement.

During the assessment year, if ownership of the property is *acquired* by a qualified disabled veteran or the unremarried surviving spouse of a qualified veteran, how do the claimant and the assessor proceed?

The qualified disabled veteran or the unremarried surviving spouse should follow the normal application process except that the claimant must also submit the closing statement associated with the property purchase transaction and, after the documentation is reviewed by the assessor, he or she submits the documentation to the next meeting of the Board of Review with a recommendation relative to the claim. If the Board of Review determines that the exemption should be granted, it approves the claim, but also indicates the amount of the current year's summer and winter taxes to be refunded or abated. If taxes are refunded, the refund is issued to the veteran or the unremarried surviving spouse, but the refund and/or abatement cannot exceed the amount of taxes actually allocated to him or her in the closing statement.

If the veteran or unremarried surviving spouse purchases the property but does not immediately occupy the property as his or her homestead, does the property qualify for exemption?

It is common in residential property purchase agreements to provide that the seller may continue to occupy a home for a short period after the sale is completed. It is also common that the purchaser does not occupy a residential property until shortly after the closing. If the period between the closing and the date the property became the veteran's or unremarried surviving spouse's homestead is thirty days or less, then the proration of taxes shown on the closing statement may be used to determine the amount of taxes to be abated and/or refunded. If occupancy is delayed for more than thirty days after closing, the amount of taxes abated or refunded *shall be the lesser of* the amount that the veteran or unremarried surviving spouse was required to pay according to the closing statement or the amount of current-year taxes which would normally be assigned to the purchaser, as calculated on a calendar-year basis.

During the assessment year, if ownership of property is *surrendered*, either entirely or by adding an owner other than the veteran's spouse, how do the claimant and the assessor proceed?

The Disabled Veteran's Exemption is only available for the period that the disabled veteran or unremarried surviving spouse was both the owner of the property and occupied it as his or her homestead while a Michigan resident. The veteran or unremarried surviving spouse is required to inform the assessor if he or she surrenders ownership of the property, or adds owners to the title other than the veteran's spouse. If ownership of the property is surrendered, or if co-owners are added, the assessor shall determine the amount of the taxes which should not be abated based on the closing statement for the sale transaction or, if there was no sale involved, the date that the disqualifying event occurred. The assessor shall then petition the State Tax Commission to add the property to the roll as omitted property pursuant to MCL 211.154. The petition should be submitted based on the assessed and taxable value which would have been determined had the exemption not been in place. The petition so filed shall also indicate the amount of the tax reduction which should be spread, based on the proration made at the closing of the sale. After approval by the State Tax Commission, the Treasurer may cancel the portion of the tax billing which corresponds to the prorated portion of the current year taxes prorated to the veteran's occupancy of the residence and qualification of the exemption.

Other Questions and Answers:

How should an assessor proceed if he or she determines that an exemption was granted when the claimant or property did not qualify, or that the claimant qualified but the exemption was mistakenly granted for a contiguous parcel?

If a local unit determines that an exemption was granted under this Act to an individual that was not eligible or was granted for non-eligible contiguous property, the local unit may file a MCL 211.154 to correct the error or may take other such action that they deem appropriate to correct the error.

How should the assessor show the disabled veteran's exempt property on the roll and how should he or she handle Headlee Additions and Losses, Capped value Addition and Loss and Equalization New and Loss?

The qualified disabled veteran or unremarried surviving spouse must refile for the exemption on an annual basis, in a manner similar to the Poverty Exemption under MCL 211.7u. If a current recipient of the exemption does not submit his or her affidavit and other documentation by the time the roll is transmitted to the March Board of Review, the assessor must place the property on the roll, as would be the case for the Poverty Exemption. Further, the handling of Headlee Additions and Losses, Capped Value Addition and Loss and Equalization New and Loss is the same as for the Poverty Exemption. When the property is returned to the roll, the Taxable Value is established in an amount calculated using the same procedures as are used for the Poverty Exemption.

If the Board of Review is aware that a qualified disabled veteran or unremarried surviving spouse is in the process of selling the property claimed as his or her homestead, can they deny the exemption?

Yes. If the Board of Review is aware that the claimant is in the process of selling the property, the State Tax Commission believes that this fact provides evidence that the claimant does not "always intend to return" to that property, and that the property is no longer the claimant's homestead.

If the disabled veteran already owns a qualifying homestead but has not yet obtained the necessary Department of Veteran's Affairs determination letter, can the exemption be granted after they receive and submit the letter?

Yes. When the determination letter is received, it can be submitted to the Board of Review, along with the other required documentation and the Board of Review may grant the exemption. However, the Board of Review does not have the authority to direct the cancelation of taxes for a prior assessment year.

Is it possible for a veteran or unremarried surviving spouse to be granted a partial Disabled Veterans Exemption if the property is being used for business purposes or there are co-owners?

No. Unlike the Principal Residence Exemption and the Poverty Exemption, there are no partial exemptions; the exemption is either granted at 100% or denied.

If there is an unused commercial building, second residence or apartment on the parcel claimed as the homestead, is the parcel disqualified?

No. Unlike the Principal Residence Exemption, the Disabled Veterans Exemption depends on their being no actual other use of the parcel. A potential alternative use is not automatically disqualifying.



**Department of
Veterans Affairs**

477 MICHIGAN AVE
DETROIT MI 48226



SAMPLE TYPICAL SUMMARY OF BENEFITS LETTER

Veteran's Name:

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled Veterans to use in applying for benefits such as housing entitlements, free or reduced state park annual memberships, state or local property or vehicle tax relief, civil service preference, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter replaces VA Form 20-5455, and is considered an official record of your VA entitlement.

--America is Grateful to You for Your Service--

Our records contain the following information:

Personal Claim Information:

Your VA claim number is:
You are the Veteran

Military Information:

Your character(s) of discharge and service date(s) include:
Marine Corps, Honorable,

(You may have additional periods of service not listed above)

VA Benefits Information:

Service-connected disability: Yes
Your combined service-connected evaluation is: 100 PERCENT
The effective date of the last change to your current award was: 01-DEC-2012
Your current monthly award amount is:

Are you considered to be totally and permanently disabled due to your service-connected disabilities: Yes

You should contact your state or local office of Veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of Veterans' affairs are available at <http://www.va.gov/statedva.htm>.

Need Additional Information or Verification?

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. Send electronic inquiries through the Internet at <https://iris.va.gov>.

Sincerely yours,

VETERANS SERVICE CENTER MANAGER

Small Business Property Tax Exemption Claim Under MCL 211.9o

In order to claim this exemption, this form must be **filed with the local unit where the personal property is located** no later than **February 20, 2018 (postmark is acceptable)**. This form **IS NOT** to be mailed to the Michigan Department of Treasury or the Michigan State Tax Commission. Late filed forms may be filed directly with the local unit March Board of Review.

This form will exempt property owned only by the entity filing the form. If personal property is leased to or used by an entity other than the property's owner, the owner of that personal property must file the form for that property, not the lessee or the user. The owner may file the form and claim the exemption only if the True Cash Value of all of the commercial or industrial personal property located within the local tax collecting unit that is owned by, leased to, or in the possession of the owner or a related entity was less than \$80,000 on December 31, 2017.

Notice: Questions regarding this form should be directed to the assessor of the city or township where the personal property is located. This form is issued under the authority of Public Act 206 of 1893. This form must be **filed annually** by the owner or the owner's authorized agent. A separate form **must be** filed for **each** personal property parcel and each business entity.

General Information

Name and Mailing Address of Owner(s) or Partners (if sole proprietorship or partnership)		
Name of Local Unit of Government City: _____ Township: _____ Village: _____		County Where the Property is Located
Parcel Number	Assumed Name(s) Used by Legal Entity (if any)	Owner Telephone Number
Date Business Began in Local Tax Collecting Unit	Description of Owner's Business Activity	
Name, Telephone Number and Email Address of the Person in Charge of Personal Property Records		Address Where Personal Property Records are Kept
Names of all other businesses having personal property, including any leasehold improvements assessed as personal property at the location(s) included in this form. (Attach additional sheets as necessary.)		
List all addresses where any personal property owned by leased to or in the possession of the owner listed above or a related entity is located within the local tax collecting unit. (Attach additional sheets as necessary.)		

The undersigned certifies that:

- I am the owner of the commercial personal property and industrial personal property being claimed as exempt or I am the duly authorized agent.
- The True Cash Value of all the Personal Property, as defined by MCL 211.9o located within the local tax collecting unit indicated above, that is owned by, leased to, or in the possession of the owner or related entity was less than \$80,000 on December 31, 2017.
- The following procedures were used to determine that the True Cash Value of the Eligible Personal Property was less than \$80,000 on December 31, 2017:
 - The determination of True Cash Value was based on the State Tax Commission's recommended valuation procedures as set forth on *Personal Property Statement L-4175* (Form 632).
 - The determination of True Cash Value includes all assessable personal property, located within the city or township listed on this form that is owned by, leased to, or in the possession of the owner or related entity. This shall include all trade fixtures and may include leasehold improvements not assessed as real property. Attach an explanation if not all personal property is included.
- I understand that according to MCL 211.9o, I am required to maintain and provide access to books and records for audit purposes as provided in section 22.
- All of the information contained with Form 5076 is true and accurate and to the best of my knowledge and belief, and acknowledge a fraudulent claim for exemption under MCL 211.9o is subject to the penalties as provided for in section 21(2).

Printed Name	Title	Date
Signature		

Additional information on the Small Business Taxpayer Personal Property Exemption can be found on the State Tax Commission Web site at michigan.gov/statetaxcommission

Parcel No.

This form must be completed
and returned to the assessor by
February 20, 2018.

L-4175 **2018**

2018 Personal Property Statement (As of 12-31-17)

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		

TO: (Name and Address of Taxpayer)

Preparer's Name, Address, 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 20, 2018. Lessors of equipment are not eligible to file Form 5278 and must complete this form. Pursuant to MCL 211.9o, 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 do not need to file this form. Instead, file Form 5076 with the local unit where the property is located no later than February 20, 2018. See the instructions on 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, 2017.

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, 2018 Taxpayer Report of Personal Property "Move-Ins" of Used Equipment Occurring During 2017. "Move-Ins" are items of assessable personal property (hereafter referred to as "property") that were not assessed in this city or township in 2017, 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 2017 (such as exempt Industrial Facilities Tax property), and (4) property that you mistakenly omitted from your statement in 2017. "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 2017 (i.e., property reported by a previous owner or previously leased property reported by the lessor in 2017). All "Move-Ins" must be reported on Page 2 of this form and on Form 3966. Do not report 2017 acquisitions of new property on Form 3966.

Did you have "move-ins"? Yes No

SECTION A: Including Furniture and Fixtures		Assessor Calculations
2017	.91	
2016	.80	
2015	.69	
2014	.61	
2013	.53	
2012	.47	
2011	.42	
2010	.37	
2009	.33	
2008	.29	
2007	.27	
2006	.24	
2005	.22	
2004	.19	
2003	.12	
Prior	.12	
TOTALS	A1	A2

SECTION D: Including Office, Electronic, Video and Testing Equipment		Assessor Calculations
2017	.84	
2016	.64	
2015	.55	
2014	.49	
2013	.44	
2012	.41	
2011	.38	
2010	.35	
2009	.33	
2008	.31	
2007	.29	
2006	.28	
2005	.26	
2004	.25	
2003	.17	
Prior	.17	
TOTALS	D1	D2

SECTION B: Including Machinery and Equipment		Assessor Calculations
2017	.89	
2016	.76	
2015	.67	
2014	.60	
2013	.54	
2012	.49	
2011	.45	
2010	.42	
2009	.38	
2008	.36	
2007	.33	
2006	.31	
2005	.29	
2004	.28	
2003	.23	
Prior	.23	
TOTALS	B1	B2

SECTION E: Including Consumer Coin Operated Equipment		Assessor Calculations
2017	.92	
2016	.85	
2015	.77	
2014	.69	
2013	.61	
2012	.54	
2011	.46	
2010	.38	
2009	.30	
2008	.23	
2007	.15	
Prior	.15	
TOTALS	E1	E2

SECTION C: Including Rental Videotapes and Games		Assessor Calculations
2017	.76	
2016	.53	
2015	.29	
2014	.05	
Prior	.05	
TOTALS	C1	C2

SECTION F: Including Computer Equipment		Assessor Calculations
2017	.60	
2016	.44	
2015	.32	
2014	.24	
2013	.19	
2012	.15	
2011	.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.

\$

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.

\$

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 632 (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 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 632 (L-4175). See Instructions.

Acquisition Year	Acquisition Cost New	GAAP Net Book Value
2017		
2016		
2015		
Prior		
Total Acquisition Cost		H2

H1

SECTION I - Qualified Personal Property

INCLUDE ONLY "Qualified Personal Property" as defined by Michigan Compiled Laws 211.8a(6)(c). See instructions. If necessary, attach extra schedules using the same format indicated below. Any Personal Property reported in this Section should **NOT** be reported elsewhere on Form 632 (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

I1

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 632 (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, 2017, 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 632 (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. **Note:** You must also complete Sections A - F on Page 2. See instructions. You may use attachments in lieu of completing this Section only if the attachments use the same format and contain all the information as indicated below, and the Tables on Page 2 are completed. **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 632 (L-4175).

Year Installed	Description (Describe in detail)	Original Cost	STC Multiplier	True Cash Value Assessor's Calculation
2017				
2016				
<p>Notice: 2017 and 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 assess 2017 and 2016 installations as personal property except where the lease is a pre-1984 lease.</p>				
Total Cost Incurred (including 2016 and 2017) 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 632 (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)

TRUE CASH VALUE 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.

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

* **NOTE TO ASSESSOR:** Certain buildings and structures on leased land (but not including freestanding signs and billboards) must be assessed on the real property roll. See Bulletin 1 of 2003.

Instructions for Completing Form 632 (L-4175), 2018 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 Form 5278, *Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)*, even if some or all of the personal property is not yet exempt. For a full definition of EMPP, see the instructions on 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 full completed and delivered by February 20, 2018. Delivery by the United States Postal Service is timely if postmarked on or before February 20, 2018. Late application may be filed directly with the March Board of Review where the property is located before its final adjournment by submitting a fully completed Form 5278. 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 Form 5467, *Election of Lessee Report of Eligible Manufacturing Personal Property*, and the lessee has both reported the EMPP in question on Form 5278 and has attached the fully executed Form 5467 to the Form 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 2018 by filing Form 5076 by February 20, 2018. IF YOU ARE ELIGIBLE FOR THE SMALL BUSINESS TAXPAYER EXEMPTION (MCL 211.9o) AND FILE FORM 5076, YOU DO NOT HAVE TO COMPLETE THIS PERSONAL PROPERTY STATEMENT. Review Form 5076 and the instructions on that form to determine whether you qualify. Form 5076 and instructions can be accessed at www.michigan.gov/taxes by the 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, 2017, 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 an MCL 211.154 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, 2017. 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 Property

Services 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 632 (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 632 (L-4175) to any person or entity that may possess assessable personal property. Michigan law also provides that a person or entity receiving Form 632 (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, 2017, you must submit a completed Form 632 (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 Owner(s) 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, 2017. 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 632 (L-4175) with the assessor of every Michigan assessment jurisdiction in which you had assessable personal property on December 31, 2017. 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, 2017, 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, 2017. "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, *Itemized Listing of 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, 2017, complete Form 2698, *Idle Equipment, Obsolete Equipment and Surplus Equipment Report*, 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, 2017, **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 632 (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, 2017. 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, 2017, complete and file Form 3589, *Cable Television and Utility Personal Property Report*, or Form 633, *Electric Distribution Cooperative Personal Property Statement*, 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, 2017, 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, 2017, 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, 2017, 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, 2017, should be entirely reported on the 2017 acquisition line of the appropriate table, not the 2016 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, 2017 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 2017, you must complete Form 3966, in addition to completing Form 632 (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 2017, 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 2017 (such as exempt industrial facilities tax property); and personal property that you mistakenly omitted from your statement in 2017. "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 2017 (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 632 (L-4175), in addition to being reported on Form 3966. **Do not report** 2017 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. Other exceptions are wind energy systems and solar farms. 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 make-up 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 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, 2017, 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
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Bulletin No. 2
April 17, 2017
Electronic Filing

Revised February 13, 2018
as the result of Public Acts 261-264 of 2017

TO: Assessors and Equalization Directors

FROM: State Tax Commission

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

Bulletin 19 of 2011 is rescinded.

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

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

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

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

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

Section 19(5) – The personal property statement identified in Section 19(2) and the real property statement identified in Section 19(3) shall be in a manner and form as prescribed by the State

Tax Commission. It is the responsibility of the State Tax commission to set forth a single standard and reporting format for permissible electronic filing of the personal property statement and/or real property statement with the local unit.

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

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

Section 19(8) – States that an electronically filed personal property statement, real property statement, or the Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document) under MCL 211.9m or 9n, or under MCL 211.1057 the State Essential Services Assessment Act, an electronic personal identification number (PIN) signature shall be accepted by the local unit provided that the procedure prescribed by the STC for accepting electronic signatures is followed. A facsimile signature shall also be accepted provided that the procedure prescribed by the STC for accepting facsimile signatures is followed. These procedures are discussed later in this bulletin.

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

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

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

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

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

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

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

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

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

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

signature in lieu of his or her actual signature on Real and Personal Property Statements which are not filed electronically, until the expiration date for the facsimile signature. The expiration date for use of the facsimile signature will be one year from the date a properly completed Form 3980 is received by the State Tax Commission.

3. Local tax collecting units shall accept a facsimile signature (prior to the expiration date of the facsimile signature) for which a properly completed Form 3980 has been received by the State Tax Commission. In such cases, the facsimile signature shall be accepted in place of an actual signature on a Real or Personal Property Statement which has been filed non-electronically.
4. Properly completed Forms 3980 filed by February 1 will be processed by February 15. Properly completed Forms 3980 received after February 1, will be processed on a first-come-first-served basis with no guarantee of processing prior to February 20.

Electronic Filing of the Combined Document (Form 5278)

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

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Bulletin 5 of 2017
June 6, 2017
Qualified Errors
Revised February 13, 2018
as the result of Public Acts 261-264 of 2017

TO: Assessors, Equalization Directors and Interested Parties

FROM: State Tax Commission

SUBJECT: Qualified Errors under MCL 211.53b

Bulletin 16 of 2013 is rescinded.

This Bulletin addresses changes to MCL 211.53b which was amended by Public Act 108 of 2016, eliminating the authority of a July or December Board of Review over the personal property exemptions contained in MCL 211.9m and 9n.

MCL 211.53b grants the July or December Board of Review the authority to correct a **qualified error**. MCL 211.53b(1) states: 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.

A correction under subsection (6) regarding principal residence exemptions may be made for the year in which the appeal was filed and the three immediately preceding years.

Regarding MCL 211.27a(4), if the taxable value of property is adjusted and the assessor determines that there had not been a transfer of ownership, the taxable value of the property shall be adjusted for the current year and for the three immediately preceding calendar years. An adjustment under this subsection shall be considered the correction of a clerical error.

Qualified errors are defined in subsection (10) as:

- A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
- A mutual mistake of fact.
- An adjustment under section 27a(4) or an exemption under section 7hh(3)(b).
- An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
- An error of omission or inclusion of a part of the real property being assessed.
- An error regarding the correct taxable status of the real property being assessed.

- An error made by the taxpayer in preparing the statement of assessable personal property under section 19.
- An error made in the denial of a claim of exemption for personal property under section 9o.

Note: PA Public Act 108 of 2016, eliminated the authority of a July or December Board of Review over the personal property exemptions contained in MCL 211.9m and 9n.

Clerical Error was defined by the Court of Appeals in *International Place Apartments v Ypsilanti Township* 216 Mich App 104; 548 NW2d 668 (1996), as “an error of a transpositional, typographical, or mathematical nature.” July and December Boards of Review are NOT allowed to revalue or reappraise property when the reason for the action is that the assessor did not originally consider all relevant information.

Mutual Mistake of Fact was defined by the Court of Appeals in *Ford Motor Co v City of Woodhaven*, 475 Mich 425; 716 NW2d 247 (2006) as “an erroneous belief, which is shared and relied on by both parties, about a material fact that affects the substance of the transaction.” This definition was clarified by the Michigan Supreme Court in *Briggs Tax Service, LLC v Detroit Public Schools*, 485 Mich 69; 780 NW2d 753 (2010). The Michigan Supreme Court indicated that to qualify, the “mutual mistake of fact” must be one that occurs only between the assessor and the taxpayer.

Examples of Qualified Errors:

- **An error of measurement or calculation of the physical dimensions or components of the real property being assessed:**
 1. A building is listed on the record card sketch as 60’ x 100’, priced as 6,000 square feet, and valued accordingly on the roll. A field inspection reveals that the building dimensions are actually 60’ x 90’, and that 5,400 should have been priced.
 2. A building is properly listed on the record card sketch as 60’ x 100’, erroneously priced as 5,600 square feet, and valued accordingly on the roll. A desk review reveals the error.

Note: ‘Errors of measurement or calculation’ may include ‘building height’ errors or ‘floor area perimeter multiplier’ errors.

- **An error of omission or inclusion of a part of the real property being assessed:**
 1. ‘Error of omission’ – A 1200 square foot house had a 500 square foot addition. The addition was taken as assessed/equalization new, but was not taken as a capped value addition, and so, was not included in the taxable value.
 2. ‘Error of inclusion’ – A pole barn was erected on parcel ‘A’, but is erroneously assessed to parcel ‘B’. The ‘error of inclusion’ pertains to parcel ‘B’. An ‘error of omission’ pertains to parcel ‘A’.

Note: This change in jurisdiction is limited to situations where ‘part’ of the ‘real property’ is at issue. Issues involving the ‘entire real parcel’ or involving ‘personal property’ are not included under this subsection.

Note: Omitted property may be added under this section for the current year and the immediately preceding year only may still be added under MCL 211.154 for the current year and two prior.

• **An error regarding the correct taxable status of the real property being assessed.**

1. A charitable non-profit corporation that qualified for exemption under MCL 211.7o sent a letter with proper documentation to the assessor and requested exemption. The assessor failed to grant the exemption.
2. A church purchased the house next door in November (deed delivered), and was immediately used as a parsonage. The parcel qualified for exemption under MCL 211.7s. The deed was recorded in January, but the copy of the deed failed to reach the local assessor. The parcel had an assessed and taxable value as the close of the March Board of Review.

• **An error made by the taxpayer in preparing the statement of assessable personal property under section 19.**

1. A taxpayer reported newly acquired office furniture in Section B, ‘Machinery and Equipment’ of the personal property statement. It should have been reported in Section A, ‘Furniture and Fixtures’.
2. A taxpayer reported newly acquired office furniture in Section A, ‘Furniture and Fixtures’, on the top line and entered the amount paid for the items in the purchase of the total property. It was discovered by the assessor after the close of the March Board of Review that the previous owner had reported a different acquisition cost new for the office furniture five years earlier.

Note: In the case where a personal property statement was not filed in a timely fashion, the act does not permit the assessor to change an estimated assessment made in the absence of a filed statement.

• **An error made in the denial of a claim of exemption for personal property under section 9o.**

1. A taxpayer filed the affidavit to claim the exemption for personal property with under \$80,000 true cash value. The assessor failed to grant the exemption even though the taxpayer met all the qualifications.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Bulletin No. 17 of 2017
Annual Calendar
October 30, 2017
Revised February 13, 2018
as the result of Public Acts 261-264 of 2017

TO: Equalization Directors and Assessors

FROM: The State Tax Commission

SUBJECT: Property Tax and Equalization Calendar for 2018

STATE TAX COMMISSION
2018 PROPERTY TAX, COLLECTIONS AND EQUALIZATION CALENDAR

By the 1st day of each month	County Treasurer must account for and deliver to the State the State Education Tax collections on hand on or before the fifteenth day of the immediately preceding month. MCL 211.43(10)
By the 15th day of each month	County Treasurer must account for and deliver to the State the State Education Tax collections on hand on the last day of the preceding month. MCL 211.43(10)
December 1, 2017	Results of equalization studies should be reported to assessors of each Township and City.
December 31, 2017	Tax Day for 2018 assessments and 2018 property taxes. MCL 211.2 Deadline for an owner that had claimed a conditional rescission of a Principal Residence Exemption to verify with the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640) (on or before December 31). MCL 211.7cc(5)
January 2, 2018 December 31, 2017 is a Sunday, January 1, 2018 is a State Holiday	Deadline for counties to file 2017 equalization studies for 2018 starting bases with State Tax Commission (STC) for all classifications in all units on STC form L-4018. [R 209.41(5)]
January 10, 2018	Except as otherwise provided in section 9m, 9n, or 9o, Assessors and/or Supervisors are required to annually send a personal property statement to any taxpayer they believe has personal property in their possession in their local unit. Form 632 - Personal Property Statements must be sent or delivered no later than January 10 each year.

<p>January 24, 2018</p>	<p>Local units with an SEV of \$15,000,000 or Less: 2017 taxes collected by January 10 must be distributed within 10 business days of January 10. MCL 211.43(5)</p> <p>All other local units: Must distribute 2017 taxes collected within 10 business days after the 1st and 15th of each month except in March. MCL 211.43(3)(a)</p>
<p>February 1, 2018</p>	<p>Deadline for a “qualified business” to submit STC form L-4143 for “qualified personal property” with the assessor (not later than February 1). MCL 211.8a(2)</p> <p>Notice by certified mail to all properties that are delinquent on their 2016 property taxes (not later than February 1). MCL 211.78f(1)</p> <p>Property Services Division staff reports to the State Tax Commission on the progress and quality of equalization studies for each county on preliminary Form L-4030.</p>
<p>February 14, 2018</p>	<p>Last day to pay property taxes without the imposition of a late penalty charge equal to 3% percent of the tax in addition to the property tax administration fee, if any. MCL 211.44(3)</p> <p>The governing body may waive the penalty for the homestead property of a senior citizen, paraplegic, quadriplegic, hemiplegic, eligible service person, eligible veteran, eligible widow or widower, totally and permanently disabled or blind persons, if that person has filed a claim for a homestead property tax credit with the State Treasurer <u>before</u> February 15. Also applies to a person whose property is subject to a farmland/development rights agreement if they present a copy of the development rights agreement or verification that the property is subject to the development rights agreement <u>before</u> February 15. If statements are not mailed by December 31, the local unit may <u>not</u> impose the 3% late penalty charge.</p>
<p>February 15, 2018</p>	<p>A local unit of government that collects a summer property tax shall defer the collection until this date for property which qualifies. MCL 211.51(3)</p> <p>STC reports assessed valuations for DNR lands to assessors. MCL 324.2153(2)</p>

<p>February 16, 2018 Feb. 17 is a Saturday Feb. 18 is a Sunday Feb. 19 is a State Holiday</p>	<p>Deadline for county equalization director to publish in a newspaper, the tentative equalization ratios and estimated SEV multipliers for 2018, and to provide a copy to each assessor and board of review in the county. All notices of meetings of the boards of review must give the tentative ratios and estimated multipliers pertaining to their jurisdiction. MCL 211.34a(1) (on or before the third Monday in February).</p>
<p>February 20, 2018</p>	<p>Deadline for taxpayer filing of personal property statement with assessor.</p> <p>Form 5278 must be completed and delivered to the assessor of the local unit not later than February 20 (postmark is acceptable) for each personal property parcel for which the Eligible Manufacturing Personal Property exemption is being claimed.</p> <p>Deadline to file the statement to claim the exemption for Eligible Personal Property – Form 5076. See the Assessor Guide to Small Business Taxpayer Exemption for more information. MCL 211.9o(2)</p> <p>Deadline for taxpayer to file form 3711 if a claim of exemption is being made for heavy earth moving equipment. STC Bulletin 4 of 2001; MCL 211.19(2)</p> <p>Deadline for payments to municipalities from the Local Community Stabilization Authority: Local Community Stabilization Share revenue for county extra-voted millage, township millage, and other millages levied 100% in December. MCL 123.1357(5)(b)</p>
<p>February 28, 2018</p>	<p>Last day for local treasurers to collect 2017 property taxes. MCL 211.78a</p>
<p>March 1, 2018</p>	<p>The STC shall publish the inflation rate multiplier before March 1. (MCL 211.34d(15).</p> <p>Properties with delinquent 2016 taxes, forfeit to the County Treasurer. MCL 211.78g(1). County Treasurer adds \$175 fee per MCL 211.78g(1), as well as all recording fees and all fees for service of process or notice. MCL 211.78g(3)(d)</p> <p>2016 tax-delinquent redemptions require additional interest at non-compounded rate of ½% per month from March 1 forfeiture. MCL 211.78g(3)(b)</p> <p>County Treasurer commences settlement with local unit treasurers. MCL 211.55</p> <p>County Property Tax Administration Fee of 4% added to unpaid 2017</p>

<p>March 1, 2018 Cont.</p>	<p>taxes and interest at 1% per month. MCL 211.78a(3)</p> <p>Local units to turn over 2017 delinquent taxes to the County Treasurer. MCL 211.78a(2). On March 1 in each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent for collection. However, if the last day in a year that taxes are due and payable before being returned as delinquent is on a Saturday, Sunday, or legal holiday, the last day taxes are due and payable before being returned as delinquent is on the next business day and taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent on the immediately succeeding business day</p>
<p>March 5, 2018</p>	<p>The 2018 assessment roll shall be completed and certified by the assessor. MCL 211.24 (on or before the first Monday in March).</p>
<p>March 6, 2018</p>	<p>The assessor/supervisor shall submit the 2018 certified assessment roll to the Board of Review (BOR). MCL 211.29(1) (Tuesday after first Monday in March)</p> <p>Organizational meeting of Township Board of Review. MCL 211.29. City BOR may vary according to Charter provisions.</p>
<p>March 12, 2018</p>	<p>The BOR must meet on the second Monday in March. This meeting must start not earlier than 9 a.m. and not later than 3 p.m. The BOR must meet one additional day during this week and shall hold at least 3 hours of its required sessions during the week of the second Monday in March after 6 p.m. MCL 211.30. Note: The governing body of a city or township may authorize an alternative starting date for the second meeting of the March Board of Review, which can be either the Tuesday or the Wednesday following the second Monday in March. MCL211.30(2)</p>
<p>March 14, 2018</p>	<p>Within ten business days after the last day of February, at least 90% of the total tax collections on hand, must be delivered by the local unit treasurer to the county and school district treasurers. MCL 211.43(3)(b)</p>
<p>March 30, 2018 March 31 is a Saturday April 1 is a Sunday</p>	<p>District or ISD must reach agreement for summer tax collection with township or city, or county if there is a summer school levy. MCL 380.1613(2)</p> <p>Not later than April 1, local unit treasurers make final adjustment and delivery of the total amount of tax collections on hand. MCL 211.43(3)(c)</p> <p>Last day to pay all forfeited 2015 delinquent property taxes, interest, penalties and fees, unless an extension has been granted by the circuit court. If unpaid, title to properties foreclosed for 2015 real property taxes vests solely in the foreclosing governmental unit. MCL 211.78k</p>

<p>March 30, 2018 Cont.</p>	<p>Assessors are required to annually provide a copy of Form 5278 and Form 5277 (rescission affidavit) and other parcel information required by the Department of Treasury in a form and manner required by the Department of Treasury no later than April 1 of each year. (MCL 211.9m and 9n)</p> <p>No later than April 1, assessors shall transmit to the Department of Treasury the information contained in Form 5278, <i>Eligible Manufacturing Personal Property Tax Exemption Claim, Personal Property Statement and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)</i>, in a form and manner as directed by the Department. MCL 211.9m and MCL 211.9n</p>
<p>April 1, 2018</p>	<p>Separate tax limitations voted after April 1 of any year are not effective until the subsequent year. MCL 211.205i(2)</p>
<p>April 2, 2018</p>	<p>On or before the first Monday in April, the BOR must complete their review of protests of assessed value, taxable value, property classification or denial by assessor of continuation of qualified agricultural property exemption. MCL 211.30a</p>
<p>April 4, 2018</p>	<p>The township supervisor or assessor shall deliver the completed assessment roll, with BOR certification, to the county equalization director not later than the tenth day after adjournment of the BOR or the Wednesday following the first Monday in April, whichever date occurs first. MCL 211.30(7)</p> <p>An assessor shall file STC form L-4021 with the County Equalization Department, and STC form L-4022 (signed by the assessor) with the County Equalization Department and the STC, immediately following adjournment of the board of review. (STC Administrative Rule: R 209.26(6a), (6b)). The form L-4022 <u>must</u> be signed by the assessor of record.</p> <p>Form 4626 Assessing Officers Report of Taxable Values as of State Equalization due to the County.</p>
<p>April 10, 2018</p>	<p>County Board of Commissioners meets in equalization session. MCL 209.5(1) and 211.34(1)</p> <p>The equalization director files a tabular statement of the county equalization adopted by the County Board of Commissioners on Form L-4024 prescribed and furnished by the STC, immediately after adoption.</p>

<p>April 10, 2018 Cont.</p>	<p>County equalization shall be completed and official report (Form L-4024) filed with STC prior to May 7, 2018. (first Monday in May) MCL 209.5(2)</p> <p>The Property Services Division staff makes a <u>final</u> report to the State Tax Commission on Form L-4030 after the adoption of the 2018 equalization report by the County Board of Commissioners and prior to Preliminary State Equalization.</p>
<p>April 16, 2018</p>	<p>Equalization director files separate Form L-4023 for each unit in the county with the STC no later than the third Monday in April. STC Rule 209.41(6); MCL 211.150(4)</p> <p>Allocation Board meets and receives budgets. MCL 211.210</p> <p>Equalization Director submits separate Form 4626 for each unit in the county with the STC no later than the third Monday in April.</p>
<p>May 1, 2018</p>	<p>Final day for completion of delinquent tax rolls. MCL 211.57(1)</p> <p>Deadline for filing a Principal Residence Exemption (PRE) Active Duty Military Affidavit to allow military personnel to retain a PRE for up to three years if they rent or lease their principal residence while away on active duty. MCL 211.7dd</p> <p>Last day of deferral period for winter (December 1) property tax levies, if the deferral for qualified taxpayers was authorized by the County Board of Commissioners. MCL 211.59(3)</p> <p>Deadline for filing the Farmland Exemption Affidavit (Form 2599) with the local assessor if the property is NOT classified agricultural or if the assessor asks an owner to file it to determine whether the property includes structures that are not exempt.</p> <p>Deadline for Department of Treasury to post the millage rate comparison reports on the PPT Reimbursement website. MCL 123.1353(5)</p>
<p>May 7, 2018</p>	<p>Deadline for filing official County Board of Commissioners report of county equalization (L-4024) with STC. MCL 209.5(2) (first Monday in May)</p> <p>Appeal from county equalization to Michigan Tax Tribunal must be filed within 35 days after the adoption of the county equalization report by the County Board of Commissioners. MCL 205.735(3)</p> <p>Deadline for assessor to file tabulation of Taxable Valuations for each classification of property with the county equalization director on STC</p>

	form L-4025 to be used in “Headlee” calculations. MCL 211.34d(2). (first Monday in May)
May 14, 2018	Preliminary state equalization valuation recommendations presented by the Property Services Division staff to the State Tax Commission. MCL 209.2(1) (second Monday in May)
May 15, 2018	Not later than this date, the State must have prepared an annual assessment roll for the state-assessed properties. MCL 207.9(1)
May 29, 2018 May 28 is a State Holiday	State Equalization Proceeding - Final State Equalization order is issued by State Tax Commission. MCL 209.4 (fourth Monday in May)
After May 30 and Before June 6, 2018	Last day for Allocation Board Hearing (not less than 8 days or more than 12 days after issuance of preliminary order). MCL 211.215
May 31, 2018 (MTT)	Appeals of property classified as commercial real, industrial real, developmental real, commercial personal, industrial personal or utility personal must be made by filing a written petition with the Michigan Tax Tribunal on or before May 31 of the tax year involved. MCL 205.735a(6)
June 1, 2018	<p>If as a result of State Equalization, the taxable value of property changes, the Equalization Director shall revise the millage reduction fractions by the Friday following the fourth Monday in May. MCL 211.34d(2)</p> <p>Deadline for filing Principal Residence Exemption Affidavits (form 2368) for exemption from the 18-mill school operating tax to qualify for a PRE for the summer tax levy. MCL 211.7cc(2)</p> <p>Deadline for filing the initial request (first year) of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640) for the summer tax levy. MCL 211.7cc(5)</p> <p>Deadline for filing for Foreclosure Entity Conditional Rescission of a PRE (Form 4983) to qualify for the summer tax levy. MCL 211.7cc(5)</p> <p>Assessment Roll due to County Treasurer if local unit is not collecting summer taxes. MCL 211.905b(6)(a)</p> <p>Last day to send the first notice to all properties that are delinquent on 2017 taxes. MCL 211.78b</p> <p>No later than June 1, the county treasurer delivers to the state treasurer a statement listing the total amount of state education tax (SET) not returned delinquent, collected by the county treasurer, and collected and remitted to the county treasurer by each city or township treasurer, also a statement for the county and for each city or township of the number of parcels from which the SET was collected, the number of parcels for which SET was billed, and the total amount retained by the county</p>

<p>June 1, 2018 Cont.</p>	<p>treasurer and by the city or township treasurer MCL 211.905b(12)</p> <p>Requests are due from a Brownfield Redevelopment Authority, Tax Increment Finance Authority, Local Development Financing Authority or Downtown Development Authority for state reimbursements of tax increment revenue decreases as a result of the MBT reduction in personal property taxes (not later than June 1). Form 4650; P.A. 154-157 of 2008.</p>
<p>June 4, 2018</p>	<p>Deadline for notifying protesting taxpayers in writing of Board of Review Action (by the first Monday in June). MCL 211.30(4)</p> <p>County Equalization Director calculates current year millage reduction fractions including those for inter-county taxing jurisdictions. The completed, verified STC form L-4028 is filed with the County Treasurer and the STC on or before the first Monday in June. MCL 211.34d(3)</p>
<p>June 5, 2018</p>	<p>Deadline for Assessors to report the current year taxable value of commercial personal property and industrial personal property to the County Equalization Director (each June 5). MCL 123.1353(3)</p> <p>Deadline for Assessors to file the Personal Property 2018 Taxable Value for Expired Tax Exemptions – Form 5403 with the County Equalization Director and Department of Treasury (each June 5). MCL 123.1353(6)</p> <p>Deadline for Assessors to file the Personal Property 2018 Taxable Value for Expired/Expiring Renaissance Zone Tax Exemptions – Form 5429 with the County Equalization Director and Department of Treasury (each June 5). MCL 123.1353(6)</p>
<p>June 11, 2018</p>	<p>Allocation Board must issue final order not later than the second Monday in June. MCL 211.216</p>
<p>June 15, 2018</p>	<p>Deadline for submission of Water Pollution Control PA 451 of 1994 Part 37 and Air Pollution Control PA 451 of 1994 Part 59 tax exemption applications to the State Tax Commission. Note: Applications for the above exemption programs received on or after June 16 shall be considered by the Commission contingent upon staff availability.</p> <p>Deadline for the assessor’s report to the STC on the status of each Neighborhood “homestead” exemption granted under the Neighborhood Enterprise Zone Act. MCL 207.786(2)</p> <p>Deadline for foreclosing governmental units to file petition for tax foreclosure with the circuit court clerk for the March 1, 2018 forfeitures. MCL 211.78h(1)</p> <p>Deadline for Tax Increment Finance (TIF) Authorities to file the 2018 TIF loss reimbursement claims – Form 5176, Form 5176BR, or Form</p>

	5176ICV. MCL 123.1356a(3)
June 20, 2018	Deadline for County Equalization Directors to file the Personal Property Summary Report (PPSR) and the Personal Property Inter-County Summary Report (PPSR-IC) to the Department of Treasury. MCL 123.1353(3)
June 25, 2018	Deadline for equalization directors to file tabulation of final Taxable Valuations with the State Tax Commission on STC form L-4046. MCL 211.27d (fourth Monday in June)
June 29, 2018 June 30 is a Saturday	<p>Summer Tax Levy for School Millage Detail and Tax Roll. MCL 380.1613(4)(c). Before June 30 the county treasurer or the treasurer of the school district or intermediate school district shall spread the taxes being collected.</p> <p>County Treasurer to spread summer SET and County Allocated and Prepare Tax Roll MCL 211.905b(6)(b). Not later than June 30, the county treasurer or the state treasurer shall spread the millage levied against the assessment roll and prepare the tax roll.</p> <p>Deadline for classification appeals to STC. MCL 211.34c(6). A classification appeal must be filed with the STC in writing on Form 2167 (June 30).</p> <p>Deadline for County Equalization Director to file Interim Status Report of the ongoing study for the current year. [R 209.41(4)]</p> <p>Township supervisor shall prepare and furnish the summer tax roll before June 30 to the township treasurer with supervisor's collection warrant attached if summer school taxes are to be collected. MCL 380.1612(1)</p>
July 2, 2018 July 1 is a Sunday	Taxes due and payable in those jurisdictions authorized to levy a summer tax. (Charter units may have a different due date). MCL 211.44a(3) and (4)
July 3, 2018	Deadline for governmental agencies to exercise the right of refusal for 2017 tax foreclosure parcels. MCL 211.78m(1)
July 17, 2018	The July BOR may be convened to correct a qualified error (Tuesday after the third Monday in July). MCL 211.53b. The governing body of the city or township may authorize, by adoption of an ordinance or resolution, 1 or more of the following alternative meeting dates for the purposes of this section. An alternative meeting date during the week of the third Monday in July. MCL 211.53b(9)(b)

<p>July 17, 2018 Cont.</p>	<p>An owner who owned and occupied a principal residence on May 1 for taxes levied before January 1, 2013, for which the exemption was not on the tax roll may file an appeal with the July Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. For taxes levied after December 31, 2012, an owner who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal with the July Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. MCL 211.7cc(19)</p> <p>An owner of property that is Qualified Agricultural Property on May 1 may appeal to the July Board of Review for the current year and the immediately preceding year if the exemption was not on the tax roll. MCL 211.7ee(6)</p> <p>July BOR may hear appeals for current year only for poverty exemptions, <u>but not</u> poverty exemptions denied by the March Board of Review. MCL 211.7u, STC Bulletin No. 6 of 2017.</p>
<p>July 31, 2018</p>	<p>Industrial Facilities Exemption Treasurer’s Report (Form 170) must be filed with the Property Services Division on or before July 31 of the tax year involved.</p> <p>Appeals of property classified as residential real, agricultural real, timber-cutover real or agricultural personal must be made by filing a written petition with the Michigan Tax Tribunal on or before July 31 of the tax year involved. MCL 205.735a(6)</p> <p>A protest of assessed valuation or taxable valuation or the percentage of Qualified Agricultural Property exemption subsequent to BOR action, must be filed with the Michigan Tax Tribunal, in writing on or before July 31.</p>
<p>August 15, 2018</p>	<p>Deadline for Local School Districts and Intermediate School Districts to file the Personal Property Exemption Loss 2018 Debt Millage Reimbursement Claim for School Districts & Intermediate School Districts (ISDs) – Form 5451. MCL 123.1353(4)</p> <p>Deadline for electronically paying and filing the essential services assessment with the Department of Treasury without interest and penalty. MCL 211.1057</p>
<p>August 20, 2018</p>	<p>Deadline for taxpayer to file appeal directly with the Michigan Tax Tribunal if final equalization multiplier exceeds tentative multiplier and a taxpayer’s assessment, as equalized, is in excess of 50 percent of true cash value (by the third Monday in August). MCL 205.737(7)</p>

September 1, 2018	Last day to send second notice by first class mail to all properties that are delinquent on 2017 taxes. MCL 211.78c
September 14, 2018	<p>Summer Taxes Due: Summer taxes due, unless property is located in a city with a separate charter due date (Sept 14). MCL 211.905b(10), MCL 380.1613(4)(e). MCL 211.107</p> <p>Interest of 1% per month will accrue if the payment is late for the State Education Tax and County Taxes that are part of the summer tax collection. MCL 211.905b(9) and 211.44a(6). Note: date may be different depending on the city charter.</p> <p>Last day of deferral period for summer property tax levies, if the deferral for qualified taxpayers. MCL 211.51(7).</p>
September 20, 2018	<p>Deadline for payments to counties from the Local Community Stabilization Authority:</p> <p style="padding-left: 40px;">Local Community Stabilization Share revenue for county allocated millage. MCL 123.1357(5)(a)</p>
<p>September 28, 2018 September 29 is a Saturday September 30 is a Sunday</p>	<p>Clerk of township or city delivers to supervisor and county clerk a certified copy of all statements, certificates, and records of vote directing monies to be raised by taxation of property. MCL 211.36(1).</p> <p>Financial officer of each unit of local government computes tax rates in accordance with MCL 211.34d and 211.34 MCL and governing body certifies that rates comply with Section 31, Article 9, of 1963 Constitution and MCL 211.24e, Truth in Taxation, on STC form L-4029 on or before September 30.</p>
October	County prosecutor is obligated by statute to furnish legal advice promptly regarding the apportionment report. A County Board of Commissioners shall not authorize the levy of a tax unless the governing body of the taxing jurisdiction has certified that the requested millage has been reduced, if necessary, in compliance with Section 31 of Article 9 of the State Constitution of 1963 and MCL 211.34d, 211.37 and 211.34(1). The County Board also receives certifications that Truth in Taxation hearings have been held if required. MCL 211.24e
October 1, 2018	County Treasurer adds \$15 for each parcel of property for which the 2015 real property taxes remain unpaid. MCL 211.78d
October 15, 2018	<p>The assessor reports the status of real and personal Industrial Facility Tax property to STC. MCL 207.567(2)</p> <p>Governmental units report to the STC on the status of each exemption granted under the Commercial Redevelopment Act. MCL 207.666</p>

<p>October 15, 2018 Cont.</p>	<p>Qualified local governmental units report to the STC on the status of each exemption granted under the Commercial Rehabilitation Act. MCL 207.854</p> <p>The assessor's annual report of the determination made under MCL 207.783(1) to each taxing unit that levies taxes upon property in the local governmental unit in which a new facility or rehabilitated facility is located and to each holder of the Neighborhood Enterprise Zone certificate. MCL 207.783(2)</p> <p>Qualified local governmental units report to the STC on the status of each exemption granted under the Obsolete Property Rehabilitation Act. MCL 125.2794</p>
<p>October 22, 2018 October 20 is a Saturday</p>	<p>Deadline for payments to municipalities from the Local Community Stabilization Authority: Local Community Stabilization Share revenue for other millages not levied 100% in December. MCL 123.1357(5)(c)</p>
<p>October 31, 2018</p>	<p>October apportionment session of the County Board of Commissioners to examine certificates, direct spread of taxes in terms of millage rates to be spread on Taxable Valuations. MCL 211.37</p> <p>Deadline for submission of New Personal Property PA 328 of 1998, Obsolete Property PA 146 of 2000, Commercial Rehabilitation PA 210 of 2005, Neighborhood Enterprise Zone PA 147 of 1992, Commercial Facilities PA 255 of 1978 and Industrial Facilities PA 198 of 1974 tax exemption applications to the State Tax Commission. Note: Applications for the above exemption programs received after October 31 shall be considered by the Commission contingent upon staff availability.</p>
<p>November 1, 2018</p>	<p>Deadline for filing Principal Residence Exemption Affidavits (form 2368) for exemption from the 18-mill school operating tax to qualify for a PRE for the winter tax levy. MCL 211.7cc(2)</p> <p>Deadline for filing the initial request (first year) of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640) for the winter tax levy. MCL 211.7cc(5)</p> <p>Deadline for filing for Foreclosure Entity Conditional Rescission of a PRE to qualify for the winter tax levy. MCL 211.7cc (5)</p>

November 5, 2018	On or before November 5, Township Supervisor shall notify township treasurer of the amount of county, state and school taxes apportioned in township to enable treasurer to obtain necessary bond for collection of taxes. MCL 211.43(1)
November 15, 2018	Form 600/L-4016, Supplemental Special Assessment Report due to the STC.
November 28, 2018	On or before November 28, Township Treasurer gives County Treasurer a bond running to the county in the actual amount of county, state and school taxes. MCL 211.43(2)
November 30, 2018 December 1 is a Saturday	<p>County Equalization Director submits apportionment millage report to the STC. MCL 207.12</p> <p>On or before December 1, County Treasurer delivers to township supervisor a signed statement of approval of the bond and the township supervisor delivers the tax roll to the township treasurer.</p> <p>On or before December 1, Deadline for foreclosing governmental units to transfer list of unsold 2018 tax foreclosure parcels to the clerk of the city, township, or village in which the parcels are located. MCL 211.78m(6)</p>
December 1, 2018	<p>2018 taxes due and payable to local unit treasurer are a lien on real property. Charter cities or villages may provide for a different day. MCL 211.40</p> <p>Results of equalization studies should be reported to assessors of each Township and City.</p>
MTT Note:	Appeal to Michigan Tax Tribunal of a contested tax bill must be filed within 60 days after the mailing of the tax bill that the taxpayer seeks to contest. MCL 205.735. (Limited to arithmetic errors)
December 11, 2018	<p>Special Board of Review meeting may be convened by assessing officer to correct qualified errors (Tuesday after the second Monday in Dec.). MCL 211.53b. The governing body of the city or township may authorize, by adoption of an ordinance or resolution, one or more of the following alternative meeting dates for the purposes of this section: An alternative meeting date during the week of the second Monday in December. MCL 211.53b(7)</p> <p>An owner who owned and occupied a principal residence on May 1 for taxes levied before January 1, 2012, for which the exemption was not on the tax roll may file an appeal with the December Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. For taxes levied after December 31, 2011, an owner</p>

<p>December 11, 2018 Cont.</p>	<p>who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal with the December Board of Review in the year for which the exemption was claimed or the immediately succeeding 3 years. MCL 211.7cc(19)</p> <p>An owner of property that is Qualified Agricultural Property on May 1 may appeal to the December Board of Review for the current year and the immediately preceding year if the exemption was not on the tax roll. MCL 211.7ee(6)</p> <p>December Board of Review to hear appeals for current year poverty exemptions only, but not poverty exemptions denied by the March Board of Review. MCL 211.7u, STC Bulletin No. 6 of 2017</p>
<p>December 31, 2018</p>	<p>Tax Day for 2019 property taxes. MCL 211.2(2)</p> <p>All taxes due and liens are canceled for otherwise unsold 2018 tax foreclosure parcels purchased by the state or transferred to the local unit or the Michigan Land Bank Fast Track Authority. MCL 211.78m(12) and (13)</p> <p>An eligible claimant may appeal an assessment levied, a penalty or rescission under the Essential Service Assessment Act to the Michigan Tax Tribunal by filing a petition no later than December 31 in that same tax year.</p> <p>The Department of Treasury may appeal the 2018 classification of any assessable property to the Small Claims Division of the Michigan Tax Tribunal. MCL 211.34c(7)</p> <p>Deadline for an owner that had claimed a conditional rescission of a Principal Residence Exemption to verify to the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of a Conditional Rescission of Principal Residence Exemption (PRE) (form 4640). MCL 211.7cc(5)</p> <p>Deadline for a land contract vendor, bank, credit union or other lending institution that had claimed a foreclosure entity conditional rescission of a Principal Residence Exemption to verify to the assessor that the property still meets the requirements for the conditional rescission through the filing of an annual verification of a foreclosure entity. (MCL 211.7cc (5)</p> <p>A rescission affidavit (form 5277) shall be filed with the assessor of the Township or City in which the personal property is located, no later than December 31 of the year in which the exempted property is no longer eligible for the Eligible Manufacturing Personal Property exemption.</p>

January 2, 2019 December 31 is a State holiday January 1 is a State Holiday	Deadline for counties to file equalization studies for 2019 starting bases with State Tax Commission for all classifications in all units on STC form L-4018. [R 209.41(5)].

DRAFT



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

BULLETIN NO. 24 of 2017
CHANGES FOR 2018
November 28, 2017
Revised February 13, 2018
as the result of Public Acts 261-264 of 2017

TO: Assessors
Equalization Directors

FROM: State Tax Commission (STC)

RE: **PROCEDURAL CHANGES FOR THE 2018 ASSESSMENT YEAR**

The purpose of this Bulletin to provide information on statutory changes or procedural changes for the 2018 assessment year.

A. Inflation Rate Used in the 2018 Capped Value Formula

The inflation rate, expressed as a multiplier, to be used in the 2018 Capped Value Formula is 1.021.

The 2018 Capped Value Formula is as follows:

2018 CAPPED VALUE = (2017 Taxable Value – LOSSES) X 1.021 + ADDITIONS

The formula above does not include 1.05 because the inflation rate multiplier of 1.021 is lower than 1.05.

B. Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2018

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

Local governing bodies are required to adopt guidelines that set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons **shall not** be set lower than \$20,420 which is the amount shown on the following chart for a family of 3 persons. The income level for a family of 3 persons may be set higher than \$20,420. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2018 assessments.

Size of Family Unit	Poverty Guidelines
1	\$12,060
2	\$16,240
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320
For each additional person	\$4,180

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

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

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

The State Tax Commission recommends that, subject to the qualifications stated below, communication towers should be valued for the 2018 assessment year using the table of **historical** (original cost when the tower was new) cost valuation multipliers set forth in the multiplier table below. These multipliers have been developed in a manner such that they account for the typical depreciation which is expected for a tower of the indicated age and also account for changes in the cost of the tower and erecting it that have occurred since the time the tower was constructed. On this basis, the multiplier table which is shown below is intended to predict the current true cash value of a tower of the vintage year in which the tower was constructed. An important component in determining the current value of a tower built in a given year is the change in the cost of materials, particularly changes in the cost of steel, between the time of construction and the current tax day. Since the table considers both depreciation and changes in construction costs, and since changes in construction cost have not always occurred at a constant rate, the multiplier table does not always evidence a decline in the rate by which the historical cost must be adjusted in order to determine current value. This effect is expected and can be better understood if one remembers that the multiplier table is not a depreciation table and the multipliers are applied to the historic cost of construction, not to the current replacement cost.

Communication towers are real property. When a communication tower is built on land owned by the owner of the tower, the tower is valued and assessed as a real property improvement to the land on which it is located. When a communication tower is built on leased land, the owner

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

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

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

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

Please note the following:

- The preferred method for valuing freestanding communication towers is using original cost new multiplied by the appropriate multiplier from the following table.
- In some cases historical/original cost may be unobtainable. Those cases may require using the Assessor's Manual cost new multiplied by the Assessor's Manual depreciation table multiplier.
- Do not apply the Assessor's Manual depreciation table multipliers to the historical/original cost of a tower.
- Do not apply the communication tower multipliers from the following table to the Manual cost new of a tower.

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

3594 to tower owners each year. The following table applies to both guyed and self-supporting communication towers.

HISTORICAL (ORIGINAL) COST VALUATION MULTIPLIERS FOR USE IN 2018 ASSESSMENTS OF FREESTANDING COMMUNICATIONS TOWERS

YEAR OF CONSTRUCTION	MULTIPLIER	YEAR OF CONSTRUCTION	MULTIPLIER
2017	0.97	1997	0.89
2016	0.93	1996	0.88
2015	0.91	1995	0.89
2014	0.90	1994	0.87
2013	0.88	1993	0.89
2012	0.87	1992	0.87
2011	0.87	1991	0.85
2010	0.82	1990	0.84
2009	0.82	1989	0.81
2008	0.83	1988	0.84
2007	0.85	1987	0.82
2006	0.85	1986	0.81
2005	0.88	1985	0.79
2004	0.94	1984	0.77
2003	0.93	1983	0.79
2002	0.91	1982	0.83
2001	0.90	1981	0.88
2000	0.91	1980	0.97
1999	0.90	1979	1.07
1998	0.89	1978 and prior	1.14

D. Property Classification

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

E. Sales Studies

Equalization study dates are as follows for 2018 equalization:

Two Year Study: April 1, two years prior through March 31, current year
Single Year Study: October 1, preceding year through September 30, current year

For 2017 studies for 2018 equalization the dates are as follows:

Two Year Study: April 1, 2015 through March 31, 2017
Single Year Study: October 1, 2016 through September 30, 2017

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

Please be advised that the above sale study dates **are not** the same as the valuation date used in appeals before the Michigan Tax Tribunal. Evidence presented in a Tax Tribunal appeal should reflect the value of the property as of tax day (December 31). This means that sales occurring *after* March 31, 2017 and September 30, 2017 should still be considered and included when submitting evidence in a Tax Tribunal appeal involving the 2018 tax year.

F. Changes to Personal Property Tax

PA 329 of 2016 amended MCL 211.9f by requiring that, subsequent to December 31, 2016, eligible local assessing districts and Next Michigan development corporations must enter into a written agreement with eligible businesses prior to adopting a resolution exempting new personal property from the collection of property taxes. The written agreement must contain the following statements:

1. The exemption is revoked if the eligible business is determined to be in violation of the written agreement's provisions.
2. The eligible business may be required to repay all or part of the personal property taxes exempted under MCL 211.9f if it is determined to be in violation of the written agreement's provisions.
3. The exemption is revoked if the eligible business is determined to be in violation of the provisions concerning the exemption set forth in the resolution adopted by the local assessing district.
4. The exemption is revoked if continuance of the exemption would be contrary to any of the requirements of MCL 211.9f.

Form 3427, a sample written agreement and an updated checklist can also be found on the [New Personal Property Exemption](#) webpage.

Public Acts 261-264 of 2017 were signed into law on December 28, 2017. P.A. 261-264 made several changes that affect the EMPP exemption.

To claim the eligible manufacturing personal property (EMPP) exemption for the 2018 assessment year, a fully completed Form 5278, *Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)*, must be completed and delivered to the Assessor of the local unit of government where the qualified personal property is located no later than February 20, 2018. P.A. 261-264 changed the statute to allow assessors to accept a postmark by February 20, 2018 for Form 5278 to claim the EMPP exemption.

Also, P.A. 261-264 changed the appeal procedure for the EMPP exemption. Eligible claimants who miss the filing deadline for the exemption may file Form 5278 directly with the March Board of Review of the local unit in which the personal property is located. The March Board of Review should grant the EMPP exemption as long as the claimant otherwise qualifies for the exemption.

Taxpayers should not complete Form 5278 unless the personal property meets the definition of eligible manufacturing personal property.

Property that was placed in service in 2008 through 2012 will still be reported as ad valorem personal property in Part 2 on Form 5278, the *Combined Document*. Property meeting the definitions of qualified new personal property and qualified previously existing personal property placed in service after 2012 and prior to 2008 will be exempt from ad valorem taxes and will instead pay the state specific Essential Services Assessment. Property that is subject to an IFT certificate that has expired, but is subject to extension under MCL 207.561a, will report property placed in service in 2008 through 2012 in Part 2 and property placed in service in all years of Part 3. Property that is subject to a New Personal Property (P.A. 328) exemption that has expired, but is subject to extension under MCL 211.9f(9), will report property placed service in all years of Part 3.

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

Assessors will have to *accurately* enter all the Form 5278 information into their assessing software. Assessors that do not have BS&A software and that have taxpayers claiming the personal property exemption will be provided with reporting instructions from the Department of Treasury. All data from Form 5278 must be entered and uploaded to BS&A for submission to the Department of Treasury no later than April 1, 2018.

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

G. Disabled Veterans Exemption

Mid-Year Changes

If the disabled veteran buys a home mid-year, the Commission's guidance remains that the veteran can only receive the exemption on taxes they have paid or will pay on that new home. The Commission has advised assessors that they should ask to see the closing documents to determine if there is any information that will assist in the determination of those taxes the veteran has paid or will pay. In the absence of relevant information contained in the closing documents, the STC advises assessors to divide the total taxes for the year by 12 and then multiply that number by the number of months the veteran will own the home and use it as their homestead. This is a calculation that is easy for the taxpayer to understand.

If a disabled veteran sells their home mid-year or dies mid-year and has no surviving spouse, assessors are advised to file a MCL 211.154 petition with the STC to put the property back on the assessment roll. Taxes to be billed to the new owner or estate can be calculated using the same methods described above.

If the status of the veteran changes mid-year, meaning they are granted 100% disability status and if they have owned the home for the full year and meet all other statutory requirements, the STC advises that the July or December Board of Review can grant the exemption for the full year.

Unremarried Surviving Spouse

The State Tax Commission is aware that the Michigan Tax Tribunal in MTT Docket 16-004780 - *Deborah E. Rabun v City of Farmington Hills*, held that a surviving spouse cannot qualify for the exemption when the deceased disabled veteran never owned or occupied the subject property as a homestead.

While the STC understands that is the position of the Tax Tribunal, the STC does not agree or support that determination. The STC in their original guidance indicated that: *the Disabled Veteran's exemption is not an exemption for the benefit of the property. Instead, it is an exemption personal to the qualifying disabled veteran or the unremarried surviving spouse of the qualified deceased disabled veteran.*

Since the Disabled Veterans Exemption is personal to the qualified individual, the STC is advising assessors and Boards of Review that they can and should approve exemptions for unremarried surviving spouses that meet all other statutory requirements, regardless of if the disabled veteran ever owned or occupied that subject property as a homestead.

More guidance on the Disabled Veterans Exemption can be found on the STC website under the Disabled Veterans Exemption link.

H. Principal Residence Exemption

Governor Snyder signed into law on October 10, 2017 Public Acts 121 and 122 of 2017 regarding the PRE Affidavit. The Acts amend MCL 211.7cc and MCL 211.120 of the General Property Tax Act to provide that the assessor of a local tax collecting unit, the Department of

Treasury, or a county treasurer or equalization director can require a person who claimed a principal residence exemption (PRE), within 30 days of claiming the PRE, to file the Principal Residence Exemption Affidavit of Similar Exemption in Other States, Form 5565, stating that he or she had not claimed a substantially similar exemption, deduction, or credit in another state. Public Act 121 also prohibits a person from rescinding a substantially similar exemption, deduction, or credit claimed in another state in order to qualify for the Michigan PRE for any years denied, if the assessor of a local tax collecting unit, the Department of Treasury, or a county denied an existing claim for a PRE. The Act also prescribes a penalty of \$500 for a person who claimed a PRE under the Act and a substantially similar exemption, deduction, or credit in another state.

Assessors are also advised that Public Act 121 also eliminates the requirement that the local tax collecting unit submit to the Michigan Department of Treasury copies of all filed Principal Residence Exemption Affidavit Forms 2368 and Request to Rescind Principal Residence Exemption Forms 2602; instead these forms, along with Form 5565, shall be forwarded to the Michigan Department of Treasury only if requested. However, the local tax collecting unit is still required to submit to the Michigan Department of Treasury copies of filed Conditional Rescission of Principal Residence Exemption (PRE) Forms 4640, Foreclosure Entity Conditional Rescission of Principal Residence Exemption (PRE) Forms 4983, Principal Residence Exemption Active Duty Military Forms 4660, Notice of Denial of Principal Residence Exemption (Local (City/Township)) Forms 2742, and Notice of Denial of Principal Residence Exemption (County) Forms 4075.

Public Act 122 amends the General Property Tax Act to extend a misdemeanor penalty to a person who claimed a substantially similar exemption, deduction, or credit on property in another state with the intent to obtain a PRE under the Act.

More information can be found on the PRE website at www.michigan.gov/PRE.

I. Transitional Qualified Forest Property

On June 28th, 2016, Governor Snyder signed into law Public Acts 260, 261, and 262 of 2016. These Acts provide an opportunity for landowners to transfer Commercial Forest property into the Qualified Forest Program (QFP) without payment of a Commercial Forest Reserve withdrawal penalty. Instead, the statutory changes provide for a graduated return to ad valorem property taxes by allowing a five year incremental return to full tax liability. This is accomplished by the creation the Transitional Qualified Forest Property (TQFP) exemption and specific tax.

Public Act 260 creates the “Transitional Qualified Forest Property Specific Tax” for taxes levied after December 31, 2015. To be “Transitional Qualified Forest Property” the property must have previously been Commercial Forest property and must qualify for and have been approved as Qualified Forest Property under MCL 211.7(jj)[1]. Additionally:

1. The property must have been owned by the current owner no later than September 1, 2016,
2. The property must have been CFR no later than September 1, 2016, and
3. The application must be made by September 1, 2021.

If a landowner withdraws property from the Commercial Forest exemption program provided, they may apply to have the forest land determined to be Transitional Qualified Forest Property (TQFP) for a period not to exceed five (5) years. The exemption is limited to a total of 160 acres within each township.

When notified of the exemption (through the receipt of the recorded qualified Forest Property Affidavit and a copy of the recorded CRF withdrawal certificate), the assessor exempts the property from the collection of ad valorem taxes until December 31 of the year in which the property is no longer TQFP. The assessor determines the assessed and taxable values in the same manner as for other properties but instead of paying ad valorem tax, the owner pays a specific tax that is described in detail in Bulletin 8 of 2017.

Public Act 261 amends the General Property Tax Act by making minor changes to MCL 211.7jj to accommodate the Transitional Qualified Forest Property Exemption and to add MCL 211.vv, which exempts TQFP from ad valorem assessment.

More information regarding this exemption can be found in Bulletin 8 of 2017 available on the STC website under the Bulletins tab.

J. Qualified Agricultural Property Changes

PA 375 of 2016 was signed by Governor Snyder on December 28, 2016. This Act amends MCL 211.27a(6)(k) to allow a property owner to request that the assessor establish a separate tax parcel for a portion of a parcel that will no longer be qualified agricultural property. The establishment of the separate parcel *is not* a land division under the Land Division Act, Public Act 288 of 1967, until and unless the separate tax parcel is conveyed. The status of the remainder of the original parcel as qualified agricultural property is not affected by the establishment of the separate parcel that is not qualified agricultural property.

The separately established parcel which is no longer qualified agricultural property is immediately subject to the qualified agricultural property recapture tax, however the taxable value of the separate parcel of property does not uncap until and unless there is a transfer of ownership.

More information can be found in Bulletin 7 of 2017 available on the STC website under the Bulletins tab.

K. Authority of July and December Boards of Review

The State Tax Commission has become aware of a significant number of instances where Boards of Review are acting outside their statutory authorities. MCL 211.53b specifies: The board of review meeting in July and December shall meet only for the purpose described in subsection (1) (Qualified Errors) and to hear appeals provided for in sections 7u (Poverty Exemption), 7cc (Principal Residence Exemption), 7ee (Qualified Agricultural Exemption), 7jj (Qualified Forest Exemption), and 9o (Small Business Taxpayer Exemption).

Assessors should carefully review the Board of Review FAQ on the Commission's website to ensure their Boards of Review are acting within their statutory authorities.

State Tax Commission



Assessor Guide to the Small Business Taxpayer Personal Property Tax Exemption

Published January 2018

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Introduction:

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

This Guide will focus on detailed information that assessors need to know regarding the Small Business Taxpayer Exemption. Information regarding the Eligible Manufacturing Personal Property Exemption can be found in the *Assessor Guide to Eligible Manufacturing Personal Property Tax Exemption and ESA* available on the State Tax Commission website at www.michigan.gov/stc.

Statutory Review:

MCL 211.9o provides for a personal property tax exemption for “eligible personal property”. This is commonly referred to as the Small Business Taxpayer Exemption.

MCL 211.9o defines “eligible personal property” as meeting all of the following criteria:

The personal property must be classified as industrial personal property or commercial personal property as defined in MCL 211.34c or would be classified as industrial personal property or commercial personal property if not exempt **and**

The combined true cash value of all industrial personal property and commercial personal property owned by, leased by or in the possession of the owner or a related entity claiming the exemption is less than \$80,000 in the local tax collecting unit **and**

The property is not leased to or used by a person that previously owned the property or a person that, directly or indirectly controls, is controlled by, or under common control with the person that previously owned the property.

Industrial personal property is defined in MCL 211.34c as:

- (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.

Commercial personal property is defined in MCL 211.34c as:

- (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.

True Cash Value is defined in MCL 211.27: As used in this act, "true cash value" means the usual selling price at the place where the property to which the term is applied is at the time of assessment, being the price that could be obtained for the property at private sale, and not at auction sale except as otherwise provided in this section, or at forced sale.

Person means an individual, partnership, corporation, association, Limited Liability Company or other legal entity.

Related entity means a person that directly or indirectly, controls, is controlled by or is under the common control with the person claiming the exemption.

Control, Controlled By and Under Common Control with means the possession of the power to direct or cause the direction of the management and policies of a related entity, directly or indirectly, whether derived from a management position, official office, or corporate office held by an individual; by an ownership interest, beneficial interest, or equitable interest; or by contractual agreement or other similar arrangement. There is a rebuttable presumption that control exists if any person, directly or indirectly, owns, controls, or holds the power to vote, directly or by proxy, 10% or more of the ownership interest of any other person or has contributed more than 10% of the capital of the other person. Indirect ownership includes ownership through attribution or through one or more intermediary entities.

Claiming the Exemption:

In order to claim the exemption a taxpayer must annually file Form 5076 *Small Business Property Tax Exemption Claim Under MCL 211.9o* with the local unit where the personal property is located, no later than February 20th, postmark is acceptable. The burden of proof remains with the taxpayer to demonstrate postmark by February 20th.

Recent statutory changes (P.A. 261 of 2017) allow for the use of facsimile or electronic signatures on Form 5076.

Form 5076 must be filled out in its entirety. The STC strongly recommends that assessors contact taxpayers who have not fully completed Form 5076 in an effort to obtain the missing information before issuance of a denial.

Review of Form 5076:

Form 5076 must be filed annually by the taxpayer or the taxpayer's authorized representative. The form begins with general taxpayer information including name and address of the taxpayer and name of the local unit where the personal property is located.

Taxpayers must also list all addresses where personal property is located within the Township or City, as well as names of all other businesses having personal property at the locations included in the Form. This is very important because of the following eligibility requirement:

The combined true cash value of all industrial personal property and commercial personal property owned by, leased by or in the possession of the owner or a related entity claiming the exemption is less than \$80,000 in the local tax collecting unit

Assessors should review prior year personal property tax information as well as notes from prior year personal property canvass in order to ensure that taxpayers are reporting all locations where they own, lease or are in possession of personal property within that local tax collecting unit.

Taxpayers must also provide any assumed names, a description of the business activity, the date the business began in the local tax collecting unit and the contact information for the person in charge of the personal property records including where the personal property records are located.

Next the individual signing Form 5076 must certify the following:

First that they are the owner of the property being claimed as exempt or they are a duly authorized agent.

Second, that the true cash value of all the personal property located within the City or Township that is owned by, leased to or in the possession of the owner or related entity was less than \$80,000 on tax day.

Finally, they must verify the procedures used to determine that the true cash value of the Eligible Personal Property was less than \$80,000 on tax day. This requires the taxpayer to answer two questions:

a) The determination of True Cash Value was based on the State Tax Commission's recommended valuation procedures as set forth on Form 632, *Personal Property Statement (L-4175)*. Taxpayers must attach an explanation of the method used if the answer is no.

b) The determination of True Cash Value includes all assessable personal property, located within the city or township listed on the Form that is owned

by, leased to, or in the possession of the owner or related entity and includes all trade fixtures and may include leasehold improvements not assessed as real property. Taxpayers must attach an explanation if not all personal property is included.

Note: Assessors are reminded that beginning in 2017 all leasehold improvements installed in 2016 or later must be valued as real property improvements.

The individual signing the form must indicate if they are a sole proprietor, partner, officer, managing member or agent. Agents must attach a letter of authority.

By their signature, the individual signing the form is certifying that the information contained provides a full and true statement of all personal property owned, leased or in the possession of the owner or related entity on tax day.

P.A. 261 of 2017 changed Form 5076 from an Affidavit to a Statement. Because of this change, the form no longer requires an original signature, a facsimile or electronic signature can be used.

Taxpayers who file Form 5076 are not required to file a personal property statement in that year. Local units **may not** require a property owner who files Form 5076 to file a personal property statement.

Assessors are still required to annually send a personal property statement, by January 10th, to any person in their local unit that they believe has assessable personal property in their possession. This is true regardless of if the taxpayer filed and was granted the Small Business Taxpayer exemption in a prior year.

If a property owner files Form 5076 in one year and does not file the form in the following tax year, the assessor must remove the exemption from the property and ensure that a personal property statement is filed by the owner and an ad valorem personal property assessment is made.

A taxpayer may not file for both the Small Business Taxpayer Exemption (Form 5076) and the Eligible Manufacturing Personal Property Tax Exemption (Form 5278) in the same year for the same personal property. A taxpayer is exempt under one provision or the other but not both.

Determining Eligibility

MCL 211.9o provides that eligible personal property, for which an exemption has been properly claimed is exempt from the collection of taxes under the General Property Tax Act.

As indicated above, eligible personal property is defined in the Act as personal property that meets all of the following conditions:

The personal property must be classified as industrial personal property or commercial personal property as defined in MCL 211.34c or would be classified as industrial personal property or commercial personal property if not exempt **and**

The combined true cash value of all industrial personal property and commercial personal property owned by, leased by or in the possession of the owner or a related entity claiming the exemption is less than \$80,000 in the local tax collecting unit **and**

The property is not leased to or used by a person that previously owned the property or a person that, directly or indirectly controls, is controlled by, or under common control with the person that previously owned the property.

Key in this definition to determining eligibility is the second clause that indicates the combined true cash value of all the personal property owned by, leased by or in the possession of an owner or of a related entity must be less than \$80,000 in that local tax collecting unit.

Determination of eligibility for this exemption is different than determination of tax liability. Determination of eligibility for the exemption includes items, such as leased personal property, which would not be used in the determination of tax liability. It is possible that a taxpayer may have under \$80,000 true cash value for determination of tax liability and not be eligible for the exemption because of items they may lease or have in their possession but do not own.

While the taxpayer, when filing Form 5076 is attesting that they meet the requirements for eligibility, we have received several questions from taxpayers and assessors on the issue of the \$80,000 limit.

1. XYZ Leasing owns \$100,000 TCV of taxable personal property in Local Unit A. \$75,000 of this \$100,000 is equipment leased to AAB Co. and \$25,000 is equipment leased to BBB Co. Would XYZ leasing file two separate Form 5076's for the personal property at each lessee location?

No XYZ Leasing is not eligible to claim the exemption. XYZ Leasing or a related entity owns, leases or possesses more than \$80,000 True Cash Value of personal property in Local Unit A, therefore they are not exempt. However AAB Co. and BBB Co. would be eligible for the exemption provided they do not own, possess or lease any other personal property.

2. XYZ Leasing owns \$100,000 TCV of taxable personal property in Local Unit A. \$85,000 of this value is on lease to BBF Co and \$15,000 is on lease to MMN Co. Does \$15,000 of XYZ Leasing's then qualify for exemption?

No XYZ Leasing is not eligible to claim the exemption. XYZ Leasing or a related entity owns, leases or possesses more than \$80,000 True Cash Value of personal property in Local Unit A, therefore they are not exempt. Further, note that BBF Co is not exempt because it is leasing more than \$80,000 of personal property located in Local Unit A, regardless of any other personal property which it, along with any related entity, owns or possesses

3. XYZ Leasing owns \$60,000 TCV of taxable personal property in Local Unit A. \$35,000 of this value is on lease to LMO Co and \$25,000 is on lease to MNO Co. XYZ Leasing doesn't own, possess or lease any other taxable personal property. LMO Co does have \$70,000 of true cash value of taxable personal property from another lessor but doesn't own any other property. Does XYZ Leasing file two Form 5076 for TPP at each lessee location since the true cash value is less than \$80,000? However, note that LMG Co is not exempt because it is leasing more than \$80,000 of personal property located in Local Unit A, regardless of any other personal property which it, along with any related entity, owns or possesses.

Assuming that XYZ Leasing does not lease (as lessee) or possess any other personal property in Local Unit A and assuming that a related entity (to XYZ) does not own, lease or possess any personal property in Local Unit A, then XYZ Leasing is entitled to claim the exemption, using a single form 5076, regardless of the status of the lessees. This is because the personal property which it, or a related entity, owns, leases (as lessee) or possesses in Local Unit A is less than \$80,000 TCV.

4. If a Village is located in Township A and ABC manufacturing has \$50,000 TCV in Township A (outside the village) and \$50,000 TCV in the Village does it qualify for the exemption?

A Village is considered to be a separate local tax collecting unit. Therefore, ABC manufacturing would be eligible for the exemption.

5. ABC Leasing is leasing \$60,000 of personal property to XYZ Co in Local Unit A and has a sister company leasing \$150,000 of personal at another location in Local Unit A.. Does ABC Leasing qualify for an exemption on the \$60,000 TPP on lease to XYZ Co?

Assuming that the Sister company is a related entity, which is probably the case given your wording and the definition of related entity contained in MCL 211.9o, then the \$60,000 TCV of ABC and the \$150,000 TCV of Sister is added together and neither ABC nor Sister qualify for exemption in any amount.

6. John Doe is the sole member of an LLC that owns a car wash in Local Unit A that has \$60,000 of assessable personal property. He also holds a 60% membership interest and 60% control in an LLC that owns a convenience store located in Local

Unit A which has \$50,000 of assessable property. Do either or both of the LLCs qualify for the exemption?

Since Doe has more than a 10% controlling interest in the convenience store (and in fact has majority interest in the LLC that controls the store), the car wash and the convenience store are related entities and neither qualify for the exemption because the total true cash value is \$110,000.

7. Same facts as 6 above, except that the convenience store owns only \$15,000 of assessable personal property. However, the store also has possession of an ice cream freezer worth \$2000 owned by the dairy that makes the ice cream, a soft drink beverage fountain worth \$1,500 owned by the soft drink mix supplier and \$30,000 of gasoline dispensing and brand identification signage owned by the oil jobber that supplies petroleum products to the store. Do either or both of the LLCs qualify for the exemption?

All the personal property supplied by vendors to the store is considered when determining the true cash value for exemption qualification purposes, because the personal property is in the possession of the LLC that owns the store. Since Doe has more than a 10% controlling interest in the convenience store (and in fact has majority interest in the LLC that controls the store), the car wash and the convenience store are related entities and neither qualify for the exemption because the total true cash value is \$108,500. Note that although the possessed personal property is included in determining whether the LLCs qualify for exemption, the possessed personal property will not be assessable to the store, but rather to the vendors that placed the personal property in the store. This assumes that the vendors retained ownership of the personal property.

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

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

(2) An owner of eligible personal property shall claim the exemption under this section by annually filing a statement with the local tax collecting unit in which the eligible personal property is located not later than February 20 in each tax year or, if February 20 is a Saturday, Sunday, or legal holiday, not later than the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a statement delivered by the United States Postal Service, the filing is timely if the postmark date is on or before the filing deadline prescribed in this subsection. If the statement is not timely filed with the local tax collecting unit, a late submission may be filed directly with the March board of review before its final adjournment by submitting the statement prescribed in this subsection. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice.

(5) If the assessor of the local tax collecting unit believes that personal property for which a statement claiming an exemption is timely and properly filed under subsection (2) is not eligible personal property, the assessor may deny that claim for exemption by notifying the person that filed the statement in writing of the reason for the denial and advising the person that the denial may be appealed to the board of review under section 30 during that tax year. The assessor may deny a claim for exemption for the current year and for the 3 immediately preceding calendar years. If the assessor denies a claim for exemption, the assessor shall remove the exemption of that personal property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. If the tax roll is in the county treasurer's possession, the tax roll shall be amended to reflect the denial and the county treasurer shall within 30 days of the date of the denial prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. Interest on any tax set forth in a corrected or supplemental tax bill shall again begin to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill shall be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

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

First, if an assessor believes that a property does not qualify for the exemption then the assessor may deny that claim for exemption, by notifying the taxpayer in writing. The written denial must include the reason for the denial and information on how to appeal the denial. A sample denial form is included in the appendix.

Next the assessor must remove the exemption and amend the tax roll to reflect the denial. The Treasurer should then issue a corrected tax bill with interest as described above. Assessors file a separate Form 5379 *Assessor Form to Correct Taxable Value After Denial of Eligible Personal Property Exemption Granted Pursuant to MCL 211.9o* for each assessment year for which a denial was entered with the property owner, the Equalization Department, the County Treasurer and Treasurers of all other affected taxing units. (See appendix for Form 5379)

Appeal Rights:

Taxpayers may appeal the denial only to the March Board of Review. The July or December Board of Review cannot hear an appeal of a denial unless there was an error made in the denial of the exemption by the assessor. An appeal may then be brought to the July or December Board of Review as a Qualified Error.

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

A taxpayer who filed Form 632 and later believes they qualify for the exemption cannot appeal to the March, July or December Board of Review to ask them to grant the exemption. Failure to properly claim the exemption **is not** a qualified error under MCL 211.53b and is not a denial by the assessor

Misplaced or Missing Forms:

If an assessor misplaces or missed a timely filed Form 5076, that **is not** considered a clerical error or mutual mistake and cannot be considered by the July or December Board of Review.

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

Late Filed Forms:

Taxpayers claim the exemption by filing Form 5076 *Form to Claim Small Business Tax Exemption under MCL 211.9o* with the local unit where the personal property is located no later than February 20th. The February 20th date will move to the following business day when February 20th falls on a weekend or a holiday. Postmark is acceptable, however the burden of proof remains with the taxpayer that the form was postmarked by February 20th.

Forms that are received or postmarked after the due date should not be accepted and instead the taxpayer should be notified that they may late file for the exemption directly with the March Board of Review. Late filing with the March Board of Review may require an in person appearance by the taxpayer or their representative. Taxpayers should contact the local unit where the personal property is located for more information. MCL 211.30 indicates:

A **nonresident taxpayer** may file his or her appearance, protest, and papers in support of the protest by letter, and his or her personal appearance is not required.

The governing body of the township or city may authorize, by adoption of an ordinance or resolution, **a resident taxpayer** to file his or her protest before the board of review by letter without a personal appearance by the taxpayer or his or her agent. If that ordinance or resolution is adopted, the township or city shall include a statement notifying taxpayers of this option in each

assessment notice under section 24c and on each notice or publication of the meeting of the board of review.

The March Board of review should grant any late filed petition if the taxpayer meet all other statutory requirements.

MCL 211.154 Petitions:

The State Tax Commission has determined that due to the statutory authorities contained in MCL 211.9o and by reference those contained in MCL 211.30 and MCL 211.53b, there are no circumstances under which a MCL 211.154 petition can or should be used related to the Small Business Taxpayer exemption.

Recordkeeping:

Taxpayers are required to maintain books and records for four years after filing Form 5076 claiming the exemption. At a minimum those records shall include the date of purchase, lease or acquisition, purchase price, lease amount or value of all industrial personal property and commercial personal property owned by, leased by or in the possession of that personal or a related entity. They shall provide access to those books and records if requested by the local unit assessing officer, County Equalization Department or Department of Treasury for the four years immediately after filing the exemption.

Assessors should ensure a copy of Form 5076 is kept on file by the local unit for not less than four years after the completion of the assessment roll for which the Forms are filed. The State Tax Commission recommends that assessors review this requirement and determine if it may be necessary to retain the Forms for a longer period of time.

Contact Information:

Questions regarding the Small Business Taxpayer Exemption can be directed to the State Tax Commission:

Email: statetaxcommission@michigan.gov

Phone: 517-335-3429

Appendix:

MCL 211.9o

MCL 211.53b

Form 5076 *Small Business Property Tax Exemption Claim Under MCL 211.9o*

Sample Assessor Denial Form

Form 5379 *Assessor Form to Correct Taxable Value After Denial of Eligible Personal Property Exemption Granted Pursuant to MCL 211.9o*

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Sec. 9o. (1) Beginning December 31, 2013, eligible personal property for which an exemption has been properly claimed under this section is exempt from the collection of taxes under this act.

(2) An owner of eligible personal property shall claim the exemption under this section by annually filing a statement with the local tax collecting unit in which the eligible personal property is located not later than February 20 in each tax year or, if February 20 is a Saturday, Sunday, or legal holiday, not later than the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a statement delivered by the United States Postal Service, the filing is timely if the postmark date is on or before the filing deadline prescribed in this subsection. If the statement is not timely filed with the local tax collecting unit, a late submission may be filed directly with the March board of review before its final adjournment by submitting the statement prescribed in this subsection. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice. A statement filed under this subsection shall be in a form prescribed by the state tax commission and shall include any address where any property owned by, leased to, or in the possession of that owner or a related entity is located within that local tax collecting unit. The statement shall require the owner to attest that the combined true cash value of all industrial personal property and commercial personal property in that local tax collecting unit owned by, leased to, or in the possession of that owner or a related entity on December 31 of the immediately preceding year is less than \$80,000.00.

(3) If a statement claiming the exemption under this section is filed as provided in subsection (2), the owner of that eligible personal property is not required to file a statement under section 19.

(4) A person who claims an exemption for eligible personal property under this section shall maintain books and records and shall provide access to those books and records as provided in section 22.

(5) If the assessor of the local tax collecting unit believes that personal property for which a statement claiming an exemption is timely and properly filed under subsection (2) is not eligible personal property, the assessor may deny that claim for exemption by notifying the person that filed the statement in writing of the reason for the denial and advising the person that the denial may be appealed to the board of review under section 30 during that tax year. The assessor may deny a claim for exemption for the current year and for the 3 immediately preceding calendar years. If the assessor denies a claim for exemption, the assessor shall remove the exemption of that personal property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. If the tax roll is in the county treasurer's possession, the tax roll shall be amended to reflect the denial and the county treasurer shall within 30 days of the date of the denial prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month and penalties computed from the date the taxes were last payable without interest or penalty. Interest on any tax set forth in a corrected or supplemental tax bill shall again begin to accrue 60 days after the date the corrected or supplemental tax bill is issued 10

at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill shall be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(6) If a person fraudulently claims an exemption for personal property under this section, that person is subject to the penalties provided for in section 21(2).

(7) As used in this section:

(a) “Commercial personal property” means personal property that is classified as commercial personal property under section 34c or would be classified as commercial personal property under section 34c if not exempt from the collection of taxes under this act under this section or section 9m or 9n.

(b) “Control”, “controlled by”, and “under common control with” mean the possession of the power to direct or cause the direction of the management and policies of a related entity, directly or indirectly, whether derived from a management position, official office, or corporate office held by an individual; by an ownership interest, beneficial interest, or equitable interest; or by contractual agreement or other similar arrangement. There is a rebuttable presumption that control exists if any person, directly or indirectly, owns, controls, or holds the power to vote, directly or by proxy, 10% or more of the ownership interest of any other person or has contributed more than 10% of the capital of the other person. Indirect ownership includes ownership through attribution or through 1 or more intermediary entities.

(c) “Eligible personal property” means property that meets all of the following conditions:

(i) Is industrial personal property or commercial personal property.

(ii) The combined true cash value of all industrial personal property and commercial personal property in that local tax collecting unit owned by, leased to, or in the possession of the person claiming an exemption under this section or a related entity on December 31 of the immediately preceding year is less than \$80,000.00.

(iii) Is not leased to or used by a person that previously owned the property or a person that, directly or indirectly, controls, is controlled by, or is under common control with the person that previously owned the property.

(d) “Industrial personal property” means personal property that is classified as industrial personal property under section 34c or would be classified as industrial personal property under section 34c if not exempt from the collection of taxes under this act under this section or section 9m or 9n.

(e) “Person” means an individual, partnership, corporation, association, limited liability company, or any other legal entity.

(f) “Related entity” means a person that, directly or indirectly, controls, is controlled by, or is under common control with the person claiming an exemption under this section.

Sec. 53b. (1) 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 (7), 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 subsection (6) and section 27a(4), a correction under this subsection may be made for the current year and the immediately preceding year only.

(2) Action pursuant to subsection (1) may be initiated by the taxpayer or the assessing officer.

(3) The board of review meeting in July and December shall meet only for the purpose described in subsection (1) and to hear appeals provided for in sections 7u, 7cc, 7ee, and 7jj. If an exemption under section 7u is approved, the board of review shall file an affidavit with the proper officials involved in the assessment and collection of taxes and all affected official records shall be corrected. If an appeal under section 7cc, 7ee, or 7jj results in a determination that an overpayment has been made, the board of review shall file an affidavit and a rebate shall be made at the times and in the manner provided in subsection (1). Except as otherwise provided in sections 7cc, 7ee, and 7jj, a correction under this subsection shall be made for the year in which the appeal is made only. If the board of review approves an exemption or provides a rebate for property under section 7cc, 7ee, or 7jj as provided in this subsection, the board of review shall require the owner to execute the affidavit provided for in section 7cc, 7ee, or 7jj and shall forward a copy of any section 7cc affidavits to the department of treasury.

(4) If an exemption under section 7cc is approved by the board of review under this section, the provisions of section 7cc apply. If an exemption under section 7cc is not approved by the board of review under this section, the owner may appeal that decision in writing to the department of treasury within 35 days of the board of review's denial and the appeal shall be conducted as provided in section 7cc(8).

(5) An owner or assessor may appeal a decision of the board of review under this section regarding an exemption under section 7ee or 7jj to the residential and small claims division of the Michigan tax tribunal. An owner is not required to pay the amount of tax in dispute in order to receive a final determination of the residential and small claims division of the Michigan tax tribunal. However, interest and penalties, if any, shall accrue and be computed based on interest and penalties that would have accrued from the date the taxes were originally levied as if there had not been an exemption.

(6) A correction under this section that approves a principal residence exemption pursuant to section 7cc may be made for the year in which the appeal was filed and the 3 immediately preceding tax years.

(7) The governing body of the city or township may authorize, by adoption of an ordinance or resolution, 1 or more of the following alternative meeting dates for the purposes of this section:

- (a) An alternative meeting date during the week of the second Monday in December.
- (b) An alternative meeting date during the week of the third Monday in July.
- (8) As used in this section, “qualified error” means 1 or more of the following:
 - (a) A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
 - (b) A mutual mistake of fact.
 - (c) An adjustment under section 27a(4) or an exemption under section 7hh(3)(b).
 - (d) An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
 - (e) An error of omission or inclusion of a part of the real property being assessed.
 - (f) An error regarding the correct taxable status of the real property being assessed.
 - (g) An error made by the taxpayer in preparing the statement of assessable personal property under section 19.
 - (h) An error made in the denial of a claim of exemption for personal property under section 9o.

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Small Business Property Tax Exemption Claim Under MCL 211.9o

In order to claim this exemption, this form must be **filed with the local unit where the personal property is located** no later than **February 20, 2018 (postmark is acceptable)**. This form **IS NOT** to be mailed to the Michigan Department of Treasury or the Michigan State Tax Commission. Late filed forms may be filed directly with the local unit board of review.

This form will exempt property owned only by the entity filing the form. If personal property is leased to or used by an entity other than the property's owner, the owner of that personal property must file the form for that property, not the lessee or the user. The owner may file the form and claim the exemption only if the True Cash Value of all of the commercial or industrial personal property located within the local tax collecting unit that is owned by, leased to, or in the possession of the owner or a related entity was less than \$80,000 on December 31, 2017.

Notice: Questions regarding this form should be directed to the assessor of the city or township where the personal property is located. This form is issued under the authority of Public Act 206 of 1893. This form must be **filed annually** by the owner or the owner's authorized agent. A separate form **must be** filed for **each** personal property parcel and each business entity.

General Information

Name and Mailing Address of Owner(s) or Partners (if sole proprietorship or partnership)		
Name of Local Unit of Government City: _____ Township: _____ Village: _____		County Where the Property is Located
Parcel Number	Assumed Name(s) Used by Legal Entity (if any)	Owner Telephone Number
Date Business Began in Local Tax Collecting Unit	Description of Owner's Business Activity	
Name, Telephone Number and Email Address of the Person in Charge of Personal Property Records		Address Where Personal Property Records are Kept
Names of all other businesses having personal property, including any leasehold improvements assessed as personal property at the location(s) included in this form. (Attach additional sheets as necessary.)		
List all addresses where any personal property owned by leased to or in the possession of the owner listed above or a related entity is located within the local tax collecting unit. (Attach additional sheets as necessary.)		

The undersigned certifies that:

- I am the owner of the commercial personal property and industrial personal property being claimed as exempt or I am the duly authorized agent.
- The True Cash Value of all the Personal Property, as defined by MCL 211.9o located within the local tax collecting unit indicated above, that is owned by, leased to, or in the possession of the owner or related entity was less than \$80,000 on December 31, 2017.
- The following procedures were used to determine that the True Cash Value of the Eligible Personal Property was less than \$80,000 on December 31, 2017:
 - The determination of True Cash Value was based on the State Tax Commission's recommended valuation procedures as set forth on *Personal Property Statement L-4175* (Form 632).
 - The determination of True Cash Value includes all assessable personal property, located within the city or township listed on this form that is owned by, leased to, or in the possession of the owner or related entity. This shall include all trade fixtures and may include leasehold improvements not assessed as real property. Attach an explanation if not all personal property is included.
- I understand that according to MCL 211.9o, I am required to maintain and provide access to books and records for audit purposes as provided in section 22.
- All of the information contained with Form 5076 is true and accurate and to the best of my knowledge and belief, and acknowledge a fraudulent claim for exemption under MCL 211.9o is subject to the penalties as provided for in section 21(2).

Printed Name	Title	Date
Signature		

Additional information on the Small Business Taxpayer Personal Property Exemption can be found on the State Tax Commission Web site at michigan.gov/statetaxcommission

Assessor Affidavit to Correct Taxable Value After Denial of Eligible Personal Property Exemption Granted pursuant to MCL 211.9o (Small Business Taxpayer Exemption)

The changes in Taxable Value recorded on this affidavit are the result of the Denial of an Eligible Personal Property Exemption claimed by the taxpayer on Michigan Department of Treasury Form 5076 "Small Business Property Tax Exemption Claim Under MCL 211.9o".

In accordance with the authority contained in Section 9o(5) of the General Property Tax Act (P.A. 206 of 1893, as amended), a correction has been made to the Taxable Value of the following described Personal Property:

County

_____ located in the City of/Township of/Village of _____
(Parcel Number)

This is a correction to the _____ Assessment/Tax Roll.
(Tax Year)

Correction of Taxable Value Resulting from a Denied "Affidavit of Owner of Eligible Personal Property Claiming Exemption from Collection of Taxes"							
School Code	COMMERCIAL PERSONAL PROPERTY			INDUSTRIAL PERSONAL PROPERTY			
	Before Correction	Amount of Increase	Corrected	Before Correction	Amount of Increase	Corrected	
State Equalized Valuation							
Taxable Valuation	0			0			
Correction of Taxing Unit Levy							
Taxing Unit	Millage Rate	COMMERCIAL PERSONAL PROPERTY			INDUSTRIAL PERSONAL PROPERTY		
		Before Correction	Amount of Increase	Corrected	Before Correction	Amount of Increase	Corrected
County		0			0		
Intermediate School District		0			0		
Community College		0			0		
State Education Tax		0			0		
Local School		0			0		
Local School Debt		0			0		
City/Township/Village		0			0		
		0			0		
		0			0		
		0			0		
		0			0		
		0			0		
		0			0		
		0			0		
Total		0			0		

NOTE: The levy section of this affidavit does not include collections fees, penalties and interest. These must be added to the bill, when applicable, by the treasurer.

I, _____ being the certified assessor for the City/Township of _____, do hereby swear or affirm that the above information is true, to the best of my knowledge.

Signature of Certified Assessor	Date	Certification Number
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The Assessor may deny a claim of exemption for the current year and the 3 immediately preceding calendar years. A separate form is completed for each year.
Copies to: Property Owner, Equalization Department, County Treasurer and Treasurers of all other affected Taxing Units.

Parcel No.

Assessor Denial of Request for Exemption as Eligible Personal Property (Small Business Taxpayer Exemption) MCL 211.9o

Issued under the authority of the General Property Tax Act, Public Act 206 of 1893, as amended.

The Assessor is required to deny the Eligible Personal Property (Small Business Taxpayer) Exemption for personal property that is determined not to meet the eligibility requirements of MCL 211.9o. The assessor may deny a claim for exemption for the current year and/or any of the immediately preceding 3 years. A denial may only be issued by the assessor when a fully complete and timely filed Form 5076 is received by the local unit of government where the personal property is located. A taxpayer who does not timely file for the exemption may late file with the March Board of Review.

Part 1: Local Unit of Government Information (Provide information where the personal property is located.)

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

Part 2: Taxpayer Information (Provide information for the taxpayer who filed Form 5076.)

Taxpayer Name	Name of Company Owner
Name of Contact Person	Phone Number
Street Number	City, State, ZIP Code
FEIN Number	Year(s) for which the Form 5076 was Filed with Local Unit

Part 3: Reason for Denial of Eligible Personal Property Exemption (The assessor must notify the taxpayer of the denial and their right of appeal and request that Form 632, *Personal Property Statement* be filed. In the absence of a completed Form 632, assessors are advised to use the best information available to estimate the assessment. A separate Form 5379, *Assessor Affidavit to Correct Taxable Value After a Denial of EPP Granted Pursuant to MCL 211.9o* must be filed with the taxpayer each assessment year a denial is entered.)

The Small Business Taxpayer Exemption is being denied for the following reason(s):

The personal property for which the Eligible Personal Property (Small Business Taxpayer) Exemption was claimed was not classified, or would not have been classified, as commercial personal property or industrial personal property, as defined in MCL 211.34c, for the assessment year in question. This denial reason applies to the following assessment year(s): _____

The true cash value of the personal property owned, leased or possessed by the taxpayer within the local tax collecting unit was \$80,000 or more. This denial reason applies to the following assessment year(s): _____

The true cash value of the personal property owned, leased or possessed by a related entity to the taxpayer, when combined with the true cash value of the personal property which is owned, leased or possessed by the taxpayer, within the local tax collecting unit was \$80,000 or more. This denial reason applies to the following assessment year(s): _____

It has been determined that the personal property in question is leased to or used by a person that previously owned the property or a person that, directly or indirectly, controls, is controlled by, or is under common control with the person that previously owned the property. This denial reason applies to the following assessment year(s): _____

Taxpayer's Right of Appeal

A taxpayer who timely and properly filed Form 5076 may appeal an assessor's denial of the Eligible Personal Property (Small Business Taxpayer) Exemption for the current assessment year to the March Board of Review under MCL 211.30 during that tax year. In the case of a qualified error as defined in MCL 211.53b, specifically an assessor error in the denial of the exemption, an appeal may be made to the July or December Board of Review. The July or December Board of Review may not hear an appeal of a denial of the exemption from the March Board of Review. A further appeal of a denial may be made to the Michigan Tax Tribunal within 35 days of the date of the denial. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

Assessor Printed Name	Assessor Signature	Date
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State Tax Commission



Assessor Guide to Eligible Manufacturing Personal Property Tax Exemption and ESA

Published January 2018

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Introduction:

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

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

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

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

Statutory Review:

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

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

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

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

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

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

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

Please see the following phase out chart:

Personal Property Phase Out Chart					
					October 22, 2015
Tax Year	Exempt and Subject to ESA	Pays Ad Valorem	Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2016	2015		Tax Year 2017	2016	
	2014			2015	
	2013			2014	
		2012		2013	
		2011			2012
		2010			2011
		2009			2010
		2008			2009
		2007			2008
		2006			2007
	2005 and Earlier			2006 and Earlier	
Tax Year	Exempt and Subject to ESA	Pays Ad Valorem	Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2018	2017		Tax Year 2019	2018	
	2016			2017	
	2015			2016	
	2014			2015	
	2013			2014	
		2012		2013	
		2011			2012
		2010			2011
		2009			2010
		2008			2009
	2007 and Earlier			2008 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem	Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2020	2019		Tax Year 2021	2020	
	2018			2019	
	2017			2018	
	2016			2017	
	2015			2016	
	2014			2015	
	2013			2014	
		2012		2013	
		2011			2012
		2010			2011
	2009 and Earlier			2010 and Earlier	
Tax Year	Exempt and Subject to ESA	Pays Ad Valorem	After 2023, All Eligible Personal Property is subject to the ESA Specific Tax		
Tax Year 2022	2021				
	2020				
	2019				
	2018				
	2017				
	2016				
	2015				
	2014				
	2013				
		2012			
	2011 and Earlier				

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

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

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

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

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

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

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

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

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

MCL 205.54t: [http://www.legislature.mi.gov/\(S\(l2ybk4njhsrfjyuikfljxyc\)\)/documents/mcl/pdf/mcl-205-54t.pdf](http://www.legislature.mi.gov/(S(l2ybk4njhsrfjyuikfljxyc))/documents/mcl/pdf/mcl-205-54t.pdf)

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

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

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

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

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

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

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

A graphic representation of this formula is:

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

Divided by

Personal Property Original Cost on occupied real property

For this calculation:

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

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

Example 1: Sample Calculation

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

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

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

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

Example 2: Contiguous Properties

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

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

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

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

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

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

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

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

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

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

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

Claiming the Exemption, Review of Form 5278:

Taxpayers claim the exemption by filing Form 5278 *Eligible Manufacturing Personal Property Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)* with the local unit where the personal property is located no later than February 20th. The February 20th date will move to the next business day when February 20th falls on a weekend or a holiday. Form 5278 must be postmarked on or before February 20th.

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

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

Form 5278 Part 1:

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

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

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

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

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

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

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

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

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

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

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

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

Finally, the taxpayers will report the Acquisition Cost of EMPP for the “exempt” years (in 2018 this will include 2013, 2014, 2015, 2016 and 2017 and 2007 and prior), with an exception related to extended IFT’s and PA 328 exemptions which will be covered in detail in a later section.

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

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

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

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

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

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

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

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

Assessors should note that MSF Certificates for Alternative ESA will be issued beginning in 2016. The certificate is not effective for Alternative ESA until the year following the issuance. Therefore, in 2018 only those certificates issued in 2016 or 2017 will qualify for Alternative ESA.

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

- Assessors are asked to verify the Renaissance Zone name and Expiration Date to ensure that both are correct and that the information entered reflects a valid Renaissance Zone related to personal property within your local unit.
- Assessors should review the information regarding the acquisition cost and years placed in service, comparing this information to what has been previously filed by this taxpayer on their personal property statement. If the information filed on the Combined Document does not correspond with information previously filed, the assessor should contact the taxpayer to discuss the information filed to ensure the information filed on the Combined Document is accurate.

Transmitting Information to the State of Michigan:

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

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

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

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

Common Errors:

1. Skipping a line when entering acquisition cost. For example, entering 2014 values in 2015, 2013 in 2014, etc. Assessors should be mindful of the inclusion of the Construction in Progress line, which is not present on the 632 and has resulted in many instances of misreported acquisition costs.

2. Missing information that was reported on Form 5278 when transmitting the information to the Department of Treasury. If the information has been included on the Form 5278, it should be forwarded.
3. Failing to submit the information from Form 5278 to the Department of Treasury or failing to timely submit the information from Form 5278 to the Department of Treasury. Filing Form 5278 is just part of the EMPP exemption, taxpayers have to pay ESA and in order to generate a statement the assessor must timely transmit the information to the Department of Treasury *as required by statute (MCL 211.9m(2)(f))*.
4. The parcel entered by the taxpayer in MTO or e-file does not match the parcel number submitted by CAMA software, requiring the taxpayer to reference previous personal property assessment notices or to contact the assessor. Taxpayers are unable to register for MTO if the number entered does not match exactly what was reported by the assessor in their CAMA software.
5. Taxpayer must enter the parcel number in the exact format utilized by and uploaded through the CAMA software. If the taxpayer reports dashes or spaces or differently that is entered in the CAMA software, the taxpayer will encounter difficulties when they try to register to view their statement in MTO.
6. Incorrect FEINs. FEINs are nine digits long in the format XX-XXXXXXX (entered into CAMA software without the dash). If a taxpayer submits Form 5278 with an FEIN that is longer or shorter, the assessor should contact the taxpayer to obtain the correct FEIN.
7. Changing values reported by the taxpayer in Part 3. While assessors should verify that the value entered in Part 3 correspond to prior year reporting, it is important that those values are not changed without notification to and discussion with the taxpayer. Taxpayers are able to update these values themselves when logging into MTO. If the assessor changes values without taxpayer notification and input, it may cause a problem with the taxpayer gaining access to their electronic statement.
8. Reporting incomplete 5278s to the Department of Treasury. Missing fields sometimes affect Treasury's ability to generate a statement. For example, if there is no FEIN, the department cannot apply a parcel to a taxpayer's account. As a reminder, taxpayers can amend an incomplete 5278 by appealing an assessor's denial of the Form when it is once filed. If a taxpayer does not appeal the denial of an incomplete form, there is no recourse available to grant the EMPP.
9. Reporting values in the wrong *part* of Form 5278. Property placed in service in 9m/9n years (and any property subject to an extended IFT or P.A. 328) is reported in Part 3. Property placed in service during phase-in years is reported in Part 2.

10. Reporting values for the same year in *both parts* of Form 5278, unless that property is subject to an extended IFT. In effect, this will result in a taxpayer being taxed at both the local and state levels for the same property. Taxpayers with an extended IFT pay both the IFT Specific Tax and the ESA Specific Tax, therefore they are required to report values in both Parts 1 and 2 of the form.
11. Incorrect certificate format. Assessors should verify that the certification number is valid, entered into the correction section (IFT in IFT and 328 in 328) and the correct format is used: IFT is YYYY-### and 328 is ###-YYYY.

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

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

The combined document prescribed in this section, shall be completed and delivered to the assessor of the township or city in which the qualified new personal property is located by February 20 of each year. However, if February 20 of a year is a Saturday, Sunday, or legal holiday, the delivery deadline for that year is the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a combined document delivered by the United States Postal Service, the delivery is timely if the postmark date is on or before the delivery deadline prescribed in this subdivision. If the combined document prescribed in this section is not timely delivered to the assessor of the township or city, a late application may be filed directly with the March board of review before its final adjournment by submitting the combined document prescribed in this section. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice.

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

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

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

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

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

If the written denial is issued by the assessor after the first meeting of the March Board of Review that follows the organizational meeting, then the taxpayer may appeal to the March Board or they may appeal directly to the Michigan Tax Tribunal. Taxpayers would appeal directly to the Michigan Tax Tribunal by filing a petition within 35 days of the issuance of a denial.

March Board of Review Authorities:

The March Board of Review has the authority to hear the denial of an exemption by the assessor or to review a late filed Form 5278. This also includes denial due to the filing of an incomplete Form 5278. If the taxpayer presents a fully completed Form 5278 to the March Board of Review and the Board believes the property meets the exemption requirements, then the Board may grant the exemption, again this includes a late filed form.

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

Finally, taxpayers who do not timely file by February 20th may claim the exemption by filing directly with the March Board of Review. The March Board of Review should grant the exemption if the taxpayer meets all other statutory requirements.

Late filing with the March Board of Review may require an in person appearance by the taxpayer or their representative. Taxpayers should contact the local unit where the personal property is located for more information. MCL 211.30 indicates:

A **nonresident taxpayer** may file his or her appearance, protest, and papers in support of the protest by letter, and his or her personal appearance is not required.

The governing body of the township or city may authorize, by adoption of an ordinance or resolution, **a resident taxpayer** to file his or her protest before the board of review by letter without a personal appearance by the taxpayer or his or her agent. If that ordinance or resolution is adopted, the township or city shall include a statement notifying taxpayers of this option in each assessment notice under section 24c and on each notice or publication of the meeting of the board of review.

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

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

July or December Board of Review Authorities:

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

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

A taxpayer who filed Form 632 and later believe they qualify for the exemption cannot appeal to the July or December Board of Review. Failure to properly claim the exemption **is not** a qualified error under MCL 211.53b.

Amended Forms:

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

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

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

Misplaced or Missing Forms:

The ESA unit is frequently contacted by taxpayers who, once they log into their electronic statement, find a parcel or parcels missing for which they timely and completely filed Form 5278 with the proper local unit. When contacted, the assessor may determine that the Form was timely filed, but was misplaced or is missing.

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

Late Filed Forms:

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

Forms that are received or postmarked after the due date should not be accepted, however the taxpayer should immediately be notified that they may file directly with the March Board of Review to claim the exemption (see March Board of Review authorities on page 16). If the taxpayer meets all other statutory requirements for the exemption, the Board of Review should grant the exemption.

MCL 211.154 Petitions

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

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

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

In accordance with this statutory change as indicated in Bulletin 8 of 2015, the assessor should have extended any IFT that was in effect on or after December 31, 2012 and would expire before the personal property on that IFT becomes exempt under MCL 211.9m or MCL 211.9n. For example: An IFT was approved effective December 31, 2007 with an

expiration date of December 30, 2014. The personal property was placed in service in 2008. Because personal property placed in service in 2008 will not be exempt until 2019, the IFT will be extended from 2014 until 2019.

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

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

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

The third situation is when a change is made in Part 3 of the ESA statement that would affect the Ad Valorem reporting in Part 2 of the statement. This may occur because the information transmitted to the Department included years that do not qualify for exemption under 9m or 9n – in which case a *Combined Document (Form 5278) Reporting Error* will be issued upon ESA Statement generation – or if the taxpayer removes from their ESA Statement, value for property placed in service during the non-eligible years.

Example: A taxpayer logs into MTO in 2018 and realizes they accidentally reported 2008 and 2009 personal property in Part 3 on the 2015 line. They make the change in MTO to reduce the 2015 line in Part 3. A notice is sent to the assessor after the October 15th deadline, indicating the taxpayer reduced their Part 3 filing and why. The assessor should immediately file a MCL 211.154 petition to return the 2008 and 2009 property to the Ad Valorem roll for the 2018 year. **Please note:** the July and/or December Boards of Review would no authority to make the change to the 2018 roll.

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

Essential Services Assessment (ESA)

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

Essentially, ESA is a specific tax replacement for the Ad Valorem personal property tax for exempt personal property.

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

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

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

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

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

1. The acquisition cost reported is reduced for EMPP subject to **IFT Certificates** that were in effect before January 1, 2013. Specifically, this eligible personal property that is exempt under MCL 211.9m or MCL 211.9n and was previously subject to the IFT certificate, will pay the ESA Specific Tax at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires. More specific information will be provided on IFT certificates later in this Guide.
2. Personal Property located in a **Renaissance Zone** is 100% exempt (the acquisition cost is zero) from ESA until the three (3) years immediately preceding the expiration of the exemption of that personal property. During the last 3 years, the acquisition cost of the personal property in a Renaissance Zone is multiplied by the percentage reduction as outlined by MCL 125.2689:
 - a. For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.
 - b. For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.
 - c. For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.
3. MCL 211.1071 provides that the Michigan Strategic Fund Board (MSF) may adopt a resolution to exempt from the assessment eligible personal property and either make the property subject to the **Alternative ESA** (P.A. 93 of 2014, as amended) or to exempt the property from both ESA and the Alternative ESA. Like ESA, the Alternative Essential Services Assessment is a state-specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year.

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

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

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

- Multiply the acquisition cost by 0.45 mills if the property was placed into service more than 10 years before the assessment year

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

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

- Out-of-state competition.
 - Net-positive return to this state.
 - Level of investment made by the eligible claimant.
 - Business diversification.
 - Reuse of existing facilities.
 - Near-term job creation or significant job retention as a result of the investment made in eligible personal property.
 - Strong links to Michigan suppliers.
 - Whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.
4. The Department may provide guidelines for circumstances in which the actual acquisition price is not determinative of acquisition cost and the basis of determining acquisition cost in those circumstances.

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

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

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

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

ESA Due Dates:

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

Department of Treasury, any funds received via check will be refunded and not applied to the ESA account.

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

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

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

If an ESA due date falls on a weekend or state holiday, the date will **not** change.

ESA Electronic System to Certify and Pay:

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

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

Eligible claimants or their authorized preparer must utilize MTO to view their *Statement*, view correspondence from Treasury, make changes to their *Statement*, certify their *Statement* and pay the ESA tax. The Department will not send copies of any ESA Statement by mail or electronically.

An eligible claimant is required to make payment in full, by using MTO, Electronic Funds Transfer (EFT) credit, or via e-File by August 15 without penalty. Check payments

cannot be mailed to the Department of Treasury ESA payments received by mail will not be applied to the ESA account but refunded to the taxpayer.

ESA Letters to Assessors:

The ESA System will automatically generate copies to assessors of letters sent to taxpayers when a taxpayer makes a change to certain information in the system, including when a parcel is added or removed from a taxpayer's filing or when a certification (IFT, PA 328, MSF) or renaissance zone is added or removed because the certificate is not valid or has been entered incorrectly.

A Summary of Change letter is issued to all assessors in local units of government in which EMPP was claimed once the October 15th deadline for payment has passed. This summary includes detailed information as to individual years that have been removed from any ESA Statement.

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

If assessors are concerned that a taxpayer's ESA Statement contains incorrect information or should be reviewed by the Department, they should submit their concerns *in writing* to the Department who may review the account.

Rescissions and Appeal Rights:

Assessors will also receive a copy of the rescission when one is issued to the taxpayer by the Department of Treasury

Statute requires that, for any assessment year in which a taxpayer does not submit payment of ESA liability and any late payment penalty due in full by October 15, the Department of Treasury rescind the EMPP exemption on that parcel(s). The Department must rescind the exemption no later than the first Monday in December for the assessment year.

In addition to rescinding the EMPP exemption, the Department will also ask the STC to revoke any exemption under section 9f of the general property tax act which was approved after 2013, any extended exemption for eligible personal property under section 9f(8)(a) and any exemption for eligible personal property subject to an extended industrial facilities exemption certificate under MCL 211.561a.

After the Department rescinds the exemption, the taxpayer, assessor, and treasurer will be notified that the exemption has been rescinded. The taxpayer will be notified that they

must file with the assessor of the Township or City within 30 days of the date of the rescission a personal property statement (Form 632), for all property for which the exemption has been rescinded.

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

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

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

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

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

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

Key Things Assessors Need to Know About ESA:

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

- Assessors will receive copies of notification letters for changes made in the ESA system. These letters are to help assessors ensure proper local Ad Valorem and/or IFT taxation.
- Assessor will receive a Summary of Changes letter after the filing deadline has passed, detailing relevant changes to the ESA statement.
- Assessors will also receive copies of rescissions issued by the Department.

Special Circumstances:

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

1. **Renaissance Zones:** As indicated in P.A. 92, the acquisition cost for personal property exempt under the Michigan renaissance zone act is \$0.00 except for the 3 years immediately preceding the expiration of the exemption of that personal property, during which period of time the acquisition cost for that personal property means the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, multiplied by the percentage reduction in the exemption as provided in section 9(3) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2689.

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

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

- If all the RZ EMPP was first placed in service in 2006 – 2012 and is not subject to an extended IFT or PA 328 exemption, we recommend they file Form 632, the personal property statement until the property becomes exempt under MCL 211.9m or MCL 211.9n. At that time, the taxpayer will file Form 5278.
- If the RZ EMPP is not subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2006 or after 2012 and in 2006-2012, taxpayers will file Form 5278.
- If the RZ EMPP is subject to an extended IFT or PA 328 exemption and if all the RZ EMPP was first placed in service in 2006 – 2012, taxpayers will file Form 5278.

- If the RZ EMPP is subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2006 or after 2012 and in 2006-2012, taxpayers will file Form 5278.
- If all the RZ EMPP was first placed in service before 2006 or after 2012, taxpayers will file Form 5278.

A company who resides in a Renaissance Zone, that properly and timely files a Form 5278 for their EMPP first placed in service before 2006 or after 2012 (exempt under 211.9m or 211.9n) will be exempt from all millages and exempt from ESA unless the Renaissance Zone is in the 3 year phase-out period.

Taxpayers filing Form 5278 for RZ EMPP have been asked to fill in the acquisition cost, meaning the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest. The ESA system will calculate the appropriate percentage reduction for that RZ EMPP Property, including a 100% reduction for property not in the 3 year phase-out period.

- 2. Leased Personal Property:** Leasing companies are not eligible to receive the EMPP exemption and may not use the Combined Document. However, MCL 211.9m does provide for lessees and lessors to make an election to allow the lessee to report the personal property under a lease agreement and pay the Ad Valorem and any ESA specific tax on that property. Specifically MCL 211.9m indicates:

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

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

The Department has designed Form 5467, Election of Lessee Report of Eligible Manufacturing Personal Property, which will be filed with Form 5278 when the lessee and lessor elect for the lessee to report the personal property. This form

will include all parcels statewide for which the election is being made for a specific lessee and lessor. That list will be attached to each Form 5278 filed where the election has been made. The form will also include the lease agreement expiration date so the assessor knows when the lease agreement ends.

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

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

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

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

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

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

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

Please note, an extension of the P.A. 328 Certificate until the personal property is exempt under MCL 211.9m, 9n or 9o does not allow for the continued addition of new personal property to the P.A. 328 exemption.

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

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

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

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

Example 2: (Extended P.A. 328)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If yes, then the IFT certificate can be extended.

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

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

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

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

Example 1: (Extended IFT)

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

We will begin with two simple questions:

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

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

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

However, because the answer to question 1 was Yes, in 2016 and also in 2017, the personal property will be subject to ESA at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner (MCL 211.1053a). Note: The Fair Market Value at the time of acquisition by the first owner should be reported at 100% on Form 5278; the ESA Specific Tax at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) will be calculated on the statement subsequently filed with the Department of Treasury, not on Form 5278.

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

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

Example 2: (Non Extended IFT)

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

Going back to our two simple questions:

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

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

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

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

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

Example 3: (New IFT)

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

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

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

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

Example 4: (Extended IFT – A Complex Example)

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

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

Because the answer to question 2 was Yes, the IFT Certificate has an extended term of 2017, 2018 and 2019 under the provisions of MCL 207.561a. The taxpayer will check Box 1 as yes on Part 3 of Form 5278. Because this is a complex example, we will go through the reporting year by year:

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

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

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

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

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

The table below graphically shows the year by year reporting.

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

Contact Information:

ESA:

Email: ESAQuestions@michigan.gov

Phone: 517-241-0310

Web: www.michigan.gov/esa (updated ESA Topics and FAQ's can be found on the ESA website)

State Tax Commission

Email: Statetaxcommission@michigan.gov

Phone: 517-335-3429

Local Unit Reimbursement Questions:

Email: TreasORTAPPT@michigan.gov

Phone: 517-373-2697

2018 Calculation of Taxable Valuations Including Additions, Losses and Totals For Units Which Were Not Equalized As Assessed In 2017 or 2018

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

Type of Property (Check one)	
<input type="checkbox"/> Agricultural Real	<input type="checkbox"/> Timber Cutover Real
<input type="checkbox"/> Commercial Real	<input type="checkbox"/> Developmental Real
<input type="checkbox"/> Industrial Real	<input type="checkbox"/> Total Personal
<input type="checkbox"/> Residential Real	
SEV Multipliers (Use multipliers with not less than 4 digits past decimal point)	
2017: _____	2018: _____

County	City or Township			
List School Districts on page 2.	Total 2017 Taxable Valuation	2017 Taxable Valuation of Losses (Except Reclassified, etc.)	2018 Taxable Valuation of Additions (Except Reclassified, etc.)	Total 2018 Taxable Valuation
1. Total City or Township				
2. Villages				
3. Authorities				
4. Other				

See “New Instructions for Local School Districts.”	Total 2017 Taxable Valuation	2017 Taxable Valuation of Losses (Except Reclassified, etc.)	2018 Taxable Valuation of Additions (Except Reclassified, etc.)	Total 2018 Taxable Valuation
5. School District (Name and Code Number)				

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

Signature of Assessing Officer	Certificate Number	Date
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2018 Millage Reduction Fraction Computation

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

INSTRUCTIONS: This form is to be completed by the county equalization director for all taxing jurisdictions which levy a property tax in his/her county. This form is to be filed with each unit of local government and with the State Tax Commission. Also provide a copy of this form to the equalization director of each county which shares an intercounty taxing jurisdiction. On this initial computation form, the 2018 millage reduction fraction (MRF) can be calculated only for taxing jurisdictions located exclusively within a single county. This will include the county unit as well as all townships and nearly every city and village. The MRF for a school district which is not fractional with any other county can also be calculated and listed on this form. For any taxing jurisdiction which extends into one or more other counties, leave the MRF column blank and enter the notation "IC" for intercounty.

County						
Code Number	Taxing Jurisdiction	2017 Taxable Value as of 5/22/17	2018 Taxable Value as of 5/29/18	Taxable Value of Losses	Taxable Value of Additions	2018 Millage Reduction Fraction (1)

(1) If this calculation results in a number greater than 1.0000, enter 1.0000.

2018 Complete Millage Reduction Fraction Computation

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

INSTRUCTIONS: The valuations on this form are for a single county. When this valuation information has been obtained from the equalization directors of all the counties which are included within the boundary of the intercounty fractional taxing jurisdictions listed, the 2018 millage reduction fractions can be calculated for those intercounty jurisdictions. The valuation information required by 211.34d, MCL, is the same information needed for P.A. 5 of 1982, Section 211.24e, MCL "Truth in Taxation." A different formula is used for Section 24e than is used for Section 34d, but the 2017 Taxable Value, 2018 Taxable Value, Taxable Value of Losses, and Taxable Value of Additions are the same quantities used in both formulas. **This form is to be filed with the State Tax Commission and with each unit of local government which has taxable property located in more than one county.**

County						
Code Number	Taxing Jurisdiction	2017 Taxable Value as of 5/22/17	2018 Taxable Value as of 5/29/18	Taxable Value of Losses	Taxable Value of Additions	2018 Millage Reduction Fraction (1)

(1) If this calculation results in a number greater than 1.0000, enter 1.0000.

2018 Tax Rate Request (This form must be completed and submitted on or before September 30, 2018)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

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

Carefully read the instructions on page 2.

County(ies) Where the Local Government Unit Levies Taxes	2018 Taxable Value of ALL Properties in the Unit as of 5-29-18
Local Government Unit Requesting Millage Levy	For LOCAL School Districts: 2018 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties.

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2018 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2017 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2018 Current Year "Headlee" Millage Reduction Fraction	(7) 2018 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized

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

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

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

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

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 3 of 2018 for instructions on completing this section.	
Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal	
For Commercial Personal	
For all Other	

Instructions For Completing Form 614 (L-4029) 2018 Tax Rate Request, Millage Request Report To County Board Of Commissioners

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

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

Column 2: Purpose of millage. Examples are: operating, debt service, special assessments, school enhancement millage, sinking fund millage, etc. A local school district must separately list operating millages by whether they are levied against ALL PROPERTIES in the school district or against the NON-HOME group of properties. (See State Tax Commission Bulletin 3 of 2018 for more explanation.) A local school district may use the following abbreviations when completing Column 2: "Operating ALL" and "Operating NON-HOME". "Operating ALL" is short for "Operating millage to be levied on ALL PROPERTIES in the local school district" such as Supplemental (Hold Harmless) Millages and Building and Site Sinking Fund Millages. "Operating NON-HOME" is short for "Operating millage to be levied on ALL PROPERTIES EXCLUDING PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL, QUALIFIED FOREST AND INDUSTRIAL PERSONAL PROPERTIES in the local school district" such as the 18 mills in a district which does not levy a Supplemental (Hold Harmless) Millage.

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

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

Column 5: 2017 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback. Starting with taxes levied in 1994, the "Headlee" rollback permanently reduces the maximum rate or rates authorized by law or charter. The **2017** permanently reduced rate can be found in column 7 of the **2017** Form L-4029. For operating millage approved by the voters after April 30, 2017, enter the millage approved by the voters. For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable."

Column 6: Current Year Millage Reduction Fraction. List the millage reduction fraction certified by the county treasurer for the current year as calculated on Form 2166 (L-4034), *2018 Millage Reduction Fraction Calculations Worksheet*. The millage reduction fraction shall be rounded to four (4) decimal places. The current year millage reduction fraction shall not exceed 1.0000 for 2018 and future years. This prevents any increase or "roll up" of millage rates. Use

1.0000 for new millage approved by the voters after April 30, 2018. For debt service or special assessments not subject to a millage reduction fraction, enter 1.0000.

Column 7: 2018 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback. The number in column 7 is found by multiplying column 5 by column 6 on this 2018 Form L-4029. This rate must be rounded DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999, Supplemented by Letter of 6/7/2000.) For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable."

Column 8: Section 211.34 Millage Rollback Fraction (Truth in Assessing or Truth in Equalization). List the millage rollback fraction for 2018 for each millage which is an operating rate. Round this millage rollback fraction to 4 decimal places. Use 1.0000 for school districts, for special assessments and for bonded debt retirement levies. For counties, villages and authorities, enter the Truth in Equalization Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON CEV FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. Use 1.0000 for an authority located in more than one county. For further information, see State Tax Commission Bulletin 3 of 2018. For townships and cities, enter the Truth in Assessing Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON ASSESSED VALUE FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. The Section 211.34 Millage Rollback Fraction shall not exceed 1.0000.

Column 9: Maximum Allowable Millage Levy. Multiply column 7 (2018 Millage Rate Permanently Reduced by MCL 211.34d) by column 8 (Section 211.34 millage rollback fraction). Round the rate DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999, Supplemented by Letter of 6/7/2000.) For debt service or special assessments not subject to a millage reduction fraction, enter millage from Column 4.

Column 10/Column 11: Millage Requested to be Levied. Enter the tax rate approved by the unit of local government provided that the rate does not exceed the maximum allowable millage levy (column 9). A millage rate that exceeds the base tax rate (Truth in Taxation) cannot be requested unless the requirements of MCL 211.24e have been met. For further information, see State Tax Commission Bulletin 3 of 2018. A LOCAL School District which levies a Supplemental (Hold Harmless) Millage shall not levy a Supplemental Millage in excess of that allowed by MCL 380.1211(3). Please see the memo to assessors dated October 26, 2004 regarding the change in the collection date of certain county taxes.

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

2018 Millage Reduction Fraction Calculations Worksheet

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

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

2017 Total Taxable Value..... _____

Losses _____

Additions..... _____

2018 Total Taxable Value Based on SEV _____

2018 Total Taxable Value Based on Assessed Value (A.V.) _____

2018 Total Taxable Value Based on CEV _____

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

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

$$\frac{(2017 \text{ Total Taxable Value} - \text{Losses}) \times \text{Inflation Rate of } 1.021}{(2018 \text{ Total Taxable Value Based on SEV} - \text{Additions})} = \text{_____}$$

2018 Millage Reduction Fraction (Headlee). Round to 4 decimal places in the conventional manner. If number exceeds 1.0000, line through and enter 1.0000.

See State Tax Commission Bulletins No. 3 of 1995 and 19 of 2002 regarding the calculation of losses and additions.
See also the Supplements to STC Bulletin No. 3 of 1995 contained in STC Bulletin No. 3 of 1997.

2a. Section 211.34, MCL, "Truth in Assessing" (for cities and townships if S.E.V. exceeds A.V. for 2018 only)

$$\frac{2018 \text{ Total Taxable Value Based on Assessed Value for all Classes}}{2018 \text{ Total Taxable Value Based on SEV for all Classes}} = \text{_____}$$

2018 Rollback Fraction (Truth in Assessing)
Round to 4 decimal places in the conventional manner.

See State Tax Commission Bulletin 3 of 2018 for more information regarding this calculation.

2b. Section 211.34, MCL, "Truth in County Equalization" (for villages, counties and authorities if S.E.V. exceeds C.E.V. for 2018 only)

$$\frac{2018 \text{ Total Taxable Value Based on CEV for all Classes}}{2018 \text{ Total Taxable Value Based on SEV for all Classes}} = \text{_____}$$

2018 Rollback Fraction (Truth in County Equalization)
Round to 4 decimal places in the conventional manner.

See State Tax Commission Bulletin 3 of 2018 for more information regarding this calculation.

3. Section 211.24e, MCL, "Truth in Taxation" (for each taxing jurisdiction that levied more than 1 mill for operating purposes in 2017 only).

$$\frac{(2017 \text{ Total Taxable Value} - \text{Losses})}{(2018 \text{ Total Taxable Value Based on SEV} - \text{Additions})} = \text{_____}$$

2018 Base Tax Rate Fraction (Truth in Taxation)
Round to 4 decimal places in the conventional manner.

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

NOTE: The truth in taxation BTRF is independent from the cumulative millage reductions provided by sections 211.34d and 211.34. The Base Tax Rate equals the BTRF X 2017 Operating Rate levied.

2018 Allocation Rates

The County of _____ has (a/an):

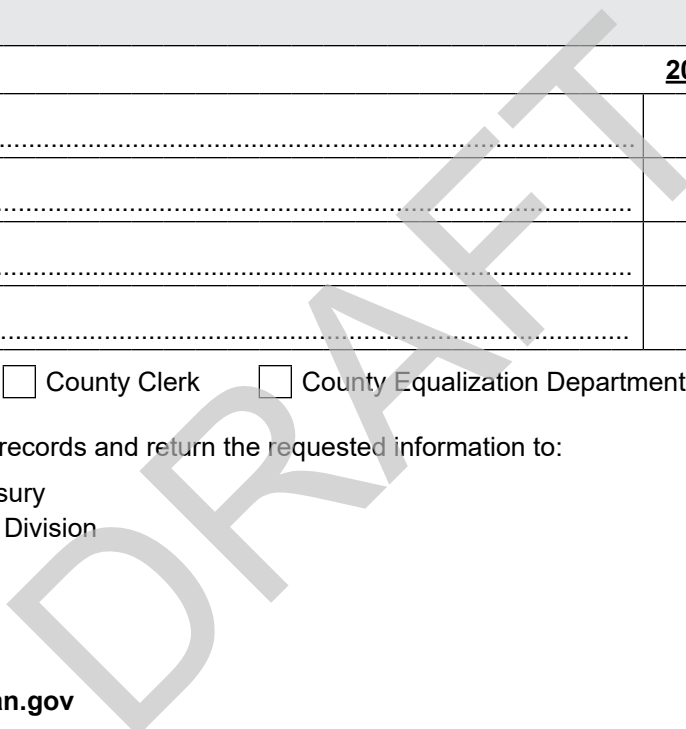
Complete **BOTH** Sections:

SECTION 1 (Check one of the boxes below)	
<input type="checkbox"/> Allocation Board <input type="checkbox"/> Fixed Millage Date Voted (month/day/year): _____ Expiration Date (if applicable): _____ Upcoming Election Date of Renewal (if applicable): _____	
SECTION 2	
2018 Millage Rates (pre-Headlee)	
County Allocated Millage	
Township Allocated Millage	
ISD Allocated Millage	
Total Allocated Millage	

Submitted by (check one): County Clerk County Equalization Department

Please retain a copy for your records and return the requested information to:

Michigan Department of Treasury
Assessment and Certification Division
Attn: Darcy Marusich
PO Box 30790
Lansing MI 48909
Fax: 517-241-2621
E-mail: marusichd@michigan.gov



State Tax Commission Analysis for Equalized Valuation of Personal Property

County Name				City/Township Name (check appropriate box)			Year	
				<input type="checkbox"/> City <input type="checkbox"/> Township				
Class of Personal Property	Study Type	Unit Ending Assessed Value	No. of Parcels	Sample			Unit Starting True Cash Value	Remarks
				Assessed Value	True Cash Value	Study % Ratio		
150 Agricultural								
250 Commercial								
350 Industrial								
450 Residential								
550 Utility								
TOTAL - PERSONAL								

AS: Appraisal Study

AU: Audit

CT: Class Transfer

ES: Estimated Values (Explain): _____

NC: None Classified

NW: New Class

OH: 100%

RV: Review

S1: One Year Sales Study

S2: Two Year Sales Study

Remarks:

State Tax Commission Analysis for Equalized Valuation of Real Property

County Name			City/Township Name (check appropriate box)				Year		
			<input type="checkbox"/> City <input type="checkbox"/> Township						
Assessment Roll Classification				Sample			% Ratio Assessments to Appraisals	True Cash Value	Remarks
Class of Real Property	Study Type	Stratified Study	Assessed Value	No. of Parcels	Assessed Value	True Cash Value			
100 Agricultural									
200 Commercial									
300 Industrial									
400 Residential									
500 Timber-Cutover									
600 Developmental									
TOTAL - REAL									

AS: Appraisal Study

AU: Audit

CS: Sales & Appraisals Combined

CT: Class Transfer

ES: Estimated Values (Explain): _____

NC: None Classified

NW: New Class

OH: 100%

RA: Reappraisal

S1: One Year Sales Study

S2: Two Year Sales Study

Remarks:

2018 Report of Assessment Roll Changes and Classification

INSTRUCTIONS: Assessing officers are required to report the total assessed value for each class of property and the assessment roll changes for each class of property for County and State Equalization. This form is issued under authority of PA 206 of 1893. This report shall be signed by the assessing officer and filed with the State Tax Commission and the County Equalization Department immediately following adjournment of the Board of Review - Administrative Rule 209.26(6b). **REPORT ONLY ASSESSED VALUES ON THIS FORM.**

County			City of Township (Indicate which)			
Real Property	Parcel Count	2017 Board of Review	Loss	+ or (-) Adjustment	New	2018 Board of Review
100 Agriculture						
200 Commercial						
300 Industrial						
400 Residential						
500 Timber - Cutover						
600 Developmental						
800 Total Real						
Personal Property	Parcel Count	2017 Board of Review	Loss	+ or (-) Adjustment	New	2018 Board of Review
150 Agriculture						
250 Commercial						
350 Industrial						
450 Residential						
550 Utility						
850 Total Personal						
Total Real and Personal	Parcel Count	2017 Board of Review	Loss	+ or (-) Adjustment	New	2018 Board of Review
Informational Items						
No. of Exempt Parcels:		Amount of 2018 Loss from Charitable Exemption granted for first time in 2018 under MCL 211.7o:				
CERTIFICATION						
I hereby certify that all the information contained within this document is true and accurate to the best of my knowledge, information and belief.						
Assessing Officer Signature			Date	Assessing Officer Printed Name		Certification Number

The completed form must be signed by the local unit assessor who is the assessor of record with the State Tax Commission. The form may be submitted in one of the following manners:

- 1) Mail the ORIGINAL completed form, with the ORIGINAL assessor of record signature to the State Tax Commission, PO Box 30471, Lansing, MI 48909
- 2) E-mail the completed form with the assessor of record signature to **Equalization@michigan.gov**.

The assessor must submit the first copy of the completed form to the County Equalization Department. The form is to be reviewed and approved by County Equalization. If there are errors found by County Equalization, the errors are to be corrected and a revised copy is to be immediately submitted to the State Tax Commission.

The assessor of record must retain a copy of the completed form. If after submitting the completed form to the State Tax Commission and County Equalization, the assessor of record discovers there are errors within the form, the assessor of record shall correct the form and submit the revised copy to the County Equalization Department. The revised form must be identified as a revised copy. Once the revised copy is reviewed and approved by County Equalization, the revised copy must be immediately submitted to the State Tax Commission.

INSTRUCTIONS FOR FORM 607 (L-4022)

Public Act 381 of 1978 prescribes six real property and five personal property classifications.

REAL PROPERTY: Agricultural (Ag.), Commercial (C.), Industrial (Ind.), Residential (R.), Timber - Cutover (T.C.) and Developmental (D.). These Real Property classes are equalized separately.

PERSONAL PROPERTY: Agricultural (Ag. P.), Commercial (C.P.), Industrial (Ind. P.) Residential (R.P.) and Utilities (Util. P.). All classes of Personal Property are equalized together as one class.

Each assessing officer must report total assessed value, assessed value of losses, assessed value of adjustments and new assessed value for each class of property. All entries are to be the assessed values as approved by the Board of Review. Form 606 (L-4021) and supporting Form 607 (L-4022) shall be filed with the County Equalization Director for review and audit by the State Tax Commission

REAL PROPERTY

NEW — Assessment increases because of added true cash value not accounted for in the starting ratio on Form 603 (L-4018R), including:

1. Description on roll for first time or returned from exempt status.
2. Building or other improvement put on description.
3. New additions and improvements.
4. Further completion of new construction. (For example: partially complete building assessed at \$2,500 last year; assessment raised to \$3,500 this year because completed; the \$1,000 increase is NEW.)
5. Platted land. (For example: a 40 acre parcel was assessed last year for \$10,000; the land has been platted into 200 lots at \$300 each or \$60,000; the increased assessment would be NEW \$50,000. If property had been classified Agricultural, there would be \$60,000 NEW in Residential and \$10,000 LOSS in Agricultural.)
6. Increased land value or improved economic conditions. **Note:** Increases in assessments from one year to the next due to inflationary increases in value are to be reported on Form 607 (L-4022), if not included in the equalization study report on Form 603 (L-4018R).

(The New listed on Form 607 (L-4022) may not qualify for Additions on Form 609 (L-4025). See instructions on L-4025.)

Also, the amount of the NEW for equalization purposes for a particular item may not be the same as the amount of the ADDITION for the cap for that same item. For example, an IFT NEW FACILITY whose exemption has expired comes on the ad valorem roll at 50% of true cash value, but the ADDITION may be less than 50%.

LOSS — Assessment decreases because of loss of true cash value not accounted for on Form 603 (L-4018R), including:

1. Description removed from roll (annexation).
2. Building or other improvements destroyed or removed or exempt.
3. Part of a building removed or destroyed (**Note:** Tax Day is December 31).
4. Losses from change of description (such as in item 5 under NEW).
5. Land reverted to state or otherwise exempt.

ADJUSTMENTS — All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

1. Individual assessments raised or lowered to establish uniformity and meet the 50 percent requirement.

INSTRUCTIONS FOR FORM 607 (L-4022) — CONTINUED

PERSONAL PROPERTY

NEW — Assessment increases because of added true cash value not accounted for on Form 602 (L-4018P), including:

1. First time on roll. (For example: a new commercial tenant.)
2. Additional equipment or furnishings. (For example: a business acquired additional equipment so the total true cash value of the equipment and furnishings increased from \$50,000 to \$80,000. The assessment therefore was raised from \$25,000 last year to \$40,000 and the \$15,000 increase is NEW.)
3. Change in law, reducing exemptions (Inventory, termination of Public Act 198 of 1974 certificate, etc.).

LOSS — Assessment decreases because of loss of true cash value not accounted for on Form 602 (L-4018P), including:

1. Removal from roll (Out of business, etc.).
2. Fire losses or other damage. (**Note:** Tax Day is December 31).
3. Decrease in true cash value of equipment, pipelines, furnishings, equipment, etc.
4. Change in law, increasing exemptions (Inventory, air, water or PA 198 of 1974 certificate, etc.).

All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

ADJUSTMENTS — Individual assessments raised or lowered to establish uniformity.

IMPORTANT NOTICE

Capped and Taxable Values have no role in the determination of County or State Equalized Valuations. **DO NOT REPORT CAPPED OR TAXABLE VALUES ON FORMS 607 (L-4022), 2164 (L-4023) OR 608 (L-4024). STC FORM 607 (L-4022) MUST BE CERTIFIED BY THE ASSESSOR OF RECORD BY SIGNING THE COMPLETED REPORT. UNSIGNED FORMS WILL BE RETURNED TO THE ASSESSOR.**

Analysis for Equalized Valuation

Issued under authority of Public Act 206 of 1893.

County No.	County Name	City or Township No.	City or Township Name	Year
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Real Property	Number of Parcels	Assessed Value	% Ratio	True Cash Value	Remarks
100					
101	Agricultural				
102	Loss				
103					
104	Adjustment				
105					
106	New				
107					
108	Total Agricultural				
109	Computed 50% of TCV Real Agriculture			Equalization Factor	
	Recommended CEV Real Agriculture				
200					
201	Commercial				
202	Loss				
203					
204	Adjustment				
205					
206	New				
207					
208	Total Commercial				
209	Computed 50% of TCV Real Commercial			Equalization Factor	
	Recommended CEV Real Commercial				
300					
301	Industrial				
302	Loss				
303					
304	Adjustment				
305					
306	New				
307					
308	Total Industrial				
309	Computed 50% of TCV Real Industrial			Equalization Factor	
	Recommended CEV Real Industrial				
809	Computed 50% of TCV, Total 6 Classes Real				
	Recommended CEV, Total 6 Classes Real				
859	Computed 50% of TCV, Total Personal Property				
	Recommended CEV, Total Personal Property				

County No.	County Name	City or Township No.	City or Township Name	Year
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Real Property	Number of Parcels	Assessed Value	% Ratio	True Cash Value	Remarks
400					
401	Residential				
402	Loss				
403					
404	Adjustment				
405					
406	New				
407					
408	Total Residential				
409	Computed 50% of TCV Real Residential			Equalization Factor	
	Recommended CEV Real Residential				
500					
501	Timber-Cutover				
502	Loss				
503					
504	Adjustment				
505					
506	New				
507					
508	Total Timber-C.O.				
509	Computed 50% of TCV Real Timber-C.O.			Equalization Factor	
	Recommended CEV Real Timber-C.O.				
600					
601	Developmental				
602	Loss				
603					
604	Adjustment				
605					
606	New				
607					
608	Total Develop.				
609	Computed 50% of TCV Real Develop.			Equalization Factor	
	Recommended CEV Real Developmental				

Real Property	Number of Parcels	Assessed Value	% Ratio	True Cash Value	Factor
800	Total Real (Sum of lines '08)				

County No.	County Name	City or Township No.	City or Township Name	Year
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Real Property	Number of Parcels	Assessed Value	% Ratio	True Cash Value	Remarks
150					
151	Agricultural				
152	Loss				
153					
154	Adjustment				
155					
156	New				
157					
158	Total Agricultural				
250					
251	Commercial				
252	Loss				
253					
254	Adjustment				
255					
256	New				
257					
258	Total Industrial				
350					
351	Industrial				
352	Loss				
353					
354	Adjustment				
355					
356	New				
357					
358	Total Industrial				
450					
451	Residential				
452	Loss				
453					
454	Adjustment				
455					
456	New				
457					
458	Total Residential				
550					
551	Utility				
552	Loss				
553					
554	Adjustment				
555					
556	New				
557					
558	Total Utility				
Real Property	Number of Parcels	Assessed Value	% Ratio	True Cash Value	Factor
850	Total Personal (Sum of lines '58)				

Appraisal Study Listing

Page ____ of ____

Issued under authority of Public Act 206 of 1893.

County	City/Township	Classification of Appraisal Study
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Parcel Code	Owner's Name	Class Code	Assessed Value	Appraised Value	Ratio	Comments

Parcel Count	Total Assessed Value (Total of all entries above)	Total Appraised Value (Total of all entries above)	Total Ratio

NOTE: Total Ratio is the Total Assessed Value divided by the Total Appraised Value and expressed as a percentage.

Sales Study List

Page ____ of ____

Issued under authority of Public Act 206 of 1893.

County		City/Township	Classification of Appraisal Study
Sales Study Year	Classification		Indicate if a One Year (S1) or Two year (S2) Sales Study is Used <input type="checkbox"/> S1 <input type="checkbox"/> S2

Con. Sale = Confidential Sale Indicator **Adj. Sales** = Adjusted Sales Price **Inst.** = Type of Instrument **Fin.** = C (Conventional Financing); CR (Creative Financing)

Date (MM/YY)	Liber & Page	Parcel ID Number	Grantor	Grantee	Con. Sale	Inst.	Fin.	Assessed Value	Sale Price	Adj. Sales	Ratio	Comments
PAGE TOTAL												

Preliminary Appraisal Study Listing

L-4014a

Issued under authority of Public Act 206 of 1893.

APPRAISAL STUDY INFORMATION								
County Name			City/Township Name (check appropriate box) <input type="checkbox"/> City <input type="checkbox"/> Township				Classification of Appraisal Study	
Parcel Number	Property Address	Name of Appraiser	Property Classification	Current Year Assessed Value	Vacant (V) or Improved (I)	Date of Field Inspection (mm/yy)	Date of Data Entry (mm/yy)	Comments



TOTALS			
Total Number of Parcels Selected for Appraisal Study	Total Number of Improved Parcels	Total Number of Inspections Completed	Total Number of Entries Completed



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Bulletin No. 1 of 2018
February 13, 2018
Certified Interest Rates

TO: Assessing Officers and County Equalization Directors

FROM: Michigan State Tax Commission

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

	Residential	Commercial/Industrial	Agricultural
January	4.63	4.43	4.71
February	4.67	4.42	4.71
March	4.70	4.48	4.71
April	4.55	4.30	4.80
May	4.51	4.30	4.80
June	4.40	4.19	4.80
July	4.52	4.32	4.86
August	4.36	4.21	4.86
September	4.33	4.20	4.86
October	4.40	4.36	4.84
November	4.40	4.35	4.84
December	4.45	4.40	4.84

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



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

Bulletin 2 of 2018
February 13, 2018
Omitted or Incorrectly Reported Property

TO: Assessors, Equalization Directors, Treasurers, and Interested Parties

FROM: State Tax Commission

RE: Omitted or Incorrectly Reported Property

Bulletin No. 21 of 2017 is rescinded.

A. AUTHORITY TO CORRECT OMITTED OR INCORRECTLY REPORTED PROPERTY

The State Tax Commission has the authority, pursuant to MCL 211.154 (Section 154 of the General Property Tax Act, MCL 211.1, *et. seq.*), to correct assessments in order to:

- Address the incorrect reporting of assessable property by a taxpayer, and/or
- Add omitted real and personal property to the assessment roll.

State Tax Commission Rule 31(2) further states that the State Tax Commission has jurisdiction to remove real property from the roll. Examples include, but are not limited to the following:

- (a) Incorrect measurement
- (b) Errors of inclusion, for example, pole barn not built or placed on an incorrect parcel.

The State Tax Commission does not have authority over a taxpayer request to remove personal property from the roll if that taxpayer fails to timely file a personal property statement. (STC Rule 31(1)). The State Tax Commission also does not have authority to add or remove property for a time period before the last change of ownership of the property. (STC Rule 31(3)).

Further, the State Tax Commission will not accept a dispute regarding the classification of property through the filing of a 154 petition. Disputes regarding classification should be addressed through the classification appeal process. (STC Rule 31(7)).

B. SUBMITTING A PETITION

The party seeking to correct the assessment must file a petition with the State Tax Commission requesting correction of the assessment and must also transmit a copy of the petition to the other interested parties. The form used will depend on who is filing the petition:

Omitted or Incorrectly Reported Property

- An assessor or equalization director who files a petition does so on Treasury Form L-4154 (627).
- A taxpayer or taxpayer's agent who files a petition does so on Treasury Form L-4155 (628).
- A third-party who wishes to notify the State Tax Commission of incorrectly reported or omitted property does so on Treasury Form L-4156 (629).

Supporting documentation is required for all petitions. The complete petition, along with all supporting documentation, must be transmitted to the other party (the taxpayer or the assessor, as the case may be) at the same time that it is transmitted to the State Tax Commission, seeking that party's concurrence to the requested change in the assessed and/or taxable value(s). For a complete list of items needed to process a petition, please review the "MCL 211.154 Checklist" which can be found at www.michigan.gov/154petitions.

C. PROCEEDINGS AFTER SUBMISSION OF A COMPLETE PETITION

When a petition is received by the State Tax Commission, it is reviewed to determine that the petition is complete and that all required supporting documentation has been provided. The petition will also be reviewed to determine whether the requested change is within the jurisdiction of the Commission. Failure to file a complete petition or to provide supporting documentation may result in dismissal of the petition.

If the submission is complete, then further action will depend on whether the other party has concurred with the requested change in assessed and/or taxable values:

1. If the other party concurs, then the matter will be scheduled for action at the next State Tax Commission meeting without further notice to the parties, unless the Executive Director of the Commission disagrees with the proposed change.
2. If the other party does not concur, or fails to enter either a concurrence or non-concurrence, or if the Executive Director of the Commission disagrees with the proposed change, then the matter will be scheduled before the Commission with notice to all parties, so that the parties and/or the Executive Director have the opportunity to be heard on the matter.

Once a matter has been scheduled, postponements will be granted only "for cause" and requests must be made at least 20 days prior to the meeting date. Postponements may be requested "for cause" less than 20 days prior to the meeting date but typically require the appearance of the party who is making the request at the meeting to seek postponement directly from the State Tax Commission.

The proceedings before the State Tax Commission are concluded by the entry of an Order. A person to whom property is assessed under Section 154 of the General Property Tax Act may appeal the State Tax Commission's Order within 35 days of the entry of the Order to the Michigan Tax Tribunal.

D. PROCEDURE TO BE USED FOR DECREASES DUE TO SECTION 154 PROCEEDINGS

When an assessed and/or taxable value is decreased due to a Section 154 petition, a refund of excess tax payments is made to the taxpayer by the county treasurer. The refund shall include interest at the rate provided under section 37 of the tax tribunal act, 1973 PA 186, MCL 205.737, from the date that the tax was initially paid to the date that the refund is made. The county treasurer shall charge a refund of excess tax payments to the various taxing jurisdictions in the same proportion as the taxes levied.

E. COLLECTION PROCEDURES FOR INCREASES DUE TO SECTION 154 PROCEEDINGS

When an assessed and/or taxable value is increased due to a Section 154 petition, the increased taxes are collected by the treasurer who has possession of the tax roll for the year of the assessment being changed.

Example: On December 6, 2016, the State Tax Commission orders an increase in the TV of real property for the years 2016, 2015, and 2014, as a result of a Section 154 petition. In this situation, the local unit treasurer collects the 2016 taxes and the county treasurer collects the 2015 and 2014 taxes.

The tax bill resulting from an increase in taxes due to an increased assessed and/or taxable value made pursuant to Section 154 shall be sent no later than 20 days after receipt of the State Tax Commission order certifying the amount of the change in assessed and/or taxable value. The tax bill is sent by either the local unit treasurer or the county treasurer depending on which treasurer has possession of the tax roll for the year of the assessment being changed. This procedure is the same for both real and personal property.

Increases in Taxes for Real Property

For increases in taxes for real property, if the additional taxes are not paid as of March 1 of the year following the State Tax Commission Order, the real property shall be returned as delinquent to the county treasurer and is subject to forfeiture, foreclosure, and sale as provided by sections 78 to 79a of the General Property Tax Act. **The time period for paying the tax without penalty or interest is the same as the CURRENT year's real property taxes billed on December 1 of the current year.**

Important Note: The delinquency provisions explained in the previous paragraph do not apply to real property subject to taxation under the following acts:

- PA 198 of 1974, sometimes referred to as the Industrial Facilities Tax Act.
- PA 282 of 1905 which provides for the assessment by the State of certain public utilities.
- PA 189 of 1953 which provides for the taxation of users of tax exempt property.
- PA 255 of 1978 known as the Commercial Redevelopment Act.

Increases in Taxes for Personal Property

For increases in taxes on personal property, it is the view of the State Tax Commission that an increase in personal property taxes should be billed and collected in the same manner as the increase in real property taxes. That being the case, the billing for increased taxes shall be sent no later than 20 days after receipt of the State Tax Commission Order and the increase in personal property taxes should be collected by the treasurer having possession of the tax roll, using the same procedures which are used to collect the CURRENT year's personal property taxes billed on December 1 of the current year. However, MCL 211.154 provides that in the case of increased personal property taxes, penalty and interest at the rate of 1.25% per month, or fraction thereof, accrues from the date the taxes originally could have been paid without interest or penalty to the date of the issuance of the Commission's Order. In other words, the billing shall include penalty and interest if the original date for paying the tax billing in question without interest has passed. Even if the original bill for taxes was paid timely, the revised bill for omitted or incorrectly reported property might include penalty and interest on additional taxes due from the last day that the original tax billing could have been paid without interest and penalty, through the date of the State Tax Commission's Order.

If a corrected tax billing for the payment of additional personal property tax ordered by the State Tax Commission is not paid within 60 days of the date that the corrected billing is sent, Section 154 provides that penalty and interest at the rate of 1.25 % per month, or fraction thereof, will again begin to accrue until the bill is paid.

The State Tax Commission has determined that the following principles apply relating to the penalty and interest provisions for additional personal property taxes ordered pursuant to MCL 211.154:

1. The 1.25% per month penalty and interest is in lieu of all other possible charges for penalties and interest on increases in personal property assessments under MCL 211.154. No additional charges for penalty and interest, as addressed in MCL 211.44, may be added.
2. The Commission recommends that treasurers use March 1 as the day that winter taxes become delinquent, not February 15, for purposes of calculating the 1.25% charge on Section 154 orders.
3. September 15 is frequently the day that summer taxes become delinquent. However, some local units have summer billing due dates in their charters other than September 15. If this is the case, the treasurer should base the calculations for the 1.25% for Section 154 orders on the date provided for in the charter.
4. The reference to payment within 60 days after the corrected bill is issued, as contained in MCL 211.154(3), refers to the fact that, after entry of the State Tax Commission order, interest is computed to the date of issuance of the revised billing and no further interest accrues until the expiration of 60 days following the issuance of the revised bill. If the revised bill is not paid within said 60-day period, the 1.25% per month, or fraction thereof, again begins to accrue.

5. The 1.25 % interest and penalty procedure only applies to situations where the revised bill is sent after the last day that the bill for the tax originally could have been paid without interest and penalty. If the revised bill is sent before the last day that the tax originally could have been paid without interest and penalty then the normal collection procedures for the current year apply.

F. CORRECTIONS, RECONSIDERATION, AND APPEALS

Corrections

If it is determined that an order incorrectly states the existing parcel number, or the amount of the existing taxable value or assessed value, a technical amendment to the order may be requested by US mail or e-mail (Treas-154petitions@michigan.gov). Please include adequate information on the changes that must be made.

Reconsideration

The State Tax Commission *may* reconsider its determination. The State Tax Commission is more often willing to reconsider its determination if both the taxpayer and the assessor agree that a mistake was made and the State Tax Commission finds that there is an adequate factual basis for determining that a mistake occurred. **A request for reconsideration does not extend the time for filing an appeal to the Michigan Tax Tribunal.**

Appeals

A person to whom property is assessed may appeal the State Tax Commission's determination within 35 days of entry to the Michigan Tax Tribunal. The State Tax Commission record in each case shall be available to the Michigan Tax Tribunal for subsequent proceedings. More information on how to file an appeal with the Michigan Tax Tribunal can be found at www.michigan.gov/taxtrib or by calling the Michigan Tax Tribunal at (517) 373-4400.

Local taxing authorities may appeal the State Tax Commission's determination within 21 days of entry to the circuit court of the county where the local taxing authority is located, or to the Ingham County Circuit Court.

G. ADDITIONAL INFORMATION

Additional information relating to the administration of MCL 211.154 can be found at www.michigan.gov/154petitions. The information available includes:

- Status of 154 Petitions
- Petition Forms
- 154 Petition Orders
- State Tax Commission meeting schedules and agendas
- General Property Tax, Act 206 of 1893, which includes MCL 211.154
- State Tax Commission Rules related to Section 154



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: February 2, 2018
TO: State Tax Commission
FROM: Darcy Marusich
SUBJECT: FINAL 2018 STATE AVERAGE TAX RATE

The calculation for the 2018 State Average Tax Rate to be levied on State Assessed Property is based on the 2017 property taxes levied on all Commercial, Industrial, and Utility (CIU) classifications of property throughout the State of Michigan as directed by Michigan Compiled Law, Section 207.13.

Total 2017 Taxable Valuation*	\$91,185,547,955
State Education Tax Levy*	\$ 503,270,532
County Tax Levies	\$ 592,762,252
Township/City Tax Levies	\$1,206,798,988
School Tax Levies	\$2,473,246,812
Village Tax Levies	<u>\$ 24,710,507</u>
Total 2017 Tax Levies	\$4,800,789,091
2017 State Average Tax Rate	52.65

\$4,800,789,091 divided by \$91,185,547,955 equals the final State Average Tax Rate of 52.65 (\$52.65 of tax per \$1,000 taxable value).

*Renaissance Zone property, as part of the ad valorem tax roll, is included in the total taxable valuation. These properties do not pay State Education Tax or operating millage.
Total 2017 Renaissance Zone CIU taxable value: \$1,452,818,715

*Beginning with the 2008 tax year, industrial personal property is exempt from State Education Tax.
Total 2017 Industrial Personal taxable value: \$6,957,399,317



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018

TO: Members of the State Tax Commission

FROM: T.J. Schnelle, Manager, Office Operations Section'
Property Services Division

SUBJECT: Recommended Changes to State Assessed Property Valuation Process

As the State Tax Commission is aware, the Office of the Auditor General recently engaged in a performance audit of the state-assessed property process. This prompted an examination of the entire process. In some cases, the Auditor General questioned the correctness of certain procedure and in other cases Staff's review disclosed potential improvements to be made. It is requested the State Tax Commission approve the following process changes.

Recommendation 1: Handling of Net Reductions in CIP for Railroads

Historically, if the dollar amount for a railroad company's reported Construction in Progress (CIP) declined from the prior year to the current year, the difference in value was treated as a Loss and added to Capped Value Loss in the Capped Value Formula. The Auditor General questioned whether the decline should be instead deducted from Capped Value Additions, to reflect the fact that the "property" that was reported as construction in progress the previous year had become part of the Additions reported for the current year, hereby causing the Capped Value Addition to have already been accounted for the previous year. Although there is logic in this approach, the logic is not perfect. First, it is conceivable that all or part of the CIP reported in the previous year never actually became a fixed asset cost. Sometimes projects are abandoned and, often, not all costs accumulated in the CIP translate into fixed asset costs. For example, failed attempts and certain intangibles might not be includable costs when building the cost entered on the fixed asset schedule. Second, a CIP project from last year might still be an open project for the current year. Finally, any project which is both commenced and ended in one calendar year, no matter how large, never becomes part of CIP. Nevertheless, Treasury staff agrees with the Auditor General that a better methodology is to deduct the loss from the Additions in the capped valuation formula, since the CIP must be addressed in some manner and deducting the decline from Losses has little theoretical basis.

Staff recommends that if Current Year Construction in Progress (CIP) minus the Prior Year CIP should result in a net negative number, the negative number should be listed as a negative number in the Additions column (deducted from Additions) and NOT added to Losses in the capped value formula. If Current Year Construction in Progress (CIP) minus the Prior Year CIP

results in a net positive number, the positive number should be listed as a positive number in the Additions column.

The imperfections stated in the preceding paragraph sometimes manifest themselves in instances where the amount of the reduction in CIP from the prior year to the current year exceeds the amount of Capped Value Addition completely. In such instances, Staff recommends that the excess amount should be added to Capped Value Losses to reflect the fact that Capped Value Additions were, in essence, overstated in the previous year.

Recommendation 2: Annual Report Table Change

Staff recommends the State Tax Commission approve the addition of a line directly above the Prior line in each table in State Assessed Annual Reports, forms 1027, 1028 and 1029. The added line would list a fixed asset acquisition year subsequent to the last year currently listed in the tables with the same valuation multiplier as the Prior line. **This change will not change the amount of the calculated value.** The purpose of the change is to permit a more accurate calculation of the Taxable Value. To accurately determine Capped Value Losses it is necessary to determine the Taxable Value of assets which were present in the prior year's assessment but which have been disposed of during the intervening year. To do this, Staff must be able to distinguish between costs reported on the "Prior" line in the prior year and those reported on the line immediately above the "Prior" line in the preceding year. This extra line on the form will permit the capture of the needed data.

Recommendation 3: Rounding of Assessed Value

Currently there is no established procedure for rounding assessed valuations. Staff recommends the State Tax Commission approve a formal procedure whereby all assessed valuations will be rounded to the nearest \$50, except that all calculations which are less than \$50 will be rounded up to \$50. In doing so Staff would be following the convention used by most local assessors in valuing property.

Additional Changes to State Assessed Procedures

Staff wishes to summarize for the State Tax Commission the additional changes already made to improve the procedure for the State Assessed Roll and the associated State Average Tax Rate procedure. Those changes are as follows:

1. At the STC meeting of February 14, 2017, Staff requested the authority to insert an override into the software to adjust the indicated interest and/or the indicated net operating income that are calculated using the taxpayer's report, along with a comment section that explains the justification for departing from the result obtained from the software. The STC approved the request.
2. At the STC meeting of February 14, 2017, Staff requested the authority to change the process used to estimate the assessment of non-filing railcar owners. The STC approved the request.

3. The valuation determination for railroad companies is currently a manual process due to the small number of railroads reporting. Staff has added a procedure for a secondary error-check of the calculations to further ensure the final valuations are correct.
4. Staff added a comment field to the State Assessed efile site to allow companies to provide an explanation on large additions or losses.
5. Staff had a new adjusted roll report created that would reflect the needed value changes for prior years due to STC or MTT orders so that prior year values can be reconciled with the roll.
6. Staff increased canvas efforts to identify new wired communication companies conducting business in Michigan.
7. Staff added an address label export to the State Assessed efile site to increase efficiency.
8. Staff revised written procedures for PIN requests for the State Assessed efile site.
9. Staff cross-trained on procedures for state assessed railroads, railcar companies and communication companies.
10. Staff moved the State Average Tax Rate process to an online efile venue to provide for succession planning, to increase data integrity and security, and to increase efficiency.
11. Staff documented new procedures associated with the State Average Tax Rate process.
12. Staff cross-trained on procedures for the State Average Tax Rate process.
13. Staff created a brief 'How To' video to educate county officials on the proper procedure for submitting data needed for the State Average Tax Rate process.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018

TO: Members of the State Tax Commission

FROM: Heather Frick, Executive Director

SUBJECT: Michigan Tax Tribunal No. 17-000250 Order Requiring STC Response

On January 17, 2018, the Michigan Tax Tribunal entered the attached Order Requiring Response from State Tax Commission in Docket No. 17-000250. The appeal relates to real property located in Otsego Township, Allegan County. The taxpayer, Sparkle Buggy Wash Inc, filed an Entire Tribunal petition on March 24, 2017 contesting the true cash value of its property for the 2017 tax year. On December 12, 2017 the State Tax Commission issued an Order assuming jurisdiction of the Otsego Township assessment roll for the 2017 tax year and requiring the Township to hire an outside party to fix the deficiencies and complete the work for the 2018 assessment roll. The Tribunal was notified of the Commission's Order and on December 18, 2017 the Tribunal entered an Order placing this appeal in abeyance.

Following the December 18, 2017 Order of the Tribunal, the parties submitted a Stipulation on January 9, 2018 to reduce the true cash, state equalized, and taxable value of the property for the 2017 tax year.

The Tribunal's Order of January 17, 2018 places the Stipulation in abeyance and states "the STC shall review the same to determine whether the proposed settlement is proper." The Order further directs the Commission to notify the Tribunal "of its acceptance or denial of the Stipulation within 21 days of the entry of this Order."

Upon staff review and consultation with counsel, it is recommended that the Commission respond to the Tribunal indicating that the Commission takes no position on whether or not a Stipulation pending before the Tribunal is proper or should be accepted or denied. The Commission is not a party to the case and does not have information or knowledge of the manner in which the proposed reduced assessment was reached. Staff provides notice to the Tribunal when an assessment roll is seized by the Commission and later notifies the Tribunal when the assessment roll has been returned. It has been the practice of the Tribunal to hold cases in abeyance once notification is received that the Commission has seized an assessment roll; there is nothing in statute or the Tribunal Rules requiring that these cases be held in abeyance. Further, while there is a chance that changes could be made to the 2017 State Equalized Values currently on the roll, the Commission has no information at this time that any changes will be made to the 2017 assessment roll for Otsego Township.

STATE OF MICHIGAN
DEPARTMENT OF LICENSING & REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
MICHIGAN TAX TRIBUNAL

Sparkle Buggy Wash Inc,
Petitioner,

v

MTT Docket No. 17-000250

Otsego Township,
Respondent.

Administrative Law Judge Presiding
Peter M. Kopke

ORDER PLACING STIPULATION FOR ENTRY OF
CONSENT JUDGMENT IN ABEYANCE

ORDER REQUIRING RESPONSE FROM STATE TAX COMMISSION

The Tribunal has considered the Stipulation for Entry of Consent Judgment (“Stipulation”), filed on January 9, 2018, and the case file and finds that under the authority of MCL 211.10f, the State Tax Commission (“STC”) has assumed Respondent’s assessment roll for the 2017 tax year. The parties are attempting to settle a tax year seized by the STC. Therefore, the Tribunal shall place the Stipulation in abeyance and the STC shall review the same to determine whether the proposed settlement is proper. Therefore,

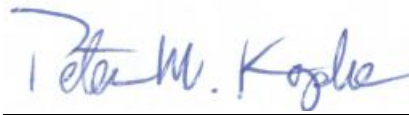
IT IS ORDERED that the Parties’ Stipulation for Entry of Consent Judgment is PLACED IN ABEYANCE.

IT IS FURTHER ORDERED that the STC shall be notified of the pending Stipulation and notify the Tribunal of its acceptance or denial of the Stipulation within 21 days of the entry of this Order.

Failure to comply with this Order shall result in the denial of the Parties’ Stipulation for Entry of Consent Judgment, as provided by TTR 231.

Entered: January 17, 2018
crm

By



STATE OF MICHIGAN
DEPARTMENT OF LICENSING & REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
MICHIGAN TAX TRIBUNAL

Sparkle Buggy Wash Inc.
a Michigan corporation,
d/b/a Sparkle Buggy Car Wash

MTT Docket No. 17-000,250

Petitioner,

v

Otsego Township (Allegan County),

Respondent.

RIZIK & RIZIK George F. Rizik, II (P30595) Attorneys for Petitioner 9400 S. Saginaw St., Ste. E Grand Blanc, MI 48439 Telephone: 810-953-6000	BAUCKHAM, SPARKS, THALL, SEEBER & KAUFMAN, PC Robert E. Thall (P46421) 458 W. South Street Kalamazoo, MI 49007-4621 Telephone: 269-382-4500 thall@michigantownshiplaw.com
STIPULATION FOR ENTRY OF CONSENT JUDGMENT AND CONSENT JUDGMENT	

1. The case is pending in the Entire Tribunal.
2. Property Parcel No: 17-024-079-00.
3. The values for the property identified above as established by Respondent or Respondent's Board of Review are:

Tax Year	True Cash Value	Assessed Value	Taxable Value
2017	\$881,800	\$440,900	\$359,217

4. The values for the property identified above as stipulated by the parties for settlement purposes are:

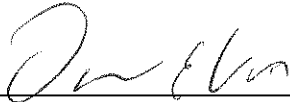
Tax Year	True Cash Value	Assessed Value	Taxable Value
2017	\$600,000	\$300,000	\$300,000

5. If stipulation addresses tax years other than the tax year originally appealed or tax years added through motions to amend that have been granted by the Tribunal, list the separate facts upon which the parties rely to invoke the Tribunal's authority over those tax year or years. Not Applicable.
6. List separately any special terms or conditions being proposed by the parties that would affect the execution of this Consent Judgment including, but not limited to, the joint payment of the refund, the waiver of interest, etc. (attach additional page if necessary):
None



Signature of Petitioner's Authorized Representative
George F. Rizik, II

Date 12-19-17



Signature of Petitioner
David E. Visser

Date 12/19/17

Please see attached.

Signature of Respondent's authorized representative
Robert E. Thall

Date

[Consent Judgment will be prepared by the Tribunal.]

DRAFT



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018
TO: Members of the State Tax Commission
FROM: Heather Frick, Executive Director
SUBJECT: CAMA Data Standards

Over the last several years, Michigan Association of Equalization Directors (MAED) and Michigan Assessors Association (MAA) have taken great strides to review IAAO recommended best practices in standards and instituted committees to explore and reviewed CAMA Data Standards to be utilized in Michigan. Significant time and efforts by both association have been spent vetting and researching CAMA Data Standards. Staff would like to recognize the hard work and efforts of both Associations and the Committee members.

Attached is a recommendation from the Michigan Association of Equalization Directors (MAED) and Michigan Assessors Association (MAA) regarding the adoption of Computer Assisted Mass Appraisal (CAMA) Data Standards. Staff recommends the Commission direct staff to review CAMA Data Standards submitted and require the implementation of the CAMA Data Standards as a component to the implementation of the CAMA Software Development Program approved in February 2017 reporting back to the Commission no later than May 14, 2018 with a recommendation. The staff recommendation would be published for comment prior to the Commission's action. Overall, staff is supportive of CAMA Data Standards provided that Governmental Unit Codes and School District Codes are in a form and manner as adopted by the Michigan Department of Treasury. In order to provide the greatest amount of transparency and input, however, staff recommends that a specialized committee not be adopted as requested by the Associations to allow for greater representation and that the Commission provide a timeframe between meetings for written comment as it has done with other policy matters prior to Commission action.



January 18, 2018



State Tax Commission
Doug Roberts, Chairperson
W Howard Morris, Member
Leonard D Kutschman, Member
PO Box 30471
430 West Allegan St
Lansing, MI 48909

Dear Honorable Commissioners:

The Michigan Association of Equalization Directors (MAED) and the Michigan Assessors Association (MAA) are committed to excellence in assessment administration in Michigan. Through our standing standards committee structures, we have been reviewing our CAMA Data Standards document that was jointly passed as a voluntary guideline document at our annual business meetings in 2015.


With the recent announcement on November 22, 2017 that the State of Michigan is developing a new Michigan Equalization Gateway (MEG) system, we believe that the time is right for the State Tax Commission (STC) to adopt the CAMA Data Standards and to create a standing CAMA Data Standards Committee of the STC; the composition consisting of two Property Services Division (PSD) staff, two MAED representatives and two MAA representatives. The MAED and MAA representatives will be selected by their respective Executive Boards. Our understanding of the MEG system is that it will be a state-wide data repository that will create a singular, standardized, common property tax framework. For this reason, we believe the CAMA Data Standards should become required and implemented through the CAMA vendors. We also appreciate that the MEG system will need to rely on data from multiple CAMA vendors and that all vendors should have standardized values programmed for each of the data fields identified in the CAMA Data Standards.

We believe the creation of a state-wide framework is an important improvement in assessment administration. We share the STC's goal of modernizing and standardizing Michigan's property tax information. We believe the adoption of CAMA data standards will prompt CAMA vendors to standardize valid field values that are currently configurable, a move that will make immediate improvement in assessment administration. Existing vendors will provide utilities to standardize fields while new vendors will have valid values as a starting point to populate the MEG system.

Thank you for considering this request to formalize and require the implementation of these CAMA Data Standards in Michigan.

Respectfully,


Donna VanderVries, MAAO(4)
2018 MAED President


Amy L DeHaan, MAAO(4)
2018 MAA President



Michigan Association of Equalization Directors

CAMA DATA STANDARDS 2.0

MAED & MAA



January 4, 2018

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Background and Process:

Background:

On behalf of the Joint MAED and MAA Standards Committees, please review this CAMA Data Standards document for your formal adoption. This document represents the collective input of the joint committee members and is the result of discussion between MAED and MAA assessing professionals.

The goal of the committee is simple. Our objective was to develop a recommended set of valid values for our most universal data needs within our Michigan CAMA systems. Rooted in state law, informed by State Tax Commission communication and instruction, and implemented by CAMA vendors, our CAMA fields need to be standardized across Michigan. For years, locally configured values for key CAMA fields have been the rule. We want to provide a path to make our most commonly used CAMA data fields standardized across the state.

The fields identified in this document include: property class codes, school district codes, sales codes, terms of sale and instrument types, government unit codes, and taxable status codes.

The committee recognizes that the CAMA Data Standards must be broad enough to apply to all CAMA vendors.

The benefits from this effort will be immediate and tangible. With the pending implementation of the Michigan Equalization Gateway (MEG), the necessity of CAMA data standards is more important than ever. With common valid values, our ability to know ourselves better will be greatly enhanced. Neighboring communities, counties, and regions will have a common dataset to establish better land and ecf analyses; improving AMAR readiness throughout the state.

Process for Implementation:

Once adopted by the State Tax Commission, the committee recommends that CAMA vendors work to implement the CAMA Data Standards. The adoption of these standards will lead to improved land valuation and ecf analyses across communities and regions. A class has been developed that will combine land valuation and ecf instruction with a lab session that will allow assessors to bring their laptops to convert their existing data into the new CAMA Data Standards format.

Feedback from vendors and assessors will be drawn upon to maintain and update this document on a continual basis. It is anticipated that the MAED and MAA Standards committees will routinely review the recommendations of this CAMA Data Standards publication and provide recommendations to be considered by a new State Tax Commission (STC) CAMA Data Standards Committee for adoption by the STC.

Property Class Codes

Property Class Codes

Code	Description	Class Type:	Category
001	Retired Split / Combined	Ref. Real	Real
002	Reference Personal	Ref. Personal	Personal
003	Reference Special Acts Real	Ref. Spc. Real	Special Real
004	Reference Special Acts Personal	Ref. Spc. Pers	Special Personal
005	New Split / Combined	Ref. Real	Real
070	Non-Assessable Permanent Reference	Ref. Permanent	Real
101	Agricultural – Improved	Agricultural	Real
102	Agricultural – Vacant	Agricultural	Real
104	Agricultural Ren Zone	Agricultural	Real
110	AG – Bldg. on Leased Land	Agricultural	Real
111	AG – Leasehold Improvements	Ag. Personal	Personal
120	AG Land Bank PA 260	Agricultural	Real
151	AG – Personal Property	Ag. Personal	Personal
160	AG - Conservation Reserve Restricted	Agricultural	Real
201	Commercial – Improved	Commercial	Real
202	Commercial – Vacant	Commercial	Real
203	Commercial Related to OPRA	Commercial	Real
204	Commercial Related to Ren Zone	Commercial	Real
205	Commercial Related to IFT	Commercial	Real
206	Commercial Related to CRA (Commercial Rehab)	Commercial	Real
207	Commercial Condominiums	Commercial	Real
210	Commercial Building on Leased Land	Commercial	Real
211	Commercial – Leasehold Imp	Com. Personal	Personal
220	Commercial Land Bank PA 260	Commercial	Real
251	Commercial Personal	Com. Personal	Personal
252	Commercial PP Related to IFT	Com. Personal	Personal
254	Commercial PP Related to Ren Zone	Com. Personal	Personal
260	Commercial - Conservation Reserve Restricted	Commercial	Real
301	Industrial – Improved	Industrial	Real
302	Industrial – Vacant	Industrial	Real
303	Industrial Related to OPRA	Industrial	Real
304	Industrial Related to Ren Zone	Industrial	Real
305	Industrial Related to IFT	Industrial	Real
307	Industrial Condominiums	Industrial	Real
310	Industrial Building on Leased Land	Industrial	Real
311	Industrial Leasehold Improvement	Ind. Personal	Personal
320	Industrial Land Bank PA 260	Industrial	Real
351	Industrial Personal	Ind. Personal	Personal
352	Industrial PP Related to IFT	Ind. Personal	Personal
354	Industrial PP Related to Ren Zone	Ind. Personal	Personal
401	Residential – Improved	Residential	Real
402	Residential – Vacant	Residential	Real

403	Residential Related to NEZ	Residential	Real
404	Residential Ren Zone	Residential	Real
407	Residential Condominiums	Residential	Real
410	Residential Building on Leased Land	Residential	Real
411	Residential Leasehold Imp	Res. Personal	Personal
420	Residential Land Bank PA 260	Residential	Real
451	Residential Personal	Res. Personal	Personal
460	Res. Conservation Reserve Rest.	Residential	Real
501	Timber – Cutover	Timber-Cutover	Real
502	Commercial Forest Act 531	C.F.A./C.F.R.	Real
551	Utility Personal Property	Util. Personal	Personal
601	Developmental - Improved	Developmental	Real
602	Developmental – Vacant	Developmental	Real
610	Developmental Bldg. on Leased Land	Developmental	Real
611	Developmental Leasehold Imp	Developmental	Personal
701	Exempt Federal Property	Exempt	Real
702	Exempt State Property	Exempt	Real
703	Exempt County, City, Twp. or Village	Exempt	Real
704	Exempt Public Schools and Colleges	Exempt	Real
705	Exempt Other Real Property	Exempt	Real
706	Exempt Personal Prop PA 328	Exempt	Personal
707	Exempt Personal Prop All Other	Exempt	Personal
708	Exempt Religious	Exempt	Real
709	Exempt Non Profit Educational	Exempt	Real
710	Exempt Land BK Act 261	Exempt	Real
713	DNR Act 513 – Classes AG on 513	Agricultural	Real

School District Code List

http://www.michigan.gov/documents/taxes/SchoolDistrictCodeList_266105_7.pdf

School District Code List (See MI-1040 or MI-1040CR, line 4.)

Michigan public school districts are listed alphabetically with code numbers to the left of the names. When more than one district has the same name, the county or city name in parentheses helps you choose the right district. **Residents**, choose the code for the district where you lived on December 31, 2010. Call your local assessor or treasurer if you do not know your school district name. **Nonresidents**, enter "10000" in the school district code box.

21020	Adams Twp.	22030	Breitung Twp.	82030	Dearborn	80110	Gobles
46020	Addison	73180	Bridgeport-Spaulling	82040	Dearborn Heights	41120	Godfrey-Lee
46010	Adrian	11340	Bridgman	80050	Decatur	41020	Godwin Heights
58020	Airport	47010	Brighton	76090	Deererville	25050	Goodrich
79010	Akron-Fairgrove	17140	Brimley	46070	Deerfield	25030	Grand Blanc
24030	Alanson	46050	Britton-Macon	08010	Delton-Kellogg	70010	Grand Haven
05010	Alba	12020	Bronson	17050	DeTour	23060	Grand Ledge
13010	Albion	76060	Brown City	82010	Detroit	41010	Grand Rapids
01010	Alcona	11310	Buchanan	19010	DeWitt	41130	Grandville
74030	Algonac	28035	Buckley	81050	Dexter	62050	Grant
03030	Allegan	73080	Buena Vista	31100	Dollar Bay-Tamarack City	42030	Grant Twp.
82020	Allen Park	56020	Bullock Creek	14020	Dowagiac Union	38050	Grass Lake
70040	Allendale	75020	Burr Oak	44050	Dryden	59070	Greenville
29010	Alma	02020	Burt Twp.	58050	Dundee	82300	Grosse Ile Twp.
44020	Almont	78020	Byron	78030	Durand	82055	Grosse Pointe
04010	Alpcna	41040	Byron Center	74050	East China	39065	Gull Lake
50040	Anchor Bay	83010	Cadillac	50020	East Detroit	52040	Gwinn
81010	Ann Arbor	41050	Caledonia	41090	East Grand Rapids	11670	Hagar Twp.
06010	Arenac Eastern	31030	Calumet	38090	East Jackson	35020	Hale
50050	Armada	30010	Camden-Frontier	15060	East Jordan	03100	Hamilton
07010	Arvon Twp.	74040	Capac	33010	East Lansing	82060	Hantramck
29020	Ashley	25080	Carman-Ainsworth	34340	Easton Twp.	31010	Hancock
13050	Athens	55010	Carney-Nadeau	23050	Eaton Rapids	38100	Hanover-Horton
25130	Atherton	79020	Caro	11250	Eau Claire	32060	Harbor Beach
60010	Atlanta	73030	Carrollton	82250	Eeorse	24020	Harbor Springs
06020	Au Gres-Sims	59020	Carson City-Crystal	14030	Edwardsburg	13070	Harper Creek
02010	AuTrain-Onota	76070	Carsonville-Pt. Sanilac	05060	Elk Rapids	82320	Harper Woods
63070	Avondale	32030	Caseville	32050	Elkton-Pigeon-Bay Port Laker	18060	Harrison
32010	Bad Axe	79030	Cass City	05065	Ellsworth	64040	Hart
43040	Baldwin	14010	Castopolis	31070	Elm River Twp.	80120	Hartford
80020	Bangor (Van Buren)	41070	Cedar Springs	49055	Engadine	47060	Hartland
80240	Bangor Twp.	50010	Center Line	21010	Escanaba	33060	Haslett
09030	Bangor Twp. (Bay)	05055	Central Lake	09050	Essexville-Hampton	08030	Hastings
07020	Baraga	59125	Central Montcalm	67020	Evart	63130	Hazel Park
21090	Bark River-Harris	75030	Centreville	66045	Ewen-Trout Creek	73210	Hemlock
19100	Bath	15050	Charlevoix	40060	Excelsior	62060	Hesperia
13020	Battle Creek	23040	Charlottesville	68030	Fairview	82070	Highland Park
09010	Bay City	31050	Chassell Twp.	63200	Farmington	60020	Hillman
37040	Beal City	16015	Cheboygan	18020	Farwell	30020	Hillsdale
51020	Beal Lake	81040	Chelsea	03050	Fennville	70020	Holland
15010	Beaver Island	73110	Chesaning Union	25100	Fenton	63210	Holly
26010	Beaverton	54025	Chippewa Hills	63020	Ferdale	33070	Holt
58030	Bedford	50080	Chippewa Valley	50090	Fitzgerald	61120	Holton
25240	Beecher	32040	Church	82180	Flat Rock	13080	Homer
34080	Belding	18010	Clare	25010	Flint	03070	Hopkins
05040	Bellaire	63090	Clarenceville	25120	Flushing	72020	Houghton Lake
23010	Bellevue	63190	Clarkston	40020	Forest Area	31110	Houghton-Portage
25060	Bendle	63270	Clawson	41110	Forest Hills	47070	Howell
25230	Bentley	39020	Climax-Scotts	36015	Forest Park	46080	Hudson
11010	Benton Harbor	46060	Clinton	19070	Fowler	70190	Hudsonville
10015	Benzie County Central	50070	Clontondale	47030	Fowlerville	82340	Huron
63050	Berkley	25150	Clio	73190	Frankenmuth	63220	Huron Valley
34140	Berlin Twp.	12010	Coldwater	10025	Frankfort-Elberta	58070	Ida
11240	Berrien Springs	56030	Coleman	50100	Fraser	44060	Imlay City
27010	Bessemer	32260	Colfax Twp.	53030	Free Soil	82080	Inkster
21065	Big Bay De Noc	11330	Coloma	73200	Freeland	16050	Inland Lakes
62470	Big Jackson	75040	Colon	62040	Fremont	34010	Ionia
54010	Big Rapids	38040	Columbia	61080	Fruitport	34360	Ionia Twp.
73170	Birch Run	39030	Comstock	29050	Fulton	22010	Iron Mountain
63010	Birmingham	41080	Comstock Park	39050	Galesburg-Augusta	27020	Ironwood
46040	Blissfield	38080	Concord	11160	Galen Twp.	52180	Ishpeming
63080	Bloomfield Hills	75050	Constantine	82050	Garden City	29060	Ithaca
32250	Bloomfield Twp.	70120	Coopersville	69020	Gaylord	38170	Jackson
80090	Bloomington	78100	Corunna	25070	Genesee	58080	Jefferson (Monroe)
49020	Bois Blanc Pines	80040	Covert	82290	Gibraltar	70175	Jenison
15020	Boyer City	20015	Crawford AuSable	21025	Gladstone	69030	Johannesburg-Lewiston
15030	Boyer Falls	82230	Crestwood	26040	Gladwin	30030	Jonesville
63180	Brandon	76080	Crosswell-Lexington	45010	Glen Lake		
11210	Brandywine	33040	Crossville	03440	Glenn		
29040	Breckenridge	25140	Davison				

39010	Kalamazoo	58010	Monroe	21060	Rapid River	69040	Vanderbilt
51045	Kaleva Norman Dickson	59045	Montabella	61210	Ravenna	38020	Vandercook Lake
40040	Kalkaska	61180	Montague	30070	Reading	79150	Vassar
25110	Kearsley	25260	Montrose	82110	Redford Union	32650	Verona Twp.
41140	Kelloggsville	49070	Moran Twp.	67060	Reed City	59150	Vestaburg
41145	Kenowa Hills	46100	Morenci	79110	Reese	39170	Vicksburg
41150	Kent City	54040	Morley Stanwood	61220	Reeths-Puffer	27070	Wakefield-Marenisco
41160	Kentwood	78060	Morrice	52110	Republic-Michigamme	30080	Waldron
28090	Kingsley	50160	Mt. Clemens	50180	Richmond	64090	Walkerville
79080	Kingston	25040	Mt. Morris	82120	River Rouge	63290	Walled Lake
		37010	Mt. Pleasant	11033	River Valley	50230	Warren
07040	L'Anse	02070	Munising	82400	Riverview	50240	Warren Woods
50140	L'Anse Creuse	61010	Muskegon	63260	Rochester	63300	Waterford
78040	Laingsburg	61020	Muskegon Heights	41210	Rockford	27080	Watersmeet Twp.
57020	Lake City	38130	Napoleon	71080	Rogers City	11320	Watervliet
25200	Lake Fenton	52090	Negaunee	50190	Romeo	33215	Waverly
31130	Lake Linden-Hubbell	11200	New Buffalo	82130	Romulus	03040	Wayland Union
63230	Lake Orion	50170	New Haven	72010	Roscommon	82160	Wayne-Westland
50120	Lake Shore (Macomb)	78070	New Lothrop	50030	Roseville	33220	Webberville
11030	Lakeshore (Berrien)	62070	Newaygo	63040	Royal Oak	52160	Wells Twp.
13090	Lakeview (Calhoun)	52015	N.L.C.E. (Ishpeming)	17110	Rudyard	63160	West Bloomfield
50130	Lakeview (Macomb)	11300	Niles	73010	Saginaw City	65045	West Branch-Rose City
59090	Lakeview (Montcalm)	30050	North Adams-Jerome	73040	Saginaw Twp.	36025	West Iron County
25280	Lakeville	44090	North Branch	81120	Saline	70070	West Ottawa
34090	Lakewood	55115	North Central	46130	Sand Creek	38010	Western
63280	Lamphere	22045	North Dickinson	76210	Sandusky	82240	Westwood
33020	Lansing	32080	North Huron	34120	Saranac	25210	Westwood Heights
44010	Lapeer	61230	North Muskegon	03080	Saugatuck	62090	White Cloud
80130	Lawrence	45040	Northport	17010	Sault Ste. Marie	75070	White Pigeon
80140	Lawton	41025	Northview	39160	Schoolcraft	17160	Whitefish
45020	Leland	82390	Northville	64080	Shelby	38110	Whiteford
49040	Les Cheneaux	38140	Northwest	37060	Shepherd	61240	Whitehall
33100	Leslie	22025	Norway-Vulcan	32610	Sigel Twp. 3 (Adams)	81140	Whitmore Lake
81070	Lincoln	75100	Nottawa	32620	Sigel Twp. 4 (Eccles)	35040	Whittemore-Prescott
82090	Lincoln Park	63100	Novi	32630	Sigel Twp. 6 (Kipper)	33230	Williamston
25250	Linden	63250	Oak Park	11830	Sodus Twp.	81150	Willow Run
30040	Litchfield	61065	Oakridge	80010	South Haven	16100	Wolverine
82095	Livonia	33170	Okemos	50200	South Lake	82365	Woodhaven-Brownstown
41170	Lowell	23080	Olivet	63240	South Lyon	82170	Wyandotte
53040	Ludington	71050	Onaway	82140	South Redford	41026	Wyoming
		23490	Oneida Twp.	63060	Southfield	74130	Yale
49110	Mackinac Island	51060	Onekama	82405	Southgate	81020	Ypsilanti
16070	Mackinaw City	46110	Onsted	41240	Sparta	70350	Zeeland
46090	Madison (Lenawee)	66050	Ontonagon	70300	Spring Lake		
63140	Madison (Oakland)	61190	Orchard View	38150	Springport		
05070	Mancelona	35010	Oscoda	73240	St. Charles		
81080	Manchester	03020	Otsego	49010	St. Ignace		
51070	Manistee	19120	Ovid-Elsie	19140	St. Johns		
77010	Manistique	32090	Owendale-Gagetown	11020	St. Joseph		
83060	Manton	78110	Owosso	29100	St. Louis		
23065	Maple Valley	63110	Oxford	06050	Standish-Sterling		
13095	Mar Lee	34040	Palo	31140	Stanton Twp.		
14050	Marcellus	39130	Parchment	55120	Stephenson		
67050	Marion	80160	Paw Paw	33200	Stockbridge		
76140	Marlette	76180	Peck	75010	Sturgis		
52170	Marquette	24040	Pellston	58100	Summerfield		
13110	Marshall	13120	Pennfield	02080	Superior Central		
03060	Martin	64070	Pentwater	45050	Suttons Bay		
74100	Marysville	78080	Perry	73255	Swan Valley		
33130	Mason (Ingham)	24070	Petoskey	25180	Swartz Creek		
58090	Mason (Monroe)	19125	Pewamo-Westphalia	48040	Tahquamenon		
53010	Mason County Central	17090	Pickford	35030	Tawas		
53020	Mason County Eastern	47080	Pinckney	82150	Taylor		
80150	Mattawan	09090	Pinconning	46140	Tecumseh		
79090	Mayville	67055	Pine River	41310	Tekonsha		
57030	McBain	30060	Pittsford	08050	Thornapple Kellogg		
82045	Melvindale-North Allen Park	03010	Plainwell	75080	Three Rivers		
74120	Memphis	82100	Plymouth-Canton	28010	Traverse City		
75060	Mendon	63030	Pontiac	82155	Trenton		
55100	Menominee	32130	Port Hope	59080	Tri County		
56050	Meridian	74010	Port Huron	63150	Troy		
73230	Merrill	39140	Portage	32170	Ubly		
83070	Mesick	34110	Portland	13135	Union City		
38120	Michigan Center	71060	Posen	79145	Unionville-Sebewaing		
21135	Mid Peninsula	23090	Pottsville	50210	Utica		
56010	Midland	52100	Powell Twp.	82430	Van Buren		
81100	Milan	12040	Quincy	50220	Van Dyke		
79100	Millington						
68010	Mio-AuSable						
61060	Mona Shores						

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Define Terms of Sale

Terms of Sale	L-4015
Arms Length	Conventional / Creative
Court Judgement	Reference
Estate	Reference
Family Sale	Reference
Foreclosure	Reference
IFT	Reference
LC Payoff	Reference
Life Estate	Reference
Multi Parcel Sale Arms Length	Conventional/Reference
Multi Parcel Sale Ref	Reference
Part of Arms Length	Conventional/Reference
Part of Ref	Reference
Partial Assessment	Not Used
Partial Construction	Not Used
Partial Interest	Reference
Not Used	Reference
Relocation	Reference
Short Sale	Reference
To Lending Institution	Reference
Lending To Lending	Reference
From Lending Institution Not Exposed	Reference
From Lending Institution Exposed	Conventional
Municipal	Reference
To Be Determined	Reference
Outlier	Not Used
Lady Bird	Reference
Death Certificate	Reference

Define Instruments of Sale

Instrument Type	
Code	Explanation
WD	Warranty Deed
SD	Sheriff Deed
RPS	Real Property Statement
QC	Quit Claim
PTA	Property Transfer Affidavit
OTH	Other
MLC	Memorandum of Land Contract
LC	Land Contract
CD	Covenant Deed
AFF	Affidavit
DC	Death Certificate

Sale - Verified By

Verified By: Entries	
Code	Explanation
AG	Agent
B / S	Buyer / Seller
DEED	Deed
NV	Not Verified
OS	On-Site
OTH	Other
PTA	Property Transfer Affidavit
REA	Realtor
RPS	Real Property Statement
TC	Title Company

Government Unit Codes

http://www.michigan.gov/documents/treasury/LocalUnitNamesCodes_110812_403341_7.pdf

The information below is a sample for Alcona County. The full list can be found at the above web link and the CAMA vendors will use the comprehensive list as defined by the State of Michigan.

County	Local Unit	Type	REVSHARE
ALCONA COUNTY	ALCONA COUNTY EQ.		10000
ALCONA COUNTY	ALCONA TWP.	TWP	11010
ALCONA COUNTY	CALEDONIA TWP.	TWP	11020
ALCONA COUNTY	CURTIS TWP.	TWP	11030
ALCONA COUNTY	GREENBUSH TWP.	TWP	11040
ALCONA COUNTY	GUSTIN TWP.	TWP	11050
ALCONA COUNTY	HARRISVILLE TWP.	TWP	11060
ALCONA COUNTY	HAWES TWP.	TWP	11070
ALCONA COUNTY	HAYNES TWP.	TWP	11080
ALCONA COUNTY	MIKADO TWP.	TWP	11090
ALCONA COUNTY	MILLEN TWP.	TWP	11100
ALCONA COUNTY	MITCHELL TWP.	TWP	11110
ALCONA COUNTY	CITY OF HARRISVILLE	CITY	12010
ALCONA COUNTY	VILLAGE OF LINCOLN	VLG	13010

Taxable Status Codes

There are two Taxable Statuses

- Taxable
- Exempt



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018
TO: Assessors and Equalization Directors
FROM: State Tax Commission
SUBJECT: Treatment of Residential Solar Panels

The State Tax Commission at their meeting on February 13, 2018, rescinding their prior guidance dated May 13, 2013 as it relates to the treatment of residential solar panels, and have determined that solar panels on a parcel classified as residential real property shall be assessed as a component of the real property. This policy decision is in line with the Michigan Tax Tribunal's rationale in the *Mark Clevey & Nancy Fenton v City of Ann Arbor*, Michigan Tax Tribunal Docket No. 17-003056. Assessors are advised to review and utilize the New Assessors Manual to cost solar panels as a component of the residential real property improvements. This determination of the State Tax Commission is limited to solar panels on residential real property only.

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RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018

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

FROM: LaNiece Denstead, Departmental Analyst
State Tax Commission

SUBJECT: Re-certifications and New Certifications of Computerized Tax Rolls

The following units have certified that the requirements of Act 112 of 1990, MCL 211.42a as amended, and the conditions of Public Act 140 of 2015 are being met and request the State Tax Commission certify the computerized tax roll. All required documentation has been received and reviewed.

These certifications will expire **May 1, 2021**.

Date printed: February 2, 2018

New Certifications: None

New Certification Denials: None

Recertification's:

Allegan County

City of Holland

Berrien County

City of Bridgman
Bainbridge Township
Baroda Township
Lincoln Charter Township
New Buffalo Township
Niles Charter Township
Watervliet Township
Weesaw Township

Genesee County

City of Fenton

Kent County

City of Wyoming

Monroe County

Dundee Township

Ottawa County

City of Coopersville

City of Grand Haven

City of Holland

Spring Lake Township

Recertification Denials: None

DRAFT



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018
TO: Heather S. Frick, Executive Director
State Tax Commission
FROM: LaNiece Densteadt, Departmental Analyst
State Tax Commission

SUBJECT: New Certifications of Computerized Assessment Rolls

The following units have certified that the requirements of Act 206 of 1893, MCL 211.24 as amended, and the conditions of Public Act 25 of 2016 are being met and request the State Tax Commission certify the use of a computerized database as the assessment roll. All required documentation has been received and reviewed.

These certifications will expire **May 1, 2021.**

Date printed: February 2, 2018

New Certifications:

- Clinton County**
City of Lansing
- Eaton County**
City of Lansing
- Ingham County**
City of Lansing
- Oakland County**
City of Royal Oak



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

NICK A. KHOURI
STATE TREASURER

DATE: February 13, 2018
TO: Members of the State Tax Commission
FROM: Emily Leik, Departmental Analyst
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.

It is recommended that you approve the applications effective on December 31, 2018 for the 2019 tax year, for either a period of three (3) or five (5) years with an expiration date of December 30, 2021 or December 30, 2023, 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
February 13, 2018 Meeting
Applications for Approval

Application Number	Name of Charitable Organization	Unit	Unit Type	County	Parcel Number	Years Approved
17-076	Habitat for Humanity of Cass County	Dowagiac	City	Cass	14-160-220-005-00	5 years
17-077	Habitat for Humanity of Cass County	Dowagiac	City	Cass	14-160-220-006-00	5 years
17-078	Habitat for Humanity of Cass County	Dowagiac	City	Cass	14-160-220-009-00	5 years
17-079	Habitat for Humanity of Cass County	Dowagiac	City	Cass	14-160-220-010-00	5 years
17-080	Habitat for Humanity of Cass County	Dowagiac	City	Cass	14-160-220-011-00	5 years
17-081	Blue Water Habitat for Humanity, Inc.	Port Huron	City	St. Clair	74-06-470-0016-000	3 years
17-082	Habitat for Humanity HiawathaLand	Germfask	Twp	Schoolcraft	77-002-033-010-00	3 years
17-083	Habitat for Humanity of Huron Valley	Ypsilanti	Twp	Washtenaw	K-11-02-373-013	3 years
18-001	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	09-0681-00000	3 years
18-002	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	20-1185-00000	3 years
18-003	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	10-0117-00700	3 years
18-004	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	18-0298-00000	3 years
18-005	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	13-1277-00000	3 years
18-006	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	04-0144-00000	3 years
18-007	Saginaw-Shiawassee Habitat for Humanity	Saginaw	City	Saginaw	08-0210-00000	3 years