



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

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**Bulletin 2 of 2015**  
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**Hydroponics and Aquaculture Production Facilities**

**TO:** Assessors, Equalization Directors and Interested Parties  
**FROM:** State Tax Commission  
**SUBJECT:** P.A. 511 and 512 of 2014 Hydroponics and Aquaculture Production Facilities

**For taxes levied after December 31, 2014, an eligible hydroponics or an eligible aquaculture facility is exempt from the collection of ad valorem taxes under the General Property Tax Act, Public Act 206 of 1893 (GPTA). These facilities are subject to a specific tax levied under the Eligible Hydroponics and Eligible Aquaculture Facilities Specific Tax Act (P.A. 512 of 2014)**

**A. Definitions**

**Aquaculture** means the commercial husbandry of aquaculture species, including, but not limited to, culturing, producing, growing, propagating, and harvesting aquaculture products under any applicable permits or registration.

**Aquaculture production facility** means real property used for an indoor aquaculture production operation using aquaculture techniques or practices for growing aquaculture species. An aquaculture production facility includes all of the following, to the extent that it constitutes real property:

- (i) Pumps, tanks, controls, application systems, indoor recirculating systems, and related infrastructure required to grow aquaculture species using aquaculture techniques or practices.
- (ii) Any warehouse or shipping area integrated into the aquaculture production operation.
- (iii) Offices integrated into the aquaculture production operation if the taxable value of the offices is less than 50% of the combined taxable value of the aquaculture production facility and the offices.

**Eligible aquaculture production facility** means an aquaculture production facility that has a production area of not less than 10,000 square feet.

**Hydroponics** means a system in which water-soluble nutrients are placed in intimate contact with a plant's root system, being grown in an inert supportive medium, which inert supportive medium itself does all of the following:

- (i) Supplies physical support for the roots.
- (ii) Does not add or subtract plant nutrients.

**Hydroponics production facility** means real property used for an indoor agriculture production operation using hydroponics techniques or practices for growing plants produced by agriculture that are useful to human beings, including, but not limited to, forages, field crops, sod, berries, herbs, fruits, vegetables, flowers, seeds, and nursery stock. Hydroponics production facility does not include an indoor agriculture production operation for growing plants that are illegal under federal law. A hydroponics production facility includes, but is not limited to, all of the following, to the extent that it constitutes real property:

- (i) Pumps, tanks, controls, application systems, and related infrastructure required to grow agricultural crops using hydroponics techniques or practices.
- (ii) Any warehouse or shipping area integrated into the hydroponics production facility operation.
- (iii) Offices integrated into the indoor agriculture production operation if the taxable value of the offices is less than 50% of the combined taxable value of the hydroponics production facility and the offices.

**Eligible hydroponics production facility** means a hydroponics production facility that has a production area of not less than 1 acre.

**New Millage** does not include the renewal of some or all of a millage in existence on December 31, 2014.

## **B. Assessor Responsibilities**

Assessors must determine, as of December 31 each year, the assessed value and taxable value of each eligible hydroponics or aquaculture production facility located in a local unit for which they are assessor of record.

## **C. Calculation of the Specific Tax**

The specific tax shall be calculated annually as follows:

1. Multiply the number of mills that would be assessed if the property were subject to collection of taxes under the GPTA, and as if the property had a principle residence exemption, by the facilities taxable value.
2. Multiple the calculation from item 1 by .25
3. If a new millage is approved after December 31, 2014 multiply the number of mills that were approved and would be assessed to the facility if it were subject to the collection of taxes under the GPTA, by the facilities taxable value. This calculation is repeated for each new millage. The result of this calculation is added to the result of the calculation under item 2.

**D. Additional Information**

Local unit Treasurers must annually report no later than December 1 to the State Tax Commission the disbursements made to each taxing unit on Form 5240.

The specific tax is an annual tax collected at the same time, in the same installments as taxes collected under the GPTA.

The Treasurer shall disburse the specific tax to the State, Cities, Townships, Villages, School Districts, Counties and other taxing units at the same time and in the same proportions as required for disbursements under the GPTA.

Unpaid specific taxes are subject to forfeiture, foreclosure and sale in the same manner and at the same tax as taxes returned as delinquent under the GPTA.