



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017  
**TO:** Members of the State Tax Commission  
**FROM:** Heather S. Frick, Executive Director  
**SUBJECT:** 2018 Certification Levels for Counties, Townships and Cities

The Commission is required to annually update certification level requirements for Townships, Cities and Counties. In order to determine the 2018 requirements, valuation information has been compiled for each Township and City within the state and compared against the certification level requirements adopted in the previous year. The 2017 State Equalized Value increase of **4.74%** over the 2016 State Equalized Value was used to determine the 2018 guidelines. County certification levels were determined based on the highest 2017 certification level requirement of the local units within each County. The recommended 2018 Certification Guidelines are enclosed.

Approval of the 2018 certification level guidelines will affect 13 local units. Of the 13 affected local units, ten are the result of the assessor of record supervising the preparation of multiple assessment rolls. The combined total ad valorem and/or commercial/industrial equivalent value of all units exceed that allowed by their level of certification.

Three units are affected by the installation of wind turbines. Recognizing that wind turbines frequently increase the certification level requirements for largely agricultural townships that otherwise require an MCAO level assessor, the Commission in 2014 asked staff and the Certification Advisory Committee determine a better means to consider their value in calculations. The Committee and staff recommend continuing a special waiver first introduced for 2015 for those units whose certification level requirements have increased due to significant influence on the SEV of wind turbines located in the local unit or other local units in which the assessor is the assessor of record. A waiver will remove the value of wind turbines from the calculation and allow the current assessor to continue signing the roll. Local units receiving this waiver include:

- Arcada Township, Gratiot County
- Bethany Township, Gratiot County
- Pine River Township, Gratiot County

Those local units not receiving a special waiver will receive notification of the Commission's action today, informing them that a properly certified assessing officer will be required to sign the 2018 roll.

Attached is the listing of all jurisdictions affected by certification levels grouped by assessor or director of record. Also attached is the updated certification level requirements for Townships, Cities and Counties for the 2018 year. A list of the 2018 certification level requirements for all local units will be posted to the Commission website. **It is recommended that the Commission approve the certification level requirements to be utilized in 2018.**

Enc: Affected Jurisdictions  
Certification Level Requirements for 2018

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**STATE TAX COMMISSION  
TOWNSHIP AND CITY CERTIFICATION LEVEL REQUIREMENTS  
2018**

The Township and City certification levels for 2018 were approved by the State Tax Commission on August 29, 2017 using 2017 State Equalized Values. The 2018 levels for **Townships and Cities** are as follows:

**MCAO Level:**

State equalized value is less than **\$527,000,000 AND** the combined state equalized value of the commercial, industrial, and utility real and person classifications plus assessed value of special acts properties is less than 20 percent of \$527,000,000 (or **\$105,400,000**).

**MAAO Level (3):**

State equalized value is greater than or equal to **\$527,000,000** but less than **\$2,287,000,000 AND/OR** a combined state equalized value of the commercial, industrial, and utility real and personal classifications plus assessed value of special acts properties is greater than or equal to 20 percent of \$527,000,000 (or **\$105,400,000**) but less than 20 percent of \$2,287,000,000 (or **\$457,400,000**).

**MMAO Level (4):**

State equalized value greater than or equal to **\$2,287,000,000** or a combined state equalized value of the commercial, industrial, and utility real and personal classifications plus assessed value of special acts properties, greater than or equal to 20 percent of \$2,287,000,000 (or **\$457,400,000**).

The State Equalized Value (SEV) of the local unit as finalized by the State Tax Commission at their May 22, 2017 meeting is used to determine the certification level requirement for completion of the 2018 assessment roll. 2018 certification level requirements are not adjusted for changes in value occurring after 2017 state equalization.

A waiver may be granted to reduce the SEV used to calculate the certification level requirement for a township or city if the SEV is significantly influenced by the value of a single parcel or group of related parcels. To request a waiver, the township or city must submit STC Form 4742, *State Tax Commission Application for Waiver of Local Unit Certification Level*, along with documentation of a contract with an assessing officer that is certified at the required level to appraise and assume appeal responsibilities of the affected parcel(s). Form 4742 must be submitted no later than October 31, 2017.

The value of wind turbines in one or more units may be removed from the total SEV used to calculate required certification level requirements. To request a waiver, the local unit(s) must submit Form 4742, along with documentation indicating the value of wind turbines to be removed from the calculation. Form 4742 must be submitted no later than October 31, 2017.

The SEV requirements for townships and cities shall be adjusted annually by the rate of increase in the statewide SEV as compiled by the Property Services Division of the Michigan Department of Treasury. The rate of increase used to adjust the 2018 tax year certification levels was **4.74%**.

**STATE TAX COMMISSION  
COUNTY CERTIFICATION LEVEL REQUIREMENTS  
2018**

County certification levels for 2018 were approved by the State Tax Commission at their meeting on August 29, 2017. The required certification levels for a County reflect the expertise the State Tax Commission has determined pursuant to MCL 211.10d is required to supervise the preparation of County Equalization. Certification level requirements for **Counties** are as follows:

**MAAO Level (3):**

All local assessing units within a single County have a certification level requirement of MCAO or MAAO.

**MMAO Level (4):**

One or more local assessing units within a single County have a certification level requirement of MMAO.

The Commission has determined that the required certification level for a County is more appropriately based on the highest certification level requirement of the local units within the County. The certification level requirements for local units within the County were determined by the State Equalized Value (SEV) as set by the State Tax Commission at their May 22, 2017 meeting. Local unit certification level requirements will not change as a result of changes in value prior to 2018 state equalization.

A waiver may be granted to reduce the certification level requirement for a County, if the SEV of a local unit is significantly influenced by the value of a single parcel or group of related parcels. To qualify, the County must annually submit, no later than October 31, 2017, STC Form 4826, *State Tax Commission Application for Waiver of County Certification Level Requirement* as well as documentation of a contract with an MMAO (4) assessing officer to appraise and assume appeal responsibilities of the affected parcel(s). If an assessing unit enters into a contract with an MMAO (4) assessing officer to assess one large commercial or industrial property, that action will not reduce the level of certification required of the County Equalization Director. The value of wind turbines in one or more units may be removed from the total SEV used to calculate required county certification level requirements. To qualify, the County must annually submit, no later than October 31, 2017, STC Form 4826, as well as documentation indicating the value of wind turbines to be removed from the calculation.

When an Equalization Director is responsible for more than one County, or for one or more Counties and one or more local assessment units located outside the County, the combined SEV for all local units for which the individual is responsible determines the certification level requirement for each of those units of government. If an assessing unit extends into more than one County, the County can request a waiver if the certification level requirement of the local assessing unit's SEV within the requesting County does not exceed the MAAO certification level requirements.

The SEV requirements for local assessing units shall be adjusted annually by the rate of increase in the statewide SEV as compiled by the Property Services Division, Michigan Department of Treasury; the rate of increase used to adjust the 2017 tax year certification levels for local assessing units was 4.74%. County certification levels for 2018 were based on 2018 local assessing unit certification level requirements.

# Required Certification Levels by Assessor for 2018

Based on Certification Level Guidelines approved by the State Tax Commission at their meeting on August 29, 2017  
 Assessors responsible for multiple rolls must take into account the sum of all units in determining the certification level  
 For cities that reside in more than one county, the SEV totals listed will be for the entire city.

**BARNETT, SAMMY S.**

Current Assr Level:

**MCAO**

Local Unit	Total Ad Valorem Value	Commercial/Industrial SEV	Required Level
<b>Totals</b>	<b>302,679,450</b>	<b>113,786,600</b>	<b>MAAO</b>
Cherry Valley TWP, Lake County	16,807,600	554,800	MCAO
Eden TWP, Lake County	25,699,700	2,999,700	MCAO
Sweetwater TWP, Lake County	21,349,450	4,736,700	MCAO
Summit TWP, Mason County	216,667,600	98,050,700	MCAO
Scottville CITY, Mason County	22,155,100	7,444,700	MCAO

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# Required Certification Levels by Assessor for 2018

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 Assessors responsible for multiple rolls must take into account the sum of all units in determining the certification level  
 For cities that reside in more than one county, the SEV totals listed will be for the entire city.

MAAO > 527,000,000 or CI 105,400,000    MMAO > 2,287,000,000 or CI 457,400,000

## HALL, DEVON

Current Assr Level: **MAAO (3)**

Local Unit	Total Ad Valorem Value	Commercial/Industrial SEV	Required Level
<b>Totals:</b>	<b>692,698,715</b>	<b>469,414,500</b>	<b>MMAO</b>
<b>Level Override:</b>		<b>LU Count:</b>	<b>2</b>
Amber TWP, Mason County	115,951,700	47,074,800	MCAO
Pere Marquette TWP, Mason County	576,747,015	422,339,700	MAAO

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 Assessors responsible for multiple rolls must take into account the sum of all units in determining the certification level  
 For cities that reside in more than one county, the SEV totals listed will be for the entire city.

MAAO > 527,000,000 or CI 105,400,000    MMAO > 2,287,000,000 or CI 457,400,000

## IOTT-GARRISON, SUSAN L.

Current Assr Level: **MAAO (3)**

Local Unit	Total Ad Valorem Value	Commercial/Industrial SEV	Required Level
<b>Totals:</b>	<b>1,242,535,200</b>	<b>748,045,700</b>	<b>MMAO</b>
<b>Level Override:</b>		<b>LU Count:</b>	<b>1</b>
Frenchtown TWP, Monroe County	1,242,535,200	748,045,700	MMAO

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# Required Certification Levels by Assessor for 2018

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 Assessors responsible for multiple rolls must take into account the sum of all units in determining the certification level  
 For cities that reside in more than one county, the SEV totals listed will be for the entire city.

**KARL, JACOB A.**

Current Assr Level:

**MCAO**

Local Unit	Total Ad Valorem Value	Commercial/Industrial SEV	Required Level
<b>Totals</b>	<b>454,092,011</b>	<b>211,153,528</b>	<b>MAAO</b>
Stockbridge TWP, Ingham County	319,437,611	196,155,228	MAAO
Imlay TWP, Lapeer County	134,654,400	14,998,300	MCAO

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# Required Certification Levels by Assessor for 2018

Based on Certification Level Guidelines approved by the State Tax Commission at their meeting on August 29, 2017  
 Assessors responsible for multiple rolls must take into account the sum of all units in determining the certification level  
 For cities that reside in more than one county, the SEV totals listed will be for the entire city.

## MERCHANT, DOUGLAS L.

Current Assr Level:

MCAO

Local Unit	Total Ad Valorem Value	Commercial/Industrial SEV	Required Level
<b>Totals</b>	<b>386,064,397</b>	<b>126,998,800</b>	<b>MAAO</b>
Arcada TWP, Gratiot County	86,918,097	5,288,200	MCAO
Bethany TWP, Gratiot County	169,027,100	73,389,200	MCAO
Pine River TWP, Gratiot County	130,119,200	48,321,400	MCAO

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**Bulletin No. 12 of 2017**  
**August 29, 2017**  
**Certified Interest Rates**

**TO:** Assessing Officers and County Equalization Directors

**FROM:** Michigan State Tax Commission

**SUBJECT:** Certified Prevailing Institutional Lending Rate of Interest for the Period April 2017 through June 2017, Expressed as Percentages.

	Residential	Commercial/Industrial	Agricultural
<b>January</b>	<b>4.63</b>	<b>4.43</b>	<b>4.71</b>
<b>February</b>	<b>4.67</b>	<b>4.43</b>	<b>4.71</b>
<b>March</b>	<b>4.70</b>	<b>4.43</b>	<b>4.71</b>
<b>April</b>	<b>4.55</b>	<b>4.30</b>	<b>4.80</b>
<b>May</b>	<b>4.51</b>	<b>4.30</b>	<b>4.80</b>
<b>June</b>	<b>4.40</b>	<b>4.19</b>	<b>4.80</b>
<b>July</b>			
<b>August</b>			
<b>September</b>			
<b>October</b>			
<b>November</b>			
<b>December</b>			

**Note:** The use of these rates is discussed in Bulletin No. 11 of 1985 dated October 14, 1985.



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**Bulletin 13 of 2017  
August 29, 2017  
County Multipliers for Use  
with 2014 Cost Schedules**

**TO: Assessors and Equalization Directors**

**FROM: Michigan State Tax Commission**

**SUBJECT: 2017 County Multipliers for Use with the 2014 Cost Schedules in Volumes I and II of the Assessor's Manual**

Attached are the 2017 County Multipliers for use with the 2014 cost schedules contained in Volumes I and II of the Assessor's Manual. The 2017 County Multipliers for the 2003 cost schedules can be found in [Bulletin 10 of 2017](#), available on the State Tax Commission website.

MCL 211.10e requires all assessing officers to use only the official assessor's manual or any manual approved by the State Tax Commission. At their meeting on February 14, 2017, the State Tax Commission approved to distribute the 2014 manual to all assessors in 2017 with authorization for use in 2018. The STC also authorized continued use of the 2003 manual until the 2019 assessments. At that time, only the 2014 manual will be authorized for use.

The 2017 County Multipliers below are for use with the 2014 cost schedule only and are to be used in the 2017 equalization appraisal studies whose purpose is to set the 2018 base.

Volumes I and II of the Michigan Assessor's Manual can be accessed at [www.michigan.gov/statetaxcommission](http://www.michigan.gov/statetaxcommission).

Attachments:

[Residential, Commercial and Industrial County Multipliers](#)

\*The 2017 County Multipliers are to be used only with the 2014 cost schedules contained in Volumes I and II of the 2014 Assessor's Manual



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**Bulletin No. 14 of 2017**  
**Assessor Certification**  
**August 29, 2017**

**TO:** All Certified Assessing Officers and Technicians

**FROM:** The State Tax Commission

**SUBJECT:** Assessor Certification Requirements for the 2018 and 2019 Years

The purpose of this Bulletin is to provide Assessing Officers and Technicians with important information regarding certification and to outline the recertification requirements for the 2018 and 2019 years.

- 1. 2018 Recertification:** All Michigan Certified Assessing Technicians (MCAT), Michigan Certified Assessing Officers (MCAO), Michigan Advanced Assessing Officers (MAAO) and Michigan Master Assessing Officers (MMAO) must complete 20 hours of continuing education by October 31, 2017 and pay their recertification fee by December 31, 2017 in order to be certified for the 2018 year. Assessing Officers and Technicians are encouraged to check their renewal credit status on the State Tax Commission (Commission) website report located under the *Assessor Education and Certification* tab prior to the deadline.

Assessing Officers and Technicians who have successfully completed their 20 hours of required continuing education as of October 31, 2017 will be sent the annual certification renewal form during the month of November. Assessing Officers and Technicians who do not receive their renewal form in November should check the Commission's website for the status of their continuing education. If completed continuing education is not recorded on the website report, Assessors should contact the office of the Commission immediately.

Assessing Officers or Technicians who do not fully complete the required 20 hours of continuing education by October 31, 2017 will become uncertified as of December 31, 2017.

Assessing Officers and Technicians who complete their continuing education by October 31, 2017, but do not pay their annual renewal fee by the December 31, 2017 deadline, will receive one written notification that they are delinquent in their payment and will be given until March 1, 2018 to make full payment along with a late fee of twice the regular renewal fee. If the full payment and late fee are not received (postmarked) by the Commission by the March 1, 2018 deadline, the Assessing Officer or Technician will no longer be certified. Assessing Officers will be required to recertify at the entry level and complete the required educational requirements to achieve certification. Technicians must retake the MCAT course and pass the MCAT exam for recertification. There is no additional appeal process after the March 1, 2018 deadline.

- 2. 2018 Continuing Education Requirements:** In order to be eligible to renew certification for 2018, Assessing Officers and Technicians must complete 20 hours of continuing education through Commission approved continuing education courses. The 20 hours of continuing education must be completed between November 1, 2016 and October 31, 2017. *As a reminder, continuing education hours cannot “roll over” to the next year and assessing officers and technicians may not complete the same course in the same renewal cycle or two years in a row to receive continuing education credit. It is recommended that assessors verify that a course is eligible to receive continuing education credit prior to enrolling for the course.*
- 3. 2018 Recertification Fees:** All Assessing Officers who have completed their continuing education requirements must pay a fee of \$175 to recertify for the 2018 year. All Technicians who have completed their continuing education requirements must pay a fee of \$50 to recertify for 2018. The deadline for submitting payment in full to the Commission for recertification is December 31, 2017 (postmarked is acceptable).
- 4. Late Renewal:** The Commission’s Late Renewal Policy allows eligible Assessing Officers who do not submit the \$175 annual renewal fee and eligible Technicians who do not submit the \$50 annual renewal fee by the December 31 deadline, one opportunity for late renewal by paying twice the annual renewal fee. Assessing Officers are eligible for late renewal only if the 20 hours of approved continuing education is completed by the October 31 deadline. Technicians are eligible for late renewal only if the 20 hours of approved continuing education is completed by the October 31 deadline. The late renewal fee must be received on or before March 1 of the year immediately following the December 31 expiration of the certificate (postmarked is acceptable).
- 5. Escrow Policy:** The Commission’s Escrow Policy allows an Assessing Officer or Technician who experiences unforeseen medical circumstances, including serious illness of the Assessor or serious illness or death of an immediate family member, that affect the ability to complete their continuing education or pay their required fee by the deadline, the ability to request the Commission place their assessor certification in escrow until they are able to complete their recertification requirements. A request may be submitted by an authorized representative as necessary. Requests must be made in writing on or before March 1 of the year immediately following the expiration of their certificate utilizing Form 4819 and must include appropriate documentation of the special circumstances. A request to escrow a certificate must be made on an annual basis and expires December 31. Form 4819 and documentation can be emailed to [State-Tax-Commission@michigan.gov](mailto:State-Tax-Commission@michigan.gov). Failure to complete continuing education requirements by October 31 or pay the required fee by December 31 are considered insufficient reasons to request to escrow a certificate.
- 6. Assessor Continuing Education Courses:** A list of classes approved for continuing education credit is available on the Commission’s website under the *Assessor Education and Certification* heading. This list is updated regularly. If you would like to have a course approved for credit, please submit your request on Form 4738, *State Tax Commission Application for Assessor Continuing Education Course Approval*, found on the Commission’s website.

Continuing education courses for Assessing Officers are approved annually for the current renewal cycle by utilizing Form 4738. Approvals begin November 1 and expire October 31. Courses are approved for even hours only and will not be approved for less than four (4) hours. All requests MUST be submitted 30 days prior to the start date of the course.

Courses approved through the Department of Licensing and Regulatory Affairs for appraiser or real estate continuing education does not guarantee the course is approved for assessing officer continuing education. The Commission will only approve courses related to mass appraisal or Michigan assessment administration, and may approve courses for less time than the course is scheduled to meet if the material deviates from assessment related topics. If a course is not on the Commission's *Approved Continuing Education Course* list, Form 4738, and all required documentation may be submitted for review 30 days prior to the start date of the course.

Beginning with the 2019 renewal cycle, the State Tax Commission will also pre-approve IAAO and ASA educational courses related to qualifying assessing topics. Courses that receive pre-approval will be listed on the *Approved Continuing Education Course* list on the Commission's website.

7. **2019 Certification Requirements:** In order to recertify for 2019, Assessing Officers must complete 20 hours of continuing education through Commission pre-approved continuing education courses. Michigan Certified Assessing Technicians must complete the annual State Tax Commission *Key Topics for Assessors* four (4) hour continuing education course in order to be eligible for recertification for 2019. These continuing education hours must be completed between November 1, 2017 and October 31, 2018. To encourage in-person learning and peer networking, only eight (8) of the 20 hours of elective continuing education can be completed with an approved online course. *As a reminder, continuing education hours cannot "roll over" to the next year. Assessing Officers are not eligible to receive continuing education credit if they complete the same course in the same renewal cycle or the same course is completed in two consecutive renewal cycles for continuing education credit.*
8. **2019 Recertification Fees:** The fee will remain at \$175 for recertification in 2019. Michigan Certified Assessing Technicians must pay a fee of \$50 to be recertified for 2019. The deadline for submitting full payment to the Commission for recertification is December 31, 2018.
9. **Assessor of Record Certification Level Requirements:** According to MCL 211.10d, it is the responsibility of the Commission to determine the appropriate certification level necessary for proper assessment of a local assessing unit. The required certification levels for a local unit reflect the expertise required by an Assessing Officer of Record to supervise the preparation of the assessment roll as determined by the Commission.

Certification level requirements for local assessing units are determined using the immediately preceding year's State Equalized Values (SEV). Therefore, required certification levels for 2018 have been determined using the 2017 SEVs. A decrease in value

from the previous year that results in an SEV for the current year that is lower than the limit indicated in that year's guidelines does not reduce the certification level required by the local unit. Conversely, an increase in value from the previous year that results in an SEV for the current year that is greater than the limit indicated in that year's guidelines does not increase the certification level required by the local unit.

Local units are responsible for ensuring that the Assessor of Record is properly certified in accordance with Commission guidelines. A list of the required 2018 certification level for each local unit is available on the Commission's website. All units are advised that the SEV limit for an Assessor is the cumulative SEV of all units for which the Assessor is the Assessor of Record. Should an Assessing Officer exceed the SEV limit for his or her certification level, all units for which they are the Assessor of Record shall be deemed uncertified and jurisdiction of the assessment roll(s) will be assumed by the Commission. The cumulative SEV utilized for determining the certification level requirements in a given year is the sum of the SEVs found on the published list on the Commission's website under the *Assessor Certification Levels* tab.

**10. Equalization Director Certification Level Requirements:** Per MCL 211.10d, it is the responsibility of the Commission to determine the appropriate certification level necessary for proper completion of equalization duties for a County. The required certification levels for a County reflect the expertise required to supervise the preparation of County Equalization as determined by the Commission. To hold the position of an Equalization Director, the Assessing Officer must hold either a MAAO or MMAO certification.

In 2017, the Commission approved that the required level for an Equalization Director is more appropriately based on the highest level of certification required by the local assessing units within the County. If all local units within a County have a certification level requirement that does not exceed an MAAO, the Equalization Director for the County must hold a MAAO certification level or higher. If a County contains a local unit which has a MMAO certification level requirement, the Equalization Director for the County must be certified as a MMAO.

When an Equalization Director is responsible for more than one County, or for one or more Counties and one or more local assessment units located outside the County, the combined SEV for all local units for which the individual is responsible determines the certification level requirement for each of those units of government. If an assessing unit extends into more than one County, the County can request a waiver if the certification level requirement of the local assessing unit's SEV within the requesting County does not exceed the MAAO certification level requirements.

Should an Equalization Director exceed the limit for his or her certification level, the County for which the Assessing Officer holds the position of Equalization Director shall be deemed uncertified and jurisdiction of completion of equalization duties will be assumed by the Commission.

**11. Assessing Multiple Units:** Assessing Officers who are supervising preparation of an assessment roll in multiple local units or Equalization Directors completing equalization duties in multiple Counties are required to be aware of their certification level limits when supervising preparation of assessment rolls. The Commission is concerned that Assessing Officers and Equalization Directors may be performing assessment administration duties that exceed the ability of a single Assessing Officer or Equalization Director and may produce results that are not uniform and equitable.

Assessors are advised that contractual agreements between a local unit and an Assessing Officer, or a County and an Equalization Director, do not negate the statutory requirements of an Assessing Officer or an Equalization Director as outlined within this Bulletin and the *Supervising Preparation of the Assessment Roll* document.

**12. Certification Level Waivers:** Certification level waivers are intended for temporary and extraordinary circumstances only, including recent personnel changes, current participation in a Commission education program, or the inclusion of a high-value property that increases the total SEV of a local unit beyond the general character of the rest of the unit (e.g. a power plant in an agricultural Township). Waivers are granted to the local unit or County, not the individual Assessing Officer or Equalization Director.

Waivers are approved on an annual basis but may automatically be granted or renewed for local units or Counties in which the Assessing Officer or Equalization Director is enrolled in the Commission's MAAO or MMAO Online/Lecture program. Waivers that are granted on the basis that the Assessor is a candidate in a Commission approved educational program will be reviewed periodically to ensure the candidate remains in good standing. Waivers may be terminated at the discretion of the Commission if the Assessing Officer or Equalization Director falls out of good standing.

Certification waivers will not be granted to allow Assessing Officers or Equalization Directors to increase the number of local units or Counties supervised. Waivers for local units and Counties in which the Assessing Officer or Equalization Director is responsible for multiple local units and/or Counties will be highly scrutinized and may result in a determination that the Assessing Officer or Equalization Director decrease the number of rolls supervised. Local units and Counties are encouraged to hire at the appropriate level or risk assumption of the assessment roll or equalization duties by the State Tax Commission.

Because of the repetitive nature of wind turbines on Commercial/Industrial/Utility SEV, the Commission will consider certification level waivers for local units where the installation of wind turbines has increased the certification level requirement. A list of all wind turbine parcels located in the local unit is required to be included when submitting a waiver request. Although waiver requests will be considered, the Commission reminds local units that assessment of multi-million dollar property requires significant expertise, particularly if assessments are appealed by wind turbine owners. The Commission therefore encourages local units to retain Assessing Officers with the training and skill level to understand the complexities of these properties.



A County that has been determined to require a MMAO Equalization Director based solely on containing a portion of a MMAO local unit that is split between another County, may request a waiver for reduction of the certification level requirement if the portion of the local unit's SEV within the requesting County does not exceed the MMAO certification level requirement as determined by the Commission.

An application for waiver must be made in writing utilizing Form 4742, *State Tax Commission Application for Waiver of Local Unit Certification Level* or Form 4826, *State Tax Commission Application for Waiver of County Certification Level*. The appropriate form and required documentation may be emailed to the Commission at [State-Tax-Commission@michigan.gov](mailto:State-Tax-Commission@michigan.gov).

- 13. Assessor of Record:** Assessing Officers of Record and Equalization Directors are **required** to file State Tax Commission Form 4689, *Request for Changes in Personal or Employment Information for a Certified Assessor*, within 30 days of assumption of duty or departure from duty in a local unit or County Equalization Department. It is recommended that the form be emailed to the Commission at [State-Tax-Commission@michigan.gov](mailto:State-Tax-Commission@michigan.gov). Failure to file Form 4689 within 30 days of the change may result in disciplinary action against the Assessing Officer. Backdated or altered forms are not acceptable.

Only the Assessing Officer of Record may sign Form 2691 (L-4037), *Assessment Roll Certification* and Form 607 (L-4022), *Report of Assessment Roll Changes and Classification*. Signing either document indicates that the Assessing Officer has met the requirements contained within the *Supervising Preparation of the Assessment Roll* document which is included as number 17 within this Bulletin.

The signature of anyone other than the recorded Assessing Officer of Record on the L-4022 filed with the Commission will result in both the recorded Assessing Officer of Record *and* the signatory of the L-4022 being called before the Commission's Assessor Disciplinary Advisory Committee and will also result in the Commission assuming jurisdiction of the affected assessment roll(s).

The State Tax Commission annually provides Equalization Directors with a list of current Assessing Officers of Record within their County. Directors are asked to review the list and to timely respond ensuring accurate information regarding the Assessing Officers within their County is on file with the Commission. This process assists to ensure that accurate and necessary information is on file with the Commission and also assists to identify potential problems *prior* to the Commission taking action due to possible improper signature on Form L-4037 and/or L-4022.

- 14. Assessor Contact Information:** It is extremely important that **all** Assessing Officers report **any** change in their contact information or assessing status on Form 4689, *State Tax Commission Request for Changes in Personal or Employment Information for a Certified Assessor*, within 30 days of a change. Not only is it vital for the Commission to know who the Assessing Officer of Record is in each local unit and the Equalization Director in each County, but this information is shared with the rest of the Bureau of Local Government and

Michigan Tax Tribunal for distribution of their communications. Form 4689 may be completed and emailed directly to the Commission at State-Tax-Commission@michigan.gov.

**15. Commission Communications:** Communicating effectively is a high priority of the State Tax Commission. The Commission uses the electronic GovDelivery system to disseminate information in a timely and effective manner. All Assessing Officers are required to subscribe to GovDelivery in order to receive and review all notices, guidance, and Bulletins promulgated by the Commission. Many of these communications are also posted to the State Tax Commission website. Information on how to subscribe is available on the State Tax Commission website under the *Assessor General Information* tab. Subscribers are responsible for updating changes to their email; Commission staff is unable to make these changes.

**16. Contacts:** Staff is available to assist Assessing Officers with questions. The following are key contacts:

**STC Main Number: 517-335-3429 (ext. 5)**  
STC Fax Number: 517-241-1650  
STC Website: [www.michigan.gov/statetaxcommission](http://www.michigan.gov/statetaxcommission)

**Property Services Division Staff:**

**Nancy Armstrong**, 517-241-4890, [armstrongn@michigan.gov](mailto:armstrongn@michigan.gov); Assessor Continuing Education, Escrow of Assessor Certification, Senior Housing & Disabled Non-Profit Housing PILT (MCL 211.7d – PA 8 of 2010), Poverty Exemptions (MCL 211.7u), Dear STaCy Tips, Bulletins, Q&As/Guidelines & Forms, SEV Certification Levels, General Questions

**LaNiece Densteadt**, 517-335-2311, [densteadtl@michigan.gov](mailto:densteadtl@michigan.gov); Property Classification Appeals, Computerized Tax Rolls, Computerized Assessment Rolls, STC Meeting Agenda and Minutes, Inventory of STC Bulletins, Memos and Letters, Audit of Minimum Assessing Requirement (AMAR) Reviews, Disabled Veteran's Exemption, Assessor Complaints

**Barb Duncanson**, 517-373-8320, [duncansonb@michigan.gov](mailto:duncansonb@michigan.gov); Recertification, Renewal Hours, Exam Schedule, Certification Renewal Fees, PPE Certificate Process

**Heather Frick** 517-335-3429, [frickh@michigan.gov](mailto:frickh@michigan.gov); Questions regarding the State Tax Commission, Legislative Matters, Assessor Complaints, STC Annual Report, STC Annual Certification Level Requirements for Local Units & Counties

**April Griffin** 517-335-6519, [griffina@michigan.gov](mailto:griffina@michigan.gov); Omitted & Incorrectly Reported Property Process and Petitions (MCL 211.154, 211.155 and 211.156)

**Daniel Holland** 517-373-6465, [hollandD1@michigan.gov](mailto:hollandD1@michigan.gov); Equalization, L-4027i Interim Status Report, General Questions

**Janay Jenkins** 517-373-3302, [jenkinsj5@michigan.gov](mailto:jenkinsj5@michigan.gov); IFT and NEZ

**Emily Leik** 517-373-0675, [LeikE@michigan.gov](mailto:LeikE@michigan.gov); Air & Water Pollution, OPRA, New Personal Property, Commercial Rehab, Commercial Redevelopment Act, Charitable Non-Profit Housing

**Darcy Marusich** 517-335-1218, marusichd@michigan.gov; Millages, Truth in Taxation, Millage Rollbacks, School District Levies, State Assessed Telephones, General Questions  
**Chris Mida** 517-373-1950, PTE-Section@michigan.gov; Principal Residence Exemptions  
**Kari Miles** 517-241-8739, milesk1@michigan.gov; Major Property Tax Appeals, Assessor Complaints, State Tax Commission Court Matters, General Questions.  
**Charles Olney** 517-241-2444, olneyc1@michigan.gov; State Assessed Property, DNR PILT Roll, General Questions  
**Lori Parr** 517-373-3489, parrl@michigan.gov; Equalization  
**Tim Schnelle** 517-373-6262, schnellet@michigan.gov; Personal Property, Transfer of Ownership, Uncapping, Qualified Agricultural Questions, State Assessed Properties, General Questions  
**Kelli Sobel** 517-241-0917, sobelk2@michigan.gov; Assessor Education Programs (MCAT, MCAO, MAAO, and MMAO), Reappraisals, Disabled Veteran's Exemption, Assessor's Manuals, AMAR Reviews and General Questions  
**Equalization:** [Equalization@michigan.gov](mailto:Equalization@michigan.gov)

**Essential Services Assessment (ESA):** ESAQuestions@michigan.gov, 517-241-0310, www.michigan.gov/esa  
**L-4154 Petitions:** Treas-154Petitions@michigan.gov  
**Principal Residence Exemptions (PRE):** 517-373-1950

17. **Supervising Preparation of the Assessment Roll:** All Assessors of Record are required to certify that they have met the requirements contained within the *Supervising Preparation of the Assessment Roll* document when signing their assessment roll certification and when signing Form L-4022.

### **State Tax Commission Supervising Preparation of the Assessment Roll**

Michigan Compiled Law (MCL) 211.10d(9) states, "An assessor who certifies an assessment roll in which he or she did not have direct supervision is guilty of a misdemeanor." When signing the assessment roll, Assessors of Record are required to annually certify that they have met the following guidelines:

1. Form 4689, *STC Request for Changes in Personal or Employment Information for a Certified Assessor*, must be filed with the State Tax Commission by the certified assessor within 30 days of becoming the Assessor of Record for a local unit of government or Equalization Director for a county, or when a change in contact information occurs.
2. The assessor must sign the pre-Board of Review assessment roll certificate for the current assessment year by the first Monday in March or by the date specified by charter for delivery of the assessment roll to the Board of Review.
3. The assessor or the assessor's assistant(s) must timely deliver the certified assessment roll (original hard copy) to the local Board of Review for its required March meetings.

4. The assessor or the assessor's assistant(s) must timely deliver an original hard copy of the assessment roll to the County equalization department. This assessment roll is to have attached a post-Board of Review certificate which must be signed by the Board of Review.
5. The assessor or the assessor's assistant(s) must timely provide a copy of the assessor's database to the County equalization department.
6. The assessor must complete, sign (where applicable), and timely submit State Tax Commission Forms L-4021 and L-4022. These forms are to be submitted to the County equalization department and Form L-4022 is also to be submitted to the State Tax Commission.
7. The assessor must file all required State Tax Commission and equalization forms in a timely manner (in accordance with the State Tax Commission calendar and applicable statutes and administrative Rules).
8. The assessor or the assessor's assistant(s) must perform the following specific duties annually (if an assistant, the assessor must have direct supervision in all of the following tasks):
  - a. Appraise and assess taxable property (including new construction and including ensuring the taxable value uncapping of property following transfers of ownership).
  - b. Prepare and maintain the assessment roll, property classifications, property descriptions, special act rolls and other assessment records and have an established procedure to update records on a regular basis.
  - c. Attend Board of Review meetings if requested by the Township or City.
  - d. Attend meetings with the public at the Township or City municipal office facility.
  - e. Assist legal counsel in the prosecution or defense of cases arising out of assessment administration activities.
  - f. Appear before the Michigan Tax Tribunal (both Entire Tribunal and Residential Property and Small Claims Division) to defend property tax appeals.
  - g. Appear before the Township or City governing body when requested.
  - h. Conduct personal property canvasses.
  - i. Ensure the accuracy of land divisions and splits and combinations of parcels.
  - j. Respond to general inquiries for assessment records and inquiries for assessment records made under the Freedom of Information Act. Assessment records identified in MCL 211.10a must be made accessible and available for inspection and copying by the public regardless of the location of the records (e.g., local unit public offices, office/home of the Township Supervisor, office/home of the assessor, other). The assessor must identify when records are available for inspection and copying as required by MCL 211.10a.
  - k. Provide reports to the Township or City governing body when requested.
  - l. Ensure that the mass appraisal methods and procedures employed are in compliance with requirements of the *Uniform Standards of Professional Appraisal Practice* and the State Tax Commission's *Assessor's Manual*.

9. Pursuant to MCL 211.10e, the assessor or the assessor's assistant(s) must use only a current version of the State Tax Commission *Assessor's Manual* or other STC approved manual.
10. Pursuant to MCL 211.10e, the assessor or the assessor's assistant(s) must use, maintain and calculate as necessary, the following assessment records:
  - a. Appraisal record card system
  - b. Personal property record system
  - c. Tax (cadastral) maps
  - d. Land value studies and maps
  - e. Economic condition factor determinations
  - f. Current year assessment roll
  - g. Photos of dwellings and outbuildings affixed to appraisal record cards and/or stored electronically using assessing software
  - h. Homeowner's principal residence and qualified agricultural property exemption documents
  - i. Record of site visits to individual parcels
  - j. Historical assessment data
11. The assessor or the assessor's assistant(s) must ensure that the assessment roll contains the following information:
  - a. Name and address of property owner
  - b. Legal description or approved parcel identification number
  - c. School district code
  - d. Property classification
  - e. Assessed valuation
  - f. Capped valuation
  - g. Taxable valuation
  - h. Board of Review valuation column
  - i. Michigan Tax Tribunal and/or State Tax Commission valuation column
  - j. Homeowner's principal residence or qualified agricultural property exemption percentage
  - k. Date of last transfer of ownership
  - l. Leasehold improvements identifier, if applicable
  - m. The value of Mathieu Gast non-considered improvements (under MCL 211.27), if applicable
12. The assessor or the assessor's assistant(s) must ensure that the true cash value on the appraisal record cards matches the true cash value indicated by the assessor's value on the assessment roll.

## Affidavit to Claim Small Business Tax Exemption Under MCL 211.9o

In order to claim this exemption, this affidavit must be **filed with the local unit where the personal property is located** no later than **February 10, 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 cannot be accepted by the local unit.

This affidavit will exempt property owned only by the entity filing the affidavit. 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 affidavit for that property, not the lessee or the user. The owner may file the affidavit 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		County Where the Property is Located
City: _____ Township: _____ Village: _____		
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 affidavit. (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 Affidavit 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 (This form must include an original signature, facsimile signatures will not be accepted.)		



# EXCERPTS FROM THE AGRICULTURAL PROPERTY RECAPTURE ACT

## **Section 211.1002. (c)**

"Converted by a change in use' means 1 or more of the following: (i) That due to a change in use the property is no longer qualified agricultural property as determined by the assessor of the local tax collecting unit. (ii) If, prior to a transfer of qualified agricultural property, the purchaser files a notice of intent to rescind the qualified agricultural property exemption under section 7ee of the general property tax act, 1893 PA 206, MCL 211.7ee, with the local tax collecting unit and delivers a copy of that notice to the seller of the qualified agricultural property, the property has been converted by a change in use...**If the sale is not consummated within 120 days of the filing of the notice under this subdivision or within 120 days of a subsequent filing of the notice under this subdivision, then the property is not converted by a change in use under this subdivision.**" (emphasis added)

## **Section 211.1003. (2)**

"If a recapture tax is imposed because qualified agricultural property is converted by a change in use described under section 2(c)(i), the recapture tax is the obligation of the person who owned the property at the time the property was converted by a change in use..."

## **Section 211.1003. (3)**

"If a recapture tax is imposed because qualified agricultural property is converted by a change in use as described in section 2(c)(ii), the recapture tax is an obligation of the person who owned the property prior to the transfer and the recapture tax is due when the instruments transferring the property are recorded with the register of deeds. The register of deeds shall not record an instrument transferring the property before the recapture tax is paid."

## **Section 211.7dd. (d)**

"'Qualified agricultural property' means unoccupied property and related buildings classified as agricultural, or other unoccupied property and related buildings located on that property devoted primarily to agricultural use...Related buildings include a residence occupied by a person employed in or actively involved in the agricultural use and who has not claimed a homestead exemption on other property. Property used for commercial storage, commercial processing, commercial distribution, commercial marketing, or commercial shipping operations or other commercial or industrial purposes is not qualified agricultural property. A parcel of property is devoted primarily to agricultural use only if more than 50% of the parcel's acreage is devoted to agricultural use. An owner shall not receive an exemption for that portion of the total state equalized valuation of the property that is used for a commercial or industrial purpose or that is a residence that is not a related building."

## **Section 211.27a. (3)**

"Upon a transfer of ownership of property after 1994, the property's taxable value for the calendar year following the year of the transfer is the property's state equalized valuation for the calendar year following the transfer."

## **Section 211.27a. (6)**

"...[T]ransfer of ownership' means the conveyance of title to or a present interest in property, including the beneficial use of the property, the value of which is substantially equal to the value of the fee interest."

## **Section 211.27a. (6)(k)**

Notwithstanding the provisions of section 7ee(5), at the request of a property owner, an assessor's establishment of a separate tax parcel for a portion of a parcel that ceases to be qualified agricultural property but is not subject to a land division under the land division act, 1967 PA 288, MCL 560.101 to 560.293, or any local ordinance. For purposes of this subdivision, a transfer of ownership occurs only as to that portion of the parcel established as a separate tax parcel and only that portion shall have its taxable value adjusted under subsection (3) and shall be subject to the recapture tax provided for under the agricultural property recapture act, 2000 PA 261, MCL 211.1001 to 211.1007. The adjustment under subsection (3) shall be made as of December 31 in the year that the portion of the parcel established as a separate tax parcel ceases to be qualified agricultural property. A portion of a parcel subject to this subdivision is considered a separate tax parcel only for those purposes described in this subdivision.

**Note:** A request to establish a separate parcel in accordance to MCL 211.27a(6)(k) must be made in writing to the local unit assessor where the qualified agricultural property is located prior to submitting the "Affidavit Attesting that Qualified Agricultural Property Shall Remain Qualified Agricultural Property" (Form 3676).

## **Section 211.27a. (7)(n)**

"Transfer of ownership" does not include the following: "A transfer of qualified agricultural property, if the person to whom the qualified agricultural property is transferred files an affidavit with the assessor of the local tax collecting unit in which the qualified agricultural property is located and with the register of deeds for the county in which the qualified agricultural property is located attesting that the qualified agricultural property shall remain qualified agricultural property ... An owner of qualified agricultural property shall inform a prospective buyer of that qualified agricultural property that the qualified agricultural property is subject to the recapture tax provided in the agricultural property recapture act ... if the qualified agricultural property is converted by a change in use. If property ceases to be qualified agricultural property at any time after being transferred, all of the following shall occur:

(i) The taxable value of that property shall be adjusted under subsection (3) as of the December 31 in the year that the property ceases to be qualified agricultural property.

(ii) The property is subject to the recapture tax provided for under the agricultural property recapture act."



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

Agenda Item #9

The following frequently asked questions are being provided as a service to assessors and taxpayers to better inform them about the administration of Public Act 146 of 2000, as amended.

**Note: The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.**

**1. What is an Obsolete Property Rehabilitation Exemption?**

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

**2. Who establishes an Obsolete Property Rehabilitation District?**

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

**3. What are the requirements for the formation of an Obsolete Property Rehabilitation District?**

An Obsolete Property Rehabilitation District may consist of one or more parcels or tracts of land or a portion of a parcel or tract of land, provided that the parcel or tract is either of the following:

- a. Obsolete property in an area characterized by obsolete commercial property or commercial housing property.
- b. Obsolete property that is commercial property that was owned by the local governmental unit on June 6, 2000 and was later conveyed to a private owner.

Before adopting a resolution establishing an Obsolete Property Rehabilitation District, the local governmental unit must give written notice by certified mail to the owners of all real

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property within the proposed Obsolete Property Rehabilitation District and shall afford an opportunity for a hearing on the establishment of the Obsolete Property Rehabilitation District. Any of the owners and any other resident or taxpayer of the qualified local governmental unit may appear at the hearing and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

Following the public hearing, the legislative body of the qualified local governmental unit may establish an Obsolete Property Rehabilitation District by resolution. The resolution must set forth a finding and determination that the district meets the requirements of the Act. A sample resolution can be found at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions).

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

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

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

- a. The property must be located within a qualified local governmental unit as defined by MCL 125.2782(k).
- b. The property must be located within an obsolete property rehabilitation district as defined by MCL 125.2782(i)
- c. The property has been determined by the assessor to be obsolete property as defined by MCL 125.2782(h).

**5. What documents must accompany an application for an Obsolete Property Rehabilitation Exemption Certificate?**

- a. A certified copy of the resolution approving the application with all required statements.
- b. Answers to questions (a) through (f) from the instructions of the application:
  - a) General description of the obsolete facility including the year built, original use, most recent use, number of stories, and square footage.
  - b) General description of the proposed use of the rehabilitated facility.
  - c) Description of the general nature and extent of the rehabilitation to be undertaken.
  - d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility.

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- e) A time schedule for undertaking and completing the rehabilitation of the facility.
  - f) A statement of the economic advantages expected from the exemption.
- c. A legal description of the obsolete property.
- d. A statement of obsolescence signed by the assessor of record with the State Tax Commission
- e. A building permit, if construction has started on the project.
- f. A contractor's bid or itemized list of costs matching the investment amount reported on the first page of the application.

**5. What does the local governmental unit need to do upon receipt of an Obsolete Property Rehabilitation Exemption Certificate?**

Upon receipt of an application for an Obsolete Property Rehabilitation Exemption Certificate, the clerk of the qualified local governmental unit shall notify, in writing, the assessor and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the obsolete facility is located.

Before acting on the application, the qualified local governmental unit must hold a hearing on the application and give notice to the applicant, assessor, a representative of the affected taxing units, and the general public. This hearing must be held separately from the hearing on the establishment of the Obsolete Property Rehabilitation District.

Not more than 60 days after receiving an application, the qualified local governmental unit must approve or disapprove the application by resolution.

**6. What happens if the local governmental unit approves the application?**

If the local governmental unit approves the application, the application must comply with all requirements of the Act, and the resolution must include specific statements required by the Act. A sample resolution with the required statements can be found at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions). The clerk must forward a copy of the application and resolution to the State Tax Commission.

**7. What happens if the local governmental unit disapproves the application?**

If the local governmental unit disapproves the application, the reason for disapproval must be set forth in writing in the resolution, and the clerk must send a copy of the resolution to the applicant and assessor by certified mail.

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**8. Are there provisions in the application process that are time sensitive?**

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

**9. What does the State Tax Commission (STC) do when it receives an application and resolution from the clerk of the local governmental unit?**

The STC reviews the application for completeness and compliance with the statute. If the application is incomplete, staff sends a letter requesting the missing information. Once the application is complete, the STC is required to either approve or disapprove the application within 60 days. If the application is approved, an Obsolete Property Rehabilitation Exemption Certificate is effective December 31<sup>st</sup> immediately following the date of issuance by the STC.

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

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

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

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

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

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

**13. What is the term of an Obsolete Property Rehabilitation Exemption Certificate?**

The certificate may be issued for a period of at least 1 year, but not more than 12 years. The total amount of time determined for the certificate, including any extensions, shall not exceed 12 years after the completion of the rehabilitated facility. If the certificate is approved for less than 12 years, the local governmental unit must either set forth the factors,

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criteria, and objectives for extension or state that no extension will be permitted in the resolution approving the application. The certificate shall commence with its effective date and end on the December 30<sup>th</sup> immediately following the last day of the number of years approved.

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

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

**15. What is the State Treasurer's Exclusion?**

Within sixty (60) days after the granting of an Obsolete Property Rehabilitation Exemption Certificate (OPREC), the State Treasurer may exempt 50% of the mills levied for local school operating purposes and for the State Education Tax for a period not to exceed six (6) years. The State Treasurer shall not grant more than 25 exclusion as defined by MCL 125.2797(2).

**16. How is the tax computed on a rehabilitated facility?**

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

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

Second, multiply the local school operating and State Education Tax mills by the difference between the taxable value of the real property (excluding land) for the current tax year and the taxable value of the real property (excluding land) for the tax year immediately preceding the effective date of the exemption. Within sixty (60) days after the granting of an Obsolete Property Rehabilitation Exemption Certificate (OPREC) under section 6 for a rehabilitated facility, the State Treasurer may exempt 50% of the mills levied for local school operating purposes and for the State Education Tax for a period not to exceed six (6) years. The State Treasurer shall not grant more than 25 exclusion as defined by MCL 125.2797(2).

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

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

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than Public Act 33 of 1951, property with an Obsolete Property Rehabilitation Act exemption pays on the full special assessment millage rate, the same as any “ad valorem” property.

**18. Can an Obsolete Property Rehabilitation Exemption Certificate be transferred?**

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

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

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

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

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

**21. What is the definition of “commercial property”?**

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

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

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or a dwelling unit in a multiple-purpose structure, used for residential purposes. Commercial property **does not** include any of the following: land or property of a public utility.” (Emphasis added)

**22. What is the definition of “obsolete property”?**

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

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

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

**23. What is the definition of “rehabilitation”?**

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

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

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**24. What is the definition of a “rehabilitated facility”?**

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

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

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

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

**21. Where can I obtain copies of previously issued Obsolete Property Rehabilitation Exemption Certificates?**

Copies of certificates acted upon by the State Tax Commission after January 1, 2013 are available on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions). Choose the exemption program under which the certificate was issued. Within the “Certificate Activity” link, the certificates are listed according to the date they were acted upon.



Frequently Asked Questions (FAQ)  
Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption)  
(PA 198 of 1974, as amended)

The following frequently asked questions are being provided as a service to assessors and taxpayers to better inform them about the administration of Public Act 198 of 1974, as amended.

**Note: The information contained in these frequently asked questions constitutes an analysis of one or more statutes and not legal advice. Since the analysis is limited to general statutory requirements, individual facts may result in different conclusions being reached. Therefore, individuals may wish to consult legal counsel.**

**1. What is an Industrial Facilities Exemption?**

The Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities and to promote the establishment of high tech facilities. An Industrial Development District (IDD) or a Plant Rehabilitation District (PRD) must be created prior to initiating a project so it is essential that you consult your local assessor before commencing a project. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division and the Michigan Economic Development Corporation. The State Tax Commission (STC) is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC.

**2. What is the difference between an Industrial Development District and a Plant Rehabilitation District?**

The main difference is that an Industrial Development District (IDD) covers only new facility projects and a Plant Rehabilitation District (PRD) is designed primarily for rehabilitation projects and requires a finding that 50% or more of the industrial property within the district is obsolete. (See MCL 207.554(5).) The 50% obsolescence requirement is measured by dividing the State Equalized Value (SEV) of the obsolete property by the SEV of all of the properties in the district and multiplying the result by 100.

**3. Should a Plant Rehabilitation District (PRD) include only the project that is currently being rehabilitated?**

Yes. This recommendation allows applicants to apply for additional replacement facilities where they otherwise might not be allowed. [This is true because in order to have a PRD, at least 50% of the properties in the rehabilitation district must be obsolete. This is measured by dividing the State Equalized Value (SEV) of the obsolete properties in the district by the SEV of all properties in the district and multiplying the result by 100.]

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In the case of a district which was created many years ago and encompassed many separate buildings, several separate Industrial Facilities Exemption Certificates could have been issued over the years. The result is that when the assessor calculates whether 50% of the property in the district is obsolete, there may be so many new and rehabilitated properties that have returned to the ad valorem roll that the 50% obsolescence requirement cannot be met.

The following procedure has been utilized to assist in identifying the exact parameter of the project that is being replaced and the taxable value to be frozen:

- a. Designate a PRD with a legal description that specifically matches the description of the replacement portion or project to be rehabilitated in the application. The legal description of the district will encompass only the building or portion of the building or machinery and equipment that is being rehabilitated.

If the PRD includes more than the property currently being rehabilitated, an exemption certificate may be granted in the future to additional properties within the district even though the local unit objects to it.

- b. Request that the assessor provide the Taxable Value (TV) of all of the real and/or personal property contained within the boundaries of the specifically described PRD. This figure becomes the frozen TV of the facility.

It has been the practice of the State Tax Commission (STC) to request that the SEV/TV of the entire PRD for a rehabilitation project be frozen. Many of the early applications involved projects in large established PRD districts where the SEVs of the entire PRD were later found to include additional buildings/personal property that were contained within the district and frozen but were not being rehabilitated at the time of the application. This was at times found to be detrimental to both the company and the local units. The detriment for companies was that there was no allowance on frozen assessments for the depreciation of buildings and equipment. In order to correct the frozen assessment, the company would have to request revocation of the certificate.

**4. Can a request to establish an Industrial Development District or a Plant Rehabilitation District be denied?**

Yes. A local unit can refuse to establish a district and the requestor cannot appeal that decision. Once a district is established, a local unit cannot stop an application within the established district from being submitted, acted upon and given the full right to the appeal process.

**5. Is there a procedure for dissolving an Industrial Development District or a Plant Rehabilitation District?**

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Yes. Guidelines for the dissolving of a district can be found in MCL 207.554(8), which states the following:

“A local governmental unit, by resolution of its legislative body, may terminate a plant rehabilitation district or an industrial development district, if there are no industrial facility exemption certificates in effect in the plant rehabilitation district or the industrial development district on the date of the resolution to terminate.”

**6. How do I apply for an Industrial Facilities Exemption Certificate?**

An application for the Industrial Facilities Exemption can be found at the Michigan Department of Treasury website: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions).

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

- a. The facility must be located within an established Industrial Development or Plant Rehabilitation District;
- b. The applicant is a qualifying business as outlined in MCL 207.552; and
- c. The application for the exemption can be prefiled, but must be filed within six months of the commencement of the improvements.

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

Yes. There are several provisions which cause the application process to be very time-sensitive.

MCL 207.553(8)(b) provides that a speculative building must be one that is constructed *before* a specific user is identified.

MCL 207.554(3) requires that the request for the establishment of a proposed Plant Rehabilitation District (PRD) or Industrial Development District (IDD) must be made *prior* to the start of construction of the property for which exemption is being sought.

MCL 207.554(4) requires that *before* adopting a resolution establishing a PRD or IDD the legislative body shall give written notice by certified mail to the owners of all real property within the proposed PRD or IDD, hold a public hearing on the proposed establishment, and grant a right to appear and be heard regarding same.

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MCL 207.554(9) provides that *before* acting on a proposed resolution terminating a PRD or IDD, the local unit shall give at least 14 days written notice by certified mail to owners of all real property within the PRD or IDD and hold a hearing at which those owners have a right to appear and be heard.

MCL 207.555(2) requires that *before* acting upon an application, the legislative body of the local governmental unit shall afford the applicant, the assessor and a representative of the affected taxing units an opportunity for a hearing.

MCL 207.556 requires that no more than 60 days after the clerk's receipt of the application, the legislative body of the local governmental unit shall, by resolution, either approve or disapprove the application. Further, the clerk shall forward the approved application to the commission within 60 days of that approval or before October 31 of that year, whichever is first. In the case of a disapproval of the application, the applicant has 10 days after the date of the disapproval to appeal to the commission.

MCL 207.559(2) requires that the start of construction of the facility cannot occur more than 6 months before the filing of the application for the Industrial Facilities Exemption Certificate with the clerk of the local unit of government.

State Tax Commission Rule No. 57 states that a complete application (with all required attachments) received by the State Tax Commission on or before October 31 will be acted on by the Commission before December 31 of that year. Applications received after October 31 will be processed contingent upon staff availability.

**8. Can an application for an Industrial Facilities exemption Certificate (IFEC) be denied?**

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

**9. Can a decision of the State Tax Commission (STC) regarding an industrial facilities Exemption Certificate (IFEC) be appealed?**

Yes. MCL 207.570 states as follows:

“A party aggrieved by the issuance or refusal to issue, revocation, transfer, or modification of an industrial facilities exemption certificate may appeal from the finding and order of the commission in the manner and form and within the time provided by Act No. 306 of the Public Acts of 1969, as amended.”

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PA 206 of 1969, also known as the Administrative Procedures Act (APA) provides for an appeal to the circuit court within 60 days of the date the STC denies the application for an IFEC. (See MCL 24.301 through MCL 24.306.)

**10. Is it possible for an Industrial Facilities Exemption Certificate to remain in effect for more than 12 years?**

Yes. The local unit determines the number of years granted for an exemption request. The number of years can be anywhere from 1 to 12 years with the exception discussed below for the period of construction. If the local unit decides to grant exactly 12 years, it should state this in the resolution, as discussed below in Example #1. If the local unit chooses to grant the application for a period of time greater than 12 years, (*i.e.*, 1-2 years as partially complete and 12 years as fully completed), the local unit should use the language discussed in Example #2 below to accomplish this.

**Example #1:** If the resolution states “12 years,” the ending date of the certificate will be 12 years added to the tax day on which the exemption becomes effective.

**Example #2:** If the resolution states “12 years after completion,” the ending date of the certificate will be 12 years added to up to 2 years of construction time. This would allow up to a 14-year exemption period. This could be further extended if an extension of time is granted as provided by STC Rule No. 53.

**11. What determines the starting date of an Industrial Facilities Exemption Certificate (IFEC)?**

The starting date of the term of an IFEC is December 31<sup>st</sup> of the year the certificate is issued by the State Tax Commission (STC). [Example: a certificate issued on November 12, 2008 would have a start date of December 31, 2008.]

**12. Why is a certificate sometimes issued by the State Tax Commission (STC) for a longer period of time than what was approved by the local unit?**

There may be a variance due to the local unit’s resolution stating the number of years as “after completion.” The resolution may be corrected any time prior to being submitted to the STC for issuance of the certificate. After issuance, no corrections are allowed except in the case of an extension of time to complete, as provided by STC Rule No. 53.

**13. Can the ending date of an Industrial Facilities Exemption Certificate be changed after it is issued by the State Tax Commission (STC)?**

Yes. The statute calls for the certificate to be issued by the local unit for the number of years it designates. The ending date is determined by the language in the resolution.

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Once the certificate is issued, the ending date can only be changed when one of the following applies:

- a. STC Rule No. 53, which provides for an extension of time to complete the project.
- b. MCL 207.557a which applies to facilities that exceed \$150,000,000 of State Equalized Value (SEV).
- c. MCL 207.566a which applies to certificates issued after December 31, 1995, for which the exemption period is shorter than the maximum allowed under MCL 207.566.

**14. Can the duration of an Industrial Facilities Exemption Certificate (IFEC) be extended?**

Perhaps. An IFEC can be approved for a maximum of 12 years. Local units may grant less than the 12-year maximum term when granting exemptions based on criteria they have adopted. (See MCL 207.566a.) Some local units allow extensions beyond the original term granted and some do not. A local unit may state in its original resolution the number of years being granted and include an extension provision which contains the criteria to be used to determine whether someone qualifies for an extension. This could be done at the start of the exemption process.

**15. How is the tax computed for a new facility?**

Real Property

The Act states that the tax computation for new facility real property is determined by multiplying the Taxable Value (TV) of the facility by  $\frac{1}{2}$  of the total mills other than the State Education Tax (SET) mills levied as ad valorem taxes for that year by all of the taxing units where the property is located plus the total SET mills, unless receiving a 100% or 50% abatement from the State Treasurer under MCL 207.564a.

Personal Property Sited on Real Property Classified as Industrial Real Property

The Act states that the tax computation for new facility personal property sited on real property classified as industrial real property is determined by multiplying the TV of the facility by  $\frac{1}{2}$  of the total mills other than the local school district (LSD) Operating mills and SET mills levied as ad valorem tax for that year by all of the taxing units where the property is located, plus  $\frac{1}{2}$  of the Hold-Harmless mills.

Personal Property Sited on Real Property Classified as Commercial Real Property

The Act states that the tax computation for new facility personal property sited on real property classified as commercial real property is determined by multiplying the TV of the facility by  $\frac{1}{2}$  of the total mills (including SET mills) other than the LSD Operating mills levied as ad valorem tax for that year by all of the taxing units where the property is

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located, plus  $\frac{1}{2}$  of the sum of LSD Operating mills minus 12 mills, plus  $\frac{1}{2}$  of the Hold-Harmless mills.

Personal Property Sited on Real Property Not Classified as Industrial or Commercial Real Property

The Act states that the tax computation for new facility personal property sited on real property not classified as industrial or commercial real property is determined by multiplying the TV of the facility by  $\frac{1}{2}$  of the total mills other than the SET mills levied as ad valorem tax for that year by all of the taxing units where the property is located plus the total SET mills unless receiving a 100% or 50% abatement from the State Treasurer under MCL 207.564a.

A parcel of property holding a new Industrial Facilities Exemption Certificate (IFEC) will have two assessments: the land will be addressed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review and the building, land improvements and personal property (pertaining to the same certificate) will have an assessment on the Industrial Facility Tax tax roll.

PA 1 of 1996 requires the assessor to calculate a Capped Value and a Taxable Value for the building and land improvements of a parcel of real property holding a new IFEC.

Taxes on a property holding a new certificate shall be levied against the TV of the property, not the SEV. The TV of real property which has a new certificate is calculated the same way that TV is calculated for the non-IFT, ad valorem assessment roll.

The property's land assessment on the ad valorem roll may be adjusted by the March Board of Review. The IFT tax roll assessment of a new IFEC may also be adjusted by the March Board of Review.

**16. How is the tax computed for a “replacement facility”?**

The Act states that the tax computation for a replacement facility is determined by multiplying the total mills levied as ad valorem taxes by the Taxable Value (TV) of the real and/or personal component of the obsolete industrial property for the tax year immediately preceding the effective date of the certificate.

A parcel of property holding a “rehabilitation” Industrial Facilities Exemption Certificate will have two assessments. The land will be assessed on the regular (ad valorem) assessment roll that the assessor has turned over to the March Board of Review. The building, land improvements and personal property (pertaining to the same certificate) will have an assessment on the Industrial Facility Tax (IFT) tax roll. The taxes on properties holding a “rehabilitation” or “replacement” certificate shall be levied against TV.

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The TV of a property on the IFT tax roll with a “rehabilitation” or “replacement” certificate is the amount of the TV of the real and/or personal property for the tax year immediately preceding the effective date of the certificate. That amount is frozen until the exemption certificate expires.

The TV of a property on the IFT tax roll with a “rehabilitation” or “replacement” certificate which began PRIOR to 1995 will still be the same as the frozen SEV for the property until the exemption certificate expires. The TV of a property covered by a rehabilitation or replacement certificate which began in 1995 or AFTER will be the same as the frozen TV for the property until the exemption certificate expires.

The property’s land assessment on the ad valorem roll may be adjusted by the March Board of Review. The IFT tax roll assessment of a property with a rehabilitation or replacement certificate cannot have its assessment altered by the Board of Review during the term of the certificate.

**17. Can a 1% Administration Fee be added to an Industrial Facility Tax (IFT) tax roll?**

Yes. Per MCL 207.561, Section 11(1), the 1% Administration Fee can be added to an IFT tax roll.

**18. Why are the dollar amounts on some Industrial Facilities Exemption Certificates (IFEC) different from what was applied for?**

If the dollar amounts on a certificate are different from what was applied for, it may have been changed by Property Services Division (PSD) staff due to one of the following reasons:

- a. The application was filed more than 6 months after the start of construction of real property or the start of installation of personal property. See also Question #7.
- b. Some of the equipment was existing equipment which is ineligible for exemption as new property. See also Question #20.
- c. Used equipment was purchased from another manufacturing company, not from a broker of used equipment. See also Question #20.
- d. The application involves leased property but the property tax liability is not held by the applicant. In other words, the applicant is not responsible for direct payment of taxes to the local unit. See MCL 207.552(6).

**19. What happens when an incomplete application for an Industrial Facilities Exemption Certificate (IFEC) is received?**



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The applicant will be contacted to submit the required items. If the required items are not submitted within 30 days, the application may be dismissed as inactive.

**20. What types of equipment qualify as new industrial property as defined in MCL 207.552(4)?**

The State Tax Commission (STC) has interpreted the term “new industrial property” to mean new to the tax base in Michigan. Following this interpretation, the following would be considered new industrial property:

- a. New equipment purchased from an equipment manufacturer.
- b. Used equipment never before located in Michigan.
- c. Used equipment purchased from a broker of used equipment with the rationale that because the prior owner is a broker, the equipment has lost its status as existing equipment in Michigan as it has become inventory.

The following would not qualify as new industrial property:

- a. Existing equipment already in the possession of the applicant.
- b. Existing equipment in the possession of another Michigan company.

**21. Can an application for an Industrial Facilities Exemption Certificate (IFEC) include equipment/devices which are also going to be submitted for an Air or Water Pollution Control Exemption?**

Yes. It is recommended that all new equipment and machinery be included in the IFEC application so that the equipment and machinery meet the timeline requirements of PA 198 of 1974, as amended. The same equipment can then also be submitted for an Air or Water Pollution Control Exemption. If all of the property does not qualify as exempt Air or Water Pollution Control equipment, the remainder may then qualify for the IFEC exemption. Refer to the Air or Water Pollution Control Exemption FAQs for more information.

**22. Can a real property replacement facility include more floor space than the original obsolete facility?**

Yes. MCL 207.552(3) states that a replacement facility can consist of either replacement or restoration. MCL 207.553(5) defines “replacement” as:

“...the complete or partial demolition of obsolete industrial property and the complete or partial reconstruction or installation of new property of similar utility.”

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“Replacement” usually involves the construction of a new building or a part of a building. “Restoration” is defined in MCL 207.553(6) as:

“... changes to obsolete industrial property other than replacement as may be required to restore the property ... to an economically efficient functional condition.”

When replacement includes additional floor space, it can still be a replacement facility, provided that the building does not exceed the size of the original building by more than 10%. If the replacement building exceeds the size of the original by more than 10%, the additional space must be treated as a new facility. The tax on a new facility is calculated differently from the tax on a replacement facility.<sup>1</sup> When restoration includes more floor space than the original building, ALL of the additional floor space is treated as a new facility.

**23. Why are some projects approved by the State Tax Commission (STC) as new facilities even though they were submitted as rehabilitation facilities?**

If an application was submitted as a rehabilitation facility project but was approved as a new facility, it may be due to one of the following reasons:

- a. The description of the investment undertaken did not speak to restoration and/or replacement of a functionally obsolete facility involving major improvements such as roof, windows, plumbing, heating, code compliances, etc.
- b. The Plant Rehabilitation District (PRD) in which the project is located no longer qualifies as a PRD because at least 50% of the properties in the district are no longer obsolete. Therefore, only new facilities can be located within the district.
- c. The district established was an Industrial Development District (IDD) in which only new projects are allowed, not a PRD.
- d. The local unit’s resolution approving the request approved a new facility project, not a rehabilitation project.

**24. Can leased equipment qualify for an Industrial Facilities Exemption Certificate?**

Yes, under the following conditions:

1. The length of the lease must be as long as or longer than the length of the certificate to be granted.

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<sup>1</sup> See MCL 207.564 regarding the calculation of the industrial facility tax for new and replacement facilities.

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2. The lessee must have the tax liability for the length of the certificate to be granted. (Any indication that the taxes are being paid “as additional rent” is not acceptable.)

**25. Can an Industrial Facilities Exemption Certificate (IFEC) be transferred to a new owner?**

Yes. MCL 207.571 states as follows:

“An industrial facilities exemption certificate may be transferred and assigned by the holder of the industrial facilities exemption certificate to a new owner or lessee of the facility but only with the approval of the local governmental unit and the commission after application by the new owner or lessee, and notice and hearing in the same manner as provided under section 5 for the application for a certificate.”

Once the application for transfer has been presented to the local unit, they must review the application and issue a decision after a review of the prerequisites and qualifications contained in MCL 207.559. If the local unit denies the application, the applicant may appeal to the State Tax Commission (STC), pursuant to MCL 207.556. If the local unit approves the application, the STC must make a decision pursuant to MCL 207.557. If the local unit disapproves the application and the taxpayer files an appeal with the STC within 10 days, the STC shall review the facility to determine if it meets the qualifications in MCL 207.559. If the STC denies the approval, the applicant may appeal pursuant to the Administrative Procedures Act (APA).

The STC has allowed a shortened procedure for transfers when they involve a name change only. This is the case when the ownership remains exactly the same and the activity at the facility remains the same. The only change is in the name of the owner. Certain mergers and restructuring may also qualify for this shortened procedure. Please contact the Tax Exemption Section at (517) 373-2408 with questions regarding transfers involving a name change, mergers, and restructurings.

**26. Company “A” has an Industrial Facilities Exemption Certificate that was issued a year ago. They have purchased new equipment that qualified for exemption. Is it more advantageous to add this new equipment to the existing Exemption Certificate or apply for a new exemption certificate for this equipment?**

As long as the new equipment is purchased within the two-year post construction period from the effective date of the original issuance of the certificate, the equipment may be added by amending the existing certificate. If the new equipment purchase is closer to the end of the two-year post construction period from the effective date of the original issuance of the certificate, it may be more advantageous to apply for a new certificate for this equipment thereby attaining a greater number of years of exemption than could be gained by an amendment.

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

Yes. MCL 207.565 states that a certificate can be revoked if the project has not been completed in a two-year time period from the issuance of the certificate. STC Rule No. 53 allows for a one-year extension of time to complete a project. If a resolution is received by the State Tax Commission (STC) and it does not specifically state that the local unit is granting a three-year construction completion period, the assumption is made that the local unit is only granting a two-year construction completion period. Companies may obtain a third year to complete construction through a resolution by the local governmental unit granting a one-year extension of time as outlined in STC Rule No. 53. Upon receipt of a request for an extension, the local unit may: (a) deny the request; (b) approve the request with no change in the ending date of the certificate issued; or (c) approve the extension of time for the completion of the project and a revised ending date on the certificate. Depending upon the outcome at the local level, the request for an extension of time for the completion of a project shall be filed with the commission by the certificate holder and shall be accompanied by a resolution of approval adopted by the local governmental unit. Please see MCL 207.557a for the construction period of a facility whose cost will exceed \$150,000,000 of state equalized value.

**28. What happens when the cost or the size of the project turns out to be greater than what was stated on the original application?**

The Property Services Division (PSD) staff distinguishes between an increase in costs versus an amendment to the project. For example, if the original application listed 10 computers at a total cost of \$20,000, but it turns out that the 10 computers cost a total of \$25,000 that is an increase in costs. However if the original application listed 10 computers at a total cost of \$20,000 but it turn out that 20 computers were purchased at a total cost of \$40,000, that is determined to be an amendment.

If there is an increase in costs of the project that exceeds the original approved amount by 10% or less, it is not necessary for the local unit to approve the new amount. If the increase is greater than 10%, the procedures in STC Rule No. 54 must be followed. STC Rule No. 54 states that the certificate holder shall request that the local governmental unit approve the revised cost if greater than 10% over the original approved amount. If the local unit approves the revised cost, the holder of the certificate shall request that the commission issue a revised certificate. The request shall be accompanied by a copy of the resolution of approval adopted by the local governmental unit.

When additional real and/or personal property components are added, an amendment to the project has occurred, and regardless of the dollar amount of the additional property, it must be approved at the local level and ultimately by the STC.

**29. Can an Industrial Facilities Exemption Certificate (IFEC) be revoked? If yes, who holds the authority to do so?**

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Yes. MCL 207.565 provides for the revocation of an IFEC. MCL 207.565(1) addresses requests for revocations initiated by the holder of the certificate. MCL 207.565(2) addresses requests for revocation initiated by the local governmental unit and includes specific reasons why a certificate may be revoked. In either case, only the State Tax Commission (STC) has the authority to revoke a certificate.

A party aggrieved by a revocation by the STC may appeal the revocation under the provisions of the Administrative Procedures Act (APA). The APA provides that a request for a rehearing of an STC decision should be filed, in writing, within 60 days from the date the STC mailed the notice of revocation.

In a related matter, MCL 207.563(2) provides for automatic termination of an IFEC when the Industrial Facility Tax on real property has not been paid. Please see MCL 207.563 for the procedure to be followed.

**30. When does the revocation of an Industrial Facilities Exemption Certificate (IFEC) take effect?**

The revocation of an IFEC is effective the December 31<sup>st</sup> of the year in which the State Tax Commission (STC) revoked the certificate.

**31. If a company announces that it will cease operations in the coming year, will the State Tax Commission (STC) approve the revocation of that company's Industrial Facilities Exemption Certificate (IFEC) for the tax day prior to the actual cessation of operations?**

No. In a recent case matching these circumstances, the STC ruled that an IFEC could not be revoked as of December 31, 1997 even though it was announced during 1997 that operations would cease as of February, 1998.

**32. Is there a limit to the application fee that may be charged by a local unit of government for the cost of processing the application for an Industrial Facilities Exemption Certificate (IFEC)?**

Yes. MCL 207.555(3) specifically limits the amount of an exemption certificate application fee that may be charged by a unit of local government to the lesser of the actual cost of processing the application or 2% of total property taxes abated during the term that the exemption certificate is in effect and specifically prohibits local units of government from charging applicants any other fee.

Local units may not require, as a condition precedent to approving an IFEC application, that applicants make or promise to make payments to the local unit. Whether referred to as fees, payments in lieu of taxes, donations, or another name, such payments are

Frequently Asked Questions (FAQ)  
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contrary to the legislative intent of PA 198 of 1974. [See STC Bulletin 3 of 1998, at [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions)].

**33. What is the definition of “Industrial Property”?**

MCL 207.552(6) defines “Industrial Property” as:

land improvements, buildings, structures, and other real property and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is:

- a. the engaging in a high-technology activity;
- b. operation of a strategic response center;
- c. operation of a motorsports entertainment complex;
- d. operation of a logistical optimization center;
- e. operation of a qualified commercial activity;
- f. operation of a major distribution or logistics facility;
- g. the manufacture of goods or materials;
- h. creation of synthesis of biodiesel fuel;
- i. the processing of goods and materials by physical or chemical change<sup>2</sup>;
- j. property acquired, constructed, altered, or installed due to the passage of Proposal A in 1976;
- k. the operation of a hydroelectric dam by a private company other than a public utility;
- l. agricultural processing facilities;
- m. facilities related to a manufacturing operation under the same ownership, including but not limited to, office, engineering,

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<sup>2</sup> “Manufacture of goods or materials” or “processing of goods or materials” means any type of operation that would be conducted by any entity included in the classifications provided by Section 31-33 – Manufacturing, of the North American Industry Classification System – United States (1997), published by the Office of Management and Budget, regardless of whether the entity conducting that operation is included in that manual.

Frequently Asked Questions (FAQ)  
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- research and development, warehousing, or parts distribution facilities;
- n. research and development laboratories of companies other than those companies that manufacture the products developed from their research activities;
  - o. research development laboratories of a manufacturing company that are related to the products of the company;
  - p. an electric generating plant that is not owned by a local unit of government, including, but not limited to, an electric generating plant fueled by biomass, if the application is approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007;
  - q. convention and trade centers in which construction begins not later than December 31, 2010 and is over 250,000 square feet in size or, if located in a county with a population of more than 750,000 and less than 1,100,000 is over 100,000 square feet in size or, if located in a county with a population of more than 26,000 and less than 28,000, is over 30,000 square feet in size;
  - r. a federal reserve bank operating under 12 USC 341, located in a city with a population of 750,000 or more.

**Note:** Industrial property may be owned or leased. However, in the case of leased property, the lessee must be liable for payment of ad valorem property taxes and shall furnish proof of the liability.

Industrial property does not include any of the following:

- a. land;
- b. property of a public utility other than an electric generating plant that is not owned by a local unit of government for which an application was approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007;  
or
- c. inventory.

Frequently Asked Questions (FAQ)  
Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption)  
(PA 198 of 1974, as amended)

**34. What is the definition of “high-technology activity”?**

Section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803 defines “high-technology” as:

- i. Advanced computing, which is any technology used in the design and development of any of the following:
  1. Computer hardware and software.
  2. Data communications.
  3. Information technologies.
- ii. Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.
- iii. Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning as defined in section 16274 of the public health code, 1978 PA 368, MCL 333.16274, or stem cell research with embryonic tissue.
- iv. Electronic device technology, which is any technology that involves microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics, and optical and optic-electrical devices, or data and digital communications and imaging devices.
- v. Engineering or laboratory testing related to the development of a product.
- vi. Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including, but not limited to, environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.
- vii. Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.
- viii. Product research and development.
- ix. Advanced vehicles technology that is any technology that involves electric vehicles, hybrid vehicles, or alternative fuel vehicles, or components used in



Frequently Asked Questions (FAQ)  
Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption)  
(PA 198 of 1974, as amended)

the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles. For purposes of this act:

1. "Electric vehicle" means a road vehicle that draws propulsion energy only from an on-board source of electrical energy.
2. "Hybrid vehicle" means a road vehicle that can draw propulsion energy from both a consumable fuel and a rechargeable energy storage system.

**35. What is the definition of “obsolescence”?**

The assessor must make a recommendation to the local governing unit that 50% or more of the property to be contained in a Plant Rehabilitation District (PRD) is obsolete. “Obsolete industrial property” is defined in MCL 207.552(7) as:

“... industrial property the condition of which is substantially less than an economically efficient functional condition.”

“Economically efficient functional condition” is further defined in MCL 207.552(8) as:

“... a state or condition of property the desirability and usefulness of which is not impaired due to changes in design, construction, technology, or improved production processes, or from external influencing factors which make the property less desirable and valuable for continued use.”

The following are examples of the restoration of obsolete industrial property from MCL 207.553(6):

Restoration includes major renovation including but not necessarily limited to the improvement of floor loads, correction of deficient or excessive height, new or improved building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, improvements or modifications of machinery and equipment to improve efficiency, decrease operating costs, or to increase productive capacity, and other physical changes as may be required to restore the industrial property to an economically efficient functional condition, and shall include land and building improvements and other tangible personal property incident to the improvements.

When the planned improvements are less than 10% of the true cash value of the industrial property, the improvements are considered delayed maintenance and not considered restoration. (MCL 207.553(6).)

Frequently Asked Questions (FAQ)  
Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption)  
(PA 198 of 1974, as amended)

**36. What are some of the special provisions that apply to speculative buildings?**

MCL 207.553(8) defines a “speculative building” as:

“Speculative Building means a new building that meets all of the following criteria and the machinery, equipment, furniture, and fixtures located in the new building:

- a. the building is owned by or approved as a speculative building by resolution of a local governmental unit in which the building is located or the building is owned by a development organization and located in the district of the development organization.
- b. the building is constructed for the purpose of providing a manufacturing facility before the identification of a specific user of that building.
- c. the building does not qualify as a replacement facility.”

Subsection 8(b) requires that a speculative building be constructed before a specific user is identified. This law does not require that a building be approved by the local governmental unit before identification of the specific user.

The following are additional requirements specific to speculative buildings:

- a. that the speculative building was constructed less than 9 years before the filing of the exemption certificate.
- b. that the speculative building has not been occupied since the completion of construction.

**Important note:** It is sometimes advantageous to divide a speculative building into several smaller units rather than having the entire building as one unit. (*e.g.*, if a 50,000 square foot building is designed to be occupied by 5 separate users, but it is only approved as a single speculative building, after the first user takes occupancy, the building may no longer qualify as speculative for future occupants because it may no longer qualify under paragraph b, above.)

**37. Where can I find information regarding the Industrial Facilities Exemption Certificate (IFEC) application process?**

Information regarding the application process can be found on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions).

Frequently Asked Questions (FAQ)  
Plant Rehabilitation and Industrial Development Act (Industrial Facilities Exemption)  
(PA 198 of 1974, as amended)

**38. Where can I obtain copies of previously issued Industrial Facilities Exemption Certificates?**

Copies of certificates acted upon by the State Tax Commission after January 1, 2013, are available on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions) . Choose the exemption program under which the certificate was issued. Within the “Certificate Activity” link, the certificates are listed according to the date they were acted upon.

**39. Where can I check on the status of an Industrial Facilities Exemption application?**

The status of an application is available through a query tool on the Department of Treasury website at: [www.michigan.gov/propertytaxexemptions](http://www.michigan.gov/propertytaxexemptions) . Choose the Industrial Facilities Exemption (IFE) program. Then select the Industrial Facilities Application/Certificate Search link.

DRAFT



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017

**TO:** Heather S. Frick, Executive Director  
Michigan State Tax Commission

**FROM:** Charles Olney  
Property Service Division

**SUBJECT:** Application of Non Filed Tax Credit for Reagent Chemical, Parcel #97-368

Reagent Chemical is a state assessed Railcar Company who completed and electronically filed a 2017 Annual Railcar Report, by their tax agent Indurante & Associates, Inc., in a timely manner, and staff processed the report as submitted. At the time of filing, March 31, 2017, no maintenance credit expenses were submitted. The 2017 State Assessment Roll was completed and the Taxable Value of \$167,728 for Reagent Chemical was completed, based upon the filed Annual Railcar Report. All notifications of assessment and the tax bill of \$4,392.79 were sent out with no returned letters or communications from Reagent Chemical or the tax agent Indurante & Associates, Inc.

July 12, 2017, Property Services Division received an e-mail from Indurante & Associates, Inc., on behalf of Reagent Chemical, asking that a maintenance credit be granted against the company's 2017 taxes. The amount of credit being asked for is \$11,563.32 which if granted will make the net tax bill \$0.00.

Based on the wording of the applicable statute, Staff believes that it lacks the authority to accept the late filed request for the credit and that it must recommend to the State Tax Commission that it deny this request for the credit expense requested by Indurante & Associates, Inc on behalf of Reagent Chemical.



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017

**TO:** Heather S. Frick, Executive Director  
Michigan State Tax Commission

**FROM:** Charles Olney  
Property Service Division

**SUBJECT:** Application of Non Filed Tax Credit for Rail Connection LLC., Parcel #97-845

Rail Connection LLC. is a state assessed Railcar Company who completed and electronically filed a 2017 Annual Railcar Report, by their tax agent Indurante & Associates, Inc., in a timely manner, and staff processed the report as submitted. At the time of filing, March 31, 2017, no maintenance credit expenses were submitted. The 2017 State Assessment Roll was completed and the Taxable Value of \$681,458 for Rail Connection LLC., was completed, based upon the filed Annual Railcar Report. All notifications of assessment and the tax bill of \$17,847.38 were sent out with no returned letters or communications from Rail Connection LLC., or the tax agent Indurante & Associates, Inc.

July 12, 2017, Property Services Division received an e-mail from Indurante & Associates, Inc., on behalf of Rail Connection LLC., asking that a maintenance credit be granted against the company's 2017 taxes. The amount of credit being asked for is \$1,777.24 which, if granted, will make the net tax bill \$16,070.14.

Based on the wording of the applicable statute, Staff believes that it lacks the authority to accept the late filed request for the credit and that it must recommend to the State Tax Commission that it deny this request for the credit expense requested by Indurante & Associates, Inc. on behalf of Rail Connection LLC.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017

**TO:** Heather S. Frick, Executive Director  
Michigan State Tax Commission

**FROM:** Charles Olney  
Property Service Division

**SUBJECT:** Application of Non-Filed Tax Credit for Blue Cube Operations LLC.  
Parcel #97-850

Blue Cube Operations LLC., is a state assessed Railcar Company who did not file a 2017 Annual Railcar Report, thus an estimated assessment was applied. At the time of making the estimated assessment, no maintenance credit expenses were known. The 2017 State Assessment Roll was completed and the Taxable Value of \$455,500 for Blue Cube Operations LLC., was completed, based upon the Estimated Method. All notifications of assessment and the tax bill of \$11,929.54 were sent out with no returned letters or communications from Blue Cube Operations LLC.

July 19, 2017, Property Services Division received an e-mail from Indurante & Associates, Inc., on behalf of Blue Cube Operations LLC., stating they had just been retained as tax agent for Blue Cube Operations LLC, and asking that a maintenance credit be granted against the company's 2017 taxes. The amount of credit being asked for is \$63,075.37 which, if granted, will make the net tax bill \$0.00.

In addition to the fact that the statute makes no provision for the late application of credits, Staff also believes that there is a significant policy issue involved, based on the fact that the credits would be applied to an *estimated* assessment. There is no absolute way that Staff can ascertain whether it's estimated was sufficient. For example, if the Taxpayer had timely filed, it might have resulted in a calculated assessment so large that the current billing is inadequate even after considering the effect of credits. Granting the Taxpayer the opportunity to apply credits to an estimated assessment encourages non-filing by this and other taxpayers. Staff strongly recommends that This request be denied.

STATE OF MICHIGAN  
DEPARTMENT OF TREASURYRICK SNYDER  
GOVERNORNICK A. KHOURI  
STATE TREASURER

**DATE:** August 9, 2017  
**TO:** State Tax Commission  
**FROM:** Darcy Marusich  
**SUBJECT:** 2017 Eligible Expenditures Credit for Casair Inc.

Crystal Automation Systems, Inc. d/b/a Casair Inc., parcel 99-00-00-00-000-123, did not file a timely Eligible Expenditures Credit Application as required under MCL 207.13b(6) which states, "A company may apply for the credit under subsection (1) by submitting to the state board of assessors an application in a form prescribed by the state board of assessors at the time the annual report required under section 6 is due." The Annual Property Report for State Assessed Telephone Companies was due March 31, 2017. At that time no credit application had been completed and submitted.

Attached is a request from the company asking for consideration regarding the acceptance of their late filing of the Eligible Expenditures Credit Application.

The amounts listed on the attached letter for eligible expenditures in the amount of \$455,227 from Table H/I and \$6,527,007 from Table M match the amounts that were submitted timely as part of their personal property asset listing on the Annual Property Report for State Assessed Telephone Companies. However, the company failed to file the credit application asking for credit for these expenditures. The amount of new equipment listed would result in an additional credit amount of \$13,151.87 if approved.

Since the Eligible Expenditures Credit Application was not filed "at the time the annual report required under section 6 is due", staff feels they do not have authority to accept the late application except under the authority of and acceptance by the State Tax Commission.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017

**TO:** State Tax Commission

**VIA:** Heather S. Frick, Executive Director

**FROM:** Charles Olney, Property Specialist  
Property Services Division

**SUBJECT:** Proposed Valuation Adjustment to 2017 PILT Roll

Since the adoption of the 2017 PILT Assessment Roll by the STC, new information has come to the staff's attention pertaining to the need of a correction to the evaluation of a parcel of land. Listed as DNR #33878, on the PILT Roll, the parcel of land was purchased by the DNR during 2016 in Chippewa County, Whitefish Township. In March of 2017, the DNR notified Treasury that this parcel was selected and would be entered into the 2017 PILT Roll and that a record card and valuation would be needed. Staff proceeded to work up the record card with the necessary information and a valuation number. Staff followed the guideline of the statute and valued the land only and used the average vacant agricultural value, per acre, provide by the County Equalization Department, as the valuation bases. The Record Card was provided to the DNR for them to insert into the PILT Roll and to get the roll completed as soon as possible for presentation to the STC for the April 2017 meeting. Because of the lateness of the DNR parcel selection, and very short time line that DNR had to get the roll prepared without any value corrections, a copy of the record card was not sent to either the County Equalization Department or the local unit.

After the April adoption of the PILT Roll and its publication, the County Equalization Director, where the subject parcel is located, made contact with DNR and Treasury as to the value placed on the roll by Treasury. It was pointed out, at this time, that the subject parcel had a large amount of frontage on Lake Superior and had been originally valued, using the vacant agricultural land price pursuant to statute. With this information, the subject parcel was not valued properly by not using a front footage value. This unique situation has happened in the past, but prior to roll completion, and the valuation of the subject parcel has had to be produced outside of the statute guidelines.

The details behind the current PILT Roll valuation is as follows. The subject property is fifty two acres in size, and described on the warrant deed by the normal description of a point of beginning and going in a described direction a certain number of feet and then continuing in various feet and directions until the description is closed. Treasury staff used the average rate provided by the Chippewa Equalization Department, for vacant agricultural land, of \$2,250 per acre. Doing the calculation of acres multiplied by the value per acre, provided an estimated true



cash value of \$117,000 and 50% of this figure gives the estimated taxable value of \$58,500 which was entered into the 2017 PILT Roll.

After reviewing the subject property and using the front footage valuation process, it is the recommendation of staff that due to this being a 'unique special valuation issue' that the 2017 PILT Roll be corrected to a taxable value of \$115,500, an increase of \$57,000 for 2017 DNR PILT parcel # 33878.

DRAFT



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017  
**TO:** Members of the State Tax Commission  
**FROM:** Heather S. Frick, Administrator Property Services Division  
**SUBJECT:** 2018 Through 2022 AMAR Reviews

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 will be completed at the end of 2017. We are scheduled to begin the new five year cycle in 2018.

To that end, we have spent a significant amount of time this year, analyzing and reviewing the information collected during the first cycle and we have asked several assessors and equalization directors to provide feedback on what should be included in the new cycle.

Staff recommends the STC adopt the new AMAR review, as well as the list of Counties to be reviewed by year. The new AMAR reviews includes the following:

1. The information section of the review will gather data on the residential COD (Coefficient of Dispersion) and residential PRD (Price Related Differential). Both are measurements of uniformity that can be used to evaluate a local unit's assessment rolls. Additionally based on concerns noted over the past two years, we will also gather

information regarding the integrity of the L-4022 and L-4023 forms. Finally, we will gather information on the compliance with requirements under MCL 211.7cc to submit Form 4142 to the Department of Treasury when the State's portion of PRE denial interest is remitted to the State.

2. Economic Condition Factors (ECF's), Land Value Maps and Land Value Determinations: The review will continue to review ECF's, Land Value Maps and Land Value Determinations as this continues to be an issue with a significant number of local units. We will also review the number of land adjustments without reason, setting the standard of less than 1%.
3. True Cash Value: The review will continue to examine if the true cash value on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property.
4. Record Card Accuracy (Field Card Review), New Construction, Uncapping and Following Sales sections we will removed. The analysis of the results from Cycle 1 indicate the failure rate in these three sections is very low. Staff recommend the Record Card Accuracy be included in Cycle 3.
5. Personal Property Review section has been added to examine if a local unit does an annual personal property canvass and reviews compliance with the statutory requirements of MCL 211.9o, the Small Business Taxpayer Exemption.
6. MCL 211.7u (Poverty Exemptions) section has been added to examine compliance with the statutory requirements when granting poverty exemptions. This will include guidelines, asset level test and compliance with statutory requirements.
7. An Exemptions section has been added to review local unit policies and procedures when granting or removing real property exemptions.
8. A sampling of July and December Board of Review Actions will be conducted to determine compliance with statutory requirements of MCL 211.53b. Additional training information will be provided to assessors to ensure their Boards of Review meet the statutory requirements.
9. Property Transfer Affidavit interest and penalty requirements under MCL 211.27b will be examined including the requirement that local units pass a resolution in order to waive the interest and penalty.

**Michigan State Tax Commission  
Audit of Minimum Assessing Requirements  
AMAR Review Sheet**

The State Tax Commission, per [MCL 211.10f](#), has jurisdiction to determine substantial compliance with the requirements of the [General Property Tax Act](#). The AMAR review reflects the minimum assessing requirements of a local unit of government based on statute and [STC Rules](#), Policy, Bulletins and [Publications](#). Local units of government that do not meet one or more of the minimum requirements must submit a corrective action plan detailing how and when the deficiencies will be resolved.

Failure to submit an acceptable corrective action plan, or failure to resolve the deficiencies as outlined within the corrective action plan that is approved by the State Tax Commission, will result in a determination of substantial non-compliance and may result in the State Tax Commission [assuming jurisdiction of the assessment roll](#) of the local unit of government. Failure to meet one or more of the minimum AMAR requirements does not automatically result in State Tax Commission [assumption of jurisdiction of the assessment roll](#).

**Local Unit Background Information:**

Year of Audit: \_\_\_\_\_  
Name of Local Unit: \_\_\_\_\_  
Name of County: \_\_\_\_\_  
Name of Assessor: \_\_\_\_\_  
Assessor Certification Level: \_\_\_\_\_ Assessor Certification Number: \_\_\_\_\_  
Name of Supervisor, City Manager or Mayor: \_\_\_\_\_ Title: \_\_\_\_\_  
Mailing Address for Supervisor, City Manager or Mayor: \_\_\_\_\_  
What is the required [certification level](#) for this local unit? \_\_\_\_\_  
What date did the assessor [certify the assessment roll](#)? \_\_\_\_\_  
What is the Residential Coefficient of Dispersion (COD) for the local unit? \_\_\_\_\_  
What is the Residential Price Related Differential (PRD) for the local unit? \_\_\_\_\_  
Does the L-4022 in possession of the local unit match the L-4022 in possession of the County Equalization Director and the information uploaded on the L-4023 on the E-File Site?  
YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

MCL 211.7cc requires interest at a rate of 1.25% per month or fraction of a month to be charged to the owner of property that has been issued a PRE denial notice. Upon collecting the interest, MCL 211.7cc also details the required distribution of the interest depending on the governmental unit that issued the denial notice. Was Form 4142 completed and submitted to the Michigan Department of Treasury by a County, City or Township when the State's portion of PRE denial interest is remitted? YES: \_\_\_\_\_ NO: \_\_\_\_\_

## Assessment Roll Analysis:

1. Does the local unit have properly calculated and appropriately documented Economic Condition Factors that meet State Tax Commission requirements per [MCL 211.10e](#) and [STC ECF Publications](#)?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

2. Does the local unit have accurate Land Value Maps that meet the State Tax Commission requirements per [MCL 211.10e](#) and [State Tax Commission Land Value Map Publications](#)?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

3. Does the local unit have Land Value Determinations that are appropriately documented, properly calculated and meet State Tax Commission requirements per [MCL 211.10e](#) and State Tax Commission Land Value Determination Publications and less than 1% land adjustments without reason?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

4. Does the [true cash value](#) on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property (STC Policy)?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

5. Personal Property Review:

a) Does the local unit conduct an annual personal property canvass?

YES: \_\_\_\_\_ NO: \_\_\_\_\_

b) Did the local unit grant any exemptions under MCL 211.9o (Small Business Taxpayer Exemption)?

YES: \_\_\_\_\_ NO: \_\_\_\_\_

c) If the answer to item 5b is yes, does a sampling indicate the local unit properly process the exemptions received. This includes: Original signature on affidavit, affidavit filled out completely, affidavit timely received, affidavit received annually and if not received the exemption is removed, parcel number created for any business that was granted an exemption, ensuring that a parcel with the exemption is not retired, all locations within the local unit are considered when granting the exemption.

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

6. Review of Exemptions Granted under MCL 211.7u (poverty exemptions)

a) Did the local unit grant any exemptions under MCL 211.7u (Poverty Exemption)?

YES: \_\_\_\_\_ NO: \_\_\_\_\_

b) Does the local unit have poverty exemption guidelines?

YES: \_\_\_\_\_ NO: \_\_\_\_\_

c) Does the local unit poverty exemption guidelines include an asset level test?

YES: \_\_\_\_\_ NO: \_\_\_\_\_

d) Does a sampling of the exemptions granted under MCL 211.7u indicate that the statutory requirements were met and that the local unit policy was followed?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

7. Does the local unit have written procedures, including audit procedures, for determining how to grant real property exemptions or remove real property exemptions when the property no longer qualifies for the exemption?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

8. Does a sample of the July and December Board of Review actions indicate the Board met the requirements of MCL 211.53b and considered only those items over which they have statutory authority?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

9. Does the local unit follow the requirements under MCL 211.27b to levy the interest and penalty for failure to file a Property Transfer Affidavit? If waived did the local unit waive the interest and penalty by resolution and is that resolution kept on file?

Requirement Met: YES: \_\_\_\_\_ NO: \_\_\_\_\_

Notes:

**Comments:**

I hereby declare that the foregoing information submitted is a complete and true statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

By checking this box, I agree and confirm that the signature I have typed above is the electronic representation of my original, handwritten signature when used on this document and creates a legally-binding contract. I further understand that signing this document using my electronic signature will have the same legally-binding effect as signing my signature using pen and paper.

**Michigan State Tax Commission**  
**Audit of Minimum Assessing Requirements (AMAR)**  
**2018 Through 2022**

<b>2018 Counties</b>	<b>2019 Counties</b>	<b>2020 Counties</b>	<b>2021 Counties</b>	<b>2022 Counties</b>
Alcona	Alger	Baraga	Antrim	Arenac
Allegan	Bay	Houghton	Branch	Benzie
Alpena	Berrien	Ionia	Cheboygan	Calhoun
Barry	Chippewa	Iron	Clare	Huron
Cass	Crawford	Leelanau	Delta	Isabella
Charlevoix	Dickinson	Livingston	Iosco	Lake
Clinton	Eaton	Mackinac	Jackson	Mecosta
Emmett	Genesee	Marquette	Kalkaska	Monroe
Gladwin	Gogebic	Menominee	Kent	Oakland
Grand Traverse	Gratiot	Missaukee	Keweenaw	Ogemaw
Hillsdale	Newaygo	Muskegon	Luce	Osceola
Ingham	Oceana	Ontonagon	Macomb	Roscommon
Kalamazoo	Otsego	Ottawa	Mason	Shiawassee
Lapeer	Presque Isle	Schoolcraft	Montcalm	St. Clair
Lenawee	Sanilac	Wayne	Oscoda	St. Joseph
Manistee	Tuscola	Wexford	Saginaw	Van Buren
Midland	Washtenaw			
Montmorency				
18	17	16	16	16



**State Tax Commission  
Michigan Master Assessing Officer (MMAO)  
Certification Program Summary**

**STC Michigan Master Assessing Officer Program:**

**Required Courses:** MAAO certified assessors who wish to pursue MMAO certification begin the process by completing three mandatory STC MMAO Courses, *Advanced Market Analysis*, *Advanced Income and Advanced Depreciation*, through the STC or approved outside organizations. Course credit is obtained by attending the full course, completion of all required course work and providing proof of attendance to the State Tax Commission (STC).

Completion of a qualifying Appraisal Institute (AI), American Society of Appraisers (ASA) or International Association of Assessing Officers (IAAO) course may be submitted for issuance of credit for a mandatory course. Qualification of any course is determined by the State Tax Commission.

A written request may also be submitted to the State Tax Commission to receive credit for any of the three MMAO mandatory courses completed prior to December 2016.

**Additional Course Recommendations:** While the three required courses may be completed without testing, the State Tax Commission highly recommends that students complete all available testing such as: exams, quizzes, sample questions, case studies, etc., to ensure that important concepts and required knowledge has been obtained.

It is also highly recommended that the State Tax Commission's MMAO Finance, Management and Valuation Disclosure and MMAO Appraisal Review courses are taken through an outside organization prior to applying to the MMAO Program.

**Application Process:**

MAAO certified assessors who have obtained two years' assessment administration experience after obtaining MAAO certification and have completed the three MMAO mandatory courses are eligible to apply to the STC MMAO One Year Program. During the program candidates will complete a written Case Study and Oral Examination. Candidates are assigned to an MMAO three-member panel and provided access to an online classroom for the duration of the program. Course material will be provided to candidates on the online classroom.

The program is offered each October at a cost of \$1,000. Applications are accepted annually from July 1 to August 1. Without exception, incomplete applications are returned unprocessed. All candidates who submit a complete application and have met all pre-program requirements will be accepted into the program. Written notification will be provided approximately two weeks after the deadline. There are no minimum or maximum number of candidates required to offer the October Program.

**Case Study Requirements and Grading:** Candidates will complete a written Case Study in four parts (Sales, Income, Cost and Reconciliation) and submit each part by email to their panel for grading. The STC will provide each candidate a final grade and detailed panel comments for each part of the Case Study. Timely submission of all four parts of the Case Study is mandatory. Late submission of a Case Study will result in the candidate's immediate withdrawal from the program.

An overall minimum score of 75% must be achieved on the Case Study portion of the program in order to be eligible to participate in the Oral Exam. If a candidate does not obtain the overall 75% minimum score, they must reapply to a future MMAO Program and complete a new Case Study.

**Oral Examination:** After achieving 75% or higher on the Case Study, the candidate will be required to complete an Oral Exam. Details regarding the Oral Exam will be provided to Candidates at the beginning of the Program. Candidates who do not achieve a score of 75% or higher on the Oral Exam will be required to reapply to a future MMAO Program.

**MMAO Certification:** Candidates who achieve a minimum score of 75% or higher on the Case Study and 75% or higher on the Oral Exam will be awarded MMAO certification.

**STC Acceptance & Waiver of Previous Projects/Education:**

The Commission also offers a waiver of current MMAO educational requirements based upon specific completion of previous projects and education.

Individuals who are currently certified as a Michigan Advanced Assessing Officer and who hold the CAE designation from the International Association of Assessing Officers (IAAO) or the Ad Valorem/Mass Appraisal – General designation from the American Society of Appraisers (ASA) and can demonstrate the designation was achieved by completing requirements directly with and through IAAO or ASA and that no other forms of waivers or reciprocity was provided through that organization in order to achieve the designation, may apply for an Acceptance and Waiver of Previous Project/Education.

Individuals who are not certified as an assessing officer in Michigan but who hold the CAE designation from the International Association of Assessing Officers (IAAO) or the Ad Valorem/Mass Appraisal – General designation from the American Society of Appraisers (ASA) and can demonstrate the designation was achieved by completing requirements directly with and through IAAO or ASA and that no other forms of waivers or reciprocity was provided through that organization in order to achieve the designation, may also apply for an Acceptance and Waiver of Previous Project/Education.

Individuals who meet either of these requirements must submit an application to the State Tax Commission and provide documentation proving the designation is current, is held in good standing and was achieved through the organization as required.

Upon verification of qualification, the applicant will be provided the *Guide to Michigan Assessing* at no cost and will be scheduled to take the Michigan Property Tax Administration Exam on a STC Quarterly Exam date. Individuals who pass the exam with a score of 75% or higher will be issued MMAO certification. If a score of 75% or higher is not achieved on the exam, the individual will have one opportunity to retake the exam on the next STC Quarterly Exam date. If a passing score is not obtained on the retake exam, options are exhausted and certification may be further pursued by completing the Path 1 requirements.

**STC Education Contact:**

Please call (517) 335-3429 and select option 4 for assistance and information regarding Michigan Master Assessing Officer education and certification.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017  
**TO:** Members of the State Tax Commission  
**FROM:** Heather S. Frick, Administrator Property Services Division  
**SUBJECT:** Michigan Master Assessing Officer October 2016 Program

As you are aware, the STC began a new MMAO class in October 2016. Those students have spent the past year in classroom and online instruction in Advanced Market Analysis, Advance Depreciation, Advanced Income, Appraisal Review and Finance, Management and Valuation Disclosure. The students have sat for exams on each of these topics. The final program exam was recently completed and as of this date, we are pleased to report that 11 individuals successfully completed all five parts of the exam on their first try. The remaining students in the program will be provided additional opportunities over the coming months to successfully complete any part of the exams that they have not completed to date.

Staff asks the STC to recognize the following 11 new Michigan Master Assessing Officers:

Alicia M.	Bernabei
Anthony	Ciavaglia
Catherine A.	Cousineau
Christopher W.	Gaumer
Michael	Gonzales
Paula A.	Grivins-Jastifer
Nathan D.	Hager
Jeff M.	Miller
Bryan J.	Paris
Elizabeth	Schwartz
Jacob C.	Thurston

## STATE TAX COMMISSION MEETING

### Complaints Dismissal

### August 29, 2017

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
Gladwin	Bourret Township	Linda Lewandowski	May 16, 2017 May 19, 2017	Complaints regarding assessor Linda Lewandowski were received on May 16 and May 19, 2017. The complaints asserted multiple claims, including: incorrect square footage of property and failure to inspect the property after contact from taxpayer in February 2017; failing to respond to taxpayer questions or provide requested information regarding the March Board of Review meetings, resolutions, petitions and decisions; and conducting closed meetings with a single board of review member without other board members or secretary in attendance. Staff reviewed the complaints and then requested a response and supplemental information from Ms. Lewandowski with respect to the identified issues. Ms. Lewandowski timely submitted all of the requested information. Staff reviewed the information provided by Ms. Lewandowski and on July 12, 2017, staff found that no further action was necessary and recommended that the complaints be dismissed.	No further action is necessary for these complaints. Staff recommends that the complaints be dismissed.



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017  
**TO:** Members of the State Tax Commission  
**FROM:** Emily Leik, Departmental Analyst  
**SUBJECT:** Charitable Nonprofit Housing Organization Exemptions

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, 2017 for the 2018 tax year, for a period of five (5) years with an expiration date of December 30, 2022, 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

August 29, 2017 Meeting

Application Number	Name of Charitable Organization	Unit	Unit Type	County	Parcel Number	Years Approved
17-024	Genesee County Habitat for Humanity	Flint	Twp	Genesee	07-07-551-024	5
17-025	Muskegon County Habitat for Humanity	Muskegon	City	Muskegon	24-205-500-0010-00	5
17-026	Clinton-Gratiot Habitat for Humanity	Ithaca	City	Gratiot	52-060-052-70	5

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RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

**DATE:** August 29, 2017  
**TO:** Members of the State Tax Commission  
**FROM:** Heather S. Frick, Executive Director  
**SUBJECT:** 2018 Meeting Schedule

The proposed meeting schedule for 2018 is below. Please note the following:

1. We do not meet in March because of Board of Review meetings.
2. The May meetings are statutory and the dates cannot change.
3. This schedule assumes the State Assessed Appeal Meeting and final decisions will be held at a single meeting.
4. This schedule assumes the Exemptions Appeal Meeting and final decisions will be held at single meeting.

**Proposed Meeting Dates:**

February 13, 2018  
April 9, 2018  
May 14, 2018 (Statutory)  
May 29, 2018 (Statutory)  
June 5, 2018 (Final State Assessed)  
August 21, 2018  
October 22, 2018  
November 20, 2018  
December 18, 2018 (Exemptions Appeals)