

**Michigan Department of Treasury**  
**Public Act 84 of 2015, Section 221 Reporting Requirement**

Each department and agency shall report no later than April 1 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the senate and house of representatives standing committees on appropriations subcommittees on general government, the joint committee on administrative rules, and the senate and house fiscal agencies.

**BUREAU OF TAX PROCESSING**

**Public Act 10 of 2015**

Permits the Department to disclose service fee housing addresses to the public to assist taxpayers and preparers in accurately calculating the homestead property tax credit. Required no action. However, the Department compiled and published a list containing known service fee housing addresses and has undertaken a project to make its list more complete by identifying service fee housing addresses not currently known to it.

**Public Act 179 of 2015**

Directs certain amounts of revenue collected from individual income tax to be credited and disbursed to the Michigan transportation fund. Expands the homestead property tax credit by increasing the maximum credit allowed, decreasing income phase-outs, increasing the taxable value cap, lowering the household resources threshold, and adjusting for inflation. No guidance or rule changes anticipated, but forms and processing systems will need updating.

**Public Act 258 of 2015 (SB 425)**

Part of a package of bills to meet federal requirements that apply to the use of revenue derived from state sales and use taxes on aviation fuel. When a tax is subject to these requirements, the proceeds from that tax must be used in support of a state aviation program and/or for the airport-related purposes set forth under federal law.

Requires the Michigan Department of Treasury, on a quarterly basis, to distribute funds credited to the "Qualified Airport Fund" to the operator of a "qualified airport" and also establishes how the operator of the qualified airport is to use the disbursed money.

Requires the Michigan Department of Treasury to transfer money from the Qualified Airport Fund to the State Aeronautics Fund if the FAA (or a federal court of competent jurisdiction) issues a final decision, decision and order, or order in a proceeding finding that the deposit or credit of money to the Qualified Airport Fund (or disbursements from the Qualified Airport Fund as authorized under subsection (2)) do not comply with the federal airport revenue use requirements under 49 USC 47107(b) or 49 USC 47133. The transfers to the State Aeronautics Fund shall continue for so long as that FAA or court decision, decision and order, or order is in effect and binding on the state. The amount of funds to be transferred must comply with the FAA or court final decision, decision and order, or order.

**Public Act 259 of 2015 (SB 426)**

Part of a package of bills to meet federal requirements that apply to the use of revenue derived from state sales and use taxes on aviation fuel. When a tax is subject to these requirements, the proceeds from that tax must be used in support of a state aviation program and/or for the airport-related purposes set forth under federal law.

Requires a portion of sales and use tax revenue to be redirected to the State Aeronautics Fund, under section 25 of the General Sales Tax Act (through SB 613) and section 21 of the Use Tax Act (through SB 614), is credited to the State Aeronautics Fund. The bill also ensures that funds redirected from the Qualified Airport Fund under section 35(3) of the Aeronautics Code (as added by SB 425) is credited to the State Aeronautics Fund.

**Public Act 260 of 2015 (SB 418)**

Part of a package of bills to meet federal requirements that apply to the use of revenue derived from state sales and use taxes on aviation fuel. When a tax is subject to these requirements, the proceeds from that tax must be used in support of a state aviation program and/or for the airport-related purposes set forth under federal law.

Amends Section 203 of the State Aeronautics Code, the section that establishes the current 3 cents per gallon aviation fuel tax and the offsetting 1 ½ cents per gallon tax refund available to airlines operating interstate scheduled operations. This is only technical changes to this section.

**Public Act 261 of 2015 (SB 612)**

Part of a package of bills to meet federal requirements that apply to the use of revenue derived from state sales and use taxes on aviation fuel. When a tax is subject to these requirements, the proceeds from that tax must be used in support of a state aviation program and/or for the airport-related purposes set forth under federal law.

Amends Section 7 of the State Aeronautics Code to define the term "Qualified Airport" to mean what that term means in Section 109 of the State Aeronautics Code, i.e. "an airport, other than a military airport, that has 10.0 million or more enplanements in any 12-month period." The Detroit Metropolitan Wayne County Airport is currently the only state airport meeting this definition.

**Public Act 262 of 2015 (SB 613)**

Part of a package of bills to meet federal requirements that apply to the use of revenue derived from state sales and use taxes on aviation fuel. When a tax is subject to these requirements, the proceeds from that tax must be used in support of a state aviation program and/or for the airport-related purposes set forth under federal law.

Requires the Michigan Department of Treasury to distribute aviation fuel sales tax revenues as follows:

- An amount equal to 35% of the collection of sales tax imposed at a rate of 2% attributable to retail sales of aviation fuel for credit to the State Aeronautics Fund established in State Aeronautics Code (1945 PA 327).
- An amount equal to 65% of the collection of sales tax imposed at a rate of 2% attributable to retail sales of aviation fuel for credit to a new Qualified Airport Fund established in the State Aeronautics Code through Senate Bill 426. (The term "qualified airport" would be defined so as to apply only to Detroit Metropolitan Wayne County Airport.)

Requires the Michigan Department of Treasury to annually reconcile the amounts distributed during each fiscal year with the actual amounts collected [from the sales tax imposed at a rate of 2% attributable to retail sales of aviation fuel] for a particular fiscal year. The bill also requires the Department to provide a report of the reconciliation to each operator of a qualified airport.

Requires each taxpayer making retail sales of aviation fuel to file an informational report with the Michigan Department of Treasury on "the entire amount" of the taxpayer's taxable retail sales of aviation fuel; the gross proceeds from the taxpayer's retail sales of aviation fuel; the amount of tax for which the taxpayer is liable from retail sales of aviation fuel; the number of taxable gallons of aviation fuel sold by the taxpayer at each airport and the gross proceeds from the sales of those gallons; and any other information the Department considers necessary for the administration of the act.

**Public Act 263 of 2015 (SB 614)**

Part of a package of bills to meet federal requirements that apply to the use of revenue derived from state sales and use taxes on aviation fuel. When a tax is subject to these requirements, the proceeds from that tax must be used in support of a state aviation program and/or for the airport-related purposes set forth under federal law.

Requires a taxpayer making sales at retail of aviation fuel to file an informational report with the Department of Treasury for the immediately preceding calendar quarter stating the following: (i) Amount of taxable sales at retail of aviation fuel; (ii) Gross proceeds of the business from taxable sales at retail of aviation fuel; (iii) Amount of tax which the taxpayer is liable for from sales at retail of aviation fuel; (iv) Number of taxable gallons of aviation fuel sold and gross proceeds from those gallons sold; (v) Other information the Department of Treasury considers necessary for the proper enforcement of the act. A penalty is imposed equal to \$10 per day for each day the taxpayer fails or refuses to submit the informational report, not to exceed a maximum of \$500. A waiver penalty provision is included.

**Public Act 251 of 2015 (SB 616)**

One of two bills to provide for sales and use tax exemptions for data center equipment, or the storage, use, or consumption of data center equipment, sold to the owner or operator of a qualified data center or a collocated business for use or consumption in the operations of the data center. The sales and use tax exemptions would apply from January 1, 2016, to December 31, 2021, and then would continue to apply through December 31, 2035, if certain job creation criteria were met.

The act resulted in only a minor update to form 3372.

**Public Act 252 of 2015 (SB 617)**

One of two bills to provide for sales and use tax exemptions for data center equipment, or the storage, use, or consumption of data center equipment, sold to the owner or operator of a qualified data center or a collocated business for use or consumption in the operations of the data center. The sales and use tax exemptions would apply from January 1, 2016, to December 31, 2021, and then would continue to apply through December 31, 2035, if certain job creation criteria were met.

The act resulted in only a minor update to form 3372.

**BUREAU OF LOCAL GOVERNMENT SERVICES**

**Public Act 501 of 2014, effective 1-14-2015**

Summary of purpose: Amends MCL 211.78m creating terms for eligible foreclosure auction bidders, terms and amounts that must be paid by former owners, timeline for execution and recording of sales deeds, created requirement for proof of payment of local taxes prior to execution of sale deeds

*Forms:* Changed Bidder Registration form 4204 into Bidder Affidavit Under Penalty of Perjury form. Created Proof of Payment form 5275. Modified the Preliminary Purchase Application for 4203 to

account for former owner purchases at second auction. Revised our Frequently Asked Questions publication as well as the auction Rules and Regulations and Auctioneer Announcements, and created written announcements for our web page and the auction sites.

## **SPECIAL TAXES DIVISION**

### **Public Act 176 of 2015**

*Transportation; motor fuel tax; tax rate increase for motor fuel and taxation of certain alternative fuel; provide for – Motor Fuel Tax Act.* Special Taxes will be making system changes and form changes for tax rate increase and taxation of alternative fuels by January 1, 2017.

### **Public Act 178 of 2015**

*Transportation; motor carrier fuel tax; flat tax rate; eliminate, and establish an 18-month limitation period for filing refund claims. Motor Carrier Fuel Tax Act and Motor Fuel Tax Act.* Special Taxes will be making system changes and form changes for the tax rate increase and taxation of alternative fuels by January 1, 2017.

### **Public Act 27 of 2015**

*Taxation; state real estate transfer; refunds and exemptions of real estate transfer tax; modify. – State Real Estate Transfer Tax Act.* Amendments to exemption (u) as follows: Transaction has to be an arms-length transaction; no longer compare sales price with “true cash value”; buyer or seller may apply for the refund; refund may be requested for sale, exchange, assignment or transfer that occurred on or after June 24, 2011.

### **Public Act 262 of 2015**

Amends Sales Tax act to impose reporting requirement on sales of aviation fuel and earmarking provisions. Required notice/guidance to be issued, reporting forms to be developed, and determination made of taxpayers needing notification of new requirements. Will require processing of sales information and fund transfers from GF to Aviation Fund.

### **Public Act 263 of 2015**

Amends Use Tax act to impose reporting requirement on use of aviation fuel and earmarking provisions. Required notice/guidance to be issued, reporting forms to be developed, and determination made of taxpayers needing notification of new requirements. Will require processing of sales information and fund transfers from GF to Aviation Fund.

## **MICHIGAN STATE TAX COMMISSION**

### **Public Act 19 of 2015**

*Assessments; definition of transfer of ownership; exclude certain transfers.* This Act amends the General Property Tax Act to include a conveyance of property under Section 2120A (6) of the Natural Resources and Environmental Protection Act as an exception to the definition of transfer of ownership. Section 2120A was created by P.A. 18 of 2015, with which P.A. 19 of 2015 was tie-barred. Section 2120A requires the DNR to convey certain properties in Clarence Township, Calhoun County to the current occupants and de facto owners under color of title if certain specified conditions are met. As a result of this Act, the State Tax Commission issued policy guidance through listserv notifications.

### **Public Act 107 of 2015**

*Classification; reference to qualified forest in qualified agriculture definition; remove.* This Act amends the requirements for property to meet the Qualified Forest requirements. The changes allow a property this is both productive forest and agricultural use to apply for the Qualified Forest designation. Required State Tax Commission to create a new form (Form 5020, Assessor Confirmation of Agricultural Use of Property).

### **Public Act 119 of 2015**

*Exemptions; general property tax act; modify filing deadlines, exemptions, and requirements.* Along with P.A. 120 – 124 of 2015, makes expansive changes to the personal property provisions of the General Property Tax Act and other statutes. This Act revises the exemptions for new personal property owned or leased by an eligible business in an eligible local assessing district, for new eligible manufacturing property, and for previously existing eligible manufacturing personal property. As a result of this Act, the State Tax Commission revised the Personal Property Frequently Asked Questions and Form 632, Personal Property Tax Statement, issued Bulletins 7, 8, and 21 of 2015, created Form 5278, Affidavit and Statement for Eligible Manufacturing Personal Property and Essential Services Assessment, and Form 5277, Affidavit to Rescind Exemption of Eligible Manufacturing Personal Property Defined in MCL 211.9(m) and 211.9(n), performed assessor education statewide, and issued policy guidance to assessors through listserv notifications.

### **Public Act 120 of 2015**

*Special assessments; state essential services assessment; modify certain definitions, dates, and filing requirements and provide for other general amendments.* This Act amends the State Essential Services Assessment (ESA) Act, making changes to the base of the tax, as well as a number of technical, administrative, and definitional changes. As a result of this Act, the State Tax Commission issued Bulletin 9 of 2015, created Form 5278, Affidavit and Statement for Eligible Manufacturing Personal Property and Essential Services Assessment, and Form 5277, Affidavit to Rescind Exemption of Eligible Manufacturing Personal Property Defined in MCL 211.9(m) and 211.9(n), performed assessor education statewide, and issued policy guidance to assessors through listserv notifications.

### **Public Act 121 of 2015**

*Special assessments; alternative state essential services assessment; modify certain definitions, dates, and filing requirements and provide for other general amendments.* This Act amends the Alternative State Essential Services Assessment (Alternative ESA) Act, making the same changes to Alternative ESA as P.A. 120 makes to ESA. As a result of this Act, the State Tax Commission issued Bulletin 9 of 2015.

### **Public Act 123 of 2015**

*Economic development; plant rehabilitation; plant rehabilitation act; modify certain exemptions.* This Act amends the Industrial Facilities Tax Act to conform to the definitional and reporting changes created by the other bills in this package. As a result of this Act, the State Tax Commission issued Bulletins 8 and 21 of 2015, performed assessor education statewide, and created Form 5278, Affidavit and Statement for Eligible Manufacturing Personal Property and Essential Services Assessment.

### **Public Act 140 of 2015**

*Requirement of hard copy of tax rolls; eliminate if maintained on computerized database.* Where the tax roll is maintained on a computerized database, this Act eliminates the requirement that county treasurers make a printed copy of tax rolls available for inspection. Required the State Tax Commission to revise its instructions to assessors, to issue Bulletin 20 of 2015, and to revise Form 2696 - Request for Approval of Computerized Tax Roll by a Local Unit, and Form 3944 - Request for Approval of Computerized Tax Roll by County Treasurer.

### **Public Act 218 of 2015**

*Commercial rehabilitation act; extend sunset.* Amends the Commercial Rehabilitation Act by extending the deadline after which no new exemptions may be granted from December 31, 2015, to December 31, 2020. As a result of this Act, the State Tax Commission updated the Commercial Rehabilitation Frequently Asked Questions.

### **Public Act 243 of 2015**

*Assessments; definition of transfer of ownership; exclude certain transfers.* Creates an exception to the general rule that the termination of a life estate, including a life lease or a lady bird deed, is a transfer of ownership. Provides that, after December 31, 2014, the termination of a life estate or life lease on residential real property does not result in a transfer of ownership for property tax purposes if the transferee is the transferor's or the transferor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the transfer. As a result of this Act, the State Tax Commission provided guidance in the form of an amended bulletin, amended the Transfer of Ownership Guidelines, and updated Form 2766, Property Transfer Affidavit.

## **BUREAU OF TAX POLICY**

### **Public Act 79 of 2015**

Repeals the pay-to-play requirement, mandating that a taxpayer pay any disputed amounts as a prerequisite to appeal to the Court of Claims; retroactively increases the time period a taxpayer has to appeal an assessment to the Tax Tribunal from 35 to 60 days. The lengthening of the appeal period required changes to multiple forms of taxpayer guidance.

### **Public Act 171 of 2015**

Amends Sales Tax act to exempt from tax sales of over-the-counter drugs sold pursuant to a prescription. Required IPD change.

### **Public Act 172 of 2015**

Amends Use Tax act to exempt from tax sales of over-the-counter drugs sold pursuant to a prescription. Required IPD change.

### **Public Act 176 of 2015**

As part of an expansive road funding package, this bill expands taxable fuels under the Motor Fuel Tax Act to include alternative fuels and changes the rate structure, imposed licensure, reporting, and

monthly payment obligations on alternative fuel dealers, expanded eligibility for refunds and exemptions to include not only diesel but also gasoline and alternative fuels. Requires updated guidance on expanded fuel types and rate structure changes, requires development of licensure procedures, expands audits to alternative fuel dealers and commercial users, requires procedures to implement new rates and issuance of timely notices and requires examination of various tribal tax agreements for possible amendment.

#### **Public Acts 177 and PA 178 of 2015**

As part of an expansive road funding package, these bills expanded motor fuel sales and use taxation and credits under several acts to include not only diesel fuel but also gasoline and alternative fuels, changed the rate structure for taxation of these fuels, and imposed an 18-month statute of limitations on refund claims under the Motor Carrier Fuel Tax Act, overriding current case law. Requires updated guidance on expanded fuel types and rate structure changes as well as statute of limitations change.

#### **Public Act 217 of 2015**

Amends the SRETT act to codify the *Gardner* decision retroactively and also to allow buyers paying tax on behalf of seller to request a refund. Required guidance to be issued and refund claims to be processed.

#### **Public Act 251 of 2015**

Exempts from sales tax certain data center equipment placed in a qualified data center. Required notice/guidance to be issued.

#### **Public Act 252 of 2015**

Exempts from use tax certain data center equipment placed in a qualified data center. Required notice/guidance to be issued.

### **OFFICE OF ACCOUNTING SERVICES**

None

### **OFFICE OF COLLECTIONS**

#### **Public Act 79 of 2015**

Appeal Rights, Pay to Play and change to the tax tribunal Filing Deadline.

- Update final assessments.
- Update collection time periods in the STAR system.
- We had to rework the mailings for the tax bill of rights brochure and mailing.
- Update all of our websites for the timing changes.

### **OFFICE OF DEPARTMENTAL SERVICES**

#### **Public Act 242 of 2015 (SB 538)**

Amends the Unclaimed Property Act (PA 29 of 1995) which provides the opportunity for eligible Michigan companies to participate in the streamlined audit process. To become eligible, the company has 30 days to enter into a non-disclosure agreement (NDA) with the auditor. After this, the company and Treasury will develop an audit schedule with a goal of completing the audit within 18 months.

The improvements to accommodate a streamlined audit process:

1. Only properties, with the exception of stocks, bonds and dividends, with a value greater than \$25 are subject to reporting.
2. The period under examination is 4 years rather than 10 years.
3. The examination shall not include checks voided within 180 days of issuance.
4. Treasury staff will be present at all streamlined examination entrance meetings.
5. Delineation of examination selection factors will be in promulgated rules.

**OFFICE OF FINANCIAL SERVICES**

None

**OFFICE OF PRIVACY AND SECURITY**

None

**TAX COMPLIANCE BUREAU**

**Public Acts 204 and 205 of 2015**

Expanded the industrial processing exemption in the Sales and Use Tax Acts to include tangible personal property used or consumed in the production of alcoholic beverages that are sold through the industrial processor's own location. Requires the Department to update audit manuals to reflect this change.

**BUREAU OF INVESTMENTS**

None