

IFT Group (Industrial Facility Tax)

Stats:

- PA Reference:** Public Act 198 of 1974
- STC:** State Tax Commission Bulletin Number – Several Bulletins on this topic through the years
- Classification:** Always included on the Special Act Roll
- Provides for:** Plant Rehabilitation and Industrial Development Districts
- Public Act 198 of 1974, Defined:

AN ACT to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties.

Certificate Duration: Certificates are issued from 1 to 12 years. Legislation allows for extensions/variations

Certified at the authority of: Michigan State Tax Commission

Types of IFT Exemptions / Facilities:

1. New Facilities

“New facility” means new industrial property other than a replacement facility to be built in a plant rehabilitation district or industrial development district.

2. Replacement Facilities

In the case of a replacement or restoration that occurs on the same or contiguous land as that which is replaced or restored, industrial property that is or is to be acquired, constructed, altered, or installed for the purpose of replacement or restoration of obsolete industrial property together with any part of the old altered property that remains for use as industrial property after the replacement, restoration, or alteration.

In the case of construction on vacant noncontiguous land, property that is or will be used as industrial property that is or is to be acquired, constructed, transferred, or installed for the purpose of being substituted for obsolete industrial property if the obsolete industrial property is situated in a plant rehabilitation district in the same city, village, or township as the land on which the facility is or is to be constructed and includes the obsolete industrial property itself until the time as the substituted facility is completed.

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

3. Speculative Building

A building built for speculation purposes. “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. The building is constructed for the purpose of providing a manufacturing facility before the identification of a specific user of that building.

How to Calculate the Assessed Value

207.560 Annual determination of value of facility.

Sec. 10.

(1) The assessor of each city or township in which there is a speculative building, new facility, or replacement facility with respect to which 1 or more industrial facilities exemption certificates have been issued and are in force shall determine annually as of December 31 the value and taxable value of each facility separately, both for real and personal property, having the benefit of a certificate.

How to calculate the Tax Bill

Replacement Facility

From MCL 207.564

In lieu of an Ad Valorem property tax on its taxable value, a Replacement Facility pays a specific tax equal to the full current ad valorem millage rate (on the frozen taxable value of the obsolete facility being replaced).

From the General Property Tax Act

"The amount of the industrial facility tax, in each year for a replacement facility, shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the taxable value of the real and personal property of the obsolete industrial property for the tax year immediately preceding the effective date of the industrial facilities exemption certificate after deducting the taxable value of the land and of the inventory as specified in section 19."

"Post 1994 Rates/Calculations"

Real and Personal Property certificates issued after Proposal A. A parcel of this type is billed with a separate millage table, and billed at half the millage for the School District in which the parcel is located. The IFT certificate will indicate the number of SET mills that should be billed. Also, the MBT exemption for Commercial and Industrial Personal Property applies to parcels with this classification.

New facilities with certificates that became effective after 1993 generally pay a specific tax equal to on half of the current ad valorem millage rate NOT INCLUDING the SET. Under MCL 207.564 the Mich Strategic Fund may grant an abatement to a Post 1993 NEW FACILITY of the full SET levy.

"The amount of the industrial facility tax in each year for a new facility or a speculative building for which an industrial facilities exemption certificate becomes effective after December 31, 1993, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, plus, subject to section 14a, the number of mills levied under Act No. 331 of the Public Acts of 1993"

"Pre 1994 Rates/Calculations"

Parcels with Real and Personal Property certificates issued before Proposal A are billed with a separate millage table that includes the School Operating millage rate at that time. No SET will be billed for these parcels. All Special Act properties of this type should be expired as of Tax Year 2007.

"New facilities with certificates that became effective before 1994 pay a specific tax equal to 1/2 of the current ad valorem millage rate NOT INCLUDING the current local school operating millage or the SET plus 1/2 of the 1993 local school operating millage. The amount of the industrial facility tax, in each year for a new facility or a speculative building for which an industrial facilities exemption certificate became effective before January 1, 1994, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied for school operating purposes by a local school district within which the facility is located or mills levied under the state education tax act, Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws, plus 1/2 of the number of mills levied for local school district operating purposes in 1993."

Of Note:

- o An IFT Real Property certificate covers building and land improvements only. A separate parcel number should be used for each Real Property certificate. The land portion of the parcel stays on the Ad Valorem roll and is assessed and taxed the same as all other Ad Valorem Industrial parcels
- o An IFT Personal Property certificate may cover the personal property acquired in conjunction with the project. A separate parcel number should be used for each Personal Property certificate. Existing personal property not covered by the certificate stays on the Ad Valorem roll and is assessed and taxed the same as all other Ad Valorem Industrial parcels
- o IFT Parcels that are in a "Ren-Zone"…
 - The land remains as a Ren-Zone parcel and is reported on the Ad Valorem roll, BUT is billed with the Ren Zone millage table.
 - The building(s) and land improvement(s) covered by the IFT certificate should have a separate parcel number, and great care should be taken to select the proper "dual designation" so the parcel is billed properly.
- o IFT values do not get reported on any of the various L- reports since they are not on the Ad Valorem Roll.

- o Different millage rates are used in billing IFT Pre-1994 and IFT Post-1994.
- o The MBT exemption for Industrial and Commercial Personal Property applies to IFT parcels and the millage rate shall be adjusted accordingly.

Classification Definitions:

- o **Pre 1994 Rates/Calculations**

Used for "typical IFT's" – Both Real and Personal Property certificates issued before Proposal A. A parcel of this type is billed with a separate millage table that includes the School Operating millage rate at that time. No SET will be billed for these parcels. All Special Act properties of this type should be expired as of Tax Year 2007.

- o **Post 1994 Rates/Calculations**

Used for "typical IFT's" – both Real and Personal Property- Real and Personal Property certificates issued after Proposal A. A parcel of this type is billed with a separate millage table, and billed at half the millage for the School District in which the parcel is located. The IFT certificate will indicate the number of SET mills that should be billed. Also, the MBT exemption for Commercial and Industrial Personal Property applies to parcels with this classification.

New facilities with certificates that became effective after 1993 generally pay a specific tax equal to on half of the current ad valorem millage rate NOT INCLUDING the SET. Under MCL 207.564 the Michigan Strategic Fund may grant an abatement to a Post 1993 NEW FACILITY of the full SET levy.

- o **IFT Parcels that are included within a Ren-Zone:** A "typical" REZ certificate (when NOT included with an IFT) covers building, land improvements, and land - all on one parcel.

When with an IFT, the land remains as a Ren-Zone parcel and is reported on the Ad Valorem roll, BUT is billed with the Ren Zone millage table.

The building(s) and land improvement(s) covered by the IFT certificate should have a separate parcel number, and great care should be taken to select the proper "dual designation" so the parcel is billed properly.

- o **RZ - Pre 1994 IFT within Ren Zone.** Include parcels where the IFT was issued Pre-Prop A, and the parcel resides within a Ren-Zone. Land is included on the Ad-Valorem Roll.
- o **RZ - Post 1994 IFT within Ren Zone.** Include parcels where the IFT was issued Post-Prop A, and the parcel resides within a Ren-Zone. This includes both Real and Personal Property. Land is included on the Ad-Valorem Roll.
- o **RZ - Rehab IFT within Ren Zone.** Include parcels where the IFT-Rehab Certificate was issued Post-Prop A, and the parcel resides within a Ren-Zone. Land is included on the Ad-Valorem Roll.
- o **RZ - 25% Post 1994 IFT.** Include parcels where the IFT was issued Post-Prop A, and the parcel resides within a Ren-Zone. This includes both Real and Personal Property. Land is included on the Ad-Valorem Roll. Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **RZ - 25% Rehab IFT.** Include parcels where the IFT-Rehab Certificate was issued Post-Prop A, and the parcel resides within a Ren-Zone. Land is included on the Ad-Valorem Roll. Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **RZ - 50% Post 1994 IFT.** Include parcels where the IFT was issued Post-Prop A, and the parcel resides within a Ren-Zone. This includes both Real and Personal Property. Land is included on the Ad-Valorem Roll. Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **RZ - 50% Rehab IFT.** Include parcels where the IFT-Rehab Certificate was issued Post-Prop A, and the parcel resides within a Ren-Zone. Land is included on the Ad-Valorem Roll. Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **RZ - 75% Post 1994 IFT.** Include parcels where the IFT was issued Post-Prop A, and the parcel resides within a Ren-Zone. This includes both Real and Personal Property. Land is included on the Ad-Valorem Roll. Include parcels that are in the year of expiration of Ren-Zone certificate.
- o **RZ - 75% Rehab IFT.** Include parcels where the IFT-Rehab Certificate was issued Post-Prop A, and the parcel resides within a Ren-Zone. Land is included on the Ad-Valorem Roll. Include parcels that are in the year of the expiration of Ren-Zone certificate.
- o **Post 94 IFT in Tool/Die Ren Zone (PA 276).** Include parcels where the IFT-T&D Certificate was issued Post-Prop A, and the parcel resides within a Ren-Zone. Land is included on the Ad-Valorem Roll.
- o **IFT - Personal on Commercial Class.** Include parcels that receive an IFT Certificate (Real or Personal), and are located on a parcel that is in the Commercial (versus Industrial) property Class.
- o **IFT - Rehab.** The Assessed and Taxable Value of these parcels are frozen as designated on the IFT Certificate. IFT Rehab parcels are billed using the Ad Valorem millage table for the School District in which they are located. The Tax benefit is the fact that the improvements made to the property are not part of the value during the certificate period.

- o **Rehab - Ad Valorem Rates.** The Assessed and Taxable Value of these parcels are frozen as designated on the IFT Certificate. IFT Rehab parcels are billed using the Ad Valorem millage table for the School District in which they are located. The Tax benefit is the fact that the improvements made to the property are not part of the value during the certificate period.

NEZ Group (Neighborhood Enterprise Zone)

Stats:

<u>PA Reference:</u>	Public Act 147 of 1992
<u>STC:</u>	State Tax Commission Bulletin Number - Several Bulletins on this topic through the years
<u>Classification:</u>	Always included on the Special Act Roll
<u>Provides For:</u>	A property tax exemption for the development and rehabilitation of residential housing located within eligible distressed communities.
	Public Act 147 of 1992 defined:

AN ACT to provide for the development and rehabilitation of residential housing located in distressed communities. "A Neighborhood Enterprise Zone Certificate exempts a new or rehabilitated facility, but not the land, from ad valorem taxation (MCL 207.779(2)). A specific tax is levied called the Neighborhood Enterprise Zone Tax (MCL 207.779(1)).

Certificate Duration: Certificates issued before 1/1/2006 are in effect from 6 to 12 years, and may be extended by the local unit for up to 3 years. Certificates issued after 1/1/2006 are in effect from 6 to 15 years.

Certified at the authority of: Michigan State Tax Commission

NEIGHBORHOOD ENTERPRISE ZONE ACT (EXCERPT)

Act 147 of 1992

207.779 Neighborhood enterprise zone tax; exemption from ad valorem real property taxes; determination of amount; payment; disbursement; distribution to intermediate school districts; payment to state treasury; tax as lien; continuance of certificate; condition; collection as delinquent tax; facility located in renaissance zone.

Sec. 9.

- (1) Except as provided in subsection (10), there is levied on the owner of a new facility or a rehabilitated facility to which a neighborhood enterprise zone certificate is issued a specific tax known as the neighborhood enterprise zone tax.
- (2) A new facility or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, but not the land on which the facility is located, is exempt from ad valorem real property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.
- (3) The amount of the neighborhood enterprise zone tax on a new facility is determined each year by multiplying the taxable value of the facility, not including the land, by 1 of the following:
 - (a) For property that would otherwise meet the definition of a homestead under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, if that property was not exempt from ad valorem property taxes under this act, 1/2 of the average rate of taxation levied in this state in the immediately preceding calendar year on homestead property and qualified agricultural property as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd. However, in 1994 only, the average rate of taxation shall be the average rate of taxation levied in 1993 upon all property in this state upon which ad valorem taxes are assessed.
 - (b) For property that is not a homestead under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13. However, in 1994 only, the average rate of taxation shall be the average rate of taxation levied in 1993 upon all property in this state upon which ad valorem taxes are assessed.
- (4) The amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, for the tax year immediately preceding the effective date of the neighborhood enterprise zone certificate by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing units within which the rehabilitated facility is located.
- (5) The neighborhood enterprise zone tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the neighborhood enterprise zone tax received by the officer or officers each year to the state, cities, townships, villages, school districts, counties, and authorities at the same times and in the same proportions as required for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (7) for taxes collected after June 30, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated.
- (6) An intermediate school district receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If and for the period that the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, is amended or its successor act is

enacted or amended to include a provision that provides for adjustments in state school aid to account for the receipt of revenues provided under this act in place of exempted ad valorem property tax, revenues required to be remitted or returned to the state treasury to the credit of the state school aid fund shall be distributed instead to the intermediate school districts. If the sum of any industrial facility tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial facilities tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and the neighborhood enterprise zone tax paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the intermediate school district exceeds the amount received by the intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible intermediate school district an amount equal to the difference between the sum of the industrial facility tax, the commercial facilities tax, and the neighborhood enterprise zone tax paid to the state treasury to the credit of the state school aid fund and the amount the intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681.

(7) For neighborhood enterprise zone taxes levied after 1993 for school operating purposes, the amount that would otherwise be disbursed to a local school district shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the commission on a form provided by the commission. The neighborhood enterprise zone tax is a lien on the real property upon which the new facility or rehabilitated facility subject to the certificate is located until paid. The continuance of a certificate is conditional upon the annual payment of the neighborhood enterprise zone tax and the ad valorem tax on the land collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(9) If payment of the tax under this act is not made by the March 1 following the levy of the tax, the tax shall be turned over to the county treasurer and collected in the same manner as a delinquent tax under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(10) A new facility or a rehabilitated facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the neighborhood enterprise zone tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the neighborhood enterprise zone tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The neighborhood enterprise zone tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

Of Note:

1. An NEZ is a "Special Acts" property. These properties are included on the "NEZ Specific Tax Roll." None of the totals are included in the Regular Assessment Roll, nor do the numbers get reported on any of the various "L-Reports." Only the building and land improvements are eligible for the reduced tax rate. The taxable value of the existing building being rehabilitated (existing house) is frozen (at pre improvement value) and placed on the NEZ specific tax roll (land would remain on the ad valorem roll). The assessable improvements done to the building will not be taxed for the term (12 years) of the abatement.
2. The land is fully assessed and IS reported on the Ad-Valorem Assessment Roll. Land pays full taxes.
3. These properties are essentially 'Residential IFT'S'
 - o A NEZ certificate covers building and land improvements only. A separate parcel number should be used for each certificate. The land portion of the parcel stays on the Ad Valorem roll and is assessed and taxed the same as all other Ad Valorem Residential parcels (other rules apply for parcels in a NEZ within a REZ).
 - o "NEZ/Ren Zone Parcels"... A parcel may qualify for two different Special Act types simultaneously. When this occurs, special care must be taken.
 - The land remains as a Ren Zone parcel and is reported on the Ad Valorem roll, BUT is billed with the Ren Zone millage table.
 - The building(s) and land improvement(s) covered by the NEZ certificate should have a separate parcel number, and great care should be taken to select the proper "dual designation" so the parcel is billed properly.
 - o **NEZ** Parcels are slowly returned to Ad Valorem millage rates during the last years of their certificate. Special care should be taken at the end of each assessment year to review expiring certificates and change their Classification to reflect the relationship to the expiration. This is accomplished through the 50%/62.5%/75%/82.5% options in the program.

For example, if the certificate expires 12/30/2012:

- a. From the year of the certificate through assessment year 2009, the classification should be: "NEZ PRE .5"
 - b. Assessment year 2010, two years before expiration, change the classification to: "NEZ - .625"
 - c. Assessment year 2011, 1 year before expiration, change the classification to: "NEZ - .75"
 - d. Assessment year 2012, the year of expiration, change the classification to: "NEZ - .825"
- o NEZ values do not get reported on any of the various L- reports.
 - o Unlike most other Special Act properties, delinquent NEZ parcels are normally turned over to the County Treasurer
 - o Tax calculations differ depending on whether the parcel is a Principal Residence.

- An NEZ is a "Special Acts" parcel as outlined in Public Act 147 of 1992.
- The NEZ certificate provides for the development and rehabilitation of residential housing located in distressed communities.
- The NEZ real property certificate covers buildings only. A separate parcel number should be used for each certificate.
- The land portion of the parcel stays on the Ad Valorem roll and is assessed and taxed the same as all other Ad Valorem Residential parcels.
- Certificates issued before 1/1/2006 are in effect from 6 to 12 years but may be extended by the Local Governmental Unit for up to 3 years. Certificates issued after 1/1/2006 are in effect from 6 to 15 years
- **See also: Renaissance Zones.** There are NEZ parcels that are also located in a Ren Zone.
- **NEZ Homestead .5:** "Homestead Facility" parcels are "slowly" returned to Ad valorem millage rates the last years of their certificate. Special care should be taken at the end of each assessment year to review expiring certificates and change their Tax Billing code to reflect the relationship to their expiration. For example, if the certificate expires 12/30/2012:
 - NEZ – Homestead .5 (from year of certificate until 2010)
 - ½ mills for county and local operating
 - County and local debt and all other millage levied by all other taxing authorities remain at full millage
 - NEZ - .625 – 2 years before expiration (2010)
 - NEZ - .75 – year before expiration (2011)
 - NEZ - .825 – year of expiration (2012)
- **NEZ:** (Neighborhood Enterprise Zone) Parcels of this type are billed with a separate millage table as designated by the State of Michigan.
- **NEZ-Rehab:** (Neighborhood Enterprise Zone – Rehab) The assessed and taxable value of these parcels are frozen until the last three years of the certificate when it follows the example above.
- **NEZ-New NonPre:** tax is determined by multiplying 1/2 of the average statewide homestead mills levied in the immediate preceding calendar by the taxable value of the "New Facility". This rate is set by the Michigan Department of Treasury

Classification Definitions:

- **NEZ - Neighborhood Enterprise Zone.** Billed with a separate millage table as designated by the State of Michigan. Represents a constant millage rate applied to all parcels in the State within this class.
- **NEZ - Rehab.** The Assessed and Taxable Value of these parcels are frozen until the last three years of the certificate, when they are returned to Ad Valorem rates.
- **NEZ - .625.:** NEZ Parcels are put in this 'bucket' 2 years before expiration to represent their 'Partial' return to using the full Ad-Valorem millage rate. Here they receive 62.5% of the full millage rate.
- **NEZ - .75.:** NEZ Parcels are put in this 'bucket' 1 year before expiration to represent their 'Partial' return to using the full Ad-Valorem millage rate. Here they receive 75% of the full millage rate.
- **NEZ - .825.:** NEZ Parcels are put in this 'bucket' in the year of the expiration to represent their 'Partial' return to using the full Ad-Valorem millage rate. Here they receive 82.5% of the full millage rate.
- **NEZ - PRE .5.:** NEZ Parcels are put in this 'bucket' if they are a 'typical' PRE parcel within a NEZ. Here they receive 50% of the full PRE millage rate.
- **NEZ - New NonPRE.:** NEZ Parcels are put in this 'bucket' if they are a 'typical' NON-PRE parcel within a NEZ. Here they receive 50% of the full millage rate.

NEZ Parcels that also resided within a REZ

- **RZ - New NEZ.:** NEZ Parcels are put in this 'bucket' if they are also located within a REZ.
- **RZ - Rehab NEZ.** NEZ Parcels are put in this 'bucket' if they are also located within a REZ with a Rehab Certificate.
- **RZ - New NEZ 25%.** NEZ Parcels are put in this 'bucket' if they are also located within a REZ and pay 25% of the millage rate.
- **RZ - New NEZ 50%.** NEZ Parcels are put in this 'bucket' if they are also located within a REZ and pay 50% of the millage rate.
- **RZ - New NEZ 75%.** NEZ Parcels are put in this 'bucket' if they are also located within a REZ and pay 75% of the millage rate.
- **RZ - Rehab NEZ 25%.** NEZ Parcels are put in this 'bucket' if they have a Rehab Certificate and pay 25% of the millage rate.
- **RZ - Rehab NEZ 50%.** NEZ Parcels are put in this 'bucket' if they have a Rehab Certificate and pay 50% of the millage rate.
- **RZ - Rehab NEZ 75%.** NEZ Parcels are put in this 'bucket' if they have a Rehab Certificate and pay 75% of the millage rate.

REZ Group (Renaissance Zone)

Stats:

PA Reference: Public Act 376 of 1996

STC: State Tax Commission Bulletin Number - Several Bulletins on this topic through the years

Classification: Always included on the Ad Valorem Roll

Provides For: A geographic area in which qualified residents and businesses are exempted from certain taxes in an effort to stimulate economic revitalization. Property taxes are exempted except for bonded debt levies. Taxpayers within the renaissance zone must qualify each year for the exemption.

Public Act 376 of 1996, Defined:

AN ACT to create and expand certain renaissance zones; to foster economic opportunities in this state; to facilitate economic development; to stimulate industrial, commercial, and residential improvements; to prevent physical and infrastructure deterioration of geographic areas in this state; to authorize expenditures; to provide exemptions and credits from certain taxes; to create certain obligations of this state and local governmental units; to require disclosure of certain transactions and gifts; to provide for appropriations; and to prescribe the powers and duties of certain state and local departments, agencies, and officials.

Certificate Duration: Multiple Plan Possibilities

Certified at the authority of: Michigan State Tax Commission

"Renaissance zone" means a geographic area designated under this act.

125.2682 Legislative findings and declarations.

Sec. 2.

The legislature of this state finds and declares that there exists in this state continuing need for programs to assist certain local governmental units in encouraging economic development, the consequent job creation and retention, and ancillary economic growth in this state. To achieve these purposes, it is necessary to assist and encourage the creation of renaissance zones and provide temporary relief from certain taxes within the renaissance zones.

125.2689 Exemption, deduction, or credit.

Sec. 9.

(1) Except as otherwise provided in section 10, an individual who is a resident of a renaissance zone or a business that is located and conducts business activity within a renaissance zone shall receive the exemption, deduction, or credit as provided in the following for the period provided under section 6(2)(b):

(a) Section 39b of the single business tax act, Act No. 228 of the Public Acts of 1975, being section 208.39b of the Michigan Compiled Laws.

(b) Section 31 of the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being section 206.31 of the Michigan Compiled Laws.

(c) Section 35 of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.635 of the Michigan Compiled Laws.

(d) Section 5 of the city utility users tax act, Act No. 100 of the Public Acts of 1990, being section 141.1155 of the Michigan Compiled Laws.

(2) Except as otherwise provided in section 10, property located in a renaissance zone is exempt from the collection of taxes under all of the following:

(a) Section 7ff of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws.

(b) Section 11 of Act No. 198 of the Public Acts of 1974, being section 207.561 of the Michigan Compiled Laws.

(c) Section 12 of the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws.

(d) Section 21c of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2121c of the Michigan Compiled Laws.

(e) Section 1 of Act No. 189 of the Public Acts of 1953, being section 211.181 of the Michigan Compiled Laws.

(f) Section 12 of the technology park development act, Act No. 385 of the Public Acts of 1984, being section 207.712 of the Michigan Compiled Laws.

(g) Section 51105 of part 511 (commercial forests) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being section 324.51105 of the Michigan Compiled Laws.

(h) Section 9 of the neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being section 207.779 of the Michigan Compiled Laws.

(3) During the last 3 years that the taxpayer is eligible for an exemption, deduction, or credit described in subsections (1) and (2), the exemption, deduction, or credit shall be reduced by the following percentages:

(a) For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.

(b) For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.

(c) For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.

211.7ff Real and personal property located in renaissance zone.

Sec. 7ff.

(1) For taxes levied after 1996, except as otherwise provided in subsections (2) and (3) and except as limited in subsections (4), (5), and (6), real property in a renaissance zone and personal property located in a renaissance zone is exempt from taxes collected under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(2) Real and personal property in a renaissance zone is not exempt from collection of the following:

(a) A special assessment levied by the local tax-collecting unit in which the property is located.

(b) Ad valorem property taxes specifically levied for the payment of principal and interest of obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit.

(c) A tax levied under section 705, 1211c, or 1212 of the revised school code, 1976 PA 451, MCL 380.705, 380.1211c, and 380.1212.

(3) Real property in a renaissance zone on which a casino is operated and personal property of a casino located in a renaissance zone is not exempt from the collection of taxes under this act. As used in this subsection, "casino" means a casino regulated by this state pursuant to the Michigan gaming control and revenue act, Initiated Law of 1996, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

(4) For residential rental property in a renaissance zone, the exemption provided under this section is only available if that residential rental property is in substantial compliance with all applicable state and local zoning, building, and housing laws, ordinances, or codes and the property owner files an affidavit before December 31 in the immediately preceding tax year with the treasurer of the local tax collecting unit in which the property is located stating that the property is in substantial compliance with all applicable state and local zoning, building, and housing laws, ordinances, or codes.

(5) Except as otherwise provided in subsection (6), personal property is exempt under this section if that property is located in a renaissance zone on tax day as provided in section 2 and was located in that renaissance zone for not less than 50% of the immediately preceding tax year. The written statement required under section 18 shall identify all personal property located in a renaissance zone on the tax day provided in section 2 and shall indicate whether that personal property was located in that renaissance zone for 50% of the immediately preceding tax year.

(6) Personal property located in a renaissance zone on tax day as provided in section 2 and located in that renaissance zone for less than 50% of the immediately preceding tax year is exempt under this section if an owner of the personal property files an affidavit with the written statement required under section 18 stating that the personal property will be located in that renaissance zone for not less than 50% of the tax year for which the exemption is claimed. The written statement required under section 18 shall identify all personal property located in that renaissance zone on the tax day provided in section 2 and identify that personal property for which an exemption is claimed under this subsection.

(7) As used in this section:

(a) "Renaissance zone" means that area designated a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(b) "Residential rental property" means that portion of real property not occupied by an owner of that real property that is classified as residential real property under section 34c, is a multiple-unit dwelling, or is a dwelling unit in a multiple purpose structure, used for residential purposes, and all personal property located in that real property.

Of Note:

- o A Ren Zone parcel is reported as Ad Valorem property and included on the L-reports
- o The benefits of a Ren Zone are received by the entire property – land and buildings.
- o The parcel is exempt from all but debt millage; special assessments and extra voted millage.
- o The challenges with these parcels are experienced when a parcel within this district is also issued another type of certificate or Special Act designation.

- Land Bank parcels can be located in a Ren Zone
- An authority such as a DDA; LDFA; TIFA or Brownfield can also be a part of a Ren Zone and thus the minimal taxes that are levied on these parcels can be captured.
- There can be IFT's or OPRA's in a Ren Zone
- When a parcel located in a Ren Zone also has another Special Act certificate:
 - The land remains as a Ren Zone parcel and is reported on the Ad Valorem roll but billed with the regular Ren Zone millage table.
 - The buildings covered by the other type of Special Act certificate (IFT; OPRA; etc.) should have a separate parcel number and great care should be taken to select the proper "dual designation" so the parcel is billed properly.
- Ren Zone parcels are "slowly" returned to Ad valorem millage rates the last years of their certificate. Special care should be taken at the end of each assessment year to review expiring certificates and change their Tax Billing code to reflect the relationship to their expiration. For example, if the certificate expires 12/30/2012:
 - RZ - 25% - 2 years before expiration (2010). Represents 25% of the appropriate school district ad valorem millage.
 - RZ - 50% - year before expiration (2011) Represents 50% of the appropriate school district ad valorem millage.
 - RZ - 75% - year of expiration (2012) Represents 75% of the appropriate school district ad valorem millage.

Classification Definitions:

- **RZ - Renaissance Zone.** This type is used for properties first entering this Special Class. Special millage rates will apply, however, the property is maintained on the Ad-Valorem roll
- **Tool/Die Renaissance Zone.** This type is used for properties first entering the T &D Special Class. Special millage rates will apply, however, the property is maintained on the Ad-Valorem roll
- **RZ - 25% Renaissance Zone.** This type is used for properties starting the migration back to full millage rates. Special millage rates still apply, however, the property is maintained on the Ad-Valorem roll. This represents 25% of the calculated Ad Valorem millage for the School District in which the parcel resides. This option is selected 2 years before full expiration.
- **RZ - 25% Tool/Die Ren Zone.** This type is used for properties starting the migration back to full millage rates and reside in a T&D Ren Zone. Special millage rates still apply, however, the property is maintained on the Ad-Valorem roll. This represents 25% of the calculated Ad Valorem millage for the School District in which the parcel resides. This option is selected 2 years before full expiration.
- **RZ - 50% Renaissance Zone.** This type is used for properties in the migration back to full millage rates. Special millage rates still apply, however, the property is maintained on the Ad-Valorem roll. This represents 50% of the calculated Ad Valorem millage for the School District in which the parcel resides. This option is selected 1 year before full expiration.
- **RZ - 50% Tool/Die Ren Zone.** This type is used for properties starting the migration back to full millage rates and reside in a T&D Ren Zone. Special millage rates still apply, however, the property is maintained on the Ad-Valorem roll. This represents 50% of the calculated Ad Valorem millage for the School District in which the parcel resides. This option is selected 1 year before full expiration.
- **RZ - 75% Renaissance Zone.** This type is used for properties in the migration back to full millage rates. Special millage rates still apply, however, the property is maintained on the Ad-Valorem roll. This represents 75% of the calculated Ad Valorem millage for the School District in which the parcel resides. This option is selected in the final year before full expiration.
- **RZ - 75% Tool/Die Ren Zone.** This type is used for properties starting the migration back to full millage rates and reside in a T&D Ren Zone. Special millage rates still apply, however, the property is maintained on the Ad-Valorem roll. This represents 75% of the calculated Ad Valorem millage for the School District in which the parcel resides. This option is selected in the final year before full expiration.

Land Bank Group

Stats:

<u>PA Reference:</u>	Public Act 258, 259, 260, 261, 262, 263 of 2003 – PA 376
<u>STC:</u>	State Tax Commission Bulletins - Several Bulletins on this topic through the years [see Bulletin 12 of 2004]
<u>Classification:</u>	Can be on the Special Act Roll or Ad Valorem Roll; depending on the type of Land Bank
<u>Provides For:</u>	Created to return blighted tax reverted properties to viable use. Public act Defined:

AN ACT to provide for the creation of land bank fast track authorities to assist governmental entities in the assembly and clearance of title to property in a coordinated manner; to facilitate the use and development of certain property; to promote economic growth; to prescribe the powers and duties of certain authorities; to provide for the creation and appointment of boards to govern land bank fast track authorities and to prescribe their powers and duties; to authorize the acquisition, maintenance, and disposal of interests in real and personal property; to authorize the conveyance of certain properties to a land bank fast track authority; to authorize the enforcement of tax liens and the clearing or quieting of title by a land bank fast track authority; to provide for the distribution and use of revenues collected or received by a land bank fast track authority; to prescribe powers and duties of certain public entities and state and local officers and agencies; to authorize the transfer and acceptance of property in lieu of taxes and the release of tax liens; to exempt property, income, and operations of a land bank fast track authority from tax; to extend protections against certain liabilities to a land bank fast track authority; and to repeal acts and parts of acts.

Public Acts (P.A.) 260 and 261 of 2003 were signed by Governor Granholm on January 5, 2004, with an effective date of January 5, 2004. It provides for an exemption from taxation under the General Property Tax Act for the following:

1. Property whose title is held by a Land Bank Fast Track Authority.
2. Certain property conveyed by a Land Bank Fast Track Authority. This exemption is for a 5-year period.

P.A. 260 of 2003 provides for a specific tax to be levied upon the owners of Eligible Tax Reverted Property.

Of Note:

- o Under a Land Bank certificate, both land and building are exempt from ad valorem taxes.
 - o It is suggested that a separate property class be developed for those parcels going into Land Bank Sale status.
 - o It is suggested that an Exempt status be created for State, County and Local Unit Land Banks for tracking purposes.
 - o A full appraisal should be maintained on all Land Bank properties regardless of their status.
 - o Taxes CAN be captured on new construction on a Land Bank Sale parcel.
 - o "Ren Zone" Land Bank Parcels remains a Ren Zone parcel and are reported on the Ad Valorem roll, BUT are billed with the Ren Zone millage table.
 - o Two "Land Bank" classifications are Ad Valorem...
 - *Land Bank (Not a Special Act)*
 - *Land Bank Sale Brownfield*
- ...the remaining classifications report Prior Year values as Ad Valorem and Current Year value as Special Act. "Loss/Losses" to Ad Valorem, "New/Additions" to Special Act.

Those remaining classifications can have the Current Year Value reported as "Ad Valorem" by checking the "Make Ad Valorem" box located in the Land Bank Group Settings pane available when the selected classification is from the Land Bank Group.

Classification Definitions:

- o **Land Bank (Not a Special Act)**. Includes Real Property whose title is held by a Land Bank. These parcels are listed on the ad valorem roll, but are exempt from ad valorem taxes.
- o **State Land Bank Sale**. Real property that was sold or conveyed by a State Land Bank, and is exempt from ad valorem taxes for 5 years.
- o **State Land Bank Sale Brownfield**. Real property that is in a Brownfield and was sold or conveyed by a State Land Bank Fast Track Authority. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)).
- o **State RZ - Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a State Land Bank Fast Track Authority.
- o **State RZ - Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a State Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)).
- o **State RZ - 25% Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a State Land Bank Fast Track Authority. Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **State RZ - 25% Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a State Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **State RZ - 50% Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a State Land Bank Fast Track Authority. Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **State RZ - 50% Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a State Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **State RZ - 75% Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a State Land Bank Fast Track Authority. Include parcels that are in the year of the expiration of Ren-Zone certificate.
- o **State RZ - 75% Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a State Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have are in the year of the expiration of Ren-Zone certificate.
- o **County Land Bank Sale**. Real property that was sold or conveyed by a County Land Bank and is exempt from ad valorem taxes for 5 years.
- o **County Land Bank Sale Brownfield**. Real property that is in a Brownfield and was sold or conveyed by a County Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)).
- o **County RZ - Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a County Land Bank Fast Track Authority.
- o **County RZ - Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a County Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)).
- o **County RZ - 25% Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a County Land Bank Fast Track Authority. Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **County RZ - 25% Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a County Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **County RZ - 50% Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a County Land Bank Fast Track Authority. Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **County RZ - 50% Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a County Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **County RZ - 75% Land Bank Sale**. Real property that is in a Renaissance Zone and was sold or conveyed by a County Land Bank Fast Track Authority. Include parcels that are in the year of expiration of Ren-Zone certificate.
- o **County RZ - 75% Land Bank Sale Brownfield**. Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a County Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that are in the year of expiration of Ren-Zone certificate.
- o **City Land Bank Sale**. Real property that was sold or conveyed by a Local Unit Land Bank and is exempt from ad valorem taxes for 5 years.

- o **City Land Bank Sale Brownfield.** Real property that is in a Brownfield and was sold or conveyed by a Local Unit Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)).
- o **City RZ - Land Bank Sale.** Real property that is in a Renaissance Zone and was sold or conveyed by a Local Unit Land Bank Fast Track Authority.
- o **City RZ - Land Bank Sale Brownfield.** Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a Local Unit Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)).
- o **City RZ - 25% Land Bank Sale.** TEXT
- o **City RZ - 25% Land Bank Sale Brownfield.** Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a Local Unit County Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **City RZ - 50% Land Bank Sale.** Real property that is in a Renaissance Zone and was sold or conveyed by a Local Unit Land Bank Fast Track Authority. Include parcels that have 2 years before the expiration of Ren-Zone certificate.
- o **City RZ - 50% Land Bank Sale Brownfield.** Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a Local Unit Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that have 1 year before the expiration of Ren-Zone certificate.
- o **City RZ - 75% Land Bank Sale.** Real property that is in a Renaissance Zone and was sold or conveyed by a Local Unit Land Bank Fast Track Authority. Include parcels that are in the year of expiration of Ren-Zone certificate.
- o **City RZ - 75% Land Bank Sale Brownfield.** Real property that is in a Brownfield as well as a Renaissance Zone, and was sold or conveyed by a Local Unit Land Bank. This property is not exempt from ad valorem taxes if certain conditions are met within the Brownfield plan (MCL211.7GG(3)). Include parcels that are in the year of expiration of Ren-Zone certificate.

OPRA Group (Obsolete Property Rehabilitation)

Stats:

<u>PA Reference:</u>	Public Act 146 of 2000
<u>STC:</u>	State Tax Commission Bulletin Number 9 of 2000
<u>Classification:</u>	Special Act
<u>Provides for:</u>	An exemption from ad valorem property taxes to commercial property and commercial housing property provided they are located in a qualified local governmental unit and certain other conditions are met. Public Act Defined:

AN ACT to provide for the establishment of obsolete property rehabilitation districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain local government officials; and to provide penalties.

Certificate Duration: Certificates are issued from 1 to 12 years. If the number of years determined is less than 12, the certificate may be subject to review by the local governmental unit and the certificate may be extended.

Certified at the authority of: Michigan State Tax Commission

Obsolete Property Rehabilitation Act Exemption

P.A. 146 of 2000, as amended

The Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000, as amended, provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. 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.

Of Note:

- o An **OPRA** certificate covers building and land improvements only. Two separate parcels are required for each certificate:
 - One parcel for the Assessed and Taxable Value of the improvements prior to rehabilitation. This parcel is classified as "OPRA-Frozen". The full ad valorem millage is applied to this taxable value.
 - One parcel for the rehabilitated improvement(s) value after the 'obsolete property' has been cured, that will be reassessed annually. This parcel is classified as "OPRA-Rehab". A partial millage rate is applied to this property.
 - The land portion of the parcel stays on the Ad Valorem roll and is assessed and taxed the same as all other Ad Valorem Residential parcels unless it is a Ren Zone OPRA parcel (see "Ren Zone" OPRA Parcels" below).
- o **OPRA** "Ren Zone" OPRA Parcels...
 - The land remains as a Ren Zone parcel and is reported on the Ad Valorem roll, BUT is billed with the Ren Zone millage table.
 - The building(s) and land improvement(s) covered by the OPRA certificate should have a separate parcel number, and great care should be taken to select the proper "dual designation" so the parcel is billed properly.
- o OPRA values do not get reported on any of the various L- reports.
- o OPRA parcels are not returned to the County Treasurer as delinquent.

Classification Definitions:

- o **OPRA - Frozen.** The taxable value for the December 31 immediately preceding the effective date of the certificate was issued, excluding land and personal property. The frozen taxable value is then applied to the millage levied by all taxing units for the current year.
- o **OPRA - Rehab.** The current taxable value of the rehabilitated facility excluding the current taxable values of the land, personal property and the frozen taxable value established above. The rehab taxable value is then applied to the millage levied for School Operating purposes by a local school district, as well as State Education Tax millage.
- o **OPRA - Frozen 1/2 Rate.** The State Treasurer may grant the exclusion of up to ½ of the mills levied for the local school operating purposes and for the State Education Tax in the calculation of OPRA – Frozen taxes. This exclusion is for a period not to exceed 6 years.
- o **OPRA - Rehab 1/2 Rate.** The State Treasurer may grant the exclusion of up to ½ of the mills levied for the local school operating purposes and for the State Education Tax in the calculation of OPRA Rehab taxes. This exclusion is for a period not to exceed 6 years.
- o **RZ - OPRA Frozen.** OPRA – Frozen parcels that are also located in a Renaissance Zone. The OPRA – Frozen taxable value is then only subject to the millages levied within that Renaissance Zone.
- o **RZ - OPRA Rehab.** OPRA – Rehab parcels that are also located in a Renaissance Zone. The OPRA – Rehab taxable value is then only subject to the millages levied within that Renaissance Zone.
- o **RZ - OPRA Frozen 1/2Rate.** OPRA – Frozen parcels that are also located in a Renaissance Zone and have been granted the exclusion of up to ½ of the mills levied for the local school operating and State Education Tax by the State Treasurer. The OPRA – Frozen taxable value is then only subject to the millages levied within that Renaissance Zone.
- o **RZ - OPRA Rehab 1/2 Rate.** OPRA – Rehab parcels that are also located in a Renaissance Zone and have been granted the exclusion of up to ½ of the mills levied for the local school operating and State Education Tax by the State Treasurer. The OPRA – Rehab taxable value is then only subject to the millages levied within that Renaissance Zone

Stats:

- PA Reference:** Public Act 451 of 1994
- PA Reference:** Public Act 513 of 2004 provides for a change in the Payment in Lieu of Taxes made by the Department of Natural Resources on certain real property owned by the State and controlled by the DNR.
- STC:** State Tax Commission Bulletin Number 9 of 2000
- Classification:** Can be on the Special Act Roll or Ad Valorem Roll (see below)
- Provides for:** Revised procedures used in the assessment, equalization and taxation of real property owned by this State and controlled by the Department of Natural Resources.

Public Act 451 of 1994 defined:

AN ACT to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts.

Public Act 513 of 2004 defined:

AN ACT to amend 1994 PA 451, entitled "An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," by amending sections 2153 and 2154 (MCL 324.2153 and 324.2154), as added by 1995 PA 60.

Of Note:

- o Parcels designated as such should be only land that is owned by the State of Michigan Department of Natural Resources.
- o The State Tax Commission determines Assessed/Taxable values on these properties. Values of existing properties were frozen at the 2004 taxable value levels through tax year 2008.
- o The millage rates to be levied against these parcels also remain at the 2004 rates (or the lower of the current year rates and the 2004 rates).
- o Beginning in 2009, the valuations may not increase beyond the Consumer Price Index for that year, or 5 %, whichever is less.
- o If property is acquired after 2004, the valuation shall remain the same as the year it was acquired.
- o Once a parcel is marked DNR-PILT in Equalizer Assessing, the Assessed and Taxable Values remain frozen.
- o Marking the parcel as DNR-PILT is extremely important, as Equalizer Tax is programmed to not bill summer taxes to these parcels. The State requires that one composite bill be sent in the winter that lists all DNR-PILT parcels with the total amount due for both summer and winter taxes
- o A single annual bill for DNR-PILT parcels is and is submitted at the same time that the winter taxes are levied; no summer bill is created.
- o DNR-PILT tax bills cannot include the State Education Tax, special assessments, special improvements or administrative fees
- o Like most special act parcels, DNR-PILT cannot be turned over to the county for collection.

Classification Definitions:

- o **DNR - DNR-PILT.** This classification is "Special Act".
- o **DNR - PILT (first year).** This classification reports Prior Year Values as Ad Valorem and takes the value as "Loss/Losses". Current Year Values are zeroed out.

PILT Group

Stats:

<u>PA Reference:</u>	Public Act 346 of 1966, Public Act 206 of 1893 (Section 211.7d), Amendatory Act 585
<u>STC:</u>	STC Bulletin Number 16 of 2009 (Regarding Senior Citizen & Disabled Housing Exemption)
<u>Classification:</u>	Can be on the Special Act Roll or Ad Valorem Roll; depending on the type of PILT
<u>Provides for:</u>	<p>PA 346 of 1966: The exemption from the collection of taxes for housing owned and operated by a nonprofit corporation or association for property occupied or used solely by low income persons and families</p> <p>PA 206 of 1893: The exemption from the collection of taxes for housing owned and operated by a nonprofit corporation or association for property occupied or used solely by elderly or disabled persons and families</p>
<u>Certificate Duration:</u>	The exemption from taxation remains in effect for as long as the federally-aided or authority aided mortgage, grant or advance is outstanding, but not more than 50 years.
<u>Certified at the authority of:</u>	Michigan State Housing Developmental Authority

Of Note:

- A PILT – Payment in Lieu of Taxes parcel are considered 'Special Act' parcels and are not included on the Ad Valorem Roll
 - Under the PILT exemption, both land and building are exempt from ad valorem taxes.
- A Sr. Citizen/Disabled Fam Hsg–PILT parcel is reported as Ad Valorem property and included on the L-Reports
 - Under the Sr. Citizen/Disabled Fam Hsg PILT exemption, both land and building are exempt from ad valorem taxes
 - It is extremely important that in the Equalizer Assessing system, the frozen value is entered at the time that the special act designation is applied.
 - The Taxable Value of these parcels are 'frozen' or established as a Base Value based on the following:
 - ❖ For property already exempt under this act prior to the January 20, 2009 effective date of amendatory Act 585, the Base Value is the property's 2008 taxable value
 - ❖ For property not exempt under this act prior to the January 20, 2009 effective date of amendatory Act 585, the Base Value is the property's taxable value on the assessment roll in the year the claim for exemption is made
 - ❖ For new construction claiming exemption under this act, the Base Value is the property's taxable value on the assessment roll in the year the construction is completed and a certificate of occupancy is issued.
 - The Base Value is frozen for the duration of the exemption; the yearly inflation rate multiplier is not applied.
 - The calculation of the Payment in Lieu of Taxes is determined by multiplying the property's Base Value by the number of mills levied for all taxing units in the local tax collecting unit except the school operating millage and the state education tax.

Classification Definitions:

- **PILT - Payment in Lieu of Taxes.** Used to designate parcels exempt from ad valorem tax and paying an annual service charge to the unit in lieu of all taxes under Public Act 346 of 1966.
- **Sr. Citizen/Disabled Fam Hsg – PILT.** Used to designate parcels exempt from ad valorem tax under the General Property Tax Act.

PA 328 Group (New Personal Property)

Stats:

<u>PA Reference:</u>	Public Act 328 of 1998
<u>PA Reference:</u>	Public Act 20 of 1999 Amended PA 328 to change the definition of 'Eligible Business'
<u>STC:</u>	State Tax Commission Bulletin Number 9 of 1998
<u>Classification:</u>	Special Act
<u>Provides for:</u>	The exemption of personal property tax collection for businesses located in eligible distressed communities Public Act 328 of 1998 defined:

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this act," (MCL 211.1 to 211.157) by adding section 9f.

Certificate Duration: To be specified in the resolution (typically 12 years)

Certified at the authority of: Michigan State Tax Commission

Of Note:

- o Since these parcels are 100% exempt, a tax bill is not generated; however, some municipalities track the estimated value for internal purposes.
- o The STC advises that the assessor should require 2 personal property statements be filed each year by an Eligible Business which receives this exemption. One statement is for the exempt new personal property and the other is fall all other personal property.
- o The number of years of exemption are determined by the local governmental unit and approved by the State Tax Commission.
- o Examples of PA 328 parcels can be viewed on the following website:
www.michigan.gov/documents/treasury/328ActivityReport_219524_7.pdf

Classification Definitions:

One classification is available in this Group:

- o **PA 328.** This classification is on the Special Acts Roll

AEPP Group (Alternative Energy Personal Property)

Stats:

<u>PA Reference:</u>	Public Act 549 of 2002
<u>STC:</u>	State Tax Commission Bulletin Number 18 of 2002
<u>Classification:</u>	Ad Valorem
<u>Provides for:</u>	The exemption of all property tax collection for businesses in the research, development, manufacture, or use of alternative energy technology
<u>Certificate Duration:</u>	12/31/2002 through 1/1/2013
<u>Certified at the authority of:</u>	Michigan Next Energy Authority

Act 549 of 2002

ALTERNATIVE ENERGY PERSONAL PROPERTY ACT

211.9i Alternative energy personal property; exemption from tax.

Sec. 9i.

- (1) Alternative energy personal property is exempt from the collection of taxes under this act as provided in this section.
- (2) If the Michigan next energy authority certifies alternative energy personal property as eligible for the exemption under this section as provided in the Michigan next energy authority act, the Michigan next energy authority shall forward a copy of that certification to all of the following:
- (a) The secretary of the local school district in which the alternative energy personal property is located.
- (b) The treasurer of the local tax collecting unit in which the alternative energy personal property is located.
- (3) Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the school board for the local school district in which the alternative energy personal property is located, with the written concurrence of the superintendent of the local school district, may adopt a resolution to not exempt that alternative energy personal property from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness. If a resolution is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority, to the treasurer of the local tax collecting unit, and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, for the period provided in subsection (5).
- (4) Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the governing body of the local tax collecting unit in which the alternative energy personal property is located may adopt a resolution to not exempt that alternative energy personal property from the taxes collected in that local tax collecting unit, except taxes collected under sections 1211 and 1212 of the revised school code, 1976 PA 451, MCL 380.1211 and 380.1212, a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, or the tax levied by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit in which the alternative energy personal property is located and the legislative body of each taxing unit that levies ad valorem property taxes in that local tax collecting unit in which the alternative energy personal property is located. Notice of the meeting at which the resolution will be considered shall be provided as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. If a resolution is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from the taxes collected in that local tax collecting unit for the period provided in subsection (5), except as otherwise provided in this section.
- (5) The exemption under this section applies to taxes levied after December 31, 2002 and before January 1, 2013.
- (6) As used in this section:
- (a) "Alternative energy personal property" means all of the following:
- (i) An alternative energy system.
- (ii) An alternative energy vehicle.
- (iii) All personal property of an alternative energy technology business.
- (iv) The personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology.
- (b) "Alternative energy system", "alternative energy vehicle", "alternative energy technology", and "alternative energy technology business" mean those terms as defined in the Michigan next energy authority act.

History: Add. 2002, Act 549, Imd. Eff. July 26, 2002

Popular Name: Act 206

Of Note:

- o An AEPP parcel is reported as Ad Valorem property and included on the L-reports
- o The school board of a LOCAL SCHOOL DISTRICT may adopt a Resolution to NOT Exempt Alternative Energy Personal Property from the following taxes:
 - a. Tax authorized by MCL 380.1212 for the purpose of creating a **sinking fund**.
 - b. Tax authorized by MCL 380.1 to 380.1852 to retire **outstanding bonded indebtedness**.
- o The governing body of a LOCAL TAX COLLECTING UNIT may adopt a Resolution to NOT Exempt Alternative Energy Personal Property from certain taxes collected in the local tax collecting unit. The following are example of taxes collected in local tax collecting units which local tax collecting units can **opt out** of:
 - County Taxes
 - Intermediate School District taxes
 - Community College taxes
 - Taxes levied by authorities such as DDA's, district libraries, transit authorities, etc.
 - City taxes
 - Township taxes
- o A LOCAL TAX COLLECTING UNIT CANNOT **opt out** of the following taxes:
 - taxes collected under the authority of MCL 380.1211 (**local school operating millage**)
 - taxes collected under the authority of MCL 380.1212 (**local school sinking fund**)
 - taxes collected under the authority of MCL 380.1 to 380.1852 (**for the retirement of local school bonded indebtedness**)
 - the State Education Tax (SET)
- o Since LOCAL SCHOOLS and LOCAL TAX COLLECTING UNITS can **opt out** of the **Alternative Energy Exemption** for certain millages, this exemption will sometimes be a millage rate exemption only, rather than a full assessed value and taxable value exemption.
- o The State Tax Commission therefore recommends that the assessor assess **Alternative Energy Personal Property** under a separate parcel ID number and at a separate place on the assessment roll when a local school district or a local tax collecting unit has **opted out** of the exemption. In this situation, **Alternative Energy Personal Property** is subject to the assessment and equalization process.
- o Under Section 6 of PA 593 of 2002, real and personal property belonging to the **Michigan Next Energy Authority** is also exempt from taxation if it is used for a public purpose. This exemption is a standard exemption of taxable and assessed values. It is not a millage rate exemption. Local school districts and local tax collecting units cannot opt out of this exemption.

Classification Definitions:

One classification is available in this Group:

- o **AEPP**. This classification is on the Ad Valorem roll when assessable (when locals schools or units have opted out)

Stats:

PA Reference: Public Act 451 (Sections 511 and 512) of 1994

Classification: Special Act

Provides for: An incentive to private landowners to retain and manage forestland for long-term timber production
Public Act 451 of 1994 defined:

AN ACT to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts.

Certified at the authority of: Michigan Department of Natural Resources – Forest, Mineral & Fire Management

**NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)
Act 451 of 1994**

Sections 511 and 512

324.51105 Commercial forests not subject to ad valorem general property tax; specific tax; removal from land descriptions list; separate roll; collection; return and sale for nonpayment of taxes; valuation prohibited; lands not considered in connection with equalization distribution of sums collected; distribution; commercial forestland located in renaissance zone.

Sec. 51105.

(1) Commercial forests are not subject to the ad valorem general property tax after the date the township supervisor is notified by the department that the land is a commercial forest, except taxes as previously levied. Except as otherwise provided in part 512 and as provided in subsection (5), commercial forests are subject to an annual specific tax as follows:

(a) Until December 31, 2006, \$1.10 per acre.

(b) Beginning January 1, 2007 through December 31, 2011, \$1.20 per acre.

(c) Beginning January 1, 2012 and every 5 years after that date, the amount of the annual specific tax under this section shall be increased by 5 cents per acre.

(2) The supervisor of the township shall remove from the list of land descriptions assessed and taxed under the ad valorem general property tax the land descriptions certified to him or her by the department as being commercial forests and shall enter those land descriptions on a roll separate from lands assessed and taxed by the ad valorem general property tax and shall spread against these commercial forests the specific tax provided by this section.

(3) The township treasurer shall collect the specific tax at the same time and in the same manner as ad valorem general property taxes are collected and this tax is subject to the same collection charges levied for the collection of ad valorem property taxes. Commercial forests are subject to return and sale for nonpayment of taxes in the same manner, at the same time, and under the same penalties as lands returned and sold for nonpayment of taxes levied under the ad valorem general property tax laws. A valuation shall not be determined for descriptions listed as commercial forests and these lands shall not be considered by the county board of commissioners or by the state board of equalization in connection with county or state equalization for ad valorem property taxation purposes.

(4) Except as provided in section 51109(2), all sums collected pursuant to this section shall be distributed by the township treasurer in the same proportions to the various funds as the ad valorem general property tax is allocated in the township.

(5) Commercial forestland located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the annual specific tax levied under this section to the extent and for the duration provided pursuant to that act.

Of Note:

- o Commercial Forest s are not subject to the ad valorem general property tax after the date the township supervisor is notified that the land is in a commercial forest, except taxes as previously levied
- o Commercial Forest land is taxed at \$1.20 per acre annually through December 2011. On January 1, 2012, and every 5 years thereafter, the CF tax will increase 5 cents per acre annually. Additionally, CR land that also has an approved sustainable conservation easement is taxed at 15 cents left per acre.
- o The township treasurers collects the specific tax at the same time and in the same manner as ad valorem general property taxes are collected and this tax is subject to the same collection charges levied for the collection of ad valorem taxes. Commercial forests are subject to return and sale for nonpayment of taxes in the same manner as ad valorem taxes.
- o Applications for the Commercial Forest tax designation must be postmarked or hand-delivered no later than April 1st to be eligible for consideration as commercial forest in the following tax year.
- o Commercial Forest properties should be removed from the ad valorem roll and placed on a separate roll.
- o Property cannot be listed in both a Commercial Forest and Qualified Forest Property Tax Programs.

Classification Definitions:

One classification is available in this Group:

- o **CFR - Commercial Forest.** Commercial Forest is included on the Special Acts Roll

CFT Group (Commercial Facility Tax)

Stats:

<u>PA Reference:</u>	Public Act 255 of 1978
<u>PA Reference:</u>	Public Act 210 of 2005
<u>STC:</u>	State Tax Commission Policy Statement Issued May 26, 2009
<u>Classification:</u>	Special Act
<u>Provides for:</u>	The rehabilitation of an obsolete commercial business or multi-family residential; the establishment of commercial rehabilitation districts in certain local governmental units; to provide for the exemption from certain taxes. Public Act 255 of 1978 & Public Act 210 of 2005 defined:

AN ACT to provide for the establishment of commercial redevelopment districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide remedies and penalties.

Certificate Duration: Certificates for Commercial Rehabilitation Exemptions are issued from 1 to 10 years and may be transferred to a new owner or lessee if the local governmental unit approves the transfer application.

Certified at the authority of: State Tax Commission

Of Note:

- o *****All CFT parcels have expired***.** A Classification of "CFT-Pre 1994 Rates" is available for customers viewing previous year databases that had these types of parcels.
- o Under PA 210 of 210, a Commercial Facilities Exemption Certificate (CFT – Rehab), a CFT certificate covers buildings only. A separate parcel number should be used for each certificate.
- o A Commercial Facilities Exemption Certificate (CFEC) may be transferred or assigned by the holder of the certificate to a new owner or lessee if the qualified local governmental unit approves the transfer after application by the new owner.
- o The land portion of the parcel stays on the Ad Valorem roll and is assessed and taxed the same as all other Ad Valorem Industrial parcels.
- o The Taxable Value under the CFT – Rehab is frozen at the taxable value of the land improvements for the tax year immediately preceding the teffective date of the exemptions.
- o The Taxable Value for the CFT – Rehab is frozen for the duration of the certificate.
- o Though classified as "Special Act", taxes are billed using the Ad Valorem rate against the frozen value.

Classification Definitions:

- o **CFT - Pre 1994 Rates (Depreciated).** Provided for customers viewing previous year databases that had these types of parcels.
- o **CFT - Rehab PA 210 of 2005.** The taxable value for the rehabbed improvements is frozen for the duration of the certificate.

References

Exemptions

www.michigan.gov/propertytaxexemptions

main stc page

http://www.michigan.gov/treasury/0,1607,7-121-1751_2228---,00.html

archived stc bulletins

http://www.michigan.gov/treasury/0,1607,7-121-1751_2228-164455--,00.html

public act search (as originally passed)

[http://www.legislature.mi.gov/\(S\(pjlhku455vsg3b3f5c2riw55\)\)/mileg.aspx?page=PublicActs](http://www.legislature.mi.gov/(S(pjlhku455vsg3b3f5c2riw55))/mileg.aspx?page=PublicActs)

public act search (become part of the Michigan Compiled Laws. This version is *as it exists today* and includes the changes that have been made to it by way of subsequent legislation.)

[http://www.legislature.mi.gov/\(S\(pjlhku455vsg3b3f5c2riw55\)\)/mileg.aspx?page=MclPASearch](http://www.legislature.mi.gov/(S(pjlhku455vsg3b3f5c2riw55))/mileg.aspx?page=MclPASearch)