

Michigan Assoc of County Treasurers

August 12, 2013

UPDATES AND REMINDERS

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Recent Law Changes Affecting Taxable Value Reporting to MDE

PA 114 and 524 of 2011 allow PREs to start on December tax bill, beginning in 2012. If school taxes are levied in July, report PRE/NonPRE using July status. If school taxes are levied in December, report PRE/NonPRE using December status. If school taxes are levied $\frac{1}{2}$ in July and $\frac{1}{2}$ in December, for properties granted PRE for December, cut PRE % in half.

Or calculate effective PRE by dividing school operating tax levied by millage rate.

Recent Law Changes Affecting Taxable Value Reporting to MDE

PA 277 of 2011 exempts leased public school academies (charter schools) from SET and school operating tax (except for hold-harmless mills), beginning in 2013. Report TV to MDE as Industrial Personal.

PA 494 of 2012 exempts new construction on development property from school operating tax, including hold-harmless mills, for up to three years until occupied, beginning in 2013.

Revised Qualified Forest Program

PA 42 of 2013 (and 8 other public acts) revised the qualified forest program.

For land between 20 and 40 acres, at least 80% must be stocked in productive forest.

For land 40 acres or more, only 50% must be stocked in productive forest. The remainder may be used for any purpose.

QF land is exempt from school operating tax and its taxable value is not uncapped when sold.

Structures/improvements on the land are subject to school operating tax and their taxable value is uncapped when sold.

Revised Qualified Forest Program

Assessors likely will be required to create separate parcels for QF land and structures. Question: How will foreclosure work if tax is paid on the land parcel but not the building, or vice versa?

Commercial forest property will be allowed to switch to the QF program, and will be assessed at current SEV.

Administration of the program is switched to the Department of Agriculture and Rural Development. QF property will be charged an annual fee equal to 2 mills times taxable value.

Tax Increment Financing What You Don't Know Hurts You

It will be easier to revise TIF capture if you can report the amount of taxes actually being captured.

County treasurers should agree to report the amount of taxes being captured in their county.

My office is willing to compile the data.

Personal Property Reduction Laws

Under current law, the 2014 personal property small parcel exemption will be in effect for 2014 even if the August 2014 ballot proposal fails.

Changes to the 2012 public acts will be proposed later this month.

Distribution of Specific Taxes

For industrial facilities tax, technology park tax, commercial forest tax, MSHDA payments, neighborhood enterprise zone tax, obsolete properties tax, commercial rehabilitation act and ETRPST:

- the local school operating share is paid to the school aid fund.

Distribution of Specific Taxes (Continued)

- local school districts keep the share attributable to debt and sinking fund mills.
- except for IFT replacement facilities, post-1993 IFT new facilities, the obsolete properties tax and the ETRPST, the local school operating share of the specific taxes is calculated using the district's 1993 operating millage rate less 6 mills.

Specific Taxes - Distribution of ISD Special Ed And Voc. Ed. mills

For IFT, NEZ, OPRA, Commercial Forest Tax, Commercial Rehabilitation Tax and ETRPST only:

- the share of the tax attributable to ISD special ed. mills is paid to the school aid fund if the ISD receives special ed. millage equalization funding under section 56 (ICD 450).
- the share of the tax attributable to ISD voc. ed. mills is paid to the school aid fund if the ISD receives voc. ed. millage equalization funding under section 62 (ICD 510).

Otherwise, the ISD share of specific taxes is paid to the ISD.