Use Tax $ to Authority for Reimbursements

FY 16	$96.1 million
FY 17	$380.6 million
FY 18	$410.5 million
FY 19	$437.7 million
FY 20	$465.9 million
FY 21	$491.5 million
FY 22	$521.3 million
FY 23	$548.0 million
FY 24	$561.7 million

Est. State Use Tax $ to School Aid Fund for PPT Cuts

FY 14	$9.9 million
FY 15	$19.9 million
FY 16	$30.9 million
FY 17	$42.0 million

After FY 17, estimated 1% annual increase

New Public Acts

- SB 821 New Authority Act 2014 PA 86
- SB 822 Amendments to Use Tax Act 2014 PA 80
- SB 823 Amendments to Property Tax Act 2014 PA 87
- SB 829 State ESA to replace local ESAs 2014 PA 92

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Other Reimbursement Provisions—Millage Used for Essential Services

- Reimbursement for essential service millage includes reimbursement for loss from expiring tax exemptions.
- Need to clarify calculation and reporting of the number of general operating mills used for essential services.
- Need to clarify how to calculate loss from expiring tax exemptions.

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Reporting Details 2014

- By June 5, 2014, assessors report to CED 2013 and 2014 TV of CP and IP of each taxing unit.
- By June 20, 2014, CEDs report to Treasury the 2013 and 2014 TV of CP and IP of each taxing unit.
- Reports calculate small taxpayer exemption loss by subtracting 2014 CP TV and IP TV from 2013 CP TV and IP TV.

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Reporting Details Beginning 2016

- By June 5, assessors report to CED current TV of CP and IP of each taxing unit.
- By June 20, CEDs report to Treasury the current year TV of CP and IP of each taxing unit.
- Reports calculate personal property exemption loss (PPEL) by subtracting current year CP TV and IP TV from 2013 CP TV and IP TV.

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PA 328(MCL 211. 9f) Provisions

- If PA 328 exemption on EMPP expires before EMPP is eligible for EMPP exemption, PA 328 exemption is extended until EMPP qualifies for exemption; EMPP with extended PA 328 exemption is subject to state ESA.
- PA 328 property is also subject to state ESA if PA 328 exemption is approved after 2013, unless: 1) it is applied for before August 5, 2014 and 2) $25 million of new EMPP investment is to be made within 5 years.

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PA 198 (IFT) Provisions

- If PA 198 exemption for EMPP that is in effect for 2013 expires before EMPP is eligible for EMPP exemption, PA 198 exemption is extended until EMPP is eligible for EMPP exemption; EMPP with extended PA 198 exemption is subject to state ESA based on ½ of FMV.
- PA 198 exemptions for EMPP expire when EMPP is eligible for EMPP exemption. For original term of PA 198 exemption, state ESA is based on ½ of FMV.

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Changes regarding TIF Plans

- Beginning for 2014, reimburse TIF plans for PPT loss.TIF plans file Form 5176. Beginning for 2016, PPT loss includes the loss of increased captured value, which means:
  - Anticipated revenue from expiring tax exemptions
  - Revenue from anticipated future investment
  - Seven tests must be met for increased captured value
- Beginning in 2016, reimbursements for TIF losses are Tier I reimbursements.

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Form 5220

15. Provide Estimated or Actual GF Revenue and Property Tax for the fiscal year selected (check the appropriate fiscal year):

FY 2012-2013

FY 2013-2014

FY 2014-2015

16. Check whether the GF Revenue and Property Tax is an estimate or actual.

- Estimate
- Actual

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Form 5220

17. For the year checked on line 15, enter total general fund property tax revenue.

18. For the year checked on line 15, enter total general fund revenue.

19. Divide line 17 by line 18, and enter the result here and on line 13.

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EMPP Exemption

- The PPT on "Eligible Manufacturing Personal Property" will be phased off of the tax rolls over the next 9 years under the following formula:
  - Beginning in 2016, all personal property first placed in service before 2006 and after 2012 will be exempt.
  - 2017 – Property first placed in service in 2006 will also be exempt.
  - 2018 – Property first placed in service in 2007 will also be exempt.
  - 2019 – Property first placed in service in 2008 will also be exempt.
  - 2020 – Property first placed in service in 2009 will also be exempt.
  - 2021 – Property first placed in service in 2010 will also be exempt.
  - 2022 – Property first placed in service in 2011 will also be exempt.
  - 2023 – All eligible manufacturing property will be exempt.
- Eligible Manufacturing Property is property that is used at least 50% of the time in industrial processing or direct integrated support of industrial processing.

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Change to EMPP Exemption

- For eligible manufacturing personal property exemption that phases in beginning in 2016, definition of industrial processing now tied to eligibility for sales/use tax industrial processing exemption.
- One-time exemption affidavit must be filed by February 10.
- Assessor may deny exemption for current year.
- No exemption for property used to generate, transmit, or distribute electricity for sale.
- 2013 PA 154, SB 490; 2014 PA 87, SB 823

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Other Reimbursement Changes

- Beginning for 2016, estimated 100% reimbursement for all millages.
- Reimbursements for operating millage will be calculated using data available to Treasury. Taxing units will not have to claim reimbursement for operating millage.
- Taxing units will continue to report debt millage levied.

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Other Reimbursement Details

- Beginning in 2016, loss from personal property exemptions calculated by subtracting current year CP TV and IP TV from 2013 CP TV and IP TV.
- Calculations include IFT property (new at 50%).
- Calculations exclude property classified as either IP or CP in one year but classified as real property or utility personal in other.

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Reimbursement Details CY 2014 and 2015

- Reimbursements made only for millage used to pay debt and TIF loss, with one exception.
- In FY 2016, reimburse cities for their non-debt loss for 2014 and 2015.
- For debt loss reimbursement, obligation must be incurred (nonschool) or approved by the voters (school) before 2013.
- Debt millage rates should be calculated including STEL TV; reimbursement for STEL.

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Form 5192

Small Taxpayer Exemption Loss

July 2014 Debt Millage Reimbursement Claim

Issued under authority of Public Act 87 of 2014.

COMPLETE THIS FORM ONLY IF DEBT MILLAGE WAS LEVIED IN JULY 2014

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Form 5192

6. Enter the 2014 total taxable value of **real and personal property**, including industrial facilities tax replacement taxable value and one-half of industrial facilities tax new facility taxable value.
7. Enter the amount of 2014 small taxpayer exemption loss (taxable value) from county equalization director.

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Form 5192

8. Enter the actual debt millage rate levied in July 2014 for the payment of principal and interest of obligations incurred before 2013 that pledged the **unlimited** taxing power of the taxing unit.
9. Enter the July 2014 debt millage rate that would have been levied after adjusting for small taxpayer exemption loss for the payment of principal and interest of obligations incurred before 2013 that pledged the **unlimited** taxing power of the taxing unit. (See note below and instructions.)

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Form 5192

10. For obligations incurred before 2013 that pledged the **limited** taxing power of the taxing unit, enter the amount of principal and interest that will be paid using operating millage levied in July 2014.
11. Enter the July 2014 operating millage rate levied for the payment of principal and interest of obligations incurred before 2013 that pledged the **limited** taxing power of the taxing unit. Divide line 10 by the sum of lines 6 and 7 and multiply the result by 1,000. (See note below and instructions.)

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Debt Millage Rate Calculation

- For debt approved by voters before 2013, the 2014 debt millage rate calculation is debt service divided by the sum of 2014 taxable value plus the small taxpayer exemption loss.
- 2014 Debt service: $200,000
- 2014 Taxable value: $100 million
- 2014 personal property small taxpayer exemption loss: $1 million
- 2014 Debt millage rate: $200,000 divided by $101 million or 1.9802 mills.

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