

Payments in Lieu of Taxes (PILT)

Q & A

Note: This document is applicable to DNR PILT under the “purchased lands” provisions.

1. Question: Can PILT bills be submitted in the summer?

Answer: No. Public Act 604, 2012 provides for a **single** billing per year per taxing authority for all Department of Natural Resources (DNR) property.

2. Question: When do PILT bills need to be submitted?

Answer: Per Public Act 604 of 2012, DNR PILT bills should be provided by December 1 to your county. Taxing authorities are to submit a **single statement** including all DNR purchased land parcels in their jurisdiction. A breakdown of millage rates must be supplied with bills including an explanation for “Others”. Counties will forward the PILT bills to Treasury no later than December 15. If an assessing district does not submit a statement under this subsection by January 1, the amount payable to that assessing district shall be reduced by 5% for each month or portion of a month after January 1 that the statement is late.

3. Question: Who can I contact at the Department of Treasury if I have questions regarding PILT Billings or Payments?

Answer: Lisa Harry at (517) 241-4358

Mailing address:
Michigan Department of Treasury
PILT Program
PO Box 30722
Lansing, MI 48909

Or electronically to: TreasuryPILT@michigan.gov

4. Question: How do I distribute monies received to current year millages?

Answer: The local tax collecting unit shall distribute the amount received in the same manner and in the same proportions as general ad valorem taxes collected. See sample distribution sheet on DNR web page.

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5. Question: When will the Department of Treasury make PILT payments on DNR purchased lands for a tax year?

Answer: The state treasurer shall annually forward a separate payment in the amount of the assessment to each affected assessing district in the county by February 14 for any assessing district that has submitted an accurate statement as required by PA 604 of 2012 Sec. 2154.

(5) Beginning 2013, this state shall make payment in full to all local assessing districts under this section. Beginning 2014, if this state does not make payment in full to all local assessing districts, the delinquent amount that this state failed to pay is subject to penalty and interest as for delinquent taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

6. Question: Do school millages need to be broken out?

Answer: Yes. Public Act 604 of 2012 stipulates that school taxes are to be paid from the School Aid Fund (SAF). Therefore, each school millage rate must be specified as school millage rate so funds can be obtained from the SAF for payment. The Department of Treasury will issue one warrant/EFT for all assessments, including the SAF share, to each jurisdiction. (See Exhibit 1 for required billing detail and format)

7. Question: Can DNR property “revert” and be turned over to the county for collection?

Answer: No. There is no legal authority for State owned property to be subject to either reversion or other lien. While payment in lieu of taxes are determined similar to taxes, all government lands are exempt from the property tax and these payments are not “taxes.”

8. Question: How is the “property valuation” determined?

Answer: Beginning in 2013, Section 8 of PA 603, 2012 required the property valuation determined by the Commission is to be the greater of:

- a. The prior year value established by the commission (which cannot increase each year by more than the CPI as defined in the Constitution or 5%, whichever is less).
- b. The taxable value calculated under MCL 211.27a which is the lessor of the following: Prior year taxable value minus any losses, multiplied by the lessor of 1.05 or the inflation rate multiplier, plus any additions or the property’s state equalized value.

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9. Question: What millage rates should be used in the billing?

Answer: Current Rates. If current rates are not provided, a new bill will need to be submitted with the correct rates before a payment will be issued.

10. Question: Can State Education Tax (SET) be included on PILT bills?

Answer: No. Public Act 603 of 2012 does not provide authority to local units to bill or for the payment of SET. SET assessments should not appear on the PILT billing statement; a new bill will need to be submitted if included before a payment will be issued.

11. Question: Can School Operating be included on the PILT bills?

Answer: No, a new bill will need to be submitted if included before a payment will be issued.

12. Question: Can special assessments or special improvements be included on PILT bills?

Answer: Yes, they need to be specifically identified as such, whether they are billed as a rate or a lump sum. If they are not identified they will not be paid unless a revised bill has been received.

13. Question: Can administrative fees be included on PILT bills?

Answer: No, a new bill will be need to be submitted before a payment will be issued.

14. Question: If the DNR acquires new property, how will it be valued and when will a PILT statement be required?

Answer: For the first full year of PILT, the valuation will be based upon ½ of the true cash value. DNR pays the taxes for the year of acquisition. After that, a PILT statement should be submitted.

15. Question: What if the PILT bill sent has a higher/lower taxable value than the taxable value set by the State Tax Commission?

Answer: The Department of Treasury will only pay on the value assessed by the State Tax Commission. A new bill will need to be submitted with the correct taxable values before a payment will be issued.

These questions and answers are intended to provide guidance to general questions pertaining to interpretation of P.A. 603 and 604, 2012 and only reflect an attempt by Treasury to facilitate the statutory requirements. For additional information please see the State Tax Commission's Bulletin 8 of 2013 located on their website.