

City of Midland, Michigan

Statistical Information Tax Information Year Ended June 30, 2004

Property Taxes - The City's taxes are due and payable and a lien created upon the assessed property on July 1 each year. Real property taxes remaining unpaid on the following March 1 are turned over to the County Treasurer for collection. If real property taxes are not paid within two years from the May 1 deadline, the property is sold to satisfy this lien.

Midland and Bay Counties have established a Delinquent Tax Revolving Fund which purchases all real property taxes returned delinquent as of March 1 of each year. Uncollected personal property taxes are negligible.

Taxable property in the City is assessed by the City Assessor and is subject to review by the County Board of Equalization.

Starting in 1995, property taxes have been calculated using Taxable Value rather than State Equalized Value, which was used prior to 1994. This change became effective when the governor, on December 29, 1994, signed into law Public Act No. 415 of 1994. Increases in Taxable Value are limited to 5 percent, the Consumer Price Index, or State Equalized Value, whichever is less. These limits are calculated on a parcel-by-parcel basis. This legislation did not change the method of computing assessed value and the system of county and state equalization. The "traditional" assessed value is still required to be 50 percent of market value.

The City Charter provides a tax rate limitation for general operation at \$18.00 per \$1,000 of taxable value. Additionally, the City may levy taxes in excess of this limitation, pursuant to state law, for the following purposes:

<u>Purpose</u>	<u>Authority</u>	<u>Rate per \$1,000 Taxable Value</u>
Police and fire	Act 345, Public Acts of	
Pension requirements	Michigan, 1937 as amended	\$2.00
Refuse collection and disposal	Act 298, Public Acts of	
	Michigan, 1917, as amended	\$3.00

On November 7, 1978, Article 9, Section 6, of the 1963 Michigan Constitution was amended, placing certain limitations on increases of property taxes. The amendment does not limit taxes imposed for the payment of bonds or other indebtedness which have been approved by the voters.

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Statistical Information Tax Information (Continued) Year Ended June 30, 2004

Industrial Facilities Tax - The Michigan Plant Rehabilitation and Industrial Development Districts Law provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of the Act, qualifying cities, villages, and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area. Firms situated in such districts pay an Industrial Facilities Tax (IFT) in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. It must be emphasized, however, that ad valorem property taxes on land and inventories are specifically excluded under the Act.

Tax Administration Fee - Public Act 206 of 1893, as amended, empowers local units of government to charge an administration fee of up to 1 percent to offset actual costs incurred in assessing property values, collecting property tax levies, and in the review and appeal processes. This fee, which is added to each tax bill and is paid by the property owners, is calculated by multiplying the property tax owed by 1 percent on both the winter and summer tax bills. The City began charging a 1 percent tax administration fee on both the summer and winter tax bills for 1997. The revenue generated from this fee is being used for contracted legal and appraisal services involved in defending tax appeals and to begin work on a complete revaluation of property in the City.