

CRC

OUTLINE OF THE MICHIGAN TAX SYSTEM
NINETEENTH EDITION

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INTRODUCTION

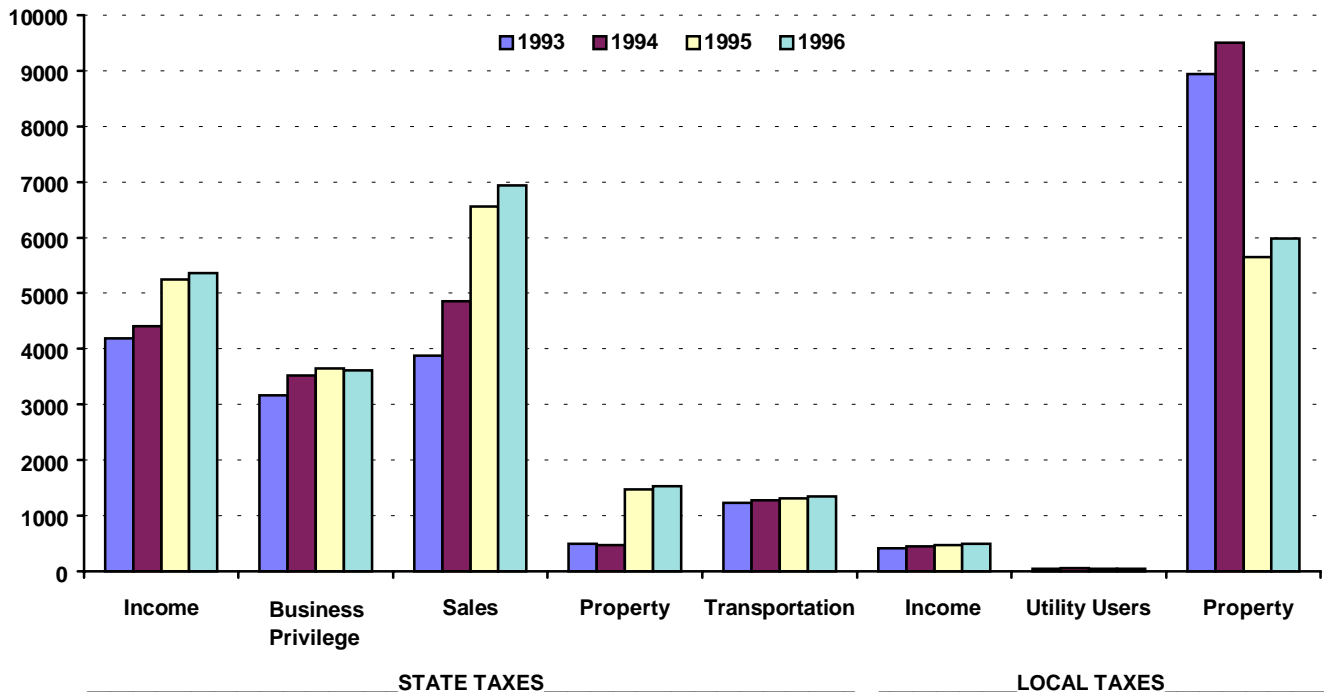
This report contains a summary outline of Michigan state and local taxes as of August 1, 1997. The outline is designed to be a ready reference and includes:

- a description of each of the 46 state and local taxes and historical collections from major taxes (Pages 2 through 39).
- a summary of tax law enacted by the state Legislature between July 1, 1995 and August 1, 1997 (Pages 42 through 44).
- a table of tax collections for years 1993-1996 (Page 45).

MICHIGAN TAX COLLECTIONS, 1993--1996

Total state tax collections grew by 45 percent between fiscal years 1993 and 1996, due primarily to constitutional and statutory tax changes enacted in 1993 and 1994 that substituted increases in state taxes for local property taxes as the major funding source for elementary-secondary education. As a result, collections during the four-year period from the use tax and sales tax, for example, increased by 90 percent and 75 percent, respectively. A robust economy also contributed to increased state revenues. Collections from both the personal income tax and the single business tax increased significantly, by 28 percent and 20 percent respectively, despite a modest reduction in the rate of each tax. At the local level, collections decreased by 31 percent, led by local property tax collections which decreased by 33 percent, from \$8.9 billion for 1993 to approximately \$6 billion for 1996, after peaking at \$9.5 billion in 1994.

**State and Local Tax Collections
(In Millions of Dollars)**



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CLASSIFICATION OF MICHIGAN TAXES

The Michigan system of state and local taxes contains 46 elements, including 29 identifiable taxes imposed by the state for its own use and 17 taxes imposed by or for local governments. In this report, state and local taxes are classified according to the basis of taxation:

Income Taxes -- directly on or measured by the income of individuals; *Business Privilege Taxes* -- on the privilege of doing business in Michigan; *Sales-Related Taxes* -- on general retail sales and on transactions involving specific goods; *Property Taxes* -- on property or in lieu of property taxes; *Transportation Taxes* -- on the direct users of transportation facilities.

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(Data used to prepare these charts were drawn from reports of the Michigan Department of Treasury, the Michigan Employment Security Agency, and the State Tax Commission from various years and may be found on the CRC Web site at <http://www.crcmich.org/informat/crcmdata/>.)

Acknowledgment

The Citizens Research Council of Michigan wishes to acknowledge the generous assistance rendered by Michigan Department of Treasury staff in reviewing a draft of this document. However, any errors or omissions are solely the responsibility of the Citizens Research Council of Michigan.

Taxes Levied on the Basis of Income

PERSONAL INCOME

LEGAL CITATION: M.C.L. 206.1 et seq.; M.S.A. 7.557(101) et seq.; 1967 PA 281; Sec. 7 of Art. 9, state Constitution.

YEAR ADOPTED: 1967

BASIS OF TAX: A direct tax on income.

MEASURE OF TAX (BASE): Federal adjusted gross income of individuals, estates and trusts, with certain adjustments.

Additions include all or part of (1) interest income from state/local obligations other than Michigan, and certain other exclusions from federal adjusted gross income, and (2) refunds received under the state education trust act for a terminated advance tuition payment contract.

Subtractions include personal and dependency exemptions indexed to inflation (\$2,500 for 1997, \$2,800 for 1998), special exemptions for dependents, the handicapped, senior citizens and certain unemployment compensation recipients and all or part of (1) interest income from federal government obligations; (2) armed forces compensation; (3) public retirement or pension benefits; private retirement or pension benefits up to (indexed amount for 1996 tax year) \$31,920 (\$63,840 for a joint return); (4) political contributions; (5) advance tuition payments made under the state education trust act; (6) beginning with 1998 tax year, up to \$7,500 (\$15,000 for a joint return) of interest, dividends, or capital gains earned by a senior citizen who does not claim a pension deduction; and (7) income earned and interest, dividends, and capital gains received by residents of a renaissance zone. Special provisions exist for estates and trusts.

Credits against tax liability as follows:

(1) *Homestead property taxes.* Limited to \$1,200, figured as follows: (a) general taxpayers -- 60% of taxes in excess of 3.5% of household income; (b) senior citizens, paraplegics -- 100% of taxes in excess of 0 to 3.5% of household income, varying with size of household income; (c) special computations for certain servicemen, veterans or their spouses, blind persons, farmers, and senior citizens whose rent exceeds a certain percent of income. Property taxes on rented homesteads assumed to equal 20% of gross rent paid (10% in certain subsidized housing projects). Credit reduced by proportion of income from welfare. Credit reduced by 10% at \$73,650 income and by another 10% for each \$1,000 of income thereabove.

(2) *Farmland property taxes.* Available to farmers who have entered into an agreement not to develop their land for another use for a minimum of 10 years. For individuals, partnerships, S corporations and grantor trusts, credit is 100% of taxes in excess of 7% of household income.

(3) <i>City income taxes.</i>	Tax Paid:	Credit Received:
	\$100 or less	20% of tax paid
	\$100.01-\$150	\$20 plus 10% of amount over \$100
	Over \$150	\$25 plus 5% of amount over \$150 (up to \$10,000)

(4) *Contributions.* Limited to lesser of 50% of such gifts or \$100 (\$200 on joint returns; \$5,000 for estates or trusts) : (a) Michigan colleges, universities, public broadcast stations, public libraries, artwork, state museums or archives, (b) community foundations, (c) food banks and shelters for homeless persons:

(5) *Income tax paid another state.*

(6) *Home heating costs for low-income families* (excluding dependent full-time students). Credit varies with household income, number of exemptions and heating costs.

(7) *Prescription drugs.* Maximum credit of \$600 for any amount above 5% of household income for persons 65 years of age or older whose household income does not exceed 150% of federal poverty income.

(8) *College tuition tax credit.*

RATE: 4.4%

ADMINISTRATION: Michigan Department of Treasury, Revenue Division.

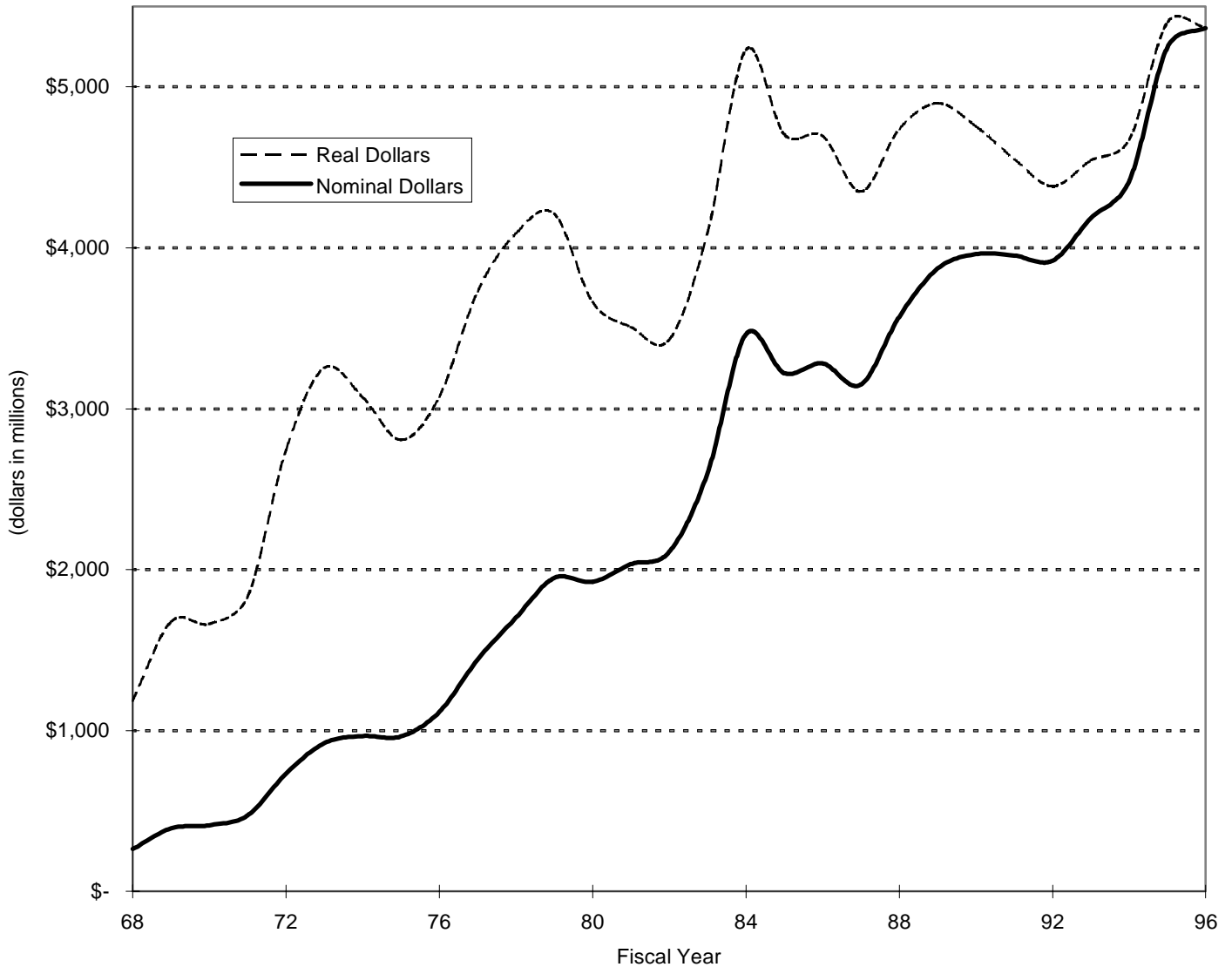
REPORT AND PAYMENT: Due April 15. Estimated tax declarations and payments due on 15th of April, June, September, and January. Balance of tax due April 15. Withholding required.

DISPOSITION: General Fund, with 23% of gross collections to School Aid Fund.

1995-96 COLLECTIONS: \$6,401,789,000 gross; \$1,036,053,000 refunds and credits; \$5,365,736,000 net.

1995-96 COLLECTIONS/UNIT: \$1,455 million/1% gross; \$1,219 million/1% net.

**Chart 1
Personal Income Tax**



- A** 1967 PA 281 -- **Personal Income Tax** established with a 2.6 percent tax rate and \$1,200 personal exemption effective July 20, 1967.
- B** 1971 PA 76 -- Increased tax rate to 3.9 percent.
- C** 1973 PA 20 -- Increased personal exemption to \$1,500 effective January 1, 1974.
- D** 1975 PA 19 -- Increased tax rate to 4.6 percent.
- E** 1982 PA 155 -- Increased tax rate to 5.6 percent effective April 1, 1982 through September 30, 1982.
-- Returned tax rate to 4.6 percent effective October 1, 1982.
- F** 1983 PA 15 -- Increased tax rate to 6.35 percent for calendar year 1983.
- G** 1984 PA 221 -- Reduced tax rate to 5.35 percent as of September 1, 1984.
- H** 1986 PA 16 -- Reduced tax rate to 4.6 percent effective April 1, 1986.
- I** 1987 PA 254 -- Increased the personal exemption to \$1,600 for 1987, \$1,800 for 1988, \$2,000 for 1989, and \$2,100 for 1990.
- J** 1993 PA 328 -- Decreased tax rate to 4.4 percent effective May 1, 1994.
- K** 1995 PAs 2&3 -- Increased the personal exemption to \$2,400 in 1995, to \$2,500 for tax years beginning after 1996, and indexed in \$100 increments, beginning with the 1998 tax year, the personal exemption to the consumer price index.

UNIFORM CITY INCOME

LEGAL CITATION:	M.C.L. 141.501 et seq.; M.S.A. 5.3194(1) et seq.; 1964 PA 284.
YEAR ADOPTED:	Uniform state law adopted in 1964. Individual cities adopt by ordinance in various years, subject to referendum upon petition of voters.
BASIS OF TAX:	A direct tax on income (residents); a direct tax on earnings (nonresidents).
MEASURE OF TAX (BASE):	(1) Compensation, net profits, investments and other income of city residents; (2) Income earned in the city by nonresidents; (3) Corporate income earned in the city (allocation based on property, sales, payroll). Personal exemption allowed by United States internal revenue code, except that by ordinance a city may adopt an exemption of not less than \$600. A resident is allowed credit for income taxes paid to another city as a nonresident. A resident may deduct certain income earned, capital gains, and lottery winnings received while a resident of a renaissance zone and a business may deduct income attributable to business activity in a renaissance zone .
RATE:	Generally, 1% on residents and corporations; 0.5% on income of nonresidents earned in imposing city. The nonresident rate cannot exceed one-half of the resident rate. The city council in cities over 1,000,000 (Detroit) may impose rates of up to 3% on residents, 2% on corporations, 1.5% on nonresidents. The city council in certain cities under 1,000,000 (Highland Park, Saginaw, and Grand Rapids) may impose rates of up to 2% on residents and corporations and 1% on nonresidents. Rates over 1% on residents and corporations, and a city income tax imposed for the first time after January 1, 1995, must be approved by voters. A first class school district (Detroit) having boundaries coterminous with those of a city imposing an income tax may levy an additional income tax at a rate of up to 1% on resident individuals and corporations if its property tax for operations is not more than 24.76 mills.
ADMINISTRATION:	Administrator designated by the city. Collected by city treasurer.
REPORT AND PAYMENT:	Due April 30 (when tax year ends December 31). Quarterly estimates and payments due April 30, June 30, September 30, and January 31. Withholding required.
DISPOSITION:	General Fund of the city.

1996 COLLECTIONS:	<u>City</u>	<u>Year Adopted</u>	<u>Rates</u>			<u>1996 Net Collections</u>
			<u>Resident</u>	<u>Corporation</u>	<u>Nonresident</u>	
	Albion	1972	1.0	1.0	0.5	769,000
	Battle Creek	1967	1.0	1.0	0.5	11,644,000
	Big Rapids	1970	1.0	1.0	0.5	1,251,000
	Detroit	1962	3.0%	2.0%	1.5%	\$332,461,000
	Flint	1965	1.0	1.0	0.5	26,329,000
	Grand Rapids	1967	1.3	1.3	0.65	42,103,000
	Grayling	1972	1.0	1.0	0.5	310,000
	Hamtramck	1962	1.0	1.0	0.5	1,937,000
	Highland Park	1966	2.0	2.0	1.0	2,688,000
	Hudson	1971	1.0	1.0	0.5	440,000
	Ionia	1994	1.0	1.0	0.5	1,120,000
	Jackson	1970	1.0	1.0	0.5	5,617,000
	Lansing	1968	1.0	1.0	0.5	23,670,000
	Lapeer	1967	1.0	1.0	0.5	1,269,000
	Muskegon	1993	1.0	1.0	0.5	5,654,000
	Muskegon Heights	1990	1.0	1.0	0.5	1,044,000
	Pontiac	1968	1.0	1.0	0.5	12,632,000
	Port Huron	1969	1.0	1.0	0.5	5,248,000
	Portland	1969	1.0	1.0	0.5	479,000
	Saginaw	1965	1.5	1.5	0.75	13,777,000
	Springfield	1989	1.0	1.0	0.5	658,000
	Walker	1988	1.0	1.0	0.5	<u>5,192,000</u>
	TOTAL					\$496,571,000

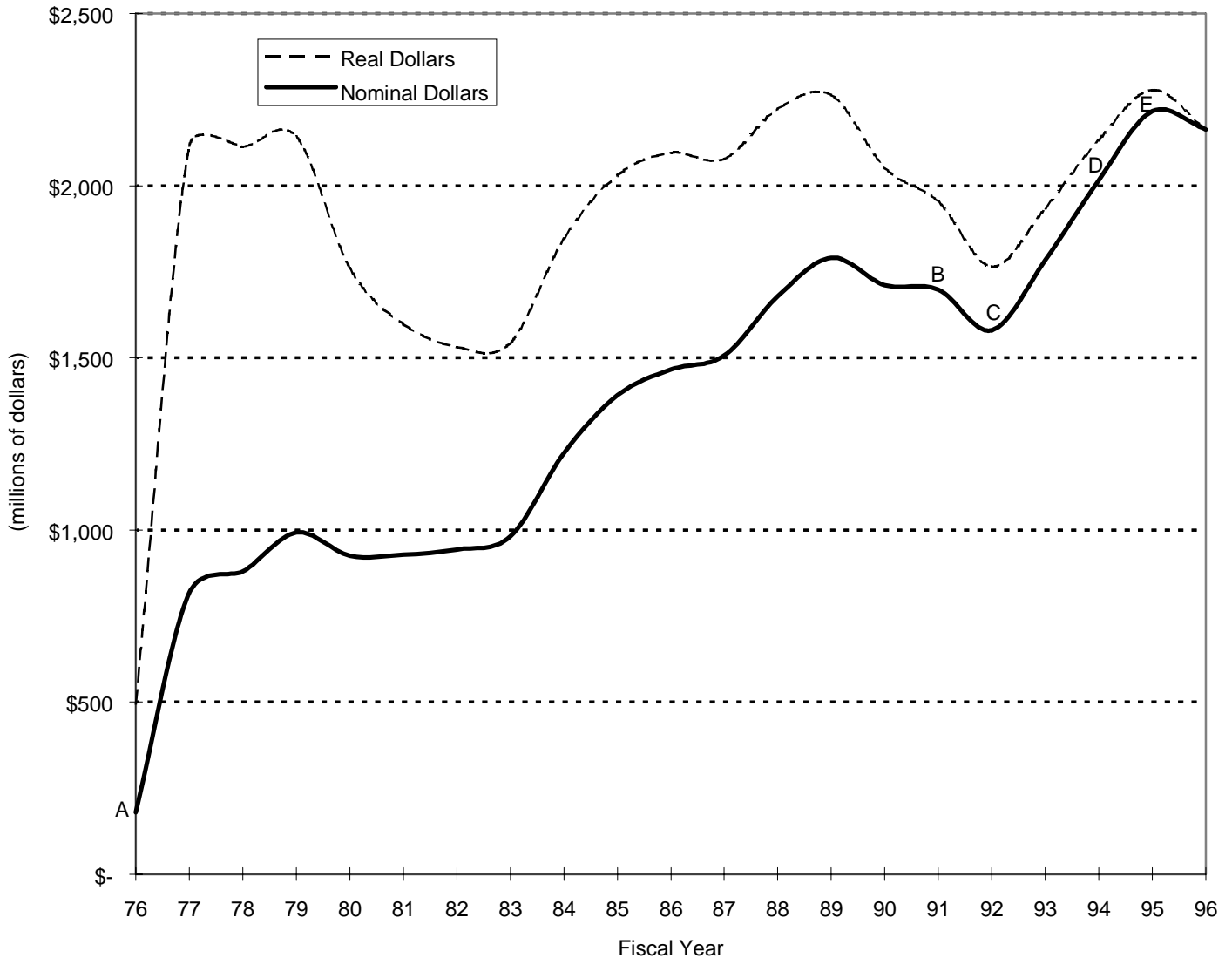
Business Privilege Taxes

SINGLE BUSINESS¹

LEGAL CITATION:	M.C.L. 208.1 et seq.; M.S.A. 7.558(1) et seq.; 1975 PA 228.
YEAR ADOPTED:	1975
BASIS OF TAX:	Privilege of doing business in Michigan.
MEASURE OF TAX (BASE):	<p>A value-added type tax imposed basically on business income plus compensation paid, interest paid and depreciation, with major deductions for new capital investments and labor intensity.</p> <p>Base begins with federal taxable income of business entity, adjusted to: (1) add back certain federal tax deductions (e.g., income taxes; compensation paid; depreciation; loss carryback/forward; interest, dividends, royalties paid; certain capital gains); (2) deduct certain items included in federal taxable income (dividends, interests, royalties received, excluding certain royalties paid by television broadcasters and by theaters to film distributors; certain capital losses); (3) add the loss or deduct the gain attributable to another taxable business, to the extent included in federal taxable income; (4) add rent paid or deduct rent received if attributable to a sale/lease-back arrangement for federal income tax purposes only.</p> <p>Entire tax base is allocated to Michigan if business activity is confined to the state. Otherwise, for 1997 and 1998, base is apportioned according to sales (80%), property (10%), and payroll (10%), with exceptions for certain types of businesses. If Michigan-only capital acquisition deduction is not in effect, then apportionment formula for 1997 (1998) are: sales 50% (60%), property 25% (20%), and payroll 25% (20%).</p> <p>Thereafter, base is adjusted by: (1) deductions for capital expenditures on tangible assets located in Michigan only (apportioned in the same manner as tax base); and (2) additions for proceeds from disposition of such assets. Sale/lease-back arrangements for federal income tax purposes only are excluded from such adjustments. If adjustment yields a negative result, the loss can be applied against tax base for up to 10 years following.</p> <p>Exemptions are allowed for: (1) first \$45,000 of tax base, plus up to \$48,000 for partnerships and small corporations, with reductions as income rises; (2) governmental agencies; (3) most "persons" exempt from federal income taxes; (4) nonprofit cooperative housing corporations; (5) portion of disability insurance premiums of insurers; (6) agricultural producers.</p> <p>Exclusions are allowed: (1) if adjusted base exceeds 50% of gross receipts plus certain adjustments; (2) if compensation paid exceeds 63% of tax base.</p> <p>Credits are allowed for: (1) up to 100% of tax liability for small businesses with low profits; (2) up to 20% of tax liability for "Subchapter S" corporations and unincorporated businesses; (3) 5% of state property taxes on state assessed utilities; (4) 50% of certain contributions up to a limit; (5) federal unemployment penalty taxes paid by new Michigan employers; (6) amounts paid for worker's compensation supplemental cost of living payments; (7) business activity in certain areas related to high technology, or in an enterprise zone or renaissance zone; (8) 50% of investments in certain minority venture capital companies; (9) Michigan economic growth authority; (10) apprenticeship training (11) 10% of investments in brownfield redevelopment zones.</p>
RATE:	2.30%; alternative tax of 2% of adjusted gross income for eligible small businesses; insurance companies are subject to a tax of 1.30% of adjusted receipts.
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due April 30. Estimated quarterly returns and payments due last day of April, July, October, and January if estimated liability for year is over \$600 or if expected adjustments for capital acquisitions or dispositions exceed \$100,000; due dates adjusted for taxpayers with fiscal year other than calendar year. A taxpayer with apportioned gross receipts of less than \$250,000 need not file a return.
DISPOSITION:	100% to General Fund.
1995-96 COLLECTIONS:	\$2,304,390,000 gross; \$140,677,000 refunds; \$2,163,713,000 net. Excludes tax paid by insurance companies.
1995-96 COLLECTIONS/UNIT:	\$1,002 million per 1% gross; \$941 million per 1% net.

¹ The Single Business Tax replaced eight previous taxes including an income tax on corporations and financial institutions, an annual corporation franchise fee, the business portion of the intangibles tax, the property tax on inventories, and various privilege taxes on savings and loans and domestic insurance companies.

**Chart 2
Single Business Tax***



- A** 1975 PA 228 -- **Single Business Tax** established at 2.35 percent replacing eight previous taxes including a corporate and financial institutions income tax, an annual corporation franchise fee, the business portion of the intangibles tax, property tax on inventories, and various privilege taxes on savings and loans and domestic insurance companies.
- B** 1991 PA 77 -- Changed for tax years 1991 and 1992, apportionment of tax base so that sales account for 40 percent, and property and payroll account for 30 percent each; changed, for tax years after 1992, apportionment of tax base so that sales account for 50 percent, and property and payroll account for 25 percent each; modified capital acquisition deduction to permit deduction of all capital expenditures, including depreciable personal property regardless of location; increased gross receipts filing exemption to \$60,000 for tax year 1991 and \$100,000 for subsequent years.
- C** 1992 PA 98 -- Reduced, effective with tax year 1992, the small business tax alternative to 3 percent.
- D** 1994 PA 245 -- Reduced the rate of the alternatives profits tax from 3 percent to 2 percent of adjusted business income.
PA 246 -- Increased the gross receipts filing threshold to \$250,000 for tax years beginning after December 31, 1994.
PA 247 -- Reduced tax rate to 2.3 percent effective October 1, 1994.
- E** 1995 PAs 282 & 283 -- Changed for tax years 1997 and 1998, apportionment of tax base so that sales account for 80 percent, and property and payroll account for 10 percent each; changed for tax years after 1999, apportionment of tax base so that sales account for 90 percent, and property and payroll account for 5 percent each.

* 1988 through present excludes Single Business Tax collections paid by insurance companies.

UNEMPLOYMENT COMPENSATION

LEGAL CITATION:	M.C.L. 421.1 et seq.; M.S.A. 17.501; 1936 PA 1 (Ex. Session).
YEAR ADOPTED:	1936
BASIS OF TAX:	To provide for an Unemployment Compensation Fund.
MEASURE OF TAX (BASE):	Wages paid per covered employee up to a limit of \$9,500 or wages equal to the federal unemployment tax base if higher.
RATE:	Basic rate is 2.7% on new employers other than construction contractors, who pay the average construction contractor rate. Rate for established employers (after 2 years experience) may vary from 0.5% to 12%, depending on the employer's experience rating and solvency of the fund, and is based on the following factors:

(1) **nonchargeable benefit component (NBC):** a rate of 1% for all employers to cover certain pooled costs, reduced for any "positive balance" employer (one with no deficit in the experience account as of prior June 30) by one-half of federal penalty taxes paid because of overdue loans. The 1% rate is reduced in accordance with the following schedule:

<u>Rate Is :</u>	<u>For Calendar Years After:</u>	<u>If Number Of Consecutive Years Without Claims Is:</u>
0.5%	1993	5 (or if CBC rate for calendar years after 1995 is less than 0.2%)
0.4%	1995	6
0.3%	1996	7
0.2%	1997	8
0.1%	1998	9

(2) **experience account**, which has two parts:

(a) *chargeable benefit component (CBC)*, a rate of 0-6% measured by the "benefit ratio" (benefits charged to employer's account in the last 5 years as a percent of employer's taxable wages in those years).

(b) *account building component (ABC)*, a rate of 0-3% based on a "reserve ratio" deficiency (amount by which an employer's actual reserve falls below 3.75% of total payroll). If overall trust fund balance is at least 1.875% of all contributing employers' payrolls, employer's deficiency, as defined above, is multiplied by 0.25, not to exceed a 2% rate. Otherwise, employer's deficiency is multiplied by 0.5, not to exceed a 3% rate.

(3) **solvency tax:** a rate of 0-2% based on a "reserve ratio" deficiency, imposed only on "negative balance" employers (those with deficit in experience account as of prior June 30) and only during years when the fund has interest-bearing loans outstanding.

ADMINISTRATION:	Michigan Department of Consumer and Industry Services, Michigan Employment Security Agency (MESA).
REPORT AND PAYMENT:	By Employment Security Agency regulation -- currently quarterly.
DISPOSITION:	Deposited with MESA for transfer to U.S. Treasury to establish pool for payment of unemployment compensation, except for solvency tax which goes to contingency fund in state treasury.
1995-96 COLLECTIONS:	\$1,191,750,000

OIL AND GAS SEVERANCE

LEGAL CITATION:	M.C.L. 205.301 et seq.; M.S.A. 7.351 et seq.; 1929 PA 48
YEAR ADOPTED:	1929
BASIS OF TAX:	Privilege of producing oil and gas.
MEASURE OF TAX (BASE):	Gross cash market value of oil and gas severed. Exemption for certain hydrocarbon fuels qualifying for federal tax credits and acquired pursuant to royalty interests sold by the state.
RATE:	Oil -- 6.6%; Gas -- 5%; Stripper wells and marginal properties -- 4%.
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT & PAYMENT:	Due by 25th of each month.
DISPOSITION:	General Fund; the greater of 2% or \$1 million to Orphan Well Fund if unexpended balance in that fund is less than \$3 million.
1995-96 COLLECTIONS:	\$36,296,000

FOREIGN INSURANCE COMPANY RETALIATORY

LEGAL CITATION:	M.C.L. 500.440a-500.476c; M.S.A. 24.1440(1)-24.1476(3); 1956 PA 218.
YEAR ADOPTED:	1869
BASIS OF TAX:	Privilege of transacting business in Michigan.
MEASURE OF TAX (BASE):	Gross premiums of out-of-state insurance companies, with certain exclusions.
RATE:	Foreign insurers, an amount equal to taxes and other costs which would be imposed upon a Michigan insurer doing business in the foreign insurer's state or taxation imposed by the SBT, whichever is higher; unauthorized insurers, 2%.
ADMINISTRATION:	Michigan Department of Consumer and Industry Services, Insurance Bureau - unauthorized insurers. Michigan Department of Treasury, Revenue Division - retaliatory tax.
REPORT AND PAYMENT:	Estimated quarterly payments due before April 30, July 31, October 31, January 31; report and additional amounts due before March 1 for preceding calendar year.
DISPOSITION:	General Fund.
1995-96 COLLECTIONS:	\$205,694,000. Includes single business tax paid by insurance companies.

HORSE RACE WAGERING

LEGAL CITATION:	M.C.L. 431.301-431.336; M.S.A. 18.966(301)-18.966(336); 1995 PA 279.
YEAR ADOPTED:	1933
BASIS OF TAX:	Privilege of engaging in interstate and intertrack horse race simulcast wagering.
MEASURE OF TAX (BASE):	Amounts wagered by pari-mutuel methods on interstate and intertrack simulcasts of thoroughbred, standardbred, quarter horse, Appaloosa, and Arabian horse racing.
RATE:	3.5%.
ADMINISTRATION:	Michigan Department of Agriculture, Racing Commissioner.
REPORT AND PAYMENT:	Licensee makes daily remittance with detailed statement.
DISPOSITION:	Agriculture Equine Industry Development Fund.
1995-96 COLLECTIONS:	\$8,522,000

CORPORATE ORGANIZATION

LEGAL CITATION:	M.C.L. 450.2062; M.S.A. 21.200(1062); 1972 PA 284.
YEAR ADOPTED:	1891
BASIS OF TAX:	Privilege of incorporating, renewing, and exercising franchise.
MEASURE OF TAX (BASE):	Domestic -- authorized capital stock; Foreign -- capital stock attributable to Michigan.
RATE:	Domestic -- \$50 initially for first 60,000 shares (and \$30 for each additional 20,000 shares and with increase in stock); Foreign -- \$50 initially for shares deemed attributable to Michigan (\$30 for each 20,000 share increase in stock).
ADMINISTRATION:	Michigan Department of Consumer and Industry Services, Corporation and Securities Bureau.
REPORT & PAYMENT:	Due at time of incorporation, admission, or increase in stock.
DISPOSITION:	General Fund.
1995-96 COLLECTIONS:	\$9,583,000

STATE CASINO GAMING

LEGAL CITATION:	M.C.L. 432.201-432.216; M.S.A. 18.969(201)-18.969(216); Initiated Law of 1996
YEAR ADOPTED:	1996
BASIS OF TAX:	Privilege of operating a casino in the City of Detroit.
MEASURE OF TAX (BASE):	Adjusted gross receipts received by a gaming licensee.
RATE:	18 %. Rate is 8.1% if Detroit imposes a tax at the rate of 9.9%. In addition, the state assesses each casino \$8.33 million annually indexed to inflation, and a municipal services tax if Detroit does not impose a municipal services fee.
ADMINISTRATION:	Michigan Department of Treasury, Michigan Gaming Control Board.
REPORT & PAYMENT:	Due daily.
DISPOSITION:	55% to City of Detroit; 45% to School Aid Fund. Of state assessment, \$2 million to compulsive gaming prevention fund, remainder to state services fee fund not to exceed \$65 million.
1995-96 COLLECTIONS:	\$0 (No casino gaming licenses have been issued to date).

AIRPORT PARKING EXCISE

LEGAL CITATION:	M.C.L. 207.371-207.383; M.S.A. 7559(101)-7559(113); 1987 PA 248.
YEAR ADOPTED:	1987
BASIS OF TAX:	Privilege of providing public parking at a "regional" airport. The latter term refers to an airport which services 4,000,000 or more enplanements annually (Detroit Metropolitan Wayne County Airport).
MEASURE OF TAX (BASE):	Amount charged for parking.
RATE:	30%
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT & PAYMENT:	Due at same time and manner as Use Tax.
DISPOSITION:	Airport Parking Fund.
1995-96 COLLECTIONS:	\$12,067,000

ACCOMMODATIONS (HOTEL-MOTEL)²

LEGAL CITATION:	M.C.L. 141.861 et seq.; M.S.A. 5.3194(371) et seq.; 1974 PA 263. M.C.L. 207.621-207.640; M.S.A. 7.559(21)-7.559(40); 1985 PA 106.									
YEAR ADOPTED:	1974 (enabling act for certain counties under 600,000 which may adopt by ordinance). 1985 (for certain counties over 600,000).									
BASIS OF TAX:	Privilege of engaging in business of providing accommodations.									
MEASURE OF TAX (BASE):	In counties under 600,000 and with a city over 40,000: amount charged transient guests for lodging in any hotel/motel. In counties over 600,000 and with a 350,000 sq. ft. convention facility and/or 2,000 rooms: amount charged transient guests for lodging in a hotel/motel of over 80 rooms.									
RATE:	In counties under 600,000: not more than 5%, as determined by county. In counties over 600,000: <table><thead><tr><th>No. Rooms Available:</th><th>"Qualified Governmental Unit" (Detroit):</th><th>Other Governmental Units (Wayne, Oakland, Macomb):</th></tr></thead><tbody><tr><td>81-160</td><td>3%</td><td>1.5%</td></tr><tr><td>161 or more</td><td>6%</td><td>5.0%</td></tr></tbody></table>	No. Rooms Available:	"Qualified Governmental Unit" (Detroit):	Other Governmental Units (Wayne, Oakland, Macomb):	81-160	3%	1.5%	161 or more	6%	5.0%
No. Rooms Available:	"Qualified Governmental Unit" (Detroit):	Other Governmental Units (Wayne, Oakland, Macomb):								
81-160	3%	1.5%								
161 or more	6%	5.0%								
ADMINISTRATION:	In counties under 600,000: determined by county; collected by county treasurer. In counties over 600,000: Michigan Department of Treasury, Revenue Division.									
REPORT AND PAYMENT:	In counties under 600,000: determined by county. In counties over 600,000: same as use tax.									
DISPOSITION:	In counties under 600,000: special fund for use by county or authority organized under state law. In counties over 600,000: Convention Facility Development Fund for distribution to units of local government. Fiscal-year end excess to General Fund for distribution to qualified units of local government .									
1995-96 COLLECTIONS:	\$13,370,000 (1985 PA 106 only).									

² Accommodations also are taxed under the Use Tax. See page 14.

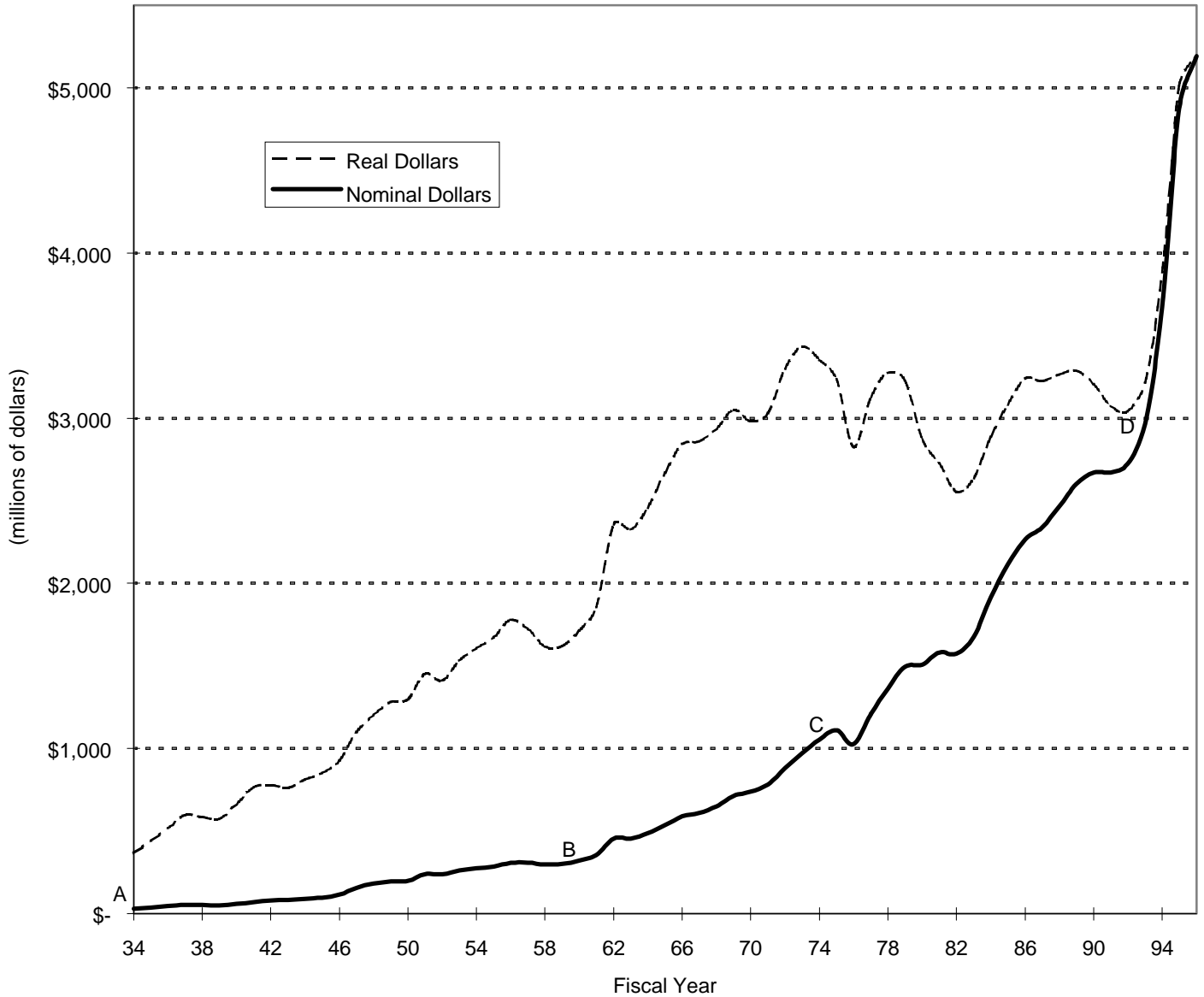
Sales-Related Taxes

SALES

LEGAL CITATION:	M.C.L. 205.51 et seq.; M.S.A. 7.521 et seq.; 1933 PA 167; Sec. 8 of Art. 9, state Constitution.
YEAR ADOPTED:	1933
BASIS OF TAX:	Privilege of selling at retail.
MEASURE OF TAX (BASE):	<p>Gross proceeds from retail sale of tangible personal property for use or consumption. Also includes certain conditional and installment lease sales; sales to consumers of electricity, gas, and steam; and sales to persons in real estate construction and improvement business.</p> <p>Exemptions: a sale of (1) property not purchased for resale by various nonprofit organizations and used primarily to carry out the organization's purposes; (2) property to churches for noncommercial purposes and certain vans and buses used to transport persons for religious purposes; (3) food to enrolled students by an educational institution not operated for profit; (4) property affixed to the real estate of nonprofit hospitals and nonprofit housing; (5) specially-ordered commercial vessels of at least 500 tons engaged in interstate commerce and fuel, provisions, and supplies therefor; (6) property used in production of horticultural or agricultural products as a business enterprise; (7) property used or consumed in industrial processing; (8) copyrighted motion picture films, newspapers, and periodicals classified as second class mail; (9) certain property to commercial radio and television station licensees; (10) hearing aids, contact lenses if prescribed for a specific disease precluding the use of eyeglasses, prosthetic devices, and eyeglasses prescribed by an ophthalmologist, optometrist, or optician; (11) certain property used to provide any combination of telecommunications services which are subject to the Michigan use tax; (12) vehicles not purchased for resale which are used by nonprofit corporations organized exclusively to provide a community with ambulance or fire department service; (13) property purchased with scrip by inmates in correctional or penal institutions; (14) textbooks sold by a school to kindergarten through 12th grade students; (15) certain components of water and air pollution control facilities; (16) vehicles which are purchased by nonresident active military personnel for titling in his or her home state; (17) certain vending machine merchandise to the extent of any commissions paid to certain tax-exempt organizations; (18) prescription drugs for human use; (19) food for human use not prepared for immediate consumption; (20) beverage containers to the extent of any deposits; (21) certain food or tangible personal property purchased with federal food stamps; (22) property for use in a "qualified business activity" as defined in the enterprise zone act; (23) property which is part of a drop shipment; (24) property to certain businesses engaged in a high technology activity; (25) property to the federal government or to an instrumentality thereof; (26) railroad cars, locomotives, and accessories; (27) vehicles to the extent of any refund of the purchase price because the vehicle is returned pursuant to the automobile lemon law; (28) tangible personal property for fund-raising purposes by certain nonprofit organizations with calendar year sales of less than \$5,000; (29) commercial advertising elements; (30) food or drinks not artificially heated or cooled that is sold from a mobile facility or vending machine, except milk, noncarbonated beverages containing 10% or more juice content, and fresh fruit; tax may be paid on either sales of non-exempt vended food or sum of 45% of all vended sales other than carbonated beverages plus 100% of carbonated beverage sales; (31) trucks and trailers owned by motor carriers engaged in interstate commerce to the extent of out-of-state usage; (32) water delivered through water mains or in bulk tanks in amounts over 500 gallons; (33) property on an isolated basis by property owners not required to have sales tax license; (34) personal property for resale, for lease if rental receipts are subject to use tax, and for demonstration purposes; (35) property which results in debt that become worthless or uncollectible.</p> <p>Partial exemption (from two percentage points of the tax rate): sales for residential use of electricity, natural gas, and home heating fuel, and certain building materials pursuant to certain contracts entered into before March 15, 1994.</p>
RATE:	6% (state constitutional limitation)
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 15th of each month following sale, with discount for early remittance. Due by the 18th day of the month of sale for taxpayers with sales tax liability, or use tax liability, or both, of \$720,000 or more during the prior calendar year, in amount equal to (a) 95% of the tax liability for the same month in the prior calendar year or (b) 95% of actual liability for current month reported, plus reconciliation payment equal to the difference between previous month's liability minus tax already paid for that month.
DISPOSITION:	73.3% to School Aid Fund; 23.7% to units of local government (constitutional and statutory revenue sharing); 1.7% to General Fund; and 1.3% to Comprehensive Transportation Fund. ³
1995-96 COLLECTIONS:	\$5,189,633,000
1995-96 COLLECTIONS/UNIT:	\$865 million per 1%

³ The 6% Sales Tax rate consists of a 4% rate, which took effect in 1960, and an additional rate of 2%, which took effect in 1994. Sixty percent of the revenue from the 4% rate, together with 100% of the revenue from the additional rate of 2% (60% of 4% plus 100% of 2% equals 73.3%) is constitutionally dedicated to the School Aid Fund. Another 35.6% (15% constitutionally, 20.6% statutorily (21.3% when lag in payment schedule is accounted for)) of the revenue from the 4% rate only (35.6% of 4% plus 0% of 2% equals 23.7%) is dedicated to cities, villages and townships for revenue sharing.

**Chart 3
Sales Tax**



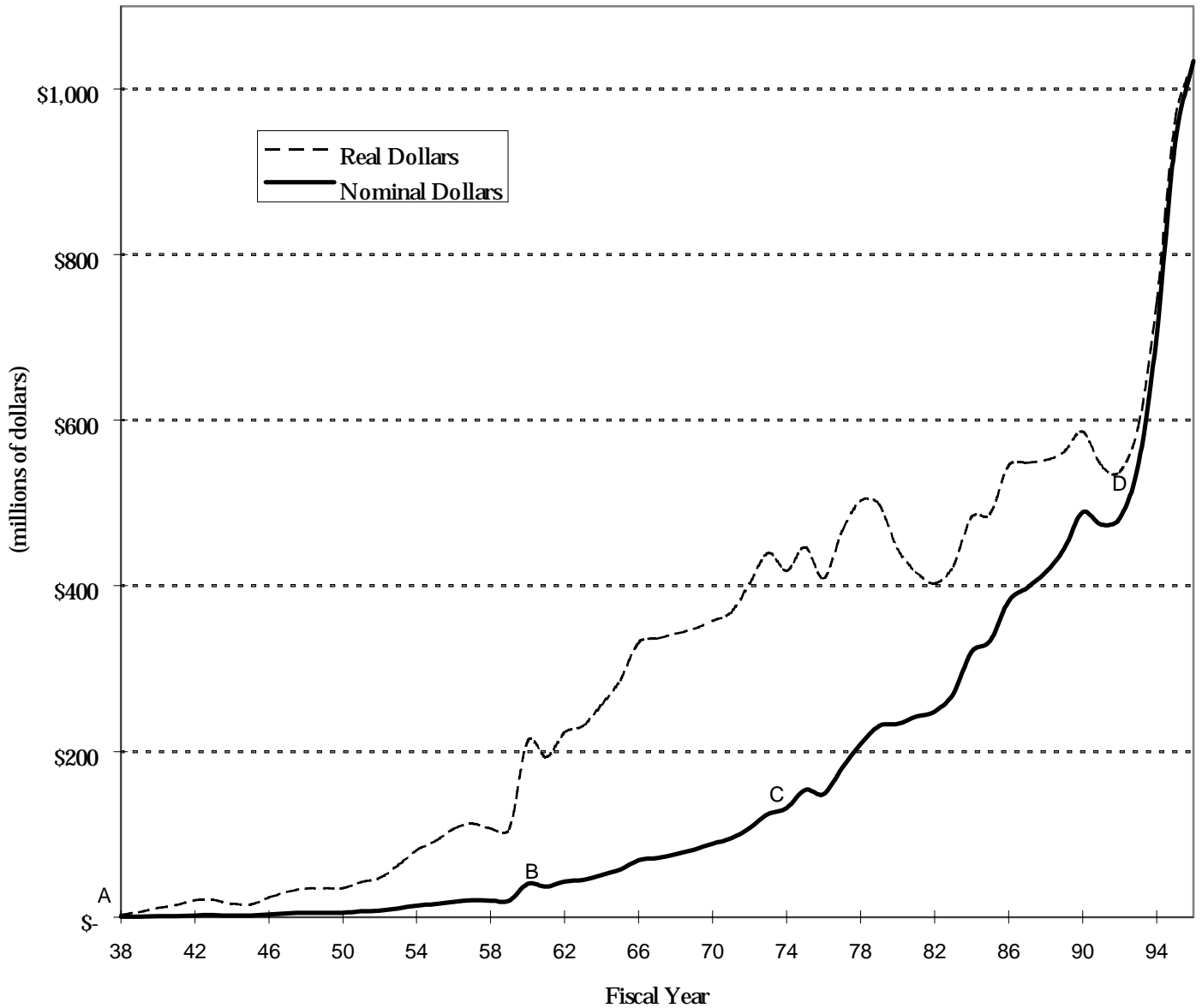
- A** 1933 PA 167 -- **Sales Tax** established at 3 percent.
- B** 1960 Constitutional Amendment -- Increased tax rate limitation to 4 percent.
- C** 1974 Constitutional Amendment -- Eliminated sales and use taxes on food and prescription drugs.
- D** 1993 PA 325 -- Increased tax rate to 6 percent effective May 1, 1994, subsequent to adoption of Proposal A.

USE

LEGAL CITATION:	M.C.L. 205.91 et. seq.; M.S.A. 7.555(1) et seq.; 1937 PA 94; Sec. 8 of Art. 9, state Constitution.
YEAR ADOPTED:	1937
BASIS OF TAX:	Privilege of using, storing, and consuming certain tangible personal property, plus the services of telephone, telegraph, and other leased wire communications; used auto sales between individuals; and use of transient hotel and motel rooms. Designed to complement the Sales Tax.
MEASURE OF TAX (BASE):	Purchase price of tangible personal property or service. Exemptions: (1) property upon which the Michigan sales tax has been paid; (2) property which Michigan is prohibited by state Constitution or federal law from taxing; (3) property purchased for re-sale, for demonstration, or for lend-lease to a public or parochial school offering drivers education; (4) property of a nonresident brought into Michigan on a temporary basis and not used in nontransitory business activity for a period exceeding 15 days; (5) property upon which a sales or use tax was paid in another state or local unit of another state if that tax was at least equal to the Michigan use tax and the other state has a reciprocal exemption for Michigan taxes paid (6) property used in production of horticultural or agricultural products as a business enterprise; (7) property used or consumed in industrial processing; (8) property sold to the federal government or to an instrumentality thereof, the American Red Cross and its chapters and branches, and departments, institutions, or subdivisions of state government; (9) property sold to nonprofit organizations used primarily for the organization's purposes; (10) property sold to churches for noncommercial purposes and certain vans and buses used to transport persons for religious purposes; (11) specially-ordered commercial vessels of at least 500 tons engaged in interstate commerce, and fuel, provisions, and supplies therefor; (12) property, possession of which was taken outside Michigan and the value of which does not exceed \$10 during one calendar month; (13) copyrighted motion picture films, newspapers and periodicals classified as second class mail; (14) certain property sold to commercial radio and television station licensees; (15) vehicles purchased in another state by nonresident active military personnel and upon which a sales tax was paid in the other state; (16) vehicles purchased in another state and delivered to Michigan or purchased in Michigan but for use outside Michigan; (17) hearing aids, contact lenses if prescribed for a specific disease precluding the use of eyeglasses, prosthetic devices, and eyeglasses prescribed by an ophthalmologist, optometrist, or optician; (18) water delivered through water mains or bulk tanks of at least 500 gallons; (19) certain machinery and equipment used to provide any combination of telecommunications services; (20) ambulance and fire department vehicles not purchased for resale used by nonprofit corporations organized exclusively to provide a community with ambulance or fire department service; (21) certain components of water and air pollution control facilities; (22) property donated by a manufacturer to certain tax exempt organizations; (23) aircraft operating under a federal certificate which have a maximum takeoff weight of at least 12,500 pounds and used solely to transport cargo or commercial passengers; (24) railroad cars, locomotives, and accessories; (25) certain property purchased for resale as promotional merchandise; (26) prescription drugs for human use; (27) food for human consumption; (28) deposits on returnable beverage containers; (29) certain food or tangible personal property purchased with federal food stamps; (30) international and WATS line telephone calls; (31) property purchased by a specified relative of seller; (32) commercial advertising elements; (33) assessments for hotel or motel rooms imposed pursuant to accommodations taxes; (34) parts, excluding shop equipment and fuel, affixed to certain passenger and cargo aircraft owned or used by a domestic air carrier; (35) the storage, use, or consumption of certain trucks, trailers, and parts affixed thereto used by interstate motor carriers. Partial exemption (from two percentage points of the tax rate): consumption for residential use of electricity, natural gas, and home heating fuel, and certain building materials pursuant to certain contracts entered into before March 15, 1994.
RATE:	6%
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 15th of each month following sale, with discount for early remittance. Due by the 18th day of the month for taxpayers with sales tax liability, or use tax liability, or both, of \$720,000 or more during the prior calendar year, in amount equal to (a) 95% of the tax liability for the same month in the prior calendar year or (b) 95% of actual liability for current month reported, plus reconciliation payment equal to the difference between previous month's liability minus tax already paid for that month.
DISPOSITION:	67% to General Fund; 33% to School Aid Fund. ⁴
1995-96 COLLECTIONS:	\$1,033,291,000
1995-96 COLLECTIONS/UNIT:	\$172 million per 1%

⁴ The 6% use tax rate consist of a 4% rate, which took effect in 1960, and an additional rate of 2%, which took effect in 1994. One hundred percent of the revenue from the 4% rate (100% of 4% plus 0% of 2% equals 67%) is statutorily dedicated to the General Fund. In addition, 100% of the revenue from the additional rate of 2% (0% of 4% plus 100% of 2% equals 33%) is constitutionally dedicated to the School Aid Fund.

**Chart 4
Use Tax**

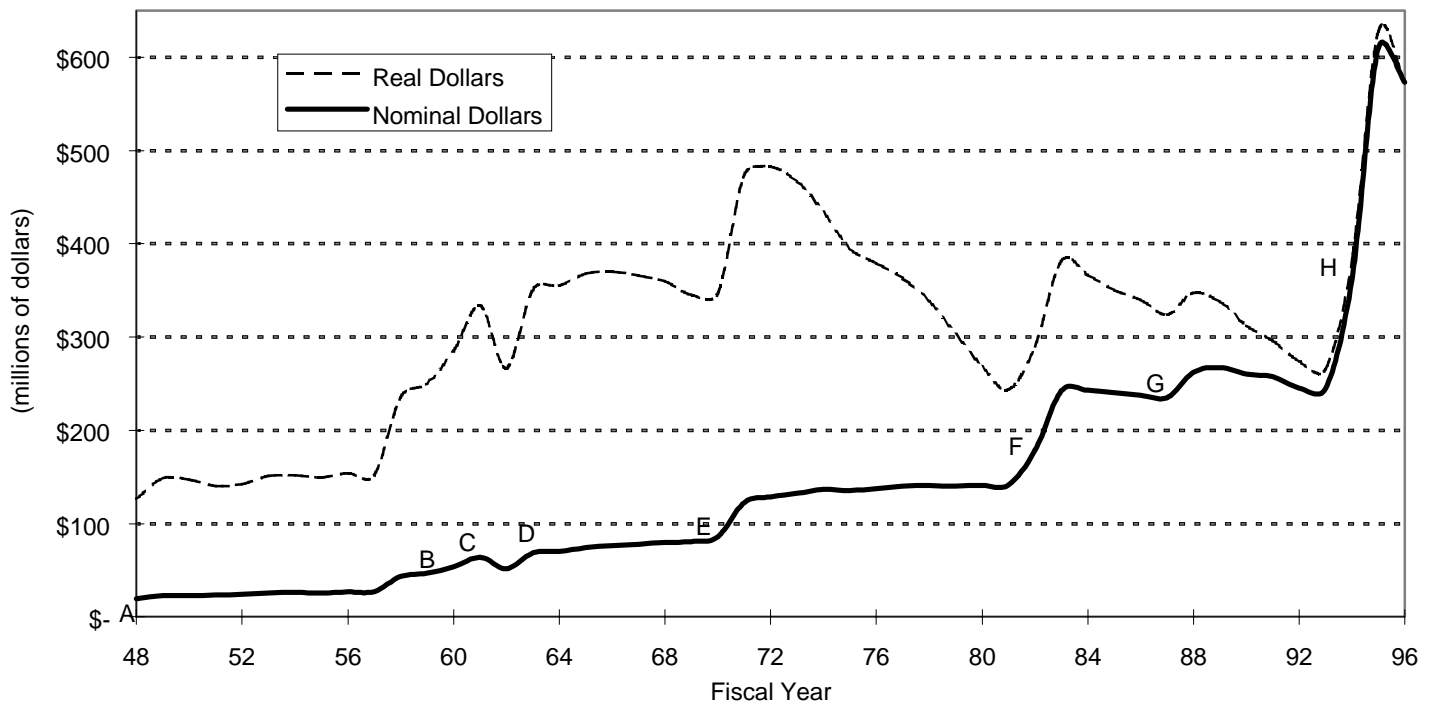


- A** 1937 PA 94 -- **Use Tax** established at 3 percent.
- B** 1960 (2ES) PA 2 -- Increased tax rate to 4 percent.
- C** 1974 Constitutional Amendment -- Eliminated sales and use taxes on food and prescription drugs.
- D** 1993 PA 326 -- Increased tax rate to 6 percent effective May 1, 1994.

TOBACCO PRODUCTS

LEGAL CITATION:	M.C.L. 205.421 et seq.; M.S.A. 7.411(31) et seq.; 1993 PA 327.
YEAR ADOPTED:	1993. The former cigarette tax was repealed as of May 1, 1994.
BASIS OF TAX:	Privilege of selling tobacco products.
MEASURE OF TAX BASE:	Tobacco products sold in Michigan.
RATE:	Cigarettes: 37.5 mills per cigarette (75 cents per pack); cigars, noncigarette smoking tobacco, and smokeless tobacco: 16% of wholesale price.
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of each month.
DISPOSITION:	Cigarette proceeds: 63.4% to School Aid Fund, 25.3% to General Fund, 6% to improving the health and safety of state residents, 4% to Health and Safety Fund, and 1.3% to city, county, and district health departments; cigar, noncigarette smoking tobacco, and smokeless tobacco proceeds: 94% to School Aid Fund, 6% to improving the health and safety of state residents.
1995-96 COLLECTIONS:	\$584,102,000

**Chart 5
Tobacco Products Tax**

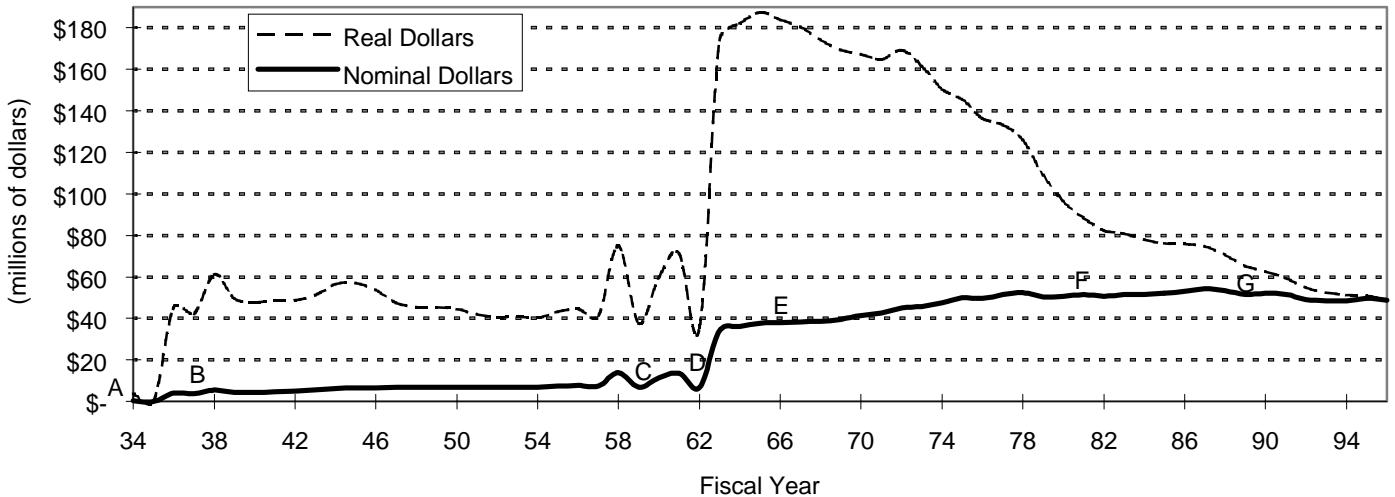


- A** 1947 PA 265 -- **Cigarette Tax** established at 1.5 mills per cigarette (3 cents per pack).
- B** 1959 PA 274 -- Increased tax rate to 2 mills per cigarette (4 cents per pack).
- C** 1961 PA 156 -- Increased tax rate to 2.5 mills per cigarette (5 cents per pack).
- D** 1962 PA 215 -- Increased tax rate to 3.5 mills per cigarette (7 cents per pack).
- E** 1970 PA 11 -- Increased tax rate to 5.5 mills per cigarette (11 cents per pack).
- F** 1982 PA 73 -- Increased tax rate to 10.5 mills per cigarette (21 cents per pack) effective May 1, 1982.
- G** 1987 PA 219 -- Increased tax rate to 12.5 mills per cigarette (25 cents per pack) effective January 1, 1988.
- H** 1994 PA 327 -- **Tobacco Products Tax** established.
 -- Repealed 1947 PA 265 (Cigarette Tax).
 -- Increased tax rate to 37.5 mills per cigarette (75 cents per pack) effective May 1, 1994.
 -- **Non-Cigarette Tobacco Products Tax** established at 16 percent of whole price.

LEGAL CITATION:	M.C.L. 436.40-436.41, 49-49a; M.S.A. 18.1011-18.1012, 18.1020(1); 1933 PA 8 (Ex. Session).
YEAR ADOPTED:	1933
BASIS OF TAX:	Privilege of manufacturing and selling beer.
MEASURE OF TAX (BASE):	Beer manufactured or sold in Michigan; credit for beer shipped out of state for sale and consumption or sold to a military installation or an Indian reservation; exemption for beer consumed on manufacturing premises or damaged and not offered for sale.
RATE:	\$6.30 per barrel, with \$2 per barrel credit for brewers producing less than 20,000 barrels annually.
ADMINISTRATION:	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
REPORT AND PAYMENT:	Due by 8th of each month.
DISPOSITION:	General Fund.
1995-96 COLLECTIONS:	\$41,878,000
1995-96 COLLECTIONS/UNIT:	\$6.7 million per \$1

LEGAL CITATION:	M.C.L. 436.16a, 436.49-436.49a; M.S.A. 18.987(1),18.1020-18.1020(1); 1933 PA 8 (Ex. Session).
YEAR ADOPTED:	1933
BASIS OF TAX:	Privilege of manufacturing and selling wine.
MEASURE OF TAX (BASE):	Wine sold in Michigan; credit for wine shipped out of state for sale and consumption or sold to a military installation or an Indian reservation; exemption for sacramental wine used by churches.
RATE:	Wines made from imported grapes/fruit: 13.5 cents per liter if 16% alcohol or less; 20 cents per liter if over 16% alcohol. Wines made in Michigan from domestic grapes/fruit: 1 cent per liter; mixed spirit drinks: 48 cents per liter.
ADMINISTRATION:	Department of Consumer and Industry Services, Liquor Control Commission.
REPORT AND PAYMENT:	Due by 15th of each month.
DISPOSITION:	General Fund.
1995-96 COLLECTIONS:	\$6,955,000

**Chart 6
Beer and Wine Taxes**

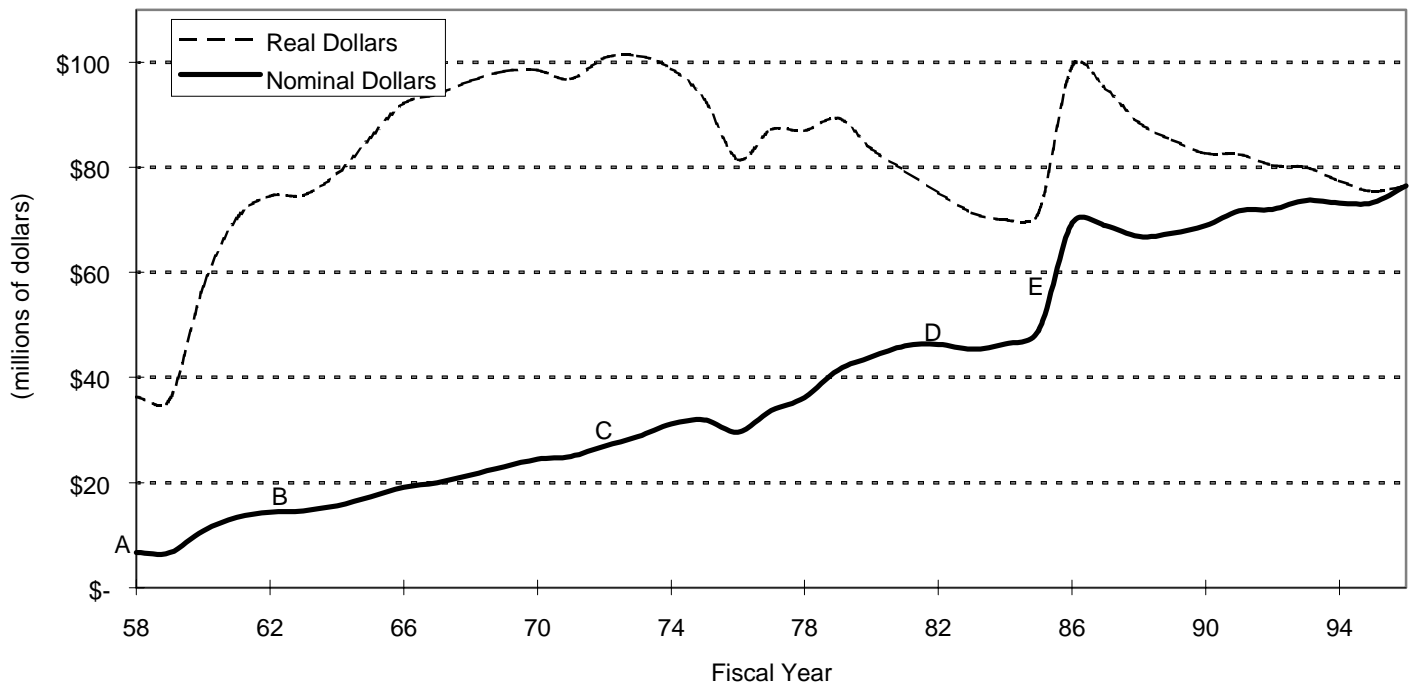


- A** 1933 (ES) PA 8 -- **Beer Tax** established at \$1.25 per barrel.
- B** 1937 PA 281 -- **Wine Tax** established at 50 cents per gallon.
- C** 1959 PA 273 -- Increased Beer Tax rate to \$2.50 per barrel.
- D** 1962 PA 217 -- Increased Beer Tax rate to 2 cents per 12 ounces (\$6.61 per gallon).
- E** 1966 PA 330 -- Decreased Beer Tax rate to \$6.30 per barrel.
- F** 1981 PA 153 -- Increased Wine Tax for wines with 16 percent alcohol or less by volume to a rate of 13.5 cents per liter (51.17 cents per gallon); for wines with 16 to 21 percent alcohol a rate of 20 percent per liter (75.8 cents per gallon).
- G** 1989 PA 118 -- Imposed a tax of 48 cents per liter on mixed-spirit drinks.

LIQUOR (EXCISE & SPECIFIC)

LEGAL CITATION:	4% Excise: M.C.L. 436.101-436.102; M.S.A. 18.1030(1)-18.1030(2); 1959 PA 94. 4% Specific: M.C.L. 436.121-436.124; M.S.A. 18.1030(11)-18.1030(14); 1962 PA 218. 4% Specific: M.C.L. 436.141-436.148; M.S.A. 7.559(41)-7.559(48); 1985 PA 107. 1.85% Specific: M.C.L. 436.131-436.132; M.S.A. 18.1030(51)-18.1030(52), 1972 PA 213.
YEAR ADOPTED:	4% Excise: 1957; 4% Specific: 1959; 4% Specific: 1985; 1.85% Specific: 1972
BASIS OF TAX:	Privilege of selling spirits.
MEASURE OF TAX (BASE):	Retail selling price of spirits.
RATE:	On premise consumption, 12%; off premise consumption, 13.85%.
ADMINISTRATION:	Michigan Department of Consumer and Industry Services, Liquor Control Commission.
REPORT AND PAYMENT:	By Commission regulation.
DISPOSITION:	4% Excise - School Aid Fund; 4% Specific - General Fund; 1.85% Specific - Liquor Purchase Revolving Fund; 4% Specific - Convention Facility Development Fund, for distribution to local governments.
1995-96 COLLECTIONS:	4% Excise: \$22,641,000 4% Specific: 23,247,000 4% Specific: 22,564,000 1.85% Specific: 8,039,000 TOTAL \$76,491,000
1995-96 COLLECTIONS/UNIT:	4% Excise: \$5.7 million/1% 4% Specific: 5.8 million/1% 4% Specific: 5.6 million/1% 1.85% Specific: \$4.3 million/1%

**Chart 7
Liquor Taxes**



- A** 1959 PA 94 -- **Liquor Excise Tax** established at 4 percent.
B 1962 PA 218 -- **Liquor Specific Tax** established at 4 percent.
C 1972 PA 213 -- **Liquor Specific Tax** established at 1.85 percent.
D 1982 PA 462, 463, 464 -- Added spirits with alcohol content under 22 percent to Liquor Tax base.
E 1985 PA 107 -- **Liquor Specific Tax** established at 4 percent.

STADIA AND CONVENTION FACILITY

LEGAL CITATION:	M.C.L. 207.751-207.759; M.S.A. 7.559(1)-7.559(9); 1991 PA 180.
YEAR ADOPTED:	1991. Selected cities and counties may adopt by ordinance upon approval by voters. Wayne County voters approved the tax, on hotels and automobile leasing companies only, in November 1996.
BASIS OF TAX:	Privilege of operating restaurants, hotels and automobile leasing companies.
MEASURE OF TAX (BASE):	Gross receipts of restaurants, hotels and automobile leasing companies in selected municipalities.
RATE:	Restaurants and hotels, not to exceed 1%; automobile leasing companies not to exceed 2%.
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division upon agreement with municipality.
REPORT AND PAYMENT:	To be determined by ordinance.
DISPOSITION:	Special fund of municipality.

UNIFORM CITY UTILITY USERS

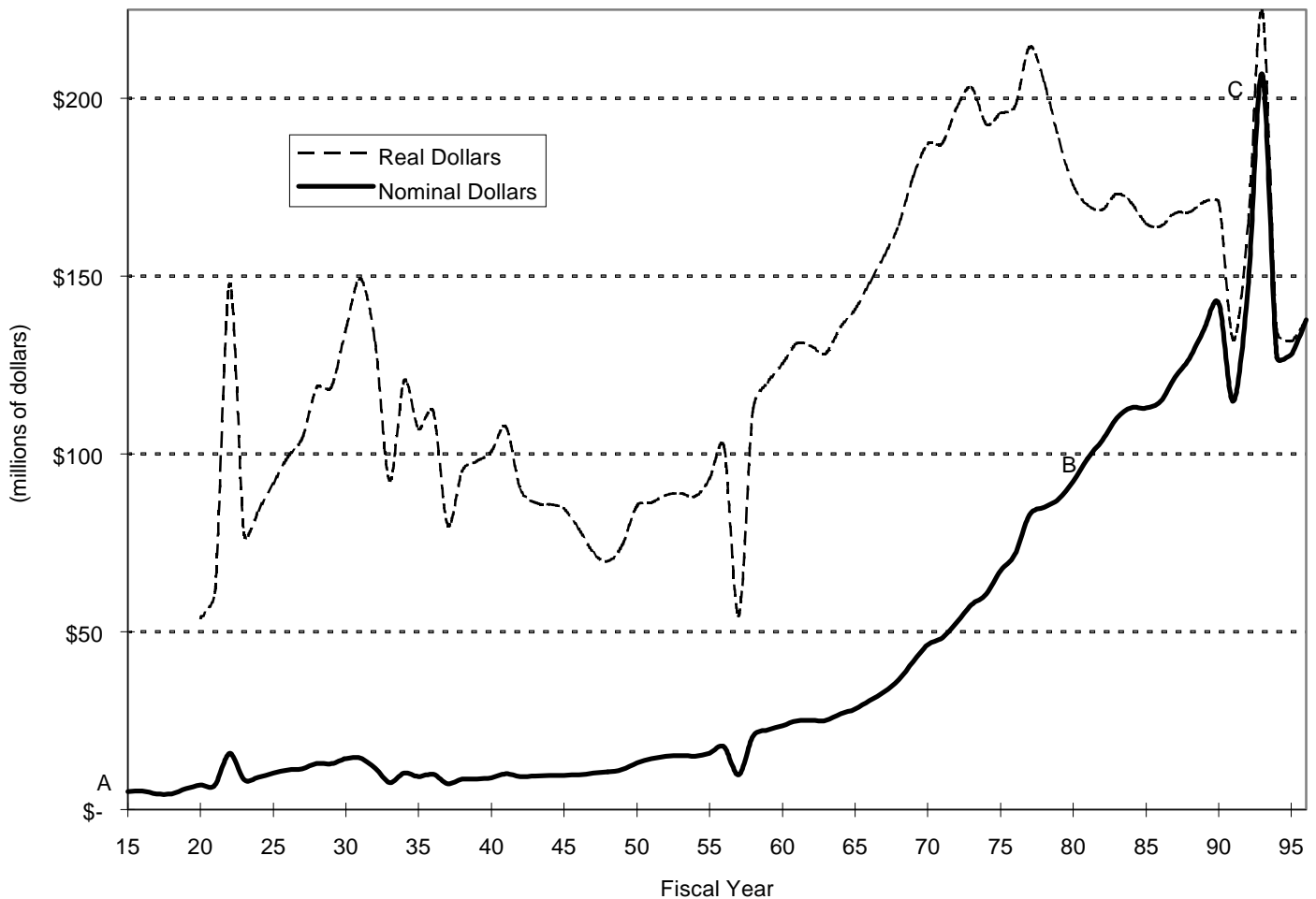
LEGAL CITATION:	M.C.L. 141.1151 et seq.; M.S.A. 5.3188(251); 1990 PA 100.
YEAR ADOPTED:	1990. Originally enacted in 1970 but expired on June 30, 1988.
BASIS OF TAX:	Privilege of consuming public telephone, electric, steam, or gas services in a city of 1,000,000 or more (Detroit). Exemption for facility located in a renaissance zone.
RATE:	To be established by increments of one-fourth of 1%, not to exceed a maximum rate of 5%. Rate reduced by increments of one-fourth of 1% for each full 5% by which revenues exceed \$45 million, unless such amounts are dedicated to hire and retain additional police officers.
ADMINISTRATION:	Administrator designated by the city. Collected by the city treasurer.
REPORT AND PAYMENT:	Due by last day of month. Annual return due by end of fourth month following end of tax year.
DISPOSITION:	To hire police officers.
1995-96 COLLECTIONS:	\$48,887,000
1995-96 COLLECTIONS/UNIT:	\$10 million/1%

Property Taxes

UTILITY PROPERTY

LEGAL CITATION:	M.C.L. 207.1 et seq.; M.S.A. 7.251 et seq., 1905 PA 282; Sec. 5 of Art. 9, state Constitution.
YEAR ADOPTED:	1905
BASIS OF TAX:	In lieu of other general property taxes.
MEASURE OF TAX (BASE):	50% of true cash value of all property of telephone and telegraph, railroad, car loaning, sleeping car, and express car companies including franchise owned and used in connection with doing business in Michigan. Railroads receive credit equal to 25% of expenditures for maintenance and improvement of rights-of-way in Michigan, if certain conditions are met.
RATE:	Average statewide general property tax paid by other business property in preceding calendar year.
ADMINISTRATION:	Assessment: Michigan Department of Treasury, State Tax Commission. Collection: Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Report due March 31. Tax due July 1 or 1/2 by August 1 and the rest by December 1.
DISPOSITION:	General Fund.
1995-96 COLLECTIONS:	\$137,748,000

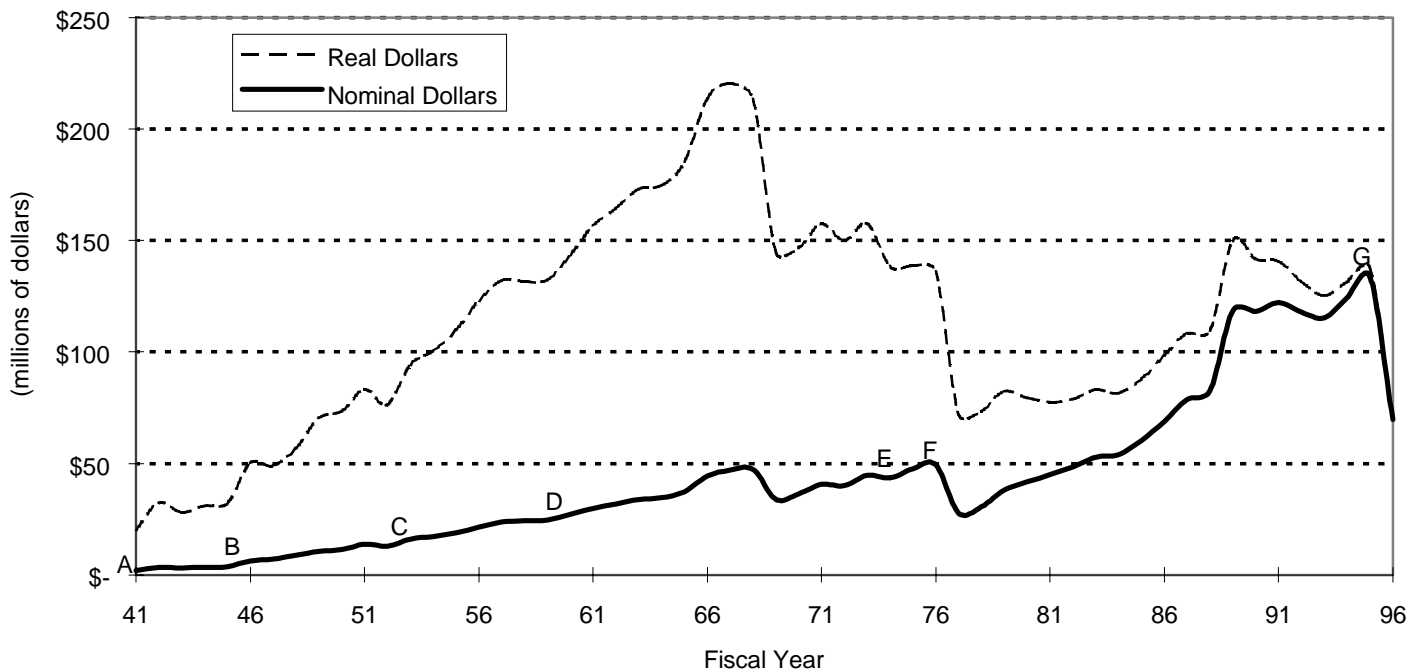
Chart 8
Utility Property Tax



- A** 1905 PA 282 -- **Utility Property Tax** established.
- B** 1980 PA 322 -- Codified means of determining average tax rate.
- C** 1993 PA 332 -- Required that utility property tax rate be the average statewide ad valorem tax rate levied upon other commercial, industrial, and utility property.

LEGAL CITATION:	M.C.L. 205.131 et seq.; M.S.A. 7.556(1) et seq.; 1939 PA 301.
YEAR ADOPTED:	1939. Tax is scheduled to be eliminated as of January 1, 1998.
BASIS OF TAX:	Ownership of intangibles having situs in Michigan in lieu of general property taxation.
MEASURE OF TAX (BASE):	Income producing: income (interest, dividends, and other earnings). Non-income producing: face or par value. Credit of \$175 (\$350 on joint return); \$280 (\$560 on joint return) effective with 1994 tax year. Exemptions for certain governmental obligations, pensions, bank stock, and intangibles included in other tax liability; and for intangibles of charitable organizations, insurance companies, railroads, telephone/telegraph companies, banks, savings & loans, credit unions and a portion of income from "Subchapter S" corporations.
RATE:	Income producing: 3.5% of income but not less than 0.1% of face or par value. Non-income producing: 0.1% of face or par value. Money on hand or in transit, on deposit in banks, and in savings with savings and loans: 20 cents per \$1,000. Tax is reduced by 25% in 1994 and 1995; 50% in 1996; 75% in 1997; and is eliminated entirely as of January 1, 1998.
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Payment due on or before last day of fourth month following end of taxpayer's tax year.
DISPOSITION:	General Fund, with distribution of \$9,500,000 to cities, villages, and townships.
1995-96 COLLECTIONS:	\$69,571,000

**Chart 9
Intangibles Tax**

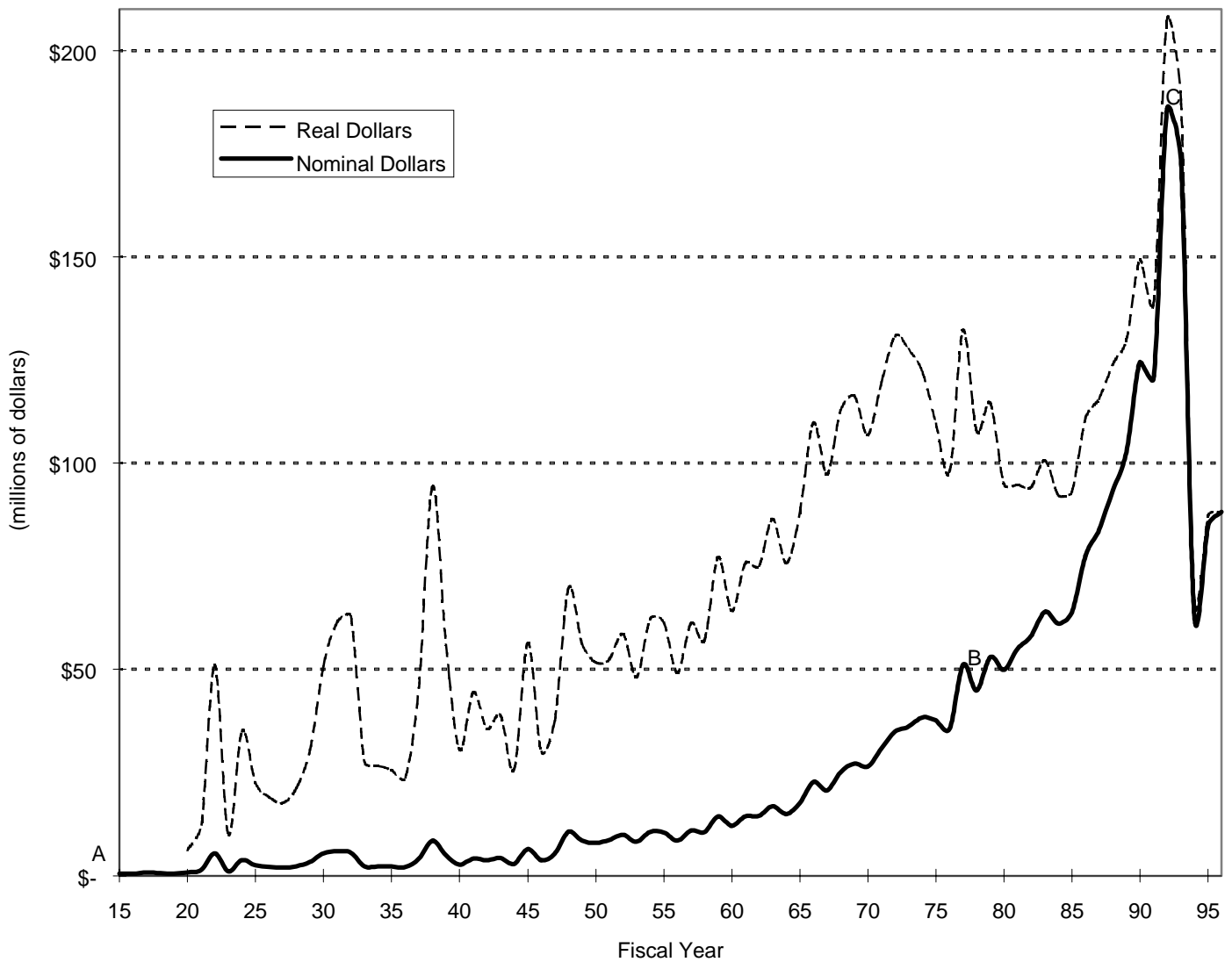


- A** 1939 PA 301 -- **Intangibles Tax** established at a rate of: Income Producing: 6 percent of income, but not less than 0.1 percent of face or par value; Non-Income Producing 0.1 percent.
- B** 1945 PA 165 -- Decreased tax on income producing assets to 3 percent; formalized tax on cash-on-hand at 0.0004 percent.
- C** 1952 PA 181 -- Increased tax on income producing assets to 3.5 percent.
- D** 1959 PA 264 -- Increased tax on cash-on-hand to 50 cents per \$1,000.
- E** 1973 PA 19 -- Decreased tax on cash-on-hand to 40 cents per \$1,000.
- F** 1975 PA 229 -- Decreased tax on cash-on-hand to 20 cents per \$1,000.
- G** 1995 PA 4 -- Increased credit, beginning with 1994 tax year, and reduced intangibles tax liability.
PA 5 -- Repealed Intangibles Tax effective January 1, 1998.

ESTATE

LEGAL CITATION:	M.C.L. 205.201 et seq.; M.S.A. 7.561 et seq.; 1899 PA 188.
YEAR ADOPTED:	1899 (referred to as inheritance tax until amended by 1993 PA 54.)
BASIS OF TAX:	Privilege of transferring an interest in the property of a decedent.
MEASURE OF TAX (BASE):	Gross estate as determined under federal internal revenue code.
RATE:	Tax imposed up to maximum allowable federal credit for state inheritance taxes paid.
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by same date as federal estate tax.
DISPOSITION:	General Fund.
1995-96 COLLECTIONS:	\$84,210,000

Chart 10
Estate Tax



- A** 1899 PA 188 -- **Inheritance Tax** established (Direct heirs 2-8 percent; collateral heirs 10-15 percent).
B 1978 PA 628 -- Increased maximum tax rate on direct heirs to 10 percent; increased minimum tax rate on collateral heirs to 12 percent and maximum tax rate to 17 percent.
C 1993 PA 54 -- Inheritance Tax replaced by **Estate Tax**.

STATE REAL ESTATE TRANSFER

LEGAL CITATION:	M.C.L. 207.521 et seq.; M.S.A. 7.456(21) et seq.; 1993 PA 330.
YEAR ADOPTED:	1993
BASIS OF TAX:	Privilege of transferring interests in real property.
MEASURE OF TAX (BASE):	Fair market value of written instrument by which property is transferred. Exemptions: written instruments involving the following: (1) transfers of less than \$100; (2) transfers of land outside Michigan; (3) transfers which the state is prohibited by federal law from taxing; (4) security or an assignment or discharge of a security interest; (5) transfers evidencing a leasehold interest; (6) personal property; (7) transfers of interests for underground gas storage purposes; (8) transfers where a governmental unit is the grantor; (9) transfers involving foreclosure by a governmental unit; (10) certain interspousal transfers; (11) transfers ordered by a court if no consideration is ordered; (12) transfers to straighten boundary lines if no consideration is paid; (13) transfers to correct a title flaw; (14) land contracts in which title does not pass until full consideration is paid; (15) transfers of mineral rights; (16) creation of joint tenancies if at least one joint tenant already owned the property; (17) sales agreements entered into before enactment of the tax; (18) transfers to persons considered to be "single employers" under the internal revenue code; (19) transfers to a bankruptcy trustee, receiver, or administrator.
RATE:	\$3.75 per \$500 (0.75 percent) or fraction thereof of total value.
ADMINISTRATION:	Collection: County treasurer. Supervision: Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 15th of each month.
DISPOSITION:	School Aid Fund.
1995-96 COLLECTIONS:	\$156,824,000

STATE EDUCATION

LEGAL CITATION:	M.C.L. 2.11.901 et seq.; M.S.A. 7.557(31) et seq.; 1993 PA 331.
YEAR ADOPTED:	1993
BASIS OF TAX:	Same as general property tax.
MEASURE OF TAX (BASE):	Same as general property tax.
RATE:	6 mills.
ADMINISTRATION:	Collection: Township, city, and county treasurers. Supervision: Michigan Department of Treasury.
REPORT AND PAYMENT:	Same as general property tax.
DISPOSITION:	School Aid Fund.
1995-96 COLLECTIONS:	\$1,087,864,000
1995-96 COLLECTIONS/UNIT:	\$181 million per mill

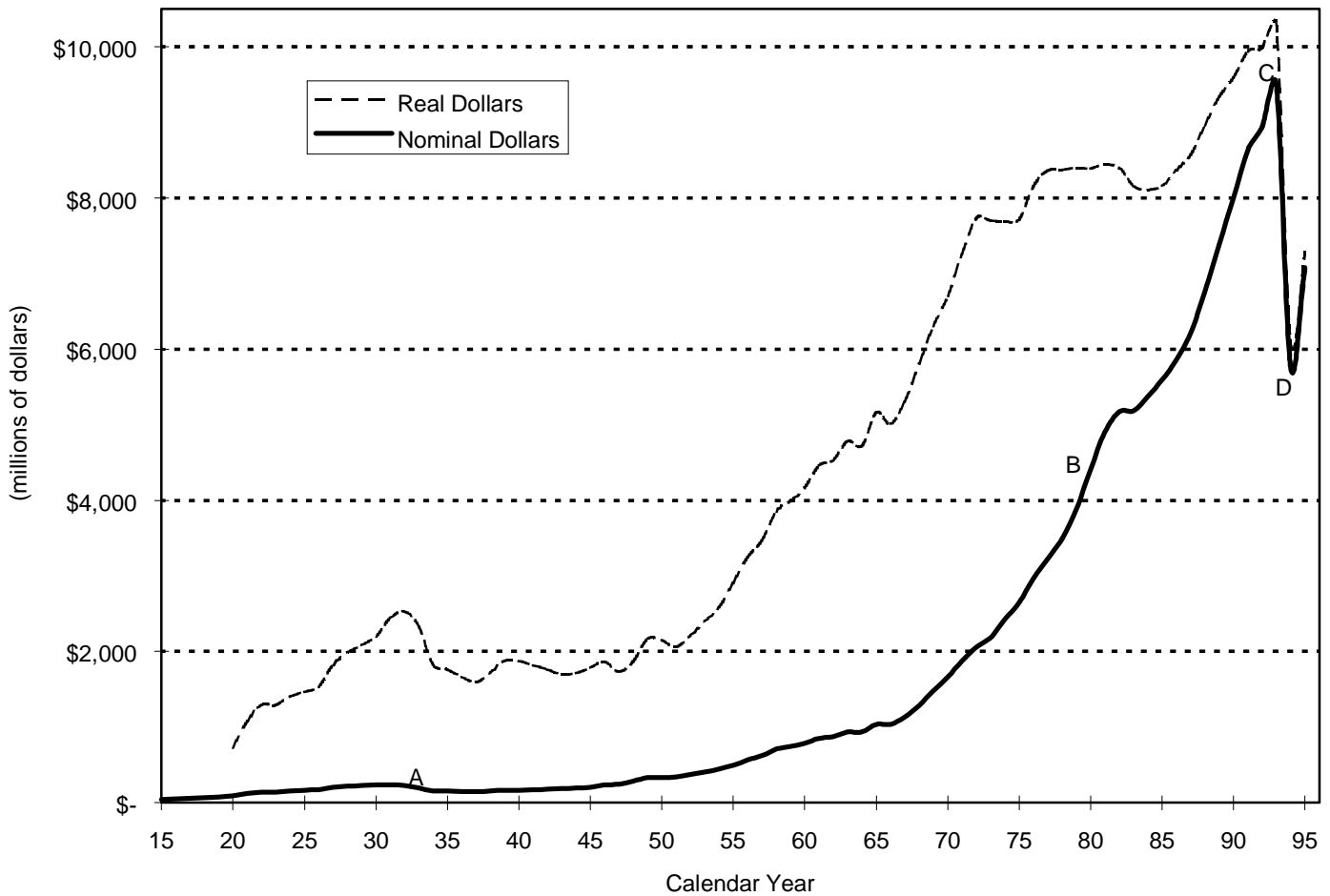
GENERAL PROPERTY

LEGAL CITATION:	M.C.L. 211.1 et seq.; M.S.A. 7.1 et seq.; 1893 PA 206; Sec. 3 and 6 of Art. 9, state Constitution.
YEAR ADOPTED:	Territorial Act
BASIS OF TAX:	Real and personal property not otherwise exempted.
MEASURE OF TAX (BASE):	<p>Taxable value, which cannot increase in any one year by more than the lesser of 5% or inflation, excluding additions and losses. When transferred, property is reassessed in accordance with state equalized valuation which equals 50% of true cash value.</p> <p>Numerous exemptions exist, notably: (1) certain property owned by nonprofit religious or educational organizations; (2) government property; (3) property subject to specific state taxes (e.g., railroad and telephone property, intangibles, motor vehicles); (4) certain household property, personal business property and mechanic's tools; (5) personal property used in agricultural operations; (6) inventory property; (7) special manufacturing tools (dies, jigs, fixtures, molds, etc.); (8) solar, water or wind energy conversion devices (pre-1984); (9) property in transit located in a public warehouse, dock or port facility; (10) property subject to specific local taxes in lieu of property taxation, such as commercial forest land; mobile homes; low grade iron ore; certified industrial, commercial, technological, commercial housing facilities; (11) property located in a renaissance zone, except for the portion of tax attributable to special assessments, taxes levied for the payment of general obligation bonds, and intermediate-school-district wide enhancement mills and local school district enhancement mills and sinking fund millages. Credits for property taxes paid: see Personal Income Tax.</p>
RATE:	<p>Varies by local unit, but certain statewide constitutional and statutory restrictions exist. The rate may not exceed 15 mills (\$15 per \$1,000) or 18 mills in counties with separate, voter-fixed allocations for all jurisdictions. (These limitations were reduced by the number of mills allocated to local school districts in 1993, after which local school districts may not receive allocated millage.)</p> <p>The foregoing limitations may be increased up to 50 mills with voter approval. Excluded from these limitations are: (1) Debt service taxes for all full faith and credit obligations of local units (after December 22, 1978, this exclusion applies only for obligations approved by voters); (2) Taxes imposed by units having separate tax limitations provided by charter or general law (cities, villages, charter townships, and charter counties); (3) Taxes imposed by certain districts or authorities having separate limits (e.g., charter water authorities, port districts, metropolitan districts, and downtown development authorities); (4) Certain taxes imposed by municipalities for special purposes.</p> <p>The state constitutional tax limitation amendment of 1978 (Headlee) requires a taxing jurisdiction to roll back authorized rates if the state equalized value, excluding new construction, increases faster than the rate of inflation, and state law requires a rate rollback to offset assessment increases (which the governing body can overcome by vote). Local school district operating taxes are limited to the lesser of 18 mills or the 1993 millage rate. Homestead and qualified agricultural property is exempt from this millage. However, school districts with a 1994-95 per pupil foundation allowance of over \$6,500 may reduce the exemption on homestead and qualified agricultural property by the number of mills necessary to raise that portion of their per pupil foundation allowance over \$6,500 and, if necessary, also may levy additional mills on all property to generate that per pupil dollar amount. In addition, voters in intermediate school districts may approve up to 3 additional mills for operating purposes. In calendar 1995, the state average rate, including the 6-mill state education tax, was 38.88 mills.</p>
ADMINISTRATION:	Property assessed by city and township assessors; values equalized by county and state among six classifications of real property (residential, commercial, industrial, developmental, agricultural, and timber cutover) plus personal property. Collection by township, city, and village treasurers. Delinquent taxes collected by county treasurers.
REPORT AND PAYMENT:	Township and county taxes due December 1. School taxes due December 1, unless school board elects to make all or one-half due July 1. City and village taxes due in accordance with charters.
DISPOSITION:	As locally determined. The state reimburses local governments for certain lands controlled by the Michigan Department of Natural Resources, in lieu of property taxes (often called "the swamp tax"); this reimbursement is equal to \$2.00 an acre. (M.C.L. 324.2150; M.S.A. 13A.2150)

		<u>1995 Levy</u>	
1995-96 COLLECTIONS:	School ⁵	\$3,031,923,000	50.63%
	City	1,411,549,000	23.57
	County	1,143,508,000	19.10
	Township	344,611,000	5.75
	Village	<u>556,770,000</u>	<u>0.95</u>
Total Levy		\$5,988,361,000	100.00

1995-96 COLLECTIONS/UNIT: \$154 million per mill (1995 Levy)

**Chart 11
Total State and Local Property Tax Collections**

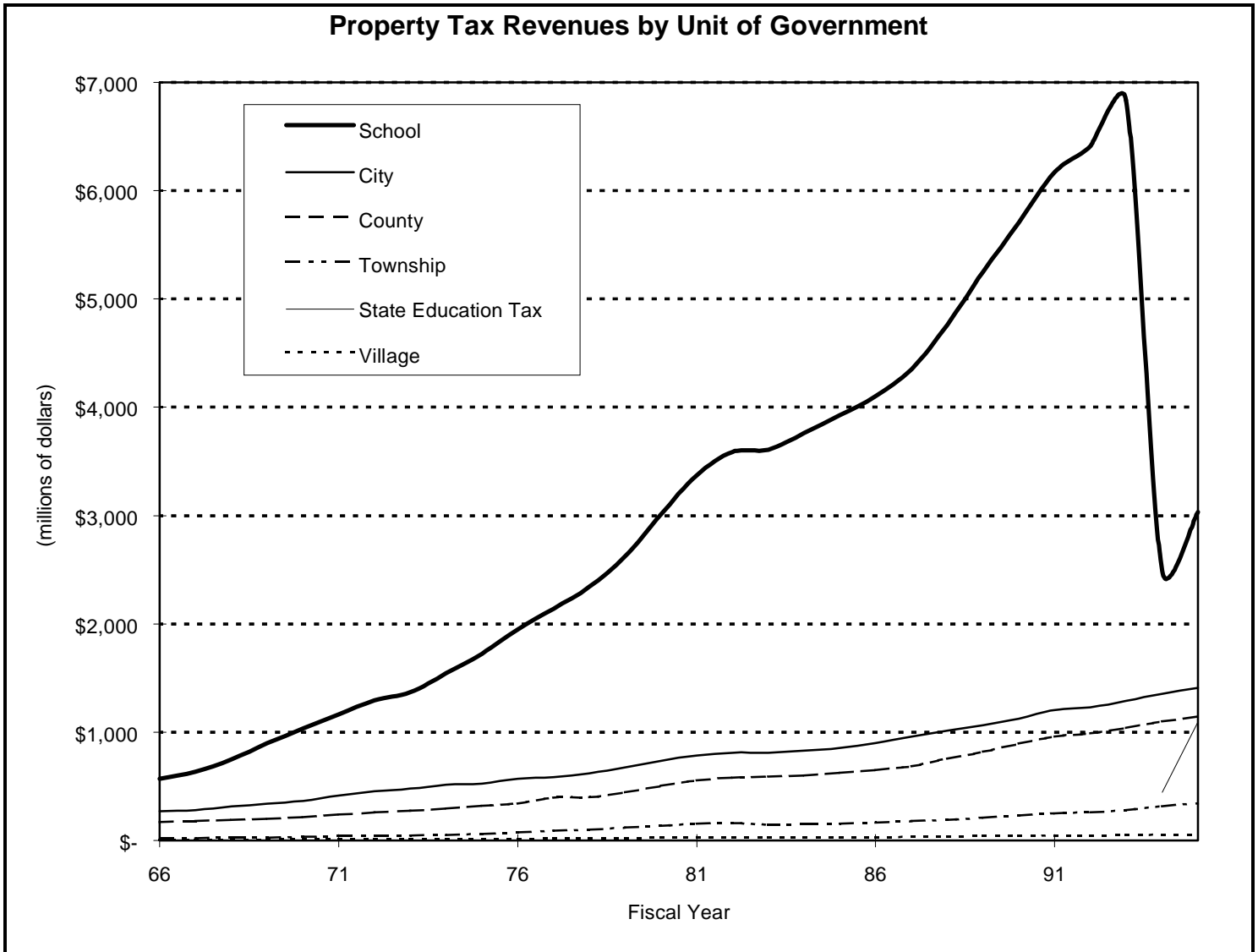


- A** 1933 Constitutional Amendment -- 15 mill limit.
- B** 1979 Constitutional Amendment -- Headlee Amendment established requiring voter approval for any new local taxes and limited the rate of growth for the assessed values of property for each local unit of government.
- C** 1993 PA 145 -- exempted, beginning December 31, 1993, property from millage levied by a local or intermediate school district for school operating purposes.
PA 312 -- limited school operating property taxes on non-homestead property to lesser of 18 mills of 1993 rate; exempted homestead and qualified agricultural property from millage in most instances; authorized school districts to levy up to 3 additional mills with voter approval.
- D** 1994 PA 331 -- State Education Tax established at 6 mills beginning in 1994.
Constitutional Amendment -- Proposal A established cap on assessments and taxable value as the tax base.

Chart 12

⁵ Includes local school districts, intermediate school districts and community colleges.

Property Tax Revenues by Unit of Government



COMMERCIAL FOREST

LEGAL CITATION:	M.C.L. 324.51101-324.51120; M.S.A. 13A.51101-13A.51120; 1995 PA 57.
YEAR ADOPTED:	1925. The former statute was repealed and replaced by 1995 PA 57.
BASIS OF TAX:	In lieu of general property taxation.
MEASURE OF TAX (BASE):	Lands placed in commercial forest reserve and cash value of timber thereon (generally, 40 acre minimum).
RATE:	Specific: \$1.10 per acre (state also pays \$1.20 per acre to each county within which acreage is located). Withdrawal: \$1.00 per acre application fee, plus per acre penalty equal to per acre average ad valorem tax on timber cutover real property in the township where the property is located times the number of years (to a maximum of 7 years or 15 years, depending upon when the property was determined to be commercial forest) that the property was subject to the tax.
ADMINISTRATION:	Department of Natural Resources; Township Assessors, Township and County Treasurers.
REPORT AND PAYMENT:	Specific: with property tax; Stumpage: Feb. 28, Aug. 31; Withdrawal: with application to withdraw.
DISPOSITION:	Distributed to local units in same proportion as General Property Tax except that school portion is paid to School Aid Fund.

PRIVATE FOREST

LEGAL CITATION:	M.C.L. 324.51301 et seq.; M.S.A. 13A.51301; 1995 PA 57.
YEAR ADOPTED:	1917. The former statute was repealed and replaced by 1995 PA 57.
BASIS OF TAX:	In lieu of general property taxation.
MEASURE OF TAX (BASE):	Lands placed in private forest reserve and cash value of timber thereon (40 acre maximum).
RATE:	Specific: \$1 per acre; Stumpage: 5% of value of timber cut; Withdrawal: 5% of value of timber on the stump.
ADMINISTRATION:	Department of Natural Resources; Township Assessors, Township and County Treasurers.
REPORT AND PAYMENT:	Specific: with property tax; Stumpage: when cut; Withdrawal: upon withdrawing.
DISPOSITION:	Distributed to local units in same proportion as General Property Tax except that school portion is paid to School Aid Fund.

INDUSTRIAL FACILITIES

LEGAL CITATION:	M.C.L. 207.551 et. seq.; M.S.A. 7.800 (1) et seq.; 1974 PA 198.
YEAR ADOPTED:	1974
BASIS OF TAX:	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within plant rehabilitation or industrial development districts.
MEASURE OF TAX (BASE):	Restored or replacement facility: taxable value of facility, excluding land and inventory, in year prior to granting of exemption certificate. New or speculative facility: current taxable value of facility, excluding land and inventory. Partial exemption for facility located in a renaissance zone.
RATE:	Restored facility; same as the local property tax rate. New or replacement facility: (if granted before January 1, 1994) 1/2 of 1993 school operating taxes plus 1/2 of other property taxes except state education tax; (if granted after December 31, 1993) 1/2 of all taxes other than the state education tax plus the state education tax. Certificate applicants and the granting municipality must enter into an agreement before the State Tax Commission can approve an exemption certificate.
ADMINISTRATION:	Same as General Property Tax. Local legislative body and State Tax Commission must approve issuance of certificate with concurrence of Department of Commerce.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	Distributed on same basis as general property tax except that all or part of school district share is credited to the School Aid Fund.

COMMERCIAL FACILITIES

LEGAL CITATION:	M.C.L. 207.651 et seq.; M.S.A. 7.800 (51) et seq.; 1978 PA 255.
YEAR ADOPTED:	1978
BASIS OF TAX:	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within commercial redevelopment districts.
MEASURE OF TAX (BASE):	Restored facility: state-equalized value of facility, excluding land and certain personal property, in year prior to granting of exemption certificate. New or replacement facility: current state-equalized value of facility, excluding land and certain personal property. Partial exemption for facility located in a renaissance zone.
RATE:	Restored facility; same as the local property tax rate. New or replacement facility: 1/2 of 1993 school operating taxes plus 1/2 of other property taxes except State Education Tax.
ADMINISTRATION:	Same as general property tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired on December 31, 1985, but an exemption then in effect continues until expiration of certificate.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	Same as Industrial Facilities Tax.

TECHNOLOGY PARK FACILITIES

LEGAL CITATION:	M.C.L. 207.701 et seq.; M.S.A. 7.800(101) et. seq.; 1984 PA 385.
YEAR ADOPTED:	1984
BASIS OF TAX:	In lieu of general property taxation for up to 12 years after completion of facilities granted exemption certificates within technology park districts. Partial exemption for facility located in a renaissance zone.
MEASURE OF TAX (BASE):	Current state-equalized value of the facility, excluding land.
RATE:	1/2 of 1993 school operating taxes plus 1/2 of other property taxes except state education tax.
ADMINISTRATION:	Same as general property tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired on December 31, 1993, but an exemption then in effect continues until expiration of certificate.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	Same as Industrial Facilities Tax.

COMMERCIAL HOUSING FACILITIES

LEGAL CITATION:	M.C.L. 207.601 et seq.; M.S.A. 7.792(1) et seq.; 1976 PA 438.
YEAR ADOPTED:	1976
BASIS OF TAX:	In lieu of general property taxation for up to 12 years after completion of new facilities granted ex-emption certificates within downtown development district of city levying income tax.
MEASURE OF TAX (BASE):	State-equalized value of new facility, excluding land.
RATE:	1/2 the local property tax rate, unless waived by local legislative body.
ADMINISTRATION:	Same as commercial facilities tax. Local legislative body must approve issuance of certificate. Authority to issue certificates expired December 31, 1986, but exemption then in effect continues.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	Same as Industrial Facilities Tax.

ENTERPRISE ZONE FACILITIES

LEGAL CITATION:	M.C.L. 125.2101 et seq.; M.S.A. 3.540(301) et seq.; 1985 PA 224.
YEAR ADOPTED:	1985
BASIS OF TAX:	In lieu of general property taxation for up to 10 years after a business is certified as a qualified business.
MEASURE OF TAX (BASE):	State-equalized value of real and personal property of a qualified business exclusive of exemptions. Partial exemption for facility located in a renaissance zone.
RATE:	Qualified business: 1/2 the statewide average property tax rate on commercial, industrial, and utility property. Certain other business: the local property tax rate, with credits that can reduce rate to statewide average property tax rate.
ADMINISTRATION:	Issuance of certification requires approval of Michigan Enterprise Zone Authority.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	To the local unit in which such property is located, with certain exceptions.

NEIGHBORHOOD ENTERPRISE ZONE FACILITIES

LEGAL CITATION:	M.C.L. 207.771 et seq.; M.S.A. 7.800(171) et seq.; 1992 PA 147.
YEAR ADOPTED:	1992
BASIS OF TAX:	In lieu of general property taxation for up to 12 years after rehabilitation or completion of facility granted exemption. Partial exemption for facility located in a renaissance zone.
MEASURE OF TAX (BASE):	Rehabilitated facility: state-equalized value of facility in year prior to granting of exemption certificate, excluding land. New facility: state-equalized value of facility.
RATE:	New or rehabilitated facility: Homesteads: 1/2 of the average rate paid by other homestead or qualified agricultural property; Nonhomesteads: 1/2 the average rate paid by other commercial, industrial, and utility property.
ADMINISTRATION:	Same as General Property Tax.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	Same as Industrial Facilities Tax.

MOBILE HOME TRAILER COACH

LEGAL CITATION:	M.C.L. 125.1041; M.S.A. 5.278(71); 1959 PA 243.
YEAR ADOPTED:	1959
BASIS OF TAX:	In lieu of general property taxation.
MEASURE OF TAX (BASE):	Occupied trailer coaches (including mobile homes) in licensed trailer coach parks.
RATE:	\$3 per month per occupied trailer coach.
ADMINISTRATION:	Township or city treasurer.
REPORT AND PAYMENT:	Due each month.
DISPOSITION:	\$2 per coach to School Aid Fund; 50 cents per coach to counties and municipalities, respectively.

LOW GRADE IRON ORE SPECIFIC

LEGAL CITATION:	M.C.L. 211.621 et seq.; M.S.A. 13.157 (1) et seq.; 1951 PA 77.
YEAR ADOPTED:	1951
BASIS OF TAX:	In lieu of general property taxation.
MEASURE OF TAX (BASE):	Rated annual capacity of production and treatment plant, and gross ton value of ore.
RATE:	Prior to full production: rated annual capacity times 0.55% of value per gross ton, times percent completion of plant. Subsequently: 5-year average production times 1.1% of value per gross ton.
ADMINISTRATION:	Assessment: Township or city assessor; Michigan Department of Natural Resources, Geological Division. Collection: Township or city treasurer.
REPORT AND PAYMENT:	Same as General Property Tax.
DISPOSITION:	Distributed to local units in same proportion as general property tax except that school portion is paid to School Aid Fund.

COUNTY REAL ESTATE TRANSFER

LEGAL CITATION:	M.C.L. 207.501 et seq.; M.S.A. 7.456 (1) et seq.; 1966 PA 134.
YEAR ADOPTED:	1966
BASIS OF TAX:	Privilege of transferring any interest in real property.
MEASURE OF TAX (BASE):	Fair market value of written instrument. Numerous exemptions including transfers of less than \$100, instruments where a government is seller or grantor, certain conveyances between spouses, transfers of mineral rights.
RATE:	55 cents per \$500 (0.11%) or fraction thereof of total value. Wayne County is statutorily authorized to impose a higher rate but voter approval is required.
ADMINISTRATION: occurs.	Supervision: Department of Treasury. Collection: Treasurer of county in which transfer occurs.
REPORT AND PAYMENT:	Due when transaction is recorded.
DISPOSITION:	General fund of county in which tax is collected.

Transportation Taxes

GASOLINE

LEGAL CITATION:	M.C.L. 207.101 et seq.; M.S.A. 7.291 et seq.; 1927 PA 150; Sec. 9 of Art. 9, state Constitution.
YEAR ADOPTED:	1925
BASIS OF TAX:	Privilege of using highways.
MEASURE OF TAX (BASE):	Gasoline sold or used in operating vehicles on public highways. Exemption for gasoline used in (1) vehicles owned by state or federal government; (2) vehicles owned or leased and operated by units of local government. Refund of tax on gasoline purchased for (1) a purpose other than operation of a vehicle on public highways; (2) five or more person capacity vehicles operated under a municipal franchise; (3) passenger vehicles used to transport school children; (4) community action agencies; (5) school buses owned and operated by private nonprofit parochial, or denominational schools, college, or universities.
RATE:	19 cents per gallon.
ADMINISTRATION:	Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of each month.
DISPOSITION:	Michigan Transportation Fund: 2% to Recreation Improvement Fund; \$5 million to Critical Bridge Fund; \$3 million to Rail Grade Crossing Account; Transportation Economic Development Fund; 10% earmarked to Comprehensive Transportation Fund; of remainder, 39.1% to State Trunkline Fund; 39.1% to county road commissions; 21.8% to cities and villages.
1995-96 COLLECTIONS:	\$689,583,000
1995-96 COLLECTIONS/UNIT:	\$46 million per 1 cent.

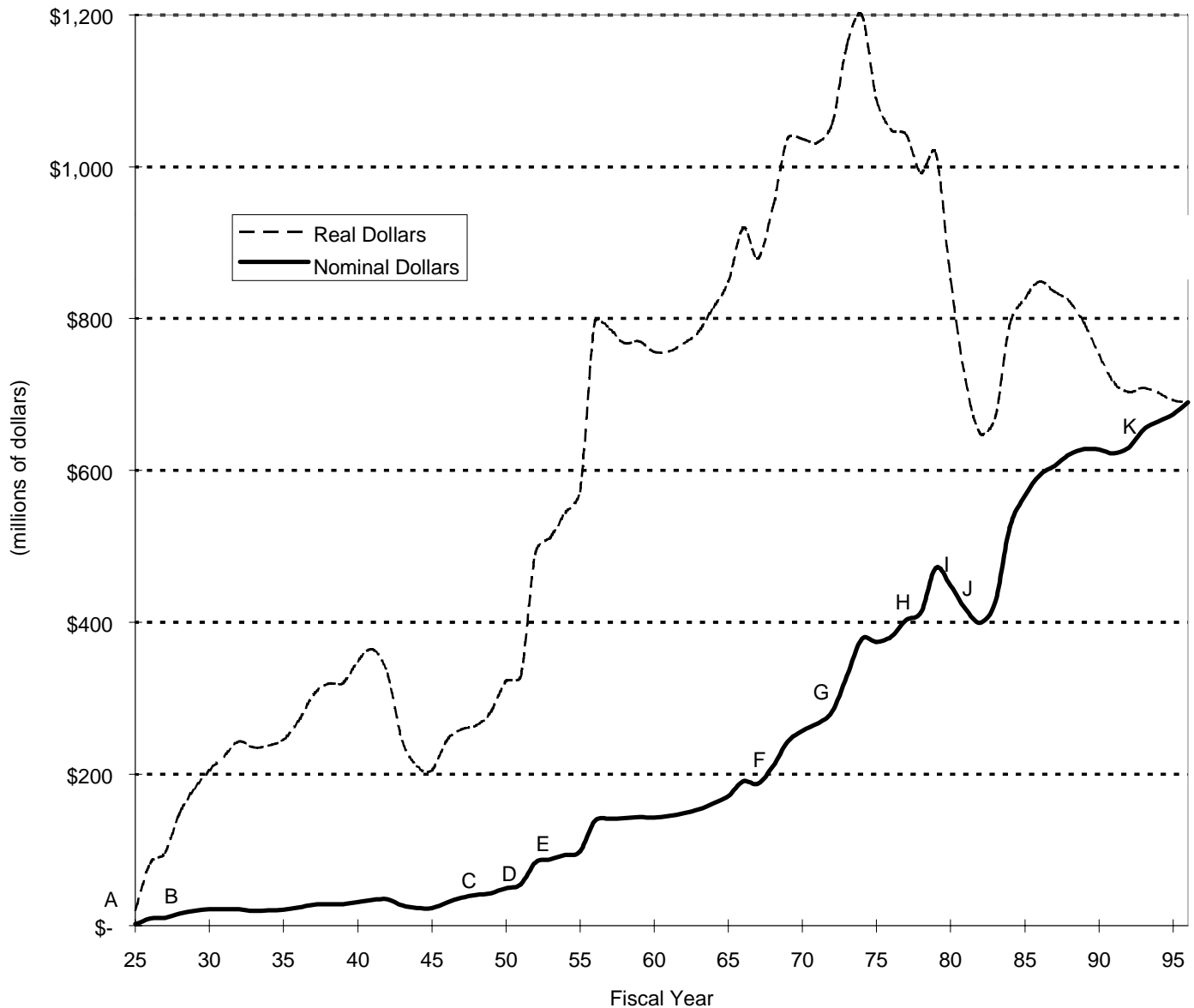
DIESEL FUEL

LEGAL CITATION:	M.C.L. 207.121 et seq.; M.S.A. 7.316 (1) et seq.; 7.340 (1) et seq.; 1951 PA 54.
YEAR ADOPTED:	1947
BASIS OF TAX:	Privilege of using highways.
MEASURE OF TAX (BASE):	Diesel fuel sold or used in operating vehicles on public highways. Exemption for diesel fuel used in or for (1) vehicles owned by the state or federal government; (2) vehicles owned or leased and operated by units of local government; (3) off-highway use; (4) home heating oil; (5) export; (6) as other than motor fuel; (7) for use in trains. Refund of tax on diesel fuel purchased for use in (1) ten or more person capacity vehicles operated under a municipal franchise; (2) school buses owned and operated by private nonprofit parochial, or denominational schools, college, or universities.
RATE:	15 cents per gallon with discount of 6 cents for vehicles taxed under the Motor Carriers Fuel Tax.
ADMINISTRATION:	Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of each month.
DISPOSITION:	Michigan Transportation Fund.
1995-96 COLLECTIONS:	\$76,563,000
1995-96 COLLECTIONS/UNIT:	\$5 million per 1 cent.

MOTOR CARRIERS FUEL

LEGAL CITATION:	M.C.L. 207.211 et seq.; M.S.A. 7.340 (1) et seq.; 1980 PA 119.
YEAR ADOPTED:	1980
BASIS OF TAX:	Privilege of using Michigan highways.
MEASURE OF TAX (BASE):	Motor fuel consumed in operating vehicles on public highways.
RATE:	21 cents per gallon with a 15 cent credit for fuel purchased in Michigan (Note, motor carriers taxed under this act are also taxed under the Diesel Fuel Tax for a net total tax rate of 15 cents per gallon.)
ADMINISTRATION:	Michigan Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of month quarterly.
DISPOSITION:	Michigan Transportation Fund.
1995-96 COLLECTIONS:	\$609,000 (reflects a partial year's revenues).

**Chart 13
Motor Fuel Taxes**



- A** 1925 PA 2 -- **Gasoline Tax** established at 2 cents per gallon.
- B** 1927 PA 150 -- Increased tax rate to 3 cents per gallon; repealed 2 PA 1925.
- C** 1947 PA 319 -- **Diesel Fuel Tax** established at 5 cents per gallon.
- D** 1951 PA 54 -- Increased Gas Tax rate to 4.5 cents per gallon; added Chapter 2 (**Diesel Fuel Tax**) to 150 PA 1927 at 6 cents per gallon; repealed 319 PA 1947.
- E** 1953 PA 147 -- Added Chapter 3 (**Liquefied Petroleum Gas Tax**) to 150 PA 1927 at 4.5 cents per gallon.
- F** 1967 (ES) PA 5 -- Increased tax rates to 7 cents per gallon.
- G** 1972 PA 326 -- Gas and Liquefied Petroleum Gas tax rates increased to 9 cents per gallon.
- H** 1978 PA 426 -- Gas and Liquefied Petroleum Gas tax rates increased to 11 cents per gallon.
-- Increased Diesel Fuel Tax rate to 9 cents per gallon.
- I** 1980 PA 118 -- Raised Diesel Fuel Tax rate to 11 cents per gallon; allowed a 6 cent per gallon discount to commercial vehicles.
PA 119 -- **Motor Carriers Fuel Tax** established at rate equal to Diesel Fuel Tax rate on commercial vehicles for road use based on miles driven in state.
- J** 1982 PA 437 -- Created formula for altering gas tax rate in 1983 and 1984; set Diesel Fuel and Liquefied Petroleum Gas tax rates equal to Gasoline Tax rate (increased tax rates to 13 cents per gallon in 1983 and 15 cents per gallon in 1984).
- K** 1992 PA 225 -- Altered the collection point of Gasoline and Diesel Fuel taxes from wholesalers to suppliers.

* Motor Fuels Taxes include the Gasoline, Diesel Fuel, and Liquefied Petroleum Gas Taxes.

MOTOR CARRIERS PRIVILEGE

LEGAL CITATION:	M.C.L. 478.1-478.7; M.S.A. 22.560-22.565 (1); 1923 PA 254.
YEAR ADOPTED:	1923
BASIS OF TAX:	Privilege of using highways.
MEASURE OF TAX (BASE):	Vehicles operated on highways by common and contract carriers.
RATE:	\$50 per vehicle for trucks or tractors used exclusively for transporting household goods. \$100 per vehicle for all others.
ADMINISTRATION:	Department of Consumer and Industry Services, Public Service Commission; certain fees, Department of State Police.
REPORT AND PAYMENT:	Due annually by December 1.
DISPOSITION:	Michigan Transportation Fund; certain fees, Truck Safety Fund.
1995-96 COLLECTIONS:	\$5,362,000

LIQUEFIED PETROLEUM GAS

LEGAL CITATION:	M.C.L. 207.151 et seq.; M.S.A. 7.317 (1) et seq.; 1953 PA 147.
YEAR ADOPTED:	1953
BASIS OF TAX:	Privilege of using highways.
MEASURE OF TAX (BASE):	Liquefied petroleum gas sold or used in operating vehicles on public highways.
RATE:	15 cents per gallon.
ADMINISTRATION:	Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of each month.
DISPOSITION:	Michigan Transportation Fund.
1995-96 COLLECTIONS:	\$1,067,000
1995-96 COLLECTIONS/UNIT:	\$71,133 per 1 cent.

AVIATION GASOLINE

LEGAL CITATION:	M.C.L. 259.203; M.S.A. 10.303; 1945 PA 327.
YEAR ADOPTED:	1929
BASIS OF TAX:	Privilege of using aviation facilities.
MEASURE OF TAX (BASE):	Fuel sold or used for propelling aircraft.
RATE:	3 cents per gallon. Refund of 1.5 cents per gallon to airline operators on interstate scheduled operations.
ADMINISTRATION:	Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of each month.
DISPOSITION:	Aeronautics Fund.
1995-96 COLLECTIONS:	\$6,020,000
1995-96 COLLECTIONS/UNIT:	\$401,333 per 1 cent.

MARINE VESSEL FUEL

LEGAL CITATION:	M.C.L. 324.71101-324.71108; M.S.A. 13A.71101-13A.71108; 1995 PA 58.
YEAR ADOPTED:	1947. The former statute was repealed and replaced by 1995 PA 58.
BASIS OF TAX:	Privilege of operating vessels on navigable streams.
MEASURE OF TAX (BASE):	Gasoline and diesel fuel sold or used for propelling watercraft, off-road vehicles, and snowmobiles.
RATE:	Same as Gasoline Tax, with refund for certain boats and vessels.
ADMINISTRATION:	Department of Treasury, Revenue Division.
REPORT AND PAYMENT:	Due by 20th of each month.
DISPOSITION:	Recreation Improvement Fund.
1995-96 COLLECTIONS:	\$180,000

AIRCRAFT WEIGHT

LEGAL CITATION:	M.C.L. 259.77; M.S.A. 10.177; 1945 PA 327.
YEAR ADOPTED:	1923
BASIS OF TAX:	In lieu of all other general property taxes on aircraft.
MEASURE OF TAX (BASE):	The greater of maximum gross weight or maximum takeoff weight.
RATE:	1 cent per pound.
ADMINISTRATION:	Michigan Department of Transportation, Aeronautics Commission.
REPORT AND PAYMENT:	Due by each August 1st.
DISPOSITION:	Aeronautics Fund.
1995-96 COLLECTIONS:	\$244,000

WATERCRAFT REGISTRATION

LEGAL CITATION:	M.C.L. 281.1021-281.1033; M.S.A. 18.1287 (21)-18.1287 (33); 1967 PA 303.								
YEAR ADOPTED:	1967								
BASIS OF TAX:	In lieu of general property tax for privilege of operating motor boats and other vessels on Michigan waters.								
MEASURE OF TAX (BASE):	Length of boat. Exemptions for lifeboats; hand propelled vessels 16' or less; nonmotorized canoes not used for rental or commercial purposes, all-terrain vehicles; rafts, surfboards, swim floats; vessels used temporarily on state waters.								
RATE:	Registration for 3-year period. Rates for motor boats(in feet): <table style="margin-left: 40px;"> <tr> <td>Under 12, \$14</td> <td>16-less than 21, \$42</td> <td>28-less than 35, \$168</td> <td>42-less than 50, \$280</td> </tr> <tr> <td>12-less than 16, \$17</td> <td>21-less than 28, \$115</td> <td>35-less than 42, \$244</td> <td>50 or more, \$448</td> </tr> </table> <p>Separate rates for pontoon boats and motorized canoes, nonpowered vessels 12' or over, and vessels carrying freight and passengers for hire.</p>	Under 12, \$14	16-less than 21, \$42	28-less than 35, \$168	42-less than 50, \$280	12-less than 16, \$17	21-less than 28, \$115	35-less than 42, \$244	50 or more, \$448
Under 12, \$14	16-less than 21, \$42	28-less than 35, \$168	42-less than 50, \$280						
12-less than 16, \$17	21-less than 28, \$115	35-less than 42, \$244	50 or more, \$448						
ADMINISTRATION:	Collection: Michigan Department of State. Enforcement: Department of Natural Resources, county sheriffs.								
REPORT AND PAYMENT:	Due by each January 1.								
DISPOSITION:	17.5% to State Waterways Fund; 33.5% to Harbor Development Fund; 49% to Marine Safety Fund.								
1995-96 COLLECTIONS:	\$10,002,000								

MOTOR VEHICLE WEIGHT OR VALUE

LEGAL CITATION: M.C.L. 257.801-257.810; M.S.A. 9.2501-9.2510; 1949 PA 300.

YEAR ADOPTED: 1905

BASIS OF TAX: In lieu of general property and other taxes.

MEASURE OF TAX (BASE): Weight of vehicle -- or, in some cases, the type or sales price of vehicle. Elected gross vehicle weight (the empty weight of a vehicle or combination of vehicles plus the weight of the maximum load the owner has elected to carry) for large trucks.

RATE: 1. Personal passenger vehicles purchased new, or vehicles of the 1984 model year or later which are subsequently resold as used, are assessed on the following schedule:

<u>Base List Price</u>	<u>Tax in 1st Year of Ownership</u>
Up to \$6,000	\$30
\$6,001 to \$7,000	\$33
\$7,001 to \$30,000	\$33, plus \$5 for each \$1,000 above \$7,000 base list price.
More than \$30,000	0.5% of base list price.

The above rates are adjusted annually in accordance with increase in state personal income. During the 2nd, 3rd, and 4th years, the tax on such vehicles is reduced by 10% from the prior year's level and remains constant thereafter.

Passenger cars, motor homes, pickup trucks and vans under 5,000 lb. purchased before October 1, 1983 are assessed on the basis of the following schedule in lieu of a value tax:

0-3000 lb, \$29	4501-5000 lb, \$47	6501-7000 lb, \$67	8501-9000 lb, \$86
3001-3500 lb, \$32	5001-5500 lb, \$52	7001-7500 lb, \$71	9001-9500 lb, \$91
3501-4000 lb, \$37	5501-6000 lb, \$57	7501-8000 lb, \$77	9501-10,000 lb, \$95
4001-4500 lb, \$43	6001-6500 lb, \$62	8001-8500 lb, \$81	Over 10,000 lb, \$0.90/100 lb

2. Varied rates for specialized vehicles such as buses and taxicabs, motorcycles, certain farm equipment, ambulances and hearses, moving vans.

3. Commercial pickup trucks under 5,000 lb: 0-4,000 lb, \$39; 4,001-4500 lb, \$44; 4,501-5,000 lb, \$49.

4. Trucks weighing 8,000 lb or less and tow trucks (\$38 minimum; fee per 100 lb):

0-2500 lb, \$1.40	4001-6000 lb, \$2.20	8001-10,000 lb, \$3.25	Over 15,000 lb, \$4.39
2501-4000 lb, \$1.76	6001-8000 lb, \$2.72	10,001-15,000 lb, \$3.77	

5. For trucks weighing 8,000 lb or less towing a trailer or for trucks weighing 8,001 lb and over, road tractors, and truck tractors, a flat fee on elected gross weight (shown here in lbs):

0-24,000, \$491	48,001-54,000, \$1,135	100,001-115,000, \$2,223
24,001-26,000, \$558	54,001-60,000, \$1,268	115,001-130,000, \$2,448
26,001-28,000, \$558	60,001-66,000, \$1,398	130,001-145,000, \$2,670
28,001-32,000, \$649	66,001-72,000, \$1,529	145,001-160,000, \$2,894
32,001-36,000, \$744	72,001-80,000, \$1,660	Over 160,000, \$3,117
36,001-42,000, \$874	80,001-90,000, \$1,793	
42,001-48,000, \$1,005	90,001-100,000, \$2,002	

ADMINISTRATION: Michigan Department of State; certain fees, Michigan Department of Natural Resources.

REPORT AND PAYMENT: Registration expires annually on owner's birthday, except for certain commercial vehicles and trailers owned by "persons" other than individuals (last day of Feb.), for motorcycles (March 31), and for historic vehicles (on April 15 in the 5th year after the date of issue). Tax due with new registration.

DISPOSITION: Michigan Transportation Fund; certain fees, Scrap Tire Regulation Fund.

1995-96 COLLECTIONS: \$560,795,000

Chart 14
Motor Vehicle Weight or Value Tax



- A** 1905 PA -- Established a \$2 per automobile license plate fee.
- B** 1909 PA 318 -- Superseded the 1905 PA.
- C** 1913 PA 181 -- Revised 1909 PA 318.
- D** 1915 PA 302 -- **Motor Vehicle Weight Tax** established.
- E** 1945 PA 255 -- Revised 1915 PA 302.
- F** 1949 PA 300 -- Established Motor Vehicle Code with revised registration fee schedules.
- G** 1951 PA 55 -- Established new fee schedules for various classifications of vehicle based on vehicle weight.
- H** 1967(ES) PA 3 -- Established new fee schedules for various classifications of vehicle based on vehicle weight.
- I** 1978 PA 427 -- Established new fee schedules for various classifications of vehicle based on vehicle weight.
- J** 1982 PA 439 -- Established new fee schedules for various classifications of vehicle based on vehicle weight.
-- Replaced weight tax with a value tax of 0.4 percent of purchase price for personal passenger vehicles purchased after September 30, 1983.
- K** 1983 PA 165 -- Required value tax of 0.5 percent of list price for personal passenger motor vehicles purchased after September 30, 1983 based on manufacturer's base list price.
- L** 1987 PA 238 -- Increased tax imposed upon certain passenger vehicles and trucks

Changes In Michigan Tax Laws

CHANGES IN MICHIGAN TAX LAWS, JULY 1, 1995 THROUGH AUGUST 1, 1997

Tax Administration

- 1995 PA 232: Amended the tax tribunal act to alter the calculation of the interest rate paid on refunds; modified jurisdiction of Tax Tribunal.
- PA 479: Authorizes the Michigan Department of Treasury to administer the city income tax pursuant to an agreement entered into between the Department and a city imposing the tax.
- PA 505: Amended the Tax Tribunal Act to require that subsequent years automatically be added to an appeal pending before the tax tribunal where the basis of the appeal is that the property is exempt.
- PA 580: Amended the Property Tax Limitation Act to authorize a millage request, the rate of which is less than that of an expiring millage, to be presented on the ballot as a millage renewal.

Income Taxes

Personal Income Tax

- 1995 PA 136: Reduced revenue sharing to units of local government for 1995-96 state fiscal year by \$55.8 million (\$43.6 million reduction for cities, villages, and townships, and \$12.2 million for counties).
- PA 194: Increased, as of October 1, 1996, the percentage of gross income tax collections dedicated to School Aid Fund from 14.4 percent to 23 percent.
- PA 230: Increased deduction limit for interest, dividends, and capital gains for senior citizens who do not deduct pension income to \$3,500 (\$7,000 for joint return) for 1997 tax year.
- PA 244: Excluded from the definition of "income" stipends received by persons 60 years of age or older acting as foster grandparents pursuant to the federal domestic volunteer service act.
- PA 245: Authorized a Headlee amendment refund for 1995 tax year; extended home heating credit for 1995 tax year, contingent upon appropriation of federal funding.
- PA 291: Authorized for tax years beginning in 1998, a deduction for senior citizens not to exceed \$7,500 (\$15,000 for a joint return) for interest, dividends, and capital gains.
- 1996 PA 55: Amended Income Tax Act to make reference to natural resources and environmental protection act.
- PA 264: Required employers to withhold income taxes pursuant to a no-file exemption certificate executed by an eligible taxpaying employee.
- PA 265: Authorized eligible taxpayers to forego filing of income tax return by having specified percentage of taxable compensation withheld.
- PA 448: Authorized for tax years beginning in 1997, a deduction for income earned, and interest, dividends, and capital gains received by an individual while a resident of a renaissance zone.
- PA 484: Required certain financial institutions to submit to the Michigan Department of Treasury certain tax information by means of magnetic tape.
- PA 568: Authorized for tax years beginning in 1997, direct deposit of income tax refunds to any financial institution located in the United States.

- 1997 PA 81: Established child tax credit.
- PA 82: Increased tuition tax credit to \$375 per year.
- PA 86: Increased personal exemption by \$200.

Uniform City Income Tax

- 1995 PA 233: Authorized cities to impose a city income tax at a rate less than one percent on corporations and residents and one half percent on nonresidents.
- PA 234: Required that a city income tax imposed for the first time after January 1, 1995 be approved by voters.
- 1996 PA 442: Authorized for tax years beginning in 1997, a deduction for income earned, capital gains, and lottery winnings received by a taxpayer while a resident of a renaissance zone.
- PA 478: Authorized a city that imposes the city income tax to enter into an agreement with the Michigan Department of Treasury to have the Department administer, enforce, and collect the tax on behalf of the city.

Business Privilege Taxes

Single Business Tax

- 1995 PA 23: Authorized for tax years beginning 1995, a credit against single business tax liability for businesses certified by the Michigan Economic Growth Authority.
- PA 77: Excluded from the single business tax base retroactive to August 3, 1987, receipts from all reinsurance transactions.
- PA 80: Provided that subsidiary companies with apportioned gross receipts of less than \$100,000 need not file a return.
- PA 135: Reduced revenue sharing to cities, villages, and townships for 1995-96 state fiscal year by \$16 million.
- PA 225: Authorized for tax years beginning in 1996, an exemption for charitable partnerships.
- PA 256: Authorized a life insurance company that is a member of an affiliated group (Jackson National Life Insurance Company) to claim single business tax credits for tax years 1993, 1994, and 1995.
- PA 282: Altered apportionment formula for tax base to 90 percent (sales), 5 percent (property), and 5 percent (payroll) for tax years beginning in 1999; limits capital acquisition deduction to tangible personal property located in Michigan multiplied by apportionment factor; provides for alternative capital acquisition deduction apportionment percentages if apportioned Michigan-only capital acquisition deduction is declared unconstitutional; provides for apportionment credit.
- PA 283: Altered apportionment formula for tax base and capital acquisition deduction to 80 percent (sales), 10 percent (property), and 10 percent (payroll) for tax years 1997 and 1998; provides for alternative capital acquisition deduction apportionment percentages if apportioned Michigan-only capital acquisition deduction is declared unconstitutional.
- PA 284: Increased for tax years beginning in 1998 compensation limit for small business credit to \$115,000 and provides for sliding scale reduction of the credit.
- PA 285: Specified the method by which the reduction of

- the small business credit is to be calculated for partnerships, subchapter-S corporations, and other corporations.
- 1996 PA 347: Excluded from the single business tax base royalty payments, fees, and charges paid by a film distributor to a film producer.
- PA 382: Authorized for tax years 1997 through 2000 a credit for eligible investment pursuant to the Brownfield Redevelopment Financing Act.
- PA 441: Authorized for tax years beginning in 1997 a credit for a business located and conducting business activity in a renaissance zone.
- PA 470: Extended to December 31, 1999 authorization for single business tax credits granted by the Michigan Economic Growth Authority.
- PA 578: Redefined retroactively to January 1, 1991 the tax base and adjusted tax base for insurance companies as adjusted receipts.
- PA 593: Authorized, for tax years 1997 through 1999, a refundable credit for certain expenses related to apprenticeship training.

Unemployment Compensation Tax

- 1995 PA 125: Authorized MESA to recover improperly paid unemployment compensation benefits from income tax refund of recipient.
- PA 142: Reduced maximum rate of nonchargeable benefits component.
- PA 181: Exempted from the definition of "seasonal employment" and "seasonal employer" the construction industry and employers in the construction industry, respectively.
- 1996 PA 145: Exempted from the definition of "employment" services performed by a product demonstrator.
- PA 498: reduces mailing and publication requirements for certain assessments and notices issued by MESA.
- PA 503: Revised appeals process for benefit determination and redetermination hearings.
- PA 504: Excluded from the definition of "remuneration" money paid by an employer pursuant to a supplemental benefit plan.
- PA 535: Eliminated requirement of MESA annual audit; revises calculation of employer credit based upon trust fund balance.
- PA 577: Required MESA to inform claimants that unemployment compensation is subject to federal and state income taxation, that a claimant may elect to have both withheld from unemployment compensation, and that certain claimants may be required to make estimated tax payments.

Oil and Gas Severance Tax

- 1996 PA 135: Exempted from the oil and gas severance tax income from certain hydrocarbon fuels which qualify for federal tax credits and which are acquired from a royalty interest sold by the state

State Casino Gaming

- 1996 Initiated Law (Proposal E): Authorized establishment of up to three casinos within the City of Detroit; authorizes tax on gross receipts of casinos and provides for disposition of revenues.
- 1997 PA 69: Increased certain taxes on casinos.

Sales-Related Taxes

Sales Tax

- 1995 PA 63: Exempted from sales tax sales of bakery products from vending machines.

- PA 209: Exempted from sales tax "commercial advertising elements," that is certain custom print, radio, television, or other advertisements.
- PA 254: Authorized the Michigan Department of Treasury to issue an exemption certificate which covers all exempt sales between a seller and a buyer for up to three years.
- 1996 PA 52: Amended Sales Tax Act to make reference to the Natural Resources and Environmental Protection Act.
- PA 435: Expanded sales tax exemption for certain telecommunications equipment to include machinery and equipment used or consumed in rendering any combination of services.
- PA 576: Exempted from sales tax juice beverages and juice drinks sold from a vending machine or by a vendor from a mobile facility, and trucks and trailers owned by motor carriers engaged in interstate commerce to the extent of out-of-state usage.

Use Tax

- 1995 PA 67: Expanded the category of relatives of transferor (seller) of property which are exempt from use tax.
- PA 78: Excluded from use tax convention and tourism assessments imposed under 1974 PA 263; 1980 PA 383, the Convention and Tourism Marketing Act; 1980 PA 395, the Community Convention or Tourism Marketing Act; 1985 PA 106, the State Convention Facility Development Act; 1989 PA 244, the Regional Tourism Marketing Act; or 1991 PA 180.
- PA 208: Exempted from use tax "commercial advertising elements," that is certain custom print, radio, television, or other advertisements.
- 1996 PA 53: Amended Use Tax Act to make reference to the Natural Resources and Environmental Protection Act.
- PA 436: Expanded use tax exemption for certain telecommunications equipment to include machinery and equipment used or consumed in rendering any combination of services.
- PA 477: Removed December 31, 1996 sunset on exemption for certain aircraft parts and materials and trucks, trailers, and related parts purchased by motor carriers.

Tobacco Products Tax

- 1995 PA 118: Established a timeframe within which the owner of seized property may demand a hearing of the Michigan Department of Treasury and within which the department must conduct the hearing and issue a decision.
- PA 131: Made the promulgation of rules for the administration of the Tobacco Products Tax Act permissive rather than mandatory.

Uniform City Utility Users Tax

- 1996 PA 455: Exempted from the uniform city utility users tax persons and corporations located in a renaissance zone.

Property Taxes

General Property Tax

- 1995 PA 43: Reduced per acre rate of state swamp tax payment.
- PA 74: Authorized owners of homesteads for which an exemption is not on the tax rolls to appeal to July or December boards of reviews; provides

penalties for fraudulent exemption claims; authorizes eligible taxpayers to seek poverty exemptions at July or December boards of reviews.

- PA 143: Provided that property taxes become a lien on real and personal property on December 1 of the year in which they are levied except in the case of bankruptcies.
- 1996 PA 57: Amended General Property Tax Act to make reference to the Natural Resources and Environmental Protection Act.
- PA 126: Amended the general property tax act to eliminate the requirement that personal property statements be notarized.
- PA 469: Exempted from general property taxes for operating purposes for tax years beginning in 1997 real and certain tangible personal property located in a renaissance zone.
- PA 476: Enacted technical and corrective amendments to General Property Tax Act concerning the taxable value cap.
- PA 582: Exempted from the general property tax water conditioning systems used in residential dwellings.

Commercial Forest Tax

- 1995 PA 57: Repealed and re-enacted the commercial forest tax as part of the Natural Resources and Environmental Protection Act.
- 1996 PA 451: Provided an exemption from the commercial forest tax for commercial forestlands located in a renaissance zone.

Industrial Facilities Tax

- 1995 PA 132: Removed 1994 expiration date of provision authorizing certain intermediate school districts to retain industrial facilities tax revenues.
- PA 218: Authorized two businesses which were ineligible for exemption certificates for failure to satisfy requirements of the act to seek exemption certificates.
- 1996 PA 1: Substituted taxable value for state-equalized value in industrial facilities tax calculation; authorizes a business which was ineligible for exemption certificates for failure to satisfy requirements of the act to seek an exemption certificate.
- PA 94: Authorized the holder of an exemption certificate which was granted for less than the 12-year maximum to apply for another exemption certificate within one year prior to the expiration of the first exemption certificate.
- PA 323: Limited the processing fee which a unit of local government may charge an exemption certificate applicant to the lesser of actual cost or 2 percent of total property taxes abated; requires a unit of local government that approves an exemption certificate to forward the application to the State Tax Commission within 60 days or by October 31st, whichever first occurs.
- PA 446: Provided a partial exemption from the industrial facilities tax for a facility located in a renaissance zone.
- PA 513: Authorized four businesses which were ineligible for exemption certificates for failure to satisfy requirements of the act to seek exemption certificates.

Commercial Facilities Tax

- 1996 PA 450: Provided a partial exemption from the commer-

cial facilities tax for a facility located in a renaissance zone.

Technology Park Facilities Tax

- 1996 PA 445: Provided a partial exemption from the technology park facilities tax for a facility located in a renaissance zone.

Enterprise Zone Facilities Tax

- 1996 PA 444: Provided a partial exemption from the enterprise zone facilities tax for a facility located in a renaissance zone.

Neighborhood Enterprise Zone Facilities Tax

- 1996 PA 242: Authorized applications for exemption certificates for Virginia Park and Victoria Park subdivisions (Detroit), which were denied by the State Tax Commission because they were filed after building permits were issued, to be refilled.
- PA 449: Provided a partial exemption from the neighborhood enterprise zone facilities tax for a new or rehabilitated facility located in a renaissance zone.

Transportation Taxes

Gasoline Tax

- 1996 PA 56: Amended the Gasoline and Diesel Motor Fuel Tax Act to make reference to the Natural Resources and Environmental Protection Act.
- 1997 PA 83: Increased gasoline tax from 15 cents to 19 cents per gallon on August 1, 1997.

Diesel Fuel Tax

- 1995 PA 52: Provided a refund of the diesel fuel tax for diesel fuel purchased for use in school buses owned and operated by nonprofit private, parochial, or denominational schools, colleges, or universities.

Motor Carriers Fuel Tax

- 1996 PA 584: Increased the tax on diesel fuel consumed by qualified commercial vehicles; eliminates certain licensing requirements; enacts technical amendments.

Aircraft Weight Tax

- 1996 PA 370: Enacted general amendments to the State Aeronautics Code.

Motor Vehicle Weight or Value Tax

- 1995 PA 129: Authorized Secretary of State to issue a special registration plate for vehicles owned and operated by a nonprofit recycling center or a federally recognized nonprofit conservation organization.
- PA 226: Added an additional gross vehicle weight category for commercial vehicles between 24,001 pounds and 26,000 pounds; revises registration tax for certain farm vehicles used for non-farming operations.
- PA 267: Extended to the year 2001 tire disposal surcharge for certain scrap vehicle titles and makes reference to the Natural Resources and Environmental Protection Act.
- 1996 PA 142: Reduced renewal fee for personalized registration plates.
- PA 404: Revised requirements for registration plates for historic vehicles.
- PA 551: Authorized owners of fleets of 25 or more vehicles to pay registration tax annually at one time rather than separately for each vehicle in the fleet.
- 1997 PA 80: Increased certain truck registration fees.

COLLECTIONS FROM MAJOR MICHIGAN TAXES, 1993-1996
(In Millions)

State Taxes		1993	1994	1995	1996	Data Sources
Income Taxes	Personal Income	\$ 4,184	\$ 4,413	\$ 5,247	\$ 5,366	A
Business Privilege	Single Business.....	1,784	2,017	2,216	2,164	A
	Unemployment Compensation.....	1,156	1,270	1,180	1,192	B
	Oil & Gas Severance.....	40	33	29	36	A
	Insurance Company Retaliatory.....	171	185	206	206	A
	Horse Race Wagering	19	17	15	15	A
	Subtotal ⁶	\$ 3,170	\$ 3,522	\$ 3,646	\$ 3,613	
Sales-Related	Sales.....	2,964	3,671	4,874	5,190	A
	Use.....	545	701	936	1,034	A
	Tobacco Products	245	366	621	584	A
	Beer and Wine	48	49	50	49	A
	Liquor	74	73	73	76	A
	Subtotal	\$ 3,876	\$ 4,860	\$ 6,554	\$ 6,933	
Property	Utility Property	207	127	128	138	A
	Intangibles	115	124	134	70	A
	Estate	173	63	81	84	A
	State Real Estate Transfer.....	-	-	63	157	
	State Education.....	-	156	1,074	1,088	A
	Subtotal	\$ 495	\$ 470	\$ 1,480	\$ 1,537	
Transportation	Gasoline	653	665	673	690	A
	Diesel Fuel	84	95	94	77	A
	Motor Vehicle Weight or Value	479	492	524	561	A
	Other	23	23	25	23	A
	Subtotal ⁶	\$ 1,239	\$ 1,275	\$ 1,316	\$ 1,351	
Total State Taxes⁶		\$12,964	\$14,540	\$ 18,243	\$18,800	
Local Taxes						
Income	City Income.....	\$ 414	\$ 454	\$ 474	\$ 497	C
Sales-Related	Utility Users.....	\$ 49	\$ 55	\$ 51	\$ 49	C
Property	General Property ⁶	\$ 8,942	\$ 9,501	\$5,645	\$ 5,988	D
Total Local Taxes⁶		\$ 9,405	\$10,010	\$6,170	\$ 6,534	
Total State and Local Taxes⁶		\$22,369	\$24,550	\$24,413	\$25,334	

Data Sources: ^AAnnual Reports of the State Treasurer (state fiscal year basis).
^BMichigan Employment Security Agency (state fiscal year basis).
^CState Tax Commission (calendar year basis).
^DState Tax Commission (local fiscal year basis).

⁶ Omits collections from certain minor taxes.