

New Law Allows for State Reimbursement of Tax Increment Revenue Losses

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Tax increment finance entities facing lost tax increment revenues due to the personal property tax exemptions taking effect this year for industrial personal property and commercial personal property can now apply to the State of Michigan for reimbursement of those losses, but **the application must be submitted by June 15, 2008.**

On June 5, 2008, the Governor signed into law legislation to provide reimbursement to certain tax increment finance entities necessary to pay bonds and other obligations which are entitled to capture the State Education Tax (SET) and school operating millages. The legislation was given immediate effect and assigned Public Act Nos. 154-157.

Under the new laws, Brownfield Redevelopment Authorities, Downtown Development Authorities, Local Development Finance Authorities and Tax Increment Finance Authorities relying on tax increment revenues captured from the SET and school operating millages on industrial and commercial personal property have until June 15, 2008 to apply for reimbursement of lost tax increment revenues expected to occur as a result of the exemption of industrial personal property from the SET and school operating millage and the exemption of commercial personal property from up to 12 mills of the school operating millage.

The State has developed Form 4650 - Request for State Reimbursement of Tax Increment Revenue Decreases, which is available on the Department of Treasury's website at the following link: <http://www.michigan.gov/treasury/0,1607,7-121-1751---,00.html>. **The application for the current fiscal year is due June 15, 2008**, and for future fiscal years on each June 1st. A separate request is required for each development or tax increment financing district.

Once an application is submitted, the Department of Treasury has until August 15th to either approve, modify or deny the application. If the application is approved, the tax increment authority is authorized to receive reimbursement by requesting the local tax collecting treasurer to retain and pay directly to the authority receipts from taxes levied under the SET within the municipality.

Miller Canfield has extensive experience in all aspects of tax increment financing and would be happy to discuss how these new laws may affect your individual entity.

For more information, contact Pat McGow, 313.496.7684, or Steve Mann, 313.496.7509.