

# Legislative Analysis

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Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

## PILT PAYMENTS

### House Bill 4577

Sponsor: Rep. Joel Johnson

### House Bill 4579

Sponsor: Rep. Frank Foster

Committee: Natural Resources, Tourism, and Outdoor Recreation

Complete to 5-2-11

## A SUMMARY OF HOUSE BILL 4577 AS INTRODUCED 4-21-11

Payments in Lieu of Taxes (PILT) are payments made by the state to local units of government in lieu of property taxes for the land owned by the state and administered by the Department of Natural Resources (DNR). The payments are made by the Department of Treasury.

School taxes are paid out of the School Aid Fund and the remaining balance of payments is charged not more than 50% from restricted revenue sources of the Department of Natural Resources, with the remainder from the General Fund.

House Bill 4577 would amend the Natural Resources and Environmental Protection Act to require the Legislature to make appropriations from the Michigan Natural Resources Trust Fund each fiscal year to make full payments in lieu of taxes on state-owned land purchased through the Trust Fund. House Bill 4579 would make a complementary amendment to specify that for payments made after 2010, if the property for which payment is claimed was purchased with funds from the Natural Resources Trust Fund, then payments (other than for school taxes) would be charged from the Trust Fund.

## FISCAL IMPACT:

House Bills 4577 and 4579 would require payments in lieu of taxes (PILT) on Michigan Natural Resources Trust Fund purchased land (other than for school taxes) to be paid in full from the Natural Resources Trust Fund. Statute currently states that no more than 50 percent of the PILT on Natural Resources Trust Fund purchased lands may be paid from the Natural Resources Trust Fund. By requiring Natural Resources Trust Fund purchased land PILT (other than those for school taxes) to be paid entirely out of the Natural Resources Trust Fund, the General Fund would realize savings of approximately \$515,000 based on Fiscal Year 2011 payments. Conversely, the Natural Resources Trust Fund would be required to increase payments by approximately \$515,000. Annual costs and savings under the bill would be dependent upon by annual appropriations for Natural Resources Trust Fund purchased land PILT.

Legislative Analyst: Chris Couch  
Fiscal Analyst: Ben Gielczyk

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