

METRO Act Property Tax Credits
(Section 8(14) through 8(17), METRO Act – PA 48 of 2002)

The Michigan Public Service Commission (MPSC) administers Sections 8(14) through 8(17) of the METRO Act regarding the determination of how much of a state property tax credit a provider is able to receive from the payment of the METRO Act maintenance fee.

Section 8(14) through 8(17) of the METRO Act regarding the provider property tax credit states:

(14) A provider may apply to the commission for a determination of the maximum amount of credit available under section 13b(5) of 1905 PA 282, MCL 207.13b. Each application shall include sufficient documentation to permit the commission to accurately determine the allowable credit. Except as otherwise provided under subsection (15), the commission shall issue its determination within 45 days from the date of the application. Upon certification by the commission of the documentation provided in subdivisions (a) and (b), a provider shall qualify for a credit equal to the costs paid under this act, less the amount of any credit determined under section 13b(1) of 1905 PA 282, MCL 207.13b, and shall not be subject to subsection (16) if the provider files the following documentation under this subsection:

(a) Verification of the costs paid by the provider under this act.

(b) Verification that the provider's rates and charges for basic local exchange service, including revenues from intrastate subscriber line or end-user line charges, do not exceed the commission's approved rates and charges for those services.

(15) If the commission finds that it cannot make a determination based on the documentation required under subsection (14), it may require the provider to file its application under section 203 of the Michigan telecommunications act, 1991 PA 179, MCL 484.2203.

(16) The maximum credit allowed under subsection (14) or (15) shall be the lesser of the following:

(a) The costs paid under this act, less the amount of any credit determined under section 13b(1) of 1905 PA 282, MCL 207.13b.

(b) The amount that the costs paid under this act, together with the provider's total service long run incremental cost of basic local exchange service, exceeds the provider's rates for basic local exchange service plus any additional charges of the provider used to recover its total service long run incremental cost for basic local exchange service. "Total service long run incremental cost" means

that term as defined in section 102 of the Michigan telecommunications act, 1991 PA 179, MCL 484.2102.

(17) The tax credit allowed under subsections (14) and (15) shall be the sole method of recovery for the costs required under this act. A provider shall not recover the costs required under this act through rates and charges to the end-users for telecommunication services.

Provider Eligibility for METRO Act Property Tax Credit

The Michigan Department of Treasury observations regarding the METRO Act property tax credit indicate that pursuant to sections 13b (1), (4), and (5) of Act 282 of 1905, the eligible expenditure credit in section 13b(1) and the maintenance fee credit in 13b(5) must be properly received, calculated, and applied for in the same one-year tax period. Thusly:

- A. In order for a provider to receive the eligible expenditure credit, it must incur eligible expenses during the calendar year immediately preceding the tax year for which the credit is claimed. A provider is not eligible for this credit if (1) they are not subject to the annual section 8 METRO fees OR (2) they are subject to the annual fees, but fail to pay the annual fees that are due and payable as of May in that year.
- B. The maintenance fee credit has the same eligibility requirements in that a provider is not eligible for this credit if they are not subject to the annual section 8 METRO fees OR they are subject to the annual fees, but fail to pay the annual fees that are due and payable as of May in that year.

Because the eligible expense credit only considers specific expenses incurred within a defined 12 month period and because the maintenance fee credit requires the payment of an annual fee by a certain date, a provider cannot accumulate (by not reporting or not paying) either multiple year expenses or annual maintenance fees and subsequently seek an accumulated credit for a future year. The qualifying criteria (eligible expenses and maintenance fees) must be fulfilled in that year or the credits are not available.

The METRO Authority annually sends a list of all provider payments for that tax period to the MPSC.

The MPSC contact person for METRO Act related questions is Ms. Susana Woolcock, (517) 241-6240.