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House Tax Policy Committee
Michigan House of Representatives
124 N Capital Avenue
Lansing, MI 48909

RE: HB 5278 & 5279

Honorable Representatives;

As the assessor of Delaware Township in Sanilac County I am responsible for the Tax Assessment Roll, which will include for 2012, thirty-seven (37) newly constructed wind generator towers and their distribution power lines.

House Bills 5278 and 5279 propose the removal of these systems from the ad valorem Assessment Roll and in lieu thereof, creating a new, identical Alternative Commercial Energy System annual Specific Tax. I would point out the obvious increase in work load for the local assessor and question whether they would be reimbursed by the state under the Headly Amendment.

Currently, the Constitution requires ad valorem properties to be assessed at not more than fifty (50) percent of it's true cash value. Shifting wind generator towers to a specific tax, while it would not change that aspect of determining true cash value, continues to place a burden on an assessor to become an expert in valuing new systems.

Governor Snyder encourages numerous jurisdictions to partner with another jurisdiction to take advantage of economies of scale, yet here the assessor is left with no assistance on the state or regional level and must conduct his/her own research to reach a reasonable basis for True Cash Value.

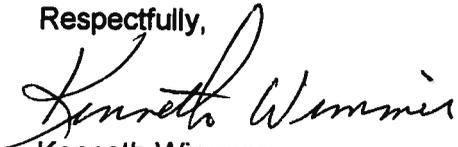
Let me be more specific. The Michigan State Tax Commission has reduced it's staff over the last several years and no longer has the personnel with which to determine appropriate Wind Energy System costs, or depreciation schedules consistent with local actual cost of new or replacement construction. The STC has directed assessors to utilize a depreciation schedule, Form 4565 (Rev 11-09) and 4565 (Rev 11-11), specific for wind energy systems. This form reduces the duration of depreciation from a fifteen (15) year term to a five (5) year term yet they are unable to provide any underlying documentation as to how or why these forms were calculated according to their answer to a FOIA request. This lack of documentation relating to new energy systems leaves

open the opportunity for challenge by an energy system owner and leaves the assessor to defend himself/herself at possible great personal and/or jurisdictional economic cost.

At the same time the Michigan Public Service Commission has staff, which have analyzed the history of energy systems already in use, and have concluded a better method of depreciation should utilize a straight-line method, varying from twenty-eight (28) to forty (40) years, depending on date of becoming in-service. Several other states including Texas and California have studies they are willing to document.

In summary, the choice of taxation either as ad valorem or as a specific tax, both will leave open the question on the correct method of determining depreciation. Either choice will leave the assessor essentially guessing at the True Cash Value and vulnerable to challenge. I would encourage you to include guidance as to which department of government, or method of depreciation should provide a level of accuracy for the assessor to use.

Respectfully,



Kenneth Wimmer