



Douglas Lake Improvement Association

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PRESIDENT'S MESSAGE

March 2014

While the weather has been cold and snowy much has been going on around Douglas Lake...primarily in terms of the boat ramp and the DNR. Last summer the DNR stated that they would no longer maintain the boat ramp at the end of Douglas Lake Road by the DLB. In order to make sure that the residents of the lake still have a place to launch their boats the DLIA has been working with the township and Cheboygan County to ensure that the boat ramp is maintained. This includes making sure that any ice damage that may occur to the ramp this winter will be repaired as soon as the weather allows.

Things became interesting this winter when the DNR began actively looking for a site on the lake where they can construct a new boat ramp and a parking area. This would require a lot with at least 100' of lake frontage and 200' of depth to allow for turnaround and parking area. One of the potential sites they are exploring is at the end of Reinhardt Rd. The DNR has conducted sounding tests to determine the water depth at this site and see if it would fit their purpose. While their soundings showed a depth of 25 inches the lake is 12 inches. Therefore, the average depth at the end of Reinhardt road is only 13 inches. While this is very shallow, the site has not been ruled out by the DNR. In addition the DNR is looking at other sites such as the end of Silver Strand Rd. and identifying easement rights and locations.

If the DNR find a location they feel is proper for a ramp under their guidelines, it would most likely be a 2-5 year timeframe before anything would be constructed. That said, if a site on the lake is found, it is very important for us to stay on top of this issue. Holly Gedert has been doing an excellent job of staying in contact with all parties to make sure that we have as much information as possible. We will be talking with the DNR, as well as the UMBS, again later this month and will be sure to keep you up to date with any information.

The lake is a very special place and it is very important that you let us know how you feel about the DNR's intentions of constructing a new ramp so please email Holly and me with any thoughts, concerns, or news on this very important issue.

Have a good March,

Nat Wilkinson
President
Douglas Lake Improvement Association

Family Property Transfers

New Michigan Law Expands Exemptions from Uncapping Property Tax Values for Transfers Between Parents and Children

This new law will allow parents for the first time to transfer (i.e., by deed or will) residential real property to their children and step-children without “uncapping” the taxable value. This will result in helping to keep cottage and waterfront home ownership affordable, and allowing Michigan families to retain and enjoy property that has been part of their family’s history for generations.

The web site

http://www.michigan.gov/documents/treasury/TransferOwnershipGuidelines_423898_7.pdf has a 124 page booklet published Dec. 2013 regarding the new regulations. The following will highlight just a small overview of this topic.

The new law provides that beginning December 31, 2013, transfers of residential real property between parties who are related by blood or affinity to the first degree do not “uncap” the taxable value of the property provided that the use of the property does not change. It is certain that transfers from a parent/transferor to a child/transferee during the parents’ lifetime will qualify as an exempt transfer. Any transfers prior to December 31, 2013, do not qualify.

The following article has been submitted by Bill Hartwig and is being printed with the author, Scott Breen’s, permission.

TRANSFERRING REAL ESTATE TO YOUR CHILDREN WITHOUT TAX PENALTIES

By: Scott A. Breen

A Michigan law was recently enacted which will allow parents to transfer real estate to their children without certain property tax increases. Although the substance of this law will not go into effect until December 31, 2013, it is important to keep this law in mind when considering how your real estate should be owned – both now and in the future.

I recently published an article titled Jointly Owned Real Estate: New Planning Options. That article outlined certain planning techniques involving jointly owned property, which related to the same general concerns of passing property to the next generation without creating large property tax increases. If you read that article, the principles in the next section will sound familiar but it is worth revisiting them.

The “Uncapping” Problem

The transfer of real estate often causes an increase in the amount of property taxes that the recipient will have to pay in the future. In order to understand the problem, it must be understood that real estate has a “state equalized value (SEV)” and a “taxable value.” The state equalized value represents one-half of the fair market value of the property as determined by the local assessor. The taxable value is the amount that is subject to property taxes. In the year after you acquire real estate, the SEV and taxable value are the same. In determining your property taxes, municipalities multiply the taxable value (not the SEV) of your property by the millage rate. Michigan law limits the yearly increase of the taxable value of real estate (not the SEV) to the rate of inflation or 5%, whichever is less. Since the SEV is always based on fair market value, the SEV often increases more than the taxable value.

Generally, the longer that real estate is owned, the greater the gap between the SEV and the taxable value (since property values have generally increased over time). Upon a “transfer of ownership”

(as defined by Michigan law), the taxable value is adjusted upward to equal the SEV. This is commonly called “uncapping” of the taxable value. This property transfer and the resulting “uncapping” can greatly increase the amount of property taxes that will be owed.

Tax Relief

Historically, a transfer of real estate from a parent to a child was considered a “transfer of ownership” that uncapped the taxable value of the real estate. That often caused large increases in the property taxes that a child would have to pay. Beginning on December 31, 2013, there will be no uncapping of the taxable value of real estate if: (1) a parent transfers residential real estate to a child (or from a child to the parent); and (2) the use of the property does not change following the transfer. This law allows parents to transfer property characterized as “homestead” property as well as other types of residential property such as cottages. The child would have to use the property in the same manner as the parents. In other words, the child could not lease the residential property or establish a commercial enterprise (presuming the parents were not doing so).

There is one major problem with the new law. It is currently unclear whether the law allows a personal representative of the parent’s estate (or a successor trustee of the parent’s trust) to transfer the property to the child after the death of the parent. Tax practitioners are attempting to get clarification on this issue through an amendment to the law. This uncertainty makes real estate planning even more essential because there are other techniques that may be used to address these concerns.

If you own real estate and intend on transferring it to your children (either before or after death), it would be wise to take another look at how and when this property will be transferred. If you would like to discuss your situation in more detail, you may contact Scott A. Breen at 517-324-1021 or sbreen@willinghamcote.com.



Editor’s Comments

One of the topics in this issue pertains to property being passed on to the next generation.

I would like to thank Jan Huntley for introducing this topic as being DLIA Newsletter worthy, Lesley Becker for sending information to Jan and to Bill Hartwig for obtaining permission that enabled us to print the article by Scott Breen.

If more information or events happen regarding the Boat Ramp we will be sure to pass the information on to you.

Our next scheduled issue will be in the late April or Early May unless one is needed sooner. So stay tuned and please feel free to contribute articles or announcements. I will need these by April 10th. If possible email the information to me at bayw2002@yahoo.com , otherwise please type and mail your information to me at P.O. Box 613,Hutchinson, KS 67504.

Remember to keep in touch with any address changes, lake news you wish to pass along or obituaries we need to print.

Spring will arrive and summer not far behind.

eNews

The Douglas Lake eNews is a supplement of the Newsletter and is a way of delivering time sensitive information to the association.

It comes from the email address:
douglaslake2012.yahoo.com.

Add this email address to your contacts to ensure delivery of eNews. This will prevent DLIA eNews from going into your junk folder.

Enbridge's Line 5 Oil Pipeline Passes near North Fishtail Bay

By Deb Hansen

Like most of us, I didn't realize until this summer after the rally in St. Ignace that there are 2 aging oil pipelines that run beneath the turbulent Straits of Mackinac. After I became more involved with the issue, I realized that Enbridge's Mackinac Line (or Line 5) continues on through the Inland Waterway. It skirts Paradise, Munro, Douglas, Burt, and Mullet Lakes, and crosses the Indian River near I-75 on its path to a refinery in Sarnia, Ontario. It passes within about a mile of Douglas Lake near North Fishtail Bay. Every day 22 million gallons of crude oil or liquefied natural gas are transported through the Mackinac Line. This includes a 10% increase in volume this year with no additional safety precautions. Current regulations did not require public notification or public hearing. No permit was requested or issued. (The solid red line on the map is Line 5. The blue line is a Michcon gas pipeline.)

The concern for the safe operation of Line 5 relates to its 60 years of operation. It was installed in 1953 before the bridge was built. Video footage of the pipeline in the Straits was recently taken by an independent consultant with over 40 years of experience in the field. (See Sunken Hazard – NWF Dives Underwater Mackinac Pipelines on YouTube.) Clearly visible are broken supports, areas where the pipeline is unsupported, and areas where debris has completely covered the line. There are also concerns related to Enbridge's record for safety and quick response. The company has been responsible for over 800 spills in the Midwest since 1999, many significant in size. It took 17 hours for their massive tar sands spill in 2010 that closed 38 miles of the Kalamazoo River for 2 years to be reported by a Michigan utility company employee. At the time, it was the largest inland spill in U.S. history. The company had been called to Washington 10 days before that spill to explain why they were ignoring 329 anomalies on that same line. By year end, over \$1 billion will have been spent on the clean-up. A million gallons of oil have been recovered with an estimated 180,000 gallons still on the bottom of the river.

A group of concerned citizens from TC 350 will go to Lansing in the next few months to present a petition that would require Enbridge to replace the Mackinac Line with the latest safety features and would also require restrictions to be put in place on where tar sands can be transported in the state. You can still sign the petition at www.oilandwaterdontmix.com. An emergency preparedness exercise for first responders is planned for summer 2015 where Line 5 passes closest to Douglas Lake.

Tip of the Mitt Watershed Council is actively involved and studying the issue. We expect to hear more from them about this pipeline in the coming year. We can thank Beth Wallace of the National Wildlife Federation for bringing this issue to our attention. A number of other organizations are also involved, including the Michigan Land Use Institute, the Michigan Environmental Council, and Freshwater Future. TOMWC will make sure our friends from U of M's Biological Station are kept in the loop.

Feel free to contact me for additional information at debhansenmail@gmail.com or follow TC 350 on Facebook.

Update from Deb Hanson

There appears to be some movement in the willingness of Michigan's U.S. Senators to voice concern publicly about the threat of Enbridge's aging Mackinac Line. Let's keep the pressure on with letters to the editor and calls of thanks to Senators Levin and Stabnow. With gratitude to Beth Wallace of the National Wildlife Federation, Jim Lively of the Michigan Land Use Institute, the citizens action group TC 350, Petoskey and Cheboygan Audubon -- and many others too numerous to mention.



UMBS mini-courses give you a condensed field experience in a friendly atmosphere. Whether you are a practicing naturalist, student, Station alumnus/ae, or simply someone interested in the topic, you can learn something from a mini-course.

Our spring mini-course is "Birds of Northern Michigan"

May 28-June 1, 2014

This class, which takes place when early summer singing and nesting are underway, features lots of time in the field. The focus is on learning to identify birds by sight, sound and habitat.

The class begins early in the mornings and early-risers are regularly rewarded with the traditional bird class breakfast and coffee. During this course there is an overnight field trip to the Seney National Wildlife Refuge in the Upper Peninsula of Michigan.

Mary Whitmore has a rich background in ornithology and is very familiar with the birds of northern Michigan. Bob Hess is especially interested in the connection between birds and habitats and is the former director of the Michigan Department of Natural Resources' Nongame Wildlife Program.

Watch for updates on the Boat Ramp issue and please let us know your feelings on the issue.

Dues



The Vote to Increase Dues Passes

Last December D.L.I.A membership voted on the following proposal. "The Douglas Lake Association Annual Membership Dues rate shall be \$25.00. This dues rate shall go into effect on January 1, 2014."

106 votes were received of which 93 members voted in favor of the increase thereby passing the proposal by a wide margin.

If you have not yet paid your dues for 2014 please send a check for \$25 dollars to

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Treasurer
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CONTACT LIST

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Dues are \$25.00 and should be sent to:

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