

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 5681 (as passed by the House)  
Sponsor: Representative Mike Kowall  
House Committee: Tax Policy  
Senate Committee: Finance

Date Completed: 5-30-00

### **CONTENT**

The bill would amend Public Act 282 of 1905, which provides for the assessment and taxation of the property of railroad, telephone, and telegraph companies, to allow a company that owned, leased, ran, or operated "qualified rolling stock" to claim a credit against the tax equal to 25% of the expenses incurred in the State in the preceding calendar year to maintain or improve the company's qualified rolling stock.

The credit claimed could not exceed a company's liability for the tax levied for the year in which the credit was claimed. A company could apply for the credit by submitting to the State Board of Assessors an application form prescribed by the Board.

Under the bill, "qualified rolling stock" would be rolling stock subject to the tax that was any freight, stock, refrigerator, or other railcars that were not the exclusive property of a railroad company.

(The tax levied under the Act is levied in lieu of local property taxes. The tax is administered by the State Board of Assessors and is levied at a rate, determined by a formula in the Act, that measures the average Statewide property tax rate levied on other commercial, industrial, and utility property.)

MCL 207.13a

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bill would reduce State General Fund/General Purpose revenue derived from taxes assessed on utility property by an estimated \$5 million a year.

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.