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NEW TAX EXEMPTION FOR ELECTRICITY GENERATORS

House Bill 6429

Sponsor: Rep. Mary Ann Middaugh

Committee: Energy and Technology

Complete to 10-24-02

A SUMMARY OF HOUSE BILL 6429 AS INTRODUCED 9-24-02

The bill would amend the General Property Tax Act to permit the governing body of an “eligible local assessing district” to adopt a resolution to exempt from the collection of all taxes under the act all “new personal property” owned or leased by an eligible (electric) power generating facility located in an “eligible district.” Two types of electric generating facilities would be eligible for the tax exemption. First, a new electric generating facility could receive the exemption if it replaced an old electric generating facility and would result in the reduced emission of air contaminants, as long as the local assessing district had approved its development site plan (by resolution) on or after August 1, 2001. Second, an existing electric generating facility would be exempt if it was modified or converted to reduce the emission of air contaminants. Approval of the governing body’s resolution would be subject to provisions in the act that currently apply to a tax exemption for new personal property owned or leased by an eligible business. A more detailed summary of these provisions and definitions of terms used in the bill is provided below.

Resolution and approval. The clerk of the assessing district would have to notify, in writing, the assessor of the local tax collecting unit and the legislative body of each taxing unit that levied ad valorem property taxes in the assessing district in which the facility was located. Before acting on the resolution, the governing body of the assessing district would have to give the assessor and a representative of the affected taxing units the opportunity for a hearing. If approved by the governing body, the resolution would still have to receive the approval of the state tax commission before the exemption could take effect; the state treasurer and the president of the Michigan Strategic Fund would be required to advise the commission. With the commission’s approval, the exemption would take effect on the December 31 immediately following the adoption of the resolution and would remain in effect for a period of time specified in the resolution.

“New personal property”. Currently “new personal property” is defined as property that was not previously subject to tax under the act and that was placed in an eligible district after a resolution is approved by the eligible local assessing district. The definition would be revised to include also gas turbines and improvements to *real* property if two conditions were satisfied. First, the gas turbines and the improvements would have to be located on real property that was not owned by the owner of the turbines or the improvements, and second, the gas turbines and the improvements to real property would have to be part of an eligible power generating facility.

House Bill 6429 (10-24-02)

“Eligible local assessing district.” An “eligible local assessing district,” as currently defined under the act, is a city, village, or township that contains an “eligible distressed area,” as defined in the State Housing Development Authority Act of 1966.

“Eligible district.” To qualify for the tax exemption, an electric generating facility would have to be located in an “eligible district,” which (as currently defined under the act) includes all of the following: an industrial development district; a renaissance zone; an enterprise zone; a brownfield redevelopment zone; an empowerment zone; an authority district or development area as defined in the Tax Increment Finance Authority Act; an authority district as defined in the Local Development Financing Act; and a downtown district or a development area as defined in Public Act 197 of 1975.

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House Bill 6429 (10-24-02)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.