

# Legislative Analysis

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## SPECIAL TOOLS EXEMPTION

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**House Bill 5244 as enrolled**

**Public Act 4 of 2004**

**Sponsor: Rep. Mary Ann Middaugh**

**House Committee: Commerce**

**Senate Committee: Commerce and Labor**

**Complete to 12-22-04**

## A SUMMARY OF HOUSE BILL 5244 AS ENROLLED

The bill would amend the General Property Tax Act (MCL 211.9b) to specify that a statement of personal property required of businesses by Section 19 could provide for a separate line on which to state the aggregate total original cost of excluded exempt special tools. The bill's language would replace a current requirement that a person claiming a personal property tax exemption for a special tool include in the statement any special tool for which an exemption is claimed, indicating that the special tool is exempt from taxation. The bill would be retroactive and effective on December 31, 2003.

(Under the act, if a local assessing officer believes a person is in possession of personal property, the officer must require the person to make a statement of the property, whether owned by that person or held for another. The statement must be delivered to the assessor by February 20 of each year in a form prescribed by the State Tax Commission.)

Public Act 274 of 2003 (Senate Bill 811), which took effect on January 8, 2004, amended the GPTA to provide a new definition of the term "special tool" for the purpose of the act's exemption for special tools. Public Act 274 defined "special tool" as "a finished or unfinished device such as a die, jig, fixture, mold, pattern, special gauge, or similar device that is used, or is being prepared for use, to manufacture a product and that cannot be used to manufacture another product without substantial modification of the device". The length of the economic life of the product manufactured cannot be considered in determining whether a device used to manufacture the product is a special tool. (An earlier version of House Bill 5244 was virtually identical to Senate Bill 811. Senate Bill 811 was enacted, and the current version of House Bill 5244 modifies that recent act.)

## FISCAL IMPACT:

The bill would have no fiscal impact on state or local government.

Legislative Analyst: Chris Couch

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