

TAX EXEMPTION FOR METHANE DIGESTERS, ETC.

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House Bill 5033 (Substitute H-7, Draft 1)

Sponsor: Rep. Richard Ball

House Committee: Agriculture

Complete to 7-26-06

A SUMMARY OF HOUSE BILL 5033 (SUBSTITUTE H-7, DRAFT 1)

House Bill 5033 would amend the General Property Tax Act to exempt from taxation methane digesters and other thermal decomposing systems used in agricultural operations.

The General Property Tax Act currently exempts from taxation property actually used in agricultural operations. Under the bill, property used in agricultural operations would include a methane digester, a methane digester electric generating system, a biomass gasification system, and a thermal depolymerization system.

A person claiming an exemption for a methane digester or methane digester electric generating system would have to do the following:

- Upon completion of the digester, submit to the local tax collecting unit an application for the exemption and a copy of the Department of Agriculture's certification that the farming operation is verified under the appropriate system (livestock, farmstead, or cropping) of the Michigan Agricultural Environmental Assurance Program (MAEAP) for the immediately preceding year. This certification would have to be provided every three years. (Farms participating in the MAEAP must be re-verified every three years.)
- Upon application, submit to the local tax collecting unit a copy of the Department of Environmental Quality's certification that (1) the person is not currently being investigated for a violation of Part 31 of the Natural Resources and Environmental Protection Act; (2) the person has not been found guilty for a criminal violation of Part 31 within the previous three years; and (3) the person has not been found responsible for a violation of Part 31 resulting in a civil fine of at least \$10,000 within the previous two years.
- Allow up to two state universities access to his or her property to collect information concerning the effectiveness of the digester. Information collected could not publicly identify the person or the farming operation for which an exemption is claimed. The person's identity and the location of the farming operation would be exempt from disclosure under the Freedom of Information Act.
- Ensure that the digester or generating system is operated by an individual the Department of Agriculture certifies to be qualified to operate the digester or generating system. The MDA would consult with Michigan State University-Extension to develop an operator certification program.

Definitions. *Methane digester* would be defined to mean a system designed to facilitate the production, recovery, and storage of biogas from the anaerobic microbial digestion of animal or food waste.

Biomass gasification system would be defined to mean an apparatus and equipment that thermally decompose agricultural, food, or animal waste at high temperatures and in an oxygen-free or a controlled oxygen-restricted environment into a gaseous fuel, and the equipment used to generate electricity or heat from the gaseous fuel or store the gaseous fuel for future generation of electricity or heat.

Thermal depolymerization system would mean apparatus and equipment that uses heat to break down natural and synthetic polymers and that can accept only organic waste.

MCL 211.9

FISCAL IMPACT:

The bill would have no fiscal impact on state or local government at the present time, because there currently are no methane digester electric generating, biomass gasification, or thermal depolymerization systems in Michigan. The bill could reduce revenue in future years as these systems become more prevalent.

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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.