



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5033 (Substitute H-8 as reported without amendment)

Sponsor: Representative Richard Ball

House Committee: Agriculture

Senate Committee: Agriculture, Forestry and Tourism

CONTENT

The bill would amend the General Property Tax Act to exempt from taxation a biomass gasification system, a thermal depolymerization system, and a methane digester and methane digester electric generating system, under certain conditions.

To qualify for an exemption for a methane digester and methane digester electric generating system under the bill, the person claiming the exemption would have to do the following:

- Submit to the local tax collecting unit an application for the exemption and a copy of certification from the Michigan Department of Agriculture (MDA) that it had verified that the farm operation on which the methane digester or methane digester electric generating system was located was in compliance with the appropriate system of the Michigan Agriculture Environmental Assurance Program (MAEAP) in the previous year.
- Submit, along with the application, certification provided by the Department of Environmental Quality (DEQ) that the applicant currently was not being investigated for a violation of Part 31 (Water Resources Protection) of the Natural Resources and Environmental Protection Act, that he or she had not been found guilty of a criminal violation under Part 31 within the past three years, and that he or she had not been found responsible for a civil violation that resulted in a civil fine of \$10,000 or more under Part 31 within the past year.
- Submit to the local tax collecting unit an affidavit every three years attesting that the MDA had verified that the farm operation was in compliance with the appropriate system of MAEAP.
- Allow access for up to two universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste.
- Ensure that the methane digester and methane digester electric generating system were operated under the specific supervision and control of people who were certified by the MDA as qualified to operate that equipment, along with related waste management and control facilities.

MCL 211.9

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would have no fiscal impact on State or local government at the present time, because there are currently no methane digester electric generating, biomass gasification, or thermal depolymerization systems in Michigan. The bill could reduce revenue from what it otherwise will be in future years to the extent that any such systems would be built absent

the bill. While there is no way to make a reasonable estimate on future use of these systems at this time, the fiscal impact of the bill probably would remain very small for the next few years.

To the extent that it prevented local units from receiving more revenue for school operating mills, the bill also would prevent the reduction of expenses from the School Aid Fund that would occur as local units generated more revenue locally to meet their guaranteed per-pupil funding amount.

Date Completed: 11-30-06

Fiscal Analyst: David Zin

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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.