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BILL ANALYSIS

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Senate Bill 276 (as reported by the Committee of the Whole)
Sponsor: Senator Roger Kahn, M.D.
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to maintain the tax-exempt status of certain new personal property sold or leased by an existing eligible business to an acquiring eligible business; and extend the exemption to any new personal property leased or purchased by that business.

The Act allows the governing body of an eligible local tax assessing district to adopt a resolution exempting from the collection of taxes under the Act all new personal property leased or owned by an eligible business located in one or more eligible districts designated in the resolution. The State Tax Commission must approve or disapprove the resolution.

Under the bill, if an existing eligible business sold or leased to another eligible business new personal property exempt from personal property tax under a resolution adopted by an eligible local tax assessing district, the exemption granted to the existing eligible business would continue in effect for the period specified in the resolution for the new personal property purchased or leased from the existing eligible business by the acquiring eligible business and for any new personal property purchased or leased by the acquiring business. After December 31, 2007, an exemption would continue in effect for an acquiring eligible business only if approved in a resolution adopted by the governing body of an eligible local assessing district.

The bill would define "existing eligible business" as an eligible business identified in the resolution adopted by an eligible local tax assessing district for which an exemption had been granted. "Acquiring eligible business" would mean an eligible business that purchased or leased assets of an existing eligible business, including the purchase or lease of new personal property exempt from property taxes under this section of the Act, and that would conduct business operations similar to those of the existing eligible business at the location of that business within the eligible district.

MCL 211.9f Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have an unknown and likely negligible effect on local unit revenue and an unknown and likely negligible effect on State expenditures, depending upon the number of resolutions approved under the bill and a number of other factors. To the extent that the bill would not change property sales or acquisition, it would not reduce local unit revenue. Any reduction in school operating mills would be offset by increased School Aid Fund expenditures in order to maintain per pupil funding guarantees. To the extent that property that would not be sold under current law was sold under the bill (and/or some taxpayers purchased the used property when they otherwise would have purchased new property), the bill would have an indeterminate effect upon local unit revenue.

Date Completed: 5-9-07 Fiscal Analyst: David Zin