



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

Senate Bills 1119, 1120, and 1121 (as introduced 2-19-08)

Sponsor: Senator Alan L. Cropsey (S.B. 1119)

Senator Jud Gilbert, II (S.B. 1120)

Senator Patricia L. Birkholz (S.B. 1121)

Committee: Agriculture

Date Completed: 5-14-08

CONTENT

The bills would amend various acts to create property, sales, and use tax exemptions for machinery that is capable of simultaneously harvesting grain or other crops and biomass residue from grain and other crops, and machinery manufactured after the bills' effective date for the purpose of harvesting agricultural biomass grown solely as an energy crop.

The bills would define "biomass" as crop residue used to produce energy or agricultural crops grown specifically for the production of alternative energy.

Senate Bill 1119 would amend General Property Tax Act. Senate Bill 1120 would amend the Use Tax Act. Senate Bill 1121 would amend the General Sales Tax Act.

Senate Bill 1119 would add the machinery described above to a list of exempt property. Senate Bills 1120 and 1121 would include the machinery in existing exemptions for property sold to people engaged in a business enterprise and using or consuming the property in the tilling, planting, caring for, or harvesting of things of the soil.

MCL 211.9 (S.B. 1119)
205.94 (S.B. 1120)
205.54a (S.B. 1121)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT**Senate Bill 1119**

This bill would have no fiscal impact because the machinery described in the bill already would be exempt from the property tax under current law. The General Property Tax Act currently exempts agricultural personal property, such as combines, and this new machine is basically a new generation of combine that will be able to harvest grains and other crops while at the same time collect the biomass residue from the grain or other crop to be used to produce alternative energy. Apparently, this new type of combine, or special attachments for existing combines, is not yet available in the marketplace, but probably will be shortly.

Senate Bills 1120 and 1121

These bills would have no fiscal impact because the machinery described in the bills already would be exempt from the use tax and the sales tax under current law.

Fiscal Analyst: Jay Wortley

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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.