



Senate Fiscal Agency  
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BILL ANALYSIS

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House Bill 5874 (Substitute S-1 as reported)  
House Bill 5877 (as reported without amendment)  
Sponsor: Representative Gary McDowell (H.B. 5874)  
Representative Paul Condino (H.B. 5877)  
House Committee: Agriculture  
Senate Committee: Agriculture

### **CONTENT**

House Bills 5874 (S-1) and 5877 would amend the General Property Tax Act and the Use Tax Act, respectively, to create property and use tax exemptions for machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass.

House Bill 5874 (S-1) would add the machinery described above to a list of exempt property. House Bill 5877 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.

Under the bills, "biomass" would mean crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

MCL 211.9 (H.B. 5874)  
205.94 (H.B. 5877)

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

The bills would have no fiscal impact because the machinery described in the bills already would be exempt from the property tax and the use tax under current law. The Use Tax Act and the General Property Tax Act currently exempt, respectively, agricultural property and agricultural personal property, such as combines. 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 energy.

Date Completed: 9-15-08

Fiscal Analyst: Jay Wortley