



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 Bills 5874 and 5877 (as passed by the House)
Sponsor: Representative Gary McDowell (H.B. 5874)
Representative Paul Condino (H.B. 5877)
House Committee: Agriculture
Senate Committee: Agriculture

Date Completed: 9-10-08

CONTENT

House Bills 5874 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 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 House Bill 5877, "biomass" would mean crop residue used to produce energy or agricultural crops grown specifically for the production of energy. House Bill 5874 would include the same definition, except that it would refer to the production of alternative 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 alternative energy.

Fiscal Analyst: Jay Wortley

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