

Legislative Analysis



EXEMPTIONS FOR NEW PERSONAL PROPERTY: REVISE DEFINITION

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House Bill 5327 as reported without amendment
Sponsor: Rep. Kathy Angerer
Committee: Tax Policy

Complete to 11-10-09

A BRIEF SUMMARY OF HOUSE BILL 5327 AS REPORTED FROM COMMITTEE

Section 9f of the General Property Tax Act (MCL 211.9f) allows certain local units of government to exempt new personal property in some circumstances. Approval from the State Treasurer and the president of the Michigan Strategic Fund is also required.

The term "new personal property" is defined as property that was not previously subject to property taxes or "was not previously placed in service in this state." (Emphasis added.) The underlined portion of the definition has had the effect of allowing a firm to get a property tax exemption for used equipment purchased from out of state and brought into Michigan, but not allowing a firm to get an exemption for used equipment purchased in Michigan.

House Bill 5327 would amend the definition to address this problem. As rewritten by the bill, the definition of personal property would now refer to property not previously taxed or that "was not previously placed in service by an eligible business claiming an exemption under this section . . ."

No other aspect of the personal property exemption is affected; that is, which businesses are eligible, where businesses must be located, when property must be placed in service, etc.

FISCAL IMPACT:

The bill would allow additional property tax exemptions, at the discretion of local units and state officials. It would reduce the State and local property tax revenue by an unknown amount.

POSITIONS:

Indicating support to the Tax Policy Committee on 11-4-09 were: The Michigan Department of Treasury, the Michigan Municipal League, and the Lansing Economic Development Corporation.

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Fiscal Analyst: Rebecca Ross

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