



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 552 (Substitute S-1 as reported)
Sponsor: Senator Jack Brandenburg
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to include in the definition of "personal property", for taxes levied after December 31, 2012, the machinery, appliances, pipelines, tanks, and other equipment used in the development or operation of oil and gas wells, including in-ground casing, tubing, and other equipment located in wells. The bill specifies that drilling, service, and other costs associated with drilling wells could not be considered in determining, and could not be considered an indicator of, the assessed value or taxable value of the personal property.

MCL 211.8

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce State and local property tax revenue, and increase School Aid Fund expenditures, by an unknown amount that would depend on the specific characteristics of affected property. State Education Tax revenue, local school operating revenue, and School Aid Fund expenditures would be altered only if the affected property were classified as either commercial or utility. To the extent that revenue for local school operating purposes was reduced, School Aid Fund expenditures would need to be increased in order to maintain per-pupil funding allowances.

To the extent any affected property was classified as industrial personal property, the property would eventually be exempt from taxation under legislation adopted in 2012, depending on the results of the August 2014 ballot proposal on personal property taxes. Similarly, the 2012 tax changes also would potentially exempt the property if it were commercial personal property or included in all commercial and industrial personal property owned by an affected taxpayer that exhibited a true cash value of less than \$80,000 within a local tax collecting unit. Under current law, personal property classified as utility personal property will not be affected by the 2012 legislation.

Date Completed: 12-10-13

Fiscal Analyst: David Zin