

Legislative Analysis



PPT ADMINISTRATION

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House Bill 5545 as introduced
Sponsor: Rep. Jeff Farrington
Committee: Tax Policy
Complete to 4-19-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5545 is part of a package of interrelated bills that contain amendments related to the administration of personal property tax exemptions that were passed by the legislature and approved by voters in 2014. That legislation proposed the phase-out of the personal property tax (PPT) for property predominantly used in industrial processing or direct integrated support (property referred to as "eligible manufacturing personal property"). It also contained a method for the reimbursement of local units of government for lost revenue out of state use tax revenue.

According to testimony, the amendments contained in the bills are in response to concerns arising in the first year of the implementation of the personal property tax phase-out, and have been primarily initiated by the Michigan Department of Treasury. The proposal includes, for 2016 only, an extended filing deadline for the personal property tax exemption claims.

The other bills, which have already been reported from the Tax Policy Committee, are: House Bill 5525, which would amend the State Essential Services Assessment Act; House Bill 5526, which would amend the General Property Tax Act; and House Bill 5527 would amend the Plant Rehabilitation and Industrial Development Act (also known as PA 198).

House Bill 5545 would amend the Alternative State Essential Services Assessment Act, and is a companion to House Bill 5525, with similar provisions. For a fuller explanation of these bills, see the House Fiscal Agency analysis of House Bills 5525-5527. This can be found at: <http://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-5525-DE28DDF8.pdf>

FISCAL IMPACT:

As written, the bills appears to be primarily administrative in nature, and would not be expected to have a significant fiscal impact. The dollar amounts of the 6% use tax the local community stabilization authority can levy are contained in 2014 PA 80, which is not amended by these bills, so the only potential fiscal impact to the state would be through changes to the state essential services assessment and the alternative assessment. From a local perspective, because the local community stabilization authority can only redistribute the amounts it is allowed to levy, the bills could potentially alter the distribution of those funds to the extent that extending filing deadlines might alter the locational mix of exempt property.

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