

Legislative Analysis



PERSONAL PROPERTY TAX EXEMPTION FOR ALTERNATIVE ENERGY SYSTEMS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5143 as introduced
Sponsor: Rep. Tom Barrett
Committee: Tax Policy
Complete to 10-24-17

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

SUMMARY:

House Bill 5143 would amend the General Property Tax Act to provide a tax exemption under the Act for personal property that is an alternative energy system.

Currently under the Act, there is a personal property tax exemption for “alternative energy personal property,” but the exemption applies only to taxes levied after December 31, 2002 and before January 1, 2013. To receive the exemption, the Michigan Next Energy Authority certified the personal property as eligible for the exemption. Both local school districts and local tax collecting units could adopt resolutions disallowing exemptions for certain taxes.

The bill would eliminate the certification and resolution process. The exemption would apply to “an alternative energy system,” for taxes levied after the effective date of the bill, as long as the alternative energy system is used to offset any portion of the residential, commercial, or industrial energy usage of the person upon whose real property the alternative energy system is located.

“Alternative energy system” is defined in the Michigan Next Energy Authority Act and means the small-scale generation or release of energy from one of thirteen energy systems, alone or in combination, including photovoltaic and wind energy systems (MCL 207.822).

MCL 211.9i

FISCAL IMPACT:

The bill would restore the property tax exemption for alternative energy systems as defined under the Michigan Next Energy Authority Act. Although it is not possible to predict how broadly the exemption will be utilized or the taxable values of the alternative energy systems that would become exempt, based on estimates when the exemption was last available in 2012, the initial impact (including property previously exempt) would likely be less than \$10 million. Because solar panels and wind turbines are generally classified as industrial personal property and already are exempt from the 6-mill state education tax and the 18-mill non-homestead levy earmarked for local schools, the majority of the revenue reduction would be absorbed by local governments.

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