

ASSESSMENT LOCATION OF PERSONAL PROPERTY RELOCATED DUE TO COVID-19 PANDEMIC

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Senate Bill 698 as reported from House committee

Sponsor: Sen. Jim Runestad
House Committee: Tax Policy
Senate Committee: Finance
Complete to 12-7-21

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

SUMMARY:

2020 PA 352¹ amended the General Property Tax Act to provide that personal property could not be assessed for the 2021 tax year in a location to which it was moved because of the COVID-19 pandemic but instead had to be assessed in its original location.

Senate Bill 698 would extend that provision to apply to the 2022 tax year as well.

Specifically, the bill would provide, for the 2022 tax year (as was the case for the 2021 tax year), that personal property (including *exempt personal property*) that is located on *tax day* in an *alternate location* due to the COVID-19 pandemic must be assessed in its *ordinary location* rather than in that alternate location. This would apply notwithstanding any provision of the act to the contrary, including those in sections 13(1) and 14(1) of the act.²

Alternate location would mean the geographic area of a local tax collecting unit that is not the ordinary location of an item of personal property but is the location to which the property was moved due to the COVID-19 pandemic.

Ordinary location would mean the geographic area of a local tax collecting unit where an item of personal property would have been located for its primary use if not for the need to move it to an alternate location due to the COVID-19 pandemic. Evidence of the ordinary location would include the following:

- A business location of the owner or other person beneficially entitled to the property or in possession of it, where the property is usually deployed under conditions unaffected by the COVID-19 pandemic.
- If applicable, the geographic area of a local tax collecting unit where the property was located on December 31, 2019.

Exempt personal property would mean personal property that is exempt from the collection of taxes under the act, including personal property exempt under sections 7 to 7ww of the act³ and sections 9 to 9o of the act.⁴

¹ House Fiscal Agency summary of 2020 PA 352 (SB 1203): <http://www.legislature.mi.gov/documents/2019-2020/billanalysis/House/pdf/2019-HLA-1203-49999870.pdf>

² Section 13: <http://legislature.mi.gov/doc.aspx?mcl-211-13> Section 14: <http://legislature.mi.gov/doc.aspx?mcl-211-14>

³ Sections 7 to 7ww: <http://legislature.mi.gov/doc.aspx?mcl-206-1893-REAL-ESTATE-EXEMPTIONS>.

⁴ Sections 9 to 9o: <http://legislature.mi.gov/doc.aspx?mcl-206-1893-PERSONAL-PROPERTY-EXEMPTED>.

Tax day means December 31 of the year immediately preceding the tax year, which is when the taxable status of persons and real and personal property for a tax year is determined under the act.

MCL 211.14a

FISCAL IMPACT:

As written, the bill would have no impact on state revenue because the 6-mill state education tax would apply regardless of where the equipment is located, and the non-homestead levy that accrues to local K-12 education is 18 mills in almost all local taxing jurisdictions.

Because the bill extends the treatment from TY 2021 for TY 2022, the impact across local units is unknown and would depend on where the personal property in question is located relative to the TY 2021 provisions. Because local millage rates vary, there is no way to identify which jurisdictions would gain or lose revenue, or even if the total amount would be higher or lower in absence of the bill.

POSITIONS:

Representatives of the following entities testified in support of the bill (12-1-21):

- Department of Treasury
- Michigan Manufacturers Association

The following entities indicated support for the bill (12-1-21):

- Michigan Municipal League
- Small Business Association of Michigan
- National Federation of Independent Business
- Michigan Retailers Association
- Michigan Chamber of Commerce
- Meijer
- Michigan Assessors Association
- Michigan Townships Association
- Grand Rapids Chamber

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.