



Senate Fiscal Agency
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House Bill 4378 (Substitute H-1 as reported without amendment)
House Bill 4379 (as reported without amendment)
Sponsor: Representative Alex Garza
House Committee: Local Government and Municipal Finance
Senate Committee: Finance

CONTENT

House Bill 4378 (H-1) would amend the General Property Tax Act to specify that installing, replacing, or repairing a whole-home generator would be considered normal maintenance if it were not part of a structural addition or completion for the purpose of determining a property's taxable value.

House Bill 4379 would amend the Michigan Economic Growth Authority Act to amend a Michigan Compiled Laws reference within the definition of "new construction" to be consistent with the changes proposed in House Bill 4378 (H-1).

The bills are tie-barred.

MCL 211.27 & 211.34d (H.B. 4378)
207.803 (H.B. 4379)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

House Bill 4378 (H-1) would have a negative, though likely minimal, fiscal impact on the State and local governments. An additional property tax exemption would reduce local property tax revenue and State School Aid Fund revenue from the State Education Tax, and increase the State cost of the foundation allowance, if the per pupil foundation allowance were maintained. The cost would depend on the taxable value of the whole-house generators that received an exemption and the millage rate of the affected jurisdictions.

House Bill 4379 would have little to no impact on State and local revenue. The bill would update the definition of new construction under the Michigan Economic Growth Authority Act to reflect changes proposed by House Bill 5378 (H-1) and enacted under Public Act 116 of 2019. The definition of new construction is part of what is included under the Act's definition of new capital investment. The sections of the Act that would be affected by the bill indicate that, when the Authority enters into an agreement with a business, new capital investment is a factor in determining the amount and duration of any tax credits that would be authorized and in some cases certain certification requirements.

Date Completed: 2-15-22

Fiscal Analyst: Ryan Bergan
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