Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 331 (as reported without amendment)
Sponsor: Senator Kevin Hertel
Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend the General Property Tax Act to do the following:

-- Specify that the current framework for claiming an exemption for personal property would apply only to property with a combined true cash value of less than $80,000.
-- Require a claimant for an exemption for personal property with a combined true cash value of equal to or greater than $80,000 and less than $180,000 to file a statement of assessable personal property and an affidavit attesting to the combined true cash value.
-- Increase, from 1.0% to 1.25%, the interest rate payable on an additional or supplemental tax bill resulting from the rescission of an exemption on eligible personal property.
-- Allow an assessor to deny a claim for an exemption and prescribe denial procedures.

MCL 211.9o et al. Legislative Analyst: Eleni Lionas

BRIEF RATIONALE

Public Act 150 of 2021 increased the small business personal property tax exemption requirement for personal property with a combined true cash value of less than $80,000 to less than $180,000. According to testimony, local municipalities were told that the State would cover the lost revenue resulting from the increase in exemptions for eligible properties, and it has been suggested that the bill would allow local municipalities to receive these funds.

PREVIOUS LEGISLATION

(Please note: This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is a reintroduction of Senate Bill 1060 of the 2021-2022 Legislative Session. Senate Bill 1060 passed the Senate and was discharged from the House Committee on Tax Policy.

FISCAL IMPACT

The bill would have a minor positive fiscal impact on local government units and no fiscal impact on the State. There could be an increase in revenue to the local units of government as the penalty for failing to file a recission on property that was later found to be ineligible would increase from 1.0% per month to 1.25% per month.

However, in the previous session, two tie-barred bills accompanied this reintroduction (see **PREVIOUS LEGISLATION**) and the fiscal impact of those tie-barred bills would include a reduction of State General Fund revenue by $75.0 million per year. House Bills 4553 and 4554 from the current session are reintroductions of those accompanying bills and are tie-barred to Senate Bill 331. These bills also would allow for double reimbursements for certain property tax losses while other local units would receive lower payments.

Date Completed: 9-22-23 Fiscal Analyst: Bobby Canell; Cory Savino, PhD; David Zin