

ALTERNATIVE STATE ESSENTIAL SERVICES ASSESSMENT ACT (EXCERPT)
Act 93 of 2014

211.1073 Definitions.

Sec. 3. As used in this act:

(a) Except as otherwise provided in subparagraph (ii), "acquisition cost" means that term as defined in subparagraph (i), as follows:

(i) "Acquisition cost" means the fair market value of personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest. There is a rebuttable presumption that the acquisition price paid by the first owner for personal property, and any costs of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, reflect the acquisition cost. For personal property exempt under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n, that prior to the current tax year was exempt under section 7k of the general property tax act, 1893 PA 206, MCL 211.7k, under an industrial facilities exemption certificate issued under 1974 PA 198, MCL 207.551 to 207.572, and effective before January 1, 2013, which either has been extended for property not yet exempt under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n, or had an expiration date after the date the tax levied under this act is due, and for personal property subject to an extended industrial facilities exemption certificate under section 11a of 1974 PA 198, MCL 207.561a, that is exempt under an industrial facilities exemption certificate issued under 1974 PA 198, MCL 207.551 to 207.572, and effective before January 1, 2013, acquisition cost means 1/2 of the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest. The acquisition cost for personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is \$0.00 except for the 3 years immediately preceding the expiration of the exemption of that personal property under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, during which period of time the acquisition cost for that personal property means the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, multiplied by the percentage reduction in the exemption as provided in section 9(3) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2689. The department may provide guidelines for circumstances in which the actual acquisition price is not determinative of acquisition cost and the basis of determining acquisition cost in those circumstances. When the acquisition cost, year of acquisition by the first owner, or both are unknown, the department may provide guidelines for estimating the acquisition cost and year of acquisition by the first owner. The department may issue guidelines that allow for the reduction of acquisition cost for property that is idle, is obsolete or has material obsolescence, or is surplus.

(ii) Beginning with the 2017 assessment year, for property that is construction in progress only, "acquisition cost" means 1/2 of the fair market value at the time acquired by the first owner, including the cost of freight, sales tax, and installation. For property that is construction in progress, "acquired by" means the year the property is first reported on the combined form as prescribed in section 7(8) in the report of the fair market value and year of acquisition by the first owner of qualified new personal property or qualified previously existing personal property.

(b) "Assessment" means the alternative state essential services assessment levied under section 5.

(c) "Assessment year" means the year in which the alternative state essential services assessment levied under section 5 is due.

(d) "Eligible claimant" means a person that owns, leases, or is in the possession of eligible personal property.

(e) "Eligible personal property" means personal property exempt from the tax levied under the state essential services assessment act, 2014 PA 92, MCL 211.1051 to 211.1061, and determined to be subject to the alternative state essential services assessment as provided in section 9 of the state essential services assessment act, 2014 PA 92, MCL 211.1059.

(f) "Department" means the department of treasury.

History: 2014, Act 93, Eff. Aug. 22, 2014;—Am. 2015, Act 121, Imd. Eff. July 10, 2015;—Am. 2016, Act 109, Imd. Eff. May 6, 2016.

Compiler's note: Enacting section 1 of Act 93 of 2014 provides:

"Enacting section 1. This act does not take effect unless Senate Bill No. 822 of the 97th Legislature is approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

Enacting section 2 of Act 93 of 2014 provides:

"Enacting section 2. The legislature declares that stable local government funding and a tax system that allows individuals, small businesses, and large businesses to thrive and create jobs in this state are priorities of state government. The legislature also declares that

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all state priorities should be considered in enacting any legislation that has a fiscal impact and that any costs should be managed in a fiscally responsible way. In furtherance of these objectives, the legislature has reduced the state use tax under section 3 of the use tax act, 1937 PA 94, MCL 205.93, and replaced the portion reduced with a use tax levied by the local community stabilization authority on behalf of local units of government throughout this state to provide more stable funding for local units of government than exists today. It is the intent of the legislature to offset the fiscal impact on the state general fund resulting from the reduction of the state use tax with new revenue generated by the assessment levied under this act and with new revenue resulting from the expiration of over \$630,000,000.00 in expiring refundable tax credits that were awarded to individual businesses under tax laws enacted by past legislatures."

Compiler's note: Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows:

"APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS

The amendatory act adopted by the Legislature would:

1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan.
2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services.
3. Increase portion of state use tax dedicated for aid to local school districts.
4. Prohibit Authority from increasing taxes.
5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation.

Should this law be approved?

YES ☐

NO ☐

Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.