Legislative Analysis

HOUSE FI$CAL AGENCY

EXEMPTING ELECTRIC VEHICLE CHARGING STATIONS

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House Bill 4708 as introduced
Sponsor: Rep. Alabas Farhat
Committee: Tax Policy
Complete to 3-5-24

SUMMARY:

House Bill 4708 would amend the General Property Tax Act to exempt ***qualified charging stations*** from property taxes that are levied after December 31, 2023. Under the bill, local assessors would be required to exclude any increase in the true cash value of a property that results from the installation, replacement, or repair of one or more qualified charging stations. However, any relevant increase in value would need to be indicated on the assessment roll.

> ***Qualified charging station*** would mean a ***level 2 charging station*** or a ***DCFC charging station***.
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> ***Level 2 charging station*** would mean an electric vehicle charging station that offers charging through 240-volt electrical service in residential applications or 208-volt electrical service in nonresidential applications.
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> ***DCFC charging station*** would mean an electric vehicle charging station that provides direct current fast charging.

MCL 211.27 and 211.34d and proposed MCL 211.7yy

FISCAL IMPACT:

Generally, the bills would reduce revenue for state and local governments by an unknown amount that would vary from unit to unit. The overall net impact would depend on assumptions related to how many of the new electric vehicle (EV) chargers would not have been installed but for the property tax exemption. This analysis assumes that over time most of the EV chargers would be built with or without the property tax exemption as additional EVs are adopted. However, it is possible that the exemption could accelerate the installation of EV chargers. Due to the relatively low number of EV chargers statewide, the immediate revenue loss is not expected to be significant—likely no more than $1.0 million statewide. Estimating an overall annual cost in the longer term is difficult because it is not known how widely the exemption would be utilized in any given year, but the revenue loss will continue to grow significantly as demand for EVs and the number of EV charging stations grows. In addition, property taxes are very location-dependent, so the assumed revenue loss would vary by location.

Under current law, residential real and personal property is exempt from the 18 non-homestead mills but subject to the six-mill state education tax (SET), which is earmarked to the school aid fund. Commercial personal property is exempt from 12 of the 18 non-homestead mills and, like residential personal property, is subject to the SET. Commercial real property is subject to the 18 non-homestead mills. In addition, both forms of real and personal property would be subject to any other local property taxes. Therefore, the exemption of EV chargers from real and personal property taxes will reduce revenues from local and state (School Aid Fund) millages. Once the property was sold, the increase in true cash value that is the result of installing, replacing, or repairing an EV charger could be factored into the assessment.

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