



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



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

House Bills 5502 through 5506 (as reported without amendment)

Sponsor: Representative Mark A. Tisdell (H.B. 5502)  
Representative Diana Farrington (H.B. 5503)  
Representative Julie Calley (H.B. 5504)  
Representative Mary Cavanagh (H.B. 5505)  
Representative Jim Ellison (H.B. 5506)

House Committee: Tax Policy  
Senate Committee: Finance

### **CONTENT**

House Bills 5502 and 5503 would amend Sections 9m and 9n of the General Property Tax Act, respectively, to do the following:

- Specify that an exemption granted under the Act for new personal property or qualified previously existing personal property would remain in effect until the personal property was no longer qualified new personal property or qualified previously existing personal property.
- Require a combined document for the claim of an exemption under the Act to be completed and delivered to the assessor of the township or city in which the qualified new personal property or qualified previously existing personal property was located by February 20 of each year for any year the exemption was claimed before 2023 and the first year the exemption was claimed in a year after 2022.
- Require a person claiming an exemption to rescind the claim by February 20, or if February 20 of a year were a Saturday, Sunday, or legal holiday, the next business day of the year in which exempted property was no longer eligible for the exemption.
- Specify that an owner that failed to file a rescission for property later determined to be ineligible for the exemption would be subject to repayment of any additional taxes with interest.
- Require a local assessor, local treasurer, or county treasurer, depending on the affected tax roll, to take certain action after discovering that property was no longer eligible manufacturing personal property (EMPP).
- Specify that interest on any tax set forth in a corrected or supplemental tax bill would begin to accrue again 60 days after the date the corrected or supplemental tax bill was issued at the rate of 1.0% per month or fraction of a month.

House Bills 5504 and 5505 would amend the State Essential Services Assessment Act and the Alternative State Essential Services Assessment Act, respectively, to do the following:

- Allow the information on the tax assessment statement submitted for the immediately preceding year if no rescission were requested under Section 9m or 9n of the General Property Tax Act, as proposed in House Bills 5502 and 5503, to be used to develop the current year's statement, beginning in 2024.
- Require the Department of Treasury to rescind, after completing an audit, any exemption on personal property for which full payment of an assessment was not received within 35

days of issuance of an audit determination or for personal property the Department discovered was not eligible under Sections 9m or 9n of the General property Tax Act.

- Require the Department to make available on the internet the calculated total acquisition costs of all eligible personal property for each municipality as determined in the Local Community Stabilization Authority Act.

House Bill 5506 would amend Public Act 198 of 1974, which governs plant rehabilitation districts and industrial development districts in local governmental units, to specify that a new industrial facilities exemption certificate could not be approved under the Act after December 30, 2021, for any personal property that qualified as EMPP as defined under Section 9m of the General Property Tax Act.

House Bills 5502 through 5505 are tie-barred to each other.

MCL 211.9m (H.B. 5502)  
211.9n (H.B. 5503)  
211.1057 (H.B. 5504)  
211.1077 (H.B. 5505)  
207.556 (H.B. 5506)

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

House Bills 5502 and 5503 would have no fiscal impact on the State or local governments. The changes to reporting requirements would not change the eligibility requirements or cost of exemptions. The amount of the use tax levy for the Local Community Stabilization Authority (LCSA) is set in State statute and would not be changed.

House Bills 5504 and 5505 would have no fiscal impact on the State or local governments. The bills would not alter the liability for the Essential Services Assessment.

House Bill 5506 would have an indeterminate, though likely very small, fiscal impact on the State and local governments. If personal property is eligible for either an industrial facilities exemption certificate or an EMPP exemption, the property is exempt from the levy of ad valorem property taxes. Property exempted with an industrial facilities exemption is subject to a specific tax called the industrial facilities tax, which is levied at essentially one half the rate of ad valorem property taxes and is distributed in the same manner as those taxes. The State receives a share of that tax as School Aid Fund (SAF) revenue. Property exempt as EMPP is subject either to the ESA or the alternative essential services assessment, which is assessed at between 0.45 mills and 2.4 mills, depending on the age of the personal property and whether it is subject to the alternative assessment. The ESA is paid to the State and the revenue is General Fund/General Purpose (GF/GP) revenue. The LCSA makes payments to local units based on the value of property reported for the ESA.

In most cases, it would be advantageous for an owner of EMPP to seek that exemption, so it is unclear how much property would be affected by the bill's restriction. If, because of the bill's provisions, personal property were exempted from ad valorem property taxes as EMPP instead of receiving an industrial facilities exemption, the State would receive less SAF revenue and more GF/GP revenue. The affected local government would not receive the partial property tax reimbursement from the industrial facilities tax, however it would receive a greater reimbursement from the LCSA. The magnitude of the changes would depend on the value of exempted property and the millages applicable to that property.

Date Completed: 12-10-21

Fiscal Analyst: Ryan Bergan  
Cory Savino

floor\hb5502

Bill Analysis @ [www.senate.michigan.gov/sfa](http://www.senate.michigan.gov/sfa)

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.