

Legislative Analysis



BIOMASS MACHINERY

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House Bill 5862

Sponsor: Rep. Richard Ball

House Bill 5874

Sponsor: Rep. Gary McDowell

House Bill 5877

Sponsor: Rep. Paul Condino

Committee: Agriculture

Complete to 6-3-08

A SUMMARY OF HOUSE BILL 5862 AS INTRODUCED 3-5-08 & HOUSE BILLS 5874 AND 5877 AS INTRODUCED 3-11-08

Each bill would provide a tax exemption for machinery (1) that is capable of simultaneously harvesting grain and other crops and biomass residue from grain and other crops, or (2) machinery manufactured after the effective date of the bills for the purpose of harvesting agricultural biomass grown solely as an energy source. In each case, the exemption would be added where existing exemptions for agricultural machinery exist.

In each bill, the term "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of alternative energy.

House Bill 5862 would amend the General Sales Tax Act (MCL 205.54a) and House Bill 5877 would amend the Use Tax Act (MCL 205.94) to provide an exemption for sales of such machinery.

House Bill 5874 would amend the General Property Tax Act (MCL 211.9) to provide an exemption from property taxes for such machinery.

FISCAL IMPACT:

House Bill 5874 would have no fiscal impact because the General Property Tax Act currently exempts agricultural personal property, such as combines, and this new machine is basically a new generation of combine that will be able to harvest grains and other crops while at the same time collect the biomass residue from the grain or other crop to be used to produce alternative energy. House Bills 5877 and 5862 would have no fiscal impact because the machinery described in the bills is exempt from the use tax and the sales tax under current law.

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