

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

**SFA**



**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 294 (as introduced 3-6-97)

Sponsor: Senator Bill Bullard, Jr.

Committee: Finance

Date Completed: 10-27-97

## **CONTENT**

The bill would amend the General Property Tax Act to provide that all personal property acquired after 1997 would be exempt from the property tax. The exemption would not apply to property for which a taxpayer was liable for taxes at any time before 1998.

Proposed MCL 211.9f

Legislative Analyst: G. Towne

## **FISCAL IMPACT**

The current level of State, local, and school personal property tax collections totals \$1.6 billion. The table below shows a 10-year period of estimated personal property tax collections and the estimated fiscal impact of Senate Bill 294. The exemption of new personal property would reduce total State and local property tax revenue by \$128.4 million in the first year. Of this amount, local governments would lose \$52.8 million and local school property tax revenue would decline by \$53.0 million. State government revenue from the State education property tax and the utility property tax would decline by \$22.6 million; however, due to the State's guaranteed school foundation allowance the State also would have to reimburse the schools for their loss in personal property taxes, which would bring the total State cost to \$75.6 million. The data assume a constant growth rate from 1997 through 2005 in the total personal property tax collections of 5.2%.

Calendar Year	Total Personal Property Tax Collections	Revenue Loss Due to Senate Bill 294 (millions of dollars)				
		Combined State & Local	Local Government Revenues <sup>1)</sup>	State Revenues	School Revenues	Total State Cost <sup>2)</sup>
1997	1,604.9	128.4	52.8	22.6	53.0	75.6
1998	1,688.7	270.2	111.0	47.6	111.6	159.1
1999	1,776.9	426.5	175.3	75.1	176.1	251.2
2000	1,869.6	598.3	245.9	105.3	247.1	352.4
2001	1,967.2	786.9	323.4	138.5	325.0	463.5
2002	2,069.9	993.6	408.3	174.9	410.3	585.2
2003	2,177.9	1,219.6	501.3	214.7	503.7	718.4
2004	2,291.6	1,466.6	602.8	258.1	605.7	863.8
2005	2,411.2	1,736.1	713.5	305.5	717.0	1,022.5
2006	2,537.0	2,029.6	834.2	357.2	838.2	1,195.4

<sup>1)</sup> Local revenues not reimbursed by State.

<sup>2)</sup> Includes State revenue loss and hold harmless replacement revenue for K-12 schools' and ISDs' loss in property tax.

Fiscal Analyst: R. Ross

S9798\S294SA

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.