

Legislative Analysis



PROPERTY TAX EXEMPTION FOR CERTAIN ENERGY CONVERSION DEVICES

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House Bill 4103

Sponsor: Rep. Jeff Mayes

Committee: Energy and Technology

Complete to 3-2-09

A SUMMARY OF HOUSE BILL 4103 AS INTRODUCED 1-22-09

The bill would add a new Section 7mm to the General Property Tax Act to allow the owner of an eligible small-scale solar, wind, geothermal, or water energy conversion device to apply for a certificate exempting the device from taxation under the General Property Tax Act.

Effective date and duration. Beginning December 31, 2009, a device issued an exemption certificate would be exempt from taxation under the General Property Tax Act. A certificate would take effect on December 31 of the year issued and continue in effect indefinitely unless later revoked because it was obtained on the basis of fraud or misrepresentation.

Eligibility. Generally speaking, an owner would have to apply for a certificate within two years after installing an eligible device. However, only devices installed on or after the bill's effective date but before December 31, 2013 would be eligible for certificates.

- An "**eligible energy conversion device**" would mean a small-scale solar, wind, geothermal, or water energy conversion devices meeting all standards prescribed by the Michigan Next Energy Authority.
- "**Small scale**" would mean having a nameplate generating capacity of not more than 150 kilowatts.
- A "**solar, wind, geothermal, or water energy conversion device**" would mean a mechanism or series of mechanisms designed primarily to collect, convert, transfer, or store for future use solar, wind, geothermal, or water energy for the purposes of heating, cooling, or electric supply, but not those parts of the system that would be needed regardless of the energy source being used. Groundwater heat pumps and low-head hydro-energy conversion systems would be the only eligible water devices. (Low-head hydro-energy conversion systems would not include public utility property.)

Application procedures. The owner of the energy conversion device would apply to the State Tax Commission and the Next Energy Authority for an exemption certificate in the prescribed manner. Next Energy would certify the device's eligibility to the Tax Commission. The Tax Commission would then issue an exemption certificate setting

forth the device's total acquisition cost. (Next Energy would also notify the Tax Commission if a device is not eligible.)

Mailing of certificates to applicants and assessors. The Tax Commission would send an exemption certificate (or a notice of Next Energy's refusal to certify the device) to the owner of the device and to the assessor of the local tax collecting unit by first-class mail.

Revocation. The Tax Commission would be required to revoke an exemption certificate obtained by fraud or misrepresentation, and send notice of the revocation to the owner and the local assessor by first-class mail. Depending on whether the tax roll is in the possession of the local collecting unit or the county treasurer, either the assessor or the county treasurer would have to amend the tax roll to reflect the revocation and issue a corrected or supplemental tax bill for additional taxes, interest, and penalties, as specified in the bill.

Interest on corrected or supplemental tax bills. Interest would begin to accrue on a corrected or supplemental tax bill 60 days after the tax bill is issued. Taxes levied in the corrected or supplemental bill would be considered delinquent on March 1 of the year after the issuance of the corrected or supplemental tax bill.

Appeals to Michigan Tax Tribunal. Any party aggrieved by the issuance, refusal to issue, or revocation of an exemption certificate could appeal to the Michigan Tax Tribunal.

Construction permits. The owner of a device issued an exemption certificate might still need to obtain a construction permit required by other laws or ordinances.

Proposed MCL 211.7mm

FISCAL IMPACT:

The fiscal impact of this bill depends on the number of the property tax exemption certificates issued and the value of the small scale energy conversion devices. The intent of the bill would be to exempt the taxable value of this property.

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