

# Legislative Analysis

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## POLLUTION CONTROL TAX EXEMPTIONS

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<http://www.house.mi.gov/hfa>

**House Bill 5401 as introduced**  
**Sponsor: Rep. Jeff Farrington**  
**Committee: Tax Policy**  
**Complete to 3-4-16**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

The Natural Resources and Environmental Protection Act (NREPA) provides to certain facilities designed and operated to control air pollution or water pollution a full exemption from real and personal property taxes and an exemption from sales and use taxes on tangible personal property purchased and installed as a component part of the facility.

House Bill 5401 would amend NREPA to require that an application to the State Tax Commission (STC) for a pollution control tax exemption contain an affidavit signed and sealed by a licensed professional environmental engineer that the environmental engineer has inspected the facility; that the facility meets the statutory definition of a facility and meets the intent and purpose of the statute and any promulgated rules; and that the facility is either:

- designed and operated primarily for the control, capture, and removal of industrial waste from the water, for a water pollution control exemption, or
- designed and operated primarily for the control, capture, and removal of pollutants from the air, for an air pollution control exemption.

Currently, before issuing either kind of pollution tax exemption certificate, the STC must seek approval of the Department of Environmental Quality and give notice in writing by certified mail to the Department of Treasury and to the assessor of the local taxing unit and must afford to the applicant and the assessor an opportunity for a hearing. House Bill 5401 would eliminate the underlined language above, so that the DEQ approval would no longer need to be sought. It also would eliminate the requirement for certified mail in notifications.

Further, the bill would repeal sections of the act that give the DEQ the responsibility for determining if a facility meets statutory requirements and for notifying the State Tax Commission if it does, so that the commission can issue an exemption certificate.

### FISCAL IMPACT:

Any fiscal impact would depend on whether the proposed change in the application process results in more or fewer pollution control tax exemptions being awarded.

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