

Legislative Analysis



EXTEND FILING DEADLINE FOR PERSONAL PROPERTY TAX EXEMPTION

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Senate Bill 359 (as passed by the Senate)
Sponsor: Sen. Dave Hildenbrand
House Committee: Tax Policy
Senate Committee: Finance
Complete to 5-16-17

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

(Enacted as Public Act 42 of 2017)

SUMMARY:

Senate Bill 359 would amend the General Property Tax Act (MCL 211.9m, 9n) to allow, for 2017 only, a filing extension for a personal property tax exemption; specifically for the filing of Michigan Department of Treasury Form 5278, titled "Eligible Manufacturing Personal Property Tax Exemption Claim, Ad Valorem Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)."¹

Under SB 359, if an owner of the qualified new and previously existing property did not file Form 5278 by February 21, 2017 (or filed an incomplete form by that date), the owner could file Form 5278 with the city or township assessor where the personal property is located no later than May 31, 2017.

If the assessor determined that the property qualifies for the exemption, the assessor would immediately amend the assessment roll to reflect the exemption. The assessor would then transmit the affidavits filed, or the information contained in the affidavits, and other parcel information required by the Department of Treasury, to the Department of Treasury in the form and manner prescribed no later than June 9, 2017. The owner would still be required to meet all deadlines under the State Essential Services Assessment Act.

If the assessor believed the personal property for which an affidavit was filed by May 31, 2017, is not qualified new or existing personal property, the assessor could deny the claim, notify the person who filed the affidavit in writing of the denial, and advise them that the denial could be appealed to the Michigan Tax Tribunal within 35 days of the date of denial.

BRIEF BACKGROUND:

The bill is related to the administration of personal property tax exemptions that were passed by the legislature and approved by voters in 2014. Public Act 108 of 2016 provided a nearly identical extension in 2016, extending the filing deadline from February 22, 2016, to May 31, 2016. In 2017, Form 5278 was due to the assessor of the local unit of government "**no later than February 20** (February 21, 2017 due to the holiday)." (Emphasis in original.)

¹ See Michigan Department of Treasury 5278, http://www.michigan.gov/documents/taxes/5278_500796_7.pdf

FISCAL IMPACT:

The provisions of the bill would reduce state and local revenues by an unknown amount. Specifically, both the State Education Tax (SET) and local property tax revenues would be reduced. The revenue impact would be directly correlated to the number of properties that would qualify for the exemption under the proposed filing extension for 2017, the taxable value of the properties, and the local millage rates. Revenue from the 18-mills (generally) levied for school operating purposes and State Education Tax revenue lost as a result of PPT exemptions are required to be replaced from the State's share of use tax revenue that would otherwise be deposited in the General Fund.

While the total amount of Local Community Stabilization Authority (LCSA) payments in any given year are fixed in statute, the distribution of those payments would change to accommodate the newly exempt property under the provisions of the bill. Revenue from the Essential Services Assessment would increase by an unknown amount depending on the number of properties affected by the bill's provisions.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.