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BILL ANALYSIS



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Senate Bill 927 (as introduced 4-11-18)
Sponsor: Senator Dave Hildenbrand
Committee: Finance

Date Completed: 5-7-18

CONTENT**The bill would amend the General Property Tax Act to exempt qualified heavy equipment property from the property tax for taxes levied after December 31, 2017.**

"Qualified heavy equipment property" would mean any construction, earthmoving, or industrial equipment that is mobile and rented by a qualified renter, including attachments for the equipment or other ancillary equipment or tools. For purposes of the definition, equipment would be mobile if it were not permanently affixed to real property and could be moved among worksites.

"Qualified renter" would mean a person that meets both of the following:

- Operates a business that generates over 51% of its annual revenue by renting out qualified heavy equipment property.
- Is engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System published by the United States Census Bureau, 2012 Edition.

(Code 532412 (Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing) refers to an industry that "comprises establishments primarily engaged in renting or leasing heavy equipment without operators that may be used for construction, mining, or forestry, such as bulldozers, earthmoving equipment, well drilling machinery and equipment, or cranes". Code 532310 (General Rental Centers) refers to an industry that "comprises establishments primarily engaged in renting a range of consumer, commercial, and industrial equipment".)

Proposed MCL 211.9p

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a negative fiscal impact on the State and local governments. An additional exemption from personal property taxation would reduce local property tax revenue and State School Aid Fund revenue from the State Education Tax, and increase the State cost of the foundation allowance. The General Fund is required to reimburse the School Aid Fund for lost revenue and additional costs of personal property tax exemptions. The magnitude of these effects would depend on the total value of the property exempted under the bill.

Fiscal Analyst: Ryan Bergan

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