

Legislative Analysis



ASSESSMENT OF PROPERTY IN AN ALTERNATE LOCATION ON TAX DAY

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House Bill 4926 as reported from committee
Sponsor: Rep. Brenda Carter
Committee: Tax Policy
Complete to 9-14-23

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

(Enacted as Public Act 218 of 2023)

SUMMARY:

House Bill 4926 would amend the General Property Tax Act to require personal property to be assessed in its original location rather than an alternate location that it was moved to.

Previously, 2020 PA 352,¹ 2021 PA 164,² and 2022 PA 240³ required the assessment of personal property, including exempt personal property, located in an *alternate location on tax day* due to the COVID-19 pandemic to be assessed in its *ordinary location* rather than the alternate location for the 2021, 2022, and 2023 tax years only.

The bill would remove references to the COVID-19 pandemic and provide that these provisions apply to all tax years rather than only those currently specified.

Alternate location would mean the geographic area of a local tax collecting unit in Michigan that is not the ordinary location of an item of personal property but is the location to which the property was moved.

Ordinary location would mean the geographic area of a local tax collecting unit in Michigan where an item of personal property would have been located for its primary use. It would include a business location of the owner or other person beneficially entitled to the property or in possession of it where the property would be deployed if its user did not work from the alternate location.

Tax day means December 31 of the year immediately preceding the tax year, which is when the taxable status of persons and real and personal property for a tax year is determined under the act.

MCL 211.14a

BACKGROUND:

According to committee testimony, since the COVID-19 pandemic, there has been a shift toward remote and hybrid work, which includes keeping company property, such as laptops, at home in another jurisdiction than the company's offices. The bill is intended to continue to

¹ <http://legislature.mi.gov/doc.aspx?2020-SB-1203>

² <http://legislature.mi.gov/doc.aspx?2021-SB-0698>

³ <http://legislature.mi.gov/doc.aspx?2021-HB-4378>

allow the ability to assess this property as if it were at the office without needing to return each year to extend the sunset.

FISCAL IMPACT:

As written, the bill would have no impact on state revenue because the six-mill state education tax would apply regardless of where the equipment is located, and the non-homestead levy that accrues to local K-12 education is 18 mills in almost all local taxing jurisdictions.

Because the bill makes permanent the treatment of personal property at an alternate location that was established for tax years 2021 through 2023, the impact across local units is unknown and would depend on where the personal property in question is located relative to the tax year 2021 provisions. Because local millage rates vary, there is no way to identify which jurisdictions would gain or lose revenue, or even if the total amount would be higher or lower in absence of the bill.

POSITIONS:

Representatives of the following entities testified in support of the bill (9-6-23):

- Department of Treasury
- Michigan Manufacturers Association

The following entities indicated support for the bill (9-6-23):

- Michigan Assessors Association
- Michigan Association of United Ways
- Michigan Chamber of Commerce
- Michigan Municipal League
- Michigan Townships Association
- National Federation of Independent Businesses
- Small Business Association of Michigan

A representative of the City of Wyoming indicated opposition to the bill. (9-6-23)

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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.