

HOUSE BILL NO. 4788

August 21, 2025, Introduced by Reps. Smit, Pavlov, Prestin and Wozniak and referred to Committee on Government Operations.

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax on the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain state and local governmental officers and entities; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "replacement electric
2 distribution infrastructure specific tax act".

3 Sec. 2. As used in this act:

1 (a) "Cooperative electric utility" means that term as defined
2 in section 2 of the electric cooperative member-regulation act,
3 2008 PA 167, MCL 460.32.

4 (b) "Michigan public service commission" means the Michigan
5 public service commission created in section 1 of 1939 PA 3, MCL
6 460.1.

7 (c) "Qualified replacement electric distribution
8 infrastructure" means utility personal property that is part of or
9 constitutes electric distribution system infrastructure, including,
10 but not limited to, poles, wires, conductors, crossarms,
11 insulators, switches, capacitors, and other supporting hardware,
12 that meets all of the following:

13 (i) Is installed by an electric utility regulated by the
14 Michigan public service commission or by a cooperative electric
15 utility.

16 (ii) Replaces depreciated electric distribution infrastructure
17 that was located in the same service territory.

18 (iii) Serves a similar functional purpose as the replaced
19 electric distribution infrastructure.

20 (iv) Is not part of a generation facility or transmission
21 system.

22 (v) Does not expand the service territory beyond the footprint
23 of the replaced electric distribution infrastructure.

24 (vi) Is placed in service on or after the effective date of
25 this act.

26 (d) "Replacement electric distribution infrastructure specific
27 tax" or "specific tax" means the specific tax levied under section
28 4.

29 (e) "State tax commission" means the state tax commission

1 created by 1927 PA 360, MCL 209.101 to 209.107.

2 (f) "Taxable value" means the taxable value as determined
3 under section 27a of the general property tax act, 1893 PA 206, MCL
4 211.27a.

5 (g) "Utility personal property" means property classified as
6 utility personal property under section 34c of the general property
7 tax act, 1893 PA 206, MCL 211.34c.

8 Sec. 3. For taxes levied after December 31, 2025, qualified
9 replacement electric distribution infrastructure is exempt from ad
10 valorem property taxes collected under the general property tax
11 act, 1893 PA 206, MCL 211.1 to 211.155, as provided in section 7yy
12 of the general property tax act, 1893 PA 206, MCL 211.7yy.

13 Sec. 4. (1) There is levied on qualified replacement electric
14 distribution infrastructure subject to the exemption described in
15 section 3 an annual statewide tax to be known as the replacement
16 electric distribution infrastructure specific tax.

17 (2) The amount of the specific tax is determined as follows:

18 (a) For the first year that the specific tax is levied on an
19 item of qualified replacement electric distribution infrastructure,
20 by applying the rate of 30 mills to the taxable value of the
21 replaced depreciated electric distribution infrastructure in the
22 calendar year immediately preceding its replacement, as described
23 in section 2(c) (ii) .

24 (b) For each year after the first year described in
25 subdivision (a), by adjusting the amount determined under
26 subdivision (a) to reflect the cumulative annual percentage change
27 in the Consumer Price Index for the immediately preceding calendar
28 year. As used in this subdivision, "Consumer Price Index" means the
29 most comprehensive index of consumer prices available for this

1 state from the Bureau of Labor Statistics of the United States
2 Department of Labor.

3 (3) The replacement electric distribution infrastructure
4 specific tax is an annual tax, payable at the same times, in the
5 same installments, and to the same collecting officer or officers
6 as taxes collected under the general property tax act, 1893 PA 206,
7 MCL 211.1 to 211.155.

8 (4) The collecting officer or officers shall disburse the
9 replacement electric distribution infrastructure specific tax to
10 and among this state and cities, townships, villages, school
11 districts, counties, or other taxing units, at the same times and
12 in the same proportions as required by law for the disbursement of
13 taxes collected under the general property tax act, 1893 PA 206,
14 MCL 211.1 to 211.155.

15 (5) The collecting officer or officers shall send a copy of
16 the amount of disbursement made to each taxing unit under this
17 section to the state tax commission on a form provided by the state
18 tax commission.

19 Sec. 5. Unpaid replacement electric distribution
20 infrastructure specific taxes are subject to forfeiture,
21 foreclosure, and sale in the same manner and at the same time as
22 taxes returned as delinquent under the general property tax act,
23 1893 PA 206, MCL 211.1 to 211.155.

24 Enacting section 1. This act does not take effect unless House
25 Bill No. 4787 (request no. H02451'25) of the 103rd Legislature is
26 enacted into law.