

PERSONAL PROPERTY TAX EXEMPTION FILING

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House Bill 5261 as introduced
Sponsor: Rep. Jim Tedder
Committee: Tax Policy
Complete to 11-29-17

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

SUMMARY:

House Bill 5261 would amend the General Property Tax Act to revise the manner in which a taxpayer claims a personal property tax exemption under section 9o of the act. This exemption is for “eligible personal property” that is industrial or commercial personal property owned by a taxpayer with a true cash value of less than \$80,000 in a particular local tax collecting unit.

Currently under the act, the owner of eligible personal property claims the exemption by annually filing an affidavit with the local tax collecting unit in which the property is located by February 10 of each tax year.¹

HB 5261 would make the following changes to this filing:

- The owner would claim the exemption by filing a statement with the local tax collecting unit where the property is located by February 20 of the first year the exemption is claimed. The statement would include information currently required of the affidavit.
- The exemption granted would remain in effect until the personal property is no longer eligible personal property.
- If the personal property were no longer eligible personal property, the owner would have to file a rescission by February 20 of the year in which the property is no longer eligible. The owner would also have to file with the assessing officer a general statement of personal property. The rescission would be filed on a form prescribed by the Department of Treasury. Upon receiving a rescission form, the local assessor would remove the exemption.

The bill would include the following process for addressing noncompliance with this new filing structure:

- An owner who failed to file a rescission and whose property was later determined to be ineligible for the exemption would be subject to repayment of any additional taxes with interest.
- Upon discovery that the property is no longer eligible personal property, the local assessor would remove the exemption of that personal property and amend the tax

¹ See “Affidavit to Claim Small Business Tax Exemption Under MCL 211.9o”, Michigan Department of Treasury, Form 5076. Available online: https://www.michigan.gov/documents/treasury/5076f_493854_7.pdf

roll to reflect the removal of the exemption. The local treasurer would within 30 days of the discovery issue a corrected tax bill for any additional taxes, with interest at 1% per month and penalties from the date at which the taxes were last payable without penalty. [If the tax roll is held by the county treasurer, the county treasurer would amend the tax roll and issue a supplemental tax bill for any additional taxes.]

- Interest on any tax in a corrected or supplemental tax bill would begin to accrue 60 days after the date the corrected or supplemental bill is issued, again at 1% per month. The taxes levied would be returned delinquent on March 1 of the year immediately after the year the corrected or supplemental bill is issued.

A local unit of government could develop and implement an audit program to audit the information submitted in the statements, for the current calendar year and the immediately preceding 3 calendar years. Any assessment from the audit would have to be paid within 35 days of issuance and would include the interest described above. Additionally, a local assessor could deny a claim for exemption by notifying the person that filed the statement of the reason for denial and advising the person of the option to appeal.

Finally, the bill would delete language pertaining to the current filing and potential denial of the affidavit.

MCL 211.9o

FISCAL IMPACT:

Because the dollar amount of use tax that can be levied by the Local Community Stabilization Authority for reimbursement of exempt personal property is contained in statute, the bill would have no impact on state revenue or expenditures. Local units of government could potentially realize some savings from reduced costs since affidavits would no longer be filed annually. However, it is not possible to quantify any savings that might occur.

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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.