

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 830

A bill to levy a tax on certain personal property; to provide for the administration, collection, and distribution of the tax; to impose certain duties on persons and certain state departments; to impose penalties; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "alternative state essential services assessment act".

3 Sec. 3. As used in this act:

4 (a) "Acquisition cost" means the fair market value of personal
5 property at the time of acquisition by the current owner, including
6 the cost of freight, sales tax, and installation, and other
7 capitalized costs, except capitalized interest. There is a
8 rebuttable presumption that the acquisition price paid by the
9 current owner for personal property, and any costs of freight,

1 sales tax, and installation, and other capitalized costs, except
2 capitalized interest, reflect the fair market value of the personal
3 property. For personal property exempt under section 9m or 9n of
4 the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n,
5 that would otherwise be exempt under section 7k of the general
6 property tax act, 1893 PA 206, MCL 211.7k, and for personal
7 property subject to an extended industrial facilities exemption
8 certificate under section 11a of 1974 PA 198, MCL 207.561a,
9 acquisition cost means 1/2 of the fair market value of that
10 personal property at the time of acquisition by the current owner.
11 The acquisition cost for personal property exempt under the
12 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is
13 \$0.00 except for the 3 years immediately preceding the expiration
14 of the exemption of that personal property under the renaissance
15 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, during which
16 period of time the acquisition cost for that personal property
17 means the fair market value of that personal property at the time
18 of acquisition by the current owner multiplied by the percentage
19 reduction in the exemption as provided in section 9(3) of the
20 renaissance zone act, 1996 PA 376, MCL 125.2689. The state tax
21 commission may provide guidelines for circumstances in which the
22 actual acquisition price is not determinative of fair market value
23 and the basis of determining fair market value in those
24 circumstances, including when that property is idle, obsolete, or
25 surplus.

26 (b) "Assessment" means the alternative state essential
27 services assessment levied under section 5.

Senate Bill No. 830 (H-1) as amended March 25, 2014

1 (c) "Assessment year" means the year in which the alternative
2 state essential services assessment levied under section 5 is due.

3 (d) "Eligible claimant" means a person that owns, leases, or
4 is in the possession of eligible personal property.

5 (e) "Eligible personal property" means personal property
6 exempt from the tax levied under the state essential services
7 assessment act and determined to be subject to the alternative
8 state essential services assessment as provided in section 9 of the
9 state essential services assessment act.

10 Sec. 5. (1) Beginning January 1, 2016, the alternative state
11 essential services assessment is levied on all eligible personal
12 property as provided in this section.

13 (2) The assessment under this section is a state tax on the
14 eligible personal property owned by, leased to, or in the
15 possession of an eligible claimant on December 31 of the year
16 immediately preceding the assessment year and shall be calculated
17 as follows:

18 (a) For eligible personal property [acquired] by the eligible
19 claimant in a year 1 to 5 years before the assessment year,
20 multiply the acquisition cost of the eligible personal property by
21 50% of the mills levied under section 5(2)(a) of the state
22 essential services assessment act.

23 (b) For eligible personal property [acquired] by the eligible
24 claimant in a year 6 to 10 years before the assessment year,
25 multiply the acquisition cost of the eligible personal property by
26 50% of the mills levied under section 5(2)(b) of the state
27 essential services assessment act.

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1 (c) For eligible personal property [acquired] by the eligible
2 claimant in a year more than 10 years before the assessment year,
3 multiply the acquisition cost of the eligible personal property by
4 50% of the mills levied under section 5(2)(c) of the state
5 essential services assessment act.

6 Sec. 7. (1) The department of treasury shall collect and
7 administer the alternative state essential services assessment as
8 provided in this section.

9 (2) Not later than May 1 in each assessment year, the
10 department of treasury shall make available in electronic form to
11 each eligible claimant a statement for calculation of the
12 assessment as provided in section 5.

13 (3) Not later than September 15 in each assessment year, each
14 eligible claimant shall submit electronically to the department of
15 treasury the completed statement and full payment of the assessment
16 levied under section 5 for that assessment year as calculated in
17 section 5(2). The department of treasury may waive or delay the
18 electronic filing requirement at its discretion. A statement
19 submitted by an eligible claimant shall include all of the eligible
20 claimant's eligible personal property located in this state subject
21 to the assessment levied under section 5 and, beginning in 2019,
22 specify the location of that property on December 31 of the year
23 immediately preceding the assessment year.

24 (4) If an eligible claimant does not submit the statement and
25 full payment of the assessment levied under section 5 by September
26 15, the department of treasury shall issue a notice to the eligible
27 claimant not later than October 15. The notice shall include a

1 statement explaining the consequences of nonpayment as set forth in
2 subsection (5) and instructing the eligible claimant of its
3 potential responsibility under subsection (5)(e). An eligible
4 claimant shall submit payment in full by November 1 of the
5 assessment year along with a penalty of 1% per week on the unpaid
6 balance for each week payment is not made in full up to a maximum
7 of 5% of the total amount due and unpaid. For the eligible
8 claimant's first assessment year, the penalty shall be waived if
9 the eligible claimant submits the statement and full payment of the
10 assessment levied under section 5 within 7 business days of
11 September 15.

12 (5) If an eligible claimant does not submit payment in full
13 and any penalty due under subsection (4) by November 1, all of the
14 following shall apply:

15 (a) The state tax commission shall direct the assessor to
16 rescind for the assessment year any exemption described in section
17 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m
18 and 211.9n, granted for the eligible personal property.

19 (b) The state tax commission shall rescind for the assessment
20 year any exemption under section 9f of the general property tax
21 act, 1893 PA 206, MCL 211.9f, which exemption was approved under
22 section 9f of the general property tax act, 1893 PA 206, MCL
23 211.9f, after 2013.

24 (c) The state tax commission shall rescind for the assessment
25 year any exemption for eligible personal property subject to an
26 extended industrial facilities exemption certificate under section
27 11a of 1974 PA 198, MCL 207.561a.

1 (d) The state tax commission shall rescind for the assessment
2 year any extended exemption for eligible personal property under
3 section 9f(8)(a) of the general property tax act, 1893 PA 206, MCL
4 211.9f.

5 (e) The claimant shall file not later than November 10 a
6 statement under section 19 of the general property tax act, 1893 PA
7 206, MCL 211.19, for all property for which the exemption has been
8 rescinded under this section.

9 (f) All taxes due as a result of a rescission by the
10 department of treasury or by the state tax commission under
11 subdivisions (a) to (d) that were not billed under the general
12 property tax act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974
13 PA 198, MCL 207.551 to 207.572, on the summer bill shall be billed
14 under the general property tax act, 1893 PA 206, MCL 211.1 to
15 211.155, or under 1974 PA 198, MCL 207.551 to 207.572, on the
16 winter tax bill.

17 (g) A person who files a statement under section 7 shall
18 provide access to the books and records relating to the
19 description; the date of purchase, lease, or acquisition; and the
20 purchase price, lease amount, or value of all industrial personal
21 property and commercial personal property owned by, leased by, or
22 in the possession of that person or a related entity if requested
23 by the assessor of the local tax collecting unit, county
24 equalization department, or department of treasury for the year in
25 which the statement is filed and the immediately preceding 3 years.

26 (6) An eligible claimant may appeal an assessment levied under
27 section 5 or a penalty or rescission under this section to the

1 state tax commission by filing a petition not later than December
2 31 in that tax year. The department of treasury may appeal to the
3 state tax commission by filing a petition for the current calendar
4 year and 3 immediately preceding calendar years. The state tax
5 commission shall decide any appeal based on the written petition
6 and the written recommendation of state tax commission staff and any
7 other relevant information. The department of treasury or any
8 eligible claimant may appeal the decision of the state tax
9 commission to the Michigan tax tribunal.

10 Sec. 9. (1) Proceeds of the assessment collected under section
11 7 shall be credited to the general fund.

12 (2) Beginning in fiscal year 2014-2015 and each fiscal year
13 thereafter, the legislature shall appropriate funds in an amount
14 equal to the necessary expenses incurred by the department of
15 treasury in implementing this act.

16 Enacting section 1. This act does not take effect unless
17 Senate Bill No. 822 of the 97th Legislature is approved by a
18 majority of the qualified electors of this state voting on the
19 question at an election to be held on the August regular election
20 date in 2014.

21 Enacting section 2. The legislature declares that stable local
22 government funding and a tax system that allows individuals, small
23 businesses, and large businesses to thrive and create jobs in this
24 state are priorities of state government. The legislature also
25 declares that all state priorities should be considered in enacting
26 any legislation that has a fiscal impact and that any costs should
27 be managed in a fiscally responsible way. In furtherance of these

1 objectives, the legislature has reduced the state use tax under
2 section 3 of the use tax act, 1937 PA 94, MCL 205.93, and replaced
3 the portion reduced with a use tax levied by the local community
4 stabilization authority on behalf of local units of government
5 throughout this state to provide more stable funding for local
6 units of government than exists today. It is the intent of the
7 legislature to offset the fiscal impact on the state general fund
8 resulting from the reduction of the state use tax with new revenue
9 generated by the assessment levied under this act and with new
10 revenue resulting from the expiration of over \$630,000,000.00 in
11 expiring refundable tax credits that were awarded to individual
12 businesses under tax laws enacted by past legislatures.