

SENATE BILL No. 830

February 25, 2014, Introduced by Senators NOFS, PAPPAGEORGE, SCHUITMAKER, WARREN, MOOLENAAR and BRANDENBURG and referred to the Committee on Finance.

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 eligible
5 personal property at the time of acquisition by the current owner,
6 including the cost of freight, sales tax, and installation, and
7 other capitalized costs, except capitalized interest. There is a
8 rebuttable presumption that the acquisition price paid by the
9 current owner for eligible personal property, and any costs of

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

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

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 purchased 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 purchased 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.

1 (c) For eligible personal property purchased 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 March 1 in each assessment year, the
10 department of treasury shall send to each eligible claimant a
11 statement for calculation of the assessment as provided in section
12 5. The statement shall be in a form prescribed by the department of
13 treasury.

14 (3) Not later than September 15 in each assessment year, each
15 eligible claimant shall submit to the department of treasury the
16 completed statement and full payment of the assessment levied under
17 section 5 for that assessment year as calculated in section 5(2). A
18 statement submitted by an eligible claimant shall include all of
19 the eligible claimant's eligible personal property located in this
20 state subject to the assessment levied under section 5.

21 (4) If an eligible claimant does not submit the statement and
22 full payment of the assessment levied under section 5 for that
23 assessment year as calculated under section 5(2), all of the
24 following shall apply:

25 (a) The department of treasury shall rescind for the
26 assessment year any exemption described in section 9m or 9n of the
27 general property tax act, 1893 PA 206, MCL 211.9m and 211.9n,

1 granted for the eligible personal property.

2 (b) The state tax commission shall rescind for the assessment
3 year any exemption under section 9f of the general property tax
4 act, 1893 PA 206, MCL 211.9f, which exemption was approved under
5 section 9f of the general property tax act, 1893 PA 206, MCL
6 211.9f, after 2013.

7 (c) The state tax commission shall rescind for the assessment
8 year any exemption for eligible personal property subject to an
9 extended industrial facilities exemption certificate under section
10 11a of 1974 PA 198, MCL 207.561a.

11 (d) The state tax commission shall rescind for the assessment
12 year any extended exemption for eligible personal property under
13 section 9f(8)(a) of the general property tax act, 1893 PA 206, MCL
14 211.9f.

15 (e) All taxes due as a result of a rescission by the
16 department of treasury or by the state tax commission under
17 subdivisions (a) to (d) that were not billed under the general
18 property tax act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974
19 PA 198, MCL 207.551 to 207.572, on the summer bill shall be billed
20 under the general property tax act, 1893 PA 206, MCL 211.1 to
21 211.155, or under 1974 PA 198, MCL 207.551 to 207.572, on the
22 winter tax bill.

23 (5) The department of treasury or any eligible claimant may
24 appeal any statement submitted under subsection (3) to the state
25 tax commission. The state tax commission shall arbitrate any appeal
26 under this subsection. The department of treasury or any eligible
27 claimant may appeal the decision of the state tax commission to the

