

# Legislative Analysis



## **MODIFY PENALTY FOR LATE FILING OF ESSENTIAL SERVICES ASSESSMENTS**

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bills 6053 and 6054 as introduced**

**Sponsor: Rep. Thomas A. Albert**

**Committee: Tax Policy**

**Complete to 10-3-18**

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

### **SUMMARY:**

House Bills 6053 and 6054 would amend, respectively, the State Essential Services Assessment Act and the Alternative State Essential Services Assessment Act, to modify the penalty for late filing of the assessment levied under each act.

Currently, the essential services assessment (ESA)<sup>1</sup> levied by each act is due in full on August 15. If payment is not made by August 15, the Department of Treasury charges a late penalty at a rate of 1% per week, up to a maximum of 5%, of the total amount due and unpaid. (This penalty may be waived for a claimant's first assessment year if full payment is submitted by September 15.) If payment in full and any penalty assessed are not submitted by October 15, the claimant's eligible personal property exemption may be rescinded.

The bills would delete the language underlined above, meaning that a claimant would face rescission of the personal property tax exemption only for nonpayment of the assessment, and not for nonpayment of the late penalty. (In other words, there would be no penalty for nonpayment of the penalty.)

Each bill is tie-barred to the other, meaning that neither could take effect unless both were enacted.

### **FISCAL IMPACT:**

By eliminating the ability to collect the penalty under the ESA, revenue would decrease by an unknown, but likely minimal amount. All ESA revenue, along with revenue from penalties and interest, accrues to the General Fund.

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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.

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<sup>1</sup> The ESA is a specific tax levied on eligible personal property exempt under the General Property Tax Act, primarily property exempt under the eligible manufacturing personal property exemption in that act.