Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6053 (Substitute H-3 as reported without amendment)
House Bill 6054 (Substitute H-3 as reported without amendment)
Sponsor: Representative Thomas A. Albert
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

House Bill 6053 (H-3) and House Bill 6054 (H-3) would amend the State Essential Services Assessment Act and the Alternative State Essential Services Assessment Act, respectively, to do the following:

-- Modify, from August 15 to October 15, the date by which each eligible claimant must electronically revise and certify a completed statement and make full payment of the assessment for that assessment year.
-- Modify, from September 15 to November 15, the date by which the Department of Treasury must issue a notice to the eligible claimant if the claimant does not certify the statement and full payment of the assessment.
-- Require an eligible claimant to submit the assessment payment by April 15 of the year following the assessment year, instead of October 15, along with the required penalty.
-- Increase, from 1% per week to 5% per month, the penalty an eligible claimant would have to pay on the unpaid balance for each month payment that was not made in full, and increase, from 5% to 30%, the maximum penalty that could be paid on the total amount due and unpaid.
-- Modify, from December to June of the immediately preceding assessment year, the dates by which certain exemptions must be rescinded if the eligible claimant does not submit payment in full and any penalty due.

MCL 211.1057 (H.B. 6053)
211.1077 (H.B. 6054)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would have an indeterminate, though minimal, impact on the State. The Essential Services Assessment and Alternative Essential Services Assessment currently bring in around $100.0 million to the General Fund. The date change and increase in the penalty on late payments likely would increase the amount of payments made on time, which is not likely to increase revenue beyond current projections. Any additional penalties similarly would go into the General Fund. Revenue from penalties and interest is not disseminated by the revenue source the penalty is applied to, so it difficult to determine how much penalties and interest is due to the Essential Services Assessment.

Currently, $128.0 million is estimated to come in for penalties and interest revenue in fiscal year 2018-19 from all of the various revenue sources. With the relatively small amount of revenue the Essential Services Assessment brings into the State compared to other revenue sources, any changes as a result of these bills likely would be minimal to the penalties and interest revenue.

Date Completed: 12-13-18

Fiscal Analyst: Cory Savino

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.