

Legislative Analysis



ELECTRICITY-GENERATING TURBINES

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5031

Sponsor: Rep. Jud Gilbert, II

Committee: Government Operations

Complete to 10-26-11

A SUMMARY OF HOUSE BILL 5031 AS INTRODUCED 9-28-11

The bill would amend the General Property Tax Act to do the following:

- Specify that gas, steam, or coal-fired turbines used in the generation of electricity are to be classified as industrial real property for tax assessment purposes.
- Allow an owner or an assessor to appeal the decision of the State Tax Commission regarding a classification petition to the Circuit Court. Currently, the act states that, "*An appeal may not be taken from the decision of the State Tax Commission regarding classification complaint petitions and the State Tax Commission's determination is final and binding for the year of the petition.*" That language would be struck.

The bill contains an enacting section stating that the bill is intended to clarify and express the original intent of the Legislature concerning the classification of gas, steam, or coal-fired turbines used in the generation of electricity as industrial real property. The amendatory act created by the bill would be retroactive and effective for the classification of property after December 30, 2007, and to the determination of exemptions and credits pertaining to property classified as industrial personal property.

FISCAL IMPACT:

According to the Department of Treasury, this bill, which is retroactive, would prevent refunds from being issued for an estimated \$35.7 million in school-related property taxes and an estimated \$25.6 million in MBT revenue (all GF/GP) for tax years 2008 through 2011. Beginning in tax year 2012, the bill would prevent an annual reduction in school-related property taxes of an estimated \$75.0 million and would have no change for the MBT or the new corporate income tax.

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross
Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.