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RAILROAD PROPERTY TAX CREDIT

House Bill 5681
Sponsor: Rep. Mike Kowall
Committee: Tax Policy

Complete to 5-12-00

A SUMMARY OF HOUSE BILL 5681 AS INTRODUCED 4-25-00

The bill would amend Public Act 282 of 1905, which provides for the assessment of the state utility tax, to provide a credit against the tax for expenses incurred to maintain or improve railcars. The credit would be in the amount of 25 percent of eligible expenses incurred in the state in the immediately preceding tax year to maintain or improve “qualified rolling stock” (freight, stock, refrigerator, or other railcars not the exclusive property of a railroad company) subject to the tax. An eligible company (a company that owns, leases, runs, or operates qualified rolling stock) could apply for the credit by applying to the state board of assessors. The credit could not exceed the company’s tax liability for the year in which the credit was claimed.

Public Act 282 of 1905 imposes a tax known as the state utility tax, which applies to tangible and intangible personal property, as well as to real property, of telephone companies and railroads, among others (although not to electric and gas utilities). The tax is levied at a rate equal to the average statewide ad valorem rate levied on other commercial, industrial, and utility property.

MCL 207.13a

House Bill 5681 (5-12-00)

Analyst: D. Martens

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