



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 803 (Substitute S-1 as reported)  
Sponsor: Senator Jason E. Allen  
First Senate Committee: Technology and Energy  
Second Senate Committee: Finance

### **CONTENT**

The bill would amend the General Property Tax Act to provide that a wind energy system would be considered personal property for the purposes of taxation, for taxes levied after December 31, 2005.

(Under the Act, alternative energy personal property, including an alternative energy system as defined in the Michigan Next Energy Authority Act, is exempt from taxation through 2012. The definition of "alternative energy system" in that Act includes a fuel cell energy system, a photovoltaic energy system, and a wind energy system.)

"Wind energy system" would mean an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, that uses moving air to produce power.

MCL 211.8

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bill essentially would have no fiscal impact on State or local government. The bill basically would codify the current practice for the treatment of these types of property. However, this treatment is largely inferred from provisions added pursuant to the Michigan Next Energy Authority Act and associated legislation. Recent Tax Tribunal decisions have questioned that inference. As a result, the bill would prevent an increase in State and local property tax revenue because, if this property were no longer considered personal property, it would no longer be entitled to the exemption in MCL 211.9i, which exempts alternative energy personal property from taxation under the General Property Tax Act through 2012.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 5-11-06

Fiscal Analyst: David Zin