



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1096 (as reported without amendment)
Sponsor: Senator Mike Green
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to specify that the true cash value of a wind energy system would be the sum of its original (historical) installed cost multiplied by an applicable multiplier, plus the value of specified property interests.

Specifically, for the purposes of a statement of assessable property submitted under Section 19, the true cash value of a wind energy system would be the sum of its original (historical) installed cost multiplied by the applicable multiplier, plus the value of any applicable easements, rights-of-way, or leasehold interests prorated per megawatt for each wind turbine, but not less than \$29,067 per megawatt.

"Applicable multiplier" would mean one of the following: a) for each wind energy system reported, a multiplier set forth in a table of multipliers adopted by the State Tax Commission on or before November 30, 2018, based on the assumptions described below; or b) if the Commission fails to adopt the multiplier table described above on or before November 30, 2018, for each wind energy system reported, a multiplier set forth in a table that the Commission must adopt on or before December 31, 2018, based on the assumptions described below.

These assumptions would apply to the applicable multipliers, except for a multiplier that was created after November 30, 2018, but before December 31, 2018, which would have to have an annual reduction of exactly 0.04 following the year immediately succeeding completed installation of the wind energy system: a) the average service life of a wind energy system would be at least 30 years, b) the appropriate multiplier for the year immediately succeeding completed installation of a wind energy system would be 1.0, and for each year thereafter the appropriate reduction of the multiplier could not exceed 0.04, and, no matter how many years passed after installation, the multiplier would have to be at least 0.4 until the wind energy system was physically removed, and c) no adjustments to multipliers could be made for tax or other governmental incentives.

MCL 211.27

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no impact on State revenue, but would have an indeterminate impact on local unit revenue depending on economic circumstances. As industrial personal property, the property affected by the bill is exempt from the State Education Tax. However, the affected property does not qualify as eligible manufacturing personal property and is not exempt from local property taxes.

The bill essentially would impose a fixed depreciation schedule on affected property, rather than allowing valuations to vary based on market prices. In years where market values exceeded the depreciated values proposed by the bill, the bill would reduce revenue to local units by an unknown amount. In years where the market value of the property was less than the depreciated values, the bill would increase local unit revenue by an unknown amount.

Date Completed: 12-6-18

Fiscal Analyst: David Zin