

Legislative Analysis



ANNUAL ADJUSTMENT TO SMALL TAXPAYER EXEMPTION

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<http://www.house.mi.gov/hfa>

House Bill 5351 as enacted
Public Act 150 of 2021
Sponsor: Rep. Steven Johnson
House Committee: Tax Policy
Senate Committee: Committee of the Whole
Complete to 3-3-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5351 amends the General Property Tax Act to revise the value of personal property for which a taxpayer claims a personal property tax exemption under section 9o of the act.

The exemption under section 9o is for “eligible personal property” that is industrial or commercial personal property owned by a taxpayer with a true cash value of less than \$80,000 in a particular local tax collecting unit. This is commonly referred to as the small taxpayer or small business exemption.

The bill raises this ceiling to \$180,000.

The bill takes effect December 31, 2022.

MCL 211.9o

FISCAL IMPACT:

The dollar amount of use tax that can be levied by the Local Community Stabilization Authority for reimbursement of exempt personal property is contained in statute, so the bill would have no impact on state revenue or expenditures. It would, however, likely affect the distribution of those funds. Because the small taxpayer exemption is a “tier 1 reimbursement” (guaranteed 100% replacement of qualified losses), to the extent that increasing the \$80,000 true cash value threshold to \$180,000 results in larger tier 1 reimbursements, there would be less funding available for reimbursement to non-tier 1 municipalities.

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