

ASSESSMENT SITUS OF PERSONAL PROPERTY RELOCATED DUE TO COVID-19 PANDEMIC

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Senate Bill 1203 as reported from House committee

Sponsor: Sen. Jim Runestad

House Committee: Ways and Means

Senate Committee: Finance

Complete to 12-16-20

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

(Enacted as Public Act 352 of 2020)

SUMMARY:

Senate Bill 1203 would amend the General Property Tax Act to provide that personal property must not be assessed for the 2021 tax year in a location to which it was moved because of the COVID-19 pandemic but instead must be assessed in its ordinary location.

Specifically, the bill would provide, for the 2021 tax year only, that personal property (including *exempt personal property*) that is located on *tax day* in an *alternate location* due to the COVID-19 pandemic must be assessed in its *ordinary location* rather than in that alternate location. This would apply notwithstanding any provision of the act to the contrary, including those in sections 13(1) and 14(1) of the act.¹

Alternate location would mean the geographic area of a local tax collecting unit that is not the ordinary location of an item of personal property but is the location to which the property was moved due to the COVID-19 pandemic.

Ordinary location would mean the geographic area of a local tax collecting unit where an item of personal property would have been located for its primary use if not for the need to move it to an alternate location due to the COVID-19 pandemic. Evidence of the ordinary location would include the following:

- A business location of the owner or other person beneficially entitled to the property or in possession of it, where the property is usually deployed under conditions unaffected by the COVID-19 pandemic.
- If applicable, the geographic area of a local tax collecting unit where the property was located on December 31, 2019.

Exempt personal property would mean personal property that is exempt from the collection of taxes under the act, including personal property exempt under sections 7 to 7ww of the act² and sections 9 to 9o of the act.³

Tax day means December 31 of the year immediately preceding the tax year, which is when the taxable status of persons and real and personal property for a tax year is determined under the act.

Proposed MCL 211.14a

¹ Section 13: <http://legislature.mi.gov/doc.aspx?mcl-211-13> Section 14: <http://legislature.mi.gov/doc.aspx?mcl-211-14>

² Sections 7 to 7ww: <http://legislature.mi.gov/doc.aspx?mcl-206-1893-REAL-ESTATE-EXEMPTIONS>.

³ Sections 9 to 9o: <http://legislature.mi.gov/doc.aspx?mcl-206-1893-PERSONAL-PROPERTY-EXEMPTED>.

FISCAL IMPACT:

As written, the bill would have no impact on state revenue because the 6-mill state education tax would apply regardless of where the equipment is located, and the non-homestead levy which accrues to local K-12 education is 18 mills in almost all local taxing jurisdictions.

The bill could potentially have a significant impact on local units depending on whether the personal property in question is located in its “ordinary location” or an “alternate location” because of COVID-19 restrictions. If located in an alternate location, that jurisdiction would stand to lose personal property tax revenue if the property is allowed to be taxed at its ordinary location. Because local millage rates vary, there is no way to identify which jurisdictions would gain or lose revenue, or even if the total amount would be higher or lower in absence of the bill.

POSITIONS:

The following entities indicated support for the bill (12-15-20):

- Department of Treasury
- Small Business Association of Michigan
- Grand Rapids Chamber
- Michigan Retailers Association
- National Federation of Independent Business
- Michigan Manufacturers Association

Legislative Analyst: Rick Yuille
Fiscal Analyst: Jim Stansell

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