



The Voice of Small Business

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Testimony on Personal Property Tax Reform Proposals Before the House Tax Policy Committee Tuesday, March 11, 2014

My name is Charlie Owens and I am the State Director for the National Federation of Independent Business, an advocate for Michigan small businesses owners since 1943. We are here today to support Senate Bills 821 – 830 that would make significant improvements to the Personal Property Tax changes passed by the legislature in 2012.

The Personal Property Tax is a levy on equipment, furniture, tools, computers etc. used by a business in their operations. While both businesses and individuals pay real property taxes, in Michigan, only businesses pay the personal property tax (PPT). As this committee is aware, many states that compete with Michigan for jobs have eliminated or reduced their Personal Property Tax.

The legislation passed in 2012 puts Michigan on a path to eliminate the personal property tax on a phased in basis for industrial and manufacturing businesses and exempt all personal property tax on commercial and manufacturing property with a true cash value of less than \$80,000. It has been estimated that, under this proposal, 80 percent of Michigan small businesses would be exempted from the personal property tax entirely and would not have to file at all under this proposal.

The changes before you today make good tax policy even better by seeking to reimburse local governments for 100 percent of the revenue they would forgo with the shift away from the personal property tax. It would also replace an unpredictable and unstable tax base (personal property) with one that has much more potential for future growth (use tax).

These changes have made the proposal a win-win for all concerned and make it more likely that our citizens will support these changes when the proposal is put before them on the upcoming August ballot.

To conclude, we urge members of the Committee to support Senate Bills 821 – 830 so Michigan can continue to move forward and improve our economy.

Thank you for your support of small business.