

MMA Supports HB 4084 (Shannon)

Personal Property Tax Late Filer Fix

Madam Chair and Committee Members,

MMA supports the passage of HB 4084 to help businesses and communities resolve outstanding industrial Personal Property Tax exemptions impacted by the COVID-19 pandemic. We thank Representative Shannon for bringing this bill forward.

In the summer of 2021, we became aware of several companies around the state that had trouble filing and getting approved for their exemption from the industrial personal property tax. The stories varied, but they all involved COVID related difficulties in filing their exemption or getting approved by the local March Boards of Review. 2021 was the first tax year, impacted by COVID as companies had already filed before the pandemic in 2020.

We also became aware of a [letter written by the City of Sterling Heights](#) dated July 13, 2021, indicating they were aware of fifteen businesses that had trouble getting their exemption and asked the legislature to consider a legislative fix. The letter points out just two companies would owe over \$1 million more than they would have paid in the Essential Services Assessment, if they were exempt.

The manufacturing personal property tax exemption was established by voters in a statewide ballot proposal. The exemption took effect in 2016. In that ballot proposal local units would be reimbursed for the exemptions claimed by manufactures in their communities, However, in the middle of COVID when both community staff and company staff were working remotely, several small companies were hit with huge unanticipated tax bills, in the hundreds of thousands of dollars. Many of these companies had to borrow money to pay these unanticipated tax bills.

Before issues could be resolved, locally or legislatively, the Local Community Stabilization Authority, which is charged with reimbursing local communities, moved forward with the reimbursement formula for 2021. So, at the time, local units were reasonably concerned that even if they resolved these outstanding issues, they might not get reimbursed for those claims.

MMA worked closely with Treasury and local units of government to craft a solution. Treasury actually proposed the solution to allow the State Tax Commission to review the outstanding applications, approve them and issue reimbursement checks to local units of government. The bill before you today, HB 4084 contains the statutory changes necessary to allow the solution. The solution also requires an appropriation in the General Government Budget to resolve the issue.

MMA appreciates Representative Shannon's leadership in sponsoring this solution for both manufacturers and local communities across the state. And Madam Chair, we appreciate you bringing the issue before this committee.

For more information, please contact Mike Johnston at 517-487-8554 or johnston@mimfg.org.