Michigan Manufacturers Association

MMA Testimony on SB 570 (Hildenbrand), SB 571 (Brandenburg), SB 572 (Robertson), SB 573 (Proos) PPT Filing Deadline Reform House Tax Policy Committee

11/8/2017

Mr. Chair, I am Mike Johnston, VP of Government Affairs at MMA. Thank you for the opportunity to speak in support of this package of bills.

We appreciate Sen. Hildenbrand, for taking the lead in addressing this issue. And we appreciate Treasury's work in finding solutions.

This package of bills is essentially a process reform in the Personal Property Tax (PPT) exemption filing process. The exemption started in 2016 and taxpayers have experienced a bit of a rough start in the filing process.

The statute as passed, requires taxpayers to file their exemption form, Form 5278, with the local assessor by February 20th each year. However, the stature did not specifically allow for the filings to be accepted, if postmarked by that day, as is the case for most taxes. As a result, we were hearing many complaints from our members about denials for late filing, when they believed that they had filed in a timely way. In addition, because of the new process and the new forms, we also heard concerns about the inability to file late.

This issue is significant to our members, because the penalty for not filing timely is the loss of the exemption. This can be a substantial penalty, depending on the size of the company. So, creating solutions to address the postmark issue, and opportunities to appeal late filings with the local boards of review, and ultimately the tax tribunal, provide reasonable solutions to the deadlines created in the act as passed.

The exemption for "Eligible Manufacturing Personal Property" was supported by the people of Michigan in a successful statewide ballot proposal in 2014. We think we ought to make the process as simple as possible to achieve the intended goal.

Thank you for the opportunity to share our views, and we encourage our support for common sense solutions to the PPT filing process.

I am happy to respond to any questions.