

The Michigan Business Tax Personal Property Tax Credit

PERSONAL PROPERTY TAX CREDIT

Public Act 36 of 2007, the Michigan Business Tax Act, was part of a package of five bills, all tie barred, which provided significant relief from the Michigan Personal Property Tax. Together the five bills exempted property classified as "commercial" from 12 of the 18 school operating mills. Property classified as "industrial" is exempt from all 18 school operating mills¹ and "industrial" property is also exempt from the 6 mill state education tax.²

In addition to the exemptions from the Personal Property Tax, the Michigan Business Tax Act also provides tax credits for property classified as industrial and for telephone property and natural gas pipeline property.³ The Michigan Business Tax Act provides a refundable credit for personal property taxes paid on certain classified property levied after December 31, 2007.⁴

"Property taxes" qualifying for the credit include:⁵

- (i) Taxes collected under the general property tax act.⁶
- (ii) Taxes levied under the plant rehabilitation and industrial redevelopment act.⁷
- (iii) Taxes levied under the obsolete property rehabilitation act.⁸

Industrial Personal Property Tax Credit

The credit is 35% of the amount paid for property taxes on eligible personal property in the tax year.⁹

"Eligible personal property" means personal property that is classified as industrial personal property under section 34c of the general property tax act, or in the case of personal property that is subject to 1974 PA 198, is situated on land classified as industrial real property under section 34c of the general property tax act.¹⁰

The taxpayer must file within the time prescribed the Personal Property Statement of assessable personal property prepared pursuant to section 19 of the general property tax act identifying the eligible personal property.¹¹

The taxpayer must file copies of the assessment or tax bill issued to and paid by the taxpayer for the eligible personal property for which the credit is claimed.¹²

Telephone Personal Property Tax Credit

The credit is 23% of the amount paid for property taxes levied on eligible telephone personal property in the 2008 tax year and 13.5% of the amount paid for property taxes levied on eligible telephone personal property in subsequent tax years.¹³

"Eligible telephone personal property" means personal property of a telephone company subject to the tax levied under 1905 PA 282, MCL 207.1 to 207.21.¹⁴

The taxpayer must file the annual report required under section 6 of 1905 PA 282, MCL 207.6, identifying the eligible telephone personal property for which the credit under is claimed.¹⁵

The taxpayer must file copies of the assessment or tax bill issued to and paid by the taxpayer for the eligible telephone property for which the credit is claimed.¹⁶

Natural Gas Personal Property Tax Credit

The credit is 10% of the amount paid for property taxes on eligible natural gas pipeline property in the tax year.¹⁷

"Eligible natural gas pipeline property" means natural gas pipelines that are classified as utility personal property under section 34c of the general property tax act,¹⁸ and are subject to regulation under the natural gas act.¹⁹

The taxpayer shall file a timely statement of assessable personal property prepared pursuant to section 19 of the general property tax act, identifying the eligible natural gas pipeline property.²⁰

The taxpayer must file copies of the assessment or tax bill issued to and paid by the taxpayer for the eligible natural gas pipeline property for which the credit is claimed. ²¹

¹ 2007 P.A. 37, H B 4369

² 2007 P.A. 38, H B 4370

³ 2007 P.A. 36 §413(1)(a-c) MCL 208.1413(1)(a-c)

⁴ 2007 P.A. 36 §413(3) MCL 208.1413(3)

⁵ 2007 P.A. 36 §413(4)(d) MCL 208.1413(4)(d)

⁶ 1893 P.A. 206, MCL 211.1 to 211.157

⁷ 1974 P.A. 198, MCL 207.551 to 207.572

⁸ 2000 P.A. 146, MCL 125.2781 to 125.2797

⁹ 2007 P.A. 36 §413(1)(a) MCL 208.1413(1)(a)

¹⁰ 2007 P.A. 36 §413(4)(b) MCL 208.1413(4)(b)

¹¹ 2007 P.A. 36 §413(2)(a) MCL 208.1413(2)(a)

¹² 2007 P.A. 36 §413(2)(c) MCL 208.1413(2)(c)

¹³ 2007 P.A. 36 §413(1)(b) MCL 208.1413(1)(b)

¹⁴ 2007 P.A. 36 §413(4)(c) MCL 208.1413(4)(c)

¹⁵ 2007 P.A. 36 §413(2)(b) MCL 208.1413(2)(b)

¹⁶ 2007 P.A. 36 §413(2)(c) MCL 208.1413(2)(c)

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- ¹⁷ 2007 P.A. 36 §413(1)(c) MCL 208.1413(1)(c)
¹⁸ 1893 P.A. 206, MCL 211.34c
¹⁹ 15 USC 717 to 717z
²⁰ 2007 P.A. 36 §413(2)(a) MCL 208.1413(2)(a)
²¹ 2007 P.A. 36 §413(2)(c) MCL 208.1413(2)(c)

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