

Proposal 1 of 2014: Summary and Assessment

By James Hohman

Executive Summary

On Aug. 5 Michigan voters will be asked to approve or reject Proposal 1, which would modify the state's personal property tax. Personal property taxes are levied on business equipment and machinery, and raise about \$1.286 billion, most of which funds local government units such as counties, cities, schools and community colleges. Personal property taxes are widely considered to have a disproportionately negative impact on economic growth. By taxing business equipment and machinery, they discourage businesses from investing in expansion and growth.

The legislation that would go into effect if Proposal 1 were approved by voters creates three new exemptions for certain businesses that are currently subject to the personal property tax; it does not eliminate the personal property tax. One exemption is a de minimis, or "small parcel exemption," that frees businesses with less than \$80,000 worth of personal property from this tax liability. Another exemption phases in relief for manufacturing personal property that has been subject to the tax for at least 10 years, and a third exempts all new manufacturing personal property. These exemptions amount to an estimated \$600 million tax cut when fully implemented.

The package of bills that would become state law if Proposal 1 is approved includes a mechanism for reimbursing local government units for the revenue lost from these new exemptions. The state would set

aside a portion of the statewide Use tax revenue, and use this revenue to reimburse local governments. It is estimated that local governments will be reimbursed for the entirety of the revenue lost due to the personal property tax cuts.

The state would also levy a new, but relatively small, tax on manufacturing personal property that qualifies for one of the exemptions described above, except the small parcel exemption. The state estimates this to raise \$117.5 million, making the overall net tax cut of the legislation package worth about \$500 million.

Proposal 1 asks voters to approve or reject a package of bills already approved by the Michigan Legislature. These reforms would provide a net tax cut to businesses with manufacturing personal property, and provide a different source of funding for local governments.

Introduction

The Aug. 5 primary election decision pertains to legislation designed to reduce some of Michigan's personal property taxes and replace the tax revenue with other means. The proposal eliminates taxes on personal property for small businesses, and phases them out for manufacturing companies. It also replaces tax revenue for local units of government, which have been the recipients of these personal property taxes.

Michigan's personal property taxes are only paid by businesses and assessed based on the value of their equipment. This tax revenue supports the state and most forms of local governments, including counties,

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cities, school districts, community colleges, libraries, villages, townships and intermediate school districts.¹

The text of the ballot question can be found in Appendix A.

Background of Personal Property Taxes

The personal property tax is levied on the value of property not tied to land or buildings, such as equipment, machinery or furniture. The tax is paid in addition to “real” property taxes, those levied on land and buildings.

Most states levy taxes on personal property — only 10 do not. Generally, only businesses pay personal property taxes,^{*} but there are some differences among the states as to which firms pay the tax. For instance, Minnesota exempts from personal property taxes all but utilities, North Dakota only taxes utilities and oil and gas refineries, and Wisconsin exempts most personal property from taxation.² Only Virginia and Oklahoma allow for local governments to tax the personal property of households, but only a handful of counties among those two states assess it.³

For the purposes of levying this tax, Michigan classifies all businesses into three types: industrial, commercial and utility.⁴ Taxes are assessed based on the value of the personal property on Dec. 31.⁵

Local taxing authorities — cities, villages, townships, counties, school districts, intermediate school districts, community colleges and other authorities — levy taxes on personal property at the same rates as those for real property.[†] The state also levies a six-mill property tax to fund public schools, and a utility property tax.^{‡,6}

* Note that this is a simple distinction about which entity turns over the revenue from the tax. Taxes can influence prices and behavior, and the party that ultimately bears the burden of the tax can be different from the party that pays the tax.

† Personal property is exempt from special assessments levied by cities, villages and townships. Industrial personal property is exempt from the 18-mill local school district operating millage and commercial personal property is exempt from 12 of those 18 mills. David Zin, “The State and Local Impact of Property Taxes Levied on Michigan Personal Property” (Michigan Senate Fiscal Agency, 2011), 3–4, <http://goo.gl/WLc2i> (accessed May 22, 2014).

Unfortunately, the state does not report personal property tax revenue specifically — most state reports on property taxes aggregate both real and personal property tax revenues. A 2010 Treasury Department report finds that Michigan’s personal property tax raised \$1.1 billion in 2008.⁷ A 2011 Senate Fiscal Agency report lists total state and local revenue from the personal property taxes at \$1.286 billion in 2010.⁸ Graphic 1 lists these revenues by recipient:

Graphic 1: Personal Property Tax Revenues, 2010 (in millions)

Municipality	2010
County/City/Township	\$490.2
School District	\$366.7
State	\$250.5
Intermediate School District	\$98.2
Community College	\$49.0
Other	\$31.2
Total:	\$1,285.8

Source: Author’s calculations based on data from David Zin, “The State and Local Impact of Property Taxes Levied on Michigan Personal Property” (Michigan Senate Fiscal Agency, 2011), 10, <http://goo.gl/WLc2i> (accessed May 22, 2014). Only county, cities and townships report taxable values for utility personal property, so values had to be imputed for school district, community college and ISD. Likewise, villages do not report taxable values by class of property and are not included in this table.

Business property values vary greatly by location, so local units of government face vastly different exposure to changes in personal property taxes. For instance, 62 percent of the property tax revenue for Clare County’s Winterfield Township comes from personal property taxes, whereas some small rural townships and school districts report not having any personal property tax revenue.⁹

Personal property tax rates also differ substantially from one place to another. These differences, in fact, provide an opportunity for businesses to relocate

‡ After 2007, the state exempted industrial personal property from the 6-mill state education tax. “Public Act 40 of 2007” (State of Michigan, July 12, 2007), <http://goo.gl/AM8rk4> (accessed June 16, 2014).

their mobile personal property to areas with lower rates and reduce their tax liability. For instance, one contractor mentioned in a legislative committee hearing that he could pay double his tax rates depending on where his equipment resided at the end of the year.¹⁰ Not every kind of business equipment is easily moved, however, and this opportunity is not available to all businesses equally.

Personal property taxes are often targeted for elimination due to their negative economic effects.¹¹ Delaware, Hawaii, Iowa, Illinois, New York, Ohio and Pennsylvania have repealed their personal property taxes.¹² A general economic understanding of tax policy is that taxes on capital have a dollar-for-dollar greater impact on the economy.

Taxing an item generally discourages its use. For instance, one intended consequence of a tobacco tax is to get people to stop smoking.* Taxing income provides less of an incentive to work. The same applies with personal property — taxes on these capital goods discourage businesses to invest in tools, machinery and other equipment. Since businesses typically invest in these goods with the intention of expanding or becoming more efficient, these taxes may have a disproportionately negative impact on economic growth.

State policy has attempted to mitigate some of these economic effects. A 1974 law established the ability of Michigan local governments to award special reductions in real and personal property taxes to companies that were expanding.¹³ Over time, additional property tax abatements have been made available to other growing businesses and to other firms that develop certain kinds of properties. On top of these, there has also been an increase in other

types of property tax abatements for altogether different purposes.¹⁴

In addition to these targeted tax abatements and exemptions, Michigan also offers broader exemptions for certain kinds of personal property for some portions of property taxes.¹⁵ For example, industrial personal property is exempt from the six-mill State Education Tax and the 18-mill local school operating levies.¹⁶

The Michigan Business Tax, before it was ended in 2011, also provided some tax credits based on the amount of personal property tax businesses paid. Companies could take a credit worth 35 percent of their industrial personal property taxes, 13.5 percent of telephone personal property taxes and 10 percent of eligible utility property taxes.¹⁷

History of Recent Personal Property Tax Legislation

In 2011, Michigan legislators began discussing a complete elimination of the personal property tax. Sen. Mike Nofs, R-Battle Creek, introduced a bill that would end the tax outright, but mentioned that these tax cuts could be phased in so as to mitigate shocks to local government revenue.¹⁸

At the same time, the Legislature was also discussing the elimination of the Michigan Business Tax, one of newly-elected Gov. Rick Snyder's top initiatives.¹⁹ Since businesses could earn credits on their MBT liability based on how much they paid in personal property taxes, replacing the MBT with a new tax might increase a firm's overall tax liability.²⁰ After the Legislature replaced the MBT with a Corporate Income Tax that did not provide such credits in May 2011, Gov. Snyder stated that he hoped to address the personal property tax later that same year.²¹

* One of the unintended consequences of tobacco taxes is to encourage people to smuggle cigarettes, as shown in Michael D. LaFaive and Todd Nesbit, "Cigarette Taxes and Smuggling 2010" (Mackinac Center for Public Policy, 2010), <http://goo.gl/CtXSnA> (accessed May 22, 2014).

Discussion continued well into 2012. Proponents of reforming the personal property tax limited their initiative to personal property taxes on manufacturing equipment and minimum taxable values — that is, to exempt companies that own less than a certain value of personal property in a taxing jurisdiction, also known as a *de minimis* requirement or a “small parcel exemption.” They also discussed whether to phase in these new exemptions. Opponents of the proposed reforms wanted a guaranteed replacement of revenue for local government units.²²

The Michigan Senate passed a bill to reform the personal property tax on May 10, 2012. It provided a small parcel exemption for industrial and commercial personal property (but not utility personal property), and phased-in exemptions for manufacturing personal property. “Manufacturing” covers industrial personal property and also some commercial personal property if it is used as “eligible manufacturing personal property.”²³

Manufacturing personal property would be exempt in two ways. All new personal property would be exempt and existing personal property would be exempt if it had been subject to the tax for 10 years.²⁴

Finally, the Senate created a replacement fund that would reimburse local governments for lost revenue. These revenues would be “derived from an anticipated revenue increase resulting from the elimination of certain tax expenditures upon the expiration of certificated credits.”²⁵ Other provisions would halt the personal property tax reductions if the Legislature failed to appropriate the funds.²⁶

The House passed a version in December of 2012 (during the “lame-duck” session) with the same small parcel exemption and phased-in manufacturing exemptions, but changed the revenue replacement mechanism. Instead of increased revenues from expiring tax credits going to replace local government personal property tax revenue, the House essentially

earmarked a portion of the state’s Use tax as replacement revenue.²⁷ The state would allow a separate authority to levy a local Use tax, and for every dollar of revenue this local Use tax raised, the state would offset this increase by reducing its statewide Use tax levy, making the plan revenue-neutral to Use taxpayers.

The Use tax is similar to a sales tax — both are assessed on the price of a purchased product. The difference is that a sales tax is levied on the sellers of goods and services, whereas a Use tax is levied on the user of a good or service. Some items that are subject to Michigan’s Use tax include vehicles, boats, snowmobiles and aircraft, in addition to goods purchased over the Internet or via catalog.

While the exemptions would begin to be implemented in 2012, this Use tax replacement mechanism would not start until fiscal year 2016 (Oct. 1, 2015). It would generate \$41.7 million in local Use taxes in the first year, ramping up to \$362.4 million in 2023 when all the manufacturing personal property exemptions would be fully implemented. Revenue in subsequent years would rise based on a commercial and industrial “property growth factor.”²⁸

In addition, the bills also allowed local units that provide ambulance, fire, police and jail services to levy an additional property tax assessment on industrial real property (not exempt per the small parcel exemption) to replace lost revenue starting in 2016.²⁹ The provisions that could halt the phased-in reductions were eliminated in the House version.

Also in this version, reimbursement for debt mills — property taxes that go to pay the borrowing costs for voter-approved projects — would begin immediately, but losses from operational mills would start in fiscal 2016. Counties, cities, villages and townships that lost more than 2.3 percent of the value of taxable property in their area as a result of the changes to the personal property tax would receive reimbursement from the

state for their losses, minus any revenue they could have levied from the additional property tax replacement assessment.³⁰ It was estimated that local units of government would recover about 80 percent of the revenue they would lose as a result of changes to the personal property tax, and 100 percent of the cost of ambulance, police, fire and jail services.³¹

Finally, the House called for a public vote to certify the changes in the August 2014 primary election. The Headlee Amendment of Michigan's constitution requires "direct voter approval" to create new local taxes or increase local taxes above existing voter-approved limits.³² The House's plan to replace local revenue rests on a new authority levying a new local Use tax.^{*}

The Senate concurred with the House's version of personal property tax reform, and Gov. Snyder signed the bills into law in December of 2012. He called the tax the state's "second dumbest," the first being the MBT that had been eliminated the previous year.³³

In February 2014, the Legislature revisited the personal property tax issue, perhaps responding to concerns from local units of government about not getting enough replacement revenue.³⁴ In addition to some minor changes, the Legislature voted to increase the state Use tax amounts that would be designated for reimbursing local governments. There would be \$96.1 million going to this fund in fiscal 2016, increasing to \$572.6 million by fiscal 2028, and increasing automatically by a 1 percent growth factor thereafter.[†] The bill also eliminated the option for local units of government to levy an additional real property tax assessment.³⁵

Instead of local governments assessing replacement millages, the state itself would levy a special local

property tax. The revenue from this would go to offset some of the state's losses from devoting a portion of the state's Use tax revenue to reimbursing local governments.³⁶ The state would tax this otherwise-exempt manufacturing personal property at 2.4 mills of its acquisition cost in its first five years of taxation, 1.25 mills after in years six through 10, and 0.9 mills thereafter.³⁷ Since the tax would be based on acquisition cost and not the depreciating value of business equipment, these decreasing rates were intended to simulate the decrease in taxable value under a depreciation schedule.

The Legislature also added a provision that allows the state's economic development agency, the Michigan Strategic Fund Authority, to exempt certain manufacturing property from this tax altogether or to assess an "alternative" tax at half those rates on that property.³⁸ These assessments do not apply to property owned by taxpayers under the small parcel exemption thresholds.

The rates for this replacement revenue mechanism still represent a substantial personal property tax decrease,[‡] considering the average tax rate on commercial personal property is 40 mills, and the average tax rate on industrial personal property is 28 mills.³⁹ While manufacturing firms subject to the personal property tax will have a smaller tax liability, overall the state expects that these replacement taxes will raise \$117.5 million when fully implemented.⁴⁰

The Michigan Strategic Fund Authority can influence how much these replacement taxes raise. There are no limits to the abatements it can approve, although there is one condition firms must meet in order to qualify —

* Note that this new "local" authority established by the legislation claims jurisdiction over the entire state, and the tax it levies applies statewide.

† The growth factor is "the average annual growth rate for industrial and commercial personal property taxable value from 1996 to 2012 rounded up to the nearest tenth of a percent, which is 1.0 percent." "Public Act 80 of 2014" (State of Michigan, March 28, 2014), sec. 3(5)(a)-(n), <http://goo.gl/w0gQqH> (accessed June 20, 2014).

‡ While the 0.9 mill tax rate is considerably lower than the current average levy on manufacturing personal property, it is possible that over time some businesses may pay more than they otherwise would have.

the business must invest in at least \$25 million worth of personal property.⁴¹

Overall, this reform package is expected to reimburse local units of government for revenue lost as a result of this reduction in the personal property tax. The replacement revenue will come from the new “local” Use tax revenues, which are offset by equal reductions in the state Use tax. The reduction in state Use tax revenue is expected to lower state coffers by \$502.2 million by fiscal year 2028.⁴² Currently, the state’s general fund is \$9.5 billion, the total state budget is \$51.4 billion and state spending from state resources is \$29.0 billion.⁴³ Even without inflating this to the size of future budgets, this package would have a relatively small impact on the state budget.

Even then, the legislation notes an intent to fund some replacement revenue through an expected increase in state revenue due to expiring business tax credits. There is no mechanism to ensure that this expected revenue be used exclusively to replace the redirected Use tax revenue, but the legislative intent is clear that no area of the state budget will face cuts due to the personal property tax reforms.⁴⁴

The three new exemptions to the personal property tax will result in a tax cut of an estimated \$600 million by 2024. The new special assessment levied by the state on exempt manufacturing personal property is estimated to raise about \$117.5 million by 2028. In the end, this legislation package creates a net tax cut of about \$500 million for Michigan businesses, when all elements are fully implemented.⁴⁵

This new package of bills was signed into law in April 2014.

Key Provisions of Personal Property Tax Legislation

- Exempts new manufacturing equipment from personal property taxes

- Phases out personal property taxes on existing manufacturing equipment
- Exempts business establishments with less than \$80,000 in equipment in a local tax-collecting unit from personal property taxes
- Creates a taxing authority that will reimburse local government units with revenue from a new “local” Use tax, with the state’s Use tax rate being decreased based on local Use tax revenue.
- A new, but smaller tax levied on exempted manufacturing personal property to defray some of the revenue impact to the state budget.

Analysis and Future Issues

If approved, this reform package will result in an estimated \$500 million cut in the personal property tax for manufacturing firms and other companies that own relatively small amounts of personal property. The state replaced the revenue that local government units will lose from these tax cuts, but the replacement will not dip further into taxpayer pockets. The state budget will largely be responsible for sparing local units of government from significant revenue losses, but even this effect will be mild. Still, there are some important considerations about the end result of this package of tax reforms.

The cuts are structured to improve growth prospects. The key economic growth considerations are those influencing a business’s investment opportunities. When a business runs financial projections for an expansion, it will consider the new costs of capital. Personal property taxes increase those costs. Eliminating this tax on new personal property reduces the cost of expanding for Michigan businesses. This reform influences those investment decisions.

Some tax relief will be phased in for owners of existing personal property. The manufacturing businesses that already made the decision to expand

under the older personal property tax rules will see their personal property taxes reduced over the 10-year phase-out period. This tax relief may also provide economic benefits of a different kind than those that influence the decision on whether or not to invest in new equipment.

This benefits only manufacturing firms, however. Non-manufacturing firms will continue to pay taxes on both new and existing personal property. Arguably, excluding these businesses from tax relief was a trade-off intended to maximize the economic benefits of personal property tax cuts while minimizing their impact on government revenue. Proponents of the reform may point out that replacing the Michigan Business Tax with the Corporate Income Tax in 2011 already provided substantial tax relief to many non-manufacturing enterprises, while large manufacturing businesses may not have experienced as much benefit because of substantial credits towards their MBT liability based on what they paid in personal property taxes.

New industrial investment decisions may be more footloose — that is, industrial companies may be more able than commercial or utility businesses to move their taxable personal property to low tax jurisdictions. In other words, industrial firms may be able to take advantage of differing taxation rates across the country compared to commercial enterprises that often service a particular market or customer base.

Tax reductions for utility personal property would also likely have a smaller economic impact than they would have for industrial property. As David Zin of the Michigan Senate Fiscal Agency observed, utilities in Michigan are highly regulated enterprises that can pass increased capital costs onto their customers.⁴⁶

Lowering a utility's costs of capital may decrease the rates they charge customers, but it is not likely to have much impact on utilities' investment decisions.

One of the complaints about personal property taxes are their costs of compliance. Businesses need to

estimate the value of all their equipment and this can be onerous. Business equipment can range from paper clips to industrial molding machines to junkyard dogs (as Patrick Anderson has observed).⁴⁷

The legislation put before voters provides some relief from this compliance burden. Businesses under the small parcel exemption will only need to judge whether they own less than \$80,000 in personal property and file an annual affidavit with their local assessor.⁴⁸ New manufacturing personal property will no longer have to calculate the depreciated value of their equipment, just the acquisition costs (which they currently do). Assessors will still have the obligation to ensure that companies are complying with the law and may still conduct audits.

By tying local government and school district revenues to the Use taxes, there may be greater demand to increase Use tax collections in the future. For example, the state is currently under discussions to expand its taxing authority to items purchased over the Internet from out-of-state sellers. In fact, there was an amendment that was introduced but rejected that would have tied the personal property tax reform to this Use tax expansion, meaning that neither would become law unless the other was also passed.⁴⁹

While these goods are currently subject to the state Use tax, and taxpayers should remit those taxes to the state treasury, widespread noncompliance is suspected. Bills have been introduced that would push retailers that sell to Michigan residents to collect Use taxes, and all the new beneficiaries of Use taxes — local government units — might find it in their interest to support such bills.⁵⁰

The personal property tax reforms going before voters mitigates this factor, because local governments are set to receive a pre-defined, fixed dollar amount out of Use tax revenues.⁵¹ After phasing in the full amounts, the 1 percent annual increase in the "local" Use tax revenue is expected to be a decreasing proportion of

total state and local Use tax revenue.⁵² These government units, however, might still find that their Use-tax-based payments are more secure with a larger revenue base.

Whether these ongoing payments will continue is a difficult question. A statute cannot bind the Legislature to appropriate money. Local governments already know this, based on their experience with the state's revenue sharing policies. The Glenn Steil State Revenue Sharing Act requires the state to contribute 14.2 percent of its sales tax collections to local governments, but these amounts are not approved in annual state budget bills.⁵³

One of the ways that this legislation attempts to secure future payments is to keep the replacement revenue out of the appropriations process. Although the overall rate will remain the same, the Use tax will be split into two portions — a local Use tax and a state Use tax. The local portion is paid directly to the newly created authority, whose sole intent is to reimburse local government units. This local portion of the Use tax will not require annual legislative approval. Further, this funding mechanism also reduces revenue volatility for local government units that are being reimbursed, since their revenue will be based on fixed amounts set by statute rather than the value of the personal property residing in their jurisdiction on Dec. 31.

However, this separation of the Use tax between state and local entities is far from being iron-clad. Future legislators could possibly amend that statute or eliminate it altogether through the normal legislative process.

The package is subject to a public vote in August because of the requirements under the Headlee Amendment in Michigan's constitution.^{*} This vote can offer ancillary protection from changes to the local

government replacement revenue mechanism. Elected representatives may be hesitant to change a policy that has won a popular vote, but it is difficult to speculate on this issue.

Technically, the local Use tax replacement mechanism is the only portion of the reform package that voters are being asked to approve on the August ballot. However, the legislation contains sections specifying that the package will not take effect if voters reject the Use tax replacement. This package provides some tax relief to a group of taxpayers that have what is believed to be a concentrated impact on the economy. This tax relief has budgetary impact on the state and alters local government revenue sources. Voters will be asked to certify a replacement revenue mechanism that lowers state government revenue to replace local government revenue. The estimated \$500 million tax cut was also designed to have a larger dollar-for-dollar impact on the state economy.

^{*} There is some question about whether or not the new authority is "local," considering it has statewide jurisdiction and levies a statewide tax. If it were a state entity, it would be subject to different constitutional limits.

Appendix A: Language Voters Will See on the August Ballot

PROPOSAL 14-1

APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS

The amendatory act adopted by the Legislature would:

1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan.
2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services.
3. Increase portion of state use tax dedicated for aid to local school districts.
4. Prohibit Authority from increasing taxes.
5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation.

Should this law be approved?

Endnotes

- 1 “Public Act 86 of 2014” (State of Michigan, April 1, 2014), sec. 5(r)(i)–5(r)(x), <http://goo.gl/X16r56> (accessed June 30, 2014).
- 2 David Zin, “The State and Local Impact of Property Taxes Levied on Michigan Personal Property” (Michigan Senate Fiscal Agency, 2011), Table 16, <http://goo.gl/WLc2i> (accessed May 22, 2014); “Summary of Tax Exemption Devices” (Wisconsin Department of Revenue, Feb. 2013), <http://goo.gl/hxnJng> (accessed June 12, 2014).
- 3 Joyce Errecart, Ed Gerrish and Scott Drenkard, “States Moving Away From Taxes on Tangible Personal Property” (Tax Foundation, 2012), 2, <http://goo.gl/NLz5LD> (accessed May 22, 2014).
- 4 David Zin, “The State and Local Impact of Property Taxes Levied on Michigan Personal Property” (Michigan Senate Fiscal Agency, 2011), 2, <http://goo.gl/WLc2i> (accessed May 22, 2014).
- 5 MCL § 211.14(7).
- 6 MCL § 211.901-906; MCL § 207.1-27.
- 7 “The Michigan Property Tax Real and Personal 2008 Statistical Update” (Michigan Department of Treasury, Sep. 2010), 19, <http://goo.gl/Ucaie2> (accessed May 22, 2014).
- 8 David Zin, “The State and Local Impact of Property Taxes Levied on Michigan Personal Property” (Michigan Senate Fiscal Agency, 2011), 10, <http://goo.gl/WLc2i> (accessed May 22, 2014).
- 9 *Ibid.*, Table 13 – Page 5.
- 10 James Hohman, “Eliminate the Personal Property Tax Without Replacement” (Michigan Capitol Confidential, Oct. 7, 2011), <http://goo.gl/eI6Fh8> (accessed May 22, 2014).
- 11 Joyce Errecart, Ed Gerrish and Scott Drenkard, “States Moving Away From Taxes on Tangible Personal Property” (Tax Foundation, 2012), 7–9, <http://goo.gl/NLz5LD> (accessed May 22, 2014).
- 12 *Ibid.*, 11.
- 13 MCL § 207.551-572.
- 14 “Property Tax Exemptions” (Michigan Department of Treasury), <http://goo.gl/ppHro6> (accessed May 22, 2014).
- 15 David Zin, “The State and Local Impact of Property Taxes Levied on Michigan Personal Property” (Michigan Senate Fiscal Agency, 2011), Table 1, <http://goo.gl/WLc2i> (accessed May 22, 2014).
- 16 MCL § 211.9k
- 17 “Personal Property Tax Reductions and Related Michigan Business Tax Credits” (Michigan Department of Treasury), <http://goo.gl/3UMnDd> (accessed May 22, 2014).
- 18 “Tangle On Personal Property Tax Opens In Senate,” *Gongwer News Service*, Feb. 9, 2011.
- 19 Peter Luke, “Gov. Rick Snyder Signs Michigan Business/Income Tax Overhaul into Law,” *Bridge Magazine* (MLive.com, May 25, 2011), <http://goo.gl/8NeHhr> (accessed June 19, 2014).
- 20 “Manufacturers: Personal Property Tax Has To Be In The Mix,” *Gongwer News Service*, March 23, 2011.
- 21 “PPT Elimination Eyed As Next Big Business Tax Change,” *Michigan Information & Research Service*, June 2, 2011.
- 22 “Personal Property Tax Reform Fight Begins,” *Gongwer News Service*, April 17, 2012.
- 23 “Personal Property Tax Phase-out: S.B. 1065-1072 (S-2)” (Michigan Senate Fiscal Agency, July 26, 2012), <http://goo.gl/cw9w6G> (accessed June 19, 2014).
- 24 *Ibid.*
- 25 “Substitute for Senate Bill No. 1072” (Michigan Legislature, May 10, 2012), sec. 9, <http://goo.gl/3MDkpt> (accessed June 19, 2014).

Endnotes (cont.)

26 “Senate Bill No. 1069” (Michigan Senate, May 10, 2012), sec. 9M(5), <http://goo.gl/WRjTvK> (accessed June 19, 2014); “Senate Bill No. 1068” (Michigan Senate, May 10, 2012), sec. 21D(2), <http://goo.gl/xfhG2R> (accessed June 19, 2014); “Senate Bill No. 1065” (Michigan Senate, May 10, 2012), sec. 11A(2), <http://goo.gl/wQdULS> (accessed June 19, 2014).

27 “Senate Substitute for House Bill No. 6026” (Michigan House, Dec. 14, 2012), <http://goo.gl/IDFcRM> (accessed June 19, 2014).

28 Ibid.

29 “Public Act 406 of 2012” (State of, Dec. 20, 2012), <http://goo.gl/o7z4cM> (accessed June 16, 2014).

30 “Public Act 407 of 2012” (State of Michigan, Dec. 20, 2012), <http://goo.gl/GXGgwt> (accessed June 16, 2014).

31 “P.P.T. Elimination Headed To Snyder With Vote Requirement,” *Gongwer News Service*, Dec. 13, 2012.

32 Mich Const. Art. IX § 25.

33 “Snyder Signs P.P.T. Bills, Says Ends Second Dumbest Tax In State,” *Gongwer News Service*, Dec. 20, 2012.

34 “New Local Funding Formula Adds Wrinkle To Budget,” *Michigan Information & Research Service*, Feb. 5, 2014.

35 “Personal Property Tax Revisions: A Summary of Senate Bills 821-830 As Passed By The Senate” (Michigan House Fiscal Agency, March 10, 2014), 4, <http://goo.gl/h10kBQ> (accessed June 20, 2014).

36 “Public Act 92 of 2014” (State of Michigan, April 1, 2014), Enacting section 3, <http://goo.gl/m3Rltl> (accessed June 20, 2014).

37 Ibid., sec. 5(2)(a)–(c).

38 “Public Act 92 of 2014” (State of Michigan, April 1, 2014), sec. 9, <http://goo.gl/m3Rltl> (accessed June 20, 2014); “Public Act 93 of 2014” (State of Michigan, April 1, 2014), sec. 5(2)(a)–(c), <http://goo.gl/C8Yr9J> (accessed June 21, 2014).

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40 Suzanne Lowe and David Zin, “Personal Property Tax Revisions, Summary of House-Passed Bill (entrolled Version)” (Michigan Senate Fiscal Agency, March 26, 2014), 16, <http://goo.gl/q9eI4T> (accessed May 23, 2014).

41 “Public Act 92 of 2014” (State of Michigan, April 1, 2014), sec. 9(3)(c), <http://goo.gl/m3Rltl> (accessed June 20, 2014).

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