

House Tax Policy

HB 4926 (Carter) - Location of Personal Property on Tax Day Support

Chairwoman Neeley and Committee Members,

I am Mike Johnston, VP of Government Affairs at MMA. Thank you for the opportunity to be here today to offer our support for HB 4926 sponsored by Rep. Carter. Rep. Carter, thank you for sponsoring this bill.

I am pleased to once again to be my friends from Treasury showing unity and cooperation on this issue.

This bill addresses one of the many challenges created by COVID-19. With many people continuing to work remotely, and using company equipment, such as laptops, monitors, printers, chairs, etc., the tracking of that equipment for personal property tax purposes creates an administrative nightmare for both businesses and local units of government. Personal property is taxed where it sits on Tax Day, Dec. 31 of each year.

For each of the three years, we have worked closely with Treasury to annually address this situation. Now it's pretty clear that remote work is now part of the American culture, and tax policy should reflect this situation permanently rather than just one year at a time. The solution is to simply assume all of the property was in its "original location" on "tax day" Dec. 31, each year. This bill would make the solution permanent to allow businesses to plan and rely on the solution every year.

The bill has no revenue implications, because all property will be taxed as it otherwise would be for each tax year.

We have worked with Treasury and our friends at the State Tax Commission, and they are supportive of the bill. We have also worked with our friends representing local government groups I believe none of them have concerns. I also understand the Michigan Assessors Association is not opposed. I will let these organizations speak for themselves, but this is my understanding.

Just as a timing note, this bill must be signed before "tax day" December 31 of this year to fix the problem. So, we would appreciate your support, to avoid the administrative nightmare.

Thank you, Madam Chair. I am happy to respond to any questions.

For more information, please feel free to contact me directly office, 517-487-8554, johnston@mimfg.org.