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Bipartisan Support for Change in Property Tax Law

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It appears pigs do indeed fly, as there seems to be bipartisan support for a change to Michigan's personal property tax law. In 2012, the Michigan legislature passed a law eliminating personal property tax on small business and some manufacturing personal property. Some believe the personal property tax hurts business; others worry eliminating it will hurt local governments, some of which receive a good portion of their revenue from personal property tax.

The legislation passed in late 2012 eliminates the personal property tax on small business personal property valued at \$80,000 or less beginning in 2014. The personal property tax on certain manufacturing personal property will be phased out over ten years. The 2012 legislation guaranteed that local governments would recoup at least 80% of their lost revenue from the elimination of the personal property tax. However, if the voters do not approve a ballot issue re-allocating a portion of the use tax to local governments this year, the whole plan unravels.

Legislation is working its way through the legislature which will replace all of the revenue lost by local government. However, the plan to replace the revenue to local governments will still need to be approved by the voters. For the time being, at least, we have mutual ground: Republicans can support the ballot proposal because it eliminates an antiquated tax and Democrats can support the ballot proposal because local governments will not experience any loss of revenue.

A tax proposal supported by both parties – who knew?

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