

Legislative Analysis



PERSONAL PROPERTY TAX EXEMPTION FOR CERTAIN BROADBAND EQUIPMENT

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House Bill 4268 as introduced
Sponsor: Rep. Beth Griffin
Committee: Communications and Technology
Complete to 4-10-19

SUMMARY:

House Bill 4268 would amend the General Property Tax Act by adding section 9p, which would, beginning December 31, 2018, exempt *eligible broadband equipment* that resolves lack of *broadband service* from the collection of taxes under the act.

Broadband service would mean a service capable of delivering high-speed internet access at speeds of at least 10 megabits per second downstream and 1 megabit per second upstream.

Eligible broadband equipment would mean any equipment acquired by a *qualified business* that was first installed or used by the qualified business after December 31, 2018, that has been used by the business for no more than 10 years, and that is used for or is substantially related to providing broadband service in at least one direction. Such equipment would include asynchronous transfer mode switches, digital subscriber line access multiplexers, antennas, routers, servers, multiplexers, fiber optic cable, and related equipment technology. It would also include:

- For a telecommunications carrier: equipment that is necessary to provide broadband service and is an integral part of a broadband network
- For a mobile service carrier: equipment extending from the subscriber side of the mobile telecommunication switch to a transmitting or receiving antenna, including the antenna, on the outside of the structure in which the subscriber is located.
- For a cable or open video system operator or video service provider: equipment extending from within the headend to the outside of the structure in which the subscriber is located

Qualified business would mean a *person* who provides terrestrial broadband service, including terrestrial wireless broadband service.

Person would mean an individual, sole proprietorship, partnership, corporation, association, limited liability company, or any other legal entity.

Proposed MCL 211.9p

FISCAL IMPACT:

As written, the bill would reduce state and local government revenue by an unknown amount that cannot be determined in advance. The impact on any individual unit of government would depend on the taxable value of the exempt broadband equipment as well as local millage rates, characteristics which cannot be known in advance.

Revenue from the state education tax, which accrues to the school aid fund, would decline, as would revenue accruing to local K-12 education from the 18-mill non-homestead millage.

This analysis will be updated if additional information becomes available.

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