

HOUSE BILL No. 6222

May 27, 2010, Introduced by Rep. Meadows and referred to the Committee on Tax Policy.

A bill to amend 1905 PA 282, entitled

"An act to provide for the assessment of the property, by whomsoever owned, operated or conducted, of railroad companies, union station and depot companies, telegraph companies, telephone companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, and fast freight companies, and all other companies owning, leasing, running or operating any freight, stock, refrigerator, or any other cars, not being exclusively the property of any railroad company paying taxes upon its rolling stock under the provisions of this act, over or upon the line or lines of any railroad or railroads in this state, and for the levy of taxes thereon by a state board of assessors, and for the collection of such taxes, and to repeal all acts or parts of acts contravening any of the provisions of this act,"

by amending section 13 (MCL 207.13), as amended by 2001 PA 35.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) The state board of assessors, from the
2 information contained in the reports provided for in section 12,

1 shall determine for the year in which the reports are required to
2 be made the average rate of taxation levied on other commercial,
3 industrial, and utility property on which ad valorem taxes are
4 assessed for state, county, township, school, and municipal
5 purposes, and enter the determination in its records, together with
6 the method by which the average rate of taxation was determined. In
7 determining the average rate of taxation for taxes levied under
8 this act, ~~before January 1, 1996, the state board of assessors~~
9 ~~shall divide the state equalized value as set by the state board of~~
10 ~~equalization for the previous year into the total ad valorem taxes~~
11 ~~as reported by each director of a county tax or equalization~~
12 ~~department as provided in section 12. In determining the average~~
13 ~~rate of taxation for taxes levied under this act after December 31,~~
14 ~~1995, the state board of assessors shall divide the state taxable~~
15 ~~value for the previous year into the total ad valorem taxes as~~
16 ~~reported by each director of a county tax or equalization~~
17 ~~department as provided in section 12. In determining the average~~
18 ~~rate of taxation for 1994, ad valorem taxes levied for the year in~~
19 ~~which the reports are required by a local school district for~~
20 ~~school operating purposes as defined in section 1211 of the revised~~
21 ~~school code, 1976 PA 451, MCL 380.1211, shall be excluded from the~~
22 ~~calculation required by this section and the state board of~~
23 ~~assessors shall add to the tax rate calculated under this section~~
24 ~~after the exclusion required by this sentence, the number of mills~~
25 ~~levied under the state education tax act, 1993 PA 331, MCL 211.901~~
26 ~~to 211.906, plus the statewide average number of mills levied in~~
27 ~~1994 by local school districts for school operating purposes under~~

1 ~~the revised school code, 1976 PA 451, MCL 380.1 to 380.1852. If the~~
2 ~~state board of assessors is unable to determine the average rate of~~
3 ~~taxation for 1994 before June 1, 1994, the state board of assessors~~
4 ~~shall determine a preliminary average rate of taxation that shall~~
5 ~~be used to complete the 1994 tax roll under section 14. However,~~
6 ~~before June 1, 1995, the state board of assessors shall determine~~
7 ~~and certify the average rate of taxation for 1994 and prepare a~~
8 ~~supplemental 1994 tax roll using the 1994 assessed valuations for~~
9 ~~the purpose of levying a supplemental tax or making a refund. The~~
10 ~~supplemental tax is due and payable and the refund, if any, is due~~
11 ~~July 1, 1995 without interest. If the supplemental tax is paid~~
12 ~~after August 1, 1995, the tax is payable with interest due at the~~
13 ~~rate of 1% per month or portion of a month calculated from January~~
14 ~~15, 1995 to the date of payment.~~

15 (2) ~~A-BEFORE OCTOBER 1, 2010, A~~ railroad company is allowed a
16 credit against the tax imposed by this act for the tax year in an
17 amount equal to 25% of the amount expended for the maintenance or
18 improvement of rights of way, including those items, except
19 depreciation, in the official maintenance-of-way and capital track
20 accounts of the railroad company in this state during the calendar
21 year immediately preceding the tax year but not to exceed the total
22 liability for the tax under this act. The manner of applying for
23 the credit and the proof of expenditures required shall be
24 prescribed by the state board of assessors.

25 (3) A railroad company that claims a credit under ~~this section~~
26 **SUBSECTION (2)** is required to file an annual report with the state
27 board of assessors that shall include detailed data of right of way

1 work conducted in this state during the past calendar year. The
2 state board of assessors shall transmit a copy of the report to the
3 chairperson of the senate finance committee and the house ~~taxation~~
4 **TAX POLICY** committee. This report submitted to the state board of
5 assessors shall include the number of notices of violation from
6 railway inspectors by railroad section, and shall include a
7 detailed account of the location and the nature of the work. The
8 location of the work shall be defined by the railroad section or
9 mile posts surrounding the work area plus the county, city, or
10 township in which the work was performed. This report shall include
11 a separation of costs by labor and materials on each project. The
12 report also shall include an itemized account of what work was
13 done. This account shall be itemized by the following categories:

- 14 (a) Miles of track laid.
- 15 (b) Tons of new ballast installed.
- 16 (c) Number of ties installed.
- 17 (d) Miles of tracks surfaced.
- 18 (e) Signals installed.
- 19 (f) Under drainage work done.

20 (4) The railroad companies, in order to qualify for the full
21 25% credit under ~~this act,~~ **SUBSECTION (2)**, must demonstrate to the
22 state board of assessors that the highest priority of expenditures
23 for the maintenance or improvement of rights of way has been given
24 to rail lines that handle hazardous materials, especially those
25 that are located in urban or residential areas. A railroad company
26 that claims a credit under ~~this section~~ **SUBSECTION (2)** is required
27 to file an annual report with the state board of assessors that

1 shall include detailed data on the tonnages of hazardous materials
2 handled in relation to tonnages of other traffic handled over the
3 rail line for which a tax credit is being applied.

4 (5) A railroad company ~~utilizing the property tax~~ **THAT CLAIMS**
5 **A credit** ~~provisions of this act~~ **UNDER SUBSECTION (2)** shall grant to
6 another railroad company, upon application by the latter, trackage
7 rights over its line for trains, providing that the train
8 operations do not interfere with the movement of Michigan freight
9 using the same trackage, if operations can be accomplished safely
10 in the opinion of the grantor and if trackage arrangements and
11 train operations are approved by the interstate commerce
12 commission. The grantee shall pay the grantor reasonable charges
13 agreed to between the 2 parties if the charges and terms of the
14 agreement between the 2 parties are not in violation of the
15 antitrust provisions of federal laws.