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DEPARTMENT OF TREASURY
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DATE: December 17, 2019
TO: Assessors and Equalization Directors
FROM: State Tax Commission
SUBJECT: Public Acts 116 and 117 of 2019: Alternative Energy Systems on Residential Real Property

Public Acts 116 and 117 of 2019 made changes to the General Property Tax Act, specifically MCL 211.34d and MCL 211.27, to exclude solar panels and other “alternative energy systems” located on residential real property from assessment of true cash value until the property is sold.

The Acts amend the provisions in MCL 211.27(2) (commonly known as the Mathieu Gast Act) related to items an assessor shall not consider as an increase in true cash value as a result of expenditures for normal repairs, replacement, and maintenance in determining the true cash value of property for assessment purposes until the property is sold. The Acts add the following to the list of repairs considered normal maintenance if they are not part of a structural addition or completion:

- (p) Installing, replacing, or repairing an alternative energy system, without regard to ownership of the system, with a generating capacity of not more than 150 kilowatts, the annual energy output of which does not exceed the annual energy consumption measured by the utility-provided electrical meter on the system to which it is connected. As used in this subdivision, “alternative energy system” means that term as defined in section 2 of the Michigan next energy authority act, 2002 PA 593, MCL 207.822.

While the stated intent of the Public Acts is to exclude residential solar panels from being assessed, it should be noted that “alternative energy system” as defined in MCL 207.822 means the small-scale generation or release of energy from 1 or any combination of the following types of energy systems: fuel cell energy system, photovoltaic energy system, solar-thermal energy system, wind energy system, CHP energy system, microturbine energy system, miniturbine energy system, Stirling cycle energy system, battery cell energy system, clean fuel energy system, electricity storage system, biomass energy system, and thermoelectric energy system. This means that any of these alternative energy systems that meet the requirements of MCL 211.27(2)(p) above are not considered by the assessor as an increase in true cash value when located on residential real property until the property is sold.

Assessors are reminded that they are required to give non-consideration treatment to known qualifying changes to residential real property, regardless of whether the taxpayer has filed Form 865.

Of importance for the 2020 tax year, assessors should not be including the value of an “alternative

energy system” located on residential real property as of Tax Day, December 31, 2019. The value for any “alternative energy system” located on residential real property may be considered by the assessor as an increase in true cash value after the property is sold. For example, if an “alternative energy system” was installed by a previous owner in 2018 but the property was then sold in 2019, the assessor would **not** remove the value when preparing the 2020 assessment roll. However, if the “alternative energy system” was installed by the current owner in 2018, and the property has not been sold, assessors are advised to give Mathieu Gast non-consideration to the “alternative energy system” for the 2020 assessment roll.

More detailed information regarding Mathieu Gast non-consideration is contained in Bulletin 7 of 2014, available on the State Tax Commission’s website at www.michigan.gov/statetaxcommission.

As a result of Public Acts 116 and 117 of 2019, the State Tax Commission’s prior guidance related to residential solar panels issued February 13, 2018 is rescinded.