



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5086 (Substitute H-4)

Sponsor: Representative Mike Green

House Committee: Tax Policy

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 11-8-95

SUMMARY OF HOUSE BILL 5086 (Substitute H-4) as passed by the House:

The bill would amend the plant rehabilitation and industrial development Act to specify that the Act's criteria for industrial facilities tax exemption certificates for applications made after December 31, 1983, would not apply to certain facilities.

The Act specifies that for applications made after December 31, 1983, the proposed facility must be located within a plant rehabilitation district or industrial development district that was duly established in a local governmental unit eligible under the Act to establish a district and that was established upon a request filed or by the local governmental unit's own initiative taken before the commencement of the restoration, replacement, or construction of the facility. Further, the commencement of the restoration, replacement, or construction of the facility may not have occurred earlier than six months before the filing of the application for the exemption certificate. The Act also specifies that after December 31, 1983, a request for the establishment of a proposed plant rehabilitation district or industrial development district may be filed only in connection with a proposed replacement facility or a new facility, the construction, acquisition, alteration, or installation of or for which has not commenced at the time the request is filed.

The bill specifies that these provisions would not apply to either of the following:

- A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1995 for construction that was commenced in July 1992 in a district that was established by the legislative body of the local governmental unit in July 1994.
- A facility located in an industrial development district that was established in January 1994 and was owned by a person who filed an application for an industrial facilities exemption certificate in February 1994 if the personal property and real property portions of the application were approved by the legislative body of the local governmental unit and the personal property portion of the application were approved by the State Tax Commission in December 1994 and the real property portion of the application were denied by the State Tax Commission in December 1994.

An industrial facilities exemption certificate for these facilities would expire on the date specified by the local unit of government that issued the certificate, but not later than 11 years after the certificate's effective date, as provided in the Act.

MCL 207.554 & 207.559

Legislative Analyst: L. Burghardt

FISCAL IMPACT

This bill would allow local units to grant property tax abatements, which would reduce property taxes paid to local units, but would be made up by the State. The Department of Treasury estimates that this bill would cost the State \$43,030 for FY 1995-96 and \$38,600 for FY 1996-97 from the School Aid Fund to replace the revenue lost by the local units.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.