



**House
Legislative
Analysis
Section**

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EXTEND TECHNOLOGY PARK EXEMPTION

House Bill 5075 as enrolled
First Analysis (1-8-90)

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Sponsor: Rep. Thomas L. Hickner
House Committee: Economic Development & Energy
Senate Committee: Finance

Mich. State Law Library

THE APPARENT PROBLEM:

The Technology Park Development Act allows a local government to establish a technology park district near a public four-year educational institution to offer tax abatements to technology facilities. Businesses granted tax exemption certificates under the act work together with a school for an interchange of ideas and services: schools gain research and development opportunities, students are offered more internship and work-study opportunities, and businesses receive tax breaks and access to a school's research capabilities. Authorization for the issuance of new tax exemption certificates is scheduled to expire December 31 of 1989, although certificates already granted will remain in effect until their expiration dates. Also, the act requires a special in-depth analysis to be done jointly by the commerce and treasury departments to determine the act's costs relative to its benefits, and whether granting additional exemptions would be in the state's best interest. Apparently, the departments need more time to complete the study. Thus, a suggestion has been made to extend the expiration date six months to give the departments more time to complete their analysis, and to require that the analysis be finished, and its results conveyed to the proper legislative committees, by February 1, 1990.

allowable exemptions another five years — before the analysis is even finished — would be imprudent. Apparently, the analysis is expected to be finished before the end of 1989 when the sunset is to occur. To ensure its timely completion, however, the bill would require the joint analysis to be finished by February 1, 1990, when it would also have to be submitted to the proper legislative committees for review.

H.B. 5075 (1-8-90)

THE CONTENT OF THE BILL:

The bill would amend the Technology Park Development Act to extend the time period for granting new exemptions from December 31, 1989 to June 30, 1990. Also, the bill would require that the in-depth costs and benefits analysis of the act on communities where it has been utilized that must be prepared jointly by the commerce and treasury departments would have to be completed by February 1, 1990, and submitted to the respective committees of the Senate and House of Representatives that consider tax, economic development, and corporation matters.

MCL 207.718

FISCAL IMPLICATIONS:

According to the Department of Commerce, the bill would cause a minimal revenue loss if, during the period of extension, additional tax exemption certificates were granted to technology facilities. The department said that about eight certificates have been granted statewide since 1984. (11-17-89)

ARGUMENTS:

For:

The bill would grant a short extension for issuing tax exemption certificates under the act to allow the commerce and treasury departments more time to finish an in-depth analysis of the act's impact on the state. The original version of the bill would permit new certificates to be issued through December 31, 1994, but some feel extending