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TAX ABATEMENTS/SCHOOL PLAN

House Bill 5120
Sponsor: Rep. Jan Dolan

House Bill 5129
Sponsor: Rep. Jessie Dalman

Committee: Local Government

Complete to 10-18-93

A SUMMARY OF HOUSE BILLS 5120 AND 5129 AS INTRODUCED 10-13-93

The bills would amend two acts that provide property tax abatements through the creation of special districts and the levying of specific taxes in lieu of property taxes. The specific taxes for new facilities are typically equal to one-half of what would be due for the building (but not the land or inventory) under regular property taxes. For rehabilitated or refurbished facilities, the tax is based on the value of the property prior to its upgrading. Generally, the bills would eliminate the role of the state tax commission in issuing abatement certificates; grant authority to approve or deny abatements to the county board of commissioners or a committee designated by the commissioners; and prohibit the abatement of school taxes, and specifically those levied by a local school district, intermediate school district, or a statewide education finance authority.

House Bill 5120 would amend the plant rehabilitation and industrial development act (MCL 207.552 et al.), also known as P.A. 198. The bill would grant a local governmental unit the authority to create plant rehabilitation districts and industrial development districts and would remove various findings and conditions currently required. The decision whether or not to approve an application for an industrial facilities exemption certificate would be made at the county level, subsequent to a public hearing. Currently, the local unit approves or disapproves an exemption, and the state tax commission issues or refuses to issue an exemption based on whether the requirements of the law have been met. The bill would specify that a county may (but need not) issue an exemption certificate if the terms of the act have been met. Determination of the industrial facility tax for replacement (renovated) facilities would be as now. Effective after December 31, 1993, the tax for new or speculative buildings would be one-half of ad valorem property taxes, except for school taxes, which would be paid at the full rate.

House Bill 5129 would amend the Technology Park Development Act (MCL 207.703 et al.) in similar ways. It would permit a local governmental unit to establish one or more technology park districts and to approve or disapprove an exemption certificate, but specifies that the establishment of a district and the approval or disapproval of an exemption certificate would be subject to approval or disapproval of the county. The technology park facilities tax would be set at one-half of total property tax mills levied except for school mills, plus the school tax mills. The act currently does not permit exemptions to be granted after December 31, 1993. The bill would allow exemptions through 1995.

House Bills 5120 and 5129 (10-18-93)