



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5126

Sponsor: Representative Susan Grimes Munsell

House Committee: Tax Policy

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 12-6-95

SUMMARY OF HOUSE BILL 5126 as passed by the House:

The bill would amend the plant rehabilitation and industrial development Act, commonly referred to as P.A. 198, which provides for property tax abatements for industrial facilities, to require the use of a property's "taxable value" rather than "state equalized valuation" in the calculation of the industrial facility tax levied under the Act in lieu of property taxes. The bill would take effect on December 30, 1995.

"Taxable value" would mean that value determined under the General Property Tax Act, which provides that, except upon a transfer of ownership of property after 1994, for taxes levied in 1995 and each year after 1995, the taxable value of each parcel is the lesser of either the property's current state equalized valuation or the property's taxable value in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions.

The term "taxable value" was added to the General Property Tax Act to implement the constitutional limit on annual increases of property assessments, which was added to the State Constitution by the passage of Proposal A on March 15, 1994.

MCL 207.553 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

Industrial property, in most cases, appreciates in value more slowly than inflation; therefore, local units that grant P.A. 198 tax abatements would probably experience no revenue impact. However, if industrial property appreciates in value faster than inflation or if inflation is higher than the 5% cap--both cases unlikely in the near future--a revenue loss for the local units involved would be realized.

The bill would have no State fiscal impact.

Fiscal Analyst: R. Ross

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