



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

BILL



ANALYSIS

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

House Bill 5136 (Substitute H-3)
Sponsor: Representative Gerald Law
House Committee: Tax Policy
Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 11-8-95

SUMMARY OF HOUSE BILL 5136 (Substitute H-3) as passed by the House:

The bill would amend the plant rehabilitation and industrial development Act to allow an owner or lessee of an industrial facility that had been granted an industrial facilities tax exemption certificate to apply for additional tax exemption certificates under certain conditions; provide for the reduction of the tax credit if a business failed to create a certain number of full-time jobs or economic investment; and require applications for tax exemption certificates to specify the number of full-time jobs and economic investment to be created.

The Act allows owners of industrial facilities located in plant rehabilitation or industrial development districts to apply for tax exemption certificates exempting the facilities from any ad valorem real and personal property taxes. Instead, the owners pay an industrial facility tax. Unless revoked, an exemption certificate generally is in effect for the period determined by the local legislative body, but not more than 12 years.

The bill provides that if an exemption certificate were awarded to a new facility, a replacement facility, or a speculative building for less than the maximum period permitted under the Act, the owner or lessee could apply for another certificate. If the local unit disapproved the application, there would be no right of appeal as there is with an initial application. The sum of the exemption periods could not exceed the maximum for a single certificate. The bill would apply to certificates that became effective after December 31, 1995.

Further, the bill provides that an application for an additional exemption certificate would have to contain a statement by the applicant detailing the minimum number of full-time jobs to be created, maintained, or both, by the completion of the facility, and the amount of economic investment promised. If the authorized business failed to create the minimum number of full-time jobs and amount of economic investment specified on the application, the authority would have to reduce the tax credit by multiplying it by a fraction, the numerator of which was the difference between the number of full-time jobs and the amount of economic investment specified on the application and the number of full-time jobs and amount of economic investment, and the denominator of which was the number of full-time jobs and the amount of economic investment specified on the application.

MCL 207.559 et al.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State and local governments. It would depend on the number of subsequent abatements granted.

Fiscal Analyst: R. Ross

S9596\S5136SA

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.