

Senate Fiscal Agency  
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**SFA**



**BILL ANALYSIS**

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Senate Bill 438 (as passed by the Senate)  
Sponsor: Senator Glenn D. Steil  
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 5-28-97

### RATIONALE

The Plant Rehabilitation and Industrial Development Districts Act allows local units of government to grant industrial facilities exemption certificates to new facilities and speculative buildings and to replacement facilities. The certificate grants a property tax abatement to an industrial facility, which then pays a lower specific tax instead of regular property taxes. The Act specifies, among other things, that the commencement of restoration, replacement, or construction of the facility must occur not earlier than six months before the filing of the application for the exemption certificate with the local unit. Reportedly, the City of Grand Rapids encouraged a company to expand in the city with the promise of an exemption certificate. Evidently, however, the company was erroneously classified as a new rather than a replacement facility. When the facility was reclassified, it did not meet the statutory requirement as to when the work must begin.

### CONTENT

The bill would amend the Plant Rehabilitation and Industrial Development Districts Act to specify that notwithstanding any other provision of the Act, if, on March 2, 1993, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but then reclassified and passed a resolution for the same facility as a replacement facility on November 7, 1995, the State Tax Commission would have to issue, for that facility, an industrial facilities exemption certificate for the replacement facility from December 30, 1996, through December 30, 2006.

MCL 207.559

### ARGUMENTS

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### Supporting Argument

The bill would provide an exemption to an industrial facility erroneously classified by the local government. Numerous revisions have been written into the statute in the past to cover cases that were denied exemptions through errors or misunderstandings.

**Response:** The Grand Rapids situation clearly is not unique. There is a need to clarify the Plant Rehabilitation and Industrial Development Districts Act in order for local governments to apply the provisions properly.

Legislative Analyst: N. Nagata

### FISCAL IMPACT

The fiscal impact for the local units involved, if they are presently collecting property tax, would be a reduction in the local units' property tax collections.

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.