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HIGH-TECH ACTIVITIES

Senate Bill 1254 as passed by the Senate First Analysis (5-30-00)

Sponsor: Sen. Glenn D. Steil
House Committee: Economic Development
Senate Committee: Economic Development,
International Trade and Regulatory
Affairs

THE APPARENT PROBLEM:

One of the stated economic development goals of the Engler Administration is "to create a positive environment for technology growth in Michigan." One of the initiatives developed to accomplish this is called the Gold Collar Jobs Tax Package, which aims at leveling the playing field between technology-based firms and traditional industries by providing the same tax benefits to each. The package includes a recommendation to amend the Plant Rehabilitation and Industrial Development Districts Act, more commonly known as PA 198, to allow high technology firms to qualify for property tax abatements in the same way traditional manufacturers can.

THE CONTENT OF THE BILL:

The bill would amend the Plant Rehabilitation and Industrial Development Districts Act, also known as PA 198, to incorporate the definition of "high technology activity" from the Michigan Economic Growth Authority (MEGA) Act and list such high technology activity within its definition of "industrial property".

BACKGROUND INFORMATION

Senate Bill is the same as House Bill 5767, also currently before the House. (See the House Legislative Analysis Section analysis of House Bills 5766 and 5767, dated 5-23-00, for a fuller discussion of this issue.)

FISCAL IMPLICATIONS:

The Senate Fiscal Agency reports that the fiscal impact of the bill cannot be estimated because there is no way to know how many high technology business activities would apply for and receive PA 198 abatements. (SFA floor analysis dated 5-18-00)

ARGUMENTS:

For:

The bill intends to allow high technology activities to be eligible for PA 198 property tax abatements in the same way that industrial property is currently eligible. This is part of a state strategy to encourage the growth of high technology jobs.

POSITIONS:

There are no positions on the bill.

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