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SFA**BILL ANALYSIS**

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Senate Bill 374 (as reported without amendment)
Sponsor: Senator Glenn D. Steil
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Michigan Renaissance Zone Act to provide that an individual or business would not be eligible for a tax deduction, exemption, or credit under the Act if it were substantially delinquent in its payment of the city income tax or the general property tax, as determined by the local unit of government.

Currently, an individual, business, or property owner is not eligible for a tax deduction, exemption, or credit if it is delinquent under specified tax laws, including the Single Business Tax Act, the Income Tax Act, the City Utility Users Tax Act, the City Income Tax Act, and the General Property Tax Act.

The bill also provides that a business that relocated more than 25 full-time equivalent jobs to a renaissance zone would have to give notice of the relocation to the Michigan Strategic Fund in the Department of Management and Budget and the local governmental unit from which the jobs were being located. (This would not apply if approval of the relocation were obtained from the local unit in which the renaissance zone was located, in the case of a business relocating within the same local unit from outside a renaissance zone into a zone.)

Under the Act, if a business relocates more than 25 full-time equivalent jobs from one or more local governmental units other than a local unit in which a renaissance zone is located, to a local unit within a renaissance zone, the business must notify the Michigan Jobs Commission and the local unit from which the jobs are being relocated. The bill would replace this provision as described above. As currently provided, the business would not be eligible for the exemptions, deductions, or credits if the local unit from which jobs were being relocated adopted a resolution objecting to the relocation, until the local unit rescinded its objection by resolution.

MCL 125.2690

Legislative Analyst: N. Nagata

FISCAL IMPACT

This bill would increase State and local revenue by preventing relocated businesses from receiving renaissance zone tax reductions, unless requirements of the bill were met. Local units would be able to object to business relocations, as specified in the bill, to renaissance zones. Additionally, local units in the renaissance zones would determine substantially delinquent city income tax and taxes, fees, and special assessments collected under the general property tax. Taxpayers that were substantially delinquent would not be eligible for renaissance zone tax reductions.

Date Completed: 4-14-99

Fiscal Analyst: R. Ross

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Analysis available @ <http://www.michiganlegislature.org>

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