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SFA**BILL ANALYSIS**

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Senate Bill 374 (as introduced 2-24-99)
Sponsor: Senator Glenn D. Steil
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 4-12-99

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 delinquent in its payment of the city income tax or the general property tax, as determined by the local unit of government. The bill also would modify the notice and approval requirements that apply when a business relocates more than 25 jobs to a renaissance zone.

Under the bill, an individual who was a resident of a renaissance zone, a business that was located and conducted business activity within a renaissance zone, or a person that owned property located in a renaissance zone would not be eligible for an exemption, deduction, or credit allowed by the Act for the taxable year if the individual, business, or person were substantially delinquent, as determined by the qualified local governmental unit in which the renaissance zone was located, under the City Income Tax Act and/or the General Property Tax Act. 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 would retain this provision but delete references to the City Income Tax Act and the General Property Tax Act.

Currently, 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 provides, instead, 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 relocated. (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.) 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. The business would become eligible for the exemption, deductions, and credits when the local governmental unit that objected to the relocation 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.

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.