
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4844 (Substitute H-2 as reported without amendment)

Sponsor: Representative Jennifer Faunce

House Committee: Tax Policy

Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the Plant Rehabilitation and Industrial Development Act to delete the provision under which the completion of a facility must not result in transferring employment from one or more local units to the local unit in which the facility is to be located, unless the legislative body of each local unit from which employment is to be transferred consents to the granting of an industrial facilities exemption certificate.

If the owner or lessee of a facility for which an industrial facilities exemption certificate was in effect relocated that facility outside of the industrial development or plant rehabilitation district while the exemption certificate was in effect, the owner or lessee would be liable to the local unit it was leaving for the difference between the industrial facilities tax to be paid for the tax years remaining under the exemption certificate, and the general property tax that the owner or lessee would have paid if a certificate had not been in effect for those years. If the local unit determined that it was in its best interest, the local unit could forgive the liability of the owner or lessee under this provision.

The bill also provides that for applications approved by the legislative body of a local governmental unit between June 30, 1999, and June 30, 2002, "industrial property" would include an electric generating plant that was not owned by a local unit. Industrial property also would include convention and trade centers over 250,000 square feet in size. Property owned or operated by a casino would not be considered industrial property or otherwise eligible for an abatement or reduction of ad valorem property taxes under the Act.

MCL 207.552 et al.

Legislative Analyst: N. Nagata

FISCAL IMPACT

This bill would eliminate the requirement that the local unit that would experience an employment reduction give consent to abatements offered by another local unit to the relocating business. The relocating business would be liable to the local unit it moved from, unless forgiven, for the difference between the industrial facilities tax and the general ad valorem property tax for the remainder of the years left in the original abatement granted. In addition, this bill would reduce local property tax revenue for the local units that approved abatements for certain electric generating plants, as specified in the bill, and for convention and trade centers over 250,000 square feet. However, if the property were leased, the lessee would pay the property taxes. The State and local fiscal impact would depend on the use of the additional abatements and provisions in the bill.

Date Completed: 10-11-99

Fiscal Analyst: R. Ross

floor/hb4844 (H-2)

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

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