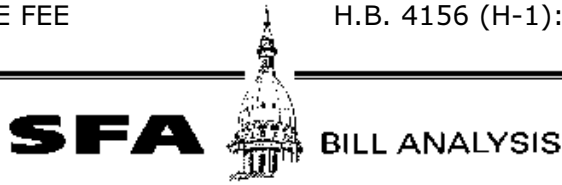


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House Bill 4156 (Substitute H-1 as passed by the House)

Sponsor: Representative Gary Woronchak

House Committee: Commerce

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 10-16-01

CONTENT

The bill would amend the plant rehabilitation and industrial development Act (commonly referred to as P.A. 198) to levy an administrative fee upon every owner of a speculative building, new facility, or replacement facility to which an industrial facilities exemption certificate is issued under the Act.

The Act imposes on those owners a specific tax known as the industrial facility tax, in lieu of property taxes under the General Property Tax Act. The bill would levy an administrative fee calculated in the same manner and at the same rate that the local tax collecting unit imposed on ad valorem taxes collected under the General Property Tax Act. As with the industrial facility tax imposed under P.A. 198, the fee levied under the bill would have to be paid annually and at the same times, in the same installments, and to the same officer or officers as taxes and administrative fees imposed under the General Property Tax Act.

MCL 207.561

BACKGROUND

P.A. 198

Under the plant rehabilitation and industrial development Act, a local unit of government may establish plant rehabilitation districts and industrial development districts. An owner of certain types of facilities within those districts may apply for and receive an industrial facilities exemption certificate. A facility or portion of a facility for which an industrial facilities exemption certificate is in effect is exempt from ad valorem real and personal property taxes and is subject, instead, to the industrial facility tax imposed under the Act.

General Property Tax Act

The General Property Tax Act provides that, if the governing body of a local property tax collecting unit approves, by resolution or ordinance, an authorization for the imposition of a property tax administration fee, the local property tax collecting unit must add a property tax administration fee of not more than 1% of the total tax bill per parcel. A property tax administration fee is "a fee to offset costs incurred by a collecting unit in assessing property values, in collecting the property tax levies, and in the review and appeal process" (MCL 211.44).

Legislative Analyst: P. Affholter

FISCAL IMPACT

State Impact: The bill would have no fiscal impact on the State.

Local Impact: The bill would increase revenues received by local units that have passed ordinances allowing the imposition of an administrative fee for the collection of property taxes. The administrative fee is limited by MCL 211.44(3) to 1% of the tax imposed. An unknown number of local units have passed ordinances allowing the imposition of administrative fees, although it is likely that most, if not all, local units have such ordinances. Tax revenues under P.A. 198 are expected to total \$123.0 million in fiscal year 2000-01. If all local units were to assess the administrative fee at its maximum level, local unit revenues under the bill would increase by \$1.2 million per year.

Fiscal Analyst: D. Zin