House Legislative Analysis Section
House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

TOOL AND DIE COMPANIES

House Bill 5243 (Substitute H-1)
Sponsor: Rep. David Palsrok

House Bill 5245 (as introduced)
Sponsor: Rep. Bill Huizenga

House Bill 5247 (Substitute H-1)
Sponsor: Rep. Philip LaJoy

House Bill 5254 (Substitute H-1)
Sponsor: Rep. Neal Nitz

Committee: Commerce

Senate Bill 808 as passed by the Senate
Sponsor: Sen. Dennis Olshove

Senate Bill 809 as passed by the Senate
Sponsor: Sen. Wayne Kuipers

Senate Bill 814 as passed by the Senate
Sponsor: Sen. Laura M. Toy

Senate Bill 825 as passed by the Senate
Sponsor: Sen. Jason E. Allen

Senate Committee: Commerce and Labor
House Committee: Commerce

Complete to 12-10-03

A SUMMARY OF HOUSE BILLS 5245, 5247, AND 5254 AND SENATE BILLS 808, 809, AND 814 AS REPORTED FROM THE HOUSE COMMITTEE ON COMMERCE 12-4-03 AND HOUSE BILL 5243 AND SENATE BILL 825 AS REPORTED BY THE HOUSE COMMITTEE ON COMMERCE 12-9-03

House Bill 5243 and Senate Bill 825 would each amend the Michigan Renaissance Zone Act (MCL 125.2688) to allow the board of the Michigan Strategic Fund to designate up to 20 tool and die renaissance recovery zones in the state, to be located in cities, townships, and villages that consent to the creation of a recovery zone. The two bills have essentially the same content. A recovery zone would have a duration of renaissance zone status for up to 15 years as determined by the board of the Michigan Strategic Fund. A zone could consist only of one or more parcels of property owned by one or more tool and die businesses and used primarily for tool and die business operations. To be a qualified tool and tie business, a business must have fewer than 50 employees; have the proper classification in the North American industrial classification system (NAICS); and have entered a qualified collaboration agreement as approved by the MSF with other business entities in the appropriate NAICS classifications.

The bills would define a “qualified collaborative agreement” as an agreement that demonstrates synergistic opportunities, including sales and marketing efforts, development of standardized processes, development of tooling standards, standardized project management methods, and improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.

[Renaissance zones are typically described as granting virtually tax-free status to the businesses or residents in them. Businesses in renaissance zones are exempt from the single business tax (SBT), the six-mill state education tax, local real and personal property taxes, specific taxes levied in lieu of property taxes, and (in Detroit) the utility users tax, as well as state and city income taxes.]

House Bill 5245 and Senate Bill 814 would each amend the Single Business Tax Act (MCL 208.38e) to increase the maximum credit allowed for apprentice training, beginning for tax years after December 31, 2003. Currently, the maximum credit is $2,000 per apprentice trained. The bills would increase that to $4,000 for companies in the NAICS tool and die company classifications.

House Bill 5247 and Senate Bill 808 would each amend the Revised School Code (MCL 380.1140) to require the board of a school district, intermediate school district, or of a charter school (public school academy) to allow the same access to representatives of associations to provide information about skilled trades training and apprenticeship programs as they do to representatives of higher education who are providing information to students about other educational, vocational, or apprenticeship opportunities.

House Bill 5254 and Senate Bill 809 would each amend the Michigan Broadband Development Authority Act (MCL 484.3207) to allow the authority to make loans to a qualified tool and die business if the business was located in a recovery zone and if approved by the Department of Treasury and the Michigan Economic Development Corporation.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the bills would reduce the tax liability of tool and die businesses. The HFA notes that under the NAICS classification, the following entities are included: industrial mold manufacturing; machine tool metal cutting type manufacturing; machine tool metal forming type manufacturing; special die and tool, die set, jig, and fixture manufacturing; and cutting tool and machine tool accessory manufacturing. There are approximately 1,600 such listed tool and die entities in Michigan. The information below is derived from analyses by the HFA (with dates shown).

According to information from the HFA, the impact of House Bill 5243 (and thus Senate Bill 825) would depend on the number and the degree to which local governments participate. (12-3-03)

House Bill 4245 (and Senate Bill 814) would reduce SBT revenue by an estimated $100,000. The current apprenticeship credit, which is set a maximum of $2,000 for each apprentice and available to all businesses, reduces state revenues by about $100,000 per year. (12-3-03)

House Bill 5247 (and Senate Bill 808) would have no state or local fiscal impact. (11-19-03)

House Bill 5254 (and Senate Bill 809) would have an indeterminate impact. (11-21-03)

Analyst: C. Couch

■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.