

Legislative Analysis



P.A. 198 ABATEMENT EXTENSION

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House Bill 5737

Sponsor: Rep. John C. Stewart

Committee: Commerce

Complete to 5-3-04

A SUMMARY OF HOUSE BILL 5737 AS INTRODUCED 4-1-04

The Plant Rehabilitation and Industrial Development Act (known as P.A. 198) allows local units of government to grant industrial facilities exemption certificates to new facilities, speculative buildings, and replacement facilities. A certificate, generally speaking, grants a property tax abatement for up to 12 years to an industrial facility, which then pays a lower specific tax instead of regular property taxes. If an exemption certificate is issued for less than the maximum 12 years, the local unit can issue a new certificate for the same facility, although the total duration of the two certificates cannot exceed 12 years. The act contains the process that must be followed and sets forth the requirements that must be met for the initial certificate to be issued and the subsequent certificate. It also contains exceptions allowing certificates to be issued in cases in which the standard process and requirements were not met.

House Bill 5737 would require the State Tax Commission to issue an additional exemption certificate for a new facility if the local governmental unit passed a resolution approving a certificate for a new facility on October 14, 2003, for a certificate that expired in December 2002. The new certificate would begin December 30, 2002 and end December 30, 2009.

MCL 207.559

FISCAL IMPACT:

The bill would reduce state and local revenues by an indeterminate amount.

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