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BILL ANALYSIS

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House Bill 4472 (as reported by the Committee of the Whole)
Sponsor: Representative Alexander C. Lipsey
House Committee: Commerce
Senate Committee: Commerce and Labor

CONTENT

The bill would amend the General Property Tax Act to authorize a local tax collecting unit to exempt from property taxes all new personal property owned or leased by an "eligible pharmaceutical company" located in that local unit. The local tax collecting unit could grant the exemption by adopting a resolution within 18 months after the bill's effective date. Before acting on the resolution, the local unit's governing body would have to give the assessor and a representative of the affected taxing units an opportunity for a hearing.

An "eligible pharmaceutical company" would have to be engaged primarily in the manufacture, research and development, and sale of pharmaceuticals; have at least 8,500 employees located in Michigan, all within a 100-mile radius of the local tax collecting unit that offered an exemption; and have at least 5,000 of its Michigan employees engaged primarily in research and development of pharmaceuticals.

As the Act requires for other personal property tax exemptions authorized by a local unit, the State Tax Commission would have to approve or disapprove local unit's resolution, and the State Treasurer would have to advise the Commission as to whether the exemption was necessary to reduce unemployment, promote economic growth, and increase capital investment in Michigan.

The bill would amend the Act's definition of "new personal property" to include personal property placed in a local tax collecting unit after the governing body of the local unit approved a resolution authorized by the bill.

MCL 211.9f

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce local unit revenues by an unknown and potentially significant amount, assuming that a local unit were to exempt new personal property, that the property otherwise would be acquired, and that the exemption of property for an eligible pharmaceutical company would not affect other exemptions that otherwise might be approved or continued under current law. The amount of revenue loss would depend upon how much new personal property an eligible pharmaceutical company purchased and how long the property was exempted under the resolution.

These estimates are preliminary and will be revised as new information becomes available.

Date Completed: 12-2-03

Fiscal Analyst: David Zin