Legislative Analysis

Mitchell Bean, Director
Phone: (517) 373-8080
http://www.house.mi.gov/hfa

PERSONAL PROPERTY TAX EXEMPTION: DISTRESSED PARCELS

Senate Bill 980
Sponsor: Sen. John Pappageorge
House Committee: Commerce
Senate Committee: Commerce and Tourism

Complete to 6-16-08

A SUMMARY OF SENATE BILL 980 AS PASSED BY THE SENATE 6-5-08

Under the General Property Tax Act, local assessing districts in certain distressed areas can provide a tax exemption for new personal property owned or leased by certain eligible businesses. To be eligible for the property tax exemption, a business must be engaged primarily in manufacturing, mining, research and development, wholesale trade, or office operations. Additionally, the business must be located within an industrial development district, renaissance zone, enterprise zone, brownfield redevelopment zone, empowerment zone, tax increment financing district, or downtown development district within a city, village, or township that contains a "distressed area," as that term is defined under the State Housing Development Authority Act.

Senate Bill 980 would also allow an exemption for all new personal property owned or leased by an eligible business located in one or more "distressed parcels." (MCL 211.9f)

A "distressed parcel" would mean a parcel of real estate in a city or village that is (1) located in a qualified downtown revitalization district, (2) is zoned to allow for mixed use, and (3) either has a blighted or functionally obsolete building located on the parcel or is a vacant parcel that previously had been occupied.

"Qualified downtown revitalization district" would mean an area located within a downtown district, a principal shopping district, a business improvement district, or an area that is zoned and primarily used for business as determined by the local governmental unit. "Blighted" and "functionally obsolete" would mean those terms as defined in the Brownfield Redevelopment Financing Act.

FISCAL IMPACT:

Because the amount of new personal property that might qualify is not known, the fiscal impact upon local units cannot be determined. To the extent that the exemption reduced collections from the 18 mills earmarked to local schools, the State School Aid Fund would need to make up the difference. As written, the bill would not have any direct impact on state revenue.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ 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.