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**BILL ANALYSIS**

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Senate Bill 218 (as introduced 2-20-07)

Sponsor: Senator Raymond E. Basham

Committee: Economic Development and Regulatory Reform

Date Completed: 4-30-07

**CONTENT**

**The bill would amend the plant rehabilitation and industrial development Act, commonly referred to as PA 198, to allow an industrial facilities exemption certificate to be approved for a facility located in an industrial development district that had received approval from the Michigan Strategic Fund and the State Tax Commission, and that met requirements of the Act other than certain procedural timetables.**

Under the Act, except for an application for a speculative building, the legislative body of a local governmental unit (a city, village, or township) may not approve an application and the State Tax Commission may not grant an industrial facilities exemption certificate unless the applicant complies with various requirements, which include the following:

- The proposed facility must be located within a plant rehabilitation district or industrial development district that was duly established in an eligible local governmental unit upon a request filed, or by the local unit's own initiative taken, before the restoration, replacement, or construction of the facility commenced.
- The restoration, replacement, or construction of the facility must not have commenced earlier than six months before the application for the industrial facilities exemption certificate was filed.

Additionally, except as otherwise provided, a request for the establishment of a proposed plant rehabilitation or industrial development district may be filed only in connection with a proposed replacement facility or new facility whose construction, acquisition, alteration, or installation has not commenced at the time the request is filed. The legislative body of a local governmental unit may not establish a plant rehabilitation or an industrial development district if it finds that the request for the district was filed after the commencement of construction, alteration, or installation of, or an acquisition related to, the proposed replacement facility or new facility.

The Act makes exceptions to these conditions for certain facilities.

Under the bill, these criteria would not apply to a facility located in an industrial development district that otherwise met the criteria of the Act that had received written approval from the Michigan Strategic Fund board and the State Tax Commission.

MCL 207.559

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill would reduce State and local unit revenue and increase School Aid Fund expenditures by an unknown amount. The impact on State revenue would depend on whether 0, 3, or 6 mills of the State education tax would be abated under the certificate. Any reduction in local school district operating revenue would be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

The magnitude of the impact also would depend upon the characteristics of the property affected. If the certificate would be issued for a new facility, the revenue impact would represent an increase in revenue that would not be realized when the construction was completed.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.