Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 757 (Substitute S-3 as reported)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

CONTENT

The bill would amend the plant rehabilitation and industrial development Act, commonly called PA 198, to allow an industrial facilities exemption certificate to be approved for the following:

-- A facility located in an existing industrial development district owned by a person who filed or amended an application for an exemption certificate for real property in April 2006 if the application had been approved by the local unit's legislative body in September 2006 but not submitted to the State Tax Commission until November 2006.
-- A new facility in an existing industrial development district whose owner filed or amended an application for an exemption certificate for personal property in June 2006, if the application were approved in August 2006 and submitted to the State Tax commission in 2007; the effective date of this certificate would be December 31, 2006.

In addition, if the State Tax Commission issued an industrial facilities exemption certificate for a new facility on December 8, 1998, but revoked the certificate effective December 30, 2006, and that new facility were purchased by a buyer on or before November 1, 2007, the Commission would have to issue for that property an exemption certificate that would begin December 31, 1998, and end December 30, 2010. The Commission would have to transfer that exemption certificate to the buyer of the facility. The new facility would have to be taxed under PA 198 as if it were granted an exemption certificate on December 31, 1998.

MCL 207.552 & 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 new provisions. 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 properties affected. If any certificates were to 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. To the extent that development would occur absent the bill, the bill would prevent revenue increases that otherwise would be received by entities with affected mills, such as community colleges and library authorities, as well as revenue to the local unit.

Date Completed: 9-12-07 Fiscal Analyst: David Zin