Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1281 (Substitute S-2 as reported)
Sponsor: Senator Cameron S. Brown
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to allow the governing body of a city, village, or township located in a county that borders another state or Canada, to adopt a resolution exempting from the collection of taxes under the Act all new personal property leased or owned by an eligible business located in one or more eligible districts.

The Act allows the governing body of a city, village, or township containing an eligible distressed area to adopt a resolution exempting from the collection of taxes all new personal property leased or owned by an eligible business located in one or more eligible districts designated in the resolution. The bill would expand this provision, as described above.

The Act requires the State Tax Commission to approve or disapprove the resolution. The State Treasurer, with the concurrence of the president of the Michigan Strategic Fund (MSF), must advise the Commission as to whether the exemption is necessary to reduce unemployment, promote economic growth, and increase capital investment in the State.

Under the bill, the Commission would have to determine if the new personal property subject to the exemption were owned or leased by an eligible business and if the business were located in one or more eligible districts. If the Commission determined that the property were owned or leased by an eligible business that was located in one or more eligible districts, the Treasurer, with the concurrence of the MSF president, would have to approve the resolution if they determined that the exemption was necessary, as described above.

MCL 211.9f

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would provide additional circumstances under which exemptions could be granted. These provisions would have no impact on State revenue and would reduce local unit revenue by an unknown amount, assuming that a local unit were to exempt new personal property and that the property otherwise would be acquired. The amount of revenue loss would depend upon how much new personal property was exempted as a result of the bill and the millage rates in the community providing the exemption. To the extent that revenue from school operating mills would be reduced, expenditures from the State School Aid Fund would be increased in order to maintain per-pupil funding guarantees.

Date Completed: 11-10-08

Fiscal Analyst: David Zin