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BILL ANALYSIS

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House Bill 6222 (as passed by the House)
Sponsor: Representative Tory Rocca
House Committee: Commerce
Senate Committee: Commerce and Tourism

Date Completed: 9-23-08

CONTENT

The bill would amend the plant rehabilitation and industrial development Act (commonly referred to as PA 198) to expand the period during which the owner or lessee of a replacement facility, new facility, or speculative building may apply for another tax exemption certificate.

The Act allows local units of government to grant industrial facilities exemption certificates to new and speculative buildings and replacement facilities located in an industrial development district. A certificate essentially grants a property tax abatement for industrial property in a district, which is subject to an industrial facilities tax that is lower than standard property taxes.

If an industrial facilities exemption certificate for a replacement facility, new facility, or speculative building becomes effective after December 31, 1995, for a period shorter than the maximum period allowed under the Act, the owner or lessee of the facility or building may apply for another certificate. The legislative body of the local governmental unit may not approve applications for certificates if the sum of their periods exceeds the maximum allowable period. (An industrial facilities exemption certificate for a new or replacement facility is effective for not more than 11 or 12 years after the completion of the facility, depending on whether the application was filed with 12 months after the commencement of the restoration, replacement, or construction of the facility or within the succeeding 12-month period. In the case of a speculative building, a certificate is effective for not more than 11 years after the effective date of the certificate.)

Currently, the application for another certificate must be made within the final year in which the certificate is effective. Under the bill, an owner or lessee also could apply for another certificate within 12 months after the certificate expired or, as permitted by the local governmental unit, at any other time in which the certificate was in effect.

MCL 207.566a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have little to no impact on State and local revenue under the assumption that for the most part the bill would change only the timing of applications for extensions. To the extent that some taxpayers now fail to receive an extension because they do not apply within the current time limit but would receive an extension under the bill, the bill would reduce State and local property tax revenue and increase School Aid Fund payments in order to maintain per-pupil funding guarantees. Because the bill would not change the eligibility requirements for an extension, but would change only when the application for an extension may be filed, any revenue impact is expected to be negligible.

Fiscal Analyst: David Zin