



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



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

Senate Bill 500 (Substitute S-1 as reported by the Committee of the Whole)
Senate Bill 501 (as reported without amendment)
Sponsor: Senator Tony Stamas (S.B. 500)
Senator Roger Kahn, M.D. (S.B. 501)
Committee: Economic Development and Regulatory Reform

CONTENT

Senate Bills 500 (S-1) and 501 would amend the plant rehabilitation and industrial development Act, commonly called P.A. 198, to include an "existing facility" in the facilities that are eligible for a tax abatement under the Act. Before December 30, 2014, a local unit could approve an application and the State Tax Commission could grant an industrial facilities exemption certificate for an existing facility.

The Act allows local units of government to establish plant rehabilitation districts and industrial development districts. The State Tax Commission may grant an industrial facility exemption certificate to a "facility" (i.e, a new facility, speculative building, or replacement facility) located in a plant rehabilitation district or an industrial development district. A certificate essentially grants a property tax abatement for industrial property in a district, which instead is subject to the industrial facility tax.

Senate Bill 500 (S-1) would include an existing facility in the Act's definition of "facility". The bill would define "existing facility" as industrial property that is not a replacement facility, a new facility, or a speculative building and has been vacant for at least four years immediately preceding the date of the application; has become vacant due to the most recent occupant relocating outside of Michigan; and/or has become vacant because the most recent occupant is subject to a bankruptcy proceeding.

Senate Bill 501 would include an existing facility in provisions concerning the industrial facility tax and an administrative fee; revocation of an industrial facilities exemption certificate; and the duration of an exemption certificate.

MCL 207.552 et al. (S.B. 500)
207.561 et al. (S.B. 501)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would reduce State and local tax revenue by an unknown amount that would depend on the number of properties affected and the specific characteristics of those properties. Local property taxes on affected properties would be reduced by approximately 50% while the impact on State Education Tax revenue would depend on whether 0, 3 or 6 mills of the State Education Tax were abated.

Date Completed: 10-29-09

Fiscal Analyst: David Zin