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BILL ANALYSIS

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Senate Bill 500 (as enacted)
Sponsor: Senator Tony Stamas
Senate Committee: Economic Development and Regulatory Reform
House Committee: Commerce

PUBLIC ACT 122 of 2010

Date Completed: 3-9-11

CONTENT

The bill amended the plant rehabilitation and industrial development Act to include one existing facility among the facilities that are eligible for tax abatement under the Act; and allow a revoked industrial facilities exemption certificate to be reinstated and transferred to a subsequent owner.

The Act (commonly called P.A. 198) allows local units of government to establish plant rehabilitation districts and industrial development districts. The State Tax Commission may grant an industrial facilities exemption certificate to a facility located in a district. A certificate essentially grants a property tax abatement for industrial property in the district, which instead is subject to the industrial facility tax. The term "facility" means new facility, a replacement facility, or a speculative building.

Originally, "speculative building" meant only a new building meeting specified criteria. Under the bill, the term also includes an existing building on an improved parcel of industrial property used for the manufacturing or processing of goods or materials. Only one building may be awarded an industrial facilities exemption certificate under this provision. The building must comply with the following:

- It has been unoccupied for at least four years immediately before the date the certificate is issued.

- It is in an industrial development district created before January 1, 2011.
- It is located in a county with a population of more than 22,000 and less than 24,500 containing a city with a population of more than 3,600 according to the last decennial census.

A building that meets these criteria will be presumed to have been constructed within nine years of the filing of the application for an industrial facilities exemption certificate. (The Act prohibits a local unit from granting a certificate for a speculative building unless it was constructed less than nine years before the application is filed.)

The Act allows the State Tax Commission to reinstate a revoked industrial facilities exemption certificate if the certificate holder requests reinstatement and submits a resolution of concurrence by the local legislative body. The bill also allows the Commission to reinstate a revoked certificate for a subsequent owner who applies to the local unit for a transfer of the certificate and submits a resolution of concurrence to the Commission.

The bill took effect on July 19, 2010.

MCL 207.553 & 207.565

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will reduce State and local tax revenue by an unknown amount that will

depend on the specific characteristics of the affected property. Local property taxes on the affected property will be reduced by approximately 50% while the impact on State Education Tax revenue will depend on whether 0, 3 or 6 mills of the State Education Tax are abated.

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.