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House Bill 4540 (Substitute H-1 as passed by the House)
Sponsor: Representative Jim Stamas
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 6-11-13

CONTENT

The bill would amend the plant rehabilitation and industrial development Act (known as PA 198) to do the following:

- **Require the State Tax Commission to issue industrial facilities exemption certificates for new facilities that had received local approval on February 21, 2012, and on July 23, 2012, for which applications were not made complete until 2013.**
- **Allow the Commission to issue an exemption certificate for a new or replacement facility for which an application was not made complete until the year following the year in which the Commission received the application.**
- **Permit an applicant to submit an amended application that would correct an error or mistake discovered after an application had been approved locally or after the Commission had issued a certificate; and allow the local unit or Commission to approve or deny the amended application.**
- **Require the Commission to notify the legislators representing the geographic area in which the property was located, and to publish information on its website, in situations involving an amended application or an application that was made complete in the year after it was submitted.**

The Act allows a local unit of government to establish a plant rehabilitation district or an industrial development district. After a district is established, the owner of a facility (a new facility, replacement facility, or speculative building) in the district may apply with the local clerk for an industrial facilities exemption certificate. If the local unit's legislative body passes a resolution approving the application, the clerk must forward it to the State Tax Commission within 60 days or before October 31 of that year, whichever is sooner. If the Commission approves the application, it must grant an industrial facilities exemption certificate to the owner. A certificate essentially grants a property tax abatement for the facility, which is subject to an industrial facilities tax that is lower than standard property taxes. As a rule, the effective date of the certificate for a new facility or replacement facility is the December 31st following the date the certificate is issued.

Under the bill, if a local governmental unit had passed a resolution approving an industrial facilities exemption certificate for a new facility on July 23, 2012, but the application were not made complete until 2013, the State Tax Commission would have to issue a certificate for that property. The exemption certificate would begin on December 30, 2012, and end on December 30, 2024.

Also, if a local governmental unit had passed a resolution approving a certificate for a new facility on February 21, 2012, but the application were not made complete until 2013, the Commission would have to issue a certificate for that property. This exemption certificate would begin on December 30, 2012.

If the Commission received an application under the Act for an exemption certificate for a new facility or a replacement facility, but the application were not made complete until after December 31 of the year in which the Commission received it, the Commission could issue an exemption certificate for that property, with an effective date of December 30 of the preceding year.

If an error or a mistake in an application for an exemption certificate were discovered after a local governmental unit had passed a resolution approving the application or after the Commission had issued a certificate for it, the applicant could submit an amended application that corrected the error or mistake. The amended application would have to be submitted in the same manner as an original application. The legislative body of the local unit and the Commission could approve or deny the amended application. If the Commission had previously issued a certificate for the original application and approved an amended application, it would have to issue an amended certificate with the same effective date as the original certificate.

Beginning October 1, 2013, for each exemption certificate approved or disapproved by the Commission under the two provisions above (situations in which an application was not made complete until the year after it was submitted, or in which an amended application was submitted), the Commission would have to do both of the following:

- Notify the office of the member of the House of Representatives and the official Senator representing the geographic area in which the property was located, that an application had been approved or disapproved under those circumstances.
- Publish on the Commission's website a copy of the application and a statement indicating whether it was approved or disapproved, and whatever additional information the Commission considered appropriate regarding the application.

MCL 207.556 & 207.557

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce State and local unit revenue by an unknown amount. The actual amount of the reduction would depend upon the characteristics of the property affected by the bill. Any impact would reduce School Aid Fund revenue, local unit revenue, and local school district revenue. Reductions to local school district revenue would require increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

The administrative costs of the State Tax Commission within Department of Treasury would increase by an unknown amount due the requirements in the bill to notify a member of the Legislature when industrial facilities exemption certificates were approved or disapproved for a project in his or her district under the specified circumstances, and to post these applications on the internet with an indication whether each application was approved or disapproved.

Fiscal Analyst: Elizabeth Pratt
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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.