



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

BILL ANALYSIS



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

House Bill 6226 (Substitute H-1 as reported without amendment)

Sponsor: Representative Robert Brackenridge

House Committee: Local Government

Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Plant Rehabilitation and Industrial Development Districts Act to specify that notwithstanding any other provision of the Act, if, on December 29, 1986, a local unit passed a resolution approving an exemption certificate for 10 years for real and personal property, and the Tax Commission did not receive the application until 1992, and the application were not completed until 1995, the Tax Commission would have to issue, for that property, an industrial facilities exemption certificate that began December 30, 1987, and would end on December 30, 1997.

Further, the bill specifies that if, after reviewing an application for an industrial facilities tax exemption certificate, the Commission determined that the cost of the facility exceeded \$150 million of State equalized value (SEV), the replacement, restoration, or construction of the facility would have to be completed within six years of the effective date of the initial industrial facilities exemption certificate or a greater time as authorized by the Commission for good cause. The Commission would have to provide four separate industrial facilities exemption certificates for the facility or a portion of the facility. Each certificate would be effective for 12 years after it took effect and the effective dates of the certificates would be staggered. Notwithstanding these provisions, a certificate for a facility whose cost exceeded \$150 million of SEV would expire 12 years from the completion of the facility.

The Commission also would have to estimate the portion of the facility to be completed in each industrial facilities exemption certificate as a percentage. That percentage would have to be multiplied by the State equalized valuation of the facility and used to calculate the industrial facilities tax on that portion of the facility. Upon the expiration of each certificate or its revocation, that portion of the facility would be subject to the general ad valorem property tax.

MCL 207.557 et al.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

This bill could have a fiscal impact on local units, which would depend on the number of certificates issued and whether an exemption was previously granted.

Date Completed: 12-9-96

Fiscal Analyst: R. Ross

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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.