

Legislative Analysis



PA 198 EXCEPTION

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Senate Bill 579

Sponsor: Sen. Jud Gilbert, II

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 2-1-06

A SUMMARY OF SENATE BILL 579 AS PASSED BY THE SENATE 1-25-06

The Plant Rehabilitation and Industrial Development Districts Act, commonly referred to as PA 198, allows local units of government to grant industrial facilities exemption certificates to new and speculative buildings and to replacement facilities. The certificate, generally speaking, grants a property tax abatement to an industrial facility, by allowing a firm to pay a lower "specific" tax instead of regular property taxes. Approval is first required by a local unit of government and subsequently by the State Tax Commission, which checks to see if the law has been followed properly. The act contains the process to be followed and the requirements that must be met for a certificate to be granted. The act also contains provisions aimed at allowing exceptions to the normal procedures.

Senate Bill 579 would amend the act (at MCL 207.559) to provide an exception for a facility owned by a person who filed an application for an exemption certificate in July 2001 for construction commenced in February 2001 and located in an industrial development district established by the local legislative body in September 2001. The facility in question would be taxed as if it had been granted an exemption certificate in October 2001 and a corrected tax bill would have to be issued by the local tax collecting unit or by the county treasurer (depending on who has possession of the tax roll). A rebate of any overpayment of taxes would have to be made to the taxpayer within 30 days after the exemption was granted.

FISCAL IMPACT:

The apparent fiscal impact is a loss of local property tax revenue, and potentially a loss of school tax revenue, as well. Research has begun to prepare an estimate of the amount of lost revenue.

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