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BILL ANALYSIS

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Senate Bill 400 (Substitute S-2 as reported)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

CONTENT

The bill would amend the plant rehabilitation and industrial development Act, commonly referred to as PA 198, to include the operation of a "strategic response center" in the Act's definition of "industrial property".

"Strategic response center" would mean a facility that provides catastrophe response solutions through the development and staffing of a national response center for which a district is created before December 31, 2007.

(The Act allows local units of government, with the approval of the State Tax Commission, to grant industrial facilities exemption certificates to new and speculative buildings and replacement facilities located in an industrial development district. A certificate essentially grants a property tax abatement to an industrial facility, which is subject to an industrial facilities tax that is lower than standard property taxes.)

MCL 207.552

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce local unit revenue and increase School Aid Fund expenditures by an unknown amount, depending upon how many exemption certificates were issued under the provisions added by the bill and the specific characteristics of the properties receiving certificates. The change in revenue would reflect the impact relative to whether a new facility or rehabilitation would occur absent the bill. Because the provisions in the bill would affect a limited number of areas, the fiscal impact on the State would likely be negligible. However, the foregone revenue to a particular local unit affected by the bill could be more substantial.

Date Completed: 4-18-07

Fiscal Analyst: David Zin