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BILL ANALYSIS

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Senate Bill 867 (as enacted)

PUBLIC ACT 170 of 2008

Sponsor: Senator Cameron S. Brown

Senate Committee: Economic Development and Regulatory Reform

House Committee: New Economy and Quality of Life

Date Completed: 7-6-09

CONTENT

The bill amended the plant rehabilitation and industrial development Act, commonly referred to as PA 198, to do all of the following:

- **Include the operation of a "major distribution and logistics facility" in the Act's definition of "industrial property".**
- **Require the State Tax Commission to issue industrial facilities exemption certificates for certain facilities for which certificates had been revoked.**
- **Allow the Commission to reinstate a revoked industrial facilities exemption certificate upon the written request of the holder of a revoked certificate and the submission of a resolution by a local legislative body.**

distribution and logistics facility" means a proposed distribution center that meets all of the following criteria:

- Contains at least 250,000 square feet.
- Has or will have an assessed value of at least \$5.0 million for the real property.
- Is located within 35 miles of the State border.
- Has as its purpose the distribution of inventory and materials to facilities owned by the taxpayer whose primary business is the retail sale of sporting goods and related inventory.

Reissuance of Revoked Certificates

The bill specifies that if the State Tax Commission issued industrial facilities exemption certificates for new facilities on October 30, 2002, September 9, 2003, and November 30, 2005, but revoked the certificates for the same facilities effective December 30, 2007, and the new facilities continue to qualify under the Act, the Commission must issue industrial facilities exemption certificates for those properties that end, respectively, on December 30, 2008, December 30, 2009, and December 30, 2011.

The bill took effect on July 2, 2008.

Major Distribution and Logistics Facility

The Act allows local units of government and 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 for industrial property in a district, which is subject to an industrial facilities tax that is lower than standard property taxes.

The bill includes the operation of a major distribution and logistics facility in the definition of "industrial property". "Major

reinstated a revoked industrial facilities exemption certificate upon the written request of the holder of a revoked exemption certificate to the local unit of government and the Commission, and the submission to the Commission of a resolution of concurrence by the local unit's

legislative body, if the facility continues to qualify under the Act.

MCL 207.552 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill will reduce State and local unit revenue, and increase School Aid Fund expenditures, by an unknown amount depending upon the specific characteristics of any property affected by the bill. Assuming the new certificates also will be for new facilities, the bill will reduce revenue from the property by 50%. School Aid Fund revenue will be reduced depending on whether 0, 3, or all 6 mills of the State Education Tax are abated under a certificate. Any reduction in local school district revenue from mills levied for operating purposes will be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

Fiscal Analyst: David Zin

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