



**Senate Fiscal Agency**  
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Senate Bill 962 (as reported without amendment)  
Sponsor: Senator Dave Robertson  
Committee: Economic Development

### **CONTENT**

The bill would amend the plant rehabilitation and industrial development district Act (known as PA 198) to include an amended or transfer application for an industrial facility exemption certificate and a request to revoke a certificate in a provision that allows the delayed approval of an application for a certificate.

Under the Act, local units of government may approve applications for industrial facilities exemption certificates for new and speculative buildings and replacement facilities located in a plant rehabilitation or industrial development district. An approved application is forwarded to the State Tax Commission, which issues an exemption certificate if the facility conforms with the Act. A certificate essentially grants a property tax abatement to a facility, which then is subject to an industrial facilities tax that is lower than standard property taxes.

If the clerk of a local governmental unit fails to forward to the Commission by October 31 an application for an exemption certificate that was approved by the local unit's legislative body before that date, but files the application before October 31 of the following year and the Commission approves the application, the certificate must be considered to be issued on December 31 of the year in which the local unit approved the application. Under the bill, that provision would apply to an application, an amended or transfer application, or a request to revoke a certificate, and the certificate would have to be considered issued, transferred, amended, or revoked on December 31 of the year in which the local unit approved the application, the amended or transferred application, or the request to revoke the certificate.

MCL 207.557

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have an unknown fiscal impact on State and local government. The bill would allow the approval of an exemption certificate for a locally approved economic development project (or revocation of such a certificate) based on a prior action of the local legislative body. Changes in local property tax revenue would depend on the size and type of the project and whether the exemption certificate was amended or revoked. The impact would be limited to the value of the tax exemption (or revocation) for a single property tax year. State School Aid Fund costs and revenue could change based on the impact of the approval or revocation on local school operating millage revenue, the type of project, and whether an exemption from all or a portion of the State Education Tax had been approved by the State Tax Commission.

Date Completed: 9-24-14

Fiscal Analyst: Elizabeth Pratt