



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5823 (Substitute S-1 as reported)
House Bill 5824 (Substitute H-2 as reported)
Sponsor: Senator Lorence Wenke
Committee: Tax Policy

CONTENT

The bills would amend the General Property Tax Act to allow the governing body of a local tax collecting unit to adopt a resolution exempting from the property tax property of a "qualified high-technology business" used in an "innovations center" located in a certified technology park (also known as a smart zone), and property owned or used by the administration of the innovations center.

House Bill 5823 (S-1) would allow an exemption for real property, and provides that not more than one innovations center per certified technology park could be exempt from the tax. House Bill 5824 (S-1) would allow an exemption for personal property.

The exemptions would be available for property taxes levied after December 31, 2004. A qualified high-technology business or the administration of an innovations center could claim an exemption by filing an affidavit with the assessor of the local tax collecting unit.

"Innovations center" would mean real property that was a "business incubator" as that term is defined in Section 2 of the Local Development Financing Act (LDFA); was located within a single building; and was primarily used to provide space and administrative assistance to one or more qualified high-technology businesses located within the building. "Certified technology park" would mean that term as defined in the LDFA.

"Qualified high-technology business" would mean either 1) a business with at least 25% of its total operating expenses used for research and development as determined under generally accepted accounting principles; or 2) a business whose primary business activity is "high-technology activity" (which the bills would define).

Proposed MCL 211.7ii (H.B. 5823)
Proposed MCL 211.9j (H.B. 5824)

Legislative Analyst: J.P. Finet

FISCAL IMPACT

These bills would reduce property taxes by an unknown amount for certain property in technology parks. At the present time, apparently only the technology park in Kalamazoo has property that would qualify for an exemption, so the fiscal impact of the bills is presently small. In the future, the fiscal impact could increase if additional technology parks develop innovations centers.

Date Completed: 6-25-04

Fiscal Analyst: Jay Wortley