House
Legislative
Analysis
Section

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EXEMPT CONTAMINATED SITES

House Bill 4786
Sponsor: Rep. Jan Dolan
Committee: Urban Policy

Complete to 10-16-95

A SUMMARY OF HOUSE BILL 4786 AS INTRODUCED 5-6-95

The bill would amend the General Property Tax Act to permit a local tax collecting unit to provide tax exemptions for persons wishing to redevelop certain contaminated sites. Under the bill, a local unit could exempt, in whole or in part, an environmentally contaminated site and any additions or improvements to that site (defined under the bill to mean property that is identified on the list of environmentally contaminated sites prepared under the provisions of the Natural Resources and Environmental Protection Act or identified on any other list or registry of environmentally contaminated sites compiled or maintained by the Department of Natural Resources [DNR]) from tax collections, provided that there was no known or solvent responsible party financially capable of undertaking remediation of the property. The bill would also require that the department and the Michigan Jobs Commission jointly develop by December 31, 1995, a list of 50 environmentally contaminated sites, classified under the act as industrial or commercial real property, that would be eligible for a tax exemption. Local tax collecting units would select contaminated sites from the list for tax exemption. (Note: Amendments are needed to reflect the fact the Department of Environmental Quality (DEQ), and not the DNR, is now responsible for environmental matters).

The exemption period would be negotiated under an agreement with the local tax collecting unit. In addition, a local tax collecting unit could also negotiate an agreement with the person who had been granted the exemption that would also exempt -- in whole or in part - personal property that was located on the exempted contaminated property. The terms and conditions of the property tax agreement would also apply to the personal property agreement. However, the total real and personal property taxes exempted could not exceed the response activity costs required to abate the existing environmental contamination.

List of 50 Contaminated Sites. The following criteria would be considered in developing the list: the absence of any known or solvent responsible party; possible danger to the public health, safety, and welfare, or to the environment if the contamination weren't abated; the estimated response activity costs to abate the existing contamination; and the potential for economic development and job creation if the exemption were granted.

Agreement to Exempt Contaminated Property. A local tax collecting unit could negotiate an agreement to exempt real and personal property with one or more persons (excluding the person responsible for the contamination) who proposed to abate the

contamination and redevelop the property. The agreement would include a detailed description of the exempted real and personal property; a detailed description of proposed response activities; the extent and period of the redemption; a detailed description of proposed redevelopment activities; and a statement that an exemption would begin when the DNR approved the remedial action plan. The agreement could also include the following: alternative dispute resolution procedures; enforcement rights; remedies and penalties in the event of noncompliance; penalties in the event of revocation of the exemption; and any other terms and conditions agreed upon by the parties.

The bill would also require that the local tax collecting unit annually review the agreement before December 31 to confirm compliance. If the person awarded the exemption was not in compliance, the tax collecting unit could revoke the exemption and avail itself of any remedy or impose any penalty provided for in the agreement. A revocation could be appealed to the State Tax Commission.

MCL 211.157ff and MCL 211.159f.