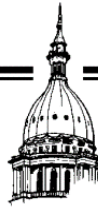




Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 1148 (as enacted)
Sponsor: Senator Bruce Caswell
Senate Committee: Finance
House Committee: Tax Policy

PUBLIC ACT 490 of 2012

Date Completed: 4-3-13

CONTENT

The bill amended the plant rehabilitation and industrial development district Act (known as PA 198) to require an industrial facilities exemption certificate to be issued beginning December 31, 2011, and ending December 30, 2023, in a situation where a local government approved the certificate for personal property in September or October 2011 and the State Tax Commission approved it in May 2012.

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. Subject to a number of exceptions, a certificate may not be granted unless the applicant complies with various criteria, which generally relate to the timing of the construction in relation to the application for a certificate or the establishment of a district.

The bill requires the State Tax Commission, notwithstanding any other provision of the Act, to issue an industrial facilities exemption certificate if a local governmental unit in September or October 2011 passed a resolution approving the certificate for 12 years for personal property but the Commission did not receive the application

until November 2011 and approved it in May 2012. The certificate must begin on December 31, 2011, and end on December 30, 2023. The facility must be taxed under the Act as if it had been granted an exemption certificate on December 31, 2011.

MCL 207.559

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will reduce State and local unit revenue and increase School Aid Fund expenditures by an unknown amount. The impact on State revenue depends on whether 0, 3, or 6 mills of the State Education Tax will be abated under the certificate issued as a result of the bill. Any reduction in local school district operating revenue will be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

The magnitude of the impact also depends upon the characteristics of the property affected. For a certificate issued for a new facility, the revenue impact represents an increase in revenue that will not be realized (because of the certificate) when the construction is completed.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.