

# Legislative Analysis

---



## PA 198: CONVENTION CENTERS

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### Senate Bill 1376

**Sponsor: Sen. Alan Sanborn**

**House Committee: Tax Policy**

**Senate Committee: Economic Development and Regulatory Reform**

**Complete to 9-9-08**

## A SUMMARY OF SENATE BILL 1376 AS PASSED BY THE SENATE 6-24-08

The Plant Rehabilitation and Industrial Development Act (commonly referred to as PA 198) includes in its definition of "industrial property" convention and trade centers of at least 250,000 square feet. The bill would add to the definition of "industrial property" convention and trade centers of at least 100,000 square feet located in counties with a population between 750,000 and 1.1 million. (This would apply to Macomb County.)

Under PA 198, local governmental units may provide speculative buildings and new or replacement facilities with property tax abatements for up to 12 years. In lieu of general ad valorem property taxes, businesses pay the specific industrial facilities tax. Under the act, replacement facilities are taxed at the same local property tax rate, though the taxes are based on the taxable value of the facility (excluding land and inventory) prior to the renovation. For new facilities and speculative buildings, the tax base is the property's taxable value, and the tax rate is the sum of (1) half of all other taxes other than the State Education Tax and (2) the State Education Tax. Industrial personal property subject to the industrial facilities tax is taxed at a rate of 1/2 of all other ad valorem property taxes, other than the State Education Tax and the 18 school operating mills.

### FISCAL IMPACT:

The fiscal impact of this bill depends on the extent to which local units grant exemption certificates, the value of convention and trade center property as specified in the bill, and the local unit millage rates. The local taxes on property that would receive an exemption would pay property taxes equal to half of what they otherwise would pay. This bill has no effect on the State Education Tax (6 mill state property tax).

Legislative Analyst: Mark Wolf

Fiscal Analyst: Rebecca Ross

---

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.