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Senate Bill 146 (Substitute S-1 as reported) Sponsor: Senator Cameron S. Brown

Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the plant rehabilitation and industrial development Act, commonly called PA 198, to redefine "qualified commercial activity" (which may qualify property for a tax exemption under an industrial facilities exemption certificate).

Currently, "qualified commercial activity" means commercial property that meets the following criteria: An application for an exemption certificate approved by the local governmental unit was filed for approval by the State Tax Commission by April 30, 2006; at least 90% of the property is used for warehousing, distribution, and logistics purposes that provide food for institutional, restaurant, hospital, or hotel customers; the property is located within a village and is within 15 miles of a Michigan border; and it occupies one or more buildings or structures that together exceed 300,000 square feet in size.

The bill would define "qualified commercial activity", instead, as commercial property that is used for warehousing, distribution, or logistic purposes, or for a communication service center; and occupies a building or structure that is larger than 100,000 square feet.

The bill also would require a local unit of government to give at least 15 days', rather than 14 days', written notice by certified mail to the owners of all real property within a plant rehabilitation or industrial development district before acting on a proposed resolution terminating that district.

MCL 207.552 & 207.554 Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce local unit revenue, increase School Aid Fund expenditures, and depending upon how many State education tax mills were included under a certificate, reduce School Aid Fund revenue. The fiscal impact would depend upon the number of additional properties affected, as well as their specific characteristics. In general, the bill would reduce property taxes upon a facility by approximately 1% of the value of the facility. Under the average statewide rate on commercial property, the bill would reduce the property taxes on affected facilities by at least \$12,000 per facility. The allocation of the fiscal impact across local units and the School Aid Fund would depend upon local property tax rates.

Date Completed: 3-24-08 Fiscal Analyst: David Zin