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BILL ANALYSIS

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House Bill 4629 (Substitute S-1 as passed by the House)
Sponsor: Representative Gary McDowell
House Committee: Commerce
Senate Committee: Commerce and Tourism

Date Completed: 5-15-07

CONTENT

The bill would amend the plant rehabilitation and industrial development Act, commonly referred to as PA 198, to define "strategic response center" as a facility that provides catastrophe response solutions through the development and staffing of a national response center for which a district is created before December 31, 2007.

The bill is tie-barred to Senate Bill 400, which would amend PA 198 to include the operation of a strategic response center in the Act's definition of "industrial property". As passed by the House of Representatives, Senate Bill 400 (H-1) also would include in the definition of "industrial property" the operation of a "motorsports entertainment complex".

(The Act allows local units of government, with the approval of the State Tax Commission, to grant industrial facilities exemption certificates to new and speculative buildings and replacement facilities located in an industrial development district. A certificate essentially grants a property tax abatement to an industrial facility, which is subject to an industrial facilities tax that is lower than standard property taxes.)

MCL 207.553

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce local unit revenue and increase School Aid Fund expenditures by an unknown amount, depending upon how many exemption certificates were issued under the provisions added by the bill and the specific characteristics of the properties receiving certificates. The change in revenue would reflect the impact relative to whether a new facility or rehabilitation would occur absent the bill. Because the provisions in the bill would affect a limited number of areas, the fiscal impact on the State would likely be negligible. However, the foregone revenue to a particular local unit affected by the bill could be more substantial.

Fiscal Analyst: David Zn

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