



**House
Legislative
Analysis
Section**

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INDUSTRIAL TAX ABATEMENTS

**House Bill 6144 as enrolled
Second Analysis (1-10-91)**

**Sponsor: Rep. Alvin Hoekman
House Committee: Taxation
Senate Committee: Finance**

THE APPARENT PROBLEM:

The plant rehabilitation and industrial development act (known as Public Act 198) requires that an application for a tax abatement be filed no later than six months after the commencement of the restoration, replacement, or construction of the facility for which the abatement is sought. According to testimony before the House Taxation Committee, a company now operating in Grand Haven which had intended to apply (and thought it had applied) for a tax abatement failed to properly submit its application, apparently through an administrative misunderstanding. In another case, a company in Holland Township reportedly missed the deadline by one month after obtaining transfer-of-employment approval from the community from which it was moving. In order for these abatements to be granted, Public Act 198 of 1974 must be amended.

THE CONTENT OF THE BILL:

The bill would amend the plant rehabilitation and industrial development act to make two exceptions to the requirement that an application for a tax abatement be filed no later than six months after work on a facility has begun. (1) A facility, located in an industrial development district, for which construction began in July 1988 and was completed in January 1989 could apply for an industrial facilities exemption certificate (a tax abatement) no later than February 1, 1991. (2) An abatement could be granted to an owner for whom transfer of employment had been approved in December of 1989 and who filed an application in June of 1990, if the application as approved by the local governing body had been forwarded to the state tax commission prior to December 1, 1990.

MCL 207.559

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

The bill would allow two companies, one in Grand Haven and one in Holland Township, to apply for tax abatements on new industrial facilities. Reportedly, both companies had conformed in the application process with the spirit of the tax abatement law but failed technically to comply with the final filing deadline.