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SFA**BILL ANALYSIS**

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House Bill 5365 (Substitute S-3 as reported)
Sponsor: Representative Michael Hanley
House Committee: Urban Policy and Economic Development
Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Michigan Renaissance Zone Act to provide that an individual who was a resident of a renaissance zone, a business that was located and conducted business activity within a renaissance zone, or a person that owned property located in a renaissance zone would not be eligible for an exemption, deduction, or credit allowed by the Act for the taxable year if the resident, business, or property owner were substantially delinquent (as determined by the qualified local governmental unit in which the renaissance zone was located) under the City Income Tax Act and/or the General Property Tax Act.

In addition, unless approval of a business relocation was obtained by the qualified local governmental unit in which a business was located, a business that relocated more than 25 full-time equivalent jobs to a renaissance zone would have to give notice of the relocation to the Michigan Jobs Commission and the local governmental unit from which the jobs were being located. The business would become eligible for the exemption, deductions, and credits when the qualified local governmental unit that objected to the relocation rescinded its objection by resolution. The current provision refers to a business that relocates more than 25 full-time equivalent jobs *from one or more local governmental units other than a local unit in which a renaissance zone is located* to a local governmental unit within a renaissance zone.

MCL 125.2690

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would allow local units to object to relocations of businesses, as specified in the bill, to renaissance zones.

This would increase State and local revenue by preventing the business relocations from receiving renaissance zone tax reductions.

The bill also would allow local units in the renaissance zones to determine substantially delinquent city income and property tax payments. Taxpayers that are substantially delinquent would not be eligible for renaissance zone tax reductions.

Date Completed: 9-21-98

Fiscal Analyst: R. Ross