

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4010 (as passed by the House)
Sponsor: Representative Gene DeRossett
House Committee: Agriculture and Resource Management
Senate Committee: Agriculture, Forestry and Tourism

Date Completed: 3-25-03

CONTENT

The bill would amend the plant rehabilitation and industrial development districts Act to permit local units of government to extend property tax abatements to facilities that create or synthesize biodiesel fuel.

Under the Act, local units of government may establish plant rehabilitation districts and industrial development districts to provide new, renovated, or expanded industrial property (facilities) with property tax abatements for up to 12 years. To be eligible for the tax abatements, the industrial property must be used for certain activities, which include the manufacturing and processing of goods or materials, high-technology activity, and agricultural processing. The bill would amend the definition of "industrial property" to include the creation or synthesis of biodiesel fuel, among the activities that qualify a facility for the tax abatement.

MCL 207.552

BACKGROUND

Under the Act (which is commonly called PA 198), in a local unit that has established a plant rehabilitation and industrial development district, the owner or lessee of industrial property in the district may apply to the local unit for an industrial facilities exemption certificate. Upon approval by the local unit's legislative body, the application is forwarded to the State Tax Commission, which issues an industrial facilities exemption certificate if it determines that the facility conforms with the Act. The certificate exempts the facility (but not the land or inventory) from real and personal property taxes, and makes it subject to a specific industrial facilities tax. For a new facility, the specific tax is 50% of what the property tax otherwise would be, plus the State education tax. For a replacement facility, the specific tax essentially is the amount that property taxes would be based on the value of the facility before the renovation.

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would reduce State and local revenues by an unknown amount. Currently, no Michigan firms are engaged in the creation or synthesis of biodiesel fuel. The bill would not have an impact until such operations began and were granted an abatement under the Act.

This estimate is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

S0304\4010sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.