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BILL ANALYSIS

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Senate Bill 1111 (as reported without amendment)

Sponsor: Senator Cameron S. Brown

Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the definition of "qualified commercial activity" in the plant rehabilitation and industrial development Act (PA 198) to revise the criteria for a warehousing, distribution, or logistics facility, and include a communication service center.

Under the Act, an owner of a new or replacement facility in a plant rehabilitation or industrial development district that contains industrial property, may receive an industrial facilities exemption certificate (for a property tax abatement). The industrial property must be used for one of the purposes specified in the Act, which include the operation of "qualified commercial activity", i.e., commercial property that meets all of the following:

- An application for an exemption certificate approved by the local governmental unit is filed for approval by the State Tax Commission by April 30, 2006.
- At least 90% of the property is used for warehousing, distribution, and logistic purposes that provide food for institutional, restaurant, hospital, or hotel customers.
- The property is located in a village and is within 15 miles of a State border.
- The property occupies one or more buildings that exceed 300,000 square feet in size.

The bill would define "qualified commercial activity", instead, as commercial property that meets both of the following:

- It is used for warehousing, distribution, or logistic purposes or for a communication service center.
- It occupies a building or structure that exceeds 100,000 square feet in size.

MCL 207.552

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce State and local unit revenue by an unknown amount. It is unknown how many additional facilities might be eligible for an exemption certificate as qualified commercial activity under the bill, or the characteristics and location of the property. The actual amount of the reduction would depend upon the characteristics of the property and the type of certificate granted. Any impact would reduce School Aid Fund revenue, local unit revenue, and local school district revenue. Reductions to local school district revenue would be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

Date Completed: 3-31-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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