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BILL ANALYSIS

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Senate Bill 426 (as introduced 4-1-09)  
Sponsor: Senator Cameron Brown  
Committee: Economic Development and Regulatory Reform

Date Completed: 5-6-09

### **CONTENT**

**The bill would amend the plant rehabilitation and industrial development Act, commonly called P.A. 198, to provide for the calculation of the industrial facility tax for a new facility or speculative building that was owned or operated by a qualified modular housing manufacturer.**

The Act allows local units of government 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 for industrial property in a district, which instead is subject to the industrial facility tax.

The amount of the industrial facility tax in each year for a new facility or a speculative building is determined by multiplying the taxable value of the facility, excluding the land and the inventory personal property, by the sum of one-half of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than the mills levied under the State Education Tax (SET) Act, plus, subject to Section 14a, the number of mills levied under the SET Act.

Under the bill, beginning for the 2009 tax year, the amount of the industrial facility tax in each year for a new facility or a speculative building that was owned or operated by a qualified modular housing manufacturer would have to be determined by the same calculation, except the multiplier would be  $1/10^{\text{th}}$ , rather than one-half.

(Under Section 14a, within 60 days after an industrial facilities exemption certificate is granted for a new facility, the State Treasurer may exclude one-half or all of the number of SET mills from the calculation of the industrial facility tax on the facility, if the Treasurer determines that doing so is necessary to reduce unemployment, promote economic growth, and increase capital investment in the State.)

The bill would define "qualified modular housing manufacturer" as a manufacturer of premanufactured modular building units or manufactured homes that has a manufacturing facility located in this State. "Premanufactured modular building unit" would mean a building designed and constructed pursuant to the Single State Construction Code Act, that is manufactured in one or more sections in a facility for installation on a permanent foundation at its final location. The term would not include a mobile home or a manufactured home that is constructed on a permanent chassis in compliance with the National Manufactured Housing Construction and Safety Standards Act.

"Manufactured home" would mean that term as defined in the Uniform Commercial Code (a structure, transportable in one or more sections that, in the traveling mode, is eight body feet or more wide or 40 body feet or more long, or when erected on site, is 320 or more square feet, and that is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities.)

MCL 207.552 & 207.564

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would reduce State and local unit revenue and increase School Aid Fund expenditures by an unknown amount. The potential impact on State revenue depends on the degree to which the State Education Tax would be abated under the new provisions. Any reduction in local school district operating revenue would be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

The magnitude of the impact also depends upon the characteristics of the properties affected. To the extent that development will occur absent the bill, the bill would prevent revenue increases that otherwise will be received by entities with affected mills, such as community colleges and library authorities, as well as revenue to the local unit.

Fiscal Analyst: David Zin

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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.