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BILL ANALYSIS



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Senate Bill 1251 (as reported without amendment)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the plant rehabilitation and industrial development Act, commonly referred to as PA 198, to extend the deadline by which construction must begin for certain convention and trade centers included in the definition of "industrial property".

The Act allows local units of government, with the approval of the State Tax Commission, 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 is subject to an industrial facilities tax that is lower than standard property taxes.

The Act's definition of "industrial property" includes a convention and trade center in which construction begins by December 31, 2010, and that is one of the following:

- Over 250,000 square feet in size.
- If located in a county with a population of more than 750,000 and less than 1.1 million, over 100,000 square feet in size.
- If located in a county with a population of more than 26,000 and less than 28,000, over 30,000 square feet in size.

Under the bill, construction of the facility would have to begin by December 31, 2012.

MCL 207.552

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

By expanding the timeline upon which convention and trade centers can qualify for a tax exemption under the plant rehabilitation and industrial development Act, the bill potentially would reduce local government taxes. Local government property taxes could be reduced if such a facility were constructed in a jurisdiction based on the extension of the deadline. The magnitude of this reduction would depend on the value of the project.

Date Completed: 5-26-10

Fiscal Analyst: Eric Scorsone