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BILL ANALYSIS

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House Bill 4915 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Rick Jones
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the plant rehabilitation and industrial development districts Act to permit local units of government to extend property tax abatements for the operation of a logistical optimization center.

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, 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 Act's definition of "industrial property" to include the operation of a logistical optimization center among the activities that qualify a facility for the tax abatements. The bill would define "logistical optimization center" as a sorting and distribution center that supports an assembly center and its manufacturing process for the purpose of optimizing transportation, just-in-time inventory management, and material handling, and to which all of the following apply:

- The sorting and distribution center is within two miles of a private passenger motor vehicle assembly center that, together with supporting facilities, contains at least 800,000 square feet.
- The sorting and distribution center contains at least 950,000 square feet.
- The sorting and distribution center has applied for an industrial facilities exemption certificate after June 30, 2005, and before January 1, 2006.
- The private passenger motor vehicle assembly center is located on land conditionally transferred by a township with a population over 25,000 under Public Act 425 of 1984 (which allows for the intergovernmental conditional transfer of property by contract), to a city with a population over 100,000 that levies an income tax.

MCL 207.552

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would reduce local unit revenue and increase School Aid Fund expenditures by an unknown amount, depending upon how many exemption certificates were issued under the provisions added by the bill and the specific characteristics of the property receiving certificates. The change in revenue would reflect the impact relative to whether a new facility or rehabilitation would occur absent the bill and receive a certificate.

Date Completed: 9-6-05

Fiscal Analyst: David Zin

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

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