

Legislative Analysis



PA 198 EXCEPTION

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Senate Bill 1284

Sponsor: Sen. Laura M. Toy

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 9-18-06

A SUMMARY OF SENATE BILL 1284 AS PASSED BY THE SENATE 6-22-06

The Plant Rehabilitation and Industrial Development Districts Act, commonly referred to as PA 198, allows local units of government to grant industrial facilities exemption certificates to new and speculative buildings and to replacement facilities. The certificate, generally speaking, grants a property tax abatement to an industrial facility, which then pays a lower "specific" tax rather than regular property taxes. Approval is first required by a local unit of government and subsequently by the State Tax Commission, which checks to see if the law has been followed properly. The act contains the process to be followed and the requirements that must be met for a certificate to be granted. The act also contains provisions aimed at allowing exceptions to the normal procedures.

Senate Bill 1248 would add an exception to allow an abatement for a facility located in an industrial development district owned by a person who filed an application for an exemption certificate in December 2005 for construction that was begun in September 2005 in a district established by the local unit of government in December 2005. [Generally, the law requires the district to be established before construction begins.]

FISCAL IMPACT:

This bill will reduce State and local property tax revenue, and increase School Aid Fund expenditures by an indeterminate amount.

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