



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

TOOL AND DIE COMPANIES

House Bill 5243
Sponsor: Rep. David Palsrok

House Bill 5244
Sponsor: Rep. Mary Ann Middaugh

House Bill 5245
Sponsor: Rep. Bill Huizenga

House Bill 5247
Sponsor: Rep. Philip LaJoy

House Bill 5249
Sponsor: Rep. David Robertson

House Bill 5250
Sponsor: Rep. Matt Milosch

House Bill 5254
Sponsor: Rep. Neal Nitz

House Bill 5263
Sponsor: Rep. John Stahl

Committee: Commerce

Complete to 11-10-03

A SUMMARY OF HOUSE BILLS 5243-5245, 5247, 5249-5250, 5254, AND 5263 AS INTRODUCED 11-4-03

House Bill 5243 would amend the Michigan Renaissance Zone Act (MCL 125.2688) to allow the board of the Michigan Strategic Fund to designate up to 20 tool and die renaissance recovery zones in the state, to be located in cities, townships, and villages that consent to the creation of a recovery zone. A zone would have a duration of up to 20 years. A zone could consist only of one or more parcels of property owned by one or more tool and die businesses and used primarily for tool and die business operations. To be a qualified tool and die business, a business must have fewer than 50 employees; have the proper classification in the North American industrial classification system (NAICS); and have entered a collaboration with other business entities in the same NAICS classifications. Renaissance zones are typically described as granting virtually tax-free status to the businesses or residents in them. Businesses in renaissance zones are exempt from the single business tax (SBT), the six-mill state education tax, local real and personal property taxes, specific taxes levied in lieu of property taxes, and (in Detroit) the utility users tax, as well as state and city income taxes.

House Bill 5244 would redefine the term “special tool” for the purpose of the exemption in the General Property Tax Act (MCL 211.9b and 211.27) for special tools. Currently, the act essentially authorizes the State Tax Commission to define those “manufacturing requisites” that qualify (such as dies, jigs, fixtures, molds, patterns, gauges, or other tools). The new definition would be: a finished or unfinished device that is used or is being prepared for use to produce a product or model or which that device is designed, and that is of such a specialized nature that the device’s utility will cease to the owner or use if the product or model is discontinued. Whether or not a device is a special tool shall be determined without regard to the device’s actual economic life or useful life or the product’s or model’s life in the marketplace. Special tool

House Bills 5243-5245, 5247, 5249-5250, 5254 and 5263 (11-10-03)

includes, but is not limited to, a die, jig, fixture, mold, pattern, or special gauge. Special tool does not include a standard tool (which is defined to mean a die, jig, fixture, mold, pattern, gauge, or other tool that is not a special tool). Presumably, this would expand the definition. The bill also would specify that the true cash value of a special tool for personal property tax purposes would be the net book value of the tool as of December 31 in each tax year using generally accepted accounting principles in a manner consistent with the established depreciation method of the person submitting the personal property tax statement.

House Bill 5245 would amend the Single Business Tax Act (MCL 208.38e) to increase the maximum credit allowed for apprentice training, beginning for tax years after December 31, 2003. Currently, the maximum credit is \$2,000 per apprentice trained. The bill would increase that to \$4,000 for companies in the NAICS tool and die company classifications.

House Bill 5247 would amend the Revised School Code (MCL 380.1140) to require the board of a school district, intermediate school district, or of a charter school (public school academy) to allow the same access to representatives of skilled trades associations to provide information to students about apprenticeship programs as they do to representatives of higher education who are providing information to students about educational opportunities.

House Bill 5249 would amend the Single Business Tax Act (MCL 208.37e) to allow a taxpayer who purchases tangible personal property from a qualified tool and die business to claim a credit against the SBT equal to the amount actually paid for tangible personal property. The credit would have to be claimed within 365 days after the property was ordered. This credit would be in addition to all other credits allowed in the act; the costs used to determine this credit could be used to calculate other credits; and any unused portion of a credit could be carried forward for ten years or until used up, whichever occurred first. The bill would apply to tax years beginning after December 31, 2003.

House Bill 5250 would amend the General Property Tax Act (MCL 211.10e) to stipulate that, for taxes levied the depreciation of personal property used to develop tool and die products for the purpose of property taxes could not be less than the depreciation provided for in Section 168 of the Internal Revenue Code.

House Bill 5254 would amend the Michigan Broadband Development Authority Act (MCL 484.3207) to allow the authority to make grants to a qualified tool and die business for broadband infrastructure and broadband services if the business was located in a recovery zone and if approved by the Department of Treasury and the Michigan Economic Development Corporation.

House Bill 5263 would amend the Use Tax Act (205.92) to remove from the price of property that is to be affixed to real estate the cost of labor to manufacture, fabricate, or assemble the property. Currently, those labor costs are part of the price, but the cost of labor to cut, bend, assemble, or attach property at the site of affixation to real estate is not part of the price on which the use tax is levied.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.