

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4540

A bill to amend 1992 PA 147, entitled
"Neighborhood enterprise zone act,"
by amending section 9 (MCL 207.779), as amended by 2003 PA 127.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) Except as provided in subsection ~~—(10)—~~ (14),
2 there is levied on the owner of a **HOMESTEAD FACILITY**, A new
3 facility, or a rehabilitated facility to which a neighborhood
4 enterprise zone certificate is issued a specific tax known as the
5 neighborhood enterprise zone tax.

6 (2) A **HOMESTEAD FACILITY**, A new facility, or a rehabilitated
7 facility for which a neighborhood enterprise zone certificate is in
8 effect, but not the land on which the facility is located, is
9 exempt from ad valorem real property taxes collected under the
10 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

1 (3) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**
2 amount of the neighborhood enterprise zone tax on a new facility is
3 determined each year by multiplying the taxable value of the
4 facility, not including the land, by 1 of the following:

5 (a) For property that would otherwise meet the definition of a
6 principal residence under section 7dd of the general property tax
7 act, 1893 PA 206, MCL 211.7dd, if that property was not exempt from
8 ad valorem property taxes under this act, 1/2 of the average rate
9 of taxation levied in this state in the immediately preceding
10 calendar year on a principal residence and qualified agricultural
11 property as defined in section 7dd of the general property tax act,
12 1893 PA 206, MCL 211.7dd. However, in 1994 only, the average rate
13 of taxation shall be the average rate of taxation levied in 1993
14 upon all property in this state upon which ad valorem taxes are
15 assessed.

16 (b) For property that is not a principal residence under
17 section 7dd of the general property tax act, 1893 PA 206, MCL
18 211.7dd, 1/2 of the average rate of taxation levied upon
19 commercial, industrial, and utility property upon which ad valorem
20 taxes are assessed as determined for the immediately preceding
21 calendar year by the state board of assessors under section 13 of
22 1905 PA 282, MCL 207.13. However, in 1994 only, the average rate of
23 taxation shall be the average rate of taxation levied in 1993 upon
24 all property in this state upon which ad valorem taxes are
25 assessed.

26 (4) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**
27 amount of the neighborhood enterprise zone tax on a rehabilitated

1 facility is determined each year by multiplying the taxable value
2 of the rehabilitated facility, not including the land, for the tax
3 year immediately preceding the effective date of the neighborhood
4 enterprise zone certificate by the total mills collected under the
5 general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for
6 the current year by all taxing units within which the rehabilitated
7 facility is located.

8 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE AMOUNT
9 OF THE NEIGHBORHOOD ENTERPRISE ZONE TAX ON A HOMESTEAD FACILITY IS
10 THE SUM OF ALL THE FOLLOWING:

11 (A) ONE-HALF THE NUMBER OF MILLS LEVIED FOR OPERATING PURPOSES
12 BY THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEIGHBORHOOD ENTERPRISE
13 ZONE IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE
14 HOMESTEAD FACILITY NOT INCLUDING THE LAND.

15 (B) ONE-HALF THE NUMBER OF MILLS LEVIED FOR OPERATING PURPOSES
16 BY THE COUNTY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE IS LOCATED
17 MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE HOMESTEAD FACILITY
18 NOT INCLUDING THE LAND.

19 (C) THE TOTAL NUMBER OF MILLS COLLECTED UNDER THE GENERAL
20 PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157, FOR THE
21 CURRENT YEAR BY ALL TAXING JURISDICTIONS WITHIN WHICH THE HOMESTEAD
22 FACILITY IS LOCATED EXCLUDING THE NUMBER OF MILLS LEVIED FOR
23 OPERATING PURPOSES BY THE LOCAL GOVERNMENTAL UNIT AND COUNTY IN
24 WHICH THE HOMESTEAD FACILITY IS LOCATED MULTIPLIED BY THE CURRENT
25 TAXABLE VALUE OF THE HOMESTEAD FACILITY NOT INCLUDING THE LAND.

26 (6) IN THE YEAR 2 YEARS BEFORE THE YEAR IN WHICH THE
27 NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE EXPIRES FOR A HOMESTEAD

1 FACILITY, FOR A NEW FACILITY OR A REHABILITATED FACILITY IN WHICH
2 THE NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WAS ISSUED AFTER
3 DECEMBER 31, 2005, OR FOR A NEW FACILITY OR A REHABILITATED
4 FACILITY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WAS
5 EXTENDED 3 YEARS UNDER SECTION 12(1), THE NEIGHBORHOOD ENTERPRISE
6 ZONE TAX IS THE SUM OF ALL THE FOLLOWING:

7 (A) FIVE-EIGHTHS THE NUMBER OF MILLS LEVIED FOR OPERATING
8 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEIGHBORHOOD
9 ENTERPRISE ZONE IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE
10 OF THE FACILITY NOT INCLUDING THE LAND.

11 (B) FIVE-EIGHTHS THE NUMBER OF MILLS LEVIED FOR OPERATING
12 PURPOSES BY THE COUNTY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE IS
13 LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE FACILITY NOT
14 INCLUDING THE LAND.

15 (C) THE TOTAL NUMBER OF MILLS COLLECTED UNDER THE GENERAL
16 PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157, FOR THE
17 CURRENT YEAR BY ALL TAXING JURISDICTIONS WITHIN WHICH THE FACILITY
18 IS LOCATED EXCLUDING THE NUMBER OF MILLS LEVIED FOR OPERATING
19 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT AND COUNTY IN WHICH THE
20 FACILITY IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE
21 FACILITY NOT INCLUDING THE LAND.

22 (7) IN THE YEAR BEFORE THE YEAR IN WHICH THE NEIGHBORHOOD
23 ENTERPRISE ZONE CERTIFICATE EXPIRES FOR A HOMESTEAD FACILITY, FOR A
24 NEW FACILITY OR A REHABILITATED FACILITY IN WHICH THE NEIGHBORHOOD
25 ENTERPRISE ZONE CERTIFICATE WAS ISSUED AFTER DECEMBER 31, 2005, OR
26 FOR A NEW FACILITY OR A REHABILITATED FACILITY IN WHICH THE
27 NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WAS EXTENDED 3 YEARS UNDER

1 SECTION 12(1), THE NEIGHBORHOOD ENTERPRISE ZONE TAX IS THE SUM OF
2 ALL THE FOLLOWING:

3 (A) THREE-FOURTHS THE NUMBER OF MILLS LEVIED FOR OPERATING
4 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEIGHBORHOOD
5 ENTERPRISE ZONE IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE
6 OF THE FACILITY NOT INCLUDING THE LAND.

7 (B) THREE-FOURTHS THE NUMBER OF MILLS LEVIED FOR OPERATING
8 PURPOSES BY THE COUNTY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE IS
9 LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE FACILITY NOT
10 INCLUDING THE LAND.

11 (C) THE TOTAL NUMBER OF MILLS COLLECTED UNDER THE GENERAL
12 PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157, FOR THE
13 CURRENT YEAR BY ALL TAXING JURISDICTIONS WITHIN WHICH THE FACILITY
14 IS LOCATED EXCLUDING THE NUMBER OF MILLS LEVIED FOR OPERATING
15 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT AND COUNTY IN WHICH THE
16 FACILITY IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE
17 FACILITY NOT INCLUDING THE LAND.

18 (8) IN THE YEAR IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE
19 CERTIFICATE EXPIRES FOR A HOMESTEAD FACILITY, FOR A NEW FACILITY OR
20 A REHABILITATED FACILITY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE
21 CERTIFICATE WAS ISSUED AFTER DECEMBER 31, 2005, OR FOR A NEW
22 FACILITY OR A REHABILITATED FACILITY IN WHICH THE NEIGHBORHOOD
23 ENTERPRISE ZONE CERTIFICATE WAS EXTENDED 3 YEARS UNDER SECTION
24 12(1), THE NEIGHBORHOOD ENTERPRISE ZONE TAX IS THE SUM OF ALL THE
25 FOLLOWING:

26 (A) SEVEN-EIGHTHS THE NUMBER OF MILLS LEVIED FOR OPERATING
27 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEIGHBORHOOD

1 ENTERPRISE ZONE IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE
2 OF THE FACILITY NOT INCLUDING THE LAND.

3 (B) SEVEN-EIGHTHS THE NUMBER OF MILLS LEVIED FOR OPERATING
4 PURPOSES BY THE COUNTY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE IS
5 LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE FACILITY NOT
6 INCLUDING THE LAND.

7 (C) THE TOTAL NUMBER OF MILLS COLLECTED UNDER THE GENERAL
8 PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157, FOR THE
9 CURRENT YEAR BY ALL TAXING JURISDICTIONS WITHIN WHICH THE FACILITY
10 IS LOCATED EXCLUDING THE NUMBER OF MILLS LEVIED FOR OPERATING
11 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT AND COUNTY IN WHICH THE
12 FACILITY IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE OF THE
13 FACILITY NOT INCLUDING THE LAND.

14 (9) ~~(5)~~ The neighborhood enterprise zone tax is an annual
15 tax, payable at the same times, in the same installments, and to
16 the same officer or officers as taxes collected under the general
17 property tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable.
18 Except as otherwise provided in this section, the officer or
19 officers shall disburse the neighborhood enterprise zone tax
20 received by the officer or officers each year to the state, cities,
21 townships, villages, school districts, counties, and authorities at
22 the same times and in the same proportions as required for the
23 disbursement of taxes collected under the general property tax act,
24 1893 PA 206, MCL 211.1 to 211.157. To determine the proportion for
25 the disbursement of taxes under this subsection and for attribution
26 of taxes under subsection ~~(7)~~ (11) for taxes collected after June
27 30, 1994, the number of mills levied for local school district

1 operating purposes to be used in the calculation shall equal the
2 number of mills for local school district operating purposes levied
3 in 1993 minus the number of mills levied under the state education
4 tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for
5 which the disbursement is calculated. **LOCAL TAX COLLECTION OFFICERS**
6 **SHALL DISBURSE THE PROCEEDS OF THE NEIGHBORHOOD ENTERPRISE ZONE TAX**
7 **COLLECTED ON HOMESTEAD FACILITIES UNDER SUBSECTION (5) AND ON**
8 **HOMESTEAD FACILITIES, NEW FACILITIES, AND REHABILITATED FACILITIES**
9 **UNDER SUBSECTIONS (6), (7), AND (8) EACH YEAR TO THE STATE, CITIES,**
10 **TOWNSHIPS, VILLAGES, SCHOOL DISTRICTS, COUNTIES, AND AUTHORITIES IN**
11 **AN AMOUNT EQUAL TO THE SUM OF THE PROCEEDS OF THE NEIGHBORHOOD**
12 **ENTERPRISE ZONE TAX COLLECTED ON THE FACILITY MULTIPLIED BY A**
13 **FRACTION IN WHICH THE NUMERATOR IS THE NUMBER OF MILLS LEVIED BY**
14 **THE TAXING UNIT THAT WAS USED TO CALCULATE THE SPECIFIC TAX ON THE**
15 **FACILITY AND THE DENOMINATOR IS THE TOTAL NUMBER OF MILLS LEVIED BY**
16 **ALL THE TAXING UNITS THAT WAS USED TO CALCULATE THE SPECIFIC TAX IN**
17 **WHICH THE PROPERTY IS LOCATED.**

18 (10) ~~(6)~~ An intermediate school district receiving state aid
19 under sections 56, 62, and 81 of the state school aid act of 1979,
20 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount
21 that would otherwise be disbursed to or retained by the
22 intermediate school district, all or a portion, to be determined on
23 the basis of the tax rates being utilized to compute the amount of
24 state aid, shall be paid to the state treasury to the credit of the
25 state school aid fund established by section 11 of article IX of
26 the state constitution of 1963. If and for the period that the
27 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772,

1 is amended or its successor act is enacted or amended to include a
2 provision that provides for adjustments in state school aid to
3 account for the receipt of revenues provided under this act in
4 place of exempted ad valorem property tax, revenues required to be
5 remitted or returned to the state treasury to the credit of the
6 state school aid fund shall be distributed instead to the
7 intermediate school districts. If the sum of any industrial
8 facility tax levied under 1974 PA 198, MCL 207.551 to 207.572, the
9 commercial facilities tax levied under the commercial redevelopment
10 act, 1978 PA 255, MCL 207.651 to 207.668, and the neighborhood
11 enterprise zone tax paid to the state treasury to the credit of the
12 state school aid fund that would otherwise be disbursed to the
13 intermediate school district exceeds the amount received by the
14 intermediate school district under sections 56, 62, and 81 of the
15 state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662,
16 and 388.1681, the department of treasury shall allocate to each
17 eligible intermediate school district an amount equal to the
18 difference between the sum of the industrial facility tax, the
19 commercial facilities tax, and the neighborhood enterprise zone tax
20 paid to the state treasury to the credit of the state school aid
21 fund and the amount the intermediate school district received under
22 sections 56, 62, and 81 of the state school aid act of 1979, 1979
23 PA 94, MCL 388.1656, 388.1662, and 388.1681.

24 (11) ~~—(7)—~~ For neighborhood enterprise zone taxes levied after
25 1993 for school operating purposes, the amount that would otherwise
26 be disbursed to a local school district shall be paid instead to
27 the state treasury and credited to the state school aid fund

1 established by section 11 of article IX of the state constitution
2 of 1963.

3 (12) ~~—(8)—~~ The officer or officers shall send a copy of the
4 amount of disbursement made to each unit under this section to the
5 commission on a form provided by the commission. The neighborhood
6 enterprise zone tax is a lien on the real property upon which the
7 new facility or rehabilitated facility subject to the certificate
8 is located until paid. The continuance of a certificate is
9 conditional upon the annual payment of the neighborhood enterprise
10 zone tax and the ad valorem tax on the land collected under the
11 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

12 (13) ~~—(9)—~~ If payment of the tax under this act is not made by
13 the March 1 following the levy of the tax, the tax shall be turned
14 over to the county treasurer and collected in the same manner as a
15 delinquent tax under the general property tax act, 1893 PA 206, MCL
16 211.1 to 211.157.

17 (14) ~~—(10)—~~ A **HOMESTEAD FACILITY**, A new facility, or a
18 rehabilitated facility located in a renaissance zone under the
19 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
20 125.2696, is exempt from the neighborhood enterprise zone tax
21 levied under this act to the extent and for the duration provided
22 pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL
23 125.2681 to 125.2696, except for that portion of the neighborhood
24 enterprise zone tax attributable to a special assessment or a tax
25 described in section 7ff(2) of the general property tax act, 1893
26 PA 206, MCL 211.7ff. The neighborhood enterprise zone tax
27 calculated under this subsection shall be disbursed proportionately

1 to the local taxing unit or units that levied the special
2 assessment or the tax described in section 7ff(2) of the general
3 property tax act, 1893 PA 206, MCL 211.7ff.