

HOUSE BILL No. 4540

March 22, 2005, Introduced by Reps. Gaffney, McConico, Virgil Smith, Hunter, Cheeks, Cushingberry, Leland, Tobocman, Alma Smith, Lemmons, III and Waters and referred to the Committee on Commerce.

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

1 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

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

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

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

27 (4) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**

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

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

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

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

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

27 (6) IN THE YEAR 2 YEARS BEFORE THE YEAR IN WHICH THE

1 NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE EXPIRES FOR A HOMESTEAD
2 FACILITY, FOR A NEW FACILITY OR A REHABILITATED FACILITY IN WHICH
3 THE NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WAS ISSUED AFTER
4 DECEMBER 31, 2004, OR FOR A NEW FACILITY OR A REHABILITATED
5 FACILITY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WAS
6 EXTENDED 3 YEARS UNDER SECTION 12(1), THE NEIGHBORHOOD ENTERPRISE
7 ZONE TAX IS THE SUM OF ALL THE FOLLOWING:

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

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

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

23 (7) IN THE YEAR BEFORE THE YEAR IN WHICH THE NEIGHBORHOOD
24 ENTERPRISE ZONE CERTIFICATE EXPIRES FOR A HOMESTEAD FACILITY, FOR A
25 NEW FACILITY OR A REHABILITATED FACILITY IN WHICH THE NEIGHBORHOOD
26 ENTERPRISE ZONE CERTIFICATE WAS ISSUED AFTER DECEMBER 31, 2004, OR
27 FOR A NEW FACILITY OR A REHABILITATED FACILITY IN WHICH THE

1 NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WAS EXTENDED 3 YEARS UNDER
2 SECTION 12(1), THE NEIGHBORHOOD ENTERPRISE ZONE TAX IS THE SUM OF
3 ALL THE FOLLOWING:

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

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

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

19 (8) IN THE YEAR IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE
20 CERTIFICATE EXPIRES FOR A HOMESTEAD FACILITY, FOR A NEW FACILITY OR
21 A REHABILITATED FACILITY IN WHICH THE NEIGHBORHOOD ENTERPRISE ZONE
22 CERTIFICATE WAS ISSUED AFTER DECEMBER 31, 2004, OR FOR A NEW
23 FACILITY OR A REHABILITATED FACILITY IN WHICH THE NEIGHBORHOOD
24 ENTERPRISE ZONE CERTIFICATE WAS EXTENDED 3 YEARS UNDER SECTION
25 12(1), THE NEIGHBORHOOD ENTERPRISE ZONE TAX IS THE SUM OF ALL THE
26 FOLLOWING:

27 (A) SEVEN-EIGHTHS THE NUMBER OF MILLS LEVIED FOR OPERATING

1 PURPOSES BY THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEIGHBORHOOD
2 ENTERPRISE ZONE IS LOCATED MULTIPLIED BY THE CURRENT TAXABLE VALUE
3 OF THE FACILITY NOT INCLUDING THE LAND.

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

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

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

1 30, 1994, the number of mills levied for local school district
2 operating purposes to be used in the calculation shall equal the
3 number of mills for local school district operating purposes levied
4 in 1993 minus the number of mills levied under the state education
5 tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for
6 which the disbursement is calculated. **LOCAL TAX COLLECTION OFFICERS**
7 **SHALL DISBURSE THE PROCEEDS OF THE NEIGHBORHOOD ENTERPRISE ZONE TAX**
8 **COLLECTED ON HOMESTEAD FACILITIES UNDER SUBSECTION (5) AND ON**
9 **HOMESTEAD FACILITIES, NEW FACILITIES, AND REHABILITATED FACILITIES**
10 **UNDER SUBSECTIONS (6), (7), AND (8) EACH YEAR TO THE STATE, CITIES,**
11 **TOWNSHIPS, VILLAGES, SCHOOL DISTRICTS, COUNTIES, AND AUTHORITIES IN**
12 **AN AMOUNT EQUAL TO THE SUM OF THE PROCEEDS OF THE NEIGHBORHOOD**
13 **ENTERPRISE ZONE TAX COLLECTED ON THE FACILITY MULTIPLIED BY A**
14 **FRACTION IN WHICH THE NUMERATOR IS THE NUMBER OF MILLS LEVIED BY**
15 **THE TAXING UNIT THAT WAS USED TO CALCULATE THE SPECIFIC TAX ON THE**
16 **FACILITY AND THE DENOMINATOR IS THE TOTAL NUMBER OF MILLS LEVIED BY**
17 **ALL THE TAXING UNITS THAT WAS USED TO CALCULATE THE SPECIFIC TAX IN**
18 **WHICH THE PROPERTY IS LOCATED.**

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

1 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772,
2 is amended or its successor act is enacted or amended to include a
3 provision that provides for adjustments in state school aid to
4 account for the receipt of revenues provided under this act in
5 place of exempted ad valorem property tax, revenues required to be
6 remitted or returned to the state treasury to the credit of the
7 state school aid fund shall be distributed instead to the
8 intermediate school districts. If the sum of any industrial
9 facility tax levied under 1974 PA 198, MCL 207.551 to 207.572, the
10 commercial facilities tax levied under the commercial redevelopment
11 act, 1978 PA 255, MCL 207.651 to 207.668, and the neighborhood
12 enterprise zone tax paid to the state treasury to the credit of the
13 state school aid fund that would otherwise be disbursed to the
14 intermediate school district exceeds the amount received by the
15 intermediate school district under sections 56, 62, and 81 of the
16 state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662,
17 and 388.1681, the department of treasury shall allocate to each
18 eligible intermediate school district an amount equal to the
19 difference between the sum of the industrial facility tax, the
20 commercial facilities tax, and the neighborhood enterprise zone tax
21 paid to the state treasury to the credit of the state school aid
22 fund and the amount the intermediate school district received under
23 sections 56, 62, and 81 of the state school aid act of 1979, 1979
24 PA 94, MCL 388.1656, 388.1662, and 388.1681.

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

1 the state treasury and credited to the state school aid fund
2 established by section 11 of article IX of the state constitution
3 of 1963.

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

13 (13) ~~-(9)-~~ If payment of the tax under this act is not made by
14 the March 1 following the levy of the tax, the tax shall be turned
15 over to the county treasurer and collected in the same manner as a
16 delinquent tax under the general property tax act, 1893 PA 206, MCL
17 211.1 to 211.157.

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

1 calculated under this subsection shall be disbursed proportionately
2 to the local taxing unit or units that levied the special
3 assessment or the tax described in section 7ff(2) of the general
4 property tax act, 1893 PA 206, MCL 211.7ff.