

SENATE BILL No. 1084

January 21, 2010, Introduced by Senators HUNTER, ALLEN, PAPPAGEORGE, JANSEN, CLARKE and HARDIMAN and referred to the Committee on Commerce and Tourism.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 9f (MCL 211.9f), as amended by 2008 PA 573.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9f. (1) The governing body of an eligible local assessing
2 district **OR, SUBJECT TO SUBSECTION (4), THE BOARD OF A NEXT**
3 **MICHIGAN DEVELOPMENT CORPORATION IN WHICH AN ELIGIBLE LOCAL**
4 **ASSESSING DISTRICT IS A CONSTITUENT MEMBER** may adopt a resolution
5 to exempt from the collection of taxes under this act all new
6 personal property owned or leased by an eligible business located
7 in 1 or more eligible districts or distressed parcels designated in
8 the resolution **OR AN ELIGIBLE NEXT MICHIGAN BUSINESS AS PROVIDED IN**
9 **THIS SECTION.** The clerk of the eligible local assessing district **OR**
10 **THE RECORDING OFFICER OF A NEXT MICHIGAN DEVELOPMENT CORPORATION**

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1 shall notify in writing the assessor of the local tax collecting
2 unit in which the eligible district or distressed parcel is located
3 and the legislative body of each taxing unit that levies ad valorem
4 property taxes in the eligible local assessing district in which
5 the eligible district or distressed parcel is located. Before
6 acting on the resolution, the governing body of the eligible local
7 assessing district **OR A NEXT MICHIGAN DEVELOPMENT CORPORATION** shall
8 afford the assessor and a representative of the affected taxing
9 units an opportunity for a hearing.

10 (2) The exemption under this section is effective on the
11 December 31 immediately succeeding the adoption of the resolution
12 by the governing body of the eligible local assessing district **OR A**
13 **NEXT MICHIGAN DEVELOPMENT CORPORATION** and shall continue in effect
14 for a period specified in the resolution. However, an exemption
15 shall not be granted under this section after December 31, 2012 for
16 an eligible business located in an eligible district identified in
17 subsection ~~(7)(e)(ix)~~ **(8)(E)(ix)** or in an eligible local assessing
18 district identified in subsection ~~(7)(g)(ii)~~ **(8)(G)(ii)**. A copy of
19 the resolution shall be filed with the state tax commission, the
20 state treasurer, and the president of the Michigan strategic fund.
21 A resolution is not effective unless approved as provided in
22 subsection (3).

23 (3) Not more than 60 days after receipt of a copy of the
24 resolution adopted **BY THE GOVERNING BODY OF AN ELIGIBLE LOCAL**
25 **ASSESSING DISTRICT** under subsection (1), the state tax commission
26 shall determine if the new personal property subject to the
27 exemption is owned or leased by an eligible business and if the

1 eligible business is located in 1 or more eligible districts. If
2 the state tax commission determines that the new personal property
3 subject to the exemption is owned or leased by an eligible business
4 and that the eligible business is located in 1 or more eligible
5 districts, the state treasurer, with the written concurrence of the
6 president of the Michigan strategic fund, shall approve the
7 resolution adopted under subsection (1) if the state treasurer and
8 the president of the Michigan strategic fund determine that
9 exempting new personal property of the eligible business is
10 necessary to reduce unemployment, promote economic growth, and
11 increase capital investment in this state. In addition, for an
12 eligible business located in an eligible local assessing district
13 described in subsection ~~(7) (g) (ii)~~ **(8) (G) (ii)**, the resolution adopted
14 under subsection (1) shall be approved if the state treasurer and
15 the president of the Michigan strategic fund determine that
16 granting the exemption is a net benefit to this state, that
17 expansion, retention, or location of an eligible business will not
18 occur in this state without this exemption, and that there is no
19 significant negative effect on employment in other parts of this
20 state as a result of the exemption.

21 **(4) A NEXT MICHIGAN DEVELOPMENT CORPORATION MAY ONLY ADOPT A**
22 **RESOLUTION UNDER SUBSECTION (1) EXEMPTING NEW PERSONAL PROPERTY**
23 **FROM THE COLLECTION OF TAXES UNDER THIS ACT FOR NEW PERSONAL**
24 **PROPERTY LOCATED IN A NEXT MICHIGAN DEVELOPMENT DISTRICT. A NEXT**
25 **MICHIGAN DEVELOPMENT CORPORATION SHALL NOT ADOPT A RESOLUTION UNDER**
26 **SUBSECTION (1) EXEMPTING NEW PERSONAL PROPERTY FROM THE COLLECTION**
27 **OF TAXES UNDER THIS ACT WITHOUT A WRITTEN AGREEMENT ENTERED INTO**

1 WITH THE ELIGIBLE NEXT MICHIGAN BUSINESS SUBJECT TO THE EXEMPTION,
2 WHICH WRITTEN AGREEMENT CONTAINS A REMEDY PROVISION THAT INCLUDES,
3 BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

4 (A) A REQUIREMENT THAT THE EXEMPTION UNDER THIS SECTION IS
5 REVOKED IF THE ELIGIBLE NEXT MICHIGAN BUSINESS IS DETERMINED TO BE
6 IN VIOLATION OF THE PROVISIONS OF THE WRITTEN AGREEMENT.

7 (B) A REQUIREMENT THAT THE ELIGIBLE NEXT MICHIGAN BUSINESS MAY
8 BE REQUIRED TO REPAY ALL OR PART OF THE PERSONAL PROPERTY TAXES
9 EXEMPTED UNDER THIS SECTION IF THE ELIGIBLE NEXT MICHIGAN BUSINESS
10 IS DETERMINED TO BE IN VIOLATION OF THE PROVISIONS OF THE WRITTEN
11 AGREEMENT.

12 (5) ~~(4)~~—Subject to subsection ~~(5)~~—(6), if an existing eligible
13 business sells or leases new personal property exempt under this
14 section to an acquiring eligible business, the exemption granted to
15 the existing eligible business shall continue in effect for the
16 period specified in the resolution adopted under subsection (1) for
17 the new personal property purchased or leased from the existing
18 eligible business by the acquiring eligible business and for any
19 new personal property purchased or leased by the acquiring eligible
20 business.

21 (6) ~~(5)~~—After December 31, 2007, an exemption for an existing
22 eligible business shall continue in effect for an acquiring
23 eligible business under subsection ~~(4)~~—(5) only if the continuation
24 of the exemption is approved in a resolution adopted by the
25 governing body of an eligible local assessing district **OR THE BOARD**
26 **OF A NEXT MICHIGAN DEVELOPMENT CORPORATION IN WHICH THE ELIGIBLE**
27 **LOCAL ASSESSING DISTRICT IS A CONSTITUENT MEMBER.**

1 (7) ~~(6)~~—Notwithstanding the amendatory act that added section
2 2(1)(c), all of the following shall apply to an exemption under
3 this section that was approved by the state tax commission on or
4 before April 30, 1999, regardless of the effective date of the
5 exemption:

6 (a) The exemption shall be continued for the term authorized
7 by the resolution adopted by the governing body of the eligible
8 local assessing district and approved by the state tax commission
9 with respect to buildings and improvements constructed on leased
10 real property during the term of the exemption if the value of the
11 real property is not assessed to the owner of the buildings and
12 improvements.

13 (b) The exemption shall not be impaired or restricted with
14 respect to buildings and improvements constructed on leased real
15 property during the term of the exemption if the value of the real
16 property is not assessed to the owner of the buildings and
17 improvements.

18 (8) ~~(7)~~—As used in this section:

19 (a) "Acquiring eligible business" means an eligible business
20 that purchases or leases assets of an existing eligible business,
21 including the purchase or lease of new personal property exempt
22 under this section, and that will conduct business operations
23 similar to those of the existing eligible business at the location
24 of the existing eligible business within the eligible district.

25 (b) "Authorized business" means that term as defined in
26 section 3 of the Michigan economic growth authority act, 1995 PA
27 24, MCL 207.803.

1 (c) "Distressed parcel" means a parcel of real property
2 located in a city or village that meets all of the following
3 conditions:

4 (i) Is located in a qualified downtown revitalization district.
5 As used in this subparagraph, "qualified downtown revitalization
6 district" means an area located within 1 or more of the following:

7 (A) The boundaries of a downtown district as defined in
8 section 1 of 1975 PA 197, MCL 125.1651.

9 (B) The boundaries of a principal shopping district or a
10 business improvement district as defined in section 1 of 1961 PA
11 120, MCL 125.981.

12 (C) The boundaries of the local governmental unit in an area
13 that is zoned and primarily used for business as determined by the
14 local governmental unit.

15 (ii) Meets 1 of the following conditions:

16 (A) Has a blighted or functionally obsolete building located
17 on the parcel. As used in this sub-subparagraph, "blighted" and
18 "functionally obsolete" mean those terms as defined in section 2 of
19 the brownfield redevelopment financing act, 1996 PA 381, MCL
20 125.2652.

21 (B) Is a vacant parcel that had been previously occupied.

22 (iii) Is zoned to allow for mixed use.

23 (d) "Eligible business" means, effective August 7, 1998, a
24 business engaged primarily in manufacturing, mining, research and
25 development, wholesale trade, office operations, or the operation
26 of a facility for which the business that owns or operates the
27 facility is an eligible taxpayer. **FOR PURPOSES OF A NEXT MICHIGAN**

1 **DEVELOPMENT CORPORATION, ELIGIBLE BUSINESS MEANS ONLY AN ELIGIBLE**
2 **NEXT MICHIGAN BUSINESS.** Eligible business does not include a
3 casino, retail establishment, professional sports stadium, or that
4 portion of an eligible business used exclusively for retail sales.
5 **PROFESSIONAL SPORTS STADIUM DOES NOT INCLUDE A SPORTS STADIUM IN**
6 **EXISTENCE ON JUNE 6, 2000 THAT IS NOT USED BY A PROFESSIONAL SPORTS**
7 **TEAM ON THE DATE OF THE RESOLUTION ADOPTED PURSUANT TO SUBSECTION**
8 **(1).** As used in this subdivision, "casino" means a casino regulated
9 by this state pursuant to the Michigan gaming control and revenue
10 act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated
11 or affiliated with the operation of a casino, including, but not
12 limited to, a parking lot, hotel, motel, or retail store.

13 (e) "Eligible district" means 1 or more of the following:

14 (i) An industrial development district as that term is defined
15 in 1974 PA 198, MCL 207.551 to 207.572.

16 (ii) A renaissance zone as that term is defined in the Michigan
17 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

18 (iii) An enterprise zone as that term is defined in the
19 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

20 (iv) A brownfield redevelopment zone as that term is designated
21 under the brownfield redevelopment financing act, 1996 PA 381, MCL
22 125.2651 to 125.2672.

23 (v) An empowerment zone designated under subchapter U of
24 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to
25 1397F.

26 (vi) An authority district or a development area as those terms
27 are defined in the tax increment finance authority act, 1980 PA

1 450, MCL 125.1801 to 125.1830.

2 (vii) An authority district as that term is defined in the
3 local development financing act, 1986 PA 281, MCL 125.2151 to
4 125.2174.

5 (viii) A downtown district or a development area as those terms
6 are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

7 (ix) An area that contains an eligible taxpayer.

8 **(x) A NEXT MICHIGAN DEVELOPMENT DISTRICT.**

9 (f) "Eligible distressed area" means 1 of the following:

10 (i) That term as defined in section 11 of the state housing
11 development authority act of 1966, 1966 PA 346, MCL 125.1411.

12 (ii) An area that contains an eligible taxpayer.

13 (g) "Eligible local assessing district" means a city, village,
14 or township that contains an eligible distressed area **OR THAT IS A**
15 **PARTY TO AN INTERGOVERNMENTAL AGREEMENT CREATING A NEXT MICHIGAN**
16 **DEVELOPMENT CORPORATION**, or a city, village, or township that meets
17 1 or more of the following conditions and is located in a county
18 all or a portion of which borders another state or Canada:

19 (i) Is currently served by not fewer than 4 of the following
20 existing services:

21 (A) ~~water~~-**WATER**.

22 (B) ~~sewer~~-**SEWER**.

23 (C) ~~police~~-**POLICE**.

24 (D) ~~fire~~-**FIRE**.

25 (E) ~~trash~~-**TRASH**.

26 (F) ~~recycling~~-**RECYCLING**.

27 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to

1 124.30, with a city, village, or township that provides not fewer
2 than 4 of the following existing services:

3 (A) ~~water~~ **WATER**.

4 (B) ~~sewer~~ **SEWER**.

5 (C) ~~police~~ **POLICE**.

6 (D) ~~fire~~ **FIRE**.

7 (E) ~~trash~~ **TRASH**.

8 (F) ~~recycling~~ **RECYCLING**.

9 (H) **"ELIGIBLE NEXT MICHIGAN BUSINESS" MEANS THAT TERM AS**
10 **DEFINED IN SECTION 3 OF THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT,**
11 **1995 PA 24, MCL 207.803**

12 (I) ~~(h)~~-"Eligible taxpayer" means a taxpayer that meets both
13 of the following conditions:

14 (i) Is an authorized business.

15 (ii) Is eligible for tax credits described in section 9 of the
16 Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

17 (J) ~~(i)~~-"Existing eligible business" means an eligible
18 business identified in a resolution adopted under subsection (1)
19 for which an exemption has been granted under this section.

20 (K) ~~(j)~~-"New personal property" means personal property that
21 was not previously subject to tax under this act or was not
22 previously placed in service in this state and that is placed in an
23 eligible district after a resolution under subsection (1) is
24 approved. ~~by the eligible local assessing district.~~ As used in this
25 subdivision, for exemptions approved by the state treasurer under
26 subsection (3) after April 30, 1999, new personal property does not
27 include buildings described in section 14(6) and personal property

Senate Bill No. 1084 as amended November 10, 2010

1 described in section 8(h), (i), and (j).

2 (1) "NEXT MICHIGAN DEVELOPMENT CORPORATION" AND "NEXT MICHIGAN
3 DEVELOPMENT DISTRICT" MEAN THOSE TERMS AS DEFINED UNDER THE NEXT
4 MICHIGAN DEVELOPMENT ACT.

<<Enacting section 1. This amendatory act does not take effect
unless House Bill No. 5349 of the 95th Legislature is enacted into
law.>>