

SENATE BILL No. 1112

September 5, 2018, Introduced by Senator CASPERSON and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 9f (MCL 211.9f), as amended by 2017 PA 261.

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 (5), 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

1 this section. The clerk of the eligible local assessing district or
2 the recording officer of a Next Michigan development corporation
3 shall notify in writing the assessor of the township or city in
4 which the eligible district or distressed parcel is located and the
5 legislative body of each taxing unit that levies ad valorem
6 property taxes in the eligible local assessing district in which
7 the eligible district or distressed parcel is located. Before
8 acting on the resolution, the governing body of the eligible local
9 assessing district or a Next Michigan development corporation shall
10 afford the assessor and a representative of the affected taxing
11 units an opportunity for a hearing.

12 (2) The exemption under this section is effective on the
13 December 31 immediately succeeding the adoption of the resolution
14 by the governing body of the eligible local assessing district or a
15 Next Michigan development corporation and, except as otherwise
16 provided in subsection (9), ~~shall continue~~ **CONTINUES** in effect for
17 a period specified in the resolution. However, an exemption shall
18 not be granted under this section after December 31, 2012 for an
19 eligible business located in an eligible district identified in
20 subsection (11) (f) (ix) or in an eligible local assessing district
21 identified in subsection (11) (h) (ii). A copy of the resolution
22 shall be filed with the state tax commission, the state treasurer,
23 and the president of the Michigan strategic fund. A resolution is
24 not effective unless approved as provided in subsection (3).

25 (3) Not more than 60 days after receipt of a copy of the
26 resolution adopted by the governing body of an eligible local
27 assessing district under subsection (1), the state tax commission

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

23 (4) After December 31, 2016, a governing body of an eligible
24 local assessing district shall not adopt a resolution under
25 subsection (1) exempting new personal property from the collection
26 of taxes under this act without a written agreement entered into
27 with the eligible business subject to the exemption, which written

1 agreement contains a remedy provision that includes, but is not
2 limited to, the following:

3 (a) A requirement that the exemption under this section is
4 revoked if the eligible business is determined to be in violation
5 of the provisions of the written agreement.

6 (b) A requirement that the eligible business may be required
7 to repay all or part of the personal property taxes exempted under
8 this section if the eligible business is determined to be in
9 violation of the provisions of the written agreement.

10 (c) A requirement that the exemption under this section is
11 revoked if the eligible business is determined to be in violation
12 of the provisions concerning the exemption set forth in the
13 resolution adopted under subsection (1).

14 (d) A requirement that the exemption under this section is
15 revoked if continuance of the exemption would be contrary to any of
16 the requirements of this section, including, but not limited to,
17 the requirement that the eligible business be an eligible business
18 or an acquiring eligible business under this section.

19 (5) A Next Michigan development corporation may only adopt a
20 resolution under subsection (1) exempting new personal property
21 from the collection of taxes under this act for new personal
22 property located in a Next Michigan development district. A Next
23 Michigan development corporation shall not adopt a resolution under
24 subsection (1) exempting new personal property from the collection
25 of taxes under this act without a written agreement entered into
26 with the eligible Next Michigan business subject to the exemption,
27 which written agreement contains a remedy provision that includes,

1 but is not limited to, all of the following:

2 (a) A requirement that the exemption under this section is
3 revoked if the eligible Next Michigan business is determined to be
4 in violation of the provisions of the written agreement.

5 (b) A requirement that the eligible Next Michigan business may
6 be required to repay all or part of the personal property taxes
7 exempted under this section if the eligible Next Michigan business
8 is determined to be in violation of the provisions of the written
9 agreement.

10 (c) For an agreement entered into after December 31, 2016, a
11 requirement that the exemption under this section is revoked if the
12 eligible Next Michigan business is determined to be in violation of
13 the provisions concerning the exemption set forth in the resolution
14 adopted under subsection (1).

15 (d) For an agreement entered into after December 31, 2016, a
16 requirement that the exemption under this section is revoked if
17 continuance of the exemption would be contrary to any of the
18 requirements of this section, including, but not limited to, the
19 requirement that the eligible Next Michigan business be an eligible
20 business or an acquiring eligible business under this section.

21 (6) Subject to subsections (7) and (9), if an existing
22 eligible business sells or leases new personal property exempt
23 under this section to an acquiring eligible business, the exemption
24 granted to the existing eligible business ~~shall continue~~ **CONTINUES**
25 in effect for the period specified in the resolution adopted under
26 subsection (1) for the new personal property purchased or leased
27 from the existing eligible business by the acquiring eligible

1 business and for any new personal property purchased or leased by
2 the acquiring eligible business.

3 (7) After December 31, 2007, an exemption for an existing
4 eligible business ~~shall continue~~ **CONTINUES** in effect for an
5 acquiring eligible business under subsection (6) only if the
6 continuation of the exemption is approved in a resolution adopted
7 by the governing body of an eligible local assessing district or
8 the board of a Next Michigan development corporation in which the
9 eligible local assessing district is a constituent member.

10 (8) Notwithstanding 2000 PA 415, all of the following ~~shall~~
11 apply to an exemption under this section that was approved by the
12 state tax commission on or before April 30, 1999, regardless of the
13 effective date of the exemption:

14 (a) The exemption shall be continued for the term authorized
15 by the resolution adopted by the governing body of the eligible
16 local assessing district and approved by the state tax commission
17 with respect to buildings and improvements constructed on leased
18 real property during the term of the exemption if the value of the
19 real property is not assessed to the owner of the buildings and
20 improvements.

21 (b) The exemption shall not be impaired or restricted with
22 respect to buildings and improvements constructed on leased real
23 property during the term of the exemption if the value of the real
24 property is not assessed to the owner of the buildings and
25 improvements.

26 (9) Notwithstanding any other provision of this section to the
27 contrary, if new personal property exempt under this section on or

1 after December 31, 2012 is eligible manufacturing personal
2 property, that eligible manufacturing personal property ~~shall~~
3 ~~remain~~**REMAINS** exempt under this section until the later of the
4 following:

5 (a) The date that eligible manufacturing personal property
6 would otherwise be exempt from the collection of taxes under this
7 act under section 9m, 9n, or 9o.

8 (b) The date that eligible manufacturing personal property is
9 no longer exempt under the resolution adopted under subsection (1).

10 (10) An eligible business that owns or leases new personal
11 property that is exempt under this section and that is eligible
12 personal property shall deliver the combined document in the time,
13 form, and manner prescribed in sections 9m and 9n to the assessor
14 of the township or city in which the eligible personal property is
15 located each year that the new personal property is eligible
16 personal property. The form ~~shall~~**MUST** indicate that the new
17 personal property is eligible personal property.

18 (11) 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) "Eligible manufacturing personal property" means that term
2 as defined in section 9m.

3 (d) "Distressed parcel" means a parcel of real property
4 located in a city or village that meets all of the following
5 conditions:

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

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

12 (B) The boundaries of a principal shopping district or a
13 business improvement district as defined in section 1 of 1961 PA
14 120, MCL 125.981.

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

18 (ii) Meets 1 of the following conditions:

19 (A) Has a blighted or functionally obsolete building located
20 on the parcel. As used in this sub-subparagraph, "blighted" and
21 "functionally obsolete" mean those terms as defined in section 2 of
22 the brownfield redevelopment financing act, 1996 PA 381, MCL
23 125.2652.

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

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

26 (e) "Eligible business" means, effective August 7, 1998, a
27 business engaged primarily in manufacturing, mining, research and

1 development, wholesale trade, office operations, or the operation
2 of a facility for which the business that owns or operates the
3 facility is an eligible taxpayer. **THE TERM ALSO MEANS, EFFECTIVE ON**
4 **THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SENTENCE,**
5 **A BUSINESS ENGAGED PRIMARILY IN HEALTH CARE SERVICES.** For purposes
6 of a Next Michigan development corporation, eligible business means
7 only an eligible Next Michigan business. Eligible business does not
8 include a casino, retail establishment, professional sports
9 stadium, or that portion of an eligible business used exclusively
10 for retail sales. Professional sports stadium does not include a
11 sports stadium in existence on June 6, 2000 that is not used by a
12 professional sports team on the date of the resolution adopted
13 pursuant to subsection (1). As used in this subdivision, "casino"
14 means a casino regulated by this state under the Michigan gaming
15 control and revenue act, 1996 IL 1, MCL 432.201 to 432.226, and all
16 property associated or affiliated with the operation of a casino,
17 including, but not limited to, a parking lot, hotel, motel, or
18 retail store.

19 (f) "Eligible district" means 1 or more of the following:

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

22 (ii) A renaissance zone as that term is defined in the
23 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
24 125.2696.

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

27 (iv) A brownfield redevelopment zone as that term is

1 designated under the brownfield redevelopment financing act, 1996
2 PA 381, MCL 125.2651 to 125.2670.

3 (v) An empowerment zone designated under subchapter U of
4 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to
5 1397F.

6 (vi) An authority district or a development area as those
7 terms are defined in the tax increment finance authority act, 1980
8 PA 450, MCL 125.1801 to 125.1830.

9 (vii) An authority district as that term is defined in the
10 local development financing act, 1986 PA 281, MCL 125.2151 to
11 125.2174.

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

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

15 (x) A Next Michigan development district.

16 (g) "Eligible distressed area" means 1 of the following:

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

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

20 (h) "Eligible local assessing district" means a city, village,
21 or township that contains an eligible distressed area or that is a
22 party to an intergovernmental agreement creating a Next Michigan
23 development corporation, or a city, village, or township that meets
24 1 or more of the following conditions and is located in a county
25 all or a portion of which borders another state or Canada:

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

1 (A) Water.

2 (B) Sewer.

3 (C) Police.

4 (D) Fire.

5 (E) Trash.

6 (F) Recycling.

7 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to
8 124.30, with a city, village, or township that provides not fewer
9 than 4 of the following existing services:

10 (A) Water.

11 (B) Sewer.

12 (C) Police.

13 (D) Fire.

14 (E) Trash.

15 (F) Recycling.

16 (i) "Eligible Next Michigan business" means that term as
17 defined in section 3 of the Michigan economic growth authority act,
18 1995 PA 24, MCL 207.803.

19 (j) "Eligible personal property" means that term as defined in
20 section 3(e)(ii) or (iv) of the state essential services assessment
21 act, 2014 PA 92, MCL 211.1053.

22 (k) "Eligible taxpayer" means a taxpayer that meets both of
23 the following conditions:

24 (i) Is an authorized business.

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

27 (l) "Existing eligible business" means an eligible business

1 identified in a resolution adopted under subsection (1) for which
2 an exemption has been granted under this section.

3 (m) "New personal property" means personal property that was
4 not previously subject to tax under this act, or **PERSONAL PROPERTY**
5 **THAT** was not previously placed in service in this state and that is
6 placed in an eligible district after a resolution under subsection
7 (1) is approved. As used in this subdivision, for exemptions
8 approved by the state treasurer under subsection (3) after April
9 30, 1999, new personal property does not include buildings
10 described in section 14(6) and personal property described in
11 section 8(h), (i), and (j). For exemptions subject to resolutions
12 adopted under subsection (1) after December 31, 2014, new personal
13 property does not include eligible manufacturing personal property.

14 (n) "Next Michigan development corporation" and "Next Michigan
15 development district" mean those terms as defined under the Next
16 Michigan development act, 2010 PA 275, MCL 125.2951 to 125.2959.