

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 787**

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain local government officials; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "eligible hydroponics and eligible aquaculture production
3 facilities specific tax act".

4 Sec. 2. As used in this act:

5 (a) "Aquaculture" means the commercial husbandry of
6 aquaculture species, including, but not limited to, culturing,
7 producing, growing, propagating, and harvesting aquaculture
8 products under any applicable permits or registration.

1 (b) "Aquaculture production facility" means real property used
2 for an indoor aquaculture production operation using aquaculture
3 techniques or practices for growing aquaculture species. An
4 aquaculture production facility includes all of the following, to
5 the extent that it constitutes real property:

6 (i) Pumps, tanks, controls, application systems, indoor
7 recirculating systems, and related infrastructure required to grow
8 aquaculture species using aquaculture techniques or practices.

9 (ii) Any warehouse or shipping area integrated into the
10 aquaculture production operation.

11 (iii) Offices integrated into the aquaculture production
12 operation if the taxable value of the offices is less than 50% of
13 the combined taxable value of the aquaculture production facility
14 and the offices.

15 (c) "Commission" means the state tax commission created by
16 1927 PA 360, MCL 209.101 to 209.107.

17 (d) "Eligible aquaculture production facility" means an
18 aquaculture production facility that has a production area of not
19 less than 10,000 square feet.

20 (e) "Eligible hydroponics production facility" means a
21 hydroponics production facility that has a production area of not
22 less than 1 acre.

23 (f) "Hydroponics" means a system in which water-soluble
24 nutrients are placed in intimate contact with a plant's root
25 system, being grown in an inert supportive medium, which inert
26 supportive medium itself does all of the following:

27 (i) Supplies physical support for the roots.

1 (ii) Does not add or subtract plant nutrients.

2 (g) "Hydroponics production facility" means real property used
3 for an indoor agriculture production operation using hydroponics
4 techniques or practices for growing plants produced by agriculture
5 that are useful to human beings, including, but not limited to,
6 forages, field crops, sod, berries, herbs, fruits, vegetables,
7 flowers, seeds, and nursery stock. Hydroponics production facility
8 does not include an indoor agriculture production operation for
9 growing plants that are illegal under federal law. A hydroponics
10 production facility includes, but is not limited to, all of the
11 following, to the extent that it constitutes real property:

12 (i) Pumps, tanks, controls, application systems, and related
13 infrastructure required to grow agricultural crops using
14 hydroponics techniques or practices.

15 (ii) Any warehouse or shipping area integrated into the
16 hydroponics production facility operation.

17 (iii) Offices integrated into the indoor agriculture production
18 operation if the taxable value of the offices is less than 50% of
19 the combined taxable value of the hydroponics production facility
20 and the offices.

21 (h) "Taxable value" means the taxable value as determined
22 under section 27a of the general property tax act, 1893 PA 206, MCL
23 211.27a.

24 Sec. 3. For taxes levied after December 31, 2014, an eligible
25 hydroponics production facility or an eligible aquaculture
26 production facility is exempt from ad valorem property taxes
27 collected under the general property tax act, 1893 PA 206, MCL

1 211.1 to 211.155, as provided under section 7uu of the general
2 property tax act, 1893 PA 206, MCL 211.7uu.

3 Sec. 4. The assessor of each local tax collecting unit in
4 which there is an eligible hydroponics production facility or an
5 eligible aquaculture production facility shall determine annually
6 as of December 31 the value and taxable value of each eligible
7 hydroponics production facility or eligible aquaculture production
8 facility located in that local tax collecting unit.

9 Sec. 5. (1) There is levied upon the owner of every eligible
10 hydroponics production facility or eligible aquaculture production
11 facility a specific tax to be known as the eligible hydroponics and
12 eligible aquaculture production facilities specific tax.

13 (2) The amount of the eligible hydroponics and eligible
14 aquaculture production facilities specific tax in each year shall
15 be determined as follows:

16 (a) Multiply the number of mills that would be assessed in the
17 local tax collecting unit if the property were subject to the
18 collection of taxes under the general property tax act, 1893 PA
19 206, MCL 211.1 to 211.155, and if the property was exempt as
20 provided under section 7cc of the general property tax act, 1893 PA
21 206, MCL 211.7cc, by the eligible hydroponics production facility's
22 or eligible aquaculture production facility's taxable value.

23 (b) Multiply the result of the calculation in subdivision (a)
24 by .25.

25 (c) If a new millage is approved in the local tax collecting
26 unit in which an eligible hydroponics production facility or an
27 eligible aquaculture production facility is located after the

1 effective date of this act, multiply the number of mills that were
2 approved that would be assessed if the eligible hydroponics
3 production facility or eligible aquaculture production facility
4 were subject to the collection of taxes under the general property
5 tax act, 1893 PA 206, MCL 211.1 to 211.155, by the eligible
6 hydroponics production facility's or eligible aquaculture
7 production facility's taxable value. Repeat this calculation for
8 each individual new millage approved in the local tax collecting
9 unit after the effective date of this act. As used in this
10 subdivision, "new millage" does not include the renewal of some or
11 all of a millage in existence on the effective date of this act.

12 (d) Add the result of the calculation under subdivision (b)
13 and the result of all calculations under subdivision (c).

14 (3) The eligible hydroponics and eligible aquaculture
15 production facilities property specific tax is an annual tax,
16 payable at the same times, in the same installments, and to the
17 same collecting officer or officers as taxes collected under the
18 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

19 (4) The collecting officer or officers shall disburse the
20 eligible hydroponics and eligible aquaculture production facilities
21 property specific tax to and among this state and cities,
22 townships, villages, school districts, counties, or other taxing
23 units, at the same times and in the same proportions as required by
24 law for the disbursement of taxes collected under the general
25 property tax act, 1893 PA 206, MCL 211.1 to 211.155.

26 (5) The collecting officer or officers shall send a copy of
27 the amount of disbursement made to each taxing unit under this

1 section to the commission on a form provided by the commission.

2 Sec. 6. Unpaid eligible hydroponics and eligible aquaculture
3 production facilities specific taxes are subject to forfeiture,
4 foreclosure, and sale in the same manner and at the same time as
5 taxes returned as delinquent under the general property tax act,
6 1893 PA 206, MCL 211.1 to 211.155.

7 Enacting section 1. This act does not take effect unless
8 Senate Bill No. 786 of the 97th Legislature is enacted into law.