

HOUSE BILL No. 5419

January 25, 1990, Introduced by Rep. Stacey and referred to the Committee on Taxation.

A bill to amend sections 3, 14, and 21 of Act No. 224 of the Public Acts of 1985, entitled "Enterprise zone act," section 14 as amended by Act No. 129 of the Public Acts of 1988, being sections 125.2103, 125.2114, and 125.2121 of the Michigan Compiled Laws; and to add sections 20a and 20b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 14, and 21 of Act No. 224 of the
2 Public Acts of 1985, section 14 as amended by Act No. 129 of the
3 Public Acts of 1988, being sections 125.2103, 125.2114, and
4 125.2121 of the Michigan Compiled Laws, are amended and
5 sections 20a and 20b are added to read as follows:

6 Sec. 3. As used in this act:

7 (a) "Authority" means the Michigan enterprise zone authority
8 created pursuant to section 4.

1 (b) "Citizens' council" means a council created pursuant to
2 section 9.

3 (c) "Enterprise zone" means an area approved as an enter-
4 prise zone by the authority as provided in this act.

5 (d) "Local governmental unit" means a city.

6 (e) "New facility" means real or personal industrial or com-
7 mercial property located in an enterprise zone, the construction,
8 restoration, alteration, or renovation of which begins after the
9 date on which the business applies with the local governmental
10 unit for certification as a qualified business. ~~but not more~~
11 ~~than 30 months after the date on which the authority approves the~~
12 ~~enterprise zone.~~ FOR A QUALIFIED EXISTING BUSINESS CERTIFIED
13 AFTER APRIL 1, 1990, A NEW FACILITY INCLUDES ONLY THE PORTION OF
14 THE EXISTING PROPERTY ATTRIBUTABLE TO THE RESTORATION, ALTER-
15 ATION, OR RENOVATION. Restoration, alteration, or renovation of
16 existing property constitutes a new facility only if the increase
17 in the combined true cash value of the restored, altered, or ren-
18 ovated real and personal property is equal to or greater than 50%
19 OF the combined true cash value of the real and personal property
20 before restoration, alteration, or renovation as defined in the
21 general property tax act, Act No. 206 of the Public Acts of 1893,
22 being sections 211.1 to 211.157 of the Michigan Compiled Laws,
23 notwithstanding ~~any~~ THE exemptions GRANTED BY THIS ACT.

24 (f) "Qualified business" means either a qualified new busi-
25 ness or a qualified existing business.

26 (g) "Qualified business activity" means business activity in
27 an enterprise zone of a qualified existing business attributable

1 to a new facility or the business activity in an enterprise zone
2 of a qualified new business.

3 (h) "Qualified existing business" means a business that is
4 located in the area comprising an enterprise zone at the time the
5 area is approved as an enterprise zone, that constructs a new
6 facility, and that is certified by the authority as meeting the
7 requirements of this act.

8 (i) "Qualified new business" means a business located within
9 an enterprise zone that is not located in the area comprising the
10 enterprise zone on the date on which the authority approves the
11 enterprise zone, and that is certified by the authority as meet-
12 ing the requirements of this act.

13 Sec. 14. (1) A business that plans to meet the construc-
14 tion, restoration, alteration, or renovation requirements for,
15 and that does meet the other conditions for, a qualified business
16 prescribed in this act may apply to the local governmental unit
17 in which the business will be located as a qualified business for
18 certification as a qualified business.

19 (2) If a business applying under subsection (1) meets the
20 conditions for a qualified business prescribed by this act, other
21 than the construction, restoration, alteration, and renovation
22 requirements, that local governmental unit shall certify the
23 business as a qualified business, subject to final approval of
24 the certification by the authority.

25 (3) If a local governmental unit approves a certification,
26 the local governmental unit shall forward the application and
27 certification to the authority. If a local governmental unit

1 rejects an application, the local governmental unit shall return
2 the application to the business with a written statement of the
3 reasons for rejection.

4 (4) A business whose application for certification as a
5 qualified business is rejected by a local governmental unit may
6 submit another application to the local governmental unit or may
7 appeal the rejection to the authority.

8 (5) If a business that is certified to or appeals to the
9 authority meets the conditions for a qualified business pre-
10 scribed by this act, other than the construction, restoration,
11 alteration, and renovation requirements, the authority shall
12 approve the certification of that business as a qualified
13 business. If the authority rejects the application or appeal,
14 the authority shall return the application or appeal to the busi-
15 ness with a written statement of the reasons for rejection. A
16 business whose application is rejected by the authority may
17 resubmit the application or may take other action that the busi-
18 ness considers necessary to obtain certification as a qualified
19 business.

20 (6) A local governmental unit or the authority shall not
21 certify a business as a qualified business after ~~4~~ 8 years
22 after the date on which the authority approves the first area as
23 an enterprise zone.

24 SEC. 20A. (1) COMMERCIAL, INDUSTRIAL, OR UTILITY PROPERTY
25 THAT IS LOCATED IN THE AREA COMPRISING AN ENTERPRISE ZONE AT THE
26 TIME THE AREA IS APPROVED AS AN ENTERPRISE ZONE AND THAT IS NOT
27 EXEMPT UNDER SECTION 20 OR 20B IS EXEMPT FROM AD VALOREM REAL AND

1 PERSONAL PROPERTY TAXES IMPOSED UNDER THE GENERAL PROPERTY TAX
2 ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTIONS 211.1
3 TO 211.157 OF THE MICHIGAN COMPILED LAWS.

4 (2) THE EXEMPTION ALLOWED BY THIS SECTION APPLIES ONLY TO
5 COMMERCIAL, INDUSTRIAL, OR UTILITY PROPERTY LOCATED IN A LOCAL
6 GOVERNMENTAL UNIT THAT COMPLIES WITH ALL OF THE FOLLOWING:

7 (A) THE LEGISLATIVE BODY OF THE LOCAL GOVERNMENTAL UNIT IN
8 COOPERATION WITH THE LOCAL GOVERNMENTAL UNIT'S CHIEF EXECUTIVE
9 OFFICER DEVELOPS A COMPREHENSIVE DEVELOPMENT PLAN THAT ADDRESSES
10 THE NEEDS OF THE LOCAL GOVERNMENTAL UNIT AND THAT INCLUDES A
11 STRATEGY FOR ACHIEVING THE GOALS OF THE LOCAL GOVERNMENTAL UNIT
12 AND ITS RESIDENTS AND BUSINESSES. THE DEVELOPMENT PLAN SHALL
13 CONTAIN A SPENDING PLAN, APPROVED BY A RESOLUTION OF THE AUTHORI-
14 TY, FOR THE ADDITIONAL MONEY RECEIVED AS A RESULT OF THE AMEND-
15 MENTS TO THIS ACT MADE BY THE AMENDATORY ACT THAT ADDED THIS
16 SECTION. MONEY INCLUDED IN THE SPENDING PLAN IS ALSO SUBJECT TO
17 THE ANNUAL APPROPRIATION PROCESS OF THE LOCAL GOVERNMENTAL UNIT
18 AS REQUIRED BY LAW.

19 (B) THE LOCAL GOVERNMENTAL UNIT CREATES AND COMPENSATES THE
20 POSITION OF AN ENTERPRISE ZONE ASSISTANT TO OVERSEE DEVELOPMENT
21 OF THE SPENDING PLAN REQUIRED IN SUBDIVISION (A) AND TO AID IN
22 OTHER ECONOMIC DEVELOPMENT EFFORTS.

23 (C) THE LOCAL GOVERNMENTAL UNIT USES NOT LESS THAN 10% OF
24 THE MONEY DISTRIBUTED UNDER THE SPENDING PLAN TO MAKE AVAILABLE
25 MONEY TO SMALL BUSINESSES THAT HAVE DIFFICULTY OBTAINING FINANC-
26 ING IN EXISTING MARKETS.

1 SEC. 20B. PROPERTY THAT IS LOCATED IN THE AREA COMPRISING
 2 AN ENTERPRISE ZONE AT THE TIME THE AREA IS APPROVED AS AN
 3 ENTERPRISE ZONE AND FOR WHICH AN EXEMPTION CERTIFICATE UNDER ACT
 4 NO. 198 OF THE PUBLIC ACTS OF 1974, BEING SECTIONS 207.551 TO
 5 207.571 OF THE MICHIGAN COMPILED LAWS, IS REVOKED AFTER APRIL 1,
 6 1990, AT THE REQUEST OF THE OWNER IS EXEMPT FROM AD VALOREM REAL
 7 AND PERSONAL PROPERTY TAXES IMPOSED UNDER THE GENERAL PROPERTY
 8 TAX ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING
 9 SECTIONS 211.1 TO 211.157 OF THE MICHIGAN COMPILED LAWS, FOR THE
 10 BALANCE OF THE PERIOD FOR WHICH THE EXEMPTION CERTIFICATE UNDER
 11 ACT NO. 198 OF THE PUBLIC ACTS OF 1974 HAD BEEN ISSUED.

12 Sec. 21. (1) ~~There~~ A SPECIFIC TAX is levied IN EACH YEAR
 13 upon an owner of property exempted under section 20 ~~a specific~~
 14 ~~tax, in each year~~ OR 20B, the amount of which ~~shall be~~ IS
 15 determined by multiplying ~~40% of the total millage levied as ad~~
 16 ~~valorem real and personal property taxes for that year by all~~
 17 ~~taxing units within which the property is located~~ 50% OF THE
 18 AVERAGE RATE OF TAXATION LEVIED UPON OTHER PROPERTY UPON WHICH AD
 19 VALOREM TAXES ARE ASSESSED AS DETERMINED BY THE STATE BOARD OF
 20 ASSESSORS UNDER SECTION 13 OF ACT NO. 282 OF THE PUBLIC ACTS OF
 21 1905, BEING SECTION 207.13 OF THE MICHIGAN COMPILED LAWS, by the
 22 state equalized valuation of that property excluding ~~any~~ THE
 23 exemptions GRANTED BY THIS ACT.

24 (2) A SPECIFIC TAX IS LEVIED IN EACH YEAR UPON AN OWNER OF
 25 PROPERTY EXEMPTED UNDER SECTION 20A, THE AMOUNT OF WHICH IS
 26 DETERMINED BY MULTIPLYING THE AVERAGE RATE OF TAXATION LEVIED
 27 UPON OTHER PROPERTY UPON WHICH AD VALOREM TAXES ARE ASSESSED AS

1 DETERMINED BY THE STATE BOARD OF ASSESSORS UNDER SECTION 13 OF
2 ACT NO. 282 OF THE PUBLIC ACTS OF 1905 BY THE STATE EQUALIZED
3 VALUATION OF THAT PROPERTY EXCLUDING THE EXEMPTIONS GRANTED BY
4 THIS ACT.

5 (3) ~~(2)~~ The tax levied under ~~this section~~ SUBSECTION (1)
6 OR (2) is an annual tax payable at the same times, in the same
7 installments, and to the same officer or officers as taxes
8 imposed under the general property tax act, Act No. 206 of the
9 Public Acts of 1893, being sections 211.1 to 211.157 of the
10 Michigan Compiled Laws, are payable. The officer or officers
11 shall disburse the tax payments received each year under ~~this~~
12 ~~section~~ SUBSECTION (1), at the same times as taxes imposed under
13 Act No. 206 of the Public Acts of 1893 are disbursed, to the
14 local governmental unit in which the property is located. ~~and,~~
15 ~~as provided in subsection (3), to a downtown development author-~~
16 ~~ity established under Act No. 197 of the Public Acts of 1975,~~
17 ~~being sections 125.1651 to 125.1680 of the Michigan Compiled Laws~~
18 ~~and to a tax increment finance authority established under the~~
19 ~~tax increment finance authority act, Act No. 450 of the Public~~
20 ~~Acts of 1980, being sections 125.1801 to 125.1828 of the Michigan~~
21 ~~Compiled Laws, in which the property is located.~~

22 ~~(3) The amount of the tax received under this section which~~
23 ~~shall be disbursed to the downtown development district and the~~
24 ~~tax increment finance authority as provided in subsection (2)~~
25 ~~shall be equal to that portion of the ad valorem property taxes~~
26 ~~on a pro rata basis that each authority would have captured under~~
27 ~~Act No. 197 of the Public Acts of 1975 or Act No. 450 of the~~

~~1 Public Acts of 1980 but for the establishment of the enterprise~~
~~2 zone and the certification of the qualified business.~~

3 (4) THE OFFICER OR OFFICERS SHALL DISBURSE THE TAX PAYMENTS
4 RECEIVED EACH YEAR UNDER SUBSECTION (2), AT THE SAME TIMES AS
5 TAXES IMPOSED UNDER ACT NO. 206 OF THE PUBLIC ACTS OF 1893 ARE
6 DISBURSED, TO THE LOCAL GOVERNMENTAL UNIT IN WHICH THE PROPERTY
7 IS LOCATED. A LOCAL GOVERNMENTAL UNIT THAT RECEIVES MONEY UNDER
8 THIS SUBSECTION MAY ENTER INTO AN AGREEMENT WITH A DOWNTOWN
9 DEVELOPMENT AUTHORITY, A TAX INCREMENT FINANCE AUTHORITY, OR
10 OTHER TAXING UNIT THAT WOULD HAVE RECEIVED PROPERTY TAX REVENUE
11 BUT FOR THE EXEMPTION UNDER SECTION 20A TO SHARE A PORTION OF THE
12 MONEY RECEIVED UNDER THIS SUBSECTION IN NOT MORE THAN THE SAME
13 PROPORTION THAT THE TAXING UNIT WOULD HAVE RECEIVED PROPERTY TAX
14 REVENUE BUT FOR THE EXEMPTION UNDER SECTION 20A.

15 (5) ~~(4)~~ The amount of the tax levied upon real property
16 under ~~this section~~ SUBSECTION (1) OR (2), until paid, is a lien
17 upon the real property upon which the tax is levied. ~~, but only~~
18 ~~upon the filing by~~ ONLY AFTER the officer ~~of~~ FILES a certifi-
19 cate of nonpayment of the tax, together with an affidavit of
20 proof of service of the certificate of nonpayment upon the owner
21 of the property by certified mail, with the register of deeds of
22 the county in which the property is situated, may proceedings be
23 had upon the lien in the same manner as provided by law for the
24 foreclosure in the circuit court of mortgage liens upon real
25 property.