

Act No. 185  
Public Acts of 1991  
Approved by the Governor  
December 27, 1991  
Filed with the Secretary of State  
December 27, 1991

**STATE OF MICHIGAN**  
**86TH LEGISLATURE**  
**REGULAR SESSION OF 1991**

Introduced by Senators Gast and Cisky

# ENROLLED SENATE BILL No. 247

AN ACT to amend sections 3, 20, 20a, 20b, and 21 of Act No. 224 of the Public Acts of 1985, entitled "An act to promote economic growth within economically distressed local governmental units; to provide for the creation of enterprise zones; to provide for the creation of an enterprise zone authority; to prescribe the powers and duties of officials and agencies of the state and certain local governmental units; to provide for the establishment of citizens' councils and to prescribe their powers and duties; to authorize the levy and collection of specific taxes; and to provide qualifications for certification of and incentives for certain businesses located in enterprise zones," sections 3 and 21 as amended and sections 20a and 20b as added by Act No. 80 of the Public Acts of 1990, being sections 125.2103, 125.2120, 125.2120a, 125.2120b, and 125.2121 of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Sections 3, 20, 20a, 20b, and 21 of Act No. 224 of the Public Acts of 1985, sections 3 and 21 as amended and sections 20a and 20b as added by Act No. 80 of the Public Acts of 1990, being sections 125.2103, 125.2120, 125.2120a, 125.2120b, and 125.2121 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 3. As used in this act:

- (a) "Authority" means the Michigan enterprise zone authority created pursuant to section 4.
- (b) "Citizens' council" means a council created pursuant to section 9.
- (c) "Enterprise zone" means an area approved as an enterprise zone by the authority as provided in this act.
- (d) "General property tax act" means Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws.
- (e) "Local governmental unit" means a city.
- (f) "New facility" means real or personal industrial or commercial property located in an enterprise zone, the construction, restoration, alteration, or renovation of which begins after the date on which the business applies with the local governmental unit for certification as a qualified business. Restoration, alteration, or renovation of existing property constitutes a new facility only if the increase in the combined true cash value of the restored, altered, or renovated real and personal property is equal to or greater than 50% of the combined true cash value of the real and personal property before restoration, alteration, or renovation as defined in the general property tax act, notwithstanding the exemptions granted by this act.
- (g) "Qualified business" means either a qualified new business or a qualified existing business.
- (h) "Qualified business activity" means business activity in an enterprise zone of a qualified existing business attributable to a new facility or the business activity in an enterprise zone of a qualified new business.
- (i) "Qualified existing business" means a business that is located in the area comprising an enterprise zone at the time the area is approved as an enterprise zone, that constructs a new facility, and that is certified by the authority as meeting the requirements of this act.

(j) "Qualified new business" means a business located within an enterprise zone that is not located in the area comprising the enterprise zone on the date on which the authority approves the enterprise zone, and that is certified by the authority as meeting the requirements of this act.

Sec. 20. Unless the certification of a qualified business is revoked as provided in this act, for 10 years from the date on which construction, restoration, alteration, or renovation begins, a new facility owned by a qualified existing business or industrial or commercial property located in an enterprise zone owned by a qualified new business is exempt from ad valorem real and personal property taxes imposed under the general property tax act. For a qualified existing business certified after June 1, 1990 and for the purposes of this section only, a new facility includes only the portion of the existing property attributable to the restoration, alteration, or renovation.

Sec. 20a. (1) Commercial, industrial, or utility property that is located in the area comprising an enterprise zone at the time the area is approved as an enterprise zone and that is not exempt under section 20 or 20b is exempt from ad valorem real and personal property taxes imposed through the year 2004 under the general property tax act.

(2) The exemption allowed by this section applies only to commercial, industrial, or utility property located in a local governmental unit that complies with all of the following:

(a) The legislative body of the local governmental unit in cooperation with the local governmental unit's chief executive officer develops a comprehensive development plan that addresses the needs of the local governmental unit and that includes a strategy for achieving the goals of the local governmental unit and its residents and businesses. The development plan shall contain a spending plan, approved by a resolution of the authority, for the additional money received as a result of the amendments to this act made by the amendatory act that added this section. Money included in the spending plan is also subject to the annual appropriation process of the local governmental unit as required by law.

(b) The local governmental unit creates and compensates the position of an enterprise zone assistant to oversee development of the spending plan required in subdivision (a) and to aid in other economic development efforts.

(c) The local governmental unit uses not less than 10% of the money distributed under the spending plan to create a revolving loan fund for small businesses that have difficulty obtaining financing in existing markets.

Sec. 20b. Property that is located in the area comprising an enterprise zone at the time the area is approved as an enterprise zone and for which an exemption certificate under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, is approved before January 1, 1992, and revoked after April 1, 1990, at the request of the owner is exempt from ad valorem real and personal property taxes imposed under the general property tax act either for the balance of the period for which the exemption certificate under Act No. 198 of the Public Acts of 1974 had been issued or for a period of 10 years after the date of revocation, whichever is less.

Sec. 21. (1) A specific tax is levied in each year upon an owner of property exempted under section 20 or 20b, the amount of which is determined by multiplying 50% of the average rate of taxation levied upon other property upon which ad valorem taxes are assessed as determined by the state board of assessors under section 13 of Act No. 282 of the Public Acts of 1905, being section 207.13 of the Michigan Compiled Laws, by the state equalized valuation of that property excluding the exemptions granted by this act.

(2) A specific tax is levied in each year upon an owner of property exempted under section 20a, the amount of which is determined by multiplying the total millage levied as ad valorem real and personal property taxes for that year by all taxing units within which the property is located by the state equalized valuation of that property excluding the exemptions granted by this act.

(3) The tax levied under subsection (1) is an annual tax payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act are payable. The officer or officers shall disburse the tax payments received each year under subsection (1), at the same times as taxes imposed under the general property tax act are disbursed, to the local governmental unit in which the property is located.

(4) The tax levied under subsection (2) is an annual tax payable to the same officer or officers as taxes imposed under the general property tax act with 1/2 of the tax levied on July 1 and 1/2 levied on December 1. The officer or officers shall disburse the tax payments received each year under subsection (2) to the same local governmental unit, school districts, county, and authorities at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, except for the following:

(a) The amount that would otherwise be disbursed to a local school district for school operating purposes shall be paid instead to the local governmental unit in which the property is located.

(b) There shall be paid to the local governmental unit in which the property is located a portion of the tax that would otherwise not be paid to the local governmental unit equal to the proportion of ad valorem property taxes levied on commercial and industrial property in the year before the exemption under section 20a first applies which proportion was captured under a tax increment financing plan.

(5) A local governmental unit that receives money under subsection (4) may enter into an agreement with any of the following:

(a) A downtown development authority or tax increment finance authority to share a portion of the money received by the local governmental unit under subsection (4) in not more than the same proportion that the authority would have received if the tax levied under subsection (2) could be captured under a tax increment financing plan.

(b) A taxing unit that receives revenue under subsection (4) to share a portion of the money received by the local governmental unit under subsection (4) not to exceed the taxing unit's net reduction in revenue pursuant to the exemption under section 20a.

(6) The owner of property subject to the tax under subsection (2) may claim a credit against the tax levied on December 1 under subsection (2) for the sum of all the following, but not more than the amount by which the tax levied for the year under subsection (2) exceeds the amount determined by multiplying the average rate of taxation levied upon other property upon which ad valorem taxes are assessed as determined by the state board of assessors under section 13 of Act No. 282 of the Public Acts of 1905 by the state equalized valuation of that property excluding the exemptions granted by this act:

(a) The amount spent in the year to restore, alter, renovate, or improve real property located in the enterprise zone.

(b) Fifteen percent of wages paid during the year to residents of the enterprise zone who were hired by the owner after May 24, 1990 and who were employed at some time during the 6 months before being hired.

(c) Twenty-five percent of wages paid during the year to residents of the enterprise zone who were hired by the owner after May 24, 1990 and who were not employed at any time during the 6 months before being hired.

(d) Cash and in-kind contributions made by that owner during the year to and accepted by a local taxing unit located in the enterprise zone.

(7) The amount of the tax levied upon real property under subsection (1) or (2), until paid, is a lien upon the real property upon which the tax is levied. Only after the officer files a certificate of nonpayment of the tax, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the property by certified mail, with the register of deeds of the county in which the property is situated, may proceedings be had upon the lien in the same manner as provided by law for the foreclosure in the circuit court of mortgage liens upon real property.

(8) The owner of property who has failed to pay a tax levied under this section is not eligible to claim the credit under subsection (6).

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.

