

SENATE BILL No. 247

April 10, 1991, Introduced by Senators GAST and CISKY and referred to the Committee on Economic and Urban Development.

A bill to amend sections 3, 20, 20a, and 21 of Act No. 224 of the Public Acts of 1985, entitled "Enterprise zone act,"

sections 3 and 21 as amended and section 20a as added by Act No. 80 of the Public Acts of 1990, being sections 125.2103, 125.2120, 125.2120a, and 125.2121 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 20, 20a, and 21 of Act No. 224 of
2 the Public Acts of 1985, sections 3 and 21 as amended and section
3 20a as added by Act No. 80 of the Public Acts of 1990, being sec-
4 tions 125.2103, 125.2120, 125.2120a, and 125.2121 of the Michigan
5 Compiled Laws, are amended 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) "General property tax act" means Act No. 206 of the
6 Public Acts of 1893, being sections 211.1 to 211.157 of the
7 Michigan Compiled Laws.

8 (e) "Local governmental unit" means a city.

9 (f) "New facility" means real or personal industrial or com-
10 mercial property located in an enterprise zone, the construction,
11 restoration, alteration, or renovation of which begins after the
12 date on which the business applies with the local governmental
13 unit for certification as a qualified business. For a qualified
14 existing business certified after June 1, 1990, AND FOR THE PUR-
15 POSES OF SECTION 20 ONLY, a new facility includes only the por-
16 tion of the existing property attributable to the restoration,
17 alteration, or renovation. Restoration, alteration, or renova-
18 tion of existing property constitutes a new facility only if the
19 increase in the combined true cash value of the restored,
20 altered, or renovated real and personal property is equal to or
21 greater than 50% of the combined true cash value of the real and
22 personal property before restoration, alteration, or renovation
23 as defined in the general property tax act, notwithstanding the
24 exemptions granted by this act.

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

1 (h) "Qualified business activity" means business activity in
2 an enterprise zone of a qualified existing business attributable
3 to a new facility or the business activity in an enterprise zone
4 of a qualified new business. THE PROVISION OF RENTAL HOUSING IS
5 NOT CONSIDERED A QUALIFIED BUSINESS ACTIVITY.

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

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

16 Sec. 20. Unless the certification of a qualified business
17 is revoked as provided in this act, for 10 years from the date on
18 which construction, restoration, alteration, or renovation
19 begins, a new facility owned by a qualified existing business or
20 property located in an enterprise zone owned by a qualified new
21 business is exempt from ad valorem real and personal property
22 taxes imposed under the general property tax act. ~~—, Act No. 206~~
23 ~~of the Public Acts of 1893, being sections 211.1 to 211.157 of~~
24 ~~the Michigan Compiled Laws.~~ PROPERTY USED TO PROVIDE RENTAL
25 HOUSING IS NOT ELIGIBLE FOR THE EXEMPTION UNDER THIS SECTION.

26 Sec. 20a. (1) Commercial, industrial, or utility property
27 that is located in the area comprising an enterprise zone at the

1 time the area is approved as an enterprise zone and that is not
2 exempt under section 20 or 20b is exempt from ad valorem real and
3 personal property taxes imposed under the general property tax
4 act. BEGINNING WITH THE 1991 TAX YEAR, PROPERTY USED TO PROVIDE
5 RENTAL HOUSING IS NOT ELIGIBLE FOR THE EXEMPTION UNDER THIS
6 SECTION.

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

10 (a) The legislative body of the local governmental unit in
11 cooperation with the local governmental unit's chief executive
12 officer develops a comprehensive development plan that addresses
13 the needs of the local governmental unit and that includes a
14 strategy for achieving the goals of the local governmental unit
15 and its residents and businesses. The development plan shall
16 contain a spending plan, approved by a resolution of the authori-
17 ty, for the additional money received as a result of the amend-
18 ments to this act made by the amendatory act that added this
19 section. Money included in the spending plan is also subject to
20 the annual appropriation process of the local governmental unit
21 as required by law.

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

26 (c) The local governmental unit uses not less than 10% of
27 the money distributed under the spending plan to create a

1 revolving loan fund for small businesses that have difficulty
2 obtaining financing in existing markets.

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

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

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

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

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

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

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

24 (a) A downtown development authority or tax increment
25 finance authority to share a portion of the money received by the
26 local governmental unit under subsection (4) in not more than the
27 same proportion that the authority would have received if the tax

1 levied under subsection (2) could be captured under a tax
2 increment financing plan.

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

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

18 (a) The amount spent in the year to restore, alter, reno-
19 vate, or improve real property located in the enterprise zone.

20 (b) Fifteen percent of wages paid during the year to resi-
21 dents of the enterprise zone who were hired by the owner after
22 ~~the effective date of the amendatory act that added this~~
23 ~~subsection~~ MAY 24, 1990 and who were employed at some time
24 during the 6 months ~~prior to~~ BEFORE being hired.

25 (c) Twenty-five percent of wages paid during the year to
26 residents of the enterprise zone who were hired by the owner
27 after ~~the effective date of the amendatory act that added this~~

1 ~~subsection~~ MAY 24, 1990 and who were not employed at any time
2 during the 6 months ~~prior to~~ BEFORE being hired.

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

6 (7) The amount of the tax levied upon real property under
7 subsection (1) or (2), until paid, is a lien upon the real prop-
8 erty upon which the tax is levied. Only after the officer files
9 a certificate of nonpayment of the tax, together with an affida-
10 vit of proof of service of the certificate of nonpayment upon the
11 owner of the property by certified mail, with the register of
12 deeds of the county in which the property is situated, may pro-
13 ceedings be had upon the lien in the same manner as provided by
14 law for the foreclosure in the circuit court of mortgage liens
15 upon real property.

16 (8) THE OWNER OF PROPERTY WHO HAS FAILED TO PAY A TAX LEVIED
17 UNDER THIS SECTION IS NOT ELIGIBLE TO CLAIM THE CREDIT UNDER SUB-
18 SECTION (6).