

Act No. 334  
Public Acts of 1993  
Approved by the Governor  
December 31, 1993  
Filed with the Secretary of State  
December 31, 1993

**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1993**

Introduced by Reps. Dolan, Munsell and Bobier

# **ENROLLED HOUSE BILL No. 5120**

AN ACT to amend sections 4, 8, 11, and 14 of Act No. 198 of the Public Acts of 1974, entitled "An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties," sections 4 and 14 as amended by Act No. 417 of the Public Acts of 1982 and section 11 as amended by Act No. 122 of the Public Acts of 1984, being sections 207.554, 207.558, 207.561, and 207.564 of the Michigan Compiled Laws; and to add sections 14a, 14b, and 22.

*The People of the State of Michigan enact:*

Section 1. Sections 4, 8, 11, and 14 of Act No. 198 of the Public Acts of 1974, sections 4 and 14 as amended by Act No. 417 of the Public Acts of 1982 and section 11 as amended by Act No. 122 of the Public Acts of 1984 being sections 207.554, 207.558, 207.561, and 207.564 of the Michigan Compiled Laws, are amended and sections 14a, 14b, and 22 are added to read as follows:

Sec. 4. (1) A local governmental unit, by resolution of its legislative body, may establish plant rehabilitation districts and industrial development districts that may consist of 1 or more parcels or tracts of land or a portion of a parcel or tract of land.

(2) If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, for a plant rehabilitation district or an industrial development district created after December 31, 1993, the local governmental unit before establishing a district under this act shall notify all affected taxing units located within that local governmental unit of its intent to create a plant rehabilitation district or an industrial development district. The local governmental unit may not establish the district for 60 days from the date of mailing. During that 60-day period only, each affected taxing unit may by resolution of its governing body exempt its tax levy from abatement under this act for any facility that is granted an industrial facilities exemption certificate by filing a copy of that resolution with the clerk of the local governmental unit intending to create the district. If an affected taxing unit does not file that resolution with the clerk of the local governmental unit within 60 days of the mailing of the notice under this section, the affected taxing unit is bound by the decision of the local governmental unit and its tax levy shall be abated pursuant to this act.

(3) If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the legislative body of a local governmental unit may establish a plant rehabilitation district or an industrial development district on its own initiative or upon a written request filed by the owner or owners of 75% of the state equalized value of the industrial property located within a proposed plant rehabilitation district or industrial development district. This request shall be filed with the clerk of the local governmental unit.

(4) If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, after December 31, 1983, a request for the establishment of a proposed plant rehabilitation district or industrial development district shall be filed only in connection with a proposed replacement facility or new facility, the construction, acquisition, alteration, or installation of or for which has not commenced at the time of the filing of the request. The legislative body of a local governmental unit shall not establish a plant rehabilitation district or an industrial development district pursuant to subsection (3) if it finds that the request for the district was filed after the commencement of construction, alteration, or installation of, or of an acquisition related to, the proposed replacement facility or new facility. This subsection shall not apply to a speculative building.

(5) If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, before adopting a resolution establishing a plant rehabilitation district or industrial development district, the legislative body shall give written notice by certified mail to the owners of all real property within the proposed plant rehabilitation district or industrial development district and shall hold a public hearing on the establishment of the plant rehabilitation district or industrial development district at which any of those owners and any other resident or taxpayer of the local governmental unit shall have a right to appear and be heard.

(6) If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the legislative body of the local governmental unit, in its resolution establishing a plant rehabilitation district, shall set forth a finding and determination that property comprising not less than 50% of the state equalized valuation of the industrial property within the district is obsolete.

(7) A plant rehabilitation district or industrial development district established by a township shall be applicable only within the unincorporated territory of the township and shall not be within a village.

(8) Industrial property included as part of an industrial development district or a plant rehabilitation district may also be part of a tax increment district established pursuant to the tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws.

Sec. 8. A facility for which an industrial facilities exemption certificate is in effect, but not the land on which the facility is located or to be located or inventory of the facility, for the period on and after the effective date of the certificate and continuing so long as the industrial facilities exemption certificate is in force, is exempt from ad valorem real and personal property taxes and the lessee, occupant, user, or person in possession of that facility for the same period is exempt from ad valorem taxes imposed under Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 and 211.182 of the Michigan Compiled Laws.

Sec. 11. (1) There is levied upon every owner of a speculative building, a new facility, or a replacement facility to which an industrial facilities exemption certificate is issued a specific tax to be known as the industrial facility tax.

(2) The industrial facility tax shall be 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, Act No. 206 of the Public Acts of 1893, as amended, being sections 211.1 to 211.157 of the Michigan Compiled Laws, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the industrial facility tax payments received each year to and among the state, cities, townships, villages, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under Act No. 206 of the Public Acts of 1893, as amended.

(3) Except as provided by subsections (4) and (5), in the case of an intermediate school district receiving state aid under section 56, 62, or 81(1) of the state school aid act of 1979, Act No. 94 of the Public Acts of 1979, being sections 388.1656, 388.1662, and 388.1681 of the Michigan Compiled Laws, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of the state school aid, shall be paid instead to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If the sum of any commercial facilities taxes prescribed by Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, and the industrial facility taxes paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the local or intermediate school district, pursuant to section 12 of Act No. 255

of the Public Acts of 1978, and this section, exceeds the amount received by the local or intermediate school district under sections 56, 62, and 81(1) of Act No. 94 of the Public Acts of 1979, the department of treasury shall allocate to each eligible local or intermediate school district an amount equal to the difference between the sum of the commercial facilities taxes and the industrial facility taxes paid to the state treasury to the credit of the state school aid fund and the amount the local or intermediate school district received under sections 56, 62, and 81(1) of Act No. 94 of the Public Acts of 1979.

(4) For taxes levied before 1994, a local or intermediate school district shall receive or retain its industrial facility tax payment that is levied in any year and becomes a lien before December 1 of the year if the district files a statement with the state treasurer not later than June 30 of the year certifying that the district does not expect to receive state school aid payments under section 56, 62, or 81(1) of Act No. 94 of the Public Acts of 1979 in the state fiscal year commencing in the year this statement is filed and if the district did not receive state school aid payments under section 56, 62, or 81(1) of Act No. 94 of the Public Acts of 1979 for the state fiscal year concluding in the year the statement required by this subsection is filed. However, if a local or intermediate school district receives or retains its summer industrial facility tax payment pursuant to this subsection and becomes entitled to receive state school aid payments under section 56, 62, or 81(1) of Act No. 94 of the Public Acts of 1979 in the state fiscal year commencing in the year in which it filed the statement required by this subsection, the district immediately shall pay to the state treasury to the credit of the state school aid fund an amount of the summer industrial facility tax payments that would have been paid to the state treasury to the credit of the state school aid fund under subsection (3) had not this subsection allowed the district to receive or retain the summer industrial facility tax payment.

(5) Beginning in 1994, the amount to be disbursed to a local school district, except for that amount of tax attributable to mills levied under section 1211(3) of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1211 of the Michigan Compiled Laws, shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

Sec. 14. (1) The amount of the industrial facility tax, in each year for a replacement facility, shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the state equalized valuation of the real and personal property of the obsolete industrial property for the tax year immediately preceding the effective date of the industrial facilities exemption certificate after deducting the state equalized valuation of the land and of the inventory as specified in section 19.

(2) The amount of the industrial facility tax, in each year for a new facility or a speculative building for which an industrial facilities exemption certificate became effective before January 1, 1994, shall be determined by multiplying the state equalized valuation of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied for school operating purposes by a local or intermediate school district within which the facility is located or mills levied under the state education tax act, plus 1/2 of the number of mills levied for school operating purposes in 1993.

(3) If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the amount of the industrial facility tax in each year for a new facility or a speculative building for which an industrial facilities exemption certificate becomes effective after December 31, 1993, shall be determined by multiplying the state equalized valuation of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, plus, subject to section 14a, the number of mills levied under the state education tax act.

(4) For a termination or revocation of only the real property component, or only the personal property component, of an industrial facilities exemption certificate as provided in this act, the valuation and the tax determined using that valuation shall be reduced proportionately to reflect the exclusion of the component with respect to which the termination or revocation has occurred.

Sec. 14a. If the sales tax is levied at a rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, within 60 days after the granting of an industrial facilities exemption certificate under section 7 for a new facility, the state treasurer may exclude 1/2 or all of the number of mills levied under the state education tax act from the specific tax calculation on the facility under section 14(3) if the state treasurer determines that reducing the number of mills used to calculate the specific tax under section 14(3) is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state.

Sec. 14b. (1) If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the amount of the industrial facility tax, in each

year for a replacement facility for which an industrial facility exemption certificate became effective after December 31, 1993, shall be the sum of both of the following:

(a) The amount determined by multiplying the state equalized valuation by the sum of the number of mills levied by the state education tax act, local school districts, intermediate school districts, and the number of mills levied by local units of government that have exempted their tax levy from abatement under this act.

(b) The amount determined by multiplying the state equalized valuation of the real and personal property of the obsolete industrial property for the tax year immediately preceding the effective date of the industrial facilities exemption certificate after deducting the state equalized valuation of the land and of the inventory as specified in section 19, by the total number of mills levied under the general property tax act, Act No. 206 of the Public Acts of 1993, being sections 211.1 to 211.157 of the Michigan Compiled Laws, in the local unit in which the facility is located minus the number of mills levied by the state education tax act, local school districts, intermediate school districts, and number of mills levied by local units of government that have exempted their tax levy from abatement under this act.

(2) If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1993, being sections 205.51 to 205.78 of the Michigan Compiled Laws, the amount of the industrial facility tax, in each year for a new facility or a speculative building for which an industrial facility exemption certificate became effective after December 31, 1993, shall be determined by multiplying the state equalized valuation of the facility excluding the land and the inventory personal property by the sum of all of the following:

(a) The total number of mills levied by the state education tax act, a local school district, and an intermediate school district.

(b) The total number of mills levied by local units of government that have exempted their tax levy from abatement under this act.

(c) One-half of the total number of mills levied under the general property tax act, Act No. 206 of the Public Acts of 1993, in the local unit in which the facility is located minus the number of mills levied by the state education tax act, local school districts, intermediate school districts, and the number of mills levied by local units of government that have exempted their tax levy from abatement under this act.

(3) If the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1993, being sections 205.51 to 205.78 of the Michigan Compiled Laws, for a termination or revocation of only the real property component, or only the personal property component, of an industrial facilities exemption certificate as provided in this act, the valuation and the tax determined using that valuation shall be reduced proportionately to reflect the exclusion of the component with respect to which the termination or revocation has occurred.

Sec. 22. A new industrial facilities exemption certificate shall not be approved and issued under this act after the effective date of this section unless a written agreement is entered into between the local governmental unit and the owner of the industrial facility, and filed with the department of treasury.

Section 2. This amendatory act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

- (a) House Bill No. 5109.
- (b) House Bill No. 5110.
- (c) House Bill No. 5116.
- (d) House Bill No. 5009.
- (e) House Bill No. 5010.
- (f) House Bill No. 5118.
- (g) House Bill No. 5097.
- (h) House Bill No. 5123.
- (i) House Bill No. 4279.
- (j) House Bill No. 5102.
- (k) House Bill No. 5103.
- (l) House Bill No. 5104.
- (m) House Bill No. 5106.
- (n) House Bill No. 5111.
- (o) House Bill No. 5115.
- (p) House Bill No. 5112.

(q) House Bill No. 5129.  
(r) House Bill No. 5224.

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Co-Clerk of the House of Representatives.

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Secretary of the Senate.

Approved -----

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Governor.