



HOUSE BILL No. 5077

October 5, 1993, Introduced by Reps. Kukuk, Dalman, Goschka, Jamian, Shugars, McNutt, Llewellyn and Hill and referred to the Committee on Taxation.

A bill to amend section 2 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,"

as amended by Act No. 66 of the Public Acts of 1986, being section 207.552 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2 of Act No. 198 of the Public Acts of
2 1974, as amended by Act No. 66 of the Public Acts of 1986, being
3 section 207.552 of the Michigan Compiled Laws, is amended to read
4 as follows:

1 Sec. 2. (1) "Commission" means the state tax commission
2 created by Act No. 360 of the Public Acts of 1927, as amended,
3 being sections 209.101 to 209.107 of the Michigan Compiled Laws.

4 (2) "Facility" means either a replacement facility, a new
5 facility, or, if applicable by its usage, a speculative
6 building.

7 (3) "Replacement facility" means:

8 (a) In the case of a replacement or restoration which occurs
9 on the same or contiguous land as that which is replaced or
10 restored, industrial property which is or is to be acquired, con-
11 structed, altered, or installed for the purpose of replacement or
12 restoration of obsolete industrial property together with any
13 part of the old altered property which remains for use as indus-
14 trial property after the replacement, restoration, or
15 alteration.

16 (b) In the case of construction on vacant noncontiguous
17 land, property which is or will be used as industrial property
18 which is or is to be acquired, constructed, transferred, or
19 installed for the purpose of being substituted for obsolete
20 industrial property, if the obsolete industrial property is situ-
21 ated in a plant rehabilitation district in the same city, vil-
22 lage, or township as the land on which the facility is or is to
23 be constructed and includes the obsolete industrial property
24 itself until ~~such~~ THE time ~~as~~ the substituted facility is
25 completed.

1 (4) "New facility" means new industrial property other than
2 a replacement facility to be built in a plant rehabilitation
3 district or industrial development district.

4 (5) "Local governmental unit" means a city, village, or
5 township.

6 (6) "Industrial property" means land improvements, build-
7 ings, structures, and other real property, and machinery, equip-
8 ment, furniture, and fixtures or any part or accessory thereof,
9 whether completed or in the process of construction, comprising
10 an integrated whole, the primary purpose and use of which is the
11 manufacture of goods or materials or the processing of goods and
12 materials by physical or chemical change; the operation of a
13 theme and recreation park located in an industrial park district;
14 property acquired, constructed, altered, or installed due to the
15 passage of proposal A in 1976; the operation of a hydro-electric
16 dam by a private company other than a public utility; THE OPERA-
17 TION OF A QUALIFYING COGENERATION FACILITY, AS THAT TERM IS
18 DEFINED BY THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978,
19 PUBLIC LAW 95-617, 925 STAT. 3117, BY A PRIVATE COMPANY OTHER
20 THAN A PUBLIC UTILITY; or agricultural processing facilities.
21 For certificates granted between April 1, 1986 and September 30,
22 1986, industrial property ~~shall include~~ INCLUDES the real and
23 personal property of a nonprofit cooperative power corporation
24 that is used as an office, warehouse, or similar facility, and
25 that is located on land owned by the nonprofit cooperative
26 corporation. Industrial property ~~shall include~~ INCLUDES
27 facilities related to a manufacturing operation under the same

1 ownership, including, but not limited to, office, engineering,
2 research and development, warehousing, or parts distribution
3 facilities. Industrial property ~~shall~~ also ~~include~~ INCLUDES
4 research and development laboratories of companies other than
5 those companies ~~which~~ THAT manufacture the products developed
6 from their research activities and research development laborato-
7 ries of a manufacturing company that are unrelated to the prod-
8 ucts of the company. Industrial property ~~shall~~ DOES not
9 include any of the following:

10 (a) Land.

11 (b) Property of a public utility other than a nonprofit
12 cooperative power corporation as described in this section.

13 (c) Inventory.

14 Industrial property may be owned or leased if, in the case
15 of leased property, the lessee is liable for payment of ad
16 valorem property taxes and furnishes proof of that liability.

17 (7) "Obsolete industrial property" means industrial property
18 the condition of which is substantially less than an economically
19 efficient functional condition.

20 (8) "Economically efficient functional condition" means a
21 state or condition of property the desirability and usefulness of
22 which is not impaired due to changes in design, construction,
23 technology, or improved production processes, or from external
24 influencing factors ~~which~~ THAT make the property less desirable
25 and valuable for continued use.

26 (9) "Research and development laboratories" means building
27 and structures, including the machinery, equipment, furniture,

1 and fixtures located ~~therein~~ IN THE BUILDING AND STRUCTURES,
2 used or to be used for research or experimental purposes that
3 would be considered qualified research as that term is used in
4 section ~~30~~ 41 of the internal revenue code, except that quali-
5 fied research ~~shall include~~ INCLUDES qualified research funded
6 by grant, contract, or otherwise by another person or governmen-
7 tal entity.

8 (10) "Manufacture of goods or materials" or "processing of
9 goods or materials" means any type of operation that would be
10 conducted by an entity included in the classifications provided
11 by division D, manufacturing, of the standard classification
12 manual of 1972, published by the United States office of manage-
13 ment and budget, regardless of whether the entity conducting
14 ~~such an~~ THAT operation is included ~~therein~~ IN THE MANUAL.

15 (11) For purposes of this act, "nonprofit power corporation"
16 means a nonprofit power corporation as described in section
17 261(4) of THE NONPROFIT CORPORATION ACT, Act No. 162 of the
18 Public Acts of 1982, being section 450.2261 of the Michigan
19 Compiled Laws, whose primary business is the sale of electric
20 power to other nonprofit electric corporations in this state.