



# HOUSE BILL No. 5234

December 9, 1993, Introduced by Rep. Brackenridge and referred to the Committee on Taxation.

A bill to amend sections 20, 20a, 20b, and 21 of Act No. 224 of the Public Acts of 1985, entitled "Enterprise zone act," as amended by Act No. 185 of the Public Acts of 1991, being sections 125.2120, 125.2120a, 125.2120b, and 125.2121 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 20, 20a, 20b, and 21 of Act No. 224 of  
2 the Public Acts of 1985, as amended by Act No. 185 of the Public  
3 Acts of 1991, being sections 125.2120, 125.2120a, 125.2120b, and  
4 125.2121 of the Michigan Compiled Laws, are amended to read as  
5 follows:

6 Sec. 20. Unless the certification of a qualified business  
7 is revoked as provided in this act, for 10 years from the date on  
8 which construction, restoration, alteration, or renovation

1 begins, a new facility owned by a qualified existing business or  
2 industrial or commercial property located in an enterprise zone  
3 owned by a qualified new business is exempt from ad valorem real  
4 and personal property taxes. ~~imposed under the general property~~  
5 ~~tax act.~~ For a qualified existing business certified after  
6 June 1, 1990 and for the purposes of this section only, a new  
7 facility includes only the portion of the existing property  
8 attributable to the restoration, alteration, or renovation.

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

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

18       (a) The legislative body of the local governmental unit in  
19 cooperation with the local governmental unit's chief executive  
20 officer develops a comprehensive development plan that addresses  
21 the needs of the local governmental unit and that includes a  
22 strategy for achieving the goals of the local governmental unit  
23 and its residents and businesses. The development plan shall  
24 contain a spending plan, approved by a resolution of the authori-  
25 ty, for the additional money received as a result of the amend-  
26 ments to this act made by the amendatory act that added this  
27 section. Money included in the spending plan is also subject to

1 the annual appropriation process of the local governmental unit  
2 as required by law.

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

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

11 Sec. 20b. Property that is located in the area comprising  
12 an enterprise zone at the time the area is approved as an enter-  
13 prise zone and for which an exemption certificate under Act  
14 No. 198 of the Public Acts of 1974, being sections 207.551 to  
15 207.571 of the Michigan Compiled Laws, is approved before  
16 January 1, 1992, and revoked after April 1, 1990, at the request  
17 of the owner is exempt from ad valorem real and personal property  
18 taxes ~~imposed under the general property tax act~~ either for the  
19 balance of the period for which the exemption certificate under  
20 Act No. 198 of the Public Acts of 1974 had been issued or for a  
21 period of 10 years after the date of revocation, whichever is  
22 less.

23 Sec. 21. (1) A specific tax is levied in each year upon an  
24 owner of property exempted under section 20 or 20b, the amount of  
25 which is determined by multiplying 50% of the average rate of  
26 taxation levied upon other property upon which ad valorem taxes  
27 are assessed IN 1993 as determined by the state board of

1 assessors under section 13 of Act No. 282 of the Public Acts of  
2 1905, being section 207.13 of the Michigan Compiled Laws, by the  
3 state equalized valuation of that property excluding the exemp-  
4 tions granted by this act.

5 (2) A specific tax is levied in each year upon an owner of  
6 property exempted under section 20a, the SPECIFIC TAX SHALL BE  
7 THE LESSER OF THE FOLLOWING:

8 (A) THE amount ~~of which is~~ determined by multiplying the  
9 total millage levied as ad valorem real and personal property  
10 taxes for that year by all taxing units within which the property  
11 is located by the state equalized valuation of that property  
12 excluding the exemptions granted by this act.

13 (B) THE AMOUNT DETERMINED BY MULTIPLYING THE TOTAL MILLAGE  
14 LEVIED AS AD VALOREM REAL AND PERSONAL PROPERTY TAXES IN 1993 BY  
15 ALL TAXING UNITS WITHIN WHICH THE PROPERTY IS LOCATED BY THE  
16 STATE EQUALIZED VALUATION OF THAT PROPERTY EXCLUDING THE EXEMP-  
17 TIONS GRANTED BY THIS ACT.

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

26 (4) The tax levied under subsection (2) is an annual tax  
27 payable to the same officer or officers as taxes imposed under

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (9) A CREDIT CLAIMED UNDER SUBSECTION (6) MAY NOT EXCEED THE  
18 AMOUNT BY WHICH THE TAX LEVIED FOR THE YEAR UNDER SUBSECTION (2)  
19 EXCEEDS THE LESSER OF THE FOLLOWING:

20 (A) THE AMOUNT DETERMINED BY MULTIPLYING THE AVERAGE RATE OF  
21 TAXATION LEVIED UPON OTHER PROPERTY UPON WHICH AD VALOREM TAXES  
22 ARE ASSESSED AS DETERMINED BY THE STATE BOARD OF ASSESSORS UNDER  
23 SECTION 13 OF ACT NO. 282 OF THE PUBLIC ACTS OF 1905 BY THE STATE  
24 EQUALIZED VALUATION OF THAT PROPERTY EXCLUDING THE EXEMPTIONS  
25 GRANTED BY THIS ACT.

26 (B) THE AMOUNT DETERMINED BY MULTIPLYING THE AVERAGE RATE OF  
27 TAXATION LEVIED UPON OTHER PROPERTY UPON WHICH AD VALOREM TAXES

1 ARE ASSESSED IN 1993 AS DETERMINED BY THE STATE BOARD OF  
2 ASSESSORS UNDER SECTION 13 OF ACT NO. 282 OF THE PUBLIC ACTS OF  
3 1905 BY THE STATE EQUALIZED VALUATION OF THE PROPERTY EXCLUDING  
4 THE EXEMPTIONS GRANTED BY THIS ACT.