



SENATE BILL No. 885

October 13, 1993, Introduced by Senator VAN REGENMORTER and referred to the Committee on School Finance Reform.

A bill to amend the title and sections 3, 4, 5, 6, 7a, 8, 9, 10, 12, 14, and 18 of Act No. 385 of the Public Acts of 1984, entitled as amended

"Technology park development act,"

sections 3, 5, 6, 8, 9, 10, 12, 14, and 18 as amended and section 7a as added by Act No. 151 of the Public Acts of 1990, being sections 207.703, 207.704, 207.705, 207.706, 207.707a, 207.708, 207.709, 207.710, 207.712, 207.714, and 207.718 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 3, 4, 5, 6, 7a, 8, 9, 10,
2 12, 14, and 18 of Act No. 385 of the Public Acts of 1984, sec-
3 tions 3, 5, 6, 8, 9, 10, 12, 14, and 18 as amended and section 7a
4 as added by Act No. 151 of the Public Acts of 1990, being
5 sections 207.703, 207.704, 207.705, 207.706, 207.707a, 207.708,

1 207.709, 207.710, 207.712, 207.714, and 207.718 of the Michigan
2 Compiled Laws, are amended to read as follows:

3 TITLE

4 An act to provide for the establishment of technology park
5 districts in local governmental units; to provide certain facili-
6 ties located in technology park districts an exemption from cer-
7 tain taxes; to levy and collect a specific tax upon the owners of
8 certain facilities; to provide for the disposition of the tax; to
9 provide for the obtaining and transferring of an exemption cer-
10 tificate and to prescribe the contents of those certificates; to
11 prescribe the powers and duties of certain state agencies and
12 officers and certain LOCAL GOVERNMENTAL UNITS AND officers of
13 local governmental units; and to provide remedies and penalties.

14 Sec. 3. (1) "COUNTY" MEANS THE COUNTY BOARD OF COMMISSION-
15 ERS OR A COMMITTEE DESIGNATED BY THE COUNTY BOARD OF
16 COMMISSIONERS.

17 (2) "COUNTY EQUALIZED VALUATION" MEANS THE VALUATION DETER-
18 MINED UNDER SECTION 34 OF ACT NO. 206 OF THE PUBLIC ACTS OF 1893,
19 BEING SECTION 211.34 OF THE MICHIGAN COMPILED LAWS.

20 (3) ~~-(1)-~~ "Department" means the department of treasury.

21 (4) ~~-(2)-~~ "Facility" means property to be located in a tech-
22 nology park district.

23 (5) ~~-(3)-~~ "Local governmental unit" means a city, village,
24 or township.

25 (6) ~~-(4)-~~ "Property" means land improvements, buildings,
26 structures, and other improvements classified by law for general
27 ad valorem tax purposes as real property, including real property

1 assessable as personal property under section 14(6) of the
2 general property tax act, Act No. 206 of the Public Acts of 1893,
3 being section 211.14 of the Michigan Compiled Laws, whether com-
4 pleted or in the process of construction, and machinery, equip-
5 ment, furniture, and fixtures, or any part or accessory ~~thereof~~
6 OF THAT PROPERTY, classified by law for general ad valorem tax
7 purposes as personal property, the primary purpose and use of
8 which real property and personal property are for 1 or more of
9 the following:

10 (a) Research and development.

11 (b) A high technology service activity that has as its prin-
12 cipal function the providing of services including computer,
13 information transfer, communication, distribution, processing,
14 administrative, laboratory, experimental, developmental, techni-
15 cal, or testing services.

16 (c) A high technology industrial activity that has as its
17 principal function activities including the manufacture of goods
18 or materials, the processing of goods or materials by physical or
19 chemical change, computer related activities, communications,
20 robotics, biological or pharmaceutical industrial activity, or
21 technology oriented or emerging industrial or business activity
22 not involving heavy manufacturing.

23 (d) A business activity that has as its primary function
24 developing, improving, or creating new or existing products.

25 (7) ~~-(5)-~~ Property, as defined in subsection ~~-(4)-~~ (6), does
26 not include the following:

1 (a) Land.

2 (b) Inventory.

3 (c) Facilities the primary purpose and use of which is the
4 sale of goods or services at retail, housing, or lodging.

5 Sec. 4. (1) ~~"State equalized valuation" means the valua-~~
6 ~~tion determined under Act No. 44 of the Public Acts of 1911,~~
7 ~~being sections 209.1 to 209.8 of the Michigan Compiled Laws.~~

8 ~~(2)~~ "Technology park district" or "district" means an area of a
9 local governmental unit established as provided in section 5.

10 (2) ~~(3)~~ "Technology park facilities exemption certificate"
11 or "certificate" means a certificate issued pursuant to section
12 8.

13 (3) ~~(4)~~ "Technology park facilities tax" means the spe-
14 cific tax levied under section 12.

15 Sec. 5. (1) A local governmental unit, by resolution of its
16 legislative body, may establish 1 technology park district or, if
17 subdivision (a) is not applicable, may establish more than 1
18 technology park district. A district shall consist of 1 or more
19 parcels or tracts of land and, at the time the resolution is
20 adopted, shall meet ALL OF the following requirements:

21 (a) The district shall contain not less than 100 acres of
22 undeveloped land. This subdivision does not apply if the admin-
23 istration building of the university requesting establishment of
24 the district is located in a local governmental unit with a popu-
25 lation of 800,000 or more persons.

26 (b) The district boundaries shall be continuous.

1 (c) All of the land in the district shall be within a
2 10-mile radius of the administration building on the main campus
3 of a 4-year public university, 4-year independent university, or
4 4-year institute of technology, or within the corporate bounda-
5 ries of the city, village, or township in which the administra-
6 tion building is located, or in a city or township adjacent to a
7 city in which the administration building is located if the dis-
8 trict is adjacent to land owned by the 4-year public university.

9 (2) The resolution establishing a district shall set forth a
10 finding and determination that the district satisfies all the
11 requirements of subsection (1).

12 (3) A local governmental unit shall establish a district
13 only upon the written request filed with the clerk of the local
14 governmental unit by the owners of record of 75% of the land
15 included within the proposed district and the board of control of
16 the 4-year eligible university or institute. If the university
17 lies within 2 adjoining local governmental units, the university
18 may file a request with both of the clerks of the local govern-
19 mental units.

20 (4) The boundaries of an established district may be altered
21 to include or exclude land upon the request of the owners of
22 record of the affected real property and with the written consent
23 of the owners of record of 75% of the land within the district as
24 established and the board of control of the university. The dis-
25 trict as altered shall satisfy the requirements provided in sub-
26 section (1).

1 (5) After receiving a proper written request and before
2 adopting a resolution establishing or altering a district, the
3 legislative body shall set a date for a public hearing on the
4 request and shall publish a notice of the hearing. The legisla-
5 tive body shall also give written notice of the hearing to all of
6 the owners of record of real property within the proposed dis-
7 trict and to the legislative body of each taxing unit which
8 levies ad valorem property taxes on the real property within the
9 proposed district. The notice shall be given by certified mail
10 not less than 10 nor more than 30 days before the date of the
11 hearing.

12 (6) A district established by a township shall affect only
13 land within the unincorporated territory of the township and
14 shall not affect land within a village located in that township.

15 (7) Land included as part of a district may also be part of
16 a district or development area established under any of the
17 following:

18 (a) The commercial redevelopment act, Act No. 255 of the
19 Public Acts of 1978, being sections 207.651 to 207.668 of the
20 Michigan Compiled Laws.

21 (b) Act No. 198 of the Public Acts of 1974, being sections
22 207.551 to 207.571 of the Michigan Compiled Laws.

23 (c) Act No. 197 of the Public Acts of 1975, being sections
24 125.1651 to 125.1681 of the Michigan Compiled Laws.

25 (d) The tax increment finance authority act, Act No. 450 of
26 the Public Acts of 1980, being sections 125.1801 to 125.1830 of
27 the Michigan Compiled Laws.

1 Sec. 6. (1) Following the establishment of a district, the
2 owner of record of a facility or, if an existing lease provides
3 for the direct payment of ad valorem property taxes by the
4 lessee, the lessee of a facility shall file an application for a
5 technology park facilities exemption certificate with the clerk
6 of the local governmental unit that established the district AND
7 THE CLERK OF THE COUNTY IN WHICH THE FACILITY IS LOCATED. The
8 application shall be filed in the manner and form prescribed by
9 the department. The application shall contain or be accompanied
10 by a general description of the facility and a general descrip-
11 tion of the proposed use of the facility, the general nature and
12 extent of construction to be undertaken, a descriptive list of
13 fixed building equipment that will be a part of the facility, a
14 descriptive list of machinery, equipment, furniture, fixtures,
15 and other personal property that will be a part of the facility,
16 a time schedule for commencing and completing the facility, a
17 statement of the economic advantages expected from the exemption,
18 including the number of jobs retained or created because of the
19 exemption and expected construction employment, and information
20 relating to the requirements in section 10.

21 (2) Upon receipt of an application for a certificate, the
22 clerk of the local governmental unit shall notify in writing the
23 assessor of the assessing unit in which the facility is located
24 or to be located and the legislative body of each taxing unit
25 that levies ad valorem property taxes in the district in which
26 the facility is located or is to be located that such an
27 application has been received. Before acting upon the

1 application, the legislative body of the local governmental unit
2 shall set a date for a public hearing on the application and
3 shall publish public notice of the hearing. The legislative body
4 shall also give written notice of the hearing to the applicant,
5 the assessor, and a representative of the affected taxing juris-
6 dictions by certified mail not less than 10 nor more than 30 days
7 before the date of the hearing.

8 Sec. 7a. (1) After June 30, 1990, the establishment of a
9 district under section 5 and the approval or disapproval of an
10 exemption certificate under section 7 is subject to the approval
11 or disapproval of the ~~department of treasury~~ COUNTY IN WHICH
12 THE FACILITY IS LOCATED. If the ~~department of treasury~~ COUNTY
13 does not disapprove the establishment of a district or ~~approval~~
14 ~~of~~ DISAPPROVE an exemption certificate within 30 days after the
15 adoption of the resolution by the local governmental unit estab-
16 lishing the district or approving the certificate, the district
17 or exemption certificate shall be considered approved by the
18 ~~department~~ COUNTY. If the resolution approving an exemption
19 certificate is adopted within 30 days before the end of a tax
20 year and the ~~department of treasury~~ COUNTY does not disapprove
21 the exemption certificate, the exemption certificate is effective
22 on the effective date that the legislative body of the local gov-
23 ernmental unit specifies in the certificate.

24 (2) A party aggrieved by the action of the ~~department of~~
25 ~~treasury~~ COUNTY may appeal that action in the manner and form
26 and within the time provided by the administrative procedures act

1 of 1969, Act No. 306 of the Public Acts of 1969, being sections
2 24.201 to 24.328 of the Michigan Compiled Laws.

3 Sec. 8. (1) After approval of the application for a certif-
4 icate by the legislative body of the local governmental unit and
5 the ~~department~~ COUNTY, the clerk of the local governmental unit
6 shall issue to the applicant a certificate in a form determined
7 by the ~~department~~ COUNTY that shall contain all of the
8 following:

9 (a) A legal description of the real property on which the
10 facility is located or is to be located.

11 (b) A descriptive list of the machinery, equipment, furni-
12 ture, fixtures, and other personal property, if any, to be
13 located in the facility.

14 (c) A statement that the certificate remains in force with
15 respect to the property described in the certificate for the
16 period stated in the certificate, unless revoked as provided in
17 this act.

18 (2) The certificate shall take effect beginning on the
19 December 31 next following the date of issuance of the
20 certificate.

21 (3) The clerk of the local governmental unit shall file a
22 copy of the certificate with the ~~department~~ COUNTY IN WHICH THE
23 FACILITY IS LOCATED, and the ~~department~~ COUNTY shall maintain a
24 record of all certificates filed.

25 Sec. 9. (1) For the period during which the certificate is
26 in effect, a facility for which a certificate is in effect, but
27 not the land on which the facility is located nor the inventory

1 in the facility, is exempt from ad valorem real and personal
2 property taxes imposed under the general property tax act, Act
3 No. 206 of the Public Acts of 1893, being sections 211.1 to
4 211.157 of the Michigan Compiled Laws. The lessee, occupant,
5 user, or person in possession of the facility is exempt for the
6 same period from any ad valorem taxes imposed under Act No. 189
7 of the Public Acts of 1953, being sections 211.181 to 211.182 of
8 the Michigan Compiled Laws. Unless revoked as provided in sec-
9 tion 14, a certificate shall remain in force and effect for a
10 period determined by the legislative body of the local governmen-
11 tal unit commencing with its effective date and ending on the
12 December 31 next following not more than 12 years after the com-
13 pletion date of the facility. The certificate may be issued for
14 a period of at least 1 year, but not to exceed 12 years. If the
15 number of years determined is less than 12, the certificate may
16 be subject to review by the legislative body of the local govern-
17 mental unit, and the certificate may be extended. The total
18 amount of time determined for the certificate including any
19 extensions shall not exceed 12 years after the completion of the
20 facility. The certificate shall commence with its effective date
21 and end on the December 31 next following the last day of the
22 number of years determined. The date of issuance of a certifi-
23 cate of occupancy, if required by an appropriate authority, shall
24 be the date of completion of the facility if the certificate is
25 issued to an owner, or the date that the lessee takes possession
26 if the certificate is issued to a lessee.

1 (2) If the number of years determined by the legislative
2 body of the local governmental unit for the period a certificate
3 remains in force is less than 12 years, the review of the certif-
4 icate for the purpose of determining an extension shall be based
5 upon factors, criteria, and objectives that are placed in writ-
6 ing, approved at the time the certificate is approved by the leg-
7 islative body of the local governmental unit, and sent to the
8 applicant and ~~department~~ COUNTY IN WHICH THE FACILITY IS
9 LOCATED.

10 Sec. 10. ~~(1) If the state equalized valuation of the prop-~~
11 ~~erty proposed to be exempt pursuant to an application under con-~~
12 ~~sideration, considered together with the aggregate state equal-~~
13 ~~ized valuation of property exempt under certificates previously~~
14 ~~granted and currently in force under this act or under Act~~
15 ~~No. 198 of the Public Acts of 1974, being sections 207.551 to~~
16 ~~207.571 of the Michigan Compiled Laws, or the commercial redevel-~~
17 ~~opment act, Act No. 255 of the Public Acts of 1978, being sec-~~
18 ~~tions 207.651 to 207.668 of the Michigan Compiled Laws, exceeds~~
19 ~~5% of the state equalized valuation of the local governmental~~
20 ~~unit, the legislative body of the local governmental unit shall~~
21 ~~make a separate finding and shall state in its resolution approv-~~
22 ~~ing the application that exceeding that amount shall not have the~~
23 ~~effect of substantially impeding the operation of the local gov-~~
24 ~~ernmental unit or impairing the financial soundness of any~~
25 ~~affected taxing unit. (2) The legislative body of the local~~
26 ~~governmental unit shall not approve an application unless all of~~
27 the following requirements are met:

1 (a) If an application relates to real property, including
2 real property assessable as personal property under section 14(6)
3 of the general property tax act, Act No. 206 of the Public Acts
4 of 1893, being section 211.14 of the Michigan Compiled Laws, the
5 construction of any part of a facility has not commenced before
6 the submission of the application and, if an application relates
7 to personal property, the acquisition of any of the personal
8 property by the applicant has not occurred before submission of
9 the application. This subsection does not prevent an applicant
10 from entering into a contract or purchase order if the contract
11 or purchase order is cancelable by the applicant if the applica-
12 tion is not approved.

13 (b) The application relates to a facility as defined in this
14 act which shall be located within a qualified district estab-
15 lished by a local governmental unit eligible under this act to
16 establish that district.

17 (c) Completion of the facility is calculated to and will, at
18 the time of the issuance of the certificate, have the reasonable
19 likelihood to increase economic activity, create employment,
20 retain employment, or prevent the loss of employment in the local
21 governmental unit in which the facility is located.

22 (d) Completion of the facility will not cause the transfer
23 of employment of more than 20 full-time persons from 1 or more
24 local governmental units or, if completion of the facility will
25 cause the transfer of employment of more than 20 full-time per-
26 sons from 1 or more local governmental units, the applicant has
27 provided notification to the ~~department~~ COUNTY IN WHICH THE

1 FACILITY IS LOCATED and to each local governmental unit from
2 which such employment is to be transferred and the notified local
3 governmental unit has not objected by resolution within 30 days
4 after receipt of notification of the transfer of employment. If
5 a notified local governmental unit objects within 30 days after
6 receipt of the notification, the application shall not be
7 approved until the objection is waived by the objecting local
8 governmental unit. If the local governmental unit objects, a
9 copy of the resolution of objection showing reasons for the
10 objection shall be filed within 20 days after adoption with the
11 ~~department~~ COUNTY IN WHICH THE FACILITY IS LOCATED.

12 (e) Completion of the facility will not cause transfer of
13 employment from 1 or more local governmental units of this state
14 with a population of 800,000 or more persons to the local govern-
15 mental unit in which the facility is to be located or, if comple-
16 tion of the facility will cause such a transfer of employment,
17 the legislative body of each local governmental unit from which
18 employment is to be transferred consents by resolution to the
19 issue of the certificate. If a local governmental unit from
20 which employment is to be transferred does not give its consent,
21 a copy of the resolution of denial showing reasons for the denial
22 shall be filed with the ~~department~~ COUNTY IN WHICH THE FACILITY
23 IS TO BE LOCATED within 20 days after adoption.

24 Sec. 12. (1) There is levied upon every owner of record and
25 every user or occupant, if known, of a facility to which a cer-
26 tificate is issued, a specific tax to be known as a technology
27 park facilities tax.

1 (2) The amount of the technology park facilities tax in each
2 year FOR WHICH A TECHNOLOGY PARK FACILITIES EXEMPTION CERTIFICATE
3 WAS IN EFFECT BEFORE JANUARY 1, 1994 shall be determined by
4 multiplying 1/2 of the total mills levied as ad valorem taxes
5 IMPOSED UNDER THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE
6 PUBLIC ACTS OF 1893, BEING SECTIONS 211.1 TO 211.157 OF THE
7 MICHIGAN COMPILED LAWS, for that year by all taxing units within
8 which the facility is situated by the ~~state~~ COUNTY equalized
9 valuation of the facility after deducting the ~~state~~ COUNTY
10 equalized value of the land and inventory.

11 (3) THE AMOUNT OF THE TECHNOLOGY PARK FACILITIES TAX FOR
12 WHICH A TECHNOLOGY PARK FACILITIES EXEMPTION CERTIFICATE BECAME
13 EFFECTIVE AFTER DECEMBER 31, 1993 SHALL BE DETERMINED BY MULTI-
14 PLYING THE COUNTY EQUALIZED VALUATION OF THE FACILITY EXCLUDING
15 THE LAND AND THE INVENTORY PERSONAL PROPERTY BY THE SUM OF 1/2 OF
16 THE TOTAL MILLS LEVIED AS AD VALOREM TAXES UNDER ACT NO. 206 OF
17 THE PUBLIC ACTS OF 1893, FOR THAT YEAR BY ALL TAXING UNITS WITHIN
18 WHICH THE FACILITY IS LOCATED NOT INCLUDING THOSE MILLS LEVIED BY
19 THE STATE EDUCATION FINANCE AUTHORITY, A LOCAL SCHOOL DISTRICT,
20 OR AN INTERMEDIATE SCHOOL DISTRICT PLUS THE TOTAL MILLS LEVIED AS
21 AD VALOREM TAXES UNDER ACT NO. 206 OF THE PUBLIC ACTS OF 1893 FOR
22 THAT YEAR BY THE LOCAL SCHOOL DISTRICT, AND INTERMEDIATE SCHOOL
23 DISTRICT WITHIN WHICH THE FACILITY IS LOCATED AND TAXES LEVIED BY
24 THE EDUCATION FINANCE AUTHORITY.

25 (4) ~~-(3)-~~ The technology park facilities tax shall be col-
26 lected, disbursed, and assessed in accordance with this act.

1 (5) ~~(4)~~ The technology park facilities tax shall be an
2 annual tax payable at the same time, in the same manner, and to
3 the same officer or officers as taxes imposed under the general
4 property tax act, Act No. 206 of the Public Acts of 1893, being
5 sections 211.1 to 211.157 of the Michigan Compiled Laws, are
6 payable. Except as otherwise provided in this section, the offi-
7 cer or officers shall disburse technology park facilities tax
8 payments received each year to the cities, townships, villages,
9 school districts, counties, community and junior colleges, and
10 authorities, at the times ~~and in the proportions~~ required by
11 law for the disbursement of taxes collected under Act No. 206 of
12 the Public Acts of 1893 AND IN PROPORTION TO THE MILLAGE RATES
13 USED TO CALCULATE THE TAX AS PROVIDED IN SUBSECTIONS (2) AND
14 (3). ~~All or a portion of the amount to be disbursed to local
15 and intermediate school districts receiving state aid under sec-
16 tions 21, 56, 62, and 81 of Act No. 94 of the Public Acts of
17 1979, being sections 388.1621, 388.1656, 388.1662, and 388.1681
18 of the Michigan Compiled Laws, as determined on the basis of the
19 tax rates being utilized to compute the amount of state aid,
20 shall be paid to the state treasury and credited to the state
21 school aid fund established by section 11 of article IX of the
22 state constitution of 1963. The officer or officers shall send a
23 copy of the amount of disbursement made to each unit under this
24 section to the department on a form provided by the department.~~

25 Sec. 14. (1) The legislative body of the local governmental
26 unit, by resolution, may revoke a certificate if it finds any of
27 the following:

1 (a) Completion of the facility does not occur within 2 years
2 after the effective date of the certificate or a greater time as
3 authorized by the legislative body of the local governmental unit
4 for good cause.

5 (b) The holder of the certificate, not due to circumstances
6 beyond his or her control, fails to proceed in good faith with
7 the operation or use of the facility in a manner consistent with
8 the purposes of this act and in accordance with the application.

9 (c) The holder of the certificate does not pay the technol-
10 ogy park facilities tax by December 31 next following the year in
11 which the tax was due and payable.

12 (2) If a certificate is issued or transferred or a district
13 created in noncompliance with this act, the certificate in non-
14 compliance or any certificate issued for property in a district
15 that does not comply with this act shall not be considered to
16 have been effective for purposes of this act, including
17 section 9. A local governmental unit that transfers a certifi-
18 cate in noncompliance with this act is subsequently required to
19 receive the approval of the ~~department~~ COUNTY before transfer-
20 ring a certificate under this act.

21 Sec. 18. (1) A new exemption shall not be granted under
22 this act after December 31, ~~1993~~ 1995, but an exemption then in
23 effect shall continue until expiration of the certificate.

24 (2) The in-depth analysis of the costs and benefits of this
25 act in the communities where it has been utilized required under
26 section 17 shall be submitted to the required committees of the

1 senate and house of representatives not later than February 1,
2 1990.