



HOUSE BILL No. 5126

September 26, 1995, Introduced by Rep. Munsell and referred to the Committee on Tax Policy.

A bill to amend sections 3, 10, 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 3 and 10 as amended by Act No. 417 of the Public Acts of 1982 and section 14 as amended by Act No. 266 of the Public Acts of 1994, being sections 207.553, 207.560, and 207.564 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 10, and 14 of Act No. 198 of the
2 Public Acts of 1974, sections 3 and 10 as amended by Act No. 417
3 of the Public Acts of 1982 and section 14 as amended by Act

1 No. 266 of the Public Acts of 1994, being sections 207.553,
2 207.560, and 207.564 of the Michigan Compiled Laws, are amended
3 to read as follows:

4 Sec. 3. (1) "Plant rehabilitation district" means an area
5 of a local governmental unit established as provided in section
6 4.

7 (2) "Industrial development district" means an area estab-
8 lished by a local governmental unit as provided in section 4.

9 (3) "Industrial facility tax" means the specific tax levied
10 under this act.

11 (4) "Industrial facilities exemption certificate" means a
12 certificate issued pursuant to sections 5, 6, and 7.

13 (5) "Replacement" means the complete or partial demolition
14 of obsolete industrial property and the complete or partial
15 reconstruction or installation of new property of similar
16 utility.

17 (6) "Restoration" means changes to obsolete industrial prop-
18 erty other than replacement as may be required to restore the
19 property, together with all appurtenances ~~thereto~~ TO THE
20 PROPERTY, to an economically efficient functional condition.
21 Restoration ~~shall~~ DOES not include delayed maintenance or the
22 substitution or addition of tangible personal property without
23 major renovation of the industrial property. A program involving
24 expenditures for changes to the industrial property improvements
25 aggregating less than 10% of the true cash value at commencement
26 of the restoration of the industrial property improvements ~~shall~~
27 ~~be deemed to be~~ IS delayed maintenance. Restoration ~~shall~~

1 ~~include~~- INCLUDES major renovation including but not necessarily
2 limited to the improvement of floor loads, correction of defi-
3 cient or excessive height, new or improved building equipment,
4 including heating, ventilation, and lighting, reducing multistory
5 facilities to 1 or 2 stories, improved structural support includ-
6 ing foundations, improved roof structure and cover, floor
7 replacement, improved wall placement, improved exterior and
8 interior appearance of buildings, improvements or modifications
9 of machinery and equipment to improve efficiency, decrease oper-
10 ating costs, or to increase productive capacity, and other physi-
11 cal changes as may be required to restore the industrial property
12 to an economically efficient functional condition, and shall
13 include land and building improvements and other tangible per-
14 sonal property incident ~~thereto~~ TO THE IMPROVEMENTS.

15 (7) "State equalized valuation" means the valuation deter-
16 mined under Act No. 44 of the Public Acts of 1911, ~~as amended,~~
17 being sections 209.1 to 209.8 of the Michigan Compiled Laws.

18 (8) "Speculative building" means a new building that meets
19 all of the following criteria and the machinery, equipment, fur-
20 niture, and fixtures located ~~therein~~ IN THE NEW BUILDING:

21 (a) The building is owned by, or approved as a speculative
22 building by resolution of, a local governmental unit in which the
23 building is located or the building is owned by a development
24 organization and located in the district of the development
25 organization.

1 (b) The building is constructed for the purpose of providing
2 a manufacturing facility before the identification of a specific
3 user of that building.

4 (c) The building does not qualify as a replacement
5 facility.

6 (9) "Development organization" means any economic develop-
7 ment corporation, downtown development authority, tax increment
8 financing authority, or an organization under the supervision of
9 and created for economic development purposes by a local govern-
10 mental unit.

11 (10) "Manufacturing facility" means buildings and struc-
12 tures, including the machinery, equipment, furniture, and fix-
13 tures located therein, the primary purpose of which is 1 or more
14 of the following:

15 (a) The manufacture of goods or materials or the processing
16 of goods and materials by physical or chemical change.

17 (b) The provision of research and development laboratories
18 of companies whether or not the company manufactures the products
19 developed from their research activities.

20 (11) "TAXABLE VALUE" MEANS THAT VALUE DETERMINED UNDER
21 SECTION 27A OF THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE
22 PUBLIC ACTS OF 1893, BEING SECTION 211.27A OF THE MICHIGAN
23 COMPILED LAWS.

24 Sec. 10. (1) The assessor of each city or township in which
25 there is a speculative building, new facility, or replacement
26 facility with respect to which 1 or more industrial facilities
27 exemption certificates have been issued and are in force shall

1 determine annually as of December 31 the value AND TAXABLE VALUE
2 of each facility separately, both for real and personal property,
3 having the benefit of ~~such certificates and~~ A CERTIFICATE.

4 (2) THE ASSESSOR, upon receipt of notice of the filing of an
5 application for the issuance of a certificate, shall determine
6 and furnish to the local legislative body and the commission the
7 value of the property to which the application pertains and other
8 information as may be necessary to permit the local legislative
9 body and the commission to make the determinations required by
10 section 9(1).

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

21 (2) The amount of the industrial facility tax, in each year
22 for a new facility or a speculative building for which an indus-
23 trial facilities exemption certificate became effective before
24 January 1, 1994, shall be determined by multiplying the ~~state~~
25 ~~equalized valuation~~ TAXABLE VALUE of the facility excluding the
26 land and the inventory personal property by the sum of 1/2 of the
27 total mills levied as ad valorem taxes for that year by all

1 taxing units within which the facility is located other than
2 mills levied for school operating purposes by a local school dis-
3 trict within which the facility is located or mills levied under
4 the state education tax act, Act No. 331 of the Public Acts of
5 1993, being sections 211.901 to 211.906 of the Michigan Compiled
6 Laws, plus 1/2 of the number of mills levied for local school
7 district operating purposes in 1993.

8 (3) The amount of the industrial facility tax in each year
9 for a new facility or a speculative building for which an indus-
10 trial facilities exemption certificate becomes effective after
11 December 31, 1993, shall be determined by multiplying the ~~state~~
12 ~~equalized valuation~~ TAXABLE VALUE of the facility excluding the
13 land and the inventory personal property by the sum of 1/2 of the
14 total mills levied as ad valorem taxes for that year by all
15 taxing units within which the facility is located other than
16 mills levied under the state education tax act, plus, subject to
17 section 14a, the number of mills levied under ~~the state educa-~~
18 ~~tion tax act,~~ Act No. 331 of the Public Acts of 1993.

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