



HOUSE BILL No. 5194

October 3, 1995, Introduced by Reps. Voorhees, Kaza, Bush, Bullard, LeTarte, Jamian, Law, Middleton and Hammerstrom and referred to the Committee on Tax Policy.

A bill to amend sections 21 and 21b of Act No. 224 of the Public Acts of 1985, entitled "Enterprise zone act," section 21 as amended and section 21b as added by Act No. 311 of the Public Acts of 1994, being sections 125.2121 and 125.2121b of the Michigan Compiled Laws; and to add section 21c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 21 and 21b of Act No. 224 of the Public
2 Acts of 1985, section 21 as amended and section 21b as added by
3 Act No. 311 of the Public Acts of 1994, being sections 125.2121
4 and 125.2121b of the Michigan Compiled Laws, are amended and
5 section 21c is added to read as follows:

6 Sec. 21. (1) This section applies only to an owner of
7 property located in an enterprise zone that was created before
8 1994.

1 (2) ~~-A-~~ EXCEPT AS PROVIDED IN SECTION 21C, A specific tax is
2 levied in each year upon an owner of property exempted under sec-
3 tion 20(1) or 20b, the amount of which is determined by multiply-
4 ing 50% of the average rate of taxation levied upon other commer-
5 cial, industrial, and utility property upon which ad valorem
6 taxes are assessed as determined each year by the state board of
7 assessors under section 13 of Act No. 282 of the Public Acts of
8 1905, being section 207.13 of the Michigan Compiled Laws, by the
9 state equalized valuation of that property excluding the exemp-
10 tions granted by this act.

11 (3) ~~-A-~~ EXCEPT AS PROVIDED IN SECTION 21C, A specific tax is
12 levied in each year upon an owner of property exempted under sec-
13 tion 20a, the amount of which is determined by multiplying the
14 total millage levied as ad valorem real and personal property
15 taxes for that year upon other commercial, industrial, and util-
16 ity property by all taxing units within which the property is
17 located by the state equalized valuation of that property exclud-
18 ing the exemptions granted by this act.

19 (4) The tax levied under subsection (2) is an annual tax
20 payable at the same times, in the same installments, and to the
21 same officer or officers as taxes imposed under the general prop-
22 erty tax act are payable. The officer or officers shall disburse
23 the tax payments received each year under subsection (2), at the
24 same times as taxes imposed under the general property tax act
25 are disbursed, to the local governmental unit in which the prop-
26 erty is located.

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

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

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

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

24 (a) A downtown development authority or tax increment
25 finance authority to share a portion of the money received by the
26 local governmental unit under subsection (5) in not more than
27 the same proportion that the authority would have received if the

1 tax levied under subsection (3) could be captured under a tax
2 increment financing plan.

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

8 (7) The owner of property subject to the tax under
9 subsection (3) may claim a credit against the tax levied on
10 December 1 under subsection (3) for the sum of all the follow-
11 ing, but not more than the amount by which the tax levied for the
12 year under subsection (3) exceeds the amount determined by
13 multiplying the average rate of taxation levied upon other com-
14 mercial, industrial, and utility property upon which ad valorem
15 taxes are assessed as determined each year by the state board of
16 assessors under section 13 of Act No. 282 of the Public Acts of
17 1905 by the state equalized valuation of that property excluding
18 the exemptions granted by this act:

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

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

25 (c) Twenty-five percent of wages paid during the year to
26 residents of the enterprise zone who were hired by the owner

1 after May 24, 1990 and who were not employed at any time during
2 the 6 months before being hired.

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

6 (8) The amount of the tax levied upon real property under
7 subsection (2) or (3), until paid, is a lien upon the real prop-
8 erty upon which the tax is levied. Only after the officer files
9 a certificate of nonpayment of the tax, together with an affida-
10 vit of proof of service of the certificate of nonpayment upon the
11 owner of the property by certified mail, with the register of
12 deeds of the county in which the property is situated, may pro-
13 ceedings be had upon the lien in the same manner as provided by
14 law for the foreclosure in the circuit court of mortgage liens
15 upon real property.

16 (9) The owner of property who has failed to pay a tax levied
17 under this section is not eligible to claim the credit under sub-
18 section (7).

19 (10) From the amount disbursed to the local governmental
20 unit pursuant to subsection (5)(a) and (b), the local governmen-
21 tal unit shall disburse to the county in which that local govern-
22 mental unit is located an amount equal to the product of the
23 state equalized value of all property exempted under sections 20
24 and 20a(1) and the voter approved special millage rate levied by
25 the county for emergency dispatch services, senior citizen cen-
26 ters, and substance abuse rehabilitation services. The county
27 shall use the amount disbursed under this subsection only to fund

1 emergency dispatch services, senior citizen centers, and
2 substance abuse rehabilitation services.

3 Sec. 21b. (1) This section applies only to an owner of
4 property located in an enterprise zone that was created after
5 1993.

6 (2) ~~A~~ EXCEPT AS PROVIDED IN SECTION 21C, A specific tax is
7 levied in each year upon an owner of property exempted under
8 section 20(2) or 20b, the amount of which is the sum of the
9 following:

10 (a) The product of 50% of the average rate of taxation
11 levied upon other commercial, industrial, and utility property
12 upon which ad valorem taxes are assessed in that local governmen-
13 tal unit, excluding ad valorem taxes levied under the state edu-
14 cation tax act, Act No. 331 of the Public Acts of 1993, being
15 sections 211.901 to 211.906 of the Michigan Compiled Laws, multi-
16 plied by the increased state equalized valuation of that property
17 excluding the exemptions granted by this act.

18 (b) The product of the millage levied under act No. 331 of
19 the Public Acts of 1993, multiplied by the increased state equal-
20 ized valuation of that property, excluding the exemptions granted
21 by this act.

22 (c) The product of the total millage levied as ad valorem
23 real and personal property taxes for that year by all local
24 taxing units within which the property is located multiplied by
25 the initial state equalized valuation of that property excluding
26 the exemptions granted by this act.

1 (3) The tax levied under subsection (2) is an annual tax
2 payable at the same times, in the same installments, and to the
3 same officer or officers as taxes imposed under the general prop-
4 erty tax act are payable.

5 (4) The officer or officers shall disburse the portion of
6 the tax payments received each year calculated under subsection
7 (2)(a), at the same times as taxes imposed under the general
8 property tax act are disbursed, to the local governmental unit in
9 which the property is located to be used solely to make public
10 improvements within the enterprise zone or to repay obligations
11 of which the proceeds are used to make public improvements within
12 the enterprise zone.

13 (5) The officer or officers shall disburse the portion of
14 the tax payments received each year calculated under subsection
15 (2)(b) and (c) to the same governmental unit, school districts,
16 county, and authorities at the same times and in the same propor-
17 tions as required by law for the disbursement of taxes collected
18 under the general property tax act. However, if the property is
19 located in a tax increment financing district, the officer or
20 officers shall pay to the tax increment financing authority a
21 portion of the taxes paid equal to the proportion of ad valorem
22 property taxes levied on commercial and industrial property in
23 the enterprise zone in the year before the exemption under sec-
24 tion 20(2) first applies which proportion was captured under a
25 tax increment financing plan.

26 (6) The amount of the tax levied upon real property under
27 subsection (2), until paid, is a lien upon the real property upon

1 which the tax is levied. Only after the officer files a
2 certificate of nonpayment of the tax, together with an affidavit
3 of proof of service of the certificate of nonpayment upon the
4 owner of the property by certified mail, with the register of
5 deeds of the county in which the property is situated, may pro-
6 ceedings be had upon the lien in the same manner as provided by
7 law for the foreclosure in the circuit court of mortgage liens
8 upon real property.

9 (7) A local governmental unit, in its action establishing
10 the boundaries of its enterprise zones, may waive the portion of
11 the tax calculated under subsection (2)(a) and (b) on the real
12 property that would qualify as a replacement facility under sec-
13 tion 2(3) of Act No. 198 of the Public Acts of 1974, being sec-
14 tion 207.552 of the Michigan Compiled Laws.

15 (8) The owner of property who has failed to pay a tax levied
16 under this section is not eligible for the exemption under
17 section 20(2) for the succeeding tax years.

18 (9) If a local or intermediate school district receives
19 state aid under section 20, 56, 62, or 81 of the state school aid
20 act of 1979, Act No. 94 of the Public Acts of 1979, being
21 sections ~~388.1621~~ 388.1620, 388.1656, 388.1662, and 388.1681 of
22 the Michigan Compiled Laws, of the amount that would otherwise be
23 disbursed under subsection (5) to a local or intermediate school
24 district, all or a portion, to be determined on the basis of the
25 tax rates being utilized to compute the amount of state aid,
26 shall be paid to the state treasury to the credit of the state
27 school aid fund established by section 11 of article IX of the

1 state constitution of 1963. If and for the period that the state
2 school aid act of 1979, Act No. 94 of the Public Acts of 1979,
3 being sections 388.1601 to 388.1772 of the Michigan Compiled
4 Laws, is amended or its successor act is enacted or amended to
5 include a provision that provides for adjustments in state school
6 aid to account for the receipt of revenues provided under this
7 act in place of exempted ad valorem property tax, revenues
8 required to be remitted or returned to the state treasury to the
9 credit of the state school aid fund shall be distributed instead
10 to the local school districts. If the sum of any industrial
11 facility tax levied under Act No. 198 of the Public Acts of 1974,
12 being sections 207.551 to ~~207.571~~ 207.572 of the Michigan
13 Compiled Laws, the commercial facilities tax levied under the
14 commercial redevelopment act, Act No. 255 of the Public Acts of
15 1978, being sections 207.651 to 207.668 of the Michigan Compiled
16 Laws, the neighborhood enterprise zone tax levied under the
17 neighborhood enterprise zone act, Act No. 147 of the Public Acts
18 of 1992, being sections 207.771 to 207.787 of the Michigan
19 Compiled Laws, and the tax levied under this act paid to the
20 state treasury to the credit of the state school aid fund that
21 would otherwise be disbursed to the local or intermediate school
22 district exceeds the amount received by the local or intermediate
23 school district under section 20, 56, 62, or 81 of Act No. 94 of
24 the Public Acts of 1979, the department of treasury shall allo-
25 cate to each eligible local or intermediate school district an
26 amount equal to the difference between the sum of the industrial
27 facility tax, the commercial facilities tax, the neighborhood

1 enterprise zone tax, and the tax levied under this act paid to
2 the state treasury to the credit of the state school aid fund and
3 the amount the local or intermediate school district received
4 under section 20, 56, 62, or 81 of Act No. 94 of the Public Acts
5 of 1979.

6 SEC. 21C. PROPERTY EXEMPTED UNDER SECTIONS 20(1) AND (2),
7 20A, AND 20B THAT IS LOCATED IN A RENAISSANCE ZONE UNDER THE
8 MICHIGAN RENAISSANCE ZONE ACT IS EXEMPT FROM THE SPECIFIC TAXES
9 LEVIED UNDER THIS ACT TO THE EXTENT AND FOR THE DURATION PROVIDED
10 PURSUANT TO THE MICHIGAN RENAISSANCE ZONE ACT.