



HOUSE BILL No. 5219

October 10, 1995, Introduced by Reps. Brackenridge, Bullard, Goschka and Gernaat and referred to the Committee on Tax Policy.

A bill to amend sections 3, 21, and 21b of Act No. 224 of the Public Acts of 1985, entitled "Enterprise zone act,"

sections 3 and 21 as amended and section 21b as added by Act No. 311 of the Public Acts of 1994, being sections 125.2103, 125.2121, and 125.2121b of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 21, and 21b of Act No. 224 of the
2 Public Acts of 1985, sections 3 and 21 as amended and section 21b
3 as added by Act No. 311 of the Public Acts of 1994, being
4 sections 125.2103, 125.2121, and 125.2121b of the Michigan
5 Compiled Laws, are amended to read as follows:

6 Sec. 3. As used in this act:

7 (a) "Authority" means the Michigan enterprise zone authority
8 created pursuant to section 4.

1 (b) "Citizens' council" means a council created pursuant to
2 section 9.

3 (c) "Comprehensive development plan" or "plan" means a phys-
4 ical improvement plan for an enterprise zone.

5 (d) "Enterprise zone" or "zone" means an area approved as an
6 enterprise zone by the authority as provided in this act.

7 (e) "Facility" means real or personal industrial or commer-
8 cial property located in an enterprise zone, excluding property
9 used to provide rental housing.

10 (f) "General property tax act" means Act No. 206 of the
11 Public Acts of 1893, being sections 211.1 to 211.157 of the
12 Michigan Compiled Laws.

13 (g) "Increased ~~SEV~~ TAXABLE VALUE" means the amount deter-
14 mined by subtracting the initial ~~state-equalized valuation~~
15 TAXABLE VALUE of the property from the ~~state-equalized~~
16 ~~valuation~~ TAXABLE VALUE of the property excluding the exemptions
17 granted under this act.

18 (h) "Initial ~~SEV~~ TAXABLE VALUE" means the ~~state-equal-~~
19 ~~ized valuation~~ TAXABLE VALUE of the property in the year immedi-
20 ately preceding the year in which the exemption granted under
21 section 16 takes effect. For property exempted under section
22 20b, the initial ~~SEV~~ TAXABLE VALUE is 0.

23 (i) "Local governmental unit" means a city, village, or
24 township.

25 (j) "New facility" means real or personal industrial or com-
26 mercial property located in an enterprise zone, the construction,
27 restoration, alteration, or renovation of which begins after the

1 date on which the business applies with the local governmental
2 unit for certification as a qualified business. Restoration,
3 alteration, or renovation of existing property constitutes a new
4 facility only if the increase in the combined true cash value of
5 the restored, altered, or renovated real and personal property is
6 equal to or greater than 50% of the combined true cash value of
7 the real and personal property before restoration, alteration, or
8 renovation as defined in the general property tax act, notwith-
9 standing the exemptions granted by this act.

10 (k) "Qualified business" means either of the following, as
11 applicable:

12 (i) A qualified new business or a qualified existing busi-
13 ness located in an enterprise zone created before 1994.

14 (ii) A business located in an enterprise zone created after
15 1993.

16 (l) "Qualified business activity" means business activity in
17 an enterprise zone established before 1994 of a qualified exist-
18 ing business attributable to a new facility or the business
19 activity in an enterprise zone of a qualified new business.

20 (m) "Qualified existing business" means a business that is
21 located in the area comprising an enterprise zone at the time the
22 area is approved as an enterprise zone, that constructs a new
23 facility, and that is certified by the authority as meeting the
24 requirements of this act.

25 (n) "Qualified new business" means a business located within
26 an enterprise zone that is not located in the area comprising the
27 enterprise zone on the date on which the authority approves the

1 enterprise zone, and that is certified by the authority as
2 meeting the requirements of this act.

3 (O) "TAXABLE VALUE" MEANS THAT VALUE DETERMINED UNDER SEC-
4 TION 27A OF THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE
5 PUBLIC ACTS OF 1893, BEING SECTION 211.27A OF THE MICHIGAN
6 COMPILED LAWS.

7 (P) ~~(O)~~ "Tax increment finance authority" means an author-
8 ity established under Act No. 197 of the Public Acts of 1975,
9 being sections 125.1651 to 125.1681 of the Michigan Compiled
10 Laws; the tax increment finance authority act, Act No. 450 of the
11 Public Acts of 1980, being sections 125.1801 to 125.1830 of the
12 Michigan Compiled Laws; or the local development financing act,
13 Act No. 281 of the Public Acts of 1986, being sections 125.2151
14 to 125.2174 of the Michigan Compiled Laws.

15 Sec. 21. (1) This section applies only to an owner of prop-
16 erty located in an enterprise zone that was created before 1994.

17 (2) A specific tax is levied in each year upon an owner of
18 property exempted under section 20(1) or 20b, the amount of which
19 is determined by multiplying 50% of the average rate of taxation
20 levied upon other commercial, industrial, and utility property
21 upon which ad valorem taxes are assessed as determined each year
22 by the state board of assessors under section 13 of Act No. 282
23 of the Public Acts of 1905, being section 207.13 of the Michigan
24 Compiled Laws, by the ~~state-equalized valuation~~ TAXABLE VALUE
25 of that property excluding the exemptions granted by this act.

26 (3) A specific tax is levied in each year upon an owner of
27 property exempted under section 20a, the amount of which is

1 determined by multiplying the total millage levied as ad valorem
2 real and personal property taxes for that year upon other commer-
3 cial, industrial, and utility property by all taxing units within
4 which the property is located by the ~~state equalized valuation~~
5 TAXABLE VALUE of that property excluding the exemptions granted
6 by this act.

7 (4) The tax levied under subsection (2) is an annual tax
8 payable at the same times, in the same installments, and to the
9 same officer or officers as taxes imposed under the general prop-
10 erty tax act are payable. The officer or officers shall disburse
11 the tax payments received each year under subsection (2), at the
12 same times as taxes imposed under the general property tax act
13 are disbursed, to the local governmental unit in which the prop-
14 erty is located.

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

24 (a) The amount that would otherwise be disbursed to a local
25 school district for school operating purposes shall be paid
26 instead to the local governmental unit in which the property is
27 located.

1 (b) There shall be paid to the local governmental unit in
2 which the property is located a portion of the tax that would
3 otherwise not be paid to the local governmental unit equal to the
4 proportion of ad valorem property taxes levied on commercial and
5 industrial property in the year before the exemption under
6 section 20a first applies which proportion was captured under a
7 tax increment financing plan.

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

11 (a) A downtown development authority or tax increment
12 finance authority to share a portion of the money received by the
13 local governmental unit under subsection (5) in not more than
14 the same proportion that the authority would have received if the
15 tax levied under subsection (3) could be captured under a tax
16 increment financing plan.

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

22 (7) The owner of property subject to the tax under
23 subsection (3) may claim a credit against the tax levied on
24 December 1 under subsection (3) for the sum of all the follow-
25 ing, but not more than the amount by which the tax levied for the
26 year under subsection (3) exceeds the amount determined by
27 multiplying the average rate of taxation levied upon other

1 commercial, industrial, and utility property upon which ad
2 valorem taxes are assessed as determined each year by the state
3 board of assessors under section 13 of Act No. 282 of the Public
4 Acts of 1905 by the ~~state equalized valuation~~ TAXABLE VALUE of
5 that property excluding the exemptions granted by this act:

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

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

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

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

19 (8) The amount of the tax levied upon real property under
20 subsection (2) or (3), until paid, is a lien upon the real prop-
21 erty upon which the tax is levied. Only after the officer files
22 a certificate of nonpayment of the tax, together with an affida-
23 vit of proof of service of the certificate of nonpayment upon the
24 owner of the property by certified mail, with the register of
25 deeds of the county in which the property is situated, may pro-
26 ceedings be had upon the lien in the same manner as provided by

1 law for the foreclosure in the circuit court of mortgage liens
2 upon real property.

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

6 (10) From the amount disbursed to the local governmental
7 unit pursuant to subsection (5)(a) and (b), the local governmen-
8 tal unit shall disburse to the county in which that local govern-
9 mental unit is located an amount equal to the product of the
10 state equalized value of all property exempted under sections 20
11 and 20a(1) and the voter approved special millage rate levied by
12 the county for emergency dispatch services, senior citizen cen-
13 ters, and substance abuse rehabilitation services. The county
14 shall use the amount disbursed under this subsection only to fund
15 emergency dispatch services, senior citizen centers, and sub-
16 stance abuse rehabilitation services.

17 Sec. 21b. (1) This section applies only to an owner of
18 property located in an enterprise zone that was created after
19 1993.

20 (2) A specific tax is levied in each year upon an owner of
21 property exempted under section 20(2) or 20b, the amount of which
22 is the sum of the following:

23 (a) The product of 50% of the average rate of taxation
24 levied upon other commercial, industrial, and utility property
25 upon which ad valorem taxes are assessed in that local governmen-
26 tal unit, excluding ad valorem taxes levied under the state
27 education tax act, Act No. 331 of the Public Acts of 1993, being

1 sections 211.901 to 211.906 of the Michigan Compiled Laws,
2 multiplied by the increased ~~state equalized valuation~~ TAXABLE
3 VALUE of that property excluding the exemptions granted by this
4 act.

5 (b) The product of the millage levied under act No. 331 of
6 the Public Acts of 1993, multiplied by the increased ~~state~~
7 ~~equalized valuation~~ TAXABLE VALUE of that property, excluding
8 the exemptions granted by this act.

9 (c) The product of the total millage levied as ad valorem
10 real and personal property taxes for that year by all local
11 taxing units within which the property is located multiplied by
12 the initial ~~state equalized valuation~~ TAXABLE VALUE of that
13 property excluding the exemptions granted by this act.

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

18 (4) The officer or officers shall disburse the portion of
19 the tax payments received each year calculated under subsection
20 (2)(a), at the same times as taxes imposed under the general
21 property tax act are disbursed, to the local governmental unit in
22 which the property is located to be used solely to make public
23 improvements within the enterprise zone or to repay obligations
24 of which the proceeds are used to make public improvements within
25 the enterprise zone.

26 (5) The officer or officers shall disburse the portion of
27 the tax payments received each year calculated under subsection

1 (2)(b) and (c) to the same governmental unit, school districts,
2 county, and authorities at the same times and in the same propor-
3 tions as required by law for the disbursement of taxes collected
4 under the general property tax act. However, if the property is
5 located in a tax increment financing district, the officer or
6 officers shall pay to the tax increment financing authority a
7 portion of the taxes paid equal to the proportion of ad valorem
8 property taxes levied on commercial and industrial property in
9 the enterprise zone in the year before the exemption under sec-
10 tion 20(2) first applies which proportion was captured under a
11 tax increment financing plan.

12 (6) The amount of the tax levied upon real property under
13 subsection (2), until paid, is a lien upon the real property upon
14 which the tax is levied. Only after the officer files a certifi-
15 cate of nonpayment of the tax, together with an affidavit of
16 proof of service of the certificate of nonpayment upon the owner
17 of the property by certified mail, with the register of deeds of
18 the county in which the property is situated, may proceedings be
19 had upon the lien in the same manner as provided by law for the
20 foreclosure in the circuit court of mortgage liens upon real
21 property.

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

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

4 (9) If a local or intermediate school district receives
5 state aid under section 20, 56, 62, or 81 of the state school aid
6 act of 1979, Act No. 94 of the Public Acts of 1979, being sec-
7 tions ~~388.1621~~ 388.1620, 388.1656, 388.1662, and 388.1681 of
8 the Michigan Compiled Laws, of the amount that would otherwise be
9 disbursed under subsection (5) to a local or intermediate school
10 district, all or a portion, to be determined on the basis of the
11 tax rates being utilized to compute the amount of state aid,
12 shall be paid to the state treasury to the credit of the state
13 school aid fund established by section 11 of article IX of the
14 state constitution of 1963. If and for the period that the state
15 school aid act of 1979, Act No. 94 of the Public Acts of 1979,
16 being sections 388.1601 to 388.1772 of the Michigan Compiled
17 Laws, is amended or its successor act is enacted or amended to
18 include a provision that provides for adjustments in state school
19 aid to account for the receipt of revenues provided under this
20 act in place of exempted ad valorem property tax, revenues
21 required to be remitted or returned to the state treasury to the
22 credit of the state school aid fund shall be distributed instead
23 to the local school districts. If the sum of any industrial
24 facility tax levied under Act No. 198 of the Public Acts of 1974,
25 being sections 207.551 to ~~207.571~~ 207.572 of the Michigan
26 Compiled Laws, the commercial facilities tax levied under the
27 commercial redevelopment act, Act No. 255 of the Public Acts of

1 1978, being sections 207.651 to 207.668 of the Michigan Compiled
2 Laws, the neighborhood enterprise zone tax levied under the
3 neighborhood enterprise zone act, Act No. 147 of the Public Acts
4 of 1992, being sections 207.771 to 207.787 of the Michigan
5 Compiled Laws, and the tax levied under this act paid to the
6 state treasury to the credit of the state school aid fund that
7 would otherwise be disbursed to the local or intermediate school
8 district exceeds the amount received by the local or intermediate
9 school district under section 20, 56, 62, or 81 of Act No. 94 of
10 the Public Acts of 1979, the department of treasury shall allo-
11 cate to each eligible local or intermediate school district an
12 amount equal to the difference between the sum of the industrial
13 facility tax, the commercial facilities tax, the neighborhood
14 enterprise zone tax, and the tax levied under this act paid to
15 the state treasury to the credit of the state school aid fund and
16 the amount the local or intermediate school district received
17 under section 20, 56, 62, or 81 of Act No. 94 of the Public Acts
18 of 1979.