



HOUSE BILL No. 6169

November 12, 1996, Introduced by Rep. Dolan and referred to the Committee on Tax Policy.

A bill to provide for the development and rehabilitation of industrial and commercial areas; to provide for the creation of development zones; to provide for obtaining development zone certificates for a period of time and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "development zone act".

3 Sec. 2. As used in this act:

1 (a) "Commission" means the state tax commission created by
2 Act No. 360 of the Public Acts of 1927, being sections 209.101 to
3 209.107 of the Michigan Compiled Laws.

4 (b) "Developer" means a person who is the owner of a new
5 facility at the time of construction or of a rehabilitated facil-
6 ity at the time of rehabilitation for which a development zone
7 certificate is applied for or issued.

8 (c) "Development zone certificate" or "certificate" means a
9 certificate issued pursuant to sections 4, 5, and 6.

10 (d) "Facility" means a commercial or industrial facility.

11 (e) "Local governmental unit" means a city, township, or
12 village.

13 (f) "Owner" means the record title holder of, or the vendee
14 of the original land contract pertaining to, a facility for which
15 a development zone certificate is applied for or issued.

16 Sec. 3. (1) The governing body of a local governmental unit
17 by resolution may designate 1 or more development zones within
18 that local governmental unit. A development zone shall contain
19 not less than 10 platted parcels of land. All the land within a
20 development zone shall also be compact and contiguous.

21 (2) Not less than 60 days before the passage of a resolution
22 designating a development zone or the repeal or amendment of a
23 resolution under subsection (5), the clerk of the local govern-
24 mental unit shall give written notice to the assessor and to the
25 governing body of each taxing unit that levies ad valorem prop-
26 erty taxes in the proposed development zone. Before acting upon
27 the resolution, the governing body of the local governmental unit

1 shall make a finding that a proposed development zone is
2 consistent with the master plan of the local governmental unit
3 and the economic development goals of the local governmental
4 unit.

5 (3) Upon receipt of a notice under subsection (2), the
6 assessor shall determine and furnish to the governing body of the
7 local governmental unit the amount of the true cash value and
8 taxable value of the property located within the proposed devel-
9 opment zone and any other information considered necessary by the
10 governing body.

11 (4) The total amount of acreage included within development
12 zones in a local governmental unit shall not exceed 5% of the
13 total acreage contained within the boundaries of the local gov-
14 ernmental unit.

15 (5) A resolution designating a development zone may be
16 repealed or amended not sooner than 3 years after the date of
17 adoption or of the most recent amendment of the resolution by the
18 governing body of the local governmental unit. The repeal or
19 amendment of the resolution shall take effect 6 months after
20 adoption. However, an action taken under this subsection does
21 not invalidate a certificate that is issued or in effect, and a
22 facility for which a certificate is issued or in effect shall
23 continue to be included in the total acreage limitations under
24 this section until the certificate is expired or revoked.

25 (6) Upon passage, amendment, or repeal of a resolution under
26 this section, the clerk of the local governmental unit shall
27 notify the commission of the action taken.

1 Sec. 4. (1) The owner or developer or prospective owner or
2 developer of a proposed facility located in a development zone
3 may file an application for a development zone certificate with
4 the clerk of the local governmental unit. The application shall
5 be filed in the manner and form prescribed by the commission.
6 The application shall be filed before a building permit is issued
7 for the new construction or rehabilitation of the facility.

8 (2) The application shall contain or be accompanied by all
9 of the following:

10 (a) A general description of the facility.

11 (b) The dimensions of the parcel on which the facility is
12 located or is to be located.

13 (c) The general nature and extent of the construction to be
14 undertaken.

15 (d) Any other information required by the local governmental
16 unit.

17 Sec. 5. Not more than 60 days after receipt by its clerk of
18 an application under section 4, the governing body of the local
19 governmental unit by resolution shall approve the application for
20 a development zone certificate. The clerk shall forward the
21 application to the commission.

22 Sec. 6. Not later than 45 days after receipt of an approved
23 application for a facility, the commission shall determine
24 whether the facility complies with the requirements of this act.
25 If the commission finds compliance, it shall issue a development
26 zone certificate to the applicant and send a certified copy of
27 the certificate to the assessor of the local governmental unit

1 and each affected taxing unit. The assessor shall keep the
2 certificate filed on record in his or her office. The commission
3 shall maintain a record of all certificates filed. Notice of the
4 commission's refusal to issue a certificate shall be sent by cer-
5 tified mail to the same persons.

6 Sec. 7. The commission shall not issue a development zone
7 certificate for a facility unless the facility meets the require-
8 ments of the definition in section 2(d).

9 Sec. 8. A development zone certificate shall be in the form
10 prescribed and provided by the commission and shall include the
11 following:

12 (a) A legal description of the real property on which the
13 facility is to be located or the legal description of the reha-
14 bilitated property.

15 (b) A statement that unless revoked under this act, the cer-
16 tificate shall remain in effect for the period stated in the
17 certificate.

18 Sec. 9. (1) There is levied on the owner of a facility to
19 which a development zone certificate is issued a specific tax
20 known as the development zone tax.

21 (2) A facility for which a development zone certificate is
22 in effect, including the land on which the facility is located,
23 is exempt from ad valorem real property taxes collected under the
24 general property tax act, Act No. 206 of the Public Acts of 1893,
25 being sections 211.1 to 211.157 of the Michigan Compiled Laws.

26 (3) The amount of the development zone tax on a facility is
27 the taxable value of the facility in the year of application,

1 including the land, multiplied by the number of mills that were
2 levied by the state and all local tax collecting units in the
3 year of application.

4 (4) The development zone tax is an annual tax, payable at
5 the same times, in the same installments, and to the same officer
6 or officers as taxes imposed under Act No. 206 of the Public Acts
7 of 1893, being sections 211.1 to 211.157 of the Michigan Compiled
8 Laws, are payable. Except as otherwise provided in this section,
9 the officer or officers shall disburse the development zone tax
10 received by the officer or officers each year to the state,
11 cities, townships, villages, school districts, counties, and
12 authorities at the same times and in the same proportions as
13 required for the disbursement of taxes collected under Act
14 No. 206 of the Public Acts of 1893.

15 (5) An intermediate school district receiving state aid
16 under sections 56, 62, and 81 of the state school aid act of
17 1979, Act No. 94 of the Public Acts of 1979, being sections
18 388.1656, 388.1662, and 388.1681 of the Michigan Compiled Laws,
19 of the amount that would otherwise be disbursed to or retained by
20 the intermediate school district, all or a portion, to be deter-
21 mined on the basis of the tax rates being utilized to compute the
22 amount of state aid, shall be paid to the state treasury to the
23 credit of the state school aid fund established by section 11 of
24 article IX of the state constitution of 1963. If and for the
25 period that the state school aid act of 1979, Act No. 94 of the
26 Public Acts of 1979, being sections 388.1601 to 388.1772 of the
27 Michigan Compiled Laws, is amended or its successor act is

1 enacted or amended to include a provision that provides for
2 adjustments in state school aid to account for the receipt of
3 revenues provided under this act in place of exempted ad valorem
4 property tax, revenues required to be remitted or returned to the
5 state treasury to the credit of the state school aid fund shall
6 be distributed instead to the intermediate school districts. If
7 the sum of any industrial facility tax levied under Act No. 198
8 of the Public Acts of 1974, being sections 207.551 to 207.572 of
9 the Michigan Compiled Laws, the commercial facilities tax levied
10 under the commercial redevelopment act, Act No. 255 of the Public
11 Acts of 1978, being sections 207.651 to 207.668 of the Michigan
12 Compiled Laws, the neighborhood enterprise zone tax levied under
13 the neighborhood enterprise zone act, Act No. 147 of the Public
14 Acts of 1992, being sections 207.701 to 207.787 of the Michigan
15 Compiled Laws, and the development zone tax paid to the state
16 treasury to the credit of the state school aid fund that would
17 otherwise be disbursed to the intermediate school district
18 exceeds the amount received by the intermediate school district
19 under sections 56, 62, and 81 of Act No. 94 of the Public Acts
20 of 1979, the department of treasury shall allocate to each eligi-
21 ble intermediate school district an amount equal to the differ-
22 ence between the sum of the industrial facility tax, the commer-
23 cial facilities tax, the neighborhood enterprise zone tax, and
24 the development zone tax paid to the state treasury to the credit
25 of the state school aid fund and the amount the intermediate
26 school district received under sections 56, 62, and 81 of Act
27 No. 94 of the Public Acts of 1979.

1 (6) The officer or officers shall send a copy of the amount
2 of disbursement made to each unit under this section to the com-
3 mission on a form provided by the commission. The development
4 zone tax is a lien on the real property upon which the facility
5 subject to the certificate is located until paid. The continu-
6 ance of a certificate is conditional upon the annual payment of
7 the development zone tax.

8 (7) If payment of the tax under this act is not made by the
9 March 1 following the levy of the tax, the tax shall be turned
10 over to the county treasurer and collected in the same manner as
11 a delinquent tax under Act No. 206 of the Public Acts of 1893.

12 Sec. 10. The effective date of the development zone certif-
13 icate is the first day of the tax year following the year in
14 which the facility is substantially completed.

15 Sec. 11. (1) Upon receipt of a request by certified mail to
16 the commission by the holder of a development zone certificate
17 requesting revocation of the certificate, the commission by order
18 shall revoke the certificate.

19 (2) The holder of the certificate may request in writing to
20 the commission a 1-year automatic extension of the certificate if
21 the owner has proceeded in good faith with the construction or
22 rehabilitation of the facility in a manner consistent with the
23 purposes of this act and the delay in completion or occupancy by
24 an owner is due to circumstances beyond the control of the holder
25 of the certificate. Upon request of the local governmental unit,
26 the commission shall extend the certificate if the facility has
27 not been occupied.

1 (3) If the owner of the facility fails to make the annual
2 payment of the development zone tax, the commission by order
3 shall revoke the certificate. However, if payment of these taxes
4 is made before the revocation is effective, the commission, upon
5 application of the owner, shall rescind the order of revocation.
6 If payment of these taxes and any subsequent ad valorem property
7 tax due on the facility is made after revocation of the certifi-
8 cate, the commission, upon application of the owner, shall rein-
9 state the certificate for the remaining period of time for which
10 the original certificate would have been in effect.

11 (4) The revocation shall be effective beginning the
12 December 31 following the date of the order. The commission
13 shall send by certified mail copies of the order of revocation to
14 the holder of the certificate, to the local governmental unit in
15 which the facility is located, to the assessor of that local gov-
16 ernmental unit, and to the legislative body of each taxing unit
17 that levies taxes upon property in the local governmental unit in
18 which the new facility or rehabilitated facility is located.

19 Sec. 12. Unless earlier revoked as provided in section 11,
20 a development zone certificate shall remain in effect until 12
21 years from the effective date of the certificate.

22 Sec. 13. (1) The assessor of each local governmental unit
23 in which is located a facility for which a development zone cer-
24 tificate is in effect shall determine annually, with respect to
25 each facility, the assessed valuation of the property comprising
26 the facility having the benefit of a development zone certificate
27 and the amount of ad valorem property tax that would have been

1 paid with respect to each facility under the general property tax
2 act, Act No. 206 of the Public Acts of 1893, being sections 211.1
3 to 211.157 of the Michigan Compiled Laws, if the certificate had
4 not been in force. A holder of a certificate shall furnish to
5 the assessor the information necessary for the determination.

6 (2) After making the determinations under subsection (1),
7 the assessor shall send annually notification of those determina-
8 tions to the governing body of each taxing unit that levies taxes
9 upon property in the local governmental unit in which the facil-
10 ity is located and the holder of the certificate for which the
11 determination is made. The notice shall be sent by certified
12 mail not later than October 15 and shall be based upon the valua-
13 tion as of the immediately preceding December 31.

14 Sec. 14. Beginning October 1, 1997, and on October 1 every
15 2 years after 1997, the department of consumer and industry serv-
16 ices and the department of treasury jointly shall prepare and
17 submit to the respective committees of the senate and house of
18 representatives responsible for matters concerning taxation an
19 in-depth analysis of the costs and benefits of this act. This
20 report shall include specific recommendations for any changes
21 considered necessary in this act.

22 Sec. 15. The commission may promulgate rules it considers
23 necessary for the administration of this act pursuant to the
24 administrative procedures act of 1969, Act No. 306 of the Public
25 Acts of 1969, being sections 24.201 to 24.328 of the Michigan
26 Compiled Laws.