



SENATE BILL No. 1078

July 3, 1996, Introduced by Senator BERRYMAN and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend section 9 of Act No. 147 of the Public Acts of 1992, entitled

"Neighborhood enterprise zone act,"

being section 207.779 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Section 1. Section 9 of Act No. 147 of the Public Acts of 1992, being section 207.779 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 9. (1) ~~There~~ EXCEPT AS PROVIDED IN SUBSECTION (10), THERE is levied on the owner of a new facility or a rehabilitated facility to which a neighborhood enterprise zone certificate is issued a specific tax known as the neighborhood enterprise zone tax.

(2) A new facility or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, but not

1 the land on which the facility is located, is exempt from ad
2 valorem real property taxes levied under the general property tax
3 act, Act No. 206 of the Public Acts of 1893, being sections 211.1
4 to 211.157 of the Michigan Compiled Laws.

5 (3) The amount of the neighborhood enterprise zone tax on a
6 new facility is determined each year by multiplying the state
7 equalized valuation of the facility, not including the land, by 1
8 of the following:

9 (a) For property that would otherwise meet the definition of
10 a homestead under section 7dd of Act No. 206 of the Public Acts
11 of 1893, being section 211.7dd of the Michigan Compiled Laws, if
12 that property was not exempt from ad valorem property taxes under
13 this act, 1/2 of the average rate of taxation levied in this
14 state in the immediately preceding calendar year on homestead
15 property and qualified agricultural property as defined in
16 section 7dd of Act No. 206 of the Public Acts of 1893. However,
17 in 1994 only, the average rate of taxation shall be the average
18 rate of taxation levied in 1993 upon all property in this state
19 upon which ad valorem taxes are assessed.

20 (b) For property that is not a homestead under section 7dd
21 of Act No. 206 of the Public Acts of 1893, 1/2 of the average
22 rate of taxation levied upon commercial, industrial, and utility
23 property upon which ad valorem taxes are assessed as determined
24 for the immediately preceding calendar year by the state board of
25 assessors under section 13 of Act No. 282 of the Public Acts of
26 1905, being section 207.13 of the Michigan Compiled Laws.
27 However, in 1994 only, the average rate of taxation shall be the

1 average rate of taxation levied in 1993 upon all property in this
2 state upon which ad valorem taxes are assessed.

3 (4) The amount of the neighborhood enterprise zone tax on a
4 rehabilitated facility is determined each year by multiplying the
5 state equalized valuation of the rehabilitated facility, not
6 including the land, for the tax year immediately preceding the
7 effective date of the neighborhood enterprise zone certificate by
8 the total mills levied under Act No. 206 of the Public Acts of
9 1893 for the current year by all taxing units within which the
10 rehabilitated facility is located.

11 (5) The neighborhood enterprise zone tax is an annual tax,
12 payable at the same times, in the same installments, and to the
13 same officer or officers as taxes imposed under Act No. 206 of
14 the Public Acts of 1893 ~~, being sections 211.1 to 211.157 of the~~
15 ~~Michigan Compiled Laws,~~ are payable. Except as otherwise pro-
16 vided in this section, the officer or officers shall disburse the
17 neighborhood enterprise zone tax received by the officer or offi-
18 cers each year to the state, cities, townships, villages, school
19 districts, counties, and authorities at the same times and in the
20 same proportions as required for the disbursement of taxes col-
21 lected under Act No. 206 of the Public Acts of 1893. To deter-
22 mine the proportion for the disbursement of taxes under this sub-
23 section and for attribution of taxes under subsection (7) for
24 taxes collected after June 30, 1994, the number of mills levied
25 for local school district operating purposes to be used in the
26 calculation shall equal the number of mills for local school
27 district operating purposes levied in 1993 minus the number of

1 mills levied under the state education tax act, Act No. 331 of
2 the Public Acts of 1993, being sections 211.901 to 211.906 of the
3 Michigan Compiled Laws, for the year for which the disbursement
4 is calculated.

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

1 the Public Acts of 1978, being sections 207.651 to 207.668 of the
2 Michigan Compiled Laws, and the neighborhood enterprise zone tax
3 paid to the state treasury to the credit of the state school aid
4 fund that would otherwise be disbursed to the intermediate school
5 district exceeds the amount received by the intermediate school
6 district under sections 56, 62, and 81 of Act No. 94 of the
7 Public Acts of 1979, the department of treasury shall allocate to
8 each eligible intermediate school district an amount equal to the
9 difference between the sum of the industrial facility tax, the
10 commercial facilities tax, and the neighborhood enterprise zone
11 tax paid to the state treasury to the credit of the state school
12 aid fund and the amount the intermediate school district received
13 under sections 56, 62, and 81 of Act No. 94 of the Public Acts of
14 1979.

15 (7) For neighborhood enterprise zone taxes levied after 1993
16 for school operating purposes, the amount that would otherwise be
17 disbursed to a local school district shall be paid instead to the
18 state treasury and credited to the state school aid fund estab-
19 lished by section 11 of article IX of the state constitution of
20 1963.

21 (8) The officer or officers shall send a copy of the amount
22 of disbursement made to each unit under this section to the com-
23 mission on a form provided by the commission. The neighborhood
24 enterprise zone tax is a lien on the real property upon which the
25 new facility or rehabilitated facility subject to the certificate
26 is located until paid. The continuance of a certificate is
27 conditional upon the annual payment of the neighborhood

1 enterprise zone tax and the ad valorem tax on the land under Act
2 No. 206 of the Public Acts of 1893.

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

7 (10) IF DESIGNATED BY THE GOVERNING BODY OF THE LOCAL GOV-
8 ERNMENTAL UNIT BY RESOLUTION, THAT PORTION OF A NEIGHBORHOOD
9 ENTERPRISE ZONE THAT CONTAINS A NEW FACILITY OR A REHABILITATED
10 FACILITY THAT IS USED FOR RESIDENTIAL PURPOSES, FOR A PERIOD NOT
11 TO EXCEED 15 YEARS AS DETERMINED IN THE RESOLUTION, IS EXEMPT
12 FROM ALL OF THE FOLLOWING:

13 (A) THE NEIGHBORHOOD ENTERPRISE ZONE TAX UNDER THIS ACT.

14 (B) TAXES LEVIED OR COLLECTED UNDER ACT NO. 206 OF THE
15 PUBLIC ACTS OF 1893.