

HB5444, As Passed House, April 27, 2000

SENATE SUBSTITUTE FOR

HOUSE BILL NO. 5444

A bill to provide for the establishment of obsolete
property

rehabilitation districts in certain 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 certain local government officials; and to provide

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penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as
the

2 "obsolete property rehabilitation act".

3 Sec. 2. As used in this act:

4 (a) "Commercial housing property" means that portion of
real

5 property not occupied by an owner of that real property that
is

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House Bill No. 5444 as amended April 5, 2000

2

- 1 classified as residential real property under section 34c of
the
- 2 general property tax act, 1893 PA 206, MCL 211.34c, is a
- 3 multiple-unit dwelling, or is a dwelling unit in a
- 4 multiple-purpose structure, used for residential purposes.
- 5 Commercial housing property also includes a building or
group of
- 6 contiguous buildings previously used for industrial purposes
that
- 7 will be converted to a multiple-unit dwelling or dwelling
unit in
- 8 a multiple-purpose structure, used for residential purposes.
- 9 (b) "Commercial property" means land improvements
classified
- 10 by law for general ad valorem tax purposes as real property
- 11 including real property assessable as personal property
pursuant
- 12 to sections 8(d) and 14(6) of the general property tax act,
1893
- 13 PA 206, MCL 211.8 and 211.14, the primary purpose and use of
- 14 which is the operation of a commercial business enterprise.
- 15 Commercial property shall also include facilities related to
a
- 16 commercial business enterprise under the same ownership at
that
- 17 location, including, but not limited to, office,
engineering,
- 18 research and development, warehousing, parts distribution,
retail
- 19 sales, and other commercial activities. Commercial property

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also

- 20 includes a building or group of contiguous buildings
previously
- 21 used for industrial purposes that will be converted to [REDACTED]
[REDACTED]
- 22 [REDACTED] the operation of a commercial business
- 23 enterprise or a multiple-unit dwelling or a dwelling unit in
a multiple-purpose structure, used for residential purposes.
Commercial property does not include any of the
- 24 following:
- 25 (i) Land.
- 26 (ii) Property of a public utility.

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1 (c) "Commission" means the state tax commission created
by

2 1927 PA 360, MCL 209.101 to 209.107.

3 (d) "Department" means the department of treasury.

4 (e) "Facility", except as otherwise provided in this
act,

5 means a building or group of contiguous buildings.

6 (f) "Functionally obsolete" means that term as defined
in

7 section 2 of the brownfield redevelopment financing act,
1996

8 PA 381, MCL 125.2652.

9 (g) "Obsolete properties tax" means the specific tax
levied

10 under this act.

11 (h) "Obsolete property" means commercial property or
commer-

12 cial housing property, that is 1 or more of the following:

13 (i) Blighted, as that term is defined in section 2 of
the

14 brownfield redevelopment financing act, 1996 PA 381,

15 MCL 125.2652.

16 (ii) A facility as that term is defined under section
20101

17 of the natural resources and environmental protection act,
1994

18 PA 451, MCL 324.20101.

19 (iii) Functionally obsolete.

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- 20 (i) "Obsolete property rehabilitation district" means
21 an
22 area of a qualified local governmental unit established as
23 pro-
24 vided in section 3. Only those properties within the
25 district
26 meeting the definition of "obsolete property" are eligible
27 for an
28 exemption certificate issued pursuant to section 6.
- 29 (j) "Obsolete property rehabilitation exemption
30 certificate"
31 or "certificate" means the certificate issued pursuant to
32 section
33 6.

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Sub. H.B. 5444 (S-2) as amended April 27, 2000

4

1 (k) "Qualified local governmental unit" means 1 or more
of

2 the following:

3 (i) A city with a median family income of 150% or less
of

4 the statewide median family income as reported in the 1990
fed-

5 eral decennial census that meets 1 or more of the following
6 criteria:

7 (A) Contains or has within its borders an eligible dis-
8 tressed area as that term is defined in section [11(u)(ii)
and (iii)] of

9 the state housing development authority act of 1966, 1966 PA
346,

10 MCL 125.1411.

11 (B) Is contiguous to a city with a population of
500,000 or

12 more.

13 (C) Has a population of 10,000 or more that is located
out-

14 side of an urbanized area as delineated by the United States
15 bureau of the census.

16 (D) Is the central city of a metropolitan area
designated by

17 the United States office of management and budget.

18 (E) Has a population of 100,000 or more that is located
in a

19 county with a population of 2,000,000 or more according to
the

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- 20 1990 federal decennial census.
- 21 (ii) A township with a median family income of 150% or
less
- 22 of the statewide median family income as reported in the
1990
- 23 federal decennial census that meets 1 or more of the
following
- 24 criteria:
- 25 (A) Is contiguous to a city with a population of
500,000 or
- 26 more.

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Sub. H.B. 5444 (S-2) as amended April 27, 2000

5

1 (B) All of the following:

2 (I) Contains or has within its borders an eligible

3 distressed area as that term is defined in section
[11(u)(ii)] of

4 the state housing development authority act of 1966, 1966 PA
346,

5 MCL 125.1411.

6 (II) Has a population of 10,000 or more.

7 (iii) A village with a population of 500 or more as
reported

8 in the 1990 federal decennial census located in an area
desig-

9 nated as a rural enterprise community before 1998 under
title

10 XIII of the omnibus budget reconciliation act of 1993,
Public Law

11 103-66, 107 Stat. 416.

12 (iv) A city that meets all of the following criteria:

13 (A) Has a population of more than 20,000 or less than
5,000

14 and is located in a county with a population of 2,000,000 or
more

15 according to the 1990 federal decennial census.

16 (B) As of January 1, 2000, has an overall increase in
the

17 state equalized valuation of real and personal property of
less

18 than 65% of the statewide average increase since 1972 as
deter-

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19 mined for the designation of eligible distressed areas under
 sec-

20 tion [11(u)(ii)(B)] of the state housing development
 authority

21 act of 1966, 1966 PA 346, MCL 125.1411.

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(l) "Rehabilitation" means changes to obsolete property

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other than replacement that are required to restore or
modify the

7

property, together with all appurtenances, to an
economically

8

efficient condition. Rehabilitation includes major
renovation

9

and modification including, but not necessarily limited to,
the

10

improvement of floor loads, correction of deficient or
excessive

11

height, new or improved fixed building equipment, including
heat-

12

ing, ventilation, and lighting, reducing multistory
facilities to

13

1 or 2 stories, improved structural support including
founda-

14

tions, improved roof structure and cover, floor replacement,

15

improved wall placement, improved exterior and interior
appear-

16

ance of buildings, and other physical changes required to
restore

17

or change the obsolete property to an economically efficient

18

condition. Rehabilitation shall not include improvements
aggre-

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gating less than 10% of the true cash value of the property

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at

20 commencement of the rehabilitation of the obsolete property.

21 (m) "Rehabilitated facility" means a commercial
property or

22 commercial housing property that has undergone
rehabilitation or

23 is in the process of being rehabilitated, including
rehabilita-

24 tion that changes the intended use of the building. A
rehabili-

25 tated facility does not include property that is to be used
as a

26 professional sports stadium. A rehabilitated facility does
not

27 include property that is to be used as a casino. As used in
this

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- 1 subdivision, "casino" means a casino or a parking lot,
hotel,
- 2 motel, or retail store owned or operated by a casino, an
affili-
- 3 ate, or an affiliated company, regulated by this state
pursuant
- 4 to the Michigan gaming control and revenue act, the
Initiated Law
- 5 of 1996, MCL 432.201 to 432.226.
- 6 (n) "Taxable value" means the value determined under
section
- 7 27a of the general property tax act, 1893 PA 206, MCL
211.27a.
- 8 Sec. 3. (1) A qualified local governmental unit, by
resolu-
- 9 tion of its legislative body, may establish 1 or more
obsolete
- 10 property rehabilitation districts that may consist of 1 or
more
- 11 parcels or tracts of land or a portion of a parcel or tract
of
- 12 land, if at the time the resolution is adopted, the parcel
or
- 13 tract of land or portion of a parcel or tract of land within
the
- 14 district is either of the following:
- 15 (a) Obsolete property in an area characterized by
obsolete
- 16 commercial property or commercial housing property.
- 17 (b) Commercial property that is obsolete property that
was

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- 18 owned by a qualified local governmental unit on the
effective
- 19 date of this act, and subsequently conveyed to a private
owner.
- 20 (2) The legislative body of a qualified local
governmental
- 21 unit may establish an obsolete property rehabilitation
district
- 22 on its own initiative or upon a written request filed by the
- 23 owner or owners of property comprising at least 50% of all
tax-
- 24 able value of the property located within a proposed
obsolete
- 25 property rehabilitation district. The written request must
be
- 26 filed with the clerk of the qualified local governmental
unit.

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- 1 (3) Before adopting a resolution establishing an
2 obsolete
3 property rehabilitation district, the legislative body shall
4 give
5 written notice by certified mail to the owners of all real
6 prop-
7 erty within the proposed obsolete property rehabilitation
8 dis-
9 trict and shall afford an opportunity for a hearing on the
10 estab-
11 lishment of the obsolete property rehabilitation district at
12 which any of those owners and any other resident or taxpayer
13 of
14 the qualified local governmental unit may appear and be
15 heard.
16 The legislative body shall give public notice of the hearing
17 not
18 less than 10 days or more than 30 days before the date of
19 the
20 hearing.
- 21 (4) The legislative body of the qualified local
22 governmental
23 unit, in its resolution establishing an obsolete property
24 reha-
25 bilitation district, shall set forth a finding and
26 determination
27 that the district meets the requirements set forth in
28 subsection
29 (1).
- 30 Sec. 4. (1) If an obsolete property rehabilitation
31 district

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- 18 is established under section 3, the owner of obsolete
property
- 19 may file an application for an obsolete property
rehabilitation
- 20 exemption certificate with the clerk of the qualified local
gov-
- 21 ernmental unit that established the obsolete property
rehabilita-
- 22 tion district. The application shall be filed in the manner
and
- 23 form prescribed by the commission. The application shall
contain
- 24 or be accompanied by a general description of the obsolete
facil-
- 25 ity and a general description of the proposed use of the
rehabil-
- 26 itated facility, the general nature and extent of the
- 27 rehabilitation to be undertaken, a descriptive list of the
fixed

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- 1 building equipment that will be a part of the rehabilitated
- 2 facility, a time schedule for undertaking and completing the
- 3 rehabilitation of the facility, a statement of the economic
- 4 advantages expected from the exemption, including the number
- 5 of jobs to be retained or created as a result of rehabilitating
- 6 the facility, including expected construction employment, and
- 7 information relating to the requirements in section 8.
- 8 (2) Upon receipt of an application for an obsolete
- 9 property rehabilitation exemption certificate, the clerk of the
- 10 qualified local governmental unit shall notify in writing the assessor
- 11 of the local tax collecting unit in which the obsolete facility
- 12 is located, and the legislative body of each taxing unit that
- 13 levies ad valorem property taxes in the qualified local
- 14 governmental unit in which the obsolete facility is located. Before
- 15 acting upon the application, the legislative body of the qualified
- 16 local governmental unit shall hold a public hearing on the
- 17 application and give public notice to the applicant, the assessor, a
- 18 representative of the affected taxing units, and the general

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public.

- 19 The hearing on each application shall be held separately
from the
- 20 hearing on the establishment of the obsolete property
rehabilita-
- 21 tion district.
- 22 (3) Upon receipt of an application for an obsolete
property
- 23 rehabilitation exemption certificate for a facility located
on
- 24 property that was owned by a qualified local governmental
unit on
- 25 the effective date of this act, and subsequently conveyed to
a
- 26 private owner, the clerk of the qualified local governmental
- 27 unit, in addition to the other requirements of this section,

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- 1 shall request the assessor of the local tax collecting unit
in
- 2 which the facility is located to determine the taxable value
of
- 3 the property. This determination shall be made prior to the
- 4 hearing on the application for an obsolete property
rehabilita-
- 5 tion exemption certificate held pursuant to subsection (2).
- 6 Sec. 5. The legislative body of the qualified local
govern-
- 7 mental unit, not more than 60 days after receipt of the
applica-
- 8 tion by the clerk, shall by resolution either approve or
disap-
- 9 prove the application for an obsolete property
rehabilitation
- 10 exemption certificate in accordance with section 8 and the
other
- 11 provisions of this act. The clerk shall retain the original
of
- 12 the application and resolution. If approved, the clerk
shall
- 13 forward a copy of the application and resolution to the
- 14 commission. If disapproved, the reasons shall be set forth
in
- 15 writing in the resolution, and the clerk shall send, by
certified
- 16 mail, a copy of the resolution to the applicant and to the
- 17 assessor. A resolution is not effective unless approved by
the
- 18 commission as provided in section 6.

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- 19 Sec. 6. (1) Not more than 60 days after receipt of a
copy
- 20 of the application and resolution adopted under section 5,
the
- 21 commission shall approve or disapprove the resolution.
- 22 (2) Following approval of the application by the
legislative
- 23 body of the qualified local governmental unit and the
commission,
- 24 the commission shall issue to the applicant an obsolete
property
- 25 rehabilitation exemption certificate in the form the
commission
- 26 determines, which shall contain all of the following:

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1 (a) A legal description of the real property on which
the

2 obsolete facility is located.

3 (b) A statement that unless revoked as provided in this
act

4 the certificate shall remain in force for the period stated
in

5 the certificate.

6 (c) A statement of the taxable value of the obsolete
proper-

7 ty, separately stated for real and personal property, for
the tax

8 year immediately preceding the effective date of the
certificate

9 after deducting the taxable value of the land and personal
prop-

10 erty other than personal property assessed pursuant to
sections

11 8(d) and 14(6) of the general property tax act, 1893 PA 206,
MCL

12 211.8 and 211.14.

13 (d) A statement of the period of time authorized by the
leg-

14 islative body of the qualified local governmental unit
within

15 which the rehabilitation shall be completed.

16 (e) If the period of time authorized by the legislative
body

17 of the qualified local governmental unit pursuant to
subdivision

18 (d) is less than 12 years, the exemption certificate shall

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con-

- 19 tain the factors, criteria, and objectives, as determined by
the
- 20 resolution of the qualified local governmental unit,
necessary
- 21 for extending the period of time, if any.
- 22 (3) The effective date of the certificate is the
December 31
- 23 immediately following the date of issuance of the
certificate.
- 24 (4) The commission shall file with the clerk of the
quali-
- 25 fied local governmental unit a copy of the obsolete property
- 26 rehabilitation exemption certificate, and the commission
shall
- 27 maintain a record of all certificates filed. The commission

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- 1 shall also send, by certified mail, a copy of the obsolete
- 2 property rehabilitation exemption certificate to the
- 3 applicant
- 4 and the assessor of the local tax collecting unit in which
- 5 the
- 6 obsolete property is located.
- 7 Sec. 7. (1) A rehabilitated facility for which an
- 8 obsolete
- 9 property rehabilitation exemption certificate is in effect,
- 10 but
- 11 not the land on which the rehabilitated facility is located,
- 12 or
- 13 personal property other than personal property assessed
- 14 pursuant
- 15 to sections 8(d) and 14(6) of the general property tax act,
- 16 1893
- 17 PA 206, MCL 211.8 and 211.14, for the period on and after
- 18 the
- effective date of the certificate and continuing so long as
- the
- obsolete property rehabilitation exemption certificate is in
- force, is exempt from ad valorem property taxes collected
- under
- the general property tax act, 1893 PA 206, MCL 211.1 to
- 211.157.
- (2) Unless earlier revoked as provided in section 12,
- an
- obsolete property rehabilitation exemption certificate shall
- remain in force and effect for a period to be determined by
- the
- legislative body of the qualified local governmental unit.

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The

- 19 certificate may be issued for a period of at least 1 year,
but
- 20 not to exceed 12 years. If the number of years determined
is
- 21 less than 12, the certificate may be subject to review by
the
- 22 legislative body of the qualified local governmental unit
and the
- 23 certificate may be extended. The total amount of time
determined
- 24 for the certificate including any extensions shall not
exceed 12
- 25 years after the completion of the rehabilitated facility.
The
- 26 certificate shall commence with its effective date and end
on the
- 27 December 31 immediately following the last day of the number
of

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1 years determined. The date of issuance of a certificate of
2 occupancy, if required by appropriate authority, shall be
the
3 date of completion of the rehabilitated facility.

4 (3) If the number of years determined by the
legislative

5 body of the qualified local governmental unit for the period
a

6 certificate remains in force is less than 12 years, the
review of

7 the certificate for the purpose of determining an extension
shall

8 be based upon factors, criteria, and objectives that shall
be

9 placed in writing, determined and approved at the time the
cer-

10 tificate is approved by resolution of the legislative body
of the

11 qualified local governmental unit and sent, by certified
mail, to

12 the applicant, the assessor of the local tax collecting unit
in

13 which the obsolete property is located, and the commission.

14 Sec. 8. (1) If the taxable value of the property
proposed

15 to be exempt pursuant to an application under consideration,
con-

16 sidered together with the aggregate taxable value of
property

17 exempt under certificates previously granted and currently
in

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- 18 force under this act or under 1974 PA 198, MCL 207.551 to
19 207.572, exceeds 5% of the taxable value of the qualified
local
20 governmental unit, the legislative body of the qualified
local
21 governmental unit shall make a separate finding and shall
include
22 a statement in its resolution approving the application that
23 exceeding that amount shall not have the effect of
substantially
24 impeding the operation of the qualified local governmental
unit
25 or impairing the financial soundness of an affected taxing
unit.
26 (2) The legislative body of the qualified local
governmental
27 unit shall not approve an application for an obsolete
property

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1 exemption certificate unless the applicant complies with all
of

2 the following requirements:

3 (a) The commencement of the rehabilitation of the
facility

4 does not occur before the establishment of the obsolete
property

5 rehabilitation district.

6 (b) The application relates to a rehabilitation program
that

7 when completed constitutes a rehabilitated facility within
the

8 meaning of this act and that shall be situated within an
obsolete

9 property rehabilitation district established in a qualified
local

10 governmental unit eligible under this act to establish such
a

11 district.

12 (c) Completion of the rehabilitated facility is
calculated

13 to, and will at the time of issuance of the certificate have
the

14 reasonable likelihood to, increase commercial activity,
create

15 employment, retain employment, prevent a loss of employment,

16 revitalize urban areas, or increase the number of residents
in

17 the community in which the facility is situated.

18 (d) The applicant states, in writing, that the
rehabilita-

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19 tion of the facility would not be undertaken without the
20 applicant's receipt of the exemption certificate.

21 (e) The applicant is not delinquent in the payment of
any
22 taxes related to the facility.

23 Sec. 9. The assessor of each qualified local
governmental
24 unit in which there is a rehabilitated facility with respect
to
25 which 1 or more obsolete property rehabilitation exemption
cer-
26 tificates have been issued and are in force shall determine
27 annually as of December 31 the value and taxable value, both
for

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1 real and personal property, of each rehabilitated facility
2 separately, having the benefit of a certificate and upon
receipt
3 of notice of the filing of an application for the issuance
of a
4 certificate, shall determine and furnish to the local
legislative
5 body the value and the taxable value of the property to
which the
6 application pertains and other information as may be
necessary to
7 permit the local legislative body to make the determinations
8 required by section 8(2).

9 Sec. 10. (1) There is levied upon every owner of a
rehabil-
10 itated facility to which an obsolete property rehabilitation
11 exemption certificate is issued a specific tax to be known
as the
12 obsolete properties tax.

13 (2) The amount of the obsolete properties tax, in each
year,
14 shall be determined by adding the results of both of the
follow-
15 ing calculations:

16 (a) Multiplying the total mills levied as ad valorem
taxes
17 for that year by all taxing units within which the
rehabilitated
18 facility is located by the taxable value of the real and
personal

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- 19 property of the obsolete property on the December 31
immediately
- 20 preceding the effective date of the obsolete property
rehabilita-
- 21 tion exemption certificate after deducting the taxable
valuation
- 22 of the land and of personal property other than personal
property
- 23 assessed pursuant to sections 8(d) and 14(6) of the general
prop-
- 24 erty tax act, 1893 PA 206, MCL 211.8 and 211.14, for the tax
year
- 25 immediately preceding the effective date of the obsolete
property
- 26 rehabilitation exemption certificate.

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1 (b) Multiplying the mills levied for school operating
2 purposes for that year under the revised school code, 1976
3 PA 451, MCL 380.1 to 380.1852, and the state education tax
 act,
4 1993 PA 331, MCL 211.901 to 211.906, by the taxable value of
 the
5 real and personal property of the rehabilitated facility,
 after
6 deducting all of the following:

7 (i) The taxable value of the land and of the personal
 prop-
8 erty other than personal property assessed pursuant to
 sections
9 8(d) and 14(6) of the general property tax act, 1893 PA 206,
 MCL
10 211.8 and 211.14.

11 (ii) The taxable value used to calculate the tax under
 sub-
12 division (a).

13 (3) The obsolete properties tax shall be collected,
 dis-
14 bursed, and assessed in accordance with this act.

15 (4) The obsolete properties tax is an annual tax,
 payable at
16 the same times, in the same installments, and to the same
 officer
17 or officers as taxes imposed under the general property tax
 act,
18 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as
 other-

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- 19 wise provided in this section, the officer or officers shall
dis-
- 20 burse the obsolete properties tax payments received by the
offi-
- 21 cer or officers each year to and among this state, cities,
school
- 22 districts, counties, and authorities, at the same times and
in
- 23 the same proportions as required by law for the disbursement
of
- 24 taxes collected under the general property tax act, 1893 PA
206,
- 25 MCL 211.1 to 211.157.
- 26 (5) For intermediate school districts receiving state
aid
- 27 under sections 56, 62, and 81 of the state school aid act of

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- 1 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of
the
- 2 amount of obsolete property tax that would otherwise be
disbursed
- 3 to an intermediate school district, all or a portion, to be
- 4 determined on the basis of the tax rates being utilized to
com-
- 5 pute the amount of state aid, shall be paid to the state
treasury
- 6 to the credit of the state school aid fund established by
section
- 7 11 of article IX of the state constitution of 1963.
- 8 (6) The amount of obsolete property tax described in
subsec-
- 9 tion (2)(a) that would otherwise be disbursed to a local
school
- 10 district for school operating purposes, and all of the
amount
- 11 described in subsection (2)(b), shall be paid instead to the
- 12 state treasury and credited to the state school aid fund
estab-
- 13 lished by section 11 of article IX of the state constitution
of
- 14 1963.
- 15 (7) The officer or officers shall send a copy of the
amount
- 16 of disbursement made to each unit under this section to the
com-
- 17 mission on a form provided by the commission.
- 18 (8) A rehabilitated facility located in a renaissance
zone

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- 19 under the Michigan renaissance zone act, 1996 PA 376,
- 20 MCL 125.2681 to 125.2696, is exempt from the obsolete
properties
- 21 tax levied under this act to the extent and for the duration
pro-
- 22 vided pursuant to the Michigan renaissance zone act, 1996 PA
376,
- 23 MCL 125.2681 to 125.2696, except for that portion of the
obsolete
- 24 properties tax attributable to a tax described in section
7ff(2)
- 25 of the general property tax act, 1893 PA 206, MCL 211.7ff.
The
- 26 obsolete properties tax calculated under this subsection
shall be
- 27 disbursed proportionately to the taxing unit or units that
levied

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1 the tax described in section 7ff(2) of the general property
tax

2 act, 1893 PA 206, MCL 211.7ff.

3 Sec. 11. The amount of the tax applicable to real
property,

4 until paid, is a lien upon the real property to which the
certif-

5 icate is applicable. Proceedings upon the lien as provided
by

6 law for the foreclosure in the circuit court of mortgage
liens

7 upon real property may commence only upon the filing by the

8 appropriate collecting officer of a certificate of
nonpayment of

9 the obsolete properties tax applicable to real property,
together

10 with an affidavit of proof of service of the certificate of
non-

11 payment upon the owner of the facility by certified mail,
with

12 the register of deeds of the county in which the property is

13 situated.

14 Sec. 12. The legislative body of the qualified local
gov-

15 ernmental unit may, by resolution, revoke the obsolete
property

16 rehabilitation exemption certificate of a facility if it
finds

17 that the completion of rehabilitation of the facility has
not

18 occurred within the time authorized by the legislative body

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in

19 the exemption certificate or a duly authorized extension of
that

20 time, or that the holder of the obsolete property exemption
cer-

21 tificate has not proceeded in good faith with the operation
of

22 the rehabilitated facility in a manner consistent with the
pur-

23 poses of this act and in the absence of circumstances that
are

24 beyond the control of the holder of the exemption
certificate.

25 Sec. 13. An obsolete property rehabilitation exemption
cer-

26 tificate may be transferred and assigned by the holder of
the

27 certificate to a new owner of the rehabilitated facility if
the

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19

[House amendments (dated April 27, 2000) shown in brackets]

1 qualified local governmental unit approves the transfer
after

2 application by the new owner.

3 Sec. 14. Not later than October 15 each year, each
quali-

4 fied local governmental unit granting an obsolete property
reha-

5 bilitation exemption shall report to the commission on the
status

6 of each exemption. The report must include the current
value of

7 the property to which the exemption pertains, the value on
which

8 the obsolete property rehabilitation tax is based, a current

9 estimate of the number of jobs retained or created by the
exemp-

10 tion, and a current estimate of the number of new residents
occu-

11 pying commercial housing property units covered by the

12 exemption.

13 Sec. 15. (1) The department annually shall prepare and

14 submit to the committees of the house of representatives and

15 senate responsible for tax policy and economic development
issues

16 a report on the utilization of obsolete property
rehabilitation

17 districts, based on the information filed with the
commission.

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18 (2) After this act has been in effect for 3 years, the
19 department shall prepare and submit to the committees of the
20 house of representatives and senate responsible for tax
 policy
21 and economic development issues an economic analysis of the
 costs
22 and benefits of this act in the 3 qualified local
 governmental
23 units in which it has been most heavily utilized.

24 Sec. 16. A new exemption shall not be granted under
 this
25 act after December 31, 2010, but an exemption then in effect
26 shall continue until the expiration of the exemption
27 certificate.

 [Sec. 17. (1) Within 60 days after the granting of an
obsolete property rehabilitation exemption certificate under
 section 6 for a rehabilitated facility, the state
 treasurer may, for a period not to exceed 6 years,
 exclude up to 1/2 of the number of mills levied for
 school operating purposes under the revised school
 code, 1976 PA 451, MCL 380.1 to 380.1852, and under the
 state education tax act, 1993 PA 331, MCL 211.901 to
 211.906, from the specific tax calculation on the
 facility under section 10(2)(b) if the state treasurer
 determines that reducing the number of mills used to
 calculate the specific tax under section 10(2)(b) is
 necessary to reduce unemployment, promote economic
 growth, and increase capital investment in qualified
 local governmental units.

 (2) The state treasurer shall not grant more than 25
exclusions under this section each year.]

H05512'99 * (S-2)

House Bill No. 5444

20

1 Enacting section 1. This act does not take effect
 unless
2 all of the following bills of the 90th Legislature are
 enacted
3 into law:

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- 4** (a) Senate Bill No. 269.
- 5** (b) House Bill No. 4400.
- 6** (c) House Bill No. 5443.