

Economic development; other; agricultural tax abatement districts act; provide for.

ECONOMIC DEVELOPMENT: Other; AGRICULTURE: Other

A bill to provide for the establishment of agricultural tax abatement districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain agricultural property; 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 the state tax commission and certain officers of local governmental units; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "agricultural tax abatement districts act".

3 Sec. 2. As used in this act:

4 (a) "Agricultural abatement security tax" means the specific
5 tax levied under section 10.

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1 (b) "Agricultural tax abatement district" or "district"
2 means an area designated by a local governmental unit under sec-
3 tion 3.

4 (c) "Commission" means the state tax commission created by
5 1927 PA 360, MCL 209.101 to 209.107.

6 (d) "Local governmental unit" means a city, village, or
7 township.

8 (e) "Qualified agricultural property" means unoccupied prop-
9 erty and related buildings classified as agricultural under the
10 general property tax act, 1893 PA 206, MCL 211.1 to 211.157, or
11 other unoccupied property and related buildings located on that
12 property devoted primarily to agricultural use as defined in sec-
13 tion 36101 of part 361 of the natural resources and environmental
14 protection act, 1994 PA 451, MCL 324.36101. Related buildings
15 include a residence occupied by a person employed in or actively
16 involved in the agricultural use. Property used for commercial
17 storage, commercial processing, commercial distribution, commer-
18 cial marketing, or commercial shipping operations or other com-
19 mercial or industrial purposes is not qualified agricultural
20 property. A parcel of property is devoted primarily to agricul-
21 tural use only if more than 50% of the parcel's acreage is
22 devoted to agricultural use. Qualified agricultural property
23 does not include that portion of the total state equalized valua-
24 tion of the property that is used for a commercial or industrial
25 purpose or that is a residence that is not a related building.

1 (f) "Qualified agricultural property exemption certificate"
2 or "certificate" means a certificate issued pursuant to sections
3 4, 5, and 6.

4 (g) "Taxable value" means that value determined under sec-
5 tion 27a of the general property tax act, 1893 PA 206,
6 MCL 211.27a.

7 Sec. 3. (1) A local governmental unit, by resolution of its
8 legislative body, may establish an agricultural tax abatement
9 district that consists of 1 or more parcels or tracts of land or
10 a portion of a parcel or tract of land that contains qualified
11 agricultural property.

12 (2) The legislative body of a local governmental unit may
13 establish an agricultural tax abatement district on its own ini-
14 tiative or upon a written request filed by the owner or owners of
15 not less than 75% of the state equalized value of the qualified
16 agricultural property located within a proposed agricultural tax
17 abatement district. This request shall be filed with the clerk
18 of the local governmental unit.

19 (3) Before adopting a resolution establishing an agricul-
20 tural tax abatement district, the legislative body shall give
21 written notice by certified mail to the owners of all real prop-
22 erty within the proposed agricultural tax abatement district and
23 shall hold a public hearing on the establishment of the agricul-
24 tural tax abatement district at which those owners and other res-
25 idents or taxpayers of the local governmental unit shall have a
26 right to appear and be heard.

1 (4) An agricultural tax abatement district established by a
2 township shall be only within the unincorporated territory of the
3 township and shall not be within a village.

4 Sec. 4. (1) After the establishment of an agricultural tax
5 abatement district, the owner or lessee of a qualified agricul-
6 tural property may file an application for a qualified agricul-
7 tural property exemption certificate with the clerk of the local
8 governmental unit that established an agricultural tax abatement
9 district. The application shall be filed in the manner and form
10 prescribed by the commission. The application shall contain or
11 be accompanied by a general description of the qualified agricul-
12 tural property and a general description of the proposed use of
13 the qualified agricultural property.

14 (2) Upon receipt of an application for a qualified agricul-
15 tural property exemption certificate, the clerk of the local gov-
16 ernmental unit shall notify in writing the assessor of the
17 assessing unit in which the qualified agricultural property is
18 located or to be located, and the legislative body of each taxing
19 unit that levies ad valorem property taxes in the local govern-
20 mental unit in which the qualified agricultural property is
21 located or to be located. Before acting upon the application,
22 the legislative body of the local governmental unit shall afford
23 the applicant, the assessor, and a representative of the affected
24 taxing units an opportunity for a hearing.

25 (3) The local governmental unit may charge the applicant an
26 application fee to process an application for a qualified
27 agricultural property exemption certificate. A local

1 governmental unit shall not charge an applicant any other fee
2 under this act.

3 Sec. 5. The legislative body of the local governmental
4 unit, not more than 60 days after receipt by its clerk of the
5 application, shall by resolution either approve or disapprove the
6 application for a qualified agricultural property exemption cer-
7 tificate in accordance with section 8 and the other provisions of
8 this act. If disapproved, the reasons shall be set forth in
9 writing in the resolution. If approved, the clerk shall forward
10 the application to the commission within 60 days of approval or
11 before October 31 of that year, whichever is first, in order to
12 receive the qualified agricultural property exemption certificate
13 effective for the following year. If disapproved, the clerk
14 shall return the application to the applicant. The applicant may
15 appeal the disapproval to the commission within 10 days after the
16 date of the disapproval.

17 Sec. 6. (1) Within 60 days after receipt of an approved
18 application or an appeal of a disapproved application that was
19 submitted to the commission before October 31 of that year, the
20 commission shall determine whether the qualified agricultural
21 property complies with section 8 and with the other provisions of
22 this act. If the commission so finds, it shall issue a qualified
23 agricultural property exemption certificate. Before issuing a
24 certificate, the commission shall notify the state treasurer of
25 the application and that the application complies with the
26 requirements in section 8. The effective date of the certificate
27 for a qualified agricultural property is the immediately

1 succeeding December 31 following the date the certificate is
2 issued.

3 (2) The commission shall send a qualified agricultural prop-
4 erty exemption certificate, when issued, by certified mail to the
5 applicant, and a certified copy by certified mail to the assessor
6 of the assessing unit in which the qualified agricultural prop-
7 erty is located or to be located, and that copy shall be filed in
8 his or her office. Notice of the commission's refusal to issue a
9 certificate shall be sent by certified mail to the same persons.

10 Sec. 7. A qualified agricultural property for which a qual-
11 ified agriculture property exemption certificate is in effect,
12 for the period on and after the effective date of the certificate
13 and continuing so long as the qualified agricultural property
14 exemption certificate is in force, is exempt from ad valorem real
15 property taxes and the lessee, occupant, user, or person in pos-
16 session of that qualified agricultural property for the same
17 period is exempt from ad valorem taxes imposed under 1953 PA 189,
18 MCL 211.181 to 211.182.

19 Sec. 8. The legislative body of the local governmental
20 unit, in its resolution approving an application, shall set forth
21 a finding and determination that the granting of the qualified
22 agricultural property exemption certificate, considered together
23 with the aggregate amount of qualified agricultural property
24 exemption certificates previously granted and currently in force,
25 shall not have the effect of substantially impeding the operation
26 of the local governmental unit or impairing the financial
27 soundness of a taxing unit that levies an ad valorem property tax

1 in the local governmental unit in which the qualified
2 agricultural property is located or to be located. If the state
3 equalized valuation of property proposed to be exempt pursuant to
4 an application under consideration, considered together with the
5 aggregate state equalized valuation of property exempt under cer-
6 tificates previously granted and currently in force, exceeds 5%
7 of the state equalized valuation of the local governmental unit,
8 the commission, with the approval of the state treasurer, shall
9 make a separate finding and shall include a statement in the
10 order approving the qualified agricultural property exemption
11 certificate that exceeding that amount shall not have the effect
12 of substantially impeding the operation of the local governmental
13 unit or impairing the financial soundness of an affected taxing
14 unit.

15 Sec. 9. (1) The assessor of each city or township in which
16 there is a qualified agricultural property with respect to which
17 1 or more qualified agricultural property exemption certificates
18 have been issued and are in force shall determine annually as of
19 December 31 the value and taxable value of each qualified agri-
20 cultural property separately, both for real and personal proper-
21 ty, having the benefit of a certificate.

22 (2) The assessor, upon receipt of notice of the filing of an
23 application for the issuance of a certificate, shall determine
24 and furnish to the local legislative body and the commission the
25 value of the property to which the application pertains and other
26 information as may be necessary to permit the local legislative

1 body and the commission to make the determinations required by
2 section 8.

3 Sec. 10. (1) Except as provided in subsection (5), there is
4 levied upon every owner of qualified agricultural property to
5 which a qualified agricultural property exemption certificate is
6 issued a specific tax to be known as the agricultural tax abate-
7 ment security tax.

8 (2) The agricultural tax abatement security tax is an annual
9 tax, payable at the same times, in the same installments, and to
10 the same officer or officers as taxes imposed under the general
11 property tax act, 1893 PA 206, MCL 211.1 to 211.157, are
12 payable. Except as otherwise provided in this section, the offi-
13 cer or officers shall disburse the agricultural tax abatement
14 security tax payments received each year to and among the state,
15 cities, townships, villages, school districts, counties, and
16 authorities, at the same times and in the same proportions as
17 required by law for the disbursement of taxes collected under the
18 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

19 (3) Except as provided by subsection (4) for an intermediate
20 school district receiving state aid under section 56, 62, or 81
21 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656,
22 388.1662, and 388.1681, of the amount that would otherwise be
23 disbursed to or retained by the intermediate school district, all
24 or a portion, to be determined on the basis of the tax rates
25 being utilized to compute the amount of the state school aid,
26 shall be paid instead to the state treasury to the credit of the
27 state school aid fund established by section 11 of article IX of

1 the state constitution of 1963. This subsection does not apply
2 to taxes levied for either of the following:

3 (a) Mills allocated to an intermediate school district for
4 operating purposes as provided for under the property tax limita-
5 tion act, 1933 PA 62, MCL 211.201 to 211.217a.

6 (b) An intermediate school district that is not receiving
7 state aid under section 56 or 62 of the state school aid act of
8 1979, 1979 PA 94, MCL 388.1656 and 388.1662.

9 (4) The amount of agricultural tax abatement security taxes
10 to be disbursed to a local school district, except for that
11 amount of tax attributable to mills levied under section 1211(2)
12 or 1211c of the revised school code, 1976 PA 451, MCL 380.1211
13 and 380.1211c, and mills that are not included as mills levied
14 for school operating purposes under section 1211 of the revised
15 school code, 1976 PA 451, MCL 380.1211, shall be paid to the
16 state treasury and credited to the state school aid fund estab-
17 lished by section 11 of article IX of the state constitution of
18 1963.

19 (5) Qualified agricultural property located in a renaissance
20 zone under the Michigan renaissance zone act, 1996 PA 376,
21 MCL 125.2681 to 125.2696, is exempt from the agricultural tax
22 abatement security tax levied under this act to the extent and
23 for the duration provided pursuant to the Michigan renaissance
24 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that
25 portion of the agricultural tax abatement security tax attribut-
26 able to a special assessment or a tax described in section 7ff(2)
27 of the general property tax act, 1893 PA 206, MCL 211.7ff. The

1 agricultural tax abatement security tax calculated under this
2 subsection shall be disbursed proportionately to the local taxing
3 unit or units that levied the special assessment or the tax
4 described in section 7ff(2) of the general property tax act, 1893
5 PA 206, MCL 211.7ff.

6 Sec. 11. (1) The amount of the tax applicable to real prop-
7 erty, until paid, shall be a lien upon the real property to which
8 the certificate is applicable; but only upon the filing by the
9 officer of a certificate of nonpayment of the agricultural tax
10 abatement security tax applicable to real property, together with
11 an affidavit of proof of service of the certificate of nonpayment
12 upon the owner of the qualified agricultural property by certi-
13 fied mail with the register of deeds of the county in which the
14 real property is situated, may proceedings then be had upon the
15 lien in the same manner as provided by law for the foreclosure in
16 the circuit courts of mortgage liens upon real property.

17 (2) On or after the December 31 next following the expira-
18 tion of 60 days after the service upon the owner of a certificate
19 of nonpayment and the filing of the certificate of nonpayment, if
20 payment has not been made within the intervening 60 days, pro-
21 vided for by subsection (1), the qualified agricultural property
22 exemption certificate shall automatically be terminated.

23 Sec. 12. The amount of the agricultural tax abatement
24 security tax in each year for a qualified agricultural property
25 for which a qualified agricultural property exemption certificate
26 is in effect shall be determined by multiplying the taxable value
27 of the qualified agricultural property by the sum of 1/2 of the

1 total mills that would otherwise be levied on that property as ad
2 valorem taxes for that year by all taxing units within which the
3 qualified agricultural property is located.

4 Sec. 13. Within 60 days after the granting of a qualified
5 agricultural property exemption certificate under section 5 for
6 qualified agricultural property, the state treasurer may exclude
7 1/2 or all of the number of mills levied under the state educa-
8 tion tax act, 1993 PA 331, MCL 211.901 to 211.906, from the spe-
9 cific tax calculation on the qualified agricultural property
10 under section 12 if the state treasurer determines that reducing
11 the number of mills used to calculate the specific tax under
12 section 12 is necessary to reduce unemployment, promote economic
13 growth, increase capital investment, maintain food production,
14 and maintain agricultural enterprises in this state.

15 Sec. 14. Upon receipt of a request by certified mail to the
16 commission by the holder of a qualified agricultural property
17 exemption certificate requesting revocation of the certificate,
18 the commission shall by order revoke the certificate.

19 Sec. 15. The commission may promulgate rules as it deems
20 necessary for the administration of this act pursuant to the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328.

23 Sec. 16. A qualified agricultural property exemption cer-
24 tificate shall be in the form the commission determines but shall
25 contain:

26 (a) A legal description of the real property on which the
27 facility is or is to be located.

1 (b) A statement that unless revoked as provided in this act
2 the certificate shall remain in force for the period stated in
3 the certificate.

4 Sec. 17. A party aggrieved by the issuance or refusal to
5 issue, revocation, transfer, or modification of a qualified agri-
6 cultural property exemption certificate may appeal from the find-
7 ing and order of the commission in the manner and form and within
8 the time provided by the administrative procedures act of 1969,
9 1969 PA 306, MCL 24.201 to 24.328.

10 Sec. 18. A qualified agricultural property exemption cer-
11 tificate may be transferred and assigned by the holder thereof to
12 a new owner or lessee of the qualified agricultural property but
13 only with the approval of the local governmental unit and the
14 commission after application by the new owner or lessee, and
15 notice and hearing in the same manner as provided in section 4
16 for the application for a certificate.