

# HOUSE BILL No. 4621

April 18, 2001, Introduced by Reps. Richardville, Thomas, LaSata, Richner, Cassis, Koetje, Howell, Newell, Frank, Basham, Patterson, Toy, Julian, Kooiman, Vear, Sanborn, Bishop, Mead, DeVuyst, Rivet, Allen, Gilbert, Van Woerkom, Mortimer, Zelenko, Waters, Kolb, Lipsey, Middaugh and Lemmons and referred to the Committee on Commerce.

A bill to amend 1992 PA 147, entitled  
"Neighborhood enterprise zone act,"  
by amending sections 2 and 9 (MCL 207.772 and 207.779), section 9  
as amended by 1996 PA 449; and to repeal acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 2. As used in this act:

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

6       (b) "Condominium unit" means that portion of a structure  
7 intended for separate ownership, intended for residential use,  
8 and established pursuant to the condominium act, ~~Act No. 59 of~~  
9 ~~the Public Acts of 1978, being sections 559.101 to 559.275 of the~~  
10 ~~Michigan Compiled Laws~~ 1978 PA 59, MCL 559.101 TO 559.276.

1 (c) "Developer" means a person who is the owner of a new  
2 facility at the time of construction or of a rehabilitated facil-  
3 ity at the time of rehabilitation for which a neighborhood enter-  
4 prise zone certificate is applied for or issued.

5 (d) "Local governmental unit" means a QUALIFIED LOCAL GOV-  
6 ERNMENTAL UNIT AS THAT TERM IS DEFINED UNDER SECTION 2 OF THE  
7 OBSOLETE PROPERTY REHABILITATION ACT, 2000 PA 146, MCL 125.2782.  
8 ~~city, township, or village that meets all of the applicable fol-~~  
9 ~~lowing criteria at the time of certification by the Michigan~~  
10 ~~enterprise zone authority under section 14; or a city that meets~~  
11 ~~3 or more of the applicable following criteria and that has the~~  
12 ~~largest population of the cities within a metropolitan statisti-~~  
13 ~~cal area, as designated by the United States bureau of the census~~  
14 ~~at the time of certification by the Michigan enterprise zone~~  
15 ~~authority under section 14;~~

16 ~~(i) For a city, the following:~~

17 ~~(A) Has a population of 10,000 or more according to the most~~  
18 ~~recent federal decennial census.~~

19 ~~(B) Had an average unemployment rate of 8.0% or more during~~  
20 ~~the most recent calendar year for which the data is available~~  
21 ~~from the Michigan employment security commission or had a total~~  
22 ~~millage rate of 84 or more mills levied in the most recent ad~~  
23 ~~valorem property tax levy.~~

24 ~~(C) Had a total millage rate of 63.3 mills or more levied in~~  
25 ~~the most recent ad valorem property tax levy or levies a city~~  
26 ~~income tax.~~

1       ~~(D) Has a housing stock of which 60% or more of the units~~  
2 ~~were built before 1960 as reported in the most recent federal~~  
3 ~~decennial census.~~

4       ~~(E) Has had a percentage increase in state equalized valua-~~  
5 ~~tion between 1970 and 1990 below 140%.~~

6       ~~(F) Had a decline in population of more than 5% between 1970~~  
7 ~~and 1990.~~

8       ~~(ii) For a village or township, all of the following:~~

9       ~~(A) Has a population of 5,000 or more according to the most~~  
10 ~~recent federal decennial census.~~

11       ~~(B) Had an average unemployment rate of 17% or more during~~  
12 ~~the most recent calendar year for which the data is available~~  
13 ~~from the Michigan employment security commission.~~

14       ~~(C) Had a total millage rate of 65 mills or more levied in~~  
15 ~~the most recent ad valorem property tax levy.~~

16       ~~(D) Had a decline in population of more than 20% between~~  
17 ~~1970 and 1990.~~

18       (e) "New facility" means a new structure that has as its  
19 primary purpose residential housing consisting of 1 or 2 units, 1  
20 of which is or will be occupied by an owner as his or her princi-  
21 pal residence. New facility includes a new individual condomin-  
22 ium unit, in a structure with 1 or more condominium units, that  
23 has as its primary purpose residential housing and that is or  
24 will be occupied by an owner as his or her principal residence.  
25 New facility does not include apartments.

1 (f) "Neighborhood enterprise zone certificate" or  
2 "certificate" means a certificate issued pursuant to sections 4,  
3 5, and 6.

4 (g) "Owner" means the record title holder of, or the vendee  
5 of the original land contract pertaining to, a new facility or a  
6 rehabilitated facility for which a neighborhood enterprise zone  
7 certificate is applied for or issued.

8 (h) "Rehabilitated facility" means an existing structure  
9 with a current true cash value of \$60,000.00 or less per unit  
10 that has or will have as its primary purpose residential housing  
11 consisting of 1 to 8 units, the owner of which proposes improve-  
12 ments that if done by a licensed contractor would cost in excess  
13 of \$5,000.00 per owner-occupied unit or 50% of the true cash  
14 value, whichever is less, or \$7,500.00 per nonowner-occupied unit  
15 or 50% of the true cash value, whichever is less, and will bring  
16 the structure into conformance with minimum local building code  
17 standards for occupancy or improve the livability of the units  
18 while meeting minimum local building code standards.

19 Rehabilitated facility also includes an individual condominium  
20 unit, in a structure with 1 or more condominium units that has as  
21 its primary purpose residential housing, the owner of which pro-  
22 poses the above described improvements. Rehabilitated facility  
23 does not include a facility rehabilitated with the proceeds of an  
24 insurance policy for property or casualty loss.

25 Sec. 9. (1) Except as provided in subsection (10), there is  
26 levied on the owner of a new facility or a rehabilitated facility

1 to which a neighborhood enterprise zone certificate is issued a  
2 specific tax known as the neighborhood enterprise zone tax.

3 (2) A new facility or a rehabilitated facility for which a  
4 neighborhood enterprise zone certificate is in effect, but not  
5 the land on which the facility is located, is exempt from ad  
6 valorem real property taxes ~~levied~~ COLLECTED under the general  
7 property tax act, ~~Act No. 206 of the Public Acts of 1893, being~~  
8 ~~sections 211.1 to 211.157 of the Michigan Compiled Laws~~ 1893  
9 PA 206, MCL 211.1 TO 211.157.

10 (3) The amount of the neighborhood enterprise zone tax on a  
11 new facility is determined each year by multiplying the ~~state~~  
12 ~~equalized valuation~~ TAXABLE VALUE of the facility, not including  
13 the land, by 1 of the following:

14 (a) For property that would otherwise meet the definition of  
15 a homestead under section 7dd of ~~Act No. 206 of the Public Acts~~  
16 ~~of 1893, being section 211.7dd of the Michigan Compiled Laws~~ THE  
17 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7DD, if that prop-  
18 erty was not exempt from ad valorem property taxes under this  
19 act, 1/2 of the average rate of taxation levied in this state in  
20 the immediately preceding calendar year on homestead property and  
21 qualified agricultural property as defined in section 7dd of ~~Act~~  
22 ~~No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY TAX ACT,  
23 1893 PA 206, MCL 211.7DD. However, in 1994 only, the average  
24 rate of taxation shall be the average rate of taxation levied in  
25 1993 upon all property in this state upon which ad valorem taxes  
26 are assessed.

1 (b) For property that is not a homestead under section 7dd  
2 of ~~Act No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY  
3 TAX ACT, 1893 PA 206, MCL 211.7DD, 1/2 of the average rate of  
4 taxation levied upon commercial, industrial, and utility property  
5 upon which ad valorem taxes are assessed as determined for the  
6 immediately preceding calendar year by the state board of asses-  
7 sors under section 13 of ~~Act No. 282 of the Public Acts of 1905,~~  
8 ~~being section 207.13 of the Michigan Compiled Laws~~ 1905 PA 282,  
9 MCL 207.13. However, in 1994 only, the average rate of taxation  
10 shall be the average rate of taxation levied in 1993 upon all  
11 property in this state upon which ad valorem taxes are assessed.

12 (4) The amount of the neighborhood enterprise zone tax on a  
13 rehabilitated facility is determined each year by multiplying the  
14 ~~state equalized valuation~~ TAXABLE VALUE of the rehabilitated  
15 facility, not including the land, for the tax year immediately  
16 preceding the effective date of the neighborhood enterprise zone  
17 certificate by the total mills ~~levied~~ COLLECTED under ~~Act~~  
18 ~~No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY TAX ACT,  
19 1893 PA 206, MCL 211.1 TO 211.157, for the current year by all  
20 taxing units within which the rehabilitated facility is located.

21 (5) The neighborhood enterprise zone tax is an annual tax,  
22 payable at the same times, in the same installments, and to the  
23 same officer or officers as taxes ~~imposed~~ COLLECTED under ~~Act~~  
24 ~~No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY TAX ACT,  
25 1893 PA 206, MCL 211.1 TO 211.157, are payable. Except as other-  
26 wise provided in this section, the officer or officers shall  
27 disburse the neighborhood enterprise zone tax received by the

1 officer or officers each year to the state, cities, townships,  
2 villages, school districts, counties, and authorities at the same  
3 times and in the same proportions as required for the disburse-  
4 ment of taxes collected under ~~Act No. 206 of the Public Acts of~~  
5 ~~1893~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO  
6 211.157. To determine the proportion for the disbursement of  
7 taxes under this subsection and for attribution of taxes under  
8 subsection (7) for taxes collected after June 30, 1994, the  
9 number of mills levied for local school district operating pur-  
10 poses to be used in the calculation shall equal the number of  
11 mills for local school district operating purposes levied in 1993  
12 minus the number of mills levied under the state education tax  
13 act, ~~Act No. 331 of the Public Acts of 1993, being~~  
14 ~~sections 211.901 to 211.906 of the Michigan Compiled Laws~~ 1993  
15 PA 331, MCL 211.901 TO 211.906, for the year for which the dis-  
16 bursement is calculated.

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

1 the state school aid act of 1979, ~~Act No. 94 of the Public Acts~~  
2 ~~of 1979, being sections 388.1601 to 388.1772 of the Michigan~~  
3 ~~Compiled Laws~~ 1979 PA 94, MCL 388.1601 TO 388.1772, is amended  
4 or its successor act is enacted or amended to include a provision  
5 that provides for adjustments in state school aid to account for  
6 the receipt of revenues provided under this act in place of  
7 exempted ad valorem property tax, revenues required to be remit-  
8 ted or returned to the state treasury to the credit of the state  
9 school aid fund shall be distributed instead to the intermediate  
10 school districts. If the sum of any industrial facility tax  
11 levied under ~~Act No. 198 of the Public Acts of 1974, being~~  
12 ~~sections 207.551 to 207.572 of the Michigan Compiled Laws~~ 1974  
13 PA 198, MCL 207.551 TO 207.572, the commercial facilities tax  
14 levied under the commercial redevelopment act, ~~Act No. 255 of~~  
15 ~~the Public Acts of 1978, being sections 207.651 to 207.668 of the~~  
16 ~~Michigan Compiled Laws~~ 1978 PA 255, MCL 207.651 TO 207.668, and  
17 the neighborhood enterprise zone tax paid to the state treasury  
18 to the credit of the state school aid fund that would otherwise  
19 be disbursed to the intermediate school district exceeds the  
20 amount received by the intermediate school district under  
21 sections 56, 62, and 81 of ~~Act No. 94 of the Public Acts of~~  
22 ~~1979~~ THE STATE SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1656,  
23 388.1662, AND 388.1681, the department of treasury shall allocate  
24 to each eligible intermediate school district an amount equal to  
25 the difference between the sum of the industrial facility tax,  
26 the commercial facilities tax, and the neighborhood enterprise  
27 zone tax paid to the state treasury to the credit of the state



1 school aid fund and the amount the intermediate school district  
2 received under sections 56, 62, and 81 of ~~Act No. 94 of the~~  
3 ~~Public Acts of 1979~~ THE STATE SCHOOL AID ACT OF 1979, 1979  
4 PA 94, MCL 388.1656, 388.1662, AND 388.1681.

5 (7) For neighborhood enterprise zone taxes levied after 1993  
6 for school operating purposes, the amount that would otherwise be  
7 disbursed to a local school district shall be paid instead to the  
8 state treasury and credited to the state school aid fund estab-  
9 lished by section 11 of article IX of the state constitution of  
10 1963.

11 (8) The officer or officers shall send a copy of the amount  
12 of disbursement made to each unit under this section to the com-  
13 mission on a form provided by the commission. The neighborhood  
14 enterprise zone tax is a lien on the real property upon which the  
15 new facility or rehabilitated facility subject to the certificate  
16 is located until paid. The continuance of a certificate is con-  
17 ditional upon the annual payment of the neighborhood enterprise  
18 zone tax and the ad valorem tax on the land COLLECTED under ~~Act~~  
19 ~~No. 206 of the Public Acts of 1893~~ THE GENERAL PROPERTY TAX ACT,  
20 1893 PA 206, MCL 211.1 TO 211.157.

21 (9) If payment of the tax under this act is not made by the  
22 March 1 following the levy of the tax, the tax shall be turned  
23 over to the county treasurer and collected in the same manner as  
24 a delinquent tax under ~~Act No. 206 of the Public Acts of 1893~~  
25 THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.157.

26 (10) A new facility or a rehabilitated facility located in a  
27 renaissance zone under the Michigan renaissance zone act, ~~Act~~

1 ~~No. 376 of the Public Acts of 1996, being sections 125.2681 to~~  
2 ~~125.2696 of the Michigan Compiled Laws~~ 1996 PA 376, MCL 125.2681  
3 TO 125.2696, is exempt from the neighborhood enterprise zone tax  
4 levied under this act to the extent and for the duration provided  
5 pursuant to ~~Act No. 376 of the Public Acts of 1996~~ THE MICHIGAN  
6 RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2681 TO 125.2696,  
7 except for that portion of the neighborhood enterprise zone tax  
8 attributable to a special assessment or a tax described in sec-  
9 tion 7ff(2) of the general property tax act, ~~Act No. 206 of the~~  
10 ~~Public Acts of 1893, being section 211.7ff of the Michigan~~  
11 ~~Compiled Laws~~ 1893 PA 206, MCL 211.7FF. The neighborhood enter-  
12 prise zone tax calculated under this subsection shall be dis-  
13 bursed proportionately to the local taxing unit or units that  
14 levied the special assessment or the tax described in section  
15 7ff(2) of ~~Act No. 206 of the Public Acts of 1893~~ THE GENERAL  
16 PROPERTY TAX ACT, 1893 PA 206, MCL 211.7FF.  
17       Enacting section 1. Section 17 of the neighborhood enter-  
18 prise zone act, 1992 PA 147, MCL 207.787, is repealed.