

HOUSE BILL No. 6266

September 17, 2002, Introduced by Reps. DeRossett, Cassis, Pumford, Ehardt, Meyer and Sheltroun and referred to the Committee on Tax Policy.

A bill to amend 1974 PA 198, entitled

"An act to provide for the establishment of plant rehabilitation districts and industrial development 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 facilities; to impose and provide for the disposition of an administrative fee; 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,"

by amending section 2 (MCL 207.552), as amended by 2002 PA 280.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) "Commission" means the state tax commission
2 created by 1927 PA 360, MCL 209.101 to 209.107.

3 (2) "Facility" means either a replacement facility, a new
4 facility, or, if applicable by its usage, a speculative
5 building.

1 (3) "Replacement facility" means 1 of the following:

2 (a) In the case of a replacement or restoration that occurs
3 on the same or contiguous land as that which is replaced or
4 restored, industrial property that is or is to be acquired, con-
5 structed, altered, or installed for the purpose of replacement or
6 restoration of obsolete industrial property together with any
7 part of the old altered property that remains for use as indus-
8 trial property after the replacement, restoration, or
9 alteration.

10 (b) In the case of construction on vacant noncontiguous
11 land, property that is or will be used as industrial property
12 that is or is to be acquired, constructed, transferred, or
13 installed for the purpose of being substituted for obsolete
14 industrial property if the obsolete industrial property is situa-
15 ted in a plant rehabilitation district in the same city, village,
16 or township as the land on which the facility is or is to be con-
17 structed and includes the obsolete industrial property itself
18 until the time as the substituted facility is completed.

19 (4) "New facility" means new industrial property other than
20 a replacement facility to be built in a plant rehabilitation dis-
21 trict or industrial development district.

22 (5) "Local governmental unit" means a city, village, or
23 township.

24 (6) "Industrial property" means land improvements, build-
25 ings, structures, and other real property, and machinery, equip-
26 ment, furniture, and fixtures or any part or accessory whether
27 completed or in the process of construction comprising an

1 integrated whole, the primary purpose and use of which is the
2 engaging in a high-technology activity, the manufacture of goods
3 or materials, CREATION OR SYNTHESIS OF BIODIESEL FUEL, or the
4 processing of goods and materials by physical or chemical change;
5 property acquired, constructed, altered, or installed due to the
6 passage of proposal A in 1976; the operation of a hydro-electric
7 dam by a private company other than a public utility; or agricul-
8 tural processing facilities. Industrial property includes facil-
9 ities related to a manufacturing operation under the same owner-
10 ship, including, but not limited to, office, engineering,
11 research and development, warehousing, or parts distribution
12 facilities. Industrial property also includes research and
13 development laboratories of companies other than those companies
14 that manufacture the products developed from their research
15 activities and research development laboratories of a manufactur-
16 ing company that are unrelated to the products of the company.
17 For applications approved by the legislative body of a local gov-
18 ernmental unit between June 30, 1999 and December 31, 2007,
19 industrial property also includes an electric generating plant
20 that is not owned by a local unit of government. Industrial
21 property also includes convention and trade centers over 250,000
22 square feet in size. Industrial property also includes a federal
23 reserve bank operating under 12 U.S.C. 341, located in a city
24 with a population of 750,000 or more. Industrial property may be
25 owned or leased. However, in the case of leased property, the
26 lessee is liable for payment of ad valorem property taxes and

1 shall furnish proof of that liability. Industrial property does
2 not include any of the following:

3 (a) Land.

4 (b) Property of a public utility other than an electric gen-
5 erating plant that is not owned by a local unit of government and
6 for which an application was approved by the legislative body of
7 a local governmental unit between June 30, 1999 and December 31,
8 2007.

9 (c) Inventory.

10 (7) "Obsolete industrial property" means industrial property
11 the condition of which is substantially less than an economically
12 efficient functional condition.

13 (8) "Economically efficient functional condition" means a
14 state or condition of property the desirability and usefulness of
15 which is not impaired due to changes in design, construction,
16 technology, or improved production processes, or from external
17 influencing factors which make the property less desirable and
18 valuable for continued use.

19 (9) "Research and development laboratories" means building
20 and structures, including the machinery, equipment, furniture,
21 and fixtures located in the building or structure, used or to be
22 used for research or experimental purposes that would be consid-
23 ered qualified research as that term is used in section 30 of the
24 internal revenue code, except that qualified research also
25 includes qualified research funded by grant, contract, or other-
26 wise by another person or governmental entity.

1 (10) "Manufacture of goods or materials" or "processing of
2 goods or materials" means any type of operation that would be
3 conducted by an entity included in the classifications provided
4 by sector 31-33 -- manufacturing, of the North American industry
5 classification system -- United States, 1997, published by the
6 office of management and budget, regardless of whether the entity
7 conducting that operation is included in that manual.

8 (11) "High-technology activity" means that term as defined
9 in section 3 of the Michigan economic growth authority act, 1995
10 PA 24, MCL 207.803.