

# HOUSE BILL No. 6026

June 16, 2004, Introduced by Rep. Hummel and referred to the Committee on Tax Policy.

A bill to amend 2000 PA 146, entitled  
"Obsolete property rehabilitation act,"  
by amending section 10 (MCL 125.2790).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 10. (1) There is levied upon every owner of a  
2 rehabilitated facility to which an obsolete property  
3 rehabilitation exemption certificate is issued a specific tax to  
4 be known as the obsolete properties tax.

5       (2) The amount of the obsolete properties tax, in each year,  
6 shall be determined by adding the results of both of the  
7 following calculations:

8       (a) Multiplying the total mills levied as ad valorem taxes  
9 for that year by all taxing units within which the rehabilitated  
10 facility is located by the taxable value of the real and personal  
11 property of the obsolete property on the December 31 immediately

1 preceding the effective date of the obsolete property  
2 rehabilitation exemption certificate after deducting the taxable  
3 valuation of the land and of personal property other than  
4 personal property assessed pursuant to sections 8(d) and 14(6) of  
5 the general property tax act, 1893 PA 206, MCL 211.8 and 211.14,  
6 for the tax year immediately preceding the effective date of the  
7 obsolete property rehabilitation exemption certificate.

8 (b) Multiplying the mills levied for school operating  
9 purposes for that year under the revised school code, 1976  
10 PA 451, MCL 380.1 to 380.1852, and the state education tax act,  
11 1993 PA 331, MCL 211.901 to 211.906, by the taxable value of the  
12 real and personal property of the rehabilitated facility, after  
13 deducting all of the following:

14 (i) The taxable value of the land and of the personal  
15 property other than personal property assessed pursuant to  
16 sections 8(d) and 14(6) of the general property tax act, 1893  
17 PA 206, MCL 211.8 and 211.14.

18 (ii) The taxable value used to calculate the tax under  
19 subdivision (a).

20 (3) The obsolete properties tax shall be collected,  
21 disbursed, and assessed in accordance with this act.

22 (4) The obsolete properties tax is an annual tax, payable at  
23 the same times, in the same installments, and to the same officer  
24 or officers as taxes imposed under the general property tax act,  
25 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as  
26 otherwise provided in this section, the officer or officers shall  
27 disburse the obsolete properties tax payments received by the

1 officer or officers each year to and among this state, cities,  
2 school districts, counties, and authorities, at the same times  
3 and in the same proportions as required by law for the  
4 disbursement of taxes collected under the general property tax  
5 act, 1893 PA 206, MCL 211.1 to 211.157.

6 (5) For intermediate school districts receiving state aid  
7 under sections 56, 62, and 81 of the state school aid act of  
8 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the  
9 amount of obsolete property tax that would otherwise be disbursed  
10 to an intermediate school district, all or a portion, to be  
11 determined on the basis of the tax rates being utilized to  
12 compute the amount of state aid, shall be paid to the state  
13 treasury to the credit of the state school aid fund established  
14 by section 11 of article IX of the state constitution of 1963.

15 (6) The amount of obsolete property tax described in  
16 subsection (2)(a) that would otherwise be disbursed to a local  
17 school district for school operating purposes, and all of the  
18 amount described in subsection (2)(b), shall be paid instead to  
19 the state treasury and credited to the state school aid fund  
20 established by section 11 of article IX of the state constitution  
21 of 1963.

22 (7) The officer or officers shall send a copy of the amount  
23 of disbursement made to each unit under this section to the  
24 commission on a form provided by the commission.

25 (8) A rehabilitated facility located in a renaissance zone  
26 under the Michigan renaissance zone act, 1996 PA 376,  
27 MCL 125.2681 to 125.2696, is exempt from the obsolete properties

1 tax levied under this act to the extent and for the duration  
2 provided pursuant to the Michigan renaissance zone act, 1996  
3 PA 376, MCL 125.2681 to 125.2696, except for that portion of the  
4 obsolete properties tax attributable to a **special assessment or a**  
5 tax described in section 7ff(2) of the general property tax act,  
6 1893 PA 206, MCL 211.7ff. The obsolete properties tax calculated  
7 under this subsection shall be disbursed proportionately to the  
8 taxing unit or units that levied the **special assessment or the**  
9 tax described in section 7ff(2) of the general property tax act,  
10 1893 PA 206, MCL 211.7ff.

11 (9) Upon application for an exemption under this subsection  
12 by a qualified start-up business, the governing body of a local  
13 tax collecting unit may adopt a resolution to exempt a  
14 rehabilitated facility of a qualified start-up business from the  
15 collection of the obsolete properties tax levied under this act.  
16 The clerk of the local tax collecting unit shall notify in  
17 writing the assessor of the local tax collecting unit and the  
18 legislative body of each taxing unit that levies ad valorem  
19 property taxes in the local tax collecting unit. Before acting  
20 on the resolution, the governing body of the local tax collecting  
21 unit shall afford the assessor and a representative of the  
22 affected taxing units an opportunity for a hearing. The  
23 application for exemption under this subsection shall be in a  
24 form prescribed by the state tax commission. If a resolution  
25 authorizing the exemption is adopted as provided in this  
26 subsection, the rehabilitated facility owned or operated by a  
27 qualified start-up business is exempt from the obsolete

1 properties tax levied under this act, except for that portion of  
2 the obsolete properties tax attributable to a special assessment  
3 or a tax described in section 7ff(2) of the general property tax  
4 act, 1893 PA 206, MCL 211.7ff, for 5 consecutive years beginning  
5 on the December 31 in the year in which the qualified start-up  
6 business first claimed the credit under section 31a of the single  
7 business tax act, 1975 PA 228, MCL 208.31a, or section 51f of the  
8 income tax act of 1967, 1967 PA 281, MCL 206.51f. A qualified  
9 start-up business exempt under this subsection shall file an  
10 exemption affidavit with the assessor of the local tax collecting  
11 unit. The exemption affidavit shall be filed within 60 days of  
12 the qualified start-up business becoming exempt under this  
13 subsection. The affidavit shall be in a form prescribed by the  
14 state tax commission. The obsolete properties tax calculated  
15 under this subsection shall be disbursed proportionately to the  
16 taxing unit or units that levied the special assessment or the  
17 tax described in section 7ff(2) of the general property tax act,  
18 1893 PA 206, MCL 211.7ff. As used in this subsection, "qualified  
19 start-up business" means that term as defined in section 31a of  
20 the single business tax act, 1975 PA 228, MCL 208.31a.