

SENATE BILL No. 1242

May 13, 2004, Introduced by Senators TOY, ALLEN, KUIPERS, SWITALSKI, BISHOP, CROPSEY, McMANUS, GOSCHKA, VAN WOERKOM, OLSHOVE and BROWN and referred to the Committee on Commerce and Labor.

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 2003 PA 5.

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.

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

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

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

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

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

23 (6) "Industrial property" means land improvements, buildings,
24 structures, and other real property, and machinery, equipment,
25 furniture, and fixtures or any part or accessory whether
26 completed or in the process of construction comprising an
27 integrated whole, the primary purpose and use of which is the

1 engaging in a high-technology activity, the manufacture of goods
2 or materials, **creation or modification of qualified commercial**
3 **property**, 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
8 agricultural processing facilities. Industrial property includes
9 facilities related to a manufacturing operation under the same
10 ownership, 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
16 manufacturing company that are unrelated to the products of the
17 company. For applications approved by the legislative body of a
18 local governmental unit between June 30, 1999 and December 31,
19 2007, industrial property also includes an electric generating
20 plant that is not owned by a local unit of government, including,
21 but not limited to, an electric generating plant fueled by
22 biomass. Industrial property also includes convention and trade
23 centers over 250,000 square feet in size. Industrial property
24 also includes a federal reserve bank operating under 12 ~~U.S.C.~~
25 **USC** 341, located in a city with a population of 750,000 or more.
26 Industrial property may be owned or leased. However, in the case
27 of leased property, the lessee is liable for payment of ad

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

4 (a) Land.

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

10 (c) Inventory.

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

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

20 (9) "Research and development laboratories" means building
21 and structures, including the machinery, equipment, furniture,
22 and fixtures located in the building or structure, used or to be
23 used for research or experimental purposes that would be
24 considered qualified research as that term is used in section 41
25 of the internal revenue code, ~~of 1986~~ **26 USC 41**, except that
26 qualified research also includes qualified research funded by
27 grant, contract, or otherwise by another person or governmental

1 entity.

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

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

12 (12) "Commercial housing property" means that term as defined
13 in section 2 of the obsolete property rehabilitation act, 2000 PA
14 146, MCL 125.2782.

15 (13) "Commercial property" means that term as defined in
16 section 2 of the obsolete property rehabilitation act, 2000 PA
17 146, MCL 125.2782.

18 (14) "Qualified commercial property" means 1 or both of the
19 following:

20 (a) Commercial housing property.

21 (b) Commercial property in which the building or structure is
22 greater than 12,000 square feet in size.