

SENATE BILL No. 1304

June 16, 2004, Introduced by Senator BIRKHOLZ and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

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 11 (MCL 207.561), as amended by 2001 PA 157.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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1 Sec. 11. (1) Except as provided in ~~subsection~~ **subsections**
2 (6) **and (7)**, there is levied upon every owner of a speculative
3 building, a new facility, or a replacement facility to which an
4 industrial facilities exemption certificate is issued a specific
5 tax to be known as the industrial facility tax and an
6 administrative fee calculated in the same manner and at the same

1 rate that the local tax collecting unit imposes on ad valorem
2 taxes collected under the general property tax act, 1893 PA 206,
3 MCL 211.1 to 211.157.

4 (2) The industrial facility tax and administrative fee are to
5 be paid annually, at the same times, in the same installments,
6 and to the same officer or officers as taxes and administrative
7 fees, if any, imposed under the general property tax act, 1893 PA
8 206, MCL 211.1 to 211.157, are payable. Except as otherwise
9 provided in this section, the officer or officers shall disburse
10 the industrial facility tax payments received each year to and
11 among the state, cities, townships, villages, school districts,
12 counties, and authorities, at the same times and in the same
13 proportions as required by law for the disbursement of taxes
14 collected under the general property tax act, 1893 PA 206, MCL
15 211.1 to 211.157. To determine the proportion for the
16 disbursement of taxes under this subsection and for attribution
17 of taxes under subsection (5) for taxes collected under
18 industrial facilities exemption certificates issued before
19 January 1, 1994, the number of mills levied for local school
20 district operating purposes to be used in the calculation shall
21 equal the number of mills for local school district operating
22 purposes levied in 1993 minus the number of mills levied under
23 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
24 for the year for which the disbursement is calculated.

25 (3) Except as provided by subsections (4) and (5), for an
26 intermediate school district receiving state aid under section
27 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94,

1 MCL 388.1656, 388.1662, and 388.1681, of the amount that would
2 otherwise be disbursed to or retained by the intermediate school
3 district, all or a portion, to be determined on the basis of the
4 tax rates being utilized to compute the amount of the state
5 school aid, shall be paid instead to the state treasury to the
6 credit of the state school aid fund established by section 11 of
7 article IX of the state constitution of 1963. If the sum of any
8 commercial facilities taxes prescribed by the commercial
9 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and the
10 industrial facility taxes paid to the state treasury to the
11 credit of the state school aid fund that would otherwise be
12 disbursed to the local or intermediate school district, under
13 section 12 of the commercial redevelopment act, 1978 PA 255, MCL
14 207.662, and this section, exceeds the amount received by the
15 local or intermediate school district under sections 56, 62, and
16 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656,
17 388.1662, and 388.1681, the department of treasury shall allocate
18 to each eligible local or intermediate school district an amount
19 equal to the difference between the sum of the commercial
20 facilities taxes and the industrial facility taxes paid to the
21 state treasury to the credit of the state school aid fund and the
22 amount the local or intermediate school district received under
23 sections 56, 62, and 81 of the state school aid act of 1979, 1979
24 PA 94, MCL 388.1656, 388.1662, and 388.1681. This subsection
25 does not apply to taxes levied for either of the following:

26 (a) Mills allocated to an intermediate school district for
27 operating purposes as provided for under the property tax

1 limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

2 (b) An intermediate school district that is not receiving
3 state aid under section 56 or 62 of the state school aid act of
4 1979, 1979 PA 94, MCL 388.1656 and 388.1662.

5 (4) For industrial facilities taxes levied before 1994, a
6 local or intermediate school district shall receive or retain its
7 industrial facility tax payment that is levied in any year and
8 becomes a lien before December 1 of the year if the district
9 files a statement with the state treasurer not later than June 30
10 of the year certifying that the district does not expect to
11 receive state school aid payments under section 56, 62, or 81 of
12 the state school aid act of 1979, 1979 PA 94, MCL 388.1656,
13 388.1662, and 388.1681, in the state fiscal year commencing in
14 the year this statement is filed and if the district did not
15 receive state school aid payments under section 56, 62, or 81 of
16 the state school aid act of 1979, 1979 PA 94, MCL 388.1656,
17 388.1662, and 388.1681, for the state fiscal year concluding in
18 the year the statement required by this subsection is filed.
19 However, if a local or intermediate school district receives or
20 retains its summer industrial facility tax payment under this
21 subsection and becomes entitled to receive state school aid
22 payments under section 56, 62, or 81 of the state school aid act
23 of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, in the
24 state fiscal year commencing in the year in which it filed the
25 statement required by this subsection, the district immediately
26 shall pay to the state treasury to the credit of the state school
27 aid fund an amount of the summer industrial facility tax payments

1 that would have been paid to the state treasury to the credit of
2 the state school aid fund under subsection (3) had not this
3 subsection allowed the district to receive or retain the summer
4 industrial facility tax payment.

5 (5) For industrial facilities taxes levied after 1993, the
6 amount to be disbursed to a local school district, except for
7 that amount of tax attributable to mills levied under section
8 1211(2) or 1211c of the revised school code, 1976 PA 451, MCL
9 380.1211 and 380.1211c, and mills that are not included as mills
10 levied for school operating purposes under section 1211 of the
11 revised school code, 1976 PA 451, MCL 380.1211, shall be paid to
12 the state treasury and credited to the state school aid fund
13 established by section 11 of article IX of the state constitution
14 of 1963.

15 (6) A speculative building, a new facility, or a replacement
16 facility located in a renaissance zone under the Michigan
17 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is
18 exempt from the industrial facility tax levied under this act to
19 the extent and for the duration provided pursuant to the Michigan
20 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696,
21 except for that portion of the industrial facility tax
22 attributable to a special assessment or a tax described in
23 section 7ff(2) of the general property tax act, 1893 PA 206, MCL
24 211.7ff. The industrial facility tax calculated under this
25 subsection shall be disbursed proportionately to the local taxing
26 unit or units that levied the special assessment or the tax
27 described in section 7ff(2) of the general property tax act, 1893

1 PA 206, MCL 211.7ff.

2 (7) Upon application for an exemption under this subsection
3 by a qualified start-up business, the governing body of a local
4 tax collecting unit may adopt a resolution to exempt a
5 speculative building, a new facility, or a replacement facility
6 of a qualified start-up business from the collection of the
7 industrial facility tax levied under this act. The clerk of the
8 local tax collecting unit shall notify in writing the assessor of
9 the local tax collecting unit and the legislative body of each
10 taxing unit that levies ad valorem property taxes in the local
11 tax collecting unit. Before acting on the resolution, the
12 governing body of the local tax collecting unit shall afford the
13 assessor and a representative of the affected taxing units an
14 opportunity for a hearing. The application for exemption under
15 this subsection shall be in a form prescribed by the state tax
16 commission. If a resolution authorizing the exemption is adopted
17 as provided in this subsection, a speculative building, a new
18 facility, or a replacement facility owned or operated by a
19 qualified start-up business is exempt from the industrial
20 facility tax levied under this act, except for that portion of
21 the industrial facility tax attributable to a special assessment
22 or a tax described in section 7ff(2) of the general property tax
23 act, 1893 PA 206, MCL 211.7ff, for 5 consecutive years beginning
24 on the December 31 in the year in which the qualified start-up
25 business first claimed the credit under section 31a of the single
26 business tax act, 1975 PA 228, MCL 208.31a, or section 51f of the
27 income tax act of 1967, 1967 PA 281, MCL 206.51f. A qualified

1 start-up business exempt under this subsection shall file an
2 exemption affidavit with the assessor of the local tax collecting
3 unit. The exemption affidavit shall be filed within 60 days of
4 the qualified start-up business becoming exempt under this
5 subsection. The affidavit shall be in a form prescribed by the
6 state tax commission. The industrial facility 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. As used in this subsection, "qualified
11 start-up business" means that term as defined in section 31a of
12 the single business tax act, 1975 PA 228, MCL 208.31a.