

**SUBSTITUTE FOR  
SENATE BILL NO. 974**

A bill to amend 1978 PA 255, entitled  
"Commercial redevelopment act,"  
by amending sections 3, 4, 12, and 18 (MCL 207.653, 207.654,  
207.662, and 207.668), section 3 as amended by 1980 PA 407, section  
12 as amended by 1998 PA 243, and section 18 as amended by 1984 PA  
342, and by adding section 12a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. (1) "Commercial facilities tax" means the specific tax  
2       levied under this act.

3       (2) "Commercial facilities exemption certificate" means a  
4       certificate issued pursuant to section 8.

5       (3) "Commercial property" means land improvements classified  
6       by law for general ad valorem tax purposes as real property  
7       including real property assessable as personal property pursuant to

~~section 14(6) of Act No. 206 of the Public Acts of 1893, as amended, being section 211.14 of the Michigan Compiled Laws~~  
**SECTIONS 8(D) AND 14(6) OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.8 AND 211.14**, whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise and shall include office, engineering, research and development, warehousing parts distribution, retail sales, **HOTEL OR MOTEL DEVELOPMENT**, and other commercial facilities but shall not include any of the following:

(a) Land.

(b) Property of a public utility.

(c) Housing, except that portion of a building containing nonhousing commercial activity.

(d) Financial organization. As used in this subdivision, "financial organization" means a bank, industrial bank, trust company, building and loan or savings and loan association, bank holding company as defined in 12 U.S.C. ~~USC~~ 1841, credit union, safety and collateral deposit company, regulated investment company as defined in the internal revenue code, and any other association, joint stock company, or corporation at least 90% of whose assets consist of intangible personal property and at least 90% of whose gross receipts income consists of dividends or interest or other charges resulting from the use of money or credit. The exclusion of financial institutions shall not apply to the otherwise included property of financial institutions which is located in the designated area of a city that is either the largest city in population within the county, as determined by the latest federal

1 census; or is a city that had more than the median percentage for  
 2 all cities in this state of its residents below the poverty line as  
 3 determined by the latest federal census. Each city qualified to not  
 4 be excluded under this subdivision shall designate only 1  
 5 commercial area for purposes of this provision, which area may be  
 6 conterminous with, or included within, a commercial redevelopment  
 7 district and in which area a majority of the land must be zoned  
 8 commercially.

9 Commercial property may be owned or leased. If, in the case of  
 10 leased property, the lessee is liable for payment of ad valorem  
 11 property taxes, and furnishes proof of that liability, the lessee  
 12 is eligible for the exemption. If the lessor is liable for payment  
 13 of ad valorem property taxes and furnishes proof of that liability,  
 14 the lessor is eligible for the exemption.

15 (4) "Commercial redevelopment district" means an area of a  
 16 local governmental unit established as provided in section 5.

17 (5) "Commission" means the state tax commission created by Act  
 18 ~~No. 360 of the Public Acts of 1927, as amended, being sections~~  
 19 ~~209.101 to 209.107 of the Michigan Compiled Laws 1927 PA 360, MCL~~  
 20 ~~209.101 TO 209.107.~~

21 (6) "Facility" means a restored facility, a replacement  
 22 facility, or a new facility.

23 Sec. 4. (1) "Local governmental unit" means, **EXCEPT AS**  
 24 **OTHERWISE PROVIDED IN THIS SUBSECTION,** a city, village, or  
 25 township. **FOR LOCAL GOVERNMENTAL UNITS DESIGNATING A COMMERCIAL**  
 26 **REDEVELOPMENT DISTRICT AFTER JUNE 30, 2008, LOCAL GOVERNMENTAL UNIT**  
 27 **MEANS A CITY OR VILLAGE.**

(2) "New facility" means 1 OF THE FOLLOWING:

(A) THROUGH JUNE 30, 2008, new commercial property other than a replacement facility to be built in a redevelopment district.

(B) BEGINNING JULY 1, 2008, NEW COMMERCIAL PROPERTY OTHER THAN A REPLACEMENT FACILITY TO BE BUILT IN A REDEVELOPMENT DISTRICT THAT MEETS ALL OF THE FOLLOWING:

(i) IS LOCATED ON PROPERTY THAT IS ZONED TO ALLOW FOR MIXED USE THAT INCLUDES HIGH-DENSITY RESIDENTIAL USE.

(ii) IS LOCATED IN A QUALIFIED DOWNTOWN REVITALIZATION DISTRICT AS DEFINED IN SECTION 2 OF THE NEIGHBORHOOD ENTERPRISE ZONE ACT, 1992 PA 147, MCL 207.772.

(iii) THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEW FACILITY IS TO BE LOCATED DOES ALL OF THE FOLLOWING:

(A) ESTABLISHES AND IMPLEMENTS AN EXPEDITED LOCAL PERMITTING AND INSPECTION PROCESS IN THE COMMERCIAL REDEVELOPMENT DISTRICT.

(B) BY RESOLUTION PROVIDES FOR WALKABLE NONMOTORIZED INTERCONNECTIONS, INCLUDING SIDEWALKS AND STREETSCAPES THROUGHOUT THE COMMERCIAL REDEVELOPMENT DISTRICT.

(3) "Obsolete commercial property" means commercial property the condition of which is impaired due to changes in design, construction, technology, or improved production processes, or damage due to fire, natural disaster, or general neglect.

(4) "Replacement" means the complete or partial demolition of obsolete commercial property and the complete or partial reconstruction or installation of new property of similar utility.

(5) "Replacement facility" means 1 OF THE FOLLOWING:

(A) THROUGH JUNE 30, 2008, commercial property on the same or

1 contiguous land within the district which land is or is to be  
2 acquired, constructed, altered, or installed for the purpose of  
3 being substituted for obsolete commercial property together with  
4 any part of the old altered property ~~which~~ **THAT** remains for use as  
5 commercial property after the replacement.

6 (B) BEGINNING JULY 1, 2008, COMMERCIAL PROPERTY ON THE SAME OR  
7 CONTIGUOUS LAND WITHIN THE DISTRICT WHICH LAND IS OR IS TO BE  
8 ACQUIRED, CONSTRUCTED, ALTERED, OR INSTALLED FOR THE PURPOSE OF  
9 BEING SUBSTITUTED FOR OBSOLETE COMMERCIAL PROPERTY AND ANY PART OF  
10 THE OLD ALTERED PROPERTY THAT REMAINS FOR USE AS COMMERCIAL  
11 PROPERTY AFTER THE REPLACEMENT, THAT MEETS ALL OF THE FOLLOWING:

12 (i) IS LOCATED ON PROPERTY THAT IS ZONED TO ALLOW FOR MIXED USE  
13 THAT INCLUDES HIGH-DENSITY RESIDENTIAL USE.

14 (ii) IS LOCATED IN A QUALIFIED DOWNTOWN REVITALIZATION DISTRICT  
15 AS DEFINED IN SECTION 2 OF THE NEIGHBORHOOD ENTERPRISE ZONE ACT,  
16 1992 PA 147, MCL 207.772.

17 (iii) THE LOCAL GOVERNMENTAL UNIT IN WHICH THE REPLACEMENT  
18 FACILITY IS TO BE LOCATED DOES ALL OF THE FOLLOWING:

19 (A) ESTABLISHES AND IMPLEMENTS AN EXPEDITED LOCAL PERMITTING  
20 AND INSPECTION PROCESS IN THE COMMERCIAL REDEVELOPMENT DISTRICT.

21 (B) BY RESOLUTION PROVIDES FOR WALKABLE NONMOTORIZED  
22 INTERCONNECTIONS, INCLUDING SIDEWALKS AND STREETSCAPES THROUGHOUT  
23 THE COMMERCIAL REDEVELOPMENT DISTRICT.

24 (6) "Restoration" means changes to obsolete commercial  
25 property other than replacement as may be required to restore the  
26 property, together with all appurtenances thereto, to an  
27 economically efficient condition. Restoration ~~shall include~~

1 **INCLUDES** major renovation including but not ~~necessarily~~ limited to  
 2 the improvement of floor loads, correction of deficient or  
 3 excessive height, new or improved fixed building equipment,  
 4 including heating, ventilation, and lighting, reducing multistory  
 5 facilities to 1 or 2 stories, improved structural support including  
 6 foundations, improved roof structure and cover, floor replacement,  
 7 improved wall placement, improved exterior and interior appearance  
 8 of buildings, and other physical changes required to restore the  
 9 commercial property to an economically efficient condition.

10 Restoration ~~shall~~ **DOES** not include improvements aggregating less  
 11 than 10% of the true cash value of the property at commencement of  
 12 the restoration of the commercial property.

13 (7) "Restored facility" means a facility that has undergone  
 14 restoration.

15 (8) "State equalized valuation" means the valuation determined  
 16 under ~~Act No. 44 of the Public Acts of 1911, as amended, being~~  
 17 ~~sections 209.1 to 209.8 of the Michigan Compiled Laws 1911 PA 44,~~  
 18 **MCL 209.1 TO 209.8.**

19 Sec. 12. (1) Except as provided in subsection (9), there is  
 20 levied upon every owner of a new, replacement, or restored facility  
 21 to which a commercial facilities exemption certificate is issued a  
 22 specific tax to be known as the commercial facilities tax.

23 (2) The amount of the commercial facilities tax, in each year,  
 24 ~~in the case of~~ **FOR** a restored facility shall be determined by  
 25 multiplying the total mills levied as ad valorem taxes for that  
 26 year by all taxing units within which the facility is ~~located~~  
 27 **SITUATED** by the ~~state equalized valuation~~ **TAXABLE VALUE** of the **REAL**

1 **PROPERTY OF THE** obsolete commercial property for the tax year  
2 immediately preceding the effective date of the commercial  
3 facilities exemption certificate after deducting the ~~state~~  
4 ~~equalized valuation~~ **TAXABLE VALUE** of the land and of personal  
5 property other than personal property assessed pursuant to section  
6 14(6) of the general property tax act, 1893 PA 206, MCL 211.14.

7 (3) The amount of the commercial facilities tax, in each year,  
8 ~~in the case of~~ **FOR** a new or replacement facility shall be  
9 determined by multiplying the ~~state equalized valuation~~ **TAXABLE**  
10 **VALUE** of the facility excluding the land and personal property  
11 other than personal property assessed pursuant to section 14(6) of  
12 the general property tax act, 1893 PA 206, MCL 211.14, by the sum  
13 of 1/2 of the total mills levied as ad valorem taxes for that year  
14 by all taxing units within which the facility is located other than  
15 mills levied ~~for school operating purposes by a local or~~  
16 ~~intermediate school district within which the facility is located~~  
17 ~~or mills levied under the state education tax act, 1993 PA 331, MCL~~  
18 ~~211.901 to 211.906, plus, 1/2 of the number of mills levied for~~  
19 ~~school operating purposes in 1993~~ **SUBJECT TO SECTION 12A, THE**  
20 **NUMBER OF MILLS LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA**  
21 **331, MCL 211.901 TO 211.906.**

22 (4) The commercial facilities tax shall be collected,  
23 disbursed, and assessed in accordance with this act.

24 (5) The commercial facilities tax is an annual tax, payable at  
25 the same times, in the same installments, and to the same officer  
26 or officers as taxes imposed under the general property tax act,  
27 1893 PA 206, MCL 211.1 to ~~211.157~~ **211.155**, are payable. Except as

1 otherwise provided in this section, the officer or officers shall  
2 disburse the commercial facilities tax payments received ~~by the~~  
3 ~~officer or officers~~ each year to and among the state, cities,  
4 townships, villages, school districts, counties, and authorities,  
5 at the same times and in the same proportions as required by law  
6 for the disbursement of taxes collected under the general property  
7 tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~ **211.155**. ~~To determine~~  
8 ~~the proportion for the disbursement of taxes under this subsection~~  
9 ~~and for attribution of taxes under subsection (7) for taxes~~  
10 ~~collected pursuant to commercial facilities exemption certificates~~  
11 ~~issued before January 1, 1994, the number of mills levied for local~~  
12 ~~school district operating purposes to be used in the calculation~~  
13 ~~shall equal the number of mills for local school district operating~~  
14 ~~purposes levied in 1993 minus the number of mills levied under the~~  
15 ~~state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for~~  
16 ~~the year for which the disbursement is calculated.~~

17 (6) Except as provided in subsection (7), for intermediate  
18 school districts receiving state aid under sections 56, 62, and 81  
19 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656,  
20 388.1662, and 388.1681, of the amount that would otherwise be  
21 disbursed to ~~an~~ **OR RETAINED BY THE** intermediate school district,  
22 all or a portion, to be determined on the basis of the tax rates  
23 being utilized to compute the amount of state **SCHOOL** aid, shall be  
24 paid **INSTEAD** to the state treasury to the credit of the state  
25 school aid fund established by section 11 of article IX of the  
26 state constitution of 1963. If the sum of any industrial facility  
27 taxes prescribed by 1974 PA 198, 207.551 to 207.572, and the



1 commercial facilities taxes paid to the state treasury to the  
2 credit of the state school aid fund that would otherwise be  
3 disbursed to the local or intermediate school district, ~~pursuant to~~  
4 **UNDER** section 11 of 1974 PA 198, MCL 207.561, and this section,  
5 exceeds the amount received by the local or intermediate school  
6 district under sections 56, 62, and 81 of the state school aid act  
7 of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the  
8 department of treasury shall allocate to each eligible local or  
9 intermediate school district an amount equal to the difference  
10 between the sum of the industrial facility taxes and the commercial  
11 facilities taxes paid to the state treasury to the credit of the  
12 state school aid fund and the amount the local or intermediate  
13 school district received under sections 56, 62, and 81 of the state  
14 school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and  
15 388.1681. ~~This subsection applies to taxes levied before 1994. THIS~~  
16 **SUBSECTION DOES NOT APPLY TO TAXES LEVIED FOR EITHER OF THE**  
17 **FOLLOWING:**

18 (A) MILLS ALLOCATED TO AN INTERMEDIATE SCHOOL DISTRICT FOR  
19 OPERATING PURPOSES AS PROVIDED FOR UNDER THE PROPERTY TAX  
20 LIMITATION ACT, 1933 PA 62, MCL 211.201 TO 211.217A.

21 (B) AN INTERMEDIATE SCHOOL DISTRICT THAT IS NOT RECEIVING  
22 STATE AID UNDER SECTION 56 OR 62 OF THE STATE SCHOOL AID ACT OF  
23 1979, 1979 PA 94, MCL 388.1656 AND 388.1662.

24 (7) For commercial facilities taxes levied after 1993 for  
25 school operating purposes, the amount that would otherwise be  
26 disbursed to a local school district shall be paid instead to the  
27 state treasury and credited to the state school aid fund

1 established by section 11 of article IX of the state constitution  
2 of 1963.

3 (8) The officer or officers shall send a copy of the amount of  
4 disbursement made to each unit under this section to the commission  
5 on a form provided by the commission.

6 (9) A new, replacement, or restored facility located in a  
7 renaissance zone under the Michigan renaissance zone act, 1996 PA  
8 376, MCL 125.2681 to 125.2696, is exempt from the commercial  
9 facilities tax levied under this act to the extent and for the  
10 duration provided pursuant to the Michigan renaissance zone act,  
11 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of  
12 the commercial facilities tax attributable to a special assessment  
13 or a tax described in section 7ff(2) of the general property tax  
14 act, 1893 PA 206, MCL 211.7ff. The commercial facilities tax  
15 calculated under this subsection shall be disbursed proportionately  
16 to the local taxing unit or units that levied the special  
17 assessment or the tax described in section 7ff(2) of the general  
18 property tax act, 1893 PA 206, MCL 211.7ff.

19 (10) As used in this act, facility does not include a casino.  
20 As used in this subsection, "casino" means a casino or a parking  
21 lot, hotel, motel, or retail store owned or operated by a casino,  
22 an affiliate, or an affiliated company, regulated by this state  
23 pursuant to the Michigan gaming control and revenue act, ~~the~~  
24 ~~Initiated Law of 1996~~ 1996 IL 1, MCL 432.201 to ~~432.216~~ 432.226.

25 **SEC. 12A. (1) WITHIN 60 DAYS AFTER THE GRANTING OF A NEW**  
26 **COMMERCIAL FACILITIES EXEMPTION CERTIFICATE UNDER SECTION 8 FOR A**  
27 **NEW OR A REPLACEMENT FACILITY, THE STATE TREASURER MAY, FOR A**

1 PERIOD NOT TO EXCEED 6 YEARS, EXCLUDE UP TO 1/2 OF THE NUMBER OF  
2 MILLS LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL  
3 211.901 TO 211.906, FROM THE SPECIFIC TAX CALCULATION ON THE  
4 FACILITY UNDER SECTION 12(3) IF THE STATE TREASURER DETERMINES THAT  
5 REDUCING THE NUMBER OF MILLS USED TO CALCULATE THE SPECIFIC TAX  
6 UNDER SECTION 12(3) IS NECESSARY TO REDUCE UNEMPLOYMENT, PROMOTE  
7 ECONOMIC GROWTH, AND INCREASE CAPITAL INVESTMENT IN QUALIFIED LOCAL  
8 GOVERNMENTAL UNITS.

9 (2) THE STATE TREASURER SHALL NOT GRANT MORE THAN 25  
10 EXCLUSIONS UNDER THIS SECTION EACH YEAR.

11 Sec. 18. A new exemption shall not be granted under this act  
12 after December 31, ~~1985~~ 2020, but an exemption then in effect shall  
13 continue until the expiration of the exemption certificate.

14 Enacting section 1. This amendatory act does not take effect  
15 unless Senate Bill No. 976 of the 94th Legislature is enacted into  
16 law.