

HOUSE BILL No. 6504

September 24, 2008, Introduced by Rep. Hopgood and referred to the Committee on New Economy and Quality of Life.

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 sections 2 and 4 (MCL 207.552 and 207.554), section 2 as amended by 2008 PA 170 and section 4 as amended by 2004 PA 437.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) "AEROTROPOLIS DEVELOPMENT CORPORATION" MEANS THAT
2 TERM AS DEFINED IN SECTION 3 OF THE MICHIGAN RENAISSANCE ZONE ACT,
3 1996 PA 376, MCL 125.2683.

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

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

5 (4) ~~(3)~~—"Replacement facility" means 1 of the following:

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

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

22 (5) ~~(4)~~—"New facility" means new industrial property other
23 than a replacement facility to be built in a plant rehabilitation
24 district or industrial development district.

25 (6) ~~(5)~~—"Local governmental unit" means a city, village, ~~or~~
26 township, **OR AEROTROPOLIS DEVELOPMENT CORPORATION** located in this
27 state. **FOR PURPOSES OF THIS ACT, IF AN AEROTROPOLIS DEVELOPMENT**

1 CORPORATION ESTABLISHES A PLANT REHABILITATION DISTRICT OR AN
2 INDUSTRIAL DEVELOPMENT DISTRICT, THE AEROTROPOLIS DEVELOPMENT
3 CORPORATION SHALL ACT AS THE LOCAL GOVERNMENTAL UNIT IN
4 ESTABLISHING AND OPERATING THE PLANT REHABILITATION DISTRICT OR THE
5 INDUSTRIAL DEVELOPMENT DISTRICT.

6 (7) ~~(6)~~—"Industrial property" means land improvements,
7 buildings, structures, and other real property, and machinery,
8 equipment, furniture, and fixtures or any part or accessory whether
9 completed or in the process of construction comprising an
10 integrated whole, the primary purpose and use of which is the
11 engaging in a high-technology activity, operation of a strategic
12 response center, operation of a motorsports entertainment complex,
13 operation of a logistical optimization center, operation of
14 qualified commercial activity, operation of a major distribution
15 and logistics facility, **OPERATION OF A QUALIFIED AEROTROPOLIS**
16 **BUSINESS**, the manufacture of goods or materials, creation or
17 synthesis of biodiesel fuel, or the processing of goods and
18 materials by physical or chemical change; property acquired,
19 constructed, altered, or installed due to the passage of proposal A
20 in 1976; the operation of a hydro-electric dam by a private company
21 other than a public utility; or agricultural processing facilities.
22 Industrial property includes facilities related to a manufacturing
23 operation under the same ownership, including, but not limited to,
24 office, engineering, research and development, warehousing, or
25 parts distribution facilities. Industrial property also includes
26 research and development laboratories of companies other than those
27 companies that manufacture the products developed from their

1 research activities and research development laboratories of a
2 manufacturing company that are unrelated to the products of the
3 company. For applications approved by the legislative body of a
4 local governmental unit between June 30, 1999 and December 31,
5 2007, industrial property also includes an electric generating
6 plant that is not owned by a local unit of government, including,
7 but not limited to, an electric generating plant fueled by biomass.
8 Industrial property also includes convention and trade centers over
9 250,000 square feet in size. Industrial property also includes a
10 federal reserve bank operating under 12 USC 341, located in a city
11 with a population of 750,000 or more. Industrial property may be
12 owned or leased. However, in the case of leased property, the
13 lessee is liable for payment of ad valorem property taxes and shall
14 furnish proof of that liability. Industrial property does not
15 include any of the following:

16 (a) Land.

17 (b) Property of a public utility other than an electric
18 generating plant that is not owned by a local unit of government
19 and for which an application was approved by the legislative body
20 of a local governmental unit between June 30, 1999 and December 31,
21 2007.

22 (c) Inventory.

23 (8) ~~(7)~~—"Obsolete industrial property" means industrial
24 property the condition of which is substantially less than an
25 economically efficient functional condition.

26 (9) ~~(8)~~—"Economically efficient functional condition" means a
27 state or condition of property the desirability and usefulness of

1 which is not impaired due to changes in design, construction,
2 technology, or improved production processes, or from external
3 influencing factors that make the property less desirable and
4 valuable for continued use.

5 (10) ~~(9)~~—"Research and development laboratories" means
6 building and structures, including the machinery, equipment,
7 furniture, and fixtures located in the building or structure, used
8 or to be used for research or experimental purposes that would be
9 considered qualified research as that term is used in section 41 of
10 the internal revenue code, 26 USC 41, except that qualified
11 research also includes qualified research funded by grant,
12 contract, or otherwise by another person or governmental entity.

13 (11) ~~(10)~~—"Manufacture of goods or materials" or "processing
14 of goods or materials" means any type of operation that would be
15 conducted by an entity included in the classifications provided by
16 sector 31-33 – manufacturing, of the North American industry
17 classification system, United States, 1997, published by the office
18 of management and budget, regardless of whether the entity
19 conducting that operation is included in that manual.

20 (12) ~~(11)~~—"High-technology activity" means that term as
21 defined in section 3 of the Michigan economic growth authority act,
22 1995 PA 24, MCL 207.803.

23 (13) ~~(12)~~—"Logistical optimization center" means a sorting and
24 distribution center that supports a private passenger motor vehicle
25 assembly center and its manufacturing process for the purpose of
26 optimizing transportation, just-in-time inventory management, and
27 material handling, and to which all of the following apply:

1 (a) The sorting and distribution center is within 2 miles of a
2 private passenger motor vehicle assembly center that, together with
3 supporting facilities, contains at least 800,000 square feet.

4 (b) The sorting and distribution center contains at least
5 950,000 square feet.

6 (c) The sorting and distribution center has applied for an
7 industrial facilities exemption certificate after June 30, 2005 and
8 before January 1, 2006.

9 (d) The private passenger motor vehicle assembly center is
10 located on land conditionally transferred by a township with a
11 population of more than 25,000 under 1984 PA 425, MCL 124.21 to
12 124.30, to a city with a population of more than 100,000 that
13 levies an income tax under the city income tax act, 1964 PA 284,
14 MCL 141.501 to 141.787.

15 (14) ~~(13)~~—"Commercial property" means that term as defined in
16 section 2 of the obsolete property rehabilitation act, 2000 PA 146,
17 MCL 125.2782.

18 (15) ~~(14)~~—"Qualified commercial activity" means commercial
19 property that meets all of the following:

20 (a) An application for an exemption certificate approved by
21 the local governmental unit is filed for approval by the state tax
22 commission not later than April 30, 2006.

23 (b) At least 90% of the property, excluding the surrounding
24 green space, is used for warehousing, distribution, and logistics
25 purposes that provide food for institutional, restaurant, hospital,
26 or hotel customers.

27 (c) Is located within a village and is within 15 miles of a

1 Michigan state border.

2 (d) Occupies 1 or more buildings or structures that together
3 are greater than 300,000 square feet in size.

4 (16) ~~(15)~~—"Motorsports entertainment complex" means a closed-
5 course motorsports facility, and its ancillary grounds and
6 facilities, that satisfies all of the following:

7 (a) Has at least 70,000 fixed seats for race patrons.

8 (b) Has at least 6 scheduled days of motorsports events each
9 calendar year, at least 2 of which shall be comparable to nascar
10 nextel cup events held in 2007 or their successor events.

11 (c) Serves food and beverages at the facility during
12 sanctioned events each calendar year through concession outlets, a
13 majority of which are staffed by individuals who represent or are
14 members of 1 or more nonprofit civic or charitable organizations
15 that directly financially benefit from the concession outlets'
16 sales.

17 (d) Engages in tourism promotion.

18 (e) Has permanent exhibitions of motorsports history, events,
19 or vehicles.

20 (17) ~~(16)~~—"Major distribution and logistics facility" means a
21 proposed distribution center that meets all of the following:

22 (a) Contains at least 250,000 square feet.

23 (b) Has or will have an assessed value of \$5,000,000.00 or
24 more for the real property.

25 (c) Is located within 35 miles of the border of this state.

26 (d) Has as its purpose the distribution of inventory and
27 materials to facilities owned by the taxpayer whose primary

1 business is the retail sale of sporting goods and related
2 inventory.

3 (18) "QUALIFIED AEROTROPOLIS BUSINESS" MEANS AN AIR-COMMERCE
4 LINKED BUSINESS, A SUPPLY CHAIN BUSINESS, OR A BUSINESS NEEDING TO
5 BE PHYSICALLY LOCATED NEAR AN AIRPORT FOR BUSINESS PURPOSES THAT
6 HAS BEEN APPROVED BY THE AEROTROPOLIS DEVELOPMENT CORPORATION AND
7 HAS BEEN CERTIFIED BY THE PRESIDENT OF THE MICHIGAN STRATEGIC FUND.
8 A SUPPLY CHAIN BUSINESS INCLUDES, BUT IS NOT LIMITED TO, A BUSINESS
9 THAT PROVIDES VALUE TO CUSTOMERS THROUGH APPLYING AN INTEGRATED
10 APPROACH TO PLANNING, IMPLEMENTING, AND CONTROLLING THE FLOW OF
11 INFORMATION, MATERIALS, AND SERVICES FROM INITIATION OF PRODUCT
12 CONCEPT AND DEVELOPMENT THROUGH AND INCLUDING THE DISTRIBUTION OF
13 THE FINISHED PRODUCT TO THE END CUSTOMER, INCLUDING, BUT NOT
14 LIMITED TO, PROCUREMENT, MANUFACTURING, TECHNOLOGY, DISTRIBUTION,
15 WAREHOUSING, MARKETING, LOGISTICS, TRANSPORTATION, OR RELATED
16 VALUE-ADDED PROCESSES AND ACTIVITIES, INCLUDING RELATED CORPORATE
17 OFFICES. A QUALIFIED AEROTROPOLIS BUSINESS DOES NOT INCLUDE A
18 CASINO, RETAIL ESTABLISHMENT, PROFESSIONAL SPORTS STADIUM, OR THAT
19 PORTION OF A QUALIFIED AEROTROPOLIS BUSINESS USED EXCLUSIVELY FOR
20 RETAIL SALES. AS USED IN THIS SUBDIVISION, "CASINO" MEANS A CASINO
21 REGULATED BY THIS STATE PURSUANT TO THE MICHIGAN GAMING CONTROL AND
22 REVENUE ACT, 1996 IL 1, MCL 432.201 TO 432.226, AND ALL PROPERTY
23 ASSOCIATED OR AFFILIATED WITH THE OPERATION OF A CASINO, INCLUDING,
24 BUT NOT LIMITED TO, A PARKING LOT, HOTEL, MOTEL, OR RETAIL STORE.

25 Sec. 4. (1) A local governmental unit, by resolution of its
26 legislative body, may establish plant rehabilitation districts and
27 industrial development districts that consist of 1 or more parcels

1 or tracts of land or a portion of a parcel or tract of land.

2 (2) The legislative body of a local governmental unit may
3 establish a plant rehabilitation district or an industrial
4 development district on its own initiative or upon a written
5 request filed by the owner or owners of 75% of the state equalized
6 value of the industrial property located within a proposed plant
7 rehabilitation district or industrial development district. This
8 request shall be filed with the clerk of the local governmental
9 unit.

10 (3) Except as provided in section 9(2)(h), after December 31,
11 1983, a request for the establishment of a proposed plant
12 rehabilitation district or industrial development district shall be
13 filed only in connection with a proposed replacement facility or
14 new facility, the construction, acquisition, alteration, or
15 installation of or for which has not commenced at the time of the
16 filing of the request. The legislative body of a local governmental
17 unit shall not establish a plant rehabilitation district or an
18 industrial development district pursuant to subsection (2) if it
19 finds that the request for the district was filed after the
20 commencement of construction, alteration, or installation of, or of
21 an acquisition related to, the proposed replacement facility or new
22 facility. This subsection shall not apply to a speculative
23 building.

24 (4) Before adopting a resolution establishing a plant
25 rehabilitation district or industrial development district, the
26 legislative body shall give written notice by certified mail to the
27 owners of all real property within the proposed plant

1 rehabilitation district or industrial development district and
2 shall hold a public hearing on the establishment of the plant
3 rehabilitation district or industrial development district at which
4 those owners and other residents or taxpayers of the local
5 governmental unit shall have a right to appear and be heard.

6 (5) The legislative body of the local governmental unit, in
7 its resolution establishing a plant rehabilitation district, shall
8 set forth a finding and determination that property comprising not
9 less than 50% of the state equalized valuation of the industrial
10 property within the district is obsolete.

11 (6) A plant rehabilitation district or industrial development
12 district established by a township shall be only within the
13 unincorporated territory of the township and shall not be within a
14 village.

15 (7) Industrial property that is part of an industrial
16 development district or a plant rehabilitation district may also be
17 part of a tax increment district established under the tax
18 increment finance authority act, 1980 PA 450, MCL 125.1801 to
19 125.1830.

20 (8) A local governmental unit, by resolution of its
21 legislative body, may terminate a plant rehabilitation district or
22 an industrial development district, if there are no industrial
23 facilities exemption certificates in effect in the plant
24 rehabilitation district or the industrial development district on
25 the date of the resolution to terminate.

26 (9) Before acting on a proposed resolution terminating a plant
27 rehabilitation district or an industrial development district, the

1 local governmental unit shall give at least 14 days' written notice
2 by certified mail to the owners of all real property within the
3 plant rehabilitation district or industrial development district as
4 determined by the tax records in the office of the assessor or the
5 treasurer of the local tax collecting unit in which the property is
6 located and shall hold a public hearing on the termination of the
7 plant rehabilitation district or industrial development district at
8 which those owners and other residents or taxpayers of the local
9 governmental unit, or others, shall have a right to appear and be
10 heard.

11 (10) AN AEROTROPOLIS DEVELOPMENT CORPORATION MAY NOT ESTABLISH
12 MORE THAN 4 PLANT REHABILITATION DISTRICTS AND 4 INDUSTRIAL
13 DEVELOPMENT DISTRICTS PER YEAR NOR APPROVE ANY APPLICATION FOR AN
14 INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE FOR INDUSTRIAL PROPERTY
15 EXCEPTING A QUALIFIED AEROTROPOLIS BUSINESS WITHIN THE BOUNDARIES
16 OF ANY SINGLE CITY, VILLAGE, OR TOWNSHIP WITHOUT THE PRIOR WRITTEN
17 APPROVAL OF THE CITY, VILLAGE, OR TOWNSHIP.

18 (11) AN AEROTROPOLIS DEVELOPMENT CORPORATION MAY NOT ESTABLISH
19 A PLANT REHABILITATION DISTRICT OR AN INDUSTRIAL DEVELOPMENT
20 DISTRICT NOR APPROVE AN APPLICATION FOR AN INDUSTRIAL FACILITIES
21 EXEMPTION CERTIFICATE FOR INDUSTRIAL PROPERTY FOR A QUALIFIED
22 AEROTROPOLIS BUSINESS WITHOUT THE PRIOR WRITTEN APPROVAL OF THE
23 STATE TREASURER AND THE PRESIDENT OF THE MICHIGAN STRATEGIC FUND.
24 IN DETERMINING WHETHER TO ESTABLISH A PLANT REHABILITATION DISTRICT
25 OR INDUSTRIAL DEVELOPMENT DISTRICT OR APPROVE AN INDUSTRIAL
26 FACILITIES EXEMPTION CERTIFICATE, THE STATE TREASURER AND THE
27 PRESIDENT OF THE MICHIGAN STRATEGIC FUND SHALL CONSIDER ALL OF THE

1 FOLLOWING:

2 (i) WHETHER THE FACILITY HAS THE ABILITY TO BE LOCATED OUTSIDE
3 OF THIS STATE.

4 (ii) THE NUMBER OF JOBS AND THE AMOUNT OF THE WAGES FOR THOSE
5 JOBS AT THE FACILITY.

6 (iii) WHETHER THE FACILITY BEING LOCATED IN THIS STATE WILL BE A
7 NET BENEFIT FOR THIS STATE.

8 (iv) WHETHER THE OPERATION OF THE FACILITY WILL HAVE A NEGATIVE
9 EFFECT ON EMPLOYMENT IN OTHER AREAS OF THIS STATE.

10 (v) WHETHER THE FACILITY WILL LIKELY LOCATE IN THIS STATE
11 WITHOUT THE INCENTIVE AND WHETHER THE USE OF THE INCENTIVE PUTS
12 OTHER PORTIONS OF THIS STATE AT AN UNFAIR COMPETITIVE DISADVANTAGE.

13 Enacting section 1. This amendatory act does not take effect
14 unless all of the following bills of the 94th Legislature are
15 enacted into law:

16 (a) Senate Bill No.____ or House Bill No. 6502(request no.
17 07377'08 **).

18 (b) Senate Bill No.____ or House Bill No. 6503(request no.
19 07781'08 **).

20 (c) Senate Bill No.____ or House Bill No. 6505(request no.
21 07807'08 **).

22 (d) Senate Bill No.____ or House Bill No. 6506(request no.
23 08280'08 *).

24 (e) Senate Bill No.____ or House Bill No. 6507(request no.
25 08281'08 *).

26 (f) Senate Bill No.____ or House Bill No. 6508(request no.
27 08282'08 *).

1 (g) Senate Bill No. _____ or House Bill No. 6509 (request no.
2 08283'08 *).

3 (h) Senate Bill No. _____ or House Bill No. 6510 (request no.
4 08284'08 *).

5 (i) Senate Bill No. _____ or House Bill No. 6511 (request no.
6 08285'08 *).