

Act No. 227
Public Acts of 2008
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**STATE OF MICHIGAN
94TH LEGISLATURE
REGULAR SESSION OF 2008**

Introduced by Senators Richardville, Allen, Sanborn, Kuipers, Gilbert, Birkholz, Hunter, Stamas, Brown, Hardiman, Kahn, Clark-Coleman, Clarke, George, Barcia, Pappageorge, Jacobs, Thomas and Scott

ENROLLED SENATE BILL No. 974

AN ACT to amend 1978 PA 255, entitled "An act to provide for the establishment of commercial redevelopment 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 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 remedies and penalties," 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:

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

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

(3) "Commercial property" means land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to 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 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 census; or is a city that had more than the median percentage for all

cities in this state of its residents below the poverty line as determined by the latest federal census. Each city qualified to not be excluded under this subdivision shall designate only 1 commercial area for purposes of this provision, which area may be conterminous with, or included within, a commercial redevelopment district and in which area a majority of the land must be zoned commercially.

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

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

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

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

Sec. 4. (1) "Local governmental unit" means, except as otherwise provided in this subsection, a city, village, or township. For local governmental units designating a commercial redevelopment district after June 30, 2008, local governmental unit 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 contiguous land within the district which land is or is to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property together with any part of the old altered property that remains for use as commercial property after the replacement.

(b) Beginning July 1, 2008, commercial property on the same or contiguous land within the district which land is or is to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property and any part of the old altered property that remains for use as commercial property after the replacement, 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 replacement 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.

(6) "Restoration" means changes to obsolete commercial property other than replacement as may be required to restore the property, together with all appurtenances thereto, to an economically efficient condition. Restoration includes major renovation including but not limited to the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and

cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore the commercial property to an economically efficient condition. Restoration does not include improvements aggregating less than 10% of the true cash value of the property at commencement of the restoration of the commercial property.

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

(8) "State equalized valuation" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8.

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

(2) The amount of the commercial facilities tax, in each year, for a restored facility shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the taxable value of the real property of the obsolete commercial property for the tax year immediately preceding the effective date of the commercial facilities exemption certificate after deducting the taxable value of the land and of personal property other than personal property assessed pursuant to section 14(6) of the general property tax act, 1893 PA 206, MCL 211.14.

(3) The amount of the commercial facilities tax, in each year, for a new or replacement facility shall be determined by multiplying the taxable value of the facility excluding the land and personal property other than personal property assessed pursuant to section 14(6) of the general property tax act, 1893 PA 206, MCL 211.14, by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus, subject to section 12a, the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

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

(5) The commercial facilities tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the commercial facilities tax payments received each year to and among the state, cities, townships, villages, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(6) Except as provided in subsection (7), for intermediate school districts receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state school aid, shall be paid instead to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If the sum of any industrial facility taxes prescribed by 1974 PA 198, 207.551 to 207.572, and the commercial facilities taxes paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the local or intermediate school district, under section 11 of 1974 PA 198, MCL 207.561, and this section, exceeds the amount received by the local or intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible local or intermediate school district an amount equal to the difference between the sum of the industrial facility taxes and the commercial facilities taxes paid to the state treasury to the credit of the state school aid fund and the amount the local or intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681. This subsection does not apply to taxes levied for either of the following:

(a) Mills allocated to an intermediate school district for operating purposes as provided for under the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

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

(7) For commercial facilities taxes levied after 1993 for school operating purposes, the amount that would otherwise be disbursed to a local school district shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

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

(9) A new, replacement, or restored facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the commercial facilities tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the commercial facilities tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The commercial facilities tax calculated under

this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

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

Sec. 12a. (1) Within 60 days after the granting of a new commercial facilities exemption certificate under section 8 for a new or a replacement facility, the state treasurer may, for a period not to exceed 6 years, exclude up to 1/2 of the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the specific tax calculation on the facility under section 12(3) if the state treasurer determines that reducing the number of mills used to calculate the specific tax under section 12(3) is necessary to reduce unemployment, promote economic growth, and increase capital investment in qualified local governmental units.

(2) The state treasurer shall not grant more than 25 exclusions under this section each year.

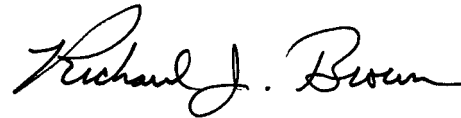
Sec. 18. A new exemption shall not be granted under this act after December 31, 2020, but an exemption then in effect shall continue until the expiration of the exemption certificate.

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

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor