

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 500

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 3 and 15 (MCL 207.553 and 207.565), section 3 as amended by 2007 PA 13 and section 15 as amended by 2008 PA 170.

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

- 1           Sec. 3. (1) "Plant rehabilitation district" means an area of a  
2   local governmental unit established as provided in section 4.  
3           (2) "Industrial development district" means an area

1 established by a local governmental unit as provided in section 4.

2 (3) "Industrial facility tax" means the specific tax levied  
3 under this act.

4 (4) "Industrial facilities exemption certificate" means a  
5 certificate issued pursuant to sections 5, 6, and 7.

6 (5) "Replacement" means the complete or partial demolition of  
7 obsolete industrial property and the complete or partial  
8 reconstruction or installation of new property of similar utility.

9 (6) "Restoration" means changes to obsolete industrial  
10 property other than replacement as may be required to restore the  
11 property, together with all appurtenances to the property, to an  
12 economically efficient functional condition. Restoration does not  
13 include delayed maintenance or the substitution or addition of  
14 tangible personal property without major renovation of the  
15 industrial property. A program involving expenditures for changes  
16 to the industrial property improvements aggregating less than 10%  
17 of the true cash value at commencement of the restoration of the  
18 industrial property improvements is delayed maintenance.  
19 Restoration includes major renovation including but not necessarily  
20 limited to the improvement of floor loads, correction of deficient  
21 or excessive height, new or improved building equipment, including  
22 heating, ventilation, and lighting, reducing multistory facilities  
23 to 1 or 2 stories, improved structural support including  
24 foundations, improved roof structure and cover, floor replacement,  
25 improved wall placement, improved exterior and interior appearance  
26 of buildings, improvements or modifications of machinery and  
27 equipment to improve efficiency, decrease operating costs, or to

1 increase productive capacity, and other physical changes as may be  
2 required to restore the industrial property to an economically  
3 efficient functional condition, and shall include land and building  
4 improvements and other tangible personal property incident to the  
5 improvements.

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

8 (8) "Speculative building" means a ~~new~~-building that meets all  
9 1 of the following criteria and the machinery, equipment,  
10 furniture, and fixtures located in the ~~new~~-building:

11 **(A) A NEW BUILDING THAT MEETS ALL OF THE FOLLOWING:**

12 (i) ~~(a)~~-The building is owned by, or approved as a speculative  
13 building by resolution of, a local governmental unit in which the  
14 building is located or the building is owned by a development  
15 organization and located in the district of the development  
16 organization.

17 (ii) ~~(b)~~-The building is constructed for the purpose of  
18 providing a manufacturing facility before the identification of a  
19 specific user of that building.

20 (iii) ~~(c)~~-The building does not qualify as a replacement  
21 facility.

22 **(B) THE BUILDING IS AN EXISTING BUILDING ON AN IMPROVED PARCEL**  
23 **OF INDUSTRIAL PROPERTY USED FOR THE MANUFACTURING OF GOODS OR**  
24 **MATERIALS OR PROCESSING OF GOODS OR MATERIALS. NOT MORE THAN 1**  
25 **BUILDING SHALL BE AWARDED AN INDUSTRIAL FACILITIES EXEMPTION**  
26 **CERTIFICATE UNDER THIS SUBDIVISION. A BUILDING THAT COMPLIES WITH**  
27 **THIS SUBDIVISION SHALL BE PRESUMED TO HAVE BEEN CONSTRUCTED WITHIN**

1 9 YEARS OF THE FILING OF THE APPLICATION FOR AN INDUSTRIAL  
2 FACILITIES EXEMPTION CERTIFICATE AND SHALL COMPLY WITH THE  
3 FOLLOWING:

4 (i) HAS BEEN UNOCCUPIED FOR AT LEAST 4 YEARS IMMEDIATELY  
5 PRECEDING THE DATE THE CERTIFICATE IS ISSUED.

6 (ii) IS IN AN INDUSTRIAL DEVELOPMENT DISTRICT CREATED BEFORE  
7 JANUARY 1, 2011.

8 (iii) IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN  
9 22,000 AND LESS THAN 24,500 CONTAINING A CITY WITH A POPULATION OF  
10 MORE THAN 3,600 ACCORDING TO THE LAST DECENNIAL CENSUS.

11 (9) "Development organization" means any economic development  
12 corporation, downtown development authority, tax increment  
13 financing authority, or an organization under the supervision of  
14 and created for economic development purposes by a local  
15 governmental unit.

16 (10) "Manufacturing facility" means buildings and structures,  
17 including the machinery, equipment, furniture, and fixtures located  
18 therein, the primary purpose of which is 1 or more of the  
19 following:

20 (a) The manufacture of goods or materials or the processing of  
21 goods and materials by physical or chemical change.

22 (b) The provision of research and development laboratories of  
23 companies whether or not the company manufactures the products  
24 developed from their research activities.

25 (11) "Taxable value" means that value determined under section  
26 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

27 (12) "Strategic response center" means a facility that

1 provides catastrophe response solutions through the development and  
2 staffing of a national response center for which a plant  
3 rehabilitation district or an industrial development district was  
4 created before December 31, 2007.

5       Sec. 15. (1) Upon receipt of a request by certified mail to  
6 the commission by the holder of an industrial facilities exemption  
7 certificate requesting revocation of the certificate, the  
8 commission shall by order revoke the certificate in whole or revoke  
9 the certificate with respect to its real property component, or its  
10 personal property component, whichever is requested.

11       (2) The legislative body of a local governmental unit may by  
12 resolution request the commission to revoke the industrial  
13 facilities exemption certificate of a facility upon the grounds  
14 that, except as provided in section 7a, completion of the  
15 replacement facility or new facility has not occurred within 2  
16 years after the effective date of the certificate, unless a greater  
17 time has been authorized by the commission for good cause; that the  
18 replacement, restoration, or construction of the facility has not  
19 occurred within 6 years after the date the initial industrial  
20 facilities exemption certificate was issued as provided in section  
21 7a, unless a greater time has been authorized by the commission for  
22 good cause; that completion of the speculative building has not  
23 occurred within 2 years after the date the certificate was issued  
24 except as provided in section 7a, unless a greater time has been  
25 authorized by the commission for good cause; that a speculative  
26 building for which a certificate has been issued but is not yet  
27 effective has been used as other than a manufacturing facility;

1 that the certificate issued for a speculative building has not  
2 become effective within 2 years after the December 31 following the  
3 date the certificate was issued; or that the purposes for which the  
4 certificate was issued are not being fulfilled as a result of a  
5 failure of the holder to proceed in good faith with the  
6 replacement, restoration, or construction and operation of the  
7 replacement facility or new facility or with the use of the  
8 speculative building as a manufacturing facility in a manner  
9 consistent with the purposes of this act and in the absence of  
10 circumstances that are beyond the control of the holder.

11 (3) Upon receipt of the resolution, the commission shall give  
12 notice in writing by certified mail to the holder of the  
13 certificate, to the local legislative body, to the assessor of the  
14 assessing unit, and to the legislative body of each local taxing  
15 unit which levies taxes upon property in the local governmental  
16 unit in which the facility is located. The commission shall afford  
17 to the holder of the certificate, the local legislative body, the  
18 assessor, and a representative of the legislative body of each  
19 taxing unit an opportunity for a hearing. The commission shall by  
20 order revoke the certificate if the commission finds that  
21 completion except as provided in section 7a of the replacement  
22 facility or new facility has not occurred within 2 years after the  
23 effective date of the certificate or a greater time as authorized  
24 by the commission for good cause; that completion of the  
25 speculative building has not occurred within 2 years after the date  
26 the certificate was issued except as provided in section 7a, unless  
27 a greater time has been authorized by the commission for good

1 cause; that a speculative building for which a certificate has been  
2 issued but is not yet effective has been used as other than a  
3 manufacturing facility; that the certificate issued for a  
4 speculative building has not become effective within 2 years after  
5 the December 31 following the date the certificate was issued; or  
6 that the holder of the certificate has not proceeded in good faith  
7 with the replacement, restoration, or construction and operation of  
8 the facility or with the use of the speculative building as a  
9 manufacturing facility in good faith in a manner consistent with  
10 the purposes of this act and in the absence of circumstances that  
11 are beyond the control of the holder.

12 (4) The order of the commission revoking the certificate shall  
13 be effective on the December 31 next following the date of the  
14 order and the commission shall send by certified mail copies of its  
15 order of revocation to the holder of the certificate, to the local  
16 legislative body, to the assessor of the assessing unit in which  
17 the facility is located, and to the legislative body of each taxing  
18 unit which levies taxes upon property in the local governmental  
19 unit in which the facility is located.

20 (5) A revocation of a certificate issued for a speculative  
21 building shall specify and apply only to that portion of the  
22 speculative building for which the grounds for revocation relate.

23 (6) Notwithstanding any other provision of this act, upon the  
24 written request of the holder of a revoked industrial facilities  
25 exemption certificate to the local unit of government and the  
26 commission **OR UPON THE APPLICATION OF A SUBSEQUENT OWNER TO THE**  
27 **LOCAL GOVERNING BODY TO TRANSFER THE REVOKED INDUSTRIAL FACILITIES**

1    **EXEMPTION CERTIFICATE TO A SUBSEQUENT OWNER,** and the submission to  
2    the commission of a resolution of concurrence by the legislative  
3    body of the local unit of government in which the facility is  
4    located, and if the facility continues to qualify under this act,  
5    the commission may reinstate a revoked industrial facilities  
6    exemption certificate **FOR THE HOLDER OR A SUBSEQUENT OWNER THAT HAS**  
7    **APPLIED FOR THE TRANSFER.**