HOUSE BILL No. 5327

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September 9, 2009, Introduced by Reps. Angerer, Polidori, Roy Schmidt, Byrum and Ebli and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled

"The general property tax act,"

by amending section 9f (MCL 211.9f), as amended by 2008 PA 573.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 9f. (1) The governing body of an eligible local assessing district may adopt a resolution to exempt from the collection of taxes under this act all new personal property owned or leased by an eligible business located in 1 or more eligible districts or distressed parcels designated in the resolution. The clerk of the eligible local assessing district shall notify in writing the assessor of the local tax collecting unit in which the eligible district or distressed parcel is located and the legislative body of each taxing unit that levies ad valorem property taxes in the eligible local assessing district in which the eligible district or

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distressed parcel is located. Before acting on the resolution, the governing body of the eligible local assessing district shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing.

(2) The exemption under this section is effective on the December 31 immediately succeeding the adoption of the resolution by the governing body of the eligible local assessing district and shall continue in effect for a period specified in the resolution. However, an exemption shall not be granted under this section after December 31, 2012 for an eligible business located in an eligible district identified in subsection (7)(e)(*ix*) or in an eligible local assessing district identified in subsection (7)(g)(*ii*). A copy of the resolution shall be filed with the state tax commission, the state treasurer, and the president of the Michigan strategic fund. A resolution is not effective unless approved as provided in subsection (3).

(3) Not more than 60 days after receipt of a copy of the resolution adopted under subsection (1), the state tax commission shall determine if the new personal property subject to the exemption is owned or leased by an eligible business and if the eligible business is located in 1 or more eligible districts. If the state tax commission determines that the new personal property subject to the exemption is owned or leased by an eligible business and that the eligible business is located in 1 or more eligible districts, the state treasurer, with the written concurrence of the president of the Michigan strategic fund, shall approve the resolution adopted under subsection (1) if the state treasurer and

the president of the Michigan strategic fund determine that exempting new personal property of the eligible business is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state. In addition, for an eligible business located in an eligible local assessing district described in subsection (7)(g)(*ii*), the resolution adopted under subsection (1) shall be approved if the state treasurer and the president of the Michigan strategic fund determine that granting the exemption is a net benefit to this state, that expansion, retention, or location of an eligible business will not occur in this state without this exemption, and that there is no significant negative effect on employment in other parts of this state as a result of the exemption.

(4) Subject to subsection (5), if an existing eligible business sells or leases new personal property exempt under this section to an acquiring eligible business, the exemption granted to the existing eligible business shall continue in effect for the period specified in the resolution adopted under subsection (1) for the new personal property purchased or leased from the existing eligible business by the acquiring eligible business and for any new personal property purchased or leased by the acquiring eligible business.

(5) After December 31, 2007, an exemption for an existing eligible business shall continue in effect for an acquiring eligible business under subsection (4) only if the continuation of the exemption is approved in a resolution adopted by the governing body of an eligible local assessing district.

(6) Notwithstanding the amendatory act that added section 2(1)(c), all of the following shall apply to an exemption under this section that was approved by the state tax commission on or before April 30, 1999, regardless of the effective date of the exemption:

(a) The exemption shall be continued for the term authorized by the resolution adopted by the governing body of the eligible local assessing district and approved by the state tax commission with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(b) The exemption shall not be impaired or restricted with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(7) As used in this section:

(a) "Acquiring eligible business" means an eligible business that purchases or leases assets of an existing eligible business, including the purchase or lease of new personal property exempt under this section, and that will conduct business operations similar to those of the existing eligible business at the location of the existing eligible business within the eligible district.

(b) "Authorized business" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(c) "Distressed parcel" means a parcel of real property located in a city or village that meets all of the following conditions:

(*i*) Is located in a qualified downtown revitalization district. As used in this subparagraph, "qualified downtown revitalization district" means an area located within 1 or more of the following:

(A) The boundaries of a downtown district as defined in section 1 of 1975 PA 197, MCL 125.1651.

(B) The boundaries of a principal shopping district or a business improvement district as defined in section 1 of 1961 PA 120, MCL 125.981.

(C) The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.

(*ii*) Meets 1 of the following conditions:

(A) Has a blighted or functionally obsolete building located on the parcel. As used in this sub-subparagraph, "blighted" and "functionally obsolete" mean those terms as defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(B) Is a vacant parcel that had been previously occupied.

(*iii*) Is zoned to allow for mixed use.

(d) "Eligible business" means, effective August 7, 1998, a business engaged primarily in manufacturing, mining, research and development, wholesale trade, office operations, or the operation of a facility for which the business that owns or operates the facility is an eligible taxpayer. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales. As used in this subdivision, "casino" means a casino regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

(e) "Eligible district" means 1 or more of the following:

(*i*) An industrial development district as that term is defined in 1974 PA 198, MCL 207.551 to 207.572.

(*ii*) A renaissance zone as that term is defined in the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(*iii*) An enterprise zone as that term is defined in the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

(*iv*) A brownfield redevelopment zone as that term is designated under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.

(*v*) An empowerment zone designated under subchapter U of chapter 1 of the internal revenue code of 1986, 26 USC 1391 to 1397F.

(*vi*) An authority district or a development area as those terms are defined in the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

(*vii*) An authority district as that term is defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(*viii*) A downtown district or a development area as those terms are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

(*ix*) An area that contains an eligible taxpayer.

(f) "Eligible distressed area" means 1 of the following:

(*i*) That term as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(*ii*) An area that contains an eligible taxpayer.

(g) "Eligible local assessing district" means a city, village, or township that contains an eligible distressed area or a city, village, or township that meets 1 or more of the following conditions and is located in a county all or a portion of which borders another state or Canada:

(*i*) Is currently served by not fewer than 4 of the following existing services:

(A) water.

(B) sewer.

(C) police.

(D) fire.

(E) trash.

(F) recycling.

(*ii*) Is party to an agreement under 1984 PA 425, MCL 124.21 to 124.30, with a city, village, or township that provides not fewer than 4 of the following existing services:

(A) water.

(B) sewer.

(C) police.

(D) fire.

(E) trash.

(F) recycling.

(h) "Eligible taxpayer" means a taxpayer that meets both of the following conditions:

(*i*) Is an authorized business.

(*ii*) Is eligible for tax credits described in section 9 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

(i) "Existing eligible business" means an eligible business identified in a resolution adopted under subsection (1) for which an exemption has been granted under this section.

(j) "New personal property" means personal property that was not previously subject to tax under this act or was not previously placed in service ~~in this state~~ **BY AN ELIGIBLE BUSINESS CLAIMING AN EXEMPTION UNDER THIS SECTION** and that is placed in an eligible district after a resolution under subsection (1) is approved by the eligible local assessing district. As used in this subdivision, for exemptions approved by the state treasurer under subsection (3) after April 30, 1999, new personal property does not include buildings described in section 14(6) and personal property described in section 8(h), (i), and (j).