

SENATE BILL No. 787

February 13, 2014, Introduced by Senators CASWELL, BOOHER, GREEN, WALKER and PAPPAGEORGE and referred to the Committee on Finance.

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain local government officials; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "hydroponics and aquaculture production facilities specific tax
3 act".

4 Sec. 2. As used in this act:

5 (a) "Aquaculture" means the commercial husbandry of
6 aquaculture species, including, but not limited to, culturing,
7 producing, growing, propagating, and harvesting aquaculture
8 products under any applicable permits or registration.

1 (b) "Aquaculture production facility" means an indoor
2 aquaculture production operation using aquaculture techniques or
3 practices for growing aquaculture species. An aquaculture
4 production facility includes the pumps, tanks, controls,
5 application systems, indoor recirculating systems, and related
6 infrastructure required to grow aquaculture species using
7 aquaculture techniques or practices. An aquaculture production
8 facility includes any warehouse or shipping area integrated into
9 the aquaculture production operation. An aquaculture production
10 facility includes offices integrated into the aquaculture
11 production operation if the taxable value of the offices is less
12 than 50% of the combined taxable value of the aquaculture
13 production facility and the offices.

14 (c) "Commission" means the state tax commission created by
15 1927 PA 360, MCL 209.101 to 209.107.

16 (d) "Hydroponics" means a system in which water-soluble
17 nutrients are placed in intimate contact with a plant's root
18 system, being grown in an inert supportive medium that supplies
19 physical support for the roots but that does not add or subtract
20 plant nutrients.

21 (e) "Hydroponics production facility" means an indoor
22 agriculture production operation using hydroponics techniques or
23 practices for growing plants produced by agriculture that are
24 useful to human beings, including, but not limited to, forages,
25 field crops, sod, berries, herbs, fruits, vegetables, flowers,
26 seeds, and nursery stock. Hydroponics production facility does not
27 include an indoor agriculture production operation for growing

1 plants that are illegal under federal law. A hydroponics production
2 facility includes, but is not limited to, the pumps, tanks,
3 controls, application systems, and related infrastructure required
4 to grow agricultural crops using hydroponics techniques or
5 practices. A hydroponics production facility includes any warehouse
6 or shipping area integrated into the hydroponics production
7 facility operation. A hydroponics production facility includes
8 offices integrated into the indoor agriculture production operation
9 if the taxable value of the offices is less than 50% of the
10 combined taxable value of the hydroponics production facility and
11 the offices.

12 (f) "Taxable value" means the taxable value as determined
13 under section 27a of the general property tax act, 1893 PA 206, MCL
14 211.27a.

15 Sec. 3. For taxes levied after December 31, 2013, a
16 hydroponics production facility or an aquaculture production
17 facility is exempt from ad valorem property taxes collected under
18 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, as
19 provided under section 7uu of the general property tax act, 1893 PA
20 206, MCL 211.7uu.

21 Sec. 4. The assessor of each local tax collecting unit in
22 which there is a hydroponics production facility or an aquaculture
23 production facility shall determine annually as of December 31 the
24 value and taxable value of each hydroponics production facility or
25 aquaculture production facility located in that local tax
26 collecting unit.

27 Sec. 5. (1) There is levied upon the owner of every

1 hydroponics production facility or aquaculture production facility
2 a specific tax to be known as the hydroponics and aquaculture
3 production facilities specific tax.

4 (2) The amount of the hydroponics and aquaculture production
5 facilities specific tax in each year shall be determined as
6 follows:

7 (a) Multiply the number of mills that would be assessed in the
8 local tax collecting unit if the property were subject to the
9 collection of taxes under the general property tax act, 1893 PA
10 206, MCL 211.1 to 211.155, and if the property was exempt as
11 provided under section 7cc of the general property tax act, 1893 PA
12 206, MCL 211.7cc, by the hydroponics production facility's or
13 aquaculture production facility's taxable value.

14 (b) Multiply the result of the calculation in subdivision (a)
15 by .25.

16 (c) If a new millage is approved in the local tax collecting
17 unit in which a hydroponics production facility or aquaculture
18 production facility is located after the effective date of this
19 act, multiply the number of mills that were approved that would be
20 assessed if the hydroponics production facility or aquaculture
21 production facility were subject to the collection of taxes under
22 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, by
23 the hydroponics production facility's or aquaculture production
24 facility's taxable value. Repeat this calculation for each
25 individual millage approved in the local tax collecting unit after
26 the effective date of this act.

27 (d) Add the result of the calculation under subdivision (b)

1 and the result of all calculations under subdivision (c).

2 (3) The hydroponics and aquaculture production facilities
3 property specific tax is an annual tax, payable at the same times,
4 in the same installments, and to the same collecting officer or
5 officers as taxes collected under the general property tax act,
6 1893 PA 206, MCL 211.1 to 211.155.

7 (4) The collecting officer or officers shall disburse the
8 hydroponics and aquaculture production facilities property specific
9 tax to and among this state and cities, townships, villages, school
10 districts, counties, or other taxing units, at the same times and
11 in the same proportions as required by law for the disbursement of
12 taxes collected under the general property tax act, 1893 PA 206,
13 MCL 211.1 to 211.155.

14 (5) The collecting officer or officers shall send a copy of
15 the amount of disbursement made to each taxing unit under this
16 section to the commission on a form provided by the commission.

17 Sec. 6. Unpaid hydroponics and aquaculture production
18 facilities specific taxes are subject to forfeiture, foreclosure,
19 and sale in the same manner and at the same time as taxes returned
20 as delinquent under the general property tax act, 1893 PA 206, MCL
21 211.1 to 211.155.

22 Enacting section 1. This act does not take effect unless
23 Senate Bill No.786 of
24 the 97th Legislature is enacted into law.