

HOUSE BILL No. 4571

May 12, 2015, Introduced by Rep. Nesbitt and referred to the Committee on Government Operations.

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 section 2 (MCL 207.552), as amended by 2011 PA 154.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

5 (3) "Next Michigan development corporation" means that term as

1 defined in section 3 of the next Michigan development act, 2010 PA
2 275, MCL 125.2953.

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

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

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

20 (5) "New facility" means new industrial property other than a
21 replacement facility to be built in a plant rehabilitation district
22 or industrial development district.

23 (6) "Local governmental unit" means a city, village, township,
24 or next Michigan development corporation located in this state. For
25 purposes of this act, if a next Michigan development corporation
26 establishes a plant rehabilitation district or an industrial
27 development district, the next Michigan development corporation

1 shall act as the local governmental unit in establishing and
2 operating the plant rehabilitation district or the industrial
3 development district.

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

1 local governmental unit between June 30, 1999 and December 31,
2 2007, industrial property also includes an electric generating
3 plant that is not owned by a local unit of government, including,
4 but not limited to, an electric generating plant fueled by biomass.
5 For an industrial development district created before July 1, 2010,
6 industrial property also includes an electric generating plant that
7 is fueled by biomass that is not owned by a unit of local
8 government if the electric generating plant involves the reuse of a
9 federal superfund site remediated by the United States
10 environmental protection agency and an independent study has
11 concluded that the electric generating plant would not have an
12 adverse effect on wood supply of the area from which the wood
13 supply of the electric generating plant would be derived. An
14 electric generating plant described in the preceding sentence is
15 presumed not to have an adverse impact on the wood supply of the
16 area from which the wood supply of the electric generating plant
17 would be derived if the company has a study funded by the United
18 States department of energy and managed by the department of
19 energy, labor, and economic growth that concludes that the electric
20 generating plant will consume not more than 7.5% of the annual wood
21 growth within a 60-mile radius of the electric generating plant.
22 Industrial property also includes convention and trade centers in
23 which construction begins not later than December 31, 2010 and is
24 over 250,000 square feet in size or, if located in a county with a
25 population of more than 750,000 and less than 1,100,000, is over
26 100,000 square feet in size or, if located in a county with a
27 population of more than 26,000 and less than 28,000, is over 30,000

1 square feet in size. Industrial property also includes a federal
2 reserve bank operating under 12 USC 341, located in a city with a
3 population of 600,000 or more. Industrial property may be owned or
4 leased. However, in the case of leased property, the lessee is
5 liable for payment of ad valorem property taxes and shall furnish
6 proof of that liability. For purposes of a local governmental unit
7 that is a next Michigan development corporation, industrial
8 property includes only property used in the operation of an
9 eligible next Michigan business, as that term is defined in section
10 3 of the Michigan economic growth authority act, 1995 PA 24, MCL
11 207.803. Industrial property does not include any of the following:

12 (a) Land.

13 (b) Property of a public utility other than an electric
14 generating plant that is not owned by a local unit of government as
15 provided in this subsection.

16 (c) Inventory.

17 (8) "Obsolete industrial property" means industrial property
18 the condition of which is substantially less than an economically
19 efficient functional condition.

20 (9) "Economically efficient functional condition" means a
21 state or condition of property the desirability and usefulness of
22 which is not impaired due to changes in design, construction,
23 technology, or improved production processes, or from external
24 influencing factors that make the property less desirable and
25 valuable for continued use.

26 (10) "Research and development laboratories" means building
27 and structures, including the machinery, equipment, furniture, and

1 fixtures located in the building or structure, used or to be used
2 for research or experimental purposes that would be considered
3 qualified research as that term is used in section 41 of the
4 internal revenue code, 26 USC 41, except that qualified research
5 also includes qualified research funded by grant, contract, or
6 otherwise by another person or governmental entity.

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

14 (12) "High-technology activity" means that term as defined in
15 section 3 of the Michigan economic growth authority act, 1995 PA
16 24, MCL 207.803.

17 (13) "Logistical optimization center" means a sorting and
18 distribution center that optimizes transportation and uses just-in-
19 time inventory management and material handling.

20 (14) "Commercial property" means that term as defined in
21 section 2 of the obsolete property rehabilitation act, 2000 PA 146,
22 MCL 125.2782.

23 (15) "Qualified commercial activity" means commercial property
24 that meets all of the following:

25 (a) At least 90% of the property, excluding the surrounding
26 green space, is used for warehousing, distribution, or logistic
27 purposes and is located in a county that borders another state or

1 Canada or for a communications center.

2 (b) Occupies a building or structure that is greater than
3 100,000 square feet in size.

4 (16) "Motorsports entertainment complex" means a closed-course
5 motorsports facility, and its ancillary grounds and facilities,
6 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) "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) "TURBINE" MEANS ALL PERSONAL PROPERTY, INCLUDING, BUT NOT
4 LIMITED TO, THE TURBINE, FUEL, AIR, LUBRICATION, AND EXHAUST GAS
5 SYSTEMS, CONTROL SYSTEMS EXCEPT EMISSIONS CONTROL SYSTEMS,
6 GENERATORS, HEAT RECOVERY SYSTEMS, AND ANY ANCILLARY COMPONENTS AND
7 SUBCOMPONENTS COMPRISING ANY SIMPLE CYCLE COMBUSTION
8 TURBOGENERATOR, ANY REGENERATIVE OR RECUPERATIVE CYCLE COMBUSTION
9 TURBOGENERATOR, THE COMBUSTION TURBOGENERATOR PORTION OF ANY
10 COGENERATION CYCLE COMBUSTION SYSTEM, OR THE COMBUSTION
11 TURBOGENERATOR PORTION OF ANY COMBINED CYCLE STEAM OR ELECTRIC
12 GENERATING SYSTEM, AND ANY OTHER PERSONAL PROPERTY THAT CONTAINS
13 THE TURBINE PROPERTY OR THAT IS NECESSARY FOR THE INSTALLATION OF
14 THE TURBINE PROPERTY.