

HOUSE BILL No. 4580

May 12, 2015, Introduced by Rep. Schor 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 2014 PA 87.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9f. (1) The governing body of an eligible local assessing
2 district or, subject to subsection ~~(4)~~, ~~(5)~~, the board of a next
3 Michigan development corporation in which an eligible local
4 assessing district is a constituent member may adopt a resolution
5 to exempt from the collection of taxes under this act all new
6 personal property owned or leased by an eligible business located
7 in 1 or more eligible districts or distressed parcels designated in
8 the resolution or an eligible next Michigan business as provided in
9 this section. The clerk of the eligible local assessing district or
10 the recording officer of a next Michigan development corporation
11 shall notify in writing the assessor of the local tax collecting

1 unit in which the eligible district or distressed parcel is located
2 and the legislative body of each taxing unit that levies ad valorem
3 property taxes in the eligible local assessing district in which
4 the eligible district or distressed parcel is located. Before
5 acting on the resolution, the governing body of the eligible local
6 assessing district or a next Michigan development corporation shall
7 afford the assessor and a representative of the affected taxing
8 units an opportunity for a hearing.

9 (2) The exemption under this section is effective on the
10 December 31 immediately succeeding the adoption of the resolution
11 by the governing body of the eligible local assessing district or a
12 next Michigan development corporation and, except as otherwise
13 provided in subsection ~~(8)~~, ~~(9)~~, shall continue in effect for a
14 period specified in the resolution. However, an exemption shall not
15 be granted under this section after December 31, 2012 for an
16 eligible business located in an eligible district identified in
17 subsection (10)(f)(ix) or in an eligible local assessing district
18 identified in subsection (10)(h)(ii). A copy of the resolution
19 shall be filed with the state tax commission, the state treasurer,
20 and the president of the Michigan strategic fund. A resolution is
21 not effective unless approved as provided in subsection (3).

22 (3) Not more than 60 days after receipt of a copy of the
23 resolution adopted by the governing body of an eligible local
24 assessing district under subsection (1), the state tax commission
25 shall determine if the new personal property subject to the
26 exemption is owned or leased by an eligible business and if the
27 eligible business is located in 1 or more eligible districts. If

1 the state tax commission determines that the new personal property
2 subject to the exemption is owned or leased by an eligible business
3 and that the eligible business is located in 1 or more eligible
4 districts, the state treasurer, with the written concurrence of the
5 president of the Michigan strategic fund, shall approve the
6 resolution adopted under subsection (1) if the state treasurer and
7 the president of the Michigan strategic fund determine that
8 exempting new personal property of the eligible business is
9 necessary to reduce unemployment, promote economic growth, and
10 increase capital investment in this state. In addition, for an
11 eligible business located in an eligible local assessing district
12 described in subsection (10)(h)(ii), the resolution adopted under
13 subsection (1) shall be approved if the state treasurer and the
14 president of the Michigan strategic fund determine that granting
15 the exemption is a net benefit to this state, that expansion,
16 retention, or location of an eligible business will not occur in
17 this state without this exemption, and that there is no significant
18 negative effect on employment in other parts of this state as a
19 result of the exemption.

20 (4) THE GOVERNING BODY OF AN ELIGIBLE LOCAL ASSESSING DISTRICT
21 MAY REVOKE AN EXEMPTION GRANTED UNDER A RESOLUTION ADOPTED BY THAT
22 GOVERNING BODY UNDER SUBSECTION (1) FOR 1 OR MORE OF THE FOLLOWING
23 REASONS:

24 (A) THE HOLDER OF THE EXEMPTION IS DETERMINED TO BE IN
25 VIOLATION OF THE PROVISIONS CONCERNING THE EXEMPTION SET FORTH IN
26 THE RESOLUTION ADOPTED UNDER SUBSECTION (1).

27 (B) THE HOLDER OF THE EXEMPTION IS DETERMINED TO BE IN

1 VIOLATION OF THE PROVISIONS OF A WRITTEN AGREEMENT, IF ANY, WITH
2 THE ELIGIBLE LOCAL ASSESSING DISTRICT CONCERNING THE EXEMPTION.

3 (C) CONTINUANCE OF THE EXEMPTION WOULD BE CONTRARY TO ANY OF
4 THE REQUIREMENTS OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
5 THE REQUIREMENT THAT THE HOLDER OF THE EXEMPTION BE AN ELIGIBLE
6 BUSINESS OR AN ACQUIRING ELIGIBLE BUSINESS UNDER THIS SECTION.

7 (5) ~~(4)~~—A next Michigan development corporation may only adopt
8 a resolution under subsection (1) exempting new personal property
9 from the collection of taxes under this act for new personal
10 property located in a next Michigan development district. A next
11 Michigan development corporation shall not adopt a resolution under
12 subsection (1) exempting new personal property from the collection
13 of taxes under this act without a written agreement entered into
14 with the eligible next Michigan business subject to the exemption,
15 which written agreement contains a remedy provision that includes,
16 but is not limited to, all of the following:

17 (a) A requirement that the exemption under this section is
18 revoked if the eligible next Michigan business is determined to be
19 in violation of the provisions of the written agreement.

20 (b) A requirement that the eligible next Michigan business may
21 be required to repay all or part of the personal property taxes
22 exempted under this section if the eligible next Michigan business
23 is determined to be in violation of the provisions of the written
24 agreement.

25 (C) A REQUIREMENT THAT THE EXEMPTION UNDER THIS SECTION IS
26 REVOKED IF THE ELIGIBLE NEXT MICHIGAN BUSINESS IS DETERMINED TO BE
27 IN VIOLATION OF THE PROVISIONS CONCERNING THE EXEMPTION SET FORTH

1 IN THE RESOLUTION ADOPTED UNDER SUBSECTION (1).

2 (D) A REQUIREMENT THAT THE EXEMPTION UNDER THIS SECTION IS
3 REVOKED IF CONTINUANCE OF THE EXEMPTION WOULD BE CONTRARY TO ANY OF
4 THE REQUIREMENTS OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
5 THE REQUIREMENT THAT THE ELIGIBLE NEXT MICHIGAN BUSINESS BE AN
6 ELIGIBLE BUSINESS OR AN ACQUIRING ELIGIBLE BUSINESS UNDER THIS
7 SECTION.

8 (6) ~~(5)~~—Subject to subsections ~~(6)~~—(7) and ~~(8)~~—(9), if an
9 existing eligible business sells or leases new personal property
10 exempt under this section to an acquiring eligible business, the
11 exemption granted to the existing eligible business shall continue
12 in effect for the period specified in the resolution adopted under
13 subsection (1) for the new personal property purchased or leased
14 from the existing eligible business by the acquiring eligible
15 business and for any new personal property purchased or leased by
16 the acquiring eligible business.

17 (7) ~~(6)~~—After December 31, 2007, an exemption for an existing
18 eligible business shall continue in effect for an acquiring
19 eligible business under subsection ~~(5)~~—(6) only if the continuation
20 of the exemption is approved in a resolution adopted by the
21 governing body of an eligible local assessing district or the board
22 of a next Michigan development corporation in which the eligible
23 local assessing district is a constituent member.

24 (8) ~~(7)~~—Notwithstanding the amendatory act that added section
25 2(1)(c), all of the following shall apply to an exemption under
26 this section that was approved by the state tax commission on or
27 before April 30, 1999, regardless of the effective date of the

1 exemption:

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

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

14 (9) ~~(8)~~ Notwithstanding any other provision of this section to
15 the contrary, ~~and subject to subsection (9),~~ if new personal
16 property exempt under this section on December 31, 2012 is eligible
17 manufacturing personal property, that eligible manufacturing
18 personal property shall remain exempt under this section until the
19 later of the following:

20 (a) The date that eligible manufacturing personal property
21 would otherwise be exempt from the collection of taxes under this
22 act under section 9m, 9n, or 9o.

23 (b) The date that eligible manufacturing personal property is
24 no longer exempt under the resolution adopted under subsection (1).

25 ~~— (9) If either House Bill No. 6026 of the 96th Legislature,~~
26 ~~2012 PA 408, or Senate Bill No. 822 of the 97th Legislature is~~
27 ~~presented to the qualified electors of this state at an election to~~

~~be held on the August regular election date in 2014 and the bill presented is not approved by a majority of the qualified electors of this state voting on the question, subsection (8) shall not apply after the date of that election.~~

(10) 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) "Eligible manufacturing personal property" means that term as defined in section 9m.

(d) "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

1 120, MCL 125.981.

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

5 (ii) Meets 1 of the following conditions:

6 (A) Has a blighted or functionally obsolete building located
7 on the parcel. As used in this sub-subparagraph, "blighted" and
8 "functionally obsolete" mean those terms as defined in section 2 of
9 the brownfield redevelopment financing act, 1996 PA 381, MCL
10 125.2652.

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

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

13 (e) "Eligible business" means, effective August 7, 1998, a
14 business engaged primarily in manufacturing, mining, research and
15 development, wholesale trade, office operations, or the operation
16 of a facility for which the business that owns or operates the
17 facility is an eligible taxpayer. For purposes of a next Michigan
18 development corporation, eligible business means only an eligible
19 next Michigan business. Eligible business does not include a
20 casino, retail establishment, professional sports stadium, or that
21 portion of an eligible business used exclusively for retail sales.
22 Professional sports stadium does not include a sports stadium in
23 existence on June 6, 2000 that is not used by a professional sports
24 team on the date of the resolution adopted pursuant to subsection
25 (1). As used in this subdivision, "casino" means a casino regulated
26 by this state pursuant to the Michigan gaming control and revenue
27 act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated

1 or affiliated with the operation of a casino, including, but not
2 limited to, a parking lot, hotel, motel, or retail store.

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

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

6 (ii) A renaissance zone as that term is defined in the
7 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
8 125.2696.

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

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

14 (v) An empowerment zone designated under subchapter U of
15 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to
16 1397F.

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

20 (vii) An authority district as that term is defined in the
21 local development financing act, 1986 PA 281, MCL 125.2151 to
22 125.2174.

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

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

26 (x) A next Michigan development district.

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

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

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

4 (h) "Eligible local assessing district" means a city, village,
5 or township that contains an eligible distressed area or that is a
6 party to an intergovernmental agreement creating a next Michigan
7 development corporation, or a city, village, or township that meets
8 1 or more of the following conditions and is located in a county
9 all or a portion of which borders another state or Canada:

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

12 (A) Water.

13 (B) Sewer.

14 (C) Police.

15 (D) Fire.

16 (E) Trash.

17 (F) Recycling.

18 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to
19 124.30, with a city, village, or township that provides not fewer
20 than 4 of the following existing services:

21 (A) Water.

22 (B) Sewer.

23 (C) Police.

24 (D) Fire.

25 (E) Trash.

26 (F) Recycling.

27 (i) "Eligible next Michigan business" means that term as

1 defined in section 3 of the Michigan economic growth authority act,
2 1995 PA 24, MCL 207.803.

3 (j) "Eligible taxpayer" means a taxpayer that meets both of
4 the following conditions:

5 (i) Is an authorized business.

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

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

11 (l) "New personal property" means personal property that was
12 not previously subject to tax under this act or was not previously
13 placed in service in this state and that is placed in an eligible
14 district after a resolution under subsection (1) is approved. As
15 used in this subdivision, for exemptions approved by the state
16 treasurer under subsection (3) after April 30, 1999, new personal
17 property does not include buildings described in section 14(6) and
18 personal property described in section 8(h), (i), and (j).

19 (m) "Next Michigan development corporation" and "next Michigan
20 development district" mean those terms as defined under the next
21 Michigan development act, 2010 PA 275, MCL 125.2951 to 125.2959.