

Act No. 329
Public Acts of 2016
Approved by the Governor
December 8, 2016
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**STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016**

Introduced by Rep. Schor

ENROLLED HOUSE BILL No. 4580

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 9f (MCL 211.9f), as amended by 2016 PA 108.

The People of the State of Michigan enact:

Sec. 9f. (1) The governing body of an eligible local assessing district or, subject to subsection (5), the board of a Next Michigan development corporation in which an eligible local assessing district is a constituent member 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 or an eligible Next Michigan business as provided in this section. The clerk of the eligible local assessing district or the recording officer of a Next Michigan development corporation shall notify in writing the assessor of the township or city 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 distressed parcel is located. Before acting on the resolution, the governing body of the eligible local assessing district or a Next Michigan development corporation 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 or a Next Michigan development corporation and, except as otherwise provided in subsection (9), 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 (11)(f)(ix) or in an eligible local assessing district identified in subsection (11)(h)(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 by the governing body of an eligible local assessing district 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 (11)(h)(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) After December 31, 2016, a governing body of an eligible local assessing district shall not adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act without a written agreement entered into with the eligible business subject to the exemption, which written agreement contains a remedy provision that includes, but is not limited to, the following:

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

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

(c) A requirement that the exemption under this section is revoked if the eligible business is determined to be in violation of the provisions concerning the exemption set forth in the resolution adopted under subsection (1).

(d) A requirement that the exemption under this section is revoked if continuance of the exemption would be contrary to any of the requirements of this section, including, but not limited to, the requirement that the eligible business be an eligible business or an acquiring eligible business under this section.

(5) A Next Michigan development corporation may only adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act for new personal property located in a Next Michigan development district. A Next Michigan development corporation shall not adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act without a written agreement entered into with the eligible Next Michigan business subject to the exemption, which written agreement contains a remedy provision that includes, but is not limited to, all of the following:

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

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

(c) For an agreement entered into after December 31, 2016, a requirement that the exemption under this section is revoked if the eligible Next Michigan business is determined to be in violation of the provisions concerning the exemption set forth in the resolution adopted under subsection (1).

(d) For an agreement entered into after December 31, 2016, a requirement that the exemption under this section is revoked if continuance of the exemption would be contrary to any of the requirements of this section, including, but not limited to, the requirement that the eligible Next Michigan business be an eligible business or an acquiring eligible business under this section.

(6) Subject to subsections (7) and (9), 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.

(7) After December 31, 2007, an exemption for an existing eligible business shall continue in effect for an acquiring eligible business under subsection (6) only if the continuation of the exemption is approved in a resolution adopted by the governing body of an eligible local assessing district or the board of a Next Michigan development corporation in which the eligible local assessing district is a constituent member.

(8) Notwithstanding 2000 PA 415, 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.

(9) Notwithstanding any other provision of this section to the contrary, if new personal property exempt under this section on or after December 31, 2012 is eligible manufacturing personal property, that eligible manufacturing personal property shall remain exempt under this section until the later of the following:

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

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

(10) An eligible business that owns or leases new personal property that is exempt under this section and that is eligible personal property shall deliver the combined document as prescribed in sections 9m and 9n to the assessor of the township or city in which the eligible personal property is located by February 20 of each year that the new personal property is eligible personal property. The form shall indicate that the new personal property is eligible personal property.

(11) 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 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.

(e) “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. For purposes of a Next Michigan development corporation, eligible business means only an eligible Next Michigan business. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales. Professional sports stadium does not include a sports stadium in existence on June 6, 2000 that is not used by a professional sports team on the date of the resolution adopted pursuant to subsection (1). As used in this subdivision, “casino” means a casino regulated by this state under 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.

(f) “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.

(x) A Next Michigan development district.

(g) "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.

(h) "Eligible local assessing district" means a city, village, or township that contains an eligible distressed area or that is a party to an intergovernmental agreement creating a Next Michigan development corporation, 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.

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

(j) "Eligible personal property" means that term as defined in section 3(e)(ii) or (iv) of the state essential services assessment act, 2014 PA 92, MCL 211.1053.

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

(i) Is an authorized business.

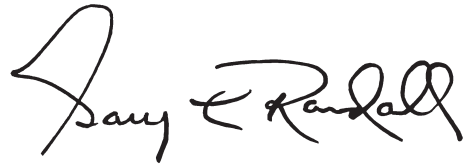
(ii) Is eligible for tax credits described in section 9 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

(l) "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.

(m) "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 and that is placed in an eligible district after a resolution under subsection (1) is approved. 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). For exemptions subject to resolutions adopted under subsection (1) after December 31, 2014, new personal property does not include eligible manufacturing personal property.

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

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor