HOUSE SUBSTITUTE FOR SENATE BILL NO. 787

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 "eligible hydroponics and eligible aquaculture production
- 3 facilities specific tax 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 real property used
- 2 for an indoor aquaculture production operation using aquaculture
- 3 techniques or practices for growing aquaculture species. An
- 4 aquaculture production facility includes all of the following, to
- 5 the extent that it constitutes real property:
- 6 (i) Pumps, tanks, controls, application systems, indoor
- 7 recirculating systems, and related infrastructure required to grow
- 8 aquaculture species using aquaculture techniques or practices.
- 9 (ii) Any warehouse or shipping area integrated into the
- 10 aquaculture production operation.
- 11 (iii) Offices integrated into the aquaculture production
- 12 operation if the taxable value of the offices is less than 50% of
- 13 the combined taxable value of the aquaculture production facility
- 14 and the offices.
- 15 (c) "Commission" means the state tax commission created by
- 16 1927 PA 360, MCL 209.101 to 209.107.
- 17 (d) "Eligible aquaculture production facility" means an
- 18 aquaculture production facility that has a production area of not
- 19 less than 10,000 square feet.
- (e) "Eligible hydroponics production facility" means a
- 21 hydroponics production facility that has a production area of not
- 22 less than 1 acre.
- 23 (f) "Hydroponics" means a system in which water-soluble
- 24 nutrients are placed in intimate contact with a plant's root
- 25 system, being grown in an inert supportive medium, which inert
- 26 supportive medium itself does all of the following:
- 27 (i) Supplies physical support for the roots.

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- 1 (ii) Does not add or subtract plant nutrients.
- 2 (g) "Hydroponics production facility" means real property used
- 3 for an indoor agriculture production operation using hydroponics
- 4 techniques or practices for growing plants produced by agriculture
- 5 that are useful to human beings, including, but not limited to,
- 6 forages, field crops, sod, berries, herbs, fruits, vegetables,
- 7 flowers, seeds, and nursery stock. Hydroponics production facility
- 8 does not include an indoor agriculture production operation for
- 9 growing plants that are illegal under federal law. A hydroponics
- 10 production facility includes, but is not limited to, all of the
- 11 following, to the extent that it constitutes real property:
- 12 (i) Pumps, tanks, controls, application systems, and related
- 13 infrastructure required to grow agricultural crops using
- 14 hydroponics techniques or practices.
- 15 (ii) Any warehouse or shipping area integrated into the
- 16 hydroponics production facility operation.
- 17 (iii) Offices integrated into the indoor agriculture production
- 18 operation if the taxable value of the offices is less than 50% of
- 19 the combined taxable value of the hydroponics production facility
- 20 and the offices.
- 21 (h) "Taxable value" means the taxable value as determined
- 22 under section 27a of the general property tax act, 1893 PA 206, MCL
- 23 211.27a.
- 24 Sec. 3. For taxes levied after December 31, 2014, an eligible
- 25 hydroponics production facility or an eligible aquaculture
- 26 production facility is exempt from ad valorem property taxes
- 27 collected under the general property tax act, 1893 PA 206, MCL

- 1 211.1 to 211.155, as provided under section 7uu of the general
- 2 property tax act, 1893 PA 206, MCL 211.7uu.
- 3 Sec. 4. The assessor of each local tax collecting unit in
- 4 which there is an eligible hydroponics production facility or an
- 5 eligible aquaculture production facility shall determine annually
- 6 as of December 31 the value and taxable value of each eligible
- 7 hydroponics production facility or eligible aquaculture production
- 8 facility located in that local tax collecting unit.
- 9 Sec. 5. (1) There is levied upon the owner of every eligible
- 10 hydroponics production facility or eligible aquaculture production
- 11 facility a specific tax to be known as the eligible hydroponics and
- 12 eligible aquaculture production facilities specific tax.
- 13 (2) The amount of the eligible hydroponics and eligible
- 14 aquaculture production facilities specific tax in each year shall
- 15 be determined as follows:
- 16 (a) Multiply the number of mills that would be assessed in the
- 17 local tax collecting unit if the property were subject to the
- 18 collection of taxes under the general property tax act, 1893 PA
- 19 206, MCL 211.1 to 211.155, and if the property was exempt as
- 20 provided under section 7cc of the general property tax act, 1893 PA
- 21 206, MCL 211.7cc, by the eligible hydroponics production facility's
- 22 or eligible aquaculture production facility's taxable value.
- 23 (b) Multiply the result of the calculation in subdivision (a)
- **24** by .25.
- 25 (c) If a new millage is approved in the local tax collecting
- 26 unit in which an eligible hydroponics production facility or an
- 27 eligible aquaculture production facility is located after the

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- 1 effective date of this act, multiply the number of mills that were
- 2 approved that would be assessed if the eligible hydroponics
- 3 production facility or eligible aquaculture production facility
- 4 were subject to the collection of taxes under the general property
- 5 tax act, 1893 PA 206, MCL 211.1 to 211.155, by the eligible
- 6 hydroponics production facility's or eligible aquaculture
- 7 production facility's taxable value. Repeat this calculation for
- 8 each individual new millage approved in the local tax collecting
- 9 unit after the effective date of this act. As used in this
- 10 subdivision, "new millage" does not include the renewal of some or
- 11 all of a millage in existence on the effective date of this act.
- 12 (d) Add the result of the calculation under subdivision (b)
- 13 and the result of all calculations under subdivision (c).
- 14 (3) The eligible hydroponics and eligible aquaculture
- 15 production facilities property specific tax is an annual tax,
- 16 payable at the same times, in the same installments, and to the
- 17 same collecting officer or officers as taxes collected under the
- 18 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.
- 19 (4) The collecting officer or officers shall disburse the
- 20 eligible hydroponics and eligible aquaculture production facilities
- 21 property specific tax to and among this state and cities,
- 22 townships, villages, school districts, counties, or other taxing
- 23 units, at the same times and in the same proportions as required by
- 24 law for the disbursement of taxes collected under the general
- 25 property tax act, 1893 PA 206, MCL 211.1 to 211.155.
- 26 (5) The collecting officer or officers shall send a copy of
- 27 the amount of disbursement made to each taxing unit under this

- 1 section to the commission on a form provided by the commission.
- 2 Sec. 6. Unpaid eligible hydroponics and eligible aquaculture
- 3 production facilities specific taxes are subject to forfeiture,
- 4 foreclosure, and sale in the same manner and at the same time as
- 5 taxes returned as delinquent under the general property tax act,
- 6 1893 PA 206, MCL 211.1 to 211.155.
- 7 Enacting section 1. This act does not take effect unless
- 8 Senate Bill No. 786 of the 97th Legislature is enacted into law.