

**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 "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, which inert
19 supportive medium itself does all of the following:

20 (i) Supplies physical support for the roots.

21 (ii) Does not add or subtract plant nutrients.

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

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

13 (f) "Taxable value" means the taxable value as determined
14 under section 27a of the general property tax act, 1893 PA 206, MCL
15 211.27a.

16 Sec. 3. For taxes levied after December 31, 2013, a
17 hydroponics production facility or an aquaculture production
18 facility is exempt from ad valorem property taxes collected under
19 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, as
20 provided under section 7uu of the general property tax act, 1893 PA
21 206, MCL 211.7uu.

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

1 Sec. 5. (1) There is levied upon the owner of every
2 hydroponics production facility or aquaculture production facility
3 a specific tax to be known as the hydroponics and aquaculture
4 production facilities specific tax.

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

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

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

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

1 (d) Add the result of the calculation under subdivision (b)
2 and the result of all calculations under subdivision (c).

3 (3) The hydroponics and aquaculture production facilities
4 property specific tax is an annual tax, payable at the same times,
5 in the same installments, and to the same collecting officer or
6 officers as taxes collected under the general property tax act,
7 1893 PA 206, MCL 211.1 to 211.155.

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

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

18 Sec. 6. Unpaid hydroponics and aquaculture production
19 facilities specific taxes are subject to forfeiture, foreclosure,
20 and sale in the same manner and at the same time as taxes returned
21 as delinquent under the general property tax act, 1893 PA 206, MCL
22 211.1 to 211.155.

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