

**SUBSTITUTE FOR
HOUSE BILL NO. 5767**

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 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 1999 PA 140.

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
5 building.

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

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

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

18 (4) "New facility" means new industrial property other than
19 a replacement facility to be built in a plant rehabilitation dis-
20 trict or industrial development district.

21 (5) "Local governmental unit" means a city, village, or
22 township.

23 (6) "Industrial property" means land improvements, build-
24 ings, structures, and other real property, and machinery, equip-
25 ment, furniture, and fixtures or any part or accessory whether
26 completed or in the process of construction comprising an
27 integrated whole, the primary purpose and use of which is THE

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1 ENGAGING IN A HIGH-TECHNOLOGY ACTIVITY, the manufacture of goods
2 or materials, or the processing of goods and materials by physi-
3 cal or chemical change; property acquired, constructed, altered,
4 or installed due to the passage of proposal A in 1976; the opera-
5 tion of a hydro-electric dam by a private company other than a
6 public utility; or agricultural processing facilities.

7 Industrial property includes facilities related to a manufactur-
8 ing operation under the same ownership, including but not limited
9 to office, engineering, research and development, warehousing, or
10 parts distribution facilities. Industrial property also includes
11 research and development laboratories of companies other than
12 those companies that manufacture the products developed from
13 their research activities and research development laboratories
14 of a manufacturing company that are unrelated to the products of
15 the company. For applications approved by the legislative body
16 of a local governmental unit between June 30, 1999 and June 30,
17 2002, industrial property also includes an electric generating
18 plant that is not owned by a local unit of government.

19 Industrial property also includes convention and trade centers
20 over 250,000 square feet in size. Industrial property may be
21 owned or leased. However, in the case of leased property, the
22 lessee is liable for payment of ad valorem property taxes and
23 shall furnish proof of that liability. Industrial property does
24 not include any of the following:

25 (a) Land.

26 (b) Property of a public utility other than an electric
27 generating plant that is not owned by a local unit of government

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1 and for which an application was approved by the legislative body
2 of a local governmental unit between June 30, 1999 and June 30,
3 2002.

4 (c) Inventory.

5 (7) "Obsolete industrial property" means industrial property
6 the condition of which is substantially less than an economically
7 efficient functional condition.

8 (8) "Economically efficient functional condition" means a
9 state or condition of property the desirability and usefulness of
10 which is not impaired due to changes in design, construction,
11 technology, or improved production processes, or from external
12 influencing factors which make the property less desirable and
13 valuable for continued use.

14 (9) "Research and development laboratories" means building
15 and structures, including the machinery, equipment, furniture,
16 and fixtures located in the building or structure, used or to be
17 used for research or experimental purposes that would be consid-
18 ered qualified research as that term is used in section 30 of the
19 internal revenue code, except that qualified research also
20 includes qualified research funded by grant, contract, or other-
21 wise by another person or governmental entity.

22 (10) "Manufacture of goods or materials" or "processing of
23 goods or materials" means any type of operation that would be
24 conducted by an entity included in the classifications provided
25 by sector 31-33 -- manufacturing, of the North American industry
26 classification system -- United States, 1997, published by the

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1 office of management and budget, regardless of whether the entity
2 conducting that operation is included in that manual.

3 (11) "HIGH-TECHNOLOGY ACTIVITY" MEANS THAT TERM AS DEFINED
4 IN SECTION 3 OF THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995
5 PA 24, MCL 207.803.

6 Enacting section 1. This amendatory act does not take
7 effect unless House Bill No. 5443 of the 90th Legislature is
8 enacted into law.