

SENATE BILL No. 757

September 6, 2007, Introduced by Senators ALLEN, GILBERT, CROPSEY and STAMAS and referred to the Committee on Commerce and Tourism.

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 impose and provide for the disposition of an administrative fee; 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 sections 2 and 4 (MCL 207.552 and 207.554), section 2 as amended by 2007 PA 12 and section 4 as amended by 2004 PA 437.

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.

1 (2) "Facility" means either a replacement facility, a new
2 facility, or, if applicable by its usage, a speculative building.

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

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

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

20 (4) "New facility" means new industrial property other than a
21 replacement facility to be built in a plant rehabilitation district
22 or industrial development district.

23 (5) "Local governmental unit" means a city, village, or
24 township located in this state.

25 (6) "Industrial property" means land improvements, buildings,
26 structures, and other real property, and machinery, equipment,
27 furniture, and fixtures or any part or accessory whether completed

1 or in the process of construction comprising an integrated whole,
2 the primary purpose and use of which is the engaging in a high-
3 technology activity, operation of a strategic response center,
4 operation of a motorsports entertainment complex, operation of a
5 logistical optimization center, operation of qualified commercial
6 activity, the manufacture of goods or materials, creation or
7 synthesis of biodiesel fuel, or the processing of goods and
8 materials by physical or chemical change; property acquired,
9 constructed, altered, or installed due to the passage of proposal A
10 in 1976; the operation of a hydro-electric dam by a private company
11 other than a public utility; or agricultural processing facilities.
12 Industrial property includes facilities related to a manufacturing
13 operation under the same ownership, including, but not limited to,
14 office, engineering, research and development, warehousing, or
15 parts distribution facilities. Industrial property also includes
16 research and development laboratories of companies other than those
17 companies that manufacture the products developed from their
18 research activities and research development laboratories of a
19 manufacturing company that are unrelated to the products of the
20 company. For applications approved by the legislative body of a
21 local governmental unit between June 30, 1999 and December 31,
22 2007, industrial property also includes an electric generating
23 plant that is not owned by a local unit of government, including,
24 but not limited to, an electric generating plant fueled by biomass.
25 Industrial property also includes convention and trade centers over
26 250,000 square feet in size. Industrial property also includes a
27 federal reserve bank operating under 12 USC 341, located in a city

1 with a population of 750,000 or more. Industrial property may be
2 owned or leased. However, in the case of leased property, the
3 lessee is liable for payment of ad valorem property taxes and shall
4 furnish proof of that liability. Industrial property does not
5 include any of the following:

6 (a) Land.

7 (b) Property of a public utility other than an electric
8 generating plant that is not owned by a local unit of government
9 and for which an application was approved by the legislative body
10 of a local governmental unit between June 30, 1999 and December 31,
11 2007.

12 (c) Inventory.

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

16 (8) "Economically efficient functional condition" means a
17 state or condition of property the desirability and usefulness of
18 which is not impaired due to changes in design, construction,
19 technology, or improved production processes, or from external
20 influencing factors ~~which~~ **THAT** make the property less desirable and
21 valuable for continued use.

22 (9) "Research and development laboratories" means building and
23 structures, including the machinery, equipment, furniture, and
24 fixtures located in the building or structure, used or to be used
25 for research or experimental purposes that would be considered
26 qualified research as that term is used in section 41 of the
27 internal revenue code, 26 USC 41, except that qualified research

1 also includes qualified research funded by grant, contract, or
2 otherwise by another person or governmental entity.

3 (10) "Manufacture of goods or materials" or "processing of
4 goods or materials" means any type of operation that would be
5 conducted by an entity included in the classifications provided by
6 sector 31-33 – manufacturing, of the North American industry
7 classification system, United States, 1997, published by the office
8 of management and budget, regardless of whether the entity
9 conducting that operation is included in that manual.

10 (11) "High-technology activity" means that term as defined in
11 section 3 of the Michigan economic growth authority act, 1995 PA
12 24, MCL 207.803.

13 (12) "Logistical optimization center" means a sorting and
14 distribution center that supports a private passenger motor vehicle
15 assembly center and its manufacturing process for the purpose of
16 optimizing transportation, just-in-time inventory management, and
17 material handling, and to which all of the following apply:

18 (a) The sorting and distribution center is within 2 miles of a
19 private passenger motor vehicle assembly center that, together with
20 supporting facilities, contains at least 800,000 square feet.

21 (b) The sorting and distribution center contains at least
22 950,000 square feet.

23 (c) The sorting and distribution center has applied for an
24 industrial facilities exemption certificate after June 30, 2005 and
25 before January 1, 2006.

26 (d) The private passenger motor vehicle assembly center is
27 located on land conditionally transferred by a township with a

1 population of more than 25,000 under 1984 PA 425, MCL 124.21 to
2 124.30, to a city with a population of more than 100,000 that
3 levies an income tax under the city income tax act, 1964 PA 284,
4 MCL 141.501 to 141.787.

5 (13) "Commercial property" means that term as defined in
6 section 2 of the obsolete property rehabilitation act, 2000 PA 146,
7 MCL 125.2782.

8 (14) "Qualified commercial activity" means commercial property
9 that meets all of the following:

10 (a) An application for an exemption certificate approved by
11 the local governmental unit is filed for approval by the state tax
12 commission not later than April 30, 2006.

13 (b) At least 90% of the property, excluding the surrounding
14 green space, is used for warehousing, distribution, and logistics
15 purposes that provide food for institutional, restaurant, hospital,
16 or hotel customers.

17 (c) Is located within a village and is within 15 miles of a
18 Michigan state border.

19 (d) Occupies 1 or more buildings or structures that together
20 are greater than 300,000 square feet in size.

21 (15) "Motorsports entertainment complex" means a closed-course
22 motorsports facility, and its ancillary grounds and facilities,
23 that satisfies all of the following:

24 (a) Has at least 70,000 fixed seats for race patrons.

25 (b) Has at least 6 scheduled days of motorsports events each
26 calendar year, at least 2 of which shall be comparable to nascar
27 nextel cup events held in 2007 or their successor events.

1 (c) Serves food and beverages at the facility during
2 sanctioned events each calendar year through concession outlets, a
3 majority of which are staffed by individuals who represent or are
4 members of 1 or more nonprofit civic or charitable organizations
5 that directly financially benefit from the concession outlets'
6 sales.

7 (d) Engages in tourism promotion.

8 (e) Has permanent exhibitions of motorsports history, events,
9 or vehicles.

10 Sec. 4. (1) A local governmental unit, by resolution of its
11 legislative body, may establish plant rehabilitation districts and
12 industrial development districts that consist of 1 or more parcels
13 or tracts of land or a portion of a parcel or tract of land.

14 (2) The legislative body of a local governmental unit may
15 establish a plant rehabilitation district or an industrial
16 development district on its own initiative or upon a written
17 request filed by the owner or owners of 75% of the state equalized
18 value of the industrial property located within a proposed plant
19 rehabilitation district or industrial development district. This
20 request shall be filed with the clerk of the local governmental
21 unit.

22 (3) Except as provided in section 9(2)(h), after December 31,
23 1983, a request for the establishment of a proposed plant
24 rehabilitation district or industrial development district shall be
25 filed only in connection with a proposed replacement facility or
26 new facility, the construction, acquisition, alteration, or
27 installation of or for which has not commenced at the time of the

1 filing of the request. The legislative body of a local governmental
2 unit shall not establish a plant rehabilitation district or an
3 industrial development district pursuant to subsection (2) if it
4 finds that the request for the district was filed after the
5 commencement of construction, alteration, or installation of, or of
6 an acquisition related to, the proposed replacement facility or new
7 facility. This subsection shall not apply to a speculative
8 building.

9 (4) Before adopting a resolution establishing a plant
10 rehabilitation district or industrial development district, the
11 legislative body shall give written notice by certified mail to the
12 owners of all real property within the proposed plant
13 rehabilitation district or industrial development district and
14 shall hold a public hearing on the establishment of the plant
15 rehabilitation district or industrial development district at which
16 those owners and other residents or taxpayers of the local
17 governmental unit shall have a right to appear and be heard.

18 (5) The legislative body of the local governmental unit, in
19 its resolution establishing a plant rehabilitation district, shall
20 set forth a finding and determination that property comprising not
21 less than 50% of the state equalized valuation of the industrial
22 property within the district is obsolete.

23 (6) A plant rehabilitation district or industrial development
24 district established by a township shall be only within the
25 unincorporated territory of the township and shall not be within a
26 village.

27 (7) Industrial property that is part of an industrial

1 development district or a plant rehabilitation district may also be
2 part of a tax increment district established under the tax
3 increment finance authority act, 1980 PA 450, MCL 125.1801 to
4 125.1830.

5 (8) A local governmental unit, by resolution of its
6 legislative body, may terminate a plant rehabilitation district or
7 an industrial development district, if there are no industrial
8 facilities exemption certificates in effect in the plant
9 rehabilitation district or the industrial development district on
10 the date of the resolution to terminate.

11 (9) Before acting on a proposed resolution terminating a plant
12 rehabilitation district or an industrial development district, the
13 local governmental unit shall give at least ~~14~~21 days' written
14 notice by certified mail to the owners of all real property within
15 the plant rehabilitation district or industrial development
16 district as determined by the tax records in the office of the
17 assessor or the treasurer of the local tax collecting unit in which
18 the property is located and shall hold a public hearing on the
19 termination of the plant rehabilitation district or industrial
20 development district at which those owners and other residents or
21 taxpayers of the local governmental unit, or others, shall have a
22 right to appear and be heard.