

HOUSE BILL No. 6056

November 28, 2012, Introduced by Rep. Farrington and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 9f (MCL 211.9f), as amended by 2010 PA 274.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9f. (1) The governing body of an eligible local assessing
2 district or, subject to subsection (4), the board of a next
3 Michigan development corporation in which an eligible local
4 assessing district is a constituent member may adopt a resolution
5 to exempt from the collection of taxes under this act all new
6 personal property owned or leased by an eligible business located
7 in 1 or more eligible districts or distressed parcels designated in
8 the resolution or an eligible next Michigan business as provided in
9 this section. The clerk of the eligible local assessing district or
10 the recording officer of a next Michigan development corporation
11 shall notify in writing the assessor of the local tax collecting

1 unit in which the eligible district or distressed parcel is located
2 and the legislative body of each taxing unit that levies ad valorem
3 property taxes in the eligible local assessing district in which
4 the eligible district or distressed parcel is located. Before
5 acting on the resolution, the governing body of the eligible local
6 assessing district or a next Michigan development corporation shall
7 afford the assessor and a representative of the affected taxing
8 units an opportunity for a hearing.

9 (2) The exemption under this section is effective on the
10 December 31 immediately succeeding the adoption of the resolution
11 by the governing body of the eligible local assessing district or a
12 next Michigan development corporation and, **EXCEPT AS OTHERWISE**
13 **PROVIDED IN SUBSECTION (8)**, shall continue in effect for a period
14 specified in the resolution. However, an exemption shall not be
15 granted under this section after December 31, 2012 for an eligible
16 business located in an eligible district identified in subsection
17 ~~(8)(e)(ix)~~ **(9)(F)(ix)** or in an eligible local assessing district
18 identified in subsection ~~(8)(g)(ii)~~ **(9)(H)(ii)**. A copy of the
19 resolution shall be filed with the state tax commission, the state
20 treasurer, and the president of the Michigan strategic fund. A
21 resolution is not effective unless approved as provided in
22 subsection (3).

23 (3) Not more than 60 days after receipt of a copy of the
24 resolution adopted by the governing body of an eligible local
25 assessing district under subsection (1), the state tax commission
26 shall determine if the new personal property subject to the
27 exemption is owned or leased by an eligible business and if the

1 eligible business is located in 1 or more eligible districts. If
2 the state tax commission determines that the new personal property
3 subject to the exemption is owned or leased by an eligible business
4 and that the eligible business is located in 1 or more eligible
5 districts, the state treasurer, with the written concurrence of the
6 president of the Michigan strategic fund, shall approve the
7 resolution adopted under subsection (1) if the state treasurer and
8 the president of the Michigan strategic fund determine that
9 exempting new personal property of the eligible business is
10 necessary to reduce unemployment, promote economic growth, and
11 increase capital investment in this state. In addition, for an
12 eligible business located in an eligible local assessing district
13 described in subsection ~~(8) (g) (ii)~~, **(9) (H) (ii)**, the resolution
14 adopted under subsection (1) shall be approved if the state
15 treasurer and the president of the Michigan strategic fund
16 determine that granting the exemption is a net benefit to this
17 state, that expansion, retention, or location of an eligible
18 business will not occur in this state without this exemption, and
19 that there is no significant negative effect on employment in other
20 parts of this state as a result of the exemption.

21 (4) A next Michigan development corporation may only adopt a
22 resolution under subsection (1) exempting new personal property
23 from the collection of taxes under this act for new personal
24 property located in a next Michigan development district. A next
25 Michigan development corporation shall not adopt a resolution under
26 subsection (1) exempting new personal property from the collection
27 of taxes under this act without a written agreement entered into

1 with the eligible next Michigan business subject to the exemption,
2 which written agreement contains a remedy provision that includes,
3 but is not limited to, all of the following:

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

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

12 (5) Subject to ~~subsection~~**SUBSECTIONS (6) AND (8)**, if an
13 existing eligible business sells or leases new personal property
14 exempt under this section to an acquiring eligible business, the
15 exemption granted to the existing eligible business shall continue
16 in effect for the period specified in the resolution adopted under
17 subsection (1) for the new personal property purchased or leased
18 from the existing eligible business by the acquiring eligible
19 business and for any new personal property purchased or leased by
20 the acquiring eligible business.

21 (6) After December 31, 2007, an exemption for an existing
22 eligible business shall continue in effect for an acquiring
23 eligible business under subsection (5) only if the continuation of
24 the exemption is approved in a resolution adopted by the governing
25 body of an eligible local assessing district or the board of a next
26 Michigan development corporation in which the eligible local
27 assessing district is a constituent member.

1 (7) Notwithstanding the amendatory act that added section
2 2(1)(c), all of the following shall apply to an exemption under
3 this section that was approved by the state tax commission on or
4 before April 30, 1999, regardless of the effective date of the
5 exemption:

6 (a) The exemption shall be continued for the term authorized
7 by the resolution adopted by the governing body of the eligible
8 local assessing district and approved by the state tax commission
9 with respect to buildings and improvements constructed on leased
10 real property during the term of the exemption if the value of the
11 real property is not assessed to the owner of the buildings and
12 improvements.

13 (b) The exemption shall not be impaired or restricted with
14 respect to buildings and improvements constructed on leased real
15 property during the term of the exemption if the value of the real
16 property is not assessed to the owner of the buildings and
17 improvements.

18 **(8) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION TO THE**
19 **CONTRARY, IF NEW PERSONAL PROPERTY EXEMPT UNDER THIS SECTION ON**
20 **DECEMBER 31, 2011 IS ELIGIBLE MANUFACTURING PERSONAL PROPERTY, THAT**
21 **ELIGIBLE MANUFACTURING PERSONAL PROPERTY SHALL REMAIN EXEMPT UNDER**
22 **THIS SECTION UNTIL THAT ELIGIBLE MANUFACTURING PERSONAL PROPERTY**
23 **WOULD OTHERWISE BE EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS**
24 **ACT UNDER SECTION 9M, 9N, OR 9O.**

25 (9) ~~(8)~~As used in this section:

26 (a) "Acquiring eligible business" means an eligible business
27 that purchases or leases assets of an existing eligible business,

1 including the purchase or lease of new personal property exempt
2 under this section, and that will conduct business operations
3 similar to those of the existing eligible business at the location
4 of the existing eligible business within the eligible district.

5 (b) "Authorized business" means that term as defined in
6 section 3 of the Michigan economic growth authority act, 1995 PA
7 24, MCL 207.803.

8 (C) **"ELIGIBLE MANUFACTURING PERSONAL PROPERTY" MEANS THAT TERM**
9 **AS DEFINED IN SECTION 2 OF THE PERSONAL PROPERTY TAX EXEMPTION**
10 **REIMBURSEMENT ACT.**

11 (D) ~~(e)~~—"Distressed parcel" means a parcel of real property
12 located in a city or village that meets all of the following
13 conditions:

14 (i) Is located in a qualified downtown revitalization district.
15 As used in this subparagraph, "qualified downtown revitalization
16 district" means an area located within 1 or more of the following:

17 (A) The boundaries of a downtown district as defined in
18 section 1 of 1975 PA 197, MCL 125.1651.

19 (B) The boundaries of a principal shopping district or a
20 business improvement district as defined in section 1 of 1961 PA
21 120, MCL 125.981.

22 (C) The boundaries of the local governmental unit in an area
23 that is zoned and primarily used for business as determined by the
24 local governmental unit.

25 (ii) Meets 1 of the following conditions:

26 (A) Has a blighted or functionally obsolete building located
27 on the parcel. As used in this sub-subparagraph, "blighted" and

1 "functionally obsolete" mean those terms as defined in section 2 of
2 the brownfield redevelopment financing act, 1996 PA 381, MCL
3 125.2652.

4 (B) Is a vacant parcel that had been previously occupied.

5 (iii) Is zoned to allow for mixed use.

6 (E) ~~(d)~~—"Eligible business" means, effective August 7, 1998, a
7 business engaged primarily in manufacturing, mining, research and
8 development, wholesale trade, office operations, or the operation
9 of a facility for which the business that owns or operates the
10 facility is an eligible taxpayer. For purposes of a next Michigan
11 development corporation, eligible business means only an eligible
12 next Michigan business. Eligible business does not include a
13 casino, retail establishment, professional sports stadium, or that
14 portion of an eligible business used exclusively for retail sales.
15 Professional sports stadium does not include a sports stadium in
16 existence on June 6, 2000 that is not used by a professional sports
17 team on the date of the resolution adopted pursuant to subsection
18 (1). As used in this subdivision, "casino" means a casino regulated
19 by this state pursuant to the Michigan gaming control and revenue
20 act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated
21 or affiliated with the operation of a casino, including, but not
22 limited to, a parking lot, hotel, motel, or retail store.

23 (F) ~~(e)~~—"Eligible district" means 1 or more of the following:

24 (i) An industrial development district as that term is defined
25 in 1974 PA 198, MCL 207.551 to 207.572.

26 (ii) A renaissance zone as that term is defined in the Michigan
27 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

1 (iii) An enterprise zone as that term is defined in the
2 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

3 (iv) A brownfield redevelopment zone as that term is designated
4 under the brownfield redevelopment financing act, 1996 PA 381, MCL
5 125.2651 to 125.2672.

6 (v) An empowerment zone designated under subchapter U of
7 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to
8 1397F.

9 (vi) An authority district or a development area as those terms
10 are defined in the tax increment finance authority act, 1980 PA
11 450, MCL 125.1801 to 125.1830.

12 (vii) An authority district as that term is defined in the
13 local development financing act, 1986 PA 281, MCL 125.2151 to
14 125.2174.

15 (viii) A downtown district or a development area as those terms
16 are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

17 (ix) An area that contains an eligible taxpayer.

18 (x) A next Michigan development district.

19 (G) ~~(F)~~ "Eligible distressed area" means 1 of the following:

20 (i) That term as defined in section 11 of the state housing
21 development authority act of 1966, 1966 PA 346, MCL 125.1411.

22 (ii) An area that contains an eligible taxpayer.

23 (H) ~~(G)~~ "Eligible local assessing district" means a city,
24 village, or township that contains an eligible distressed area or
25 that is a party to an intergovernmental agreement creating a next
26 Michigan development corporation, or a city, village, or township
27 that meets 1 or more of the following conditions and is located in

1 a county all or a portion of which borders another state or Canada:

2 (i) Is currently served by not fewer than 4 of the following
3 existing services:

4 (A) Water.

5 (B) Sewer.

6 (C) Police.

7 (D) Fire.

8 (E) Trash.

9 (F) Recycling.

10 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to
11 124.30, with a city, village, or township that provides not fewer
12 than 4 of the following existing services:

13 (A) Water.

14 (B) Sewer.

15 (C) Police.

16 (D) Fire.

17 (E) Trash.

18 (F) Recycling.

19 (I) ~~(h)~~ "Eligible next Michigan business" means that term as
20 defined in section 3 of the Michigan economic growth authority act,
21 1995 PA 24, MCL 207.803

22 (J) ~~(i)~~ "Eligible taxpayer" means a taxpayer that meets both
23 of the following conditions:

24 (i) Is an authorized business.

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

27 (K) ~~(j)~~ "Existing eligible business" means an eligible

1 business identified in a resolution adopted under subsection (1)
2 for which an exemption has been granted under this section.

3 (I) ~~(K)~~—"New personal property" means personal property that
4 was not previously subject to tax under this act or was not
5 previously placed in service in this state and that is placed in an
6 eligible district after a resolution under subsection (1) is
7 approved. As used in this subdivision, for exemptions approved by
8 the state treasurer under subsection (3) after April 30, 1999, new
9 personal property does not include buildings described in section
10 14(6) and personal property described in section 8(h), (i), and
11 (j).

12 (M) ~~(H)~~—"Next Michigan development corporation" and "next
13 Michigan development district" mean those terms as defined under
14 the next Michigan development act, **2010 PA 275, MCL 125.2951 TO**
15 **125.2959.**