CHAPTER 207. TAXATION

STATE BOARD OF ASSESSORS; ASSESSMENT OF PROPERTY OF CERTAIN PUBLIC UTILITIES
Act 282 of 1905

AN ACT to provide for the assessment of the property, by whomsoever owned, operated or conducted, of railroad companies, union station and depot companies, telegraph companies, telephone companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, and fast freight companies, and all other companies owning, leasing, running or operating any freight, stock, refrigerator, or any other cars, not being exclusively the property of any railroad company paying taxes upon its rolling stock under the provisions of this act, over or upon the line or lines of any railroad or railroads in this state, and for the levy of taxes thereon by a state board of assessors, and for the collection of such taxes, and to repeal all acts or parts of acts contravening any of the provisions of this act.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909.

The People of the State of Michigan enact:

207.1 State board of assessors; secretary, duties; assistants.

Sec. 1. The board of state tax commissioners, created under the laws of this state, together with the governor, shall ex officio, constitute a state board of assessors, 1 of whom shall be elected chairman of said board. The secretary of the board of state tax commissioners shall be ex officio secretary of the state board of assessors without extra compensation, and shall keep a record of all its proceedings in addition to such other duties as may be required of him by said board, and shall devote his whole time to the duties of his office. In addition to the secretary, said board may employ such other clerical assistance as may be necessary and required to perform the duties imposed upon it by this act.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4213;—CL 1929, 3552;—CL 1948, 207.1.

Transfer of powers: See MCL 16.185.

Former law: See Act 168 of 1881; Act 152 of 1883; Act 19 of 1899; and Act 173 of 1901.

207.2 State board of assessors; compensation for clerical assistance, expenses.

Sec. 2. Provided, That the compensation paid for such clerical assistance shall be as appropriated by the legislature. All other necessary expenses incurred in carrying out the provisions of this act, shall be allowed by the board of state auditors upon proper vouchers approved by the chairman and secretary of the board of the state tax commissioners, and paid by the state treasurer out of the general fund.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4214;—CL 1929, 3553;—Am. 1933, Act 29, Imd. Eff. Mar. 14, 1933;—CL 1948, 207.2.

207.3 Access to public records; subpoena, fees; examination of witnesses and accounts; refusal, penalty.

Sec. 3. Said board shall have access to all books, papers, documents, statements and accounts, on file or of record in any of the departments of state, subject to the rules and regulations of the respective departments relative to the care of public records. It shall have like access to all books, papers, documents, statements and accounts, on file or of record in counties, townships and municipalities. It shall have the right to subpoena witnesses, upon a subpoena signed by the chairman of said board and attested by the secretary thereof, delivered to such witnesses, which subpoenas may be served by any person authorized to serve subpoenas from courts of record in this state, and the attendance of witnesses may be compelled by attachment, to be issued by any circuit court in this state, upon proper showing that such witness has been properly subpoenaed, and has refused to obey such subpoena. The person appearing in response to such subpoena shall receive like compensation as is allowed by the statutes of this state to witnesses in the circuit court, to be allowed by the board of state auditors upon the presentation of a copy of such subpoena, with the number of days' service and mileage endorsed thereon and approved by a member of said board of assessors, or the secretary thereof. The person serving such subpoena shall receive the same compensation now allowed to sheriffs or other officers for serving subpoenas. Said board shall have power to examine witnesses under oath, said oath to be administered by any member of the board, or by the secretary thereof. It shall have the right to inspect and examine the books, papers or accounts of any corporation, firm or individual owning property to be assessed by said board, and if such corporation, firm or individual refuse to permit said inspection and examination, or

neglect or fail to appear before said board in response to its subpoena, said corporation, firm or individual shall, for each such refusal, neglect or failure, forfeit the sum of 500 dollars to the state, the sum so forfeited to be recovered in a proper action brought in the name of the people of the state of Michigan, in any court of competent jurisdiction.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4215;—CL 1929, 3554;—CL 1948, 207.3.

207.4 Annual assessment of property of certain rail transportation, telephone, and telegraph companies; reports.

Sec. 4. (1) The state board of assessors shall annually determine the true cash value and taxable value of property having a situs in this state of all of the following:

(a) Railroad companies.

(b) Union station and depot companies.

(c) Telegraph companies.

(d) Telephone companies.

(e) Sleeping car companies.

(f) Express companies.

(g) Car loaning companies.

(h) Stock car companies.

(i) Refrigerator car companies.

(j) Fast freight line companies.

(k) All other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes on its rolling stock under this act, over or on the line or lines of any railroad in this state.

(2) For tax years that begin after December 31, 2005, the state board of assessors shall annually determine the true cash value and taxable value of property having a situs in this state of telegraph companies and telephone companies in the same manners as property assessed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(3) The property of a telegraph and telephone company with gross receipts within this state for a year ending December 31 of not more than $1,000.00 is exempt from taxation under this act.

(4) All telegraph and telephone companies doing business in this state shall make the report required under section 6.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4216;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3555;—CL 1948, 207.4;—Am. 1956, Act 203, Eff. Aug. 11, 1956;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996;—Am. 2002, Act 610, Imd. Eff. Dec. 20, 2002.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.5 Definitions.

Sec. 5. (1) As used in this act, "property" means 1 of the following:

(a) Except as otherwise provided in subdivision (b), all property, real or personal, belonging to the persons, corporations, companies, copartnerships, and associations subject to taxation under this act, including rights-of-way, road beds, stations, cars, rolling stock, tracks, wagons, horses, office furniture, telegraph and telephone poles, wires, conduits, switchboards, all other property used in carrying on their business and owned by them respectively, all other real and personal property, and all franchises. Franchises shall not be directly assessed, but shall be considered in determining the value of the other property. Property does not include, apply to, or subject to taxation property or real property owned and capable of being conveyed by the persons, corporations, companies, copartnerships, and associations subject to taxation under this act that is not actually occupied in the exercise of their franchises, or in use in the operation and conduct of their business.

(b) For telegraph companies and telephone companies only, for tax years that begin after December 31, 2005, only property that would be subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, if that property were not subject to taxation under this act.

(2) Real property exempt from the tax levied under this act under subsection (1) is subject to taxation in the same manner, for the same purposes, to the same extent, and subject to the same conditions and limitations as other real property in the townships or municipalities in which that property is located.

(3) As used in this act, the terms "company", "corporation", "copartnership", "association", and "person" apply to and shall be construed as referring to the following:

(a) A railroad company, union station and depot company, telegraph company, telephone company, sleeping car company, express company, car loaning company, stock car company, refrigerator or fast freight line company, or any other companies owning, leasing, running, or operating any freight cars, stock cars, refrigerator cars, or any other cars, not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad or railroads in this state.

(b) A firm, joint stock association, copartnership, corporation, or other association or person engaged in carrying on any business, the tangible property of which is subject to taxation under this act.

(4) As used in this act, "property having a situs in this state," includes all of the following:

(a) Except as otherwise provided in subdivision (b), the property, real and personal, of the persons, corporations, companies, copartnerships, and associations subject to taxation under this act, owned, used, and occupied by them within this state, and also the proportion of their rolling stock, cars, and other property used partly within and partly outside of this state as provided in this act.

(b) For telegraph companies and telephone companies only, for tax years that begin after December 31, 2005, only the tangible property, real and personal, owned, used, and occupied by them within this state.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4217;—CL 1929, 3556;—CL 1948, 207.5;—Am. 2002, Act 610, Imd. Eff. Dec. 20, 2002.

207.5a Exemption of materials and supplies.

Sec. 5a. Materials and supplies, including repair parts and fuel of a company, corporation, copartnership, association, or person filing the sworn statement of property required by this act are exempt from taxation under this act.

History: Add. 1975, Act 235, Imd. Eff. Aug. 27, 1975.

207.5b Taxable value; determination.

Sec. 5b. (1) As used in this act, "taxable value" is that value determined in the same manner taxable value is determined under section 27a of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.27a of the Michigan Compiled Laws.

(2) All property of a company subject to taxation under this act shall be considered 1 parcel in determining the taxable value of that company's property.

History: Add. 1995, Act 257, Imd. Eff. Jan. 5, 1996.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.6 Company's annual statement; contents, time.

Sec. 6. The several corporations, persons, copartnerships, companies and associations whose property is subject to assessment and taxation under the provisions of this act, and whose annual gross receipts exceed $1,000,000.00 shall annually between the first day of January and the thirty-first day of March in each year, and the several corporations, persons, copartnerships, companies and associations whose property is subject to assessment and taxation under the provisions of this act, and whose annual gross receipts do not exceed $1,000,000.00, shall annually between the first day of January and the fifteenth day of March in each year, under oath of the president, secretary, superintendent, or chief officer of such corporation, company or association, or of the person or persons owning such property, make and file with the state board of assessors an annual report, in such form as said board may provide, upon blanks to be furnished by said board setting forth specifically upon blanks so furnished by the board the information prescribed by said board to enable them to make the assessment required in this act.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4218;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3557;—CL 1948, 207.6;—Am. 1956, Act 203, Eff. Aug. 11, 1956.

207.7 Sleeping car company defined; annual statement, contents, time.

Sec. 7. Every joint stock association, company, copartnership or association incorporated or acting under the laws of this or any other state, or of any foreign nation, and conveying to, from, through, in or across this state, or any part thereof, passengers or travelers, in palace cars, drawing room cars, sleeping cars or tourist cars, under any contract, express or implied with any railroad company, or the managers, lessees, agents or receivers thereof, shall be deemed and held to be a sleeping car company for the purposes of this act; and every such sleeping car company doing business in this state, shall annually between the first day of January and the thirty-first day of March, make out and deliver to the state board of assessors, a statement, verified by the oath of the officer or agent of such company making such statement, with reference to the thirty-first day

of December next preceding, setting forth the information prescribed by the board to enable them to make the assessment required in this act.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4219;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3558;—CL 1948, 207.7;—Am. 1956, Act 203, Eff. Aug. 11, 1956.

207.8 Blanks furnished; other reports; board, self-information; penalty, exception.

Sec. 8. Blanks for making the statements provided for in section 6 and 7 shall be furnished to such companies on making application to said board: Provided, That the reports hereby provided for shall not in any way relieve any of said companies from making the reports now required to be made to other state officers. In case any company fails or refuses to make the statement required by this act, or refuses to furnish any information requested, the board shall inform itself as best it may on the matters necessary to be known, in order to discharge its duties with respect to the assessment of the property of such companies. Any company which shall refuse or neglect to make the report required by this act or any part thereof, within the time specified, shall be subject to a penalty of 500 dollars for each day of the continuance of such neglect or refusal to file said report, to be recovered in a proper action brought in the name of the people of the state of Michigan in any court of competent jurisdiction: Provided, That when any company shall show to the satisfaction of said board that it cannot furnish any of the information requested, said board may excuse said company from furnishing such information.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4220;—CL 1929, 3559;—CL 1948, 207.8.

207.9 Assessment roll; contents; time; inspection of physical properties of public utilities; determination of true cash and taxable value; ocean routes; mileage adjustment.

Sec. 9. (1) Not later than May 15 in each year, the state board of assessors shall prepare an assessment roll upon which they shall set forth the true cash value and taxable value on the immediately preceding December 31 of all the property of the companies subject to taxation under this act. A determination of true cash value and taxable value is not final until reviewed as provided in this act. For the purpose of arriving at the true cash value and taxable value of the property on the assessment roll, the state board of assessors may personally inspect the property assessed, may consider the reports filed under this act or reports and returns filed in the office of any officer of this state or in the office of any other governmental agency, and any other evidence or information obtained or possessed by the state board of assessors.

(2) In determining the true cash value and taxable value of the property of a railroad, union station, and depot company that owns, leases, operates, or uses lines partly within or partly outside of this state, the state board of assessors shall consider the proportion of the number of miles of all track controlled or used by that company within this state to the entire mileage of all track controlled or used by that company both within and outside of this state. The state board of assessors shall also consider any other uniform factors that reflect a fair allocation of value to this state.

(3) For tax years that begin before January 1, 2006, in determining the true cash value and taxable value of the property of a telegraph company or telephone company that owns, leases, operates, or uses lines partly within and partly outside of this state, the state board of assessors shall only consider the proportion of the number of miles of telegraph or telephone lines controlled or used by that company within this state to the entire mileage of telegraph or telephone lines controlled or used by that company both within and outside of this state. The state board of assessors shall also consider any other uniform factors that reflect a fair allocation of value to this state.

(4) In determining the true cash value and taxable value of the property of an express company, the state board of assessors shall determine the actual value of the entire amount of the capital stock and bonded indebtedness of that express company. From that amount, the state board of assessors shall determine and deduct the actual value of all real property owned by that express company, and the actual value of all personal property owned by that express company that is not used in the express business of that express company. The state board of assessors shall then divide the remaining amount by the total number of miles, as determined by the state board of assessors, of railroad, stage, water, and other routes over which the company did business to obtain the value per mile. The state board of assessors shall then multiply the value per mile by the total number of miles of the routes within this state, as determined by the state board of assessors. The state board of assessors shall then add to the product of that calculation the value of all real estate owned by that express company in this state, as determined by the state board of assessors. The sum of this calculation is the actual value of the property of that express company subject to assessment and taxation in this state.

(5) If the state board of assessors determines that the ocean routes of a company are so different in character from its other routes that the mileage basis of apportionment of the value of the entire property to be

apportioned in this state would be unfair if the full mileage of the ocean routes were included, the state board of assessors may make an allowance for that company's ocean routes to bring those ocean routes to parity with that company's other routes. In making this determination, the state board of assessors shall consider the relative mileage values and earning capacities of the ocean routes and the other routes and shall require special reports of the character, mileage, earnings, and value of the ocean routes. The state board of assessors may exclude from its determination of aggregate mileage any ocean routes on which the express company fails to furnish the requisite reports, but no further penalty shall be imposed for the failure to report the mileage of ocean routes.

(6) If a company claims in writing that the mileage basis of apportionment of the value of the entire property to be attributed to this state is unfair, the state board of assessors shall make the apportionment that in its judgment is fair. In making that apportionment, the state board of assessors shall consider the mileage within and outside of this state, making any necessary allowance for ocean mileage as provided in this section.

(7) In determining the true cash value and taxable value of the property in this state of car loaning, stock car, refrigerator, fast freight lines, and other car companies, and other companies owning, leasing, running, or operating cars subject to taxation under this act, the state board of assessors shall consider the proportion of the aggregate car mileage made or run by the entire number of cars owned or operated by a company to the car mileage made or run by the entire number of cars owned or operated by that company within this state.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4221;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3560;—CL 1948, 207.9;—Am. 1956, Act 203, Eff. Aug. 11, 1956;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996;—Am. 2002, Act 610, Imd. Eff. Dec. 20, 2002.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.10 Assessment roll; description; form; cash and taxable valuations; placement on roll.

Sec. 10. On the assessment roll, after the name of each of the companies assessed, the state board of assessors shall place a general description of the property of each company, which includes all of the property of each company liable to taxation under this act. In the case of railroad, union station, and depot companies, the general description may be "Real estate, rolling stock, right-of-way and appurtenances, and all other property used in carrying on the corporate business and subject to taxation by a state board of assessors.". In the case of telegraph and telephone companies, the general description may be "Real estate, exchanges, switchboards, conduits, telegraph and telephone poles, and lines, and other appurtenances, and all other property used in carrying on the business of said company, and subject to taxation by a state board of assessors.". In the case of car loaning, stock car, refrigerator and fast freight line, and other car companies, and other companies, owning, leasing, running, or operating any cars subject to taxation under this act, the general description may be "Cars subject to taxation by a state board of assessors.". In the case of express companies and sleeping car companies, the general description may be "Property subject to taxation by a state board of assessors.". In a column opposite the name of each company assessed shall be extended the true cash value and taxable value of the property assessed.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4222;—CL 1929, 3561;—CL 1948, 207.10;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.11 State board of assessors; annual meeting; time; place; proceedings; cash or taxable value correction; certification; contents.

Sec. 11. On the third Monday in May in each year, the state board of assessors shall meet at its office in the city of Lansing and continue in session from day to day for as long as necessary, but not later than June 15, to review the assessment roll. Any interested company or person may appear during that period and be heard as to the true cash value or taxable value of the property of any company assessed. The state board of assessors may, on application or on its own motion, correct the true cash value or taxable value of the property assessed. To determine the true cash value or taxable value of the property assessed, the state board of assessors may subpoena witnesses as provided in section 3 and may hold any hearing it considers necessary. If the property of a company subject to taxation under this act has been omitted from the assessment roll, the state board of assessors shall place that property on the assessment roll and assess the property as required in

sections 9 and 10. An assessment under this section shall not be made if there are less than 5 days before the completion of the review. After the state board of assessors completes the review of the assessment roll, it shall place opposite each description of property in the assessment roll, in a column provided for that purpose, the true cash value and taxable value of that property as determined by it. The taxable value determined by the state board of assessors is the final valuation on which the tax on that property shall be levied and spread. After the state board of assessors completes its review of the assessment roll, a majority of the state board of assessors shall certify that the assessment roll has been acted upon and reviewed in accordance with this act, shall state all of the alterations, changes, corrections, and additions made to the true cash value or taxable value of the property on the assessment roll, shall state all the alterations, changes, and corrections made in the true cash value or taxable value of the property of the state other than that included in this act on which ad valorem taxes are assessed for state, county, township, school, and municipal purposes for the current year, and shall also state all of the alterations, changes, and corrections made in computing the average rate as provided in this act.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4223;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3562;—CL 1948, 207.11;—Am. 1956, Act 203, Eff. Aug. 11, 1956;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.12 County director of tax or equalization department; assessing officer; duties; failure to report; penalty; inspection and examination.

Sec. 12. The director of the tax or equalization department in each county in this state, as soon as possible after the equalization of the board of commissioners of the county of the assessment rolls of the municipalities in that county, and not later than December 1 in each year, shall make a report, duly certified, to the state board of assessors, on a form to be provided by the state board of assessors, of the amount of ad valorem taxes to be raised in the municipalities in that county for state, county, municipal, township, school, and other purposes, including a statement of the aggregate valuation of the property in each of the municipalities in that county, as taken from the assessment rolls of the municipalities for the year in which the equalization is made, and, for taxes levied before January 1, 1995, the state equalized valuation of each municipality and, for taxes levied after December 31, 1994, the taxable value of each municipality. The supervisor or other assessing officer of each township, city, and village in this state shall make, within the time provided in this section, a report to the state board of assessors, on a form to be provided by the state board of assessors, of all ad valorem taxes raised in his or her assessing district for the current year, and, for taxes levied before January 1, 1995, of the state equalized valuation of real and personal property upon which the taxes are levied and, for taxes levied after December 31, 1994, of the taxable value of real and personal property upon which the taxes are levied. If any director of a county tax or equalization department or any supervisor or assessing officer neglects or fails to make the report required by this section within the time provided in this section, the state board of assessors shall inspect and examine or cause an inspection and examination of the records of the board of commissioners or of the proper township, city, or village officers, to procure the information required to arrive at the average rate of taxation in this state. Any director of a county tax or equalization department, supervisor, or assessing officer who fails to make the report required by this section is subject to a penalty of $100.00, to be recovered in an action in the name of the people of this state in any court of competent jurisdiction.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4224;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3563;—CL 1948, 207.12;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996;—Am. 2001, Act 35, Imd. Eff. June 29, 2001.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.13 Determining average rate of taxation; entering determination and method on records; determination and payment of supplemental tax; credit against tax allowed railroad company; amount of credit; application for credit; proof of expenditures; annual report; qualification for credit; additional annual report; granting of trackage rights.

Sec. 13. (1) The state board of assessors, from the information contained in the reports provided for in section 12, shall determine for the year in which the reports are required to be made the average rate of taxation levied on other commercial, industrial, and utility property on which ad valorem taxes are assessed for state, county, township, school, and municipal purposes, and enter the determination in its records,

together with the method by which the average rate of taxation was determined. In determining the average rate of taxation for taxes levied under this act before January 1, 1996, the state board of assessors shall divide the state equalized value as set by the state board of equalization for the previous year into the total ad valorem taxes as reported by each director of a county tax or equalization department as provided in section 12. In determining the average rate of taxation for taxes levied under this act after December 31, 1995, the state board of assessors shall divide the state taxable value for the previous year into the total ad valorem taxes as reported by each director of a county tax or equalization department as provided in section 12. In determining the average rate of taxation for 1994, ad valorem taxes levied for the year in which the reports are required by a local school district for school operating purposes as defined in section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, shall be excluded from the calculation required by this section and the state board of assessors shall add to the tax rate calculated under this section after the exclusion required by this sentence, the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus the statewide average number of mills levied in 1994 by local school districts for school operating purposes under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852. If the state board of assessors is unable to determine the average rate of taxation for 1994 before June 1, 1994, the state board of assessors shall determine a preliminary average rate of taxation that shall be used to complete the 1994 tax roll under section 14. However, before June 1, 1995, the state board of assessors shall determine and certify the average rate of taxation for 1994 and prepare a supplemental 1994 tax roll using the 1994 assessed valuations for the purpose of levying a supplemental tax or making a refund. The supplemental tax is due and payable and the refund, if any, is due July 1, 1995 without interest. If the supplemental tax is paid after August 1, 1995, the tax is payable with interest due at the rate of 1% per month or portion of a month calculated from January 15, 1995 to the date of payment.

(2) A railroad company is allowed a credit against the tax imposed by this act for the tax year in an amount equal to 25% of the amount expended for the maintenance or improvement of rights of way, including those items, except depreciation, in the official maintenance-of-way and capital track accounts of the railroad company in this state during the calendar year immediately preceding the tax year but not to exceed the total liability for the tax under this act. The manner of applying for the credit and the proof of expenditures required shall be prescribed by the state board of assessors.

(3) A railroad company that claims a credit under this section is required to file an annual report with the state board of assessors that shall include detailed data of right of way work conducted in this state during the past calendar year. The state board of assessors shall transmit a copy of the report to the chairperson of the senate finance committee and the house taxation committee. This report submitted to the state board of assessors shall include the number of notices of violation from railway inspectors by railroad section, and shall include a detailed account of the location and the nature of the work. The location of the work shall be defined by the railroad section or mile posts surrounding the work area plus the county, city, or township in which the work was performed. This report shall include a separation of costs by labor and materials on each project. The report also shall include an itemized account of what work was done. This account shall be itemized by the following categories:

(a) Miles of track laid.

(b) Tons of new ballast installed.

(c) Number of ties installed.

(d) Miles of tracks surfaced.

(e) Signals installed.

(f) Under drainage work done.

(4) The railroad companies, in order to qualify for the full 25% credit under this act, must demonstrate to the state board of assessors that the highest priority of expenditures for the maintenance or improvement of rights of way has been given to rail lines that handle hazardous materials, especially those that are located in urban or residential areas. A railroad company that claims a credit under this section is required to file an annual report with the state board of assessors that shall include detailed data on the tonnages of hazardous materials handled in relation to tonnages of other traffic handled over the rail line for which a tax credit is being applied.

(5) A railroad company utilizing the property tax credit provisions of this act shall grant to another railroad company, upon application by the latter, trackage rights over its line for trains, providing that the train operations do not interfere with the movement of Michigan freight using the same trackage, if operations can be accomplished safely in the opinion of the grantor and if trackage arrangements and train operations are approved by the interstate commerce commission. The grantee shall pay the grantor reasonable charges agreed to between the 2 parties if the charges and terms of the agreement between the 2 parties are not in violation of the antitrust provisions of federal laws.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4225;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3564;—CL 1948, 207.13;—Am. 1953, Act 30, Imd. Eff. Apr. 15, 1953;—Am. 1977, Act 290, Imd. Eff. Dec. 29, 1977;—Am. 1980, Act 322, Eff. Mar. 31, 1981;—Am. 1993, Act 332, Eff. Apr. 1, 1994;—Am. 1994, Act 361, Imd. Eff. Dec. 27, 1994;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996;—Am. 2001, Act 35, Imd. Eff. June 29, 2001.

Compiler's note: Section 2 of Act 322 of 1980 provides: "This act shall be known and may be cited as the "George Montgomery railroad act".

Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.13a Tax credit; "eligible company,""eligible expenses,""qualified rolling stock," defined.

Sec. 13a. (1) Subject to subsection (2), an eligible company is allowed a credit against the tax imposed under this act for the tax year equal to the amount of eligible expenses incurred during the calendar year immediately preceding the tax year for which the credit under this subsection is claimed.

(2) The sum of the credits under subsection (1) and section 13(2) shall not exceed an eligible company's liability for the tax levied under this act in the tax year in which the credit is claimed.

(3) An eligible company may apply for the credit under subsection (1) by submitting to the state board of assessors an application in the form prescribed by the state board of assessors.

(4) If the board determines that for any eligible company the sum of the credits provided in this section and in section 13(2) equals the eligible company's liability for the tax levied under this act before application of the credits, the board may waive the application requirement in subsection (3) and the reports and statements required under sections 6, 7, 8, and 13. A waiver under this subsection does not affect the board's powers under section 3.

(5) As used in this section:

(a) "Eligible company" means railroad companies, union station and depot companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, and all other companies owning, leasing, running, or operating any freight, stock, refrigerator, or any other cars not the exclusive property of a railroad company paying taxes upon its rolling stock under this act, over or upon the line or lines of any railroad in this state.

(b) "Eligible expenses" means 1 or more of the following:

(*i*) Expenses incurred in this state to maintain or improve an eligible company's qualified rolling stock.

(*ii*) Seventy-five percent of the expenses incurred in this state for maintenance or improvement of rights-of-way, including those items, except depreciation, in the official maintenance-of-way and capital track accounts of the eligible company.

(c) "Qualified rolling stock" means any freight, stock, refrigerator, or other railcars subject to the tax levied under this act.

History: Add. 2000, Act 341, Imd. Eff. Dec. 27, 2000.

207.13b Tax credit; amount; limitation; prohibition; credit against remaining tax; carrying forward credit to offset tax liability in subsequent years; application; submission to state board of assessors; form; definitions.

Sec. 13b. (1) Subject to subsections (2), (3), and (4), a company shall be allowed a credit against the tax imposed under this act for the tax year equal to 6% of eligible expenditures incurred in the calendar year immediately preceding the tax year for which the credit under this subsection is claimed.

(2) The amount of the credit under subsection (1) shall be limited as follows:

(a) For the 2003 tax year, the credit shall not exceed 3% of the company's liability for the tax levied under this act in the 2003 tax year.

(b) For the 2004 tax year, the credit shall not exceed the greater of 6% of the company's liability for the tax levied under this act in the 2004 tax year or 100% of the credit the company received under this subsection in the 2003 tax year.

(c) For the 2005 tax year, the credit shall not exceed the greater of 9% of the company's liability for the tax levied under this act in the 2005 tax year or 100% of the credit the company received under this subsection in the 2004 tax year.

(d) For the 2006 tax year and each year after the 2006 tax year, the credit shall not exceed the greater of 12% of the company's liability for the tax levied under this act in the tax year in which the credit is claimed or 100% of the credit the company received under this subsection in the immediately preceding tax year.

(3) The amount of the credit under subsection (1) shall not exceed a company's liability for the tax levied under this act in the tax year in which the credit is claimed.

(4) A credit under subsection (1) may not be claimed by a company in a tax year in which 1 or more of the following conditions apply:

(a) The company is not subject to the annual maintenance fee required under section 8 of the metropolitan extension telecommunications rights-of-way oversight act.

(b) The company is subject to the annual maintenance fees required under section 8 of the metropolitan extension telecommunications rights-of-way oversight act, and has failed to pay the annual maintenance fees that are due and payable as of May 1 in that year.

(5) After any credit under subsection (1) is determined, a company shall be allowed a credit against any remaining tax imposed under this act equal to the credit allowed under section 8 of the metropolitan extension telecommunications rights-of-way oversight act, less the amount of any credit determined under subsection (1). If the credit allowed under this subsection for the tax year and any unused carryforward of the credit allowed by this subsection exceed the company's remaining tax liability for the tax year after any credit under subsection (1) is determined, that portion of the credit that exceeds the remaining tax liability for the tax year shall not be refunded but may be carried forward to offset any tax liability in subsequent tax years that remains after any credit claimed under subsection (1) in that subsequent tax year is determined until used up. A credit may not be claimed under this subsection in a tax year in which 1 or more of the conditions set forth in subsection (4) apply.

(6) A company may apply for the credit under subsection (1) by submitting to the state board of assessors an application in a form prescribed by the state board of assessors at the time the annual report required under section 6 is due.

(7) A company may apply for the credit under subsection (5) by submitting to the state board of assessors an application in a form prescribed by the state board of assessors before May 1.

(8) As used in this section:

(a) "Eligible expenditures" means expenditures made by a company to purchase and install eligible equipment after December 31, 2001.

(b) "Eligible equipment" means property placed into service in this state for the first time with information carrying capability in excess of 200 kilobits per second in both directions.

History: Add. 2002, Act 50, Imd. Eff. Mar. 14, 2002.

207.14 Tax assessment; tax roll; certificate; time payable; interest; lien; warrant; collection; enforcement.

Sec. 14. (1) The state board of assessors shall tax the property of the companies subject to taxation under this act based upon the taxable value of the property determined by the state board of assessors and at the rate determined by the state board of assessors. The amount of tax to be paid by each company assessed shall be extended on the assessment roll, opposite the description of that company's property. After the tax roll is completed, and before June 20 in each year, the state board of assessors shall attach to the tax roll a certificate signed by the members of the state board of assessors, or a majority of the members of the state board of assessors, that states "We do hereby certify that we have set down in the above assessment roll all of the property of railroad companies, express companies, union station and depot companies, telegraph and telephone companies, car loaning, stock car, refrigerator, fast freight line, and other car companies, and other companies owning, leasing, running, or operating cars, and sleeping car companies liable to be taxed in this state, according to our best information, and that we have determined the true cash value and taxable value of that property, and that we have assessed the taxes on that property at the average rate of taxes for state, county, township, school, municipal, and other purposes levied through this state during the preceding year as determined by us.".

(2) The tax roll shall be delivered to the commissioner of revenue, who shall immediately notify by registered mail each company taxed to pay the taxes extended on the tax roll to the state treasurer. The taxes assessed are payable on July 1 following the assessment and levy of those taxes, and are in lieu of all ad valorem taxes for state and local purposes, not including special assessments on property particularly benefited made in any county, city, village, or township. All taxes not paid before August 1 in the year in which those taxes are payable shall bear interest from August 1 at the rate of 1% per month or fraction of a month. However, if 1/2 of the amount of the taxes due are paid before August 1, the remaining taxes due may be paid before the immediately succeeding December 1 without interest, otherwise the taxes unpaid on August 1 shall bear interest as provided in this section. The taxes levied are a debt of the company assessed to the state and are a lien on all of the property of that company, real, personal, and mixed. A lien under this section takes precedence over all demands, judgments, assignments by warranty deed or otherwise, or decrees against the company assessed. A lien and debt under this section may be enforced by the seizure or sale of the property assessed or any portion of the property assessed necessary to satisfy the lien and debt. The state

board of assessors shall, upon the completion of the tax roll and the correction of the tax roll as provided in this act, annex to the tax roll a warrant, signed by the board or a majority of the state board of assessors, commanding the commissioner of revenue to collect the taxes due under this act. The warrant shall authorize and command the commissioner of revenue, in case any corporation, company, or person named in the tax roll does not pay the tax due under this act, to levy the tax due by distress and sale of the property of that corporation, company, or person or any portion of that property necessary to raise sufficient money to satisfy the tax due and the expense of the sale, after giving the corporation, company, or person notice of the sale as provided by law for the sale of property seized for taxes and offered for sale. However, the commissioner may bring an action in the name of the people of this state in any court of competent jurisdiction in this state, or in any other state, to enforce the lien and after obtaining a judgment or decree, the judgment or decree may be collected by execution, levy, and sale.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4226;—Am. 1917, Act 339, Eff. Aug. 10, 1917;—CL 1929, 3565;—Am. 1935, Act 104, Imd. Eff. May 28, 1935;—CL 1948, 207.14;—Am. 1956, Act 203, Eff. Aug. 11, 1956;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.15 Payment of tax under protest; suit against state; unlawful taxes; disposition of recovered taxes.

Sec. 15. A person upon whom any tax is levied under the provisions of this act may pay such tax under protest, specifying at the time, in a writing signed by him, the reasons for the protest. The person paying under protest may sue the state in the court of claims within 30 days for the amount protested, and recover if the tax is shown to be unlawful for the reason specified in the protest. Taxes levied under the provisions of this act are unlawful if the average rate has not been ascertained and determined according to law, or if valuation of property was based upon fraud, error of law or the adoption of wrong principles. Any tax recovered may be refunded or applied upon future taxes payable under this act.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4227;—CL 1929, 3566;—CL 1948, 207.15;—Am. 1966, Act 208, Imd. Eff. July 11, 1966.

207.16 Irregularities not authorizing court intervention.

Sec. 16. No tax assessed upon any property and no average rate determined by said state board of assessors as hereinbefore required, shall be held invalid by any court of this state on account of any irregularity in any assessment, or on account of any assessment or tax roll not having been made or proceeding had within the time required by law, or on account of the property having been assessed without the name of the owner, or in the name of any corporation or person other than the owner, or on account of any other irregularity, informality or omission, if the method and manner of ascertaining and determining the average rate of taxation on property in this state is in accordance with the constitution and statutes of this state.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4228;—CL 1929, 3567;—CL 1948, 207.16.

207.17 Taxes on public utilities, payment into general fund.

Sec. 17. All taxes collected under this act shall be paid into the state treasury to the credit of the general fund.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4229;—CL 1929, 3568;—CL 1948, 207.17;—Am. 1964, Act 90, Eff. July 1, 1964.

207.18 Collection of specific taxes prior to 1909.

Sec. 18. Nothing herein contained shall be deemed a waiver or affect the collection of the specific taxes required to be paid by the companies hereby affected, on the first day of July in the year 1909, and previous years, under the general laws upon the property or business of such companies within this state. The existing laws providing for the collection of such specific taxes shall be continued in force until the collection and payment of all taxes levied thereunder for the year 1909 and previous years.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4230;—CL 1929, 3569;—CL 1948, 207.18.

207.19 Certain acts as misdemeanor; penalty.

Sec. 19. If the state board of assessors willfully assesses any property at more or less than what the members taking part in making that assessment believe to be its true cash value or taxable value, each

member voting in favor of that assessment is guilty of a misdemeanor punishable by imprisonment in the county jail for not more than 1 year or by a fine of not more than $5,000.00.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4231;—CL 1929, 3570;—CL 1948, 207.19;—Am. 1995, Act 257, Imd. Eff. Jan. 5, 1996.

Compiler's note: Section 2 of Act No. 257 of 1995 provides:

"This amendatory act shall take effect December 30, 1995. This amendatory act is intended to clarify that the taxable basis of property subject to tax under this act, including intangible property, is also subject to the limitations on taxable value provided in section 3, article IX, of the Michigan Constitution of 1963. This act is not intended to exempt any particular type of property."

207.20 Bribery; forfeiture, criminal prosecution.

Sec. 20. If any person, company, association or corporation whose property is subject to assessment under this act shall directly or indirectly promise, offer or give to any member of said board, during his term of office, or to any other person at his request, any gratuity of any kind whatever, such person or corporation shall forfeit to the state the sum of 10,000 dollars for each such offense, to be recovered in an action in the name of the people of the state of Michigan, in any court of competent jurisdiction. And the recovery of such fine under this act shall not constitute a bar to any prosecution of the person or corporation so offending under the criminal laws of this state.

History: 1905, Act 282, Eff. Sept. 16, 1905;—CL 1915, 4232;—CL 1929, 3571;—CL 1948, 207.20.

207.21 Repeal; saving clause.

Sec. 21. All acts or parts of acts, whether contained in any act for the incorporation of railroad companies, union station and depot companies, telegraph and telephone companies, express companies, car loaning companies, stock car companies, refrigerator car companies, sleeping car companies, fast freight line companies, or other car companies, or in any other law of this state, so far as such acts or parts of acts are inconsistent with the provisions of this act, are hereby repealed, except as herein expressly stated: Provided, however, That all taxes levied or in process of assessment and levy, under the act to which this act is amendatory, shall be assessed, levied and collected under said act; all rights which the state now has under any of said acts for taxes or penalties shall not be in any way affected by this act; nor shall this act constitute a bar to any prosecution or suit for such taxes or penalties or the recovery of judgment therefor.

History: 1905, Act 282, Eff. Sept. 16, 1905;—Am. 1909, Act 49, Eff. Sept. 1, 1909;—CL 1915, 4233;—CL 1929, 3572;—CL 1948, 207.21.

TAXATION OF WATERCRAFT
Act 70 of 1911

207.51-207.54 Repealed. 1974, Act 153, Eff. Jan. 1, 1975.

MOTOR FUEL TAX
Act 150 of 1927

207.101-207.202 Repealed. 1951, Act 51, Eff. June 1, 1951;—1980, Act 118, Eff. May 16, 1980 ;—1980, Act 163, Eff. Sept. 17, 1980;—1992, Act 225, Eff. Jan. 1, 1993;—2000, Act 403, Eff. Apr. 1, 2001.

Popular name: Motor Fuel Tax Act

MOTOR CARRIER FUEL TAX ACT
Act 119 of 1980

AN ACT to prescribe a privilege tax for the use of public roads and highways of this state by motor carriers by imposing a specific tax upon the use of motor fuel within this state; to provide for certain credits against this tax and certain mechanisms for paying, collecting, and enforcing this tax; to provide for the licensing of motor carriers and for exemptions from licensure; to require the keeping and providing for the examination of certain reports; to provide review procedures for the assessment of the tax and revocation of a license; to impose certain duties upon and confer certain powers to certain state departments and agencies; to prescribe certain penalties for the violation of this act; and to make appropriations.

History: 1980, Act 119, Imd. Eff. May 14, 1980.

The People of the State of Michigan enact:

207.211 Definitions.

Sec. 1. As used in this act:

(a) "Alternative fuel" means that term as defined in section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

(b) "Alternative fuel dealer" means that term as defined in section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

(c) "Axle" means any 2 or more load-carrying wheels mounted in a single transverse vertical plane.

(d) "Commissioner" means the state treasurer.

(e) "Department" means the department of treasury.

(f) "Gallon equivalent" means that term as defined in section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

(g) "Motor carrier" means either of the following:

(*i*) A person who operates or causes to be operated a qualified commercial motor vehicle on a public road or highway in this state and at least 1 other state or Canadian province.

(*ii*) A person who operates or causes to be operated a qualified commercial motor vehicle on a public road or highway in this state and who is licensed under the international fuel tax agreement.

(h) "Motor fuel" means diesel fuel as defined in section 2 of the motor fuel tax act, 2000 PA 403, MCL 207.1002. Beginning on January 1, 2017, motor fuel includes gasoline as that term is defined in section 3 of the motor fuel tax act, 2000 PA 403, MCL 207.1003.

(i) "Nonprofit private, parochial, denominational, or public school, college, or university" means an elementary, secondary, or postsecondary educational facility.

(j) "Person" means a natural person, partnership, firm, association, joint stock company, limited liability company, limited liability partnership, syndicate, or corporation, and any receiver, trustee, conservator, or officer, other than a unit of government, having jurisdiction and control of property by virtue of law or by appointment of a court.

(k) "Public roads or highways" means a road, street, or place maintained by this state or a political subdivision of this state and generally open to use by the public as a matter of right for the purpose of vehicular travel, notwithstanding that they may be temporarily closed or travel restricted for the purpose of construction, maintenance, repair, or reconstruction.

(*l*) "Qualified commercial motor vehicle", subject to subdivision (m), means a motor vehicle used, designed, or maintained for transportation of persons or property and 1 of the following:

(*i*) Having 3 or more axles regardless of weight.

(*ii*) Having 2 axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms.

(*iii*) Is used in a combination of vehicles, if the weight of that combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight.

(m) "Qualified commercial motor vehicle" does not include a recreational vehicle, a road tractor, truck, or truck tractor used exclusively in this state, a road tractor, truck, or truck tractor owned by a farmer and used in connection with the farmer's farming operation and not used for hire, a school bus, a bus defined and certificated under the motor bus transportation act, 1982 PA 432, MCL 474.101 to 474.139, or a bus operated by a public transit agency operating under any of the following:

(*i*) A county, city, township, or village as provided by law, or other authority incorporated under 1963 PA 55, MCL 124.351 to 124.359. Each authority and governmental agency incorporated under 1963 PA 55, MCL 124.351 to 124.359, has the exclusive jurisdiction to determine its own contemplated routes, hours of service,

estimated transit vehicle miles, costs of public transportation services, and projected capital improvements or projects within its service area.

(*ii*) An authority incorporated under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, or that operates a transportation service pursuant to an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(*iii*) A contract entered into under 1967 (Ex Sess) PA 8, MCL 124.531 to 124.536, or 1951 PA 35, MCL 124.1 to 124.13.

(*iv*) An authority incorporated under the public transportation authority act, 1986 PA 196, MCL 124.451 to 124.479, or a nonprofit corporation organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, that provides transportation services.

(*v*) An authority financing public improvements to transportation systems under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(n) Qualified commercial motor vehicle includes a vehicle operated on a public road or highway owned by a farmer and used in connection with the farmer's farming operation if the vehicle bears out of state registration plates of a state that does not give similar treatment to vehicles from this state.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1988, Act 186, Imd. Eff. June 27, 1988;—Am. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2000, Act 406, Imd. Eff. Jan. 8, 2001;—Am. 2002, Act 667, Eff. Apr. 1, 2003;—Am. 2015, Act 178, Eff. Jan. 1, 2017;—Am. 2024, Act 219, Eff. Apr. 2, 2025.

Compiler's note: Former MCL 207.201 to 207.214, deriving from Act 319 of 1947 and pertaining to a diesel motor fuel tax, were repealed by Act 54 of 1951.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.212 Motor carrier fuel tax; calculation; rate; quarterly return and tax payment; form; determining amount of motor fuel or alternative fuel consumed and average miles per gallon; presumption; remittance; filing returns and paying tax for other than quarterly periods; rate beginning January 1, 2017.

Sec. 2. (1) A motor carrier licensed under this act shall pay a road tax calculated on the amount of motor fuel and alternative fuel consumed in qualified commercial motor vehicles on the public roads or highways within this state. Except as otherwise provided under subsection (6), the tax shall be at the rate of 15 cents per gallon on motor fuel consumed on the public roads or highways within this state. In addition, qualified commercial motor vehicles licensed under this act that travel in interstate commerce are subject to the definition of taxable motor fuels and alternative fuels and rates as defined by the respective international fuel tax agreement member jurisdictions. A motor carrier licensed under this act shall file a return and pay the tax due quarterly to the department on or before the last day of January, April, July, and October of each year on a form prescribed and furnished by the department. Each quarterly return and tax payment shall cover the liability for the annual quarter ending on the last day of the preceding month.

(2) The amount of motor fuel or alternative fuel consumed in the operation of a motor carrier on public roads or highways within this state shall be determined by dividing the miles traveled within this state by the average miles per gallon of motor fuel or applicable gallon equivalent of alternative fuel. The average miles per gallon of motor fuel or per-gallon equivalent of alternative fuel, as applicable, shall be determined by dividing the miles traveled within and outside of this state by the total amount of motor fuel or alternative fuel consumed within and outside of this state.

(3) In the absence of records showing the average number of miles operated per gallon of motor fuel or per-gallon equivalent of alternative fuel, as applicable, it is presumed that 1 gallon of motor fuel or applicable gallon equivalent of alternative fuel is consumed for every 4 miles traveled.

(4) The quarterly tax return shall be accompanied by a remittance covering any tax due.

(5) The commissioner, when he or she considers it necessary to ensure payment of the tax or to provide a more efficient administration of the tax, may require the filing of returns and payment of the tax for other than quarterly periods.

(6) Beginning January 1, 2017 and annually thereafter, the per-gallon or per-gallon equivalent rate of tax under this act for motor fuel or alternative fuel consumed on the public roads or highways of this state is 1 of the following:

(a) For motor fuel, the applicable rate prescribed under section 8(1) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, for the same period.

(b) For alternative fuel, the rate prescribed under section 152 of the motor fuel tax act, 2000 PA 403, MCL

207.1152, for the same period.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2002, Act 667, Eff. Apr. 1, 2003;—Am. 2006, Act 346, Imd. Eff. Sept. 1, 2006;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Former MCL 207.201 to 207.214, deriving from Act 319 of 1947 and pertaining to a diesel motor fuel tax, were repealed by Act 54 of 1951.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.212a International fuel tax agreement.

Sec. 2a. (1) The department, on behalf of this state, may enter into a reciprocal agreement providing for the imposition of a motor fuel or alternative fuel tax on an apportionment or allocation basis with the proper authority of a state, a commonwealth, the District of Columbia, a state or province of a foreign country, or a territory or possession either of the United States or of a foreign country. Under this subsection, the department shall enter into the international fuel tax agreement.

(2) The department may promulgate rules to implement and enforce the provisions of the international fuel tax agreement. Rules promulgated under this subsection shall be promulgated under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(3) As required by the intermodal surface transportation efficiency act of 1991, Public Law 102-240, 105 Stat 1914, if the department entered into the international fuel tax agreement, and if the provisions set forth in that agreement are different from this act, then the provisions of the agreement shall control.

(4) This section constitutes complete authority for the imposition of motor fuel or alternative fuel taxes upon an apportionment or allocation basis.

History: Add. 1994, Act 353, Imd. Eff. Dec. 22, 1994;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.213 Act inapplicable to certain commercial motor vehicles; applicability of international fuel tax agreement.

Sec. 3. (1) This act does not apply to any of the following:

(a) A commercial motor vehicle operated and owned by this state, a political subdivision of this state, or the federal government.

(b) A commercial motor vehicle owned by, or leased and operated by, a nonprofit private, parochial, or denominational, school, college, or university, or a public school, college, or university.

(c) A qualified commercial motor vehicle owned by, or leased and operated by, a motor carrier to the extent that the motor carrier is exempt from the requirements of this act under a qualified fuel tax reciprocity agreement as that term is defined in section 3 of 1960 PA 124, MCL 3.163.

(2) The international fuel tax agreement does not apply to a qualified commercial motor vehicle described in subsection (1)(c).

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 2022, Act 26, Imd. Eff. Mar. 10, 2022.

Compiler's note: Former MCL 207.201 to 207.214, deriving from Act 319 of 1947 and pertaining to a diesel motor fuel tax, were repealed by Act 54 of 1951.

207.214 Tax credit; refund; receipt required; false statement as misdemeanor; penalty.

Sec. 4. (1) A person filing a return under section 2 who purchased motor fuel or alternative fuel in this state upon which a tax was imposed and not refunded under the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, is entitled to a credit against the tax imposed by this act equal to the tax paid when purchasing the motor fuel or alternative fuel under the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170. The excess of a credit allowed by this subsection over tax liabilities imposed by this act shall be refunded to the taxpayer.

(2) In order to secure credit under subsection (1) for motor fuel or alternative fuel purchased in this state, the motor carrier shall secure a receipt showing the seller's name, the number of gallons of motor fuel or applicable gallon equivalents of alternative fuel, the type of motor fuel or alternative fuel, the tax rate charged, the address of the seller, the license number or unit number of the commercial motor vehicle, and the

date of sale.

(3) A refund, when approved by the department, shall be payable from the revenue received under this act.

(4) A person, or an agent, employee, or representative of the person, who makes a false statement in any return under this act or who submits or provides an invoice or invoices in support of the false statement upon which alterations or changes exist in the date, name of seller or purchaser, number of gallons or gallon equivalents, identity of the qualified commercial motor vehicle into which fuel was delivered or the amount of tax that was paid, or who knowingly presents any return or invoice containing a false statement, or who collects or causes to be paid a refund without being entitled to the refund, forfeits the full amount of the claim and is guilty of a misdemeanor, punishable by a fine of not more than $5,000.00 or imprisonment for not more than 1 year, or both.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2000, Act 406, Imd. Eff. Jan. 8, 2001;—Am. 2002, Act 667, Eff. Apr. 1, 2003;—Am. 2006, Act 346, Imd. Eff. Sept. 1, 2006;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Former MCL 207.201 to 207.214, deriving from Act 319 of 1947 and pertaining to a diesel motor fuel tax, were repealed by Act 54 of 1951.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.215 Motor carrier license; application; form and contents; affixing decal to cab; surety bond, cash, or securities; waiver of bond requirement; assignment or transfer of license and decals; replacement decals; duration of license and decals; ceasing to engage in business; notice of discontinuance.

Sec. 5. (1) A person required to be licensed by this act shall not act as a motor carrier in this state unless the person is the holder of an unrevoked license issued by the department or is the holder of an unrevoked license issued under the international fuel tax agreement by this state or another member jurisdiction of the international fuel tax agreement. To procure a license, a motor carrier shall file with the department a verified application upon a form prescribed and to be furnished by the department. The application shall contain the name and address of the motor carrier and, if a partnership, limited liability company, or corporation, the names and addresses of the persons constituting the firm, partnership, association, joint stock company, limited liability company, syndicate, or corporation, the name of its resident agent, the location of its predominant place of business, both within and outside of this state, and other pertinent information the department may require.

(2) The department shall issue to each motor carrier 1 license per person and 2 decals for each qualified commercial motor vehicle. A decal shall be affixed respectively to the right-hand side and left-hand side of the cab of every qualified commercial motor vehicle while it is being operated in this state by each person licensed under this act. A copy of the license shall be carried in each cab while it is being operated.

(3) For cause, a motor carrier may be required to file with the department a surety bond payable to this state, upon which the applicant is the obligor, in the sum of 3 times the highest estimated quarterly tax, or $1,000.00, whichever is greater. This surety bond shall be conditioned upon the applicant complying with this act and with the rules promulgated under this act, promptly filing true reports, and paying the taxes, interest, and penalties required by this act. Each surety bond shall be approved as to amount and sureties by the department. The department may accept cash or securities instead of a surety bond.

(4) The commissioner may waive the bond requirement for a motor carrier exempt from the reporting requirements of section 2 when the collection of taxes would not be impaired by lack of security of a bond required by this section.

(5) The license and decals are not assignable or transferable to another person and are valid only for the person in whose name they are issued. However, upon application to the department, a motor carrier, upon the sale, conveyance, disposal, or replacement of a qualified commercial motor vehicle, may transfer the license and decals for that qualified commercial motor vehicle to another qualified commercial motor vehicle of the motor carrier that is required to be licensed under this act. The department shall issue replacement decals for the newly licensed qualified commercial motor vehicle that authorizes the holder of the qualified commercial motor vehicle license to use and consume motor fuel or alternative fuel in the qualified commercial motor vehicle upon the public roads or highways of this state until the original license would have expired. The department may require the payment of a fee to cover the administrative costs of issuing a replacement license or decals.

(6) Upon filing of the application and upon posting of any bond as required, the department shall issue to

the applicant a license and decals that authorize the holder to operate qualified commercial motor vehicles using and consuming motor fuels or alternative fuels upon the public roads or highways of this state until January 1 of the year following the date of issuance.

(7) If a licensee ceases to engage in business within this state, the licensee shall notify the department in writing within 15 days after discontinuance.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1981, Act 16, Imd. Eff. Apr. 28, 1981;—Am. 1987, Act 235, Imd. Eff. Dec. 28, 1987;—Am. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Administrative rules: R 207.1 et seq. of the Michigan Administrative Code.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.216 Refusing or neglecting to file quarterly report and pay tax; conference; revocation of license; notice; continuation of license; refusal to issue license; conditions; appeal.

Sec. 6. (1) If the holder of the motor carrier license at any time refuses or neglects to file the required quarterly report, and pay the full amount of tax at the time and in the manner and place the quarterly report is required to be filed, the department may revoke, after a conference held with the department, a license issued pursuant to section 5, and shall promptly notify the holder of the license of the revocation by notice sent by registered mail to the last known address of the holder. If the quarterly report is filed and the tax is paid within 7 days after their due date and it is established that the delay was due to accident or reasonable cause, the department may continue the license.

(2) The department may refuse to issue a license if the application meets 1 or more of the following conditions:

(a) Is filed by a person whose license at any time has been revoked by the department.

(b) Contains a misrepresentation, misstatement, or omission of information required by the application.

(c) Is filed by another person as a subterfuge for the real person in interest whose license has been revoked for cause by the department.

(d) Is filed by a person who is delinquent in the payment of a fee, tax, penalty, or other amount due the department.

(3) A person whose license has been revoked or a person who has been refused a license may appeal the decision of the department under the procedures prescribed in Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997.

207.216a Administration of tax; tax due member jurisdictions of international fuel tax agreement; tax debt; refund claim.

Sec. 6a. (1) Except as provided in subsection (3), the tax imposed by this act shall be administered under 1941 PA 122, MCL 205.1 to 205.31. In case of conflict between 1941 PA 122, MCL 205.1 to 205.31, and this act, this act shall prevail.

(2) Tax due to other member jurisdictions of the international fuel tax agreement that is incurred by a person while operating on a current, suspended, or revoked license issued by the department under the international fuel tax agreement is considered tax imposed by this act and a tax debt due to this state.

(3) For motor fuel or alternative fuel purchased on or after January 1, 2017, a refund claim involving the payment of a tax that was paid under this act or in connection with a return filed under this act may not be filed more than 18 months after the date the motor fuel or alternative fuel was purchased.

History: Add. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.217 Trip permit; fee; issuance; application.

Sec. 7. (1) A motor carrier may obtain a trip permit which shall authorize an unlicensed motor carrier to operate 1 specific commercial motor vehicle in this state for a period of 5 consecutive days, beginning and ending on the dates specified on the face of the permit. The fee for this permit shall be $20.00. Collections of fees imposed by this section shall be credited to the Michigan transportation fund.

(2) Fees for trip permits shall be instead of the license fee otherwise assessable against a motor carrier. Taxes imposed by this act and reports of mileage shall not be required with respect to a vehicle operating pursuant to a trip permit.

(3) The trip permit shall be issued instead of a license only if the motor carrier operates on public roads or highways in this state not more than 3 times in 1 calendar year.

(4) The trip permit may be obtained from the department by application in the same manner as a license, or may be made available by contacting the department by telegram or similar transmission. The cost of a telegram or similar transmission shall be the responsibility of the motor carrier requesting the trip permit.

History: 1980, Act 119, Imd. Eff. May 14, 1980.

207.218 Leased commercial motor vehicle subject to act; lessor as motor carrier; exclusion by lessee of commercial motor vehicles from reports and liabilities; consolidated reports; primary liability; joint and several liability; limitation on aggregate taxes; international fuel tax agreement registration.

Sec. 8. (1) Every qualified commercial motor vehicle leased to a motor carrier is subject to this act to the same extent and in the same manner as a qualified commercial motor vehicle owned by a motor carrier.

(2) A lessor of qualified commercial motor vehicles may be considered a motor carrier with respect to qualified commercial motor vehicles leased to others, if the lessor supplies or pays for the motor fuel or alternative fuel consumed by the vehicles or bills rental or other charges calculated to include the cost of motor fuel or alternative fuel. A lessee motor carrier may exclude a qualified commercial motor vehicle leased from others from the reports and liabilities required by this act if that qualified commercial motor vehicle has been leased from a lessor who is a motor carrier under this act and the lease agreement provides for the lessor to pay the cost of motor fuel or alternative fuel and motor fuel or alternative fuel taxes.

(3) Upon application by a licensed motor carrier, the department may authorize a licensed motor carrier leasing qualified commercial motor vehicles from 2 or more lessors to file consolidated reports for these lessors.

(4) This section governs the primary liability under this act of lessors and lessees of qualified commercial motor vehicles. For tax liabilities incurred before April 1, 2005, if a lessor or lessee primarily liable fails, in whole or in part, to discharge his or her liability, the failing party and the other lessor or lessee party to the transaction are jointly and severally responsible and liable for compliance with this act and for the payment of tax due. However, the aggregate of taxes collected from a lessor and lessee by this state under this act shall not exceed the total amount of taxes due and costs and penalties imposed.

(5) For tax liabilities arising after April 1, 2005, if a lease agreement identifies a party responsible for the payment of taxes, the nonresponsible party under the lease shall obtain a copy of the responsible party's valid international fuel tax agreement registration and keep the copy on file. If the nonresponsible party does not obtain a copy of the responsible party's valid international fuel tax agreement registration and the responsible party fails in whole or in part to discharge his or her liability, then the responsible and nonresponsible parties are jointly and severally responsible and liable for compliance with this act and payment of tax due. If the lease agreement does not identify the party responsible for payment of fuel taxes under this act, then both parties are jointly and severally responsible and liable for compliance with this act and payment of tax due. However, the aggregate of taxes collected from a lessor and lessee by this state under this act shall not exceed the total amount of taxes due and costs and penalties imposed. If the nonresponsible party under the lease maintains a copy of the responsible party's valid international fuel tax agreement registration on file, the nonresponsible party has no responsibility or liability for compliance with this act or payment of any taxes, costs, or penalties due under this act relating to the motor fuel or alternative fuel consumed under the lease.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2004, Act 472, Imd. Eff. Dec. 28, 2004;—Am. 2006, Act 449, Imd. Eff. Dec. 14, 2006;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.219 Books, invoices, receipts, records, and papers of motor carrier, fuel supplier, or alternative fuel dealer; examination.

Sec. 9. The department may examine the books, invoices, receipts, records, and papers of a motor carrier, fuel supplier, or alternative fuel dealer that pertain to the motor fuel or alternative fuel received, used, purchased, shipped, or delivered to verify the truth and accuracy of any statement, report, or return.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.220 Books, records, accounts, and papers of motor carrier; maintenance period.

Sec. 10. Each motor carrier shall maintain and keep, for a period of at least 4 years, suitable books, records, and accounts of all motor fuel and alternative fuel purchased, sold, dispensed, or used, together with all invoices, delivery tickets, bills of lading, and other pertinent records and papers as required by the department for the administration of this act.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.

207.221-207.224 Repealed. 1996, Act 584, Eff. Mar. 31, 1997.

Compiler's note: The repealed sections pertained to failure to file report or return or pay tax, levy of unpaid tax, and failure of corporation to file returns or pay tax due.

207.225 Violation as misdemeanor; penalty; revocation of license.

Sec. 15. (1) A person who makes a false statement or return, who refuses or neglects to make a statement or return required by this act, who engages in business in this state as a motor carrier without being a holder of an unrevoked license to engage in this business as provided in this act, or who in any way violates this act, except as specifically provided by this act, is guilty of a misdemeanor, punishable by a fine of not more than $100.00, or by imprisonment for not more than 90 days, or both.

(2) In addition to the penalties imposed by subsection (1), the department shall revoke the license of a licensee who has been convicted under this section.

History: 1980, Act 119, Imd. Eff. May 14, 1980.

207.226 Repealed. 1996, Act 584, Eff. Mar. 31, 1997.

Compiler's note: The repealed section pertained to making false statement or presenting fraudulent receipt.

207.227 Operation of commercial motor vehicle in violation of act prohibited; exception.

Sec. 17. When a person is discovered in this state operating a qualified commercial motor vehicle in violation of this act, another person shall not thereafter operate this vehicle on the public roads or highways of this state, except to remove it from the public road or highway for purpose of parking or storing the vehicle, until a license or a trip permit is obtained pursuant to this act.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997.

207.228, 207.229 Repealed. 1996, Act 584, Eff. Mar. 31, 1997.

Compiler's note: The repealed sections pertained to assessments, warrants or levy, bonds, and acts rendering tax collection proceedings ineffectual.

207.230 Employment of clerical assistants, examiners, and investigators; promulgation of rules; agreements with other states for cooperative audit of motor carriers' reports and returns.

Sec. 20. (1) The commissioner may employ clerical assistants, examiners, and investigators necessary to fulfill the requirements of this act. The commissioner may also promulgate rules pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws, as he or she considers appropriate and necessary for the administration of this act.

(2) The commissioner may enter into agreements with the appropriate authorities of other states having statutes similar to this act for the cooperative audit of motor carriers' reports and returns. In performing an audit, or part of an audit, the officers and employees of the other state or states shall be considered authorized agents of this state for that purpose, and audits, or parts of audits, shall have the same effect as audits, or parts of audits, made by the commissioner.

History: 1980, Act 119, Imd. Eff. May 14, 1980.

207.231 Enforcement of act.

Sec. 21. The commissioner or the commissioner's designated representative shall enforce the requirements of this act. In addition, the department of state police shall assist the department in the enforcement of the requirements of this act.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997.

207.232 Disposition of money.

Sec. 22. Money received and collected by the department under this act and after the payment of the necessary expenses incurred in the administration of this act, shall be deposited in the state treasury to the credit of the Michigan transportation fund.

History: 1980, Act 119, Imd. Eff. May 14, 1980.

207.233 Repealed. 1996, Act 584, Eff. Mar. 31, 1997.

Compiler's note: The repealed section pertained to administration of act and appropriation.

207.234 Short title.

Sec. 24. This act shall be known and may be cited as the "motor carrier fuel tax act".

History: 1980, Act 119, Imd. Eff. May 14, 1980.

207.235 Repealed. 1996, Act 584, Eff. Mar. 31, 1997.

Compiler's note: The repealed section pertained to conditional effective date.

207.236 Repealed. 1982, Act 441, Eff. Mar. 30, 1983.

Compiler's note: The repealed section provided: “This act shall expire on May 1, 1983.”

THE HIGHWAY CONSTRUCTION FINANCE ACT OF 1955
Act 87 of 1955

207.251-207.265 Repealed. 1956, Ex. Sess., Act 1, Imd. Eff. June 19, 1956;—1957, Act 263, Eff. July 1, 1957;—1967, Ex. Sess., Act 6, Eff. Jan. 1, 1968.

IRON ORE TAX
Act 68 of 1963

AN ACT providing for the specific taxation of underground beneficiated iron ore, underground agglomerated iron ore and related property; to provide for the collection and distribution of the specific tax; and to prescribe the powers and duties of the state geologist and certain township and city officials with respect thereto.

History: 1963, Act 68, Eff. Sept. 6, 1963.

The People of the State of Michigan enact:

207.271 Specific taxation of underground beneficiated iron ore; definitions.

Sec. 1. As used in this act:

(a) "Underground ore" means iron ore in its natural state which to be mined must be removed through a shaft, incline or adit.

(b) "Beneficiated ore" means underground ore which has been treated, but not agglomerated, in accordance with good engineering and metallurgical practice by any process, other than by simple crushing or simple sizing, which is intended to improve the quality of the underground ore; including but not limited to, drying with the use of fuel, washing, jigging, using heavy media separation, flotation, cyclones or spirals or any combination.

(c) "Agglomerated ore" means underground ore which has been pelletized, sintered, nodulized, briquetted, extruded or otherwise aggregated in accordance with good engineering and metallurgical practice.

(d) "Ore property" means the mineral bearing lands of a mine from which underground ore is mined, stockpiles of underground ore, buildings, plants, facilities, equipment, tools and supplies, but exclusive of any lands held primarily for timber purposes, used in connection with the mining and transportation of the underground ore.

(e) "Beneficiating facility" means the lands, plants, stockpiles of underground or beneficiated ores, buildings, facilities, equipment, tools and supplies used in connection with the beneficiation and transportation of the ores.

(f) "Agglomerating facility" means the lands, plants, stockpiles of underground, beneficiated or agglomerated ores, buildings, facilities, equipment, tools and supplies used in connection with the agglomeration and transportation of the ores.

(g) "Local", when applied to beneficiation or agglomeration, or to a beneficiating facility or agglomerating facility, means within a radius of 100 miles of the point of extraction of the underground ore involved and within this state.

(h) "Shipments" means deliveries in gross tons of underground ore from an ore property to a beneficiating facility, to an agglomerating facility, or to market, unless otherwise expressly stated.

(i) "Mine value of base grade ore f.o.b. an ore property" means the published Lake Erie price per gross ton of Old Range non-Bessemer ore of base grade (51.5% natural iron), as of the date of the assessment, less the total of all transportation and handling costs, including any tax thereon, from the ore property to Lake Erie ports.

History: 1963, Act 68, Eff. Sept. 6, 1963.

207.272 Specific taxation of underground beneficiated iron ore; computation formula; following completion of first agglomerating facility.

Sec. 2. (1) Beginning with the first full calendar year following the completion, after the effective date of this act, of the first local agglomerating facility, except that for the purpose of determining the first facility, and no other, a facility which also comes within the provisions of Act No. 77 of the Public Acts of 1951, as amended, being sections 211.621 to 211.625 of the Compiled Laws of 1948, shall not be considered as the first facility:

(a) Whenever 25% or more of the annual shipments from an ore property is agglomerated in a local agglomerating facility, the ore property and the agglomerating facility, together with any beneficiating facility used in connection therewith, shall in that year and thereafter be subject to a specific tax in an amount equal to the average annual total shipments from such ore property during the preceding 5-year period, multiplied by 2% of the mine value of base grade ore f.o.b. the ore property; or

(b) Whenever 75% or more of the annual shipments from an ore property to which subdivision (a) of this section does not apply is agglomerated in accordance with seasonal inventory practices in an agglomerating facility which is not located within a radius of 100 miles of the point of extraction, the ore property shall in

that year and thereafter be subject to a specific tax in an amount equal to the average annual total shipments from such ore property during the preceding 5-year period, multiplied by 3% of the mine value of base grade ore f.o.b. the ore property; or

(c) Whenever 75% or more of the annual shipments from an ore property to which neither subdivision (a) nor subdivision (b) of this section applies is beneficiated in a local beneficiating facility, so that the ore so beneficiated would pass through a 7/8-inch screen, the ore property and the beneficiating facility shall in that year and thereafter be subject to a specific tax in an amount equal to the average annual total shipments from the ore property during the preceding 5-year period, multiplied by 3% of the mine value of base grade ore f.o.b. the ore property; or

(d) Whenever any portion less than 25% of the annual shipments from an ore property to which subdivision (b) or (c) of this section would otherwise apply is agglomerated in a local agglomerating facility, then the ore property and the agglomerating facility, together with any beneficiating facility used in connection therewith, shall in that year be subject to a specific tax in an amount equal to

(*i*) the average annual total shipments from such ore property during the preceding 5-year period, multiplied by the proportion which the shipments from such ore property agglomerated in a local agglomerating facility in the tax year bear to the total shipments from such ore property in the same year, multiplied by 2% of the mine value of base grade ore f.o.b. said ore property, and

(*ii*) the average annual total shipments from such ore property during the preceding 5-year period, multiplied by the proportion which the shipments from such ore property not agglomerated in a local agglomerating facility in the tax year bear to the total shipments from such ore property in the same year, multiplied by 3% of the mine value of base grade ore f.o.b. said ore property.

(2) For purposes of this section, years in which there were no shipments shall be excluded in computing average annual shipments but only until the ore property has a 5-year record of shipments.

History: 1963, Act 68, Eff. Sept. 6, 1963.

207.273 Specific taxation of underground beneficiated iron ore; computation of tax prior to completion of agglomerating or beneficiating facility.

Sec. 3. (1) Prior to the first full calendar year following the completion of an ore property, the underground ore from which will be agglomerated or beneficiated, or both, in such amounts as to bring the property within the provisions of subdivisions (a), (b), (c) or (d) of subsection 1 of section 2 of this act, the ore property, together with the agglomerating or beneficiating facilities, as may be constructed in connection therewith, shall be subject to a specific tax equal to the rated annual capacity of the ore property multiplied by 1% of the mine value of base grade ore f.o.b. the ore property, multiplied by the per cent completion of the ore property and the agglomerating or beneficiating facilities.

(2) An agglomerating facility or a beneficiating facility constructed or being constructed for the purpose of treating underground ore from an ore property which is being assessed on the ad valorem tax roll shall not be subject to ad valorem tax assessment prior to the first full calendar year following the completion of the facility and prior to the time the ore property comes within the provisions of section 2 of this act.

History: 1963, Act 68, Eff. Sept. 6, 1963.

207.274 Minimum tax.

Sec. 4. During the first year in which any property is subject to a specific tax under this act, the amount of the tax shall be not less than 75% of the ad valorem taxes levied and assessed against the property in the last year in which ad valorem taxes were levied and assessed against it; and during the second year in which the property is subject to the specific tax, the amount of tax shall be not less than 50% of the ad valorem taxes.

History: 1963, Act 68, Eff. Sept. 6, 1963.

207.275 State geologist; determination of tax, apportionment among taxing districts.

Sec. 5. The state geologist or his duly authorized deputy shall determine the specific tax imposed against an ore property, beneficiating facility or agglomerating facility, and as early as practicable prior to February 15 shall certify the same to the supervisor or assessing officer of the township or city in which the ore property, beneficiating facility or agglomerating facility is situated. If the mining or beneficiating or agglomerating of underground ore from an ore property is carried on in more than one taxing district, then the state geologist or his duly authorized deputy shall apportion equitably the amount of the specific taxes to each taxing district, giving due consideration to the relative extent of the operations performed in each taxing district.

History: 1963, Act 68, Eff. Sept. 6, 1963.

Compiler's note: For transfer of powers and duties of department of environmental quality to department of natural resources and

environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

207.276 Curtailment and resumption of agglomeration or beneficiation.

Sec. 6. Whenever any ore property subject to a specific tax under subdivisions (a), (b), (c) or (d) of subsection (1) of section 2 of this act for a period of 2 consecutive years fails to beneficiate or agglomerate a sufficient percentage of its annual shipments to comply with the provisions of any one of the subdivisions of subsection 1 of section 2 of this act, and in the opinion of the state geologist or his duly authorized deputy it appears that the agglomeration or beneficiation will not be resumed, the state geologist or his duly authorized deputy shall so certify and the ore property, together with any agglomerating or beneficiating facilities subject to a specific tax under section 2 of this act solely because used in connection with the ore property and which are not otherwise subject to the specific tax, in the tax year for which the certification is made and thereafter shall be valued and assessed in the same manner as other ore properties, agglomerating and beneficiating facilities not coming within the provisions of this act are valued and assessed. If agglomeration or beneficiation of shipments from the ore property is thereafter resumed in an amount sufficient to meet the percentages of total shipments set forth in any of the subdivisions of subsection (1) of section 2 of this act, then the ore property and the agglomerating or beneficiating facilities shall be subject to the applicable specific tax provided for in section 2 of this act the first calendar year in which the required percentage of gross tons of agglomeration or beneficiation is attained.

History: 1963, Act 68, Eff. Sept. 6, 1963.

Compiler's note: For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

207.277 Separate roll; spread of tax; nonpayment; distribution of collections.

Sec. 7. The township supervisor or assessing officer of the city shall remove from the list of land descriptions assessed and taxed under the general property tax law the land descriptions of the property taxed under the provisions of this act, and shall enter the land descriptions on a separate roll. The supervisor or assessor shall spread the specific tax as certified to him by the state geologist or his duly authorized deputy against the lands and the township or city treasurer shall collect the specific tax at the same time, in the same manner and subject to the same collection charges as general property taxes. Lands listed and taxed under the provisions of this act shall be subject to return and sale for nonpayment of taxes in the same manner, at the same time and under the same penalties as lands returned and sold for nonpayment of taxes levied under the general property tax laws. No valuation shall be determined for descriptions under this act, and such lands shall not be considered by the county board of supervisors or by the state board of equalization in connection with county or state equalization for taxation purposes. All sums collected under the provisions of this act shall be distributed by the township treasurer to school districts and to governmental units in the same proportion as the general property taxes, including a millage voted in excess of the 15 mill tax limitation, are distributed. The amounts so distributed may be used by the school districts and governmental units for operating expenses, for capital improvements, for the accumulation of reserves in a building and sites fund, or for the payment of interest or principal on bonds.

History: 1963, Act 68, Eff. Sept. 6, 1963.

Effective date: For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

207.278 Appeal.

Sec. 8. The supervisor or other local assessing officer or the owner or operator of the property taxed under the provisions of this act may take an appeal from the assessment of the specific taxes, as determined and certified by the state geologist or his duly authorized deputy, to the state tax commission which shall review the same in the same manner, under the same procedure and with the same effect as provided in section 152 of Act No. 206 of the Public Acts of 1893, as amended, being section 211.152 of the Compiled Laws of 1948.

History: 1963, Act 68, Eff. Sept. 6, 1963.

Compiler's note: For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

207.279 Specific taxes in lieu of ad valorem taxes.

Sec. 9. The specific taxes provided for in this act shall be in lieu of all ad valorem taxes upon the property to which the specific taxes apply, including, without limitation, the ore property, the beneficiating facilities, the agglomerating facilities, the ore in its natural state as mined, the beneficiated ore, the agglomerated ore, and the lands occupied by or used in connection with the mining, beneficiating, agglomerating and transporting of the underground ore.

History: 1963, Act 68, Eff. Sept. 6, 1963.

GRAIN TAX
Act 33 of 1945

207.301-207.307 Repealed. 1980, Act 68, Imd. Eff. Apr. 3, 1980.

TAX ON ESSENTIAL OILS OF PEPPERMINT AND SPEARMINT
Act 183 of 1973

207.311-207.317 Repealed. 1976, Act 278, Imd. Eff. Oct. 14, 1976.

****** Act 248 of 1987 THIS ACT IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

AIRPORT PARKING TAX ACT
Act 248 of 1987

AN ACT to impose a state excise tax on persons engaged in the business of providing an airport parking facility; to provide for the levy, assessment, and collection of the tax; to provide for the disposition of the collections from the tax; to create the airport parking fund; to authorize the distributions from the fund; to authorize the use of distributions from the fund as security for bonds and other obligations; to prescribe certain other matters relating to bonds and other obligations; to prescribe the powers and duties of certain state officers; and to provide for an appropriation.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

The People of the State of Michigan enact:

****** 207.371 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.371 Short title.

Sec. 1. This act shall be known and may be cited as the "airport parking tax act".

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.372 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.372 Definitions.

Sec. 2. As used in this act:

(a) "Airport parking facility" means an area, space, garage, parking structure, or other facility upon or in which motor vehicles are parked, stored, or housed for a consideration and that is located within the boundaries or within 5 miles of the boundaries of a regional airport facility. However, an airport parking facility does not include publicly owned metered spaces or a facility that is leased or rented exclusively for the use of employees of employers located within the boundaries or within 5 miles of the boundaries of a regional airport facility.

(b) "Commissioner" means the state commissioner of revenue.

(c) "Fund" means the airport parking fund created in section 6.

(d) "Motor vehicle" means that term as defined in section 33 of the Michigan vehicle code, Act No. 300 of the Public Acts of 1949, being section 257.33 of the Michigan Compiled Laws, but does not include a vehicle used solely in support of aircraft or airport operations.

(e) "Operator" means a person engaged in the business of controlling or operating an airport parking facility.

(f) "Person" means a natural person, partnership, fiduciary, association, corporation, or other legal entity.

(g) "Qualified county" means a county that provides public services to a regional airport facility.

(h) "Regional airport facility" means an airport that services 4,000,000 or more enplanements annually.

(i) "Transaction" means the parking, storing, housing, or keeping of a motor vehicle for consideration.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

*207.373 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.373 Excise tax on airport parking facility; rate.

Sec. 3. There is levied upon and shall be collected from a person engaged in the business of providing an airport parking facility an excise tax. Through December 31, 2002, the rate of the excise tax is 30% of the amount of the charge for the transaction. Beginning January 1, 2003, the rate of the excise tax is 27% of the amount of the charge for the transaction.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987;—Am. 2002, Act 680, Eff. Mar. 31, 2003.

****** 207.374 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.374 Tax cumulative.

Sec. 4. A tax levied under this act shall be in addition to any other taxes, charges, or fees imposed by law on the operator.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.375 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.375 Collection and administration of tax.

Sec. 5. (1) An excise tax under this act shall be collected at the same time and in the same manner as the use tax pursuant to the use tax act, Act No. 94 of the Public Acts of 1937, being sections 205.91 to 205.111 of the Michigan Compiled Laws.

(2) The tax shall be administered by the revenue division of the department of treasury pursuant to Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.376 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.376 Disposition of tax collections; creation of airport parking fund.

Sec. 6. The collections from the tax imposed under section 3(1) shall be deposited in the state treasury to the credit of the airport parking fund which is hereby created within the state treasury.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

207.377 Repealed. 2002, Act 680, Eff. Mar. 31, 2003.

Compiler's note: The repealed section pertained to distribution from airport parking fund.

****** 207.377a THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.377a Distribution; priority; “state airports” defined.

Sec. 7a. (1) On the first day of each month, the state treasurer shall make a distribution from the fund in the following order of priority:

(a) To the state aeronautics fund created in section 34 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.34, an amount that equals a total of $6,000,000.00 per state fiscal year. The funds distributed subject to this subdivision shall be used exclusively for safety and security projects at state airports, including reimbursement to the comprehensive transportation fund of amounts used to pay principal and interest on bonds issued on or before December 31, 2007 by the state transportation commission under section 18b of 1951 PA 51, MCL 247.668b, and to provide the matching funds by this state for federal funds to be used for safety and security at state airports.

(b) To each city within which a regional airport facility is wholly located in an amount that equals a total of $1,500,000.00 per calendar year divided by the total number of cities within which a regional airport facility is wholly located. The distribution described in this subdivision shall be deposited in the general fund of the city.

(c) A distribution to each qualified county in an amount equal to the total amount remaining in the fund multiplied by a fraction the numerator of which is the population of that qualified county during the immediately preceding year and the denominator of which is the total population of all qualified counties during the immediately preceding year. The distribution described in this subdivision shall be deposited in the general fund of the qualified county to be used only for indigent health care. Each fiscal year the qualified county shall provide written documentation to the state treasurer, to the state treasurer's satisfaction, that the distribution described in this subdivision was used for indigent health care. In addition, the qualified county

shall also provide written documentation to the state treasurer of all other revenues that were used for indigent health care in that fiscal year. If the state treasurer determines that the qualified county did not use the distribution described in this subdivision for indigent health care in any fiscal year, the qualified county shall immediately repay those funds to the state treasurer to be deposited into the general fund of this state.

(2) The distribution provided by subsection (1) shall not be made if all taxing units are authorized by law to impose taxes and the collection is made of taxes imposed under 1953 PA 189, MCL 211.181 to 211.182, on concessions at a regional airport facility.

(3) As used in subsection (1)(a), "state airports" means all of the following airports located in this state:

(a) Adrian - Lenawee County airport.
(b) Allegan - Padgham field.
(c) Alma - Gratiot community airport.
(d) Alpena - Alpena County regional airport.
(e) Ann Arbor - Ann Arbor municipal airport.
(f) Atlanta - Atlanta municipal airport.
(g) Bad Axe - Huron County memorial airport.
(h) Baraga - new airport.
(i) Battle Creek - W.K. Kellogg airport.
(j) Bay City - James Clements airport.
(k) Bellaire - Antrim County airport.
(*l*) Benton Harbor - southwest Michigan regional airport.
(m) Big Rapids - Roben-Hood airport.
(n) Cadillac - Wexford County airport.
(o) Caro - Tuscola area/Caro municipal airport.
(p) Charlevoix - Charlevoix municipal airport.
(q) Charlotte - Fitch H. Beach airport.
(r) Cheboygan - Cheboygan County airport.
(s) Clare - Clare municipal airport.
(t) Coldwater - Branch County airport.
(u) Detroit - Detroit city airport.
(v) Detroit - Detroit metropolitan Wayne County airport.
(w) Detroit - Willow Run airport.
(x) Dowagiac - Dowagiac municipal airport.
(y) Drummond Island - Drummond Island airport.
(z) Escanaba - Delta County airport.
(aa) Evart - Evart municipal airport.
(bb) Flint - Bishop international airport.
(cc) Frankfort - Dow memorial airport.
(dd) Fremont - Fremont municipal airport.
(ee) Gaylord - Otsego County airport.
(ff) Gladwin - Gladwin Zettal memorial airport.
(gg) Grand Haven - Grand Haven memorial airpark.
(hh) Grand Ledge - Abrams municipal airport.
(ii) Grand Rapids - Gerald R. Ford international airport.
(jj) Grayling - Grayling army airfield.
(kk) Greenville - Greenville municipal airport.
(*ll*) Grosse Ile - Grosse Ile municipal airport.
(mm) Hancock - Houghton County memorial airport.
(nn) Harbor Springs - Harbor Springs municipal airport.
(oo) Hastings - Hastings city/Barry County airport.
(pp) Hillsdale - Hillsdale municipal airport.
(qq) Holland - tulip city airport.
(rr) Houghton Lake - Roscommon County airport.
(ss) Howell - Livingston County airport.
(tt) Ionia - Ionia County airport.
(uu) Iron County - county airport.
(vv) Iron Mountain - Ford airport.
(ww) Ironwood - Gogebic-Iron County (Wisconsin) airport.
(xx) Jackson - Jackson County-Reynolds field.

(yy) Kalamazoo - Kalamazoo/Battle Creek international airport.
(zz) Lakeview - Lakeview-Griffith field.
(aaa) Lambertville - suburban airport.
(bbb) Lansing - capital city airport.
(ccc) Lapeer - Dupont-Lapeer airport.
(ddd) Linden - Price airport.
(eee) Ludington - Mason County airport.
(fff) Mackinac Island - Mackinac Island airport.
(ggg) Manistee - Manistee County airport.
(hhh) Manistique - Schoolcraft County airport.
(iii) Marlette - Marlette Township airport.
(jjj) Marquette - Sawyer airport.
(kkk) Marshall - Brooks field.
(*lll*) Mason - Mason Jewett field.
(mmm) Menominee - Menominee-Marinette twin city airport.
(nnn) Midland - Jack Barstow airport.
(ooo) Monroe - Custer airport.
(ppp) Mt. Pleasant - Mt. Pleasant municipal airport.
(qqq) Munising - Hanley field.
(rrr) Muskegon - Muskegon County airport.
(sss) New Hudson - Oakland-southwest airport.
(ttt) Newberry - Luce County airport.
(uuu) Niles - Jerry Tyler memorial airport.
(vvv) Ontonagon - Ontonagon County airport.
(www) Oscoda - Wurtsmith airport.
(xxx) Owosso - Owosso community airport.
(yyy) Pellston - Pellston regional airport.
(zzz) Plymouth - Canton-Plymouth-Mettetal airport.
(aaaa) Pontiac - Oakland County international airport.
(bbbb) Port Huron - St. Clair County international airport.
(cccc) Rogers City - Presque Isle County/Rogers City airport.
(dddd) Romeo - Romeo state airport.
(eeee) Saginaw - Harry W. Browne airport.
(ffff) Saginaw - MBS international airport.
(gggg) St. Ignace - Mackinac County airport.
(hhhh) St. James - Beaver Island airport.
(iiii) Sandusky - Sandusky city airport.
(jjjj) Sault Ste. Marie - Chippewa County international airport.
(kkkk) South Haven - South Haven area regional airport.
(*llll*) Sparta - Sparta airport.
(mmmm) Statewide - various sites.
(nnnn) Sturgis - Kirsch municipal airport.
(oooo) Three Rivers - Three Rivers municipal/Dr. Haines airport.
(pppp) Traverse City - Cherry capital airport.
(qqqq) Troy - Oakland-Troy airport.
(rrrr) West Branch - West Branch community airport.
(ssss) White Cloud - White Cloud airport.

History: Add. 2002, Act 680, Eff. Mar. 31, 2003;—Am. 2006, Act 135, Imd. Eff. May 12, 2006.

****** 207.378 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.378 Assignment or pledge of distribution.

Sec. 8. (1) A qualified county may assign or pledge all or a portion of the distribution that county is eligible to receive under this act for the payment of bonds or other obligations that the qualified county is authorized to issue under the fiscal stabilization act, Act No. 80 of the Public Acts of 1981, being sections 141.1001 to 141.1011 of the Michigan Compiled Laws, or of bonds or other obligations issued to the

Michigan municipal bond authority pursuant to the shared credit rating act, Act No. 227 of the Public Acts of 1985, being sections 141.1051 to 141.1077 of the Michigan Compiled Laws. If a qualified county assigns or pledges all or a portion of the distribution under this act, the state treasurer may transmit the assigned or pledged distribution to the trustee for the holders of those bonds or other obligations.

(2) A pledge of a distribution under this act is effective, valid, and binding from the time the pledge is made. The pledged distribution received is immediately subject to the lien of the pledge, whether or not there has been physical delivery. The lien of a pledge is valid and binding against all parties having claims in tort, contract, or otherwise against a person receiving the distribution, whether or not the party has notice of the pledge. A county is not required to file or record the resolution or other instrument that pledges the distribution except in the ordinary records of the qualified county to be subject to this section.

(3) This act shall not be construed to do any of the following:

(a) Create or constitute state indebtedness.

(b) Require the state to continue to impose and collect taxes imposed by this act.

(c) Limit or prohibit the state from repealing or amending this act.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.379 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.379 Bonds or other obligations.

Sec. 9. (1) The bonds or other obligations for which the distribution under this act has been pledged or assigned by a qualified county are not in any way a debt or liability of the state, do not create a debt or liability of the state, and do not constitute a pledge of the faith and credit of the state.

(2) A bond or other obligation for which the distribution under this act has been pledged or assigned by a qualified county shall contain on its face a statement indicating that the county is obligated to pay the principal, premium, if any, and interest due on the bond or other obligation, that the state is not obligated to pay, and that the faith and credit of the state and the taxing power of the state are not pledged for that payment.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.380 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.380 Transmittal of assigned or pledged distribution to Michigan municipal bond authority or trustee; advancing payments.

Sec. 10. (1) If a qualified county entered into an agreement to assign all or a portion of the distribution under this act to the Michigan municipal bond authority, an agreement to pledge all or a portion of the distribution under this act for the payment of an obligation the county incurred with the Michigan municipal bond authority, or an agreement to assign all or a portion of the distribution to a trustee under a trust indenture, ordinance, or resolution securing bonds or other obligations issued by that county, the state treasurer shall transmit the assigned or pledged distribution to the Michigan municipal bond authority, its authorized trustee, or the trustee acting under a trust indenture, ordinance, or resolution securing the bonds or other obligations, whichever is applicable.

(2) Notwithstanding the dates for the distribution in section 7, the state treasurer may advance the payments to the Michigan municipal bond authority, its authorized trustee, or other trustee under subsection (1).

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.381 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.381 Appropriation.

Sec. 11. There is appropriated from the airport parking fund an amount sufficient to make the distributions under section 7.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.382 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.382 Distribution not revenue from use or operation of airport.

Sec. 12. The distribution received by a qualified county under this act does not constitute revenue from the use or operation of the airport located within that county and is not subject to any pledge of, lien upon, or use restriction of revenue received or derived by that county from the use or operation of that airport.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

****** 207.383 THIS SECTION IS REPEALED BY ACT 680 OF 2002 EFFECTIVE ON THE DATE THAT ALL BONDS DESCRIBED IN SECTION 7a(1)(a) OF THE AIRPORT PARKING TAX ACT, 1987 PA 248, MCL 207.377a, ARE RETIRED OR ON DECEMBER 31, 2007, WHICHEVER IS LATER ******

207.383 Effective date of excise taxes.

Sec. 13. The excise taxes imposed under this act shall take effect on January 1, 1988.

History: 1987, Act 248, Imd. Eff. Dec. 28, 1987.

REVISED STATUTES OF 1846

CHAPTER 21

Chapter 21, Of Specific State Taxes and Duties

TAX UPON RAILROAD, CANAL, AND TURNPIKE CORPORATIONS

207.407-207.409 Repealed. 1964, Act 256, Eff. Aug. 28, 1964.

TAX ON PLANK ROAD, MINING, AND OTHER CORPORATIONS
Act 64 of 1848

207.421,207.422 Repealed. 1980, Act 180, Imd. Eff. July 2, 1980.

COLLECTION OF SPECIFIC TAXES
Act 226 of 1889

207.441-207.447 Repealed. 2016, Act 251, Imd. Eff. June 28, 2016.

REAL ESTATE TRANSFER TAX
Act 134 of 1966

AN ACT to impose a tax upon written instruments which transfer any interest in real property; to provide for the administration of this act; and to provide penalties for violations of this act.

History: 1966, Act 134, Eff. Jan. 1, 1968.

The People of the State of Michigan enact:

207.501 Real estate transfer tax; definitions.

Sec. 1. As used in this act:

(a) "Treasurer" means the county treasurer.

(b) "Person" means every natural person, association or corporation. Whenever used in any penalty clause the term "person", as applied to associations, means the partners or members thereof, and as applied to corporations, the officers thereof.

(c) "Value" means the current or fair market worth in terms of legal monetary exchange at the time of the transfer.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1968, Act 327, Imd. Eff. July 3, 1968.

207.502 Instruments executed within state subject to tax.

Sec. 2. (1) There is imposed, in addition to all other taxes, a tax upon the following written instruments executed within this state when said instrument is recorded.

(a) Contracts for the sale or exchange of real estate or any interest therein or any combination of the foregoing or any assignment or transfer thereof.

(b) Deeds or instruments of conveyance of real property or any interest therein, for a consideration.

(2) The tax shall be upon the person who is the seller or grantor.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1968, Act 327, Imd. Eff. July 3, 1968.

207.503 Instruments executed outside state subject to tax.

Sec. 3. There is imposed, in addition to all other taxes, a tax upon all written instruments of the kinds described in section 2 executed without this state if the contract or transfer evidenced thereby concerns property wholly located within this state. Any such instrument shall be subject to all of the provisions of this act.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1968, Act 327, Imd. Eff. July 3, 1968.

207.504 Rate of tax; statement on face of written instrument; affidavit.

Sec. 4. The tax shall be at the rate of 55 cents in a county with a population of less than 2,000,000 and not more than 75 cents as authorized by the county board of commissioners in a county with a population of 2,000,000 or more for each $500.00 or fraction thereof of the total value. A written instrument subject to the tax imposed by this act shall state on its face the total value of the real property or there shall be attached to the instrument an affidavit declaring the total value of the real property. The form of the affidavit shall be prescribed by the state tax commission. In the case of the sale or transfer of a combination of real and personal property the tax shall be imposed only upon the transfer of the real property, if the values of the real and personal property are stated separately on the face of the instrument or if an affidavit is attached to the instrument setting forth the respective values of the real and personal property.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1968, Act 327, Imd. Eff. July 3, 1968;—Am. 1980, Act 413, Eff. Mar. 31, 1981.

207.505 Exemptions.

Sec. 5. The following instruments and transfers shall be exempt from this act:

(a) Instruments where the value of the consideration is less than $100.00.

(b) Instruments evidencing contracts or transfers which are not to be performed wholly within this state insofar as such instruments include land lying outside of this state.

(c) Written instruments which this state is prohibited from taxing under the constitution or statutes of the United States.

(d) Instruments or writings given as security or any assignment or discharge thereof.

(e) Instruments evidencing leases, including oil and gas leases, or transfers of such leasehold interests.

(f) Instruments evidencing any interests which are assessable as personal property.

(g) Instruments evidencing the transfer of rights and interests for underground gas storage purposes.

(h) Instruments (i) in which the grantor is the United States, the state, any political subdivision or municipality thereof, or officer thereof acting in his official capacity; (ii) given in foreclosure or in lieu of foreclosure of a loan made, guaranteed or insured by the United States, the state, any political subdivision or municipality thereof or officer thereof acting in his official capacity; (iii) given to the United States, the state, or 1 of their officers as grantee, pursuant to the terms or guarantee or insurance of a loan guaranteed or insured by the grantee.

(i) Conveyances from a husband or wife or husband and wife creating or disjoining a tenancy by the entireties in the grantors or the grantor and his or her spouse.

(j) Judgments or orders of courts of record making or ordering transfers, except where a specific monetary consideration is specified or ordered by the court therefor.

(k) Instruments used to straighten boundary lines where no monetary consideration is given.

(*l*) Instruments to confirm titles already vested in grantees, such as quitclaim deeds to correct flaws in titles.

(m) Land contracts whereby the legal title does not pass to the grantee until the total consideration specified in the contract has been paid.

(n) Instruments evidencing the transfer of mineral rights and interests.

(o) Instruments creating a joint tenancy between 2 or more persons where at least 1 of the persons already owned the property.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1967, Act 258, Imd. Eff. July 19, 1967;—Am. 1968, Act 327, Imd. Eff. July 3, 1968 ;—Am. 1969, Act 67, Imd. Eff. July 21, 1969.

207.506 Bankruptcy or insolvency proceedings; transfer to receivers.

Sec. 6. No tax shall be imposed by this act upon any written instrument which conveys property or any interest therein to any receiver, administrator or trustee, whether special or general, in any bankruptcy or insolvency proceedings.

History: 1966, Act 134, Eff. Jan. 1, 1968.

207.507 Documentary stamps; purchase, methods of affixation, cancellation.

Sec. 7. The tax imposed by this act shall be evidenced by the affixing of a documentary stamp or stamps to every instrument subject to the tax imposed by this act by the person making, executing, issuing or delivering such document. Documentary stamps shall be purchased only in the county in which the property is located. The stamps shall be affixed in such manner that their removal will require the continued application of steam or water, and the person using or affixing the stamps shall write or stamp thereon his initials and the date upon which the stamps are affixed or used so that the stamps may not again be used. The treasurer may prescribe such other method of cancellation as he deems expedient. The treasurer shall, if required by the state treasurer, utilize a tax meter machine which shall be provided by the county.

History: 1966, Act 134, Eff. Jan. 1968;—Am. 1967, Act 258, Imd. Eff. July 19, 1967;—Am. 1968, Act 327, Imd. Eff. July 3, 1968.

207.508 Preparation of stamps; duty of treasurer, use of tax meter machine.

Sec. 8. The state treasurer shall prescribe and prepare for use by the county treasurer, adhesive stamps of such denominations and quantities as shall be necessary for the payment of the tax imposed by this act. The state treasurer shall prescribe conditions under which a county treasurer may utilize a tax meter machine. The adhesive stamps, if used, shall be requisitioned by the county treasurer as required. The county treasurer shall reimburse the state treasurer for the production cost of the stamps so requisitioned. The treasurer shall make provisions for the use of tax meter machines or for the sale of the stamps in such places as he deems necessary.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1967, Act 258, Imd. Eff. July 19, 1967.

207.509 Revenue, disposition; credit to general fund.

Sec. 9. All revenue received under this act shall be deposited in the treasury of the county where the tax is collected to the credit of the general fund.

History: 1966, Act 134, Eff. Jan. 1, 1968.

207.510 Tax to be paid only once; exemptions; new consideration.

Sec. 10. It is the intent of this act that the tax imposed by this act be paid only once. No tax shall be imposed on any instrument which transfers ownership of property or an interest therein if such instrument is given and the transfer made pursuant to a written executory contract upon which the tax has been previously paid. Any instrument which is evidence of indebtedness or of a contract right shall be subject to the tax

imposed by this act only to the extent of the new consideration given therefor. An instrument which is given to supplement, reform or correct a prior instrument shall be subject to the tax imposed by this act only to the extent of the new consideration given therefor.

Any instrument which would be subject to the tax imposed by this act except for the provisions of this section shall state on its face, that the instrument is exempt by reason of the prior payment or partial payment of the tax on another instrument executed on part of the same transaction and the date of payment.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1968, Act 327, Imd. Eff. July 3, 1968.

207.511 Recording, requirements; detachment of affidavit; use.

Sec. 11. (a) No written instrument subject to this act shall be recorded in the office of any register of deeds of any county of this state unless documentary stamps as required by this act have been purchased at the time of presentation by the party responsible for their purchase according to subsection (2) of section 2. The stamps shall be affixed to the face of the instrument prior to recording unless the person specifically requests that the instrument be recorded prior to the affixing of the stamps. In the latter case, the stamps may be affixed to the reverse side of the instrument, however, in those cases where it is necessary to record said reverse side, the stamps shall be affixed after recording by the register of deeds. If the instrument of transfer is not subject to the tax, the instrument shall state on its face the reason for the exemption. Any instrument accepted for recording which is not in accordance with this act shall not affect the validity of such recording as to notice.

(b) An affidavit attached to a written instrument under the provisions of this act shall not be recorded and shall be detached from the written instrument prior to the recording of the instrument. Such affidavit shall be used for county fund auditing purposes only and shall not be disclosed to any other person.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1967, Act 258, Imd. Eff. July 19, 1967;—Am. 1968, Act 327, Imd. Eff. July 3, 1968
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207.512 Unlawful acts; penalty for violations.

Sec. 12. (1) It shall be unlawful for any person to:

(a) Fraudulently cut, tear or remove from a document any documentary stamp.

(b) Fraudulently affix to any document upon which tax is imposed by this act any documentary stamp which has been cut, torn or removed from any other written instrument upon which tax is imposed by this act, or any documentary stamp of insufficient value or any forged or counterfeited stamp or any impression of any forged or counterfeited stamp, die, plate or other article.

(c) Wilfully remove or alter the cancellation marks of any documentary stamp or restore any such documentary stamp with intent to use or cause the same to be used after it has already been used, or knowingly buy, sell, offer for sale or give away any such altered or restored stamp to any person for use, or knowingly use the same.

(d) Knowingly or wilfully prepare, keep, sell, offer for sale or have in his possession any forged or counterfeited documentary stamps.

(e) Knowingly or wilfully issue a false or fraudulent affidavit.

(2) Any person violating any of the provisions of this section is guilty of a misdemeanor and shall be fined not more than $500.00 and costs of prosecution, or imprisoned for not more than 1 year, or both.

History: 1966, Act 134, Eff. Jan. 1, 1968;—Am. 1967, Act 258, Imd. Eff. July 19, 1967.

207.513 Effective date.

Sec. 13. This act shall take effect immediately upon the repeal of the tax imposed by and paid to the United States on real estate transfer under the provisions of section 4361 of subchapter C of chapter 34 of the United States internal revenue code of 1954 as amended.

History: 1966, Act 134, Eff. Jan. 1, 1968.

STATE REAL ESTATE TRANSFER TAX ACT
Act 330 of 1993

AN ACT to impose a state tax on the transfer of an interest in real property; to provide for the administration of this act; to prescribe the powers and duties of certain state and local officers; to provide for the collection and distribution of the tax; and to prescribe penalties and provide remedies.

History: 1993, Act 330, Eff. Apr. 1, 1994.

The People of the State of Michigan enact:

207.521 Short title.

Sec. 1. This act shall be known and may be cited as the "state real estate transfer tax act".

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.522 Definitions.

Sec. 2. As used in this act:

(a) "Controlling interest" means more than 80% of the total value of all classes of stock of a corporation; more than 80% of the total interest in capital and profits of a partnership, association, limited liability company, or other unincorporated form of doing business; or more than 80% of the beneficial interest in a trust.

(b) "Person" means an individual, partnership, corporation, limited liability company, association, governmental entity, or other legal entity. If used in a penalty clause, person includes the partners or members of a firm, a partnership, or an association and the officers of a corporation.

(c) "Property" includes land, tenements, real estate, and real property and all rights to and interests in land, tenements, real estate, or real property.

(d) "Tax" means the state real estate transfer tax imposed under this act.

(e) "Transfer", unless otherwise exempt under this act, means the conveyance of title to or other transfer of a present interest or beneficial interest or any other interest in real property by any method, including the interest in real property acquired through the acquisition of a controlling interest in any entity with an interest in the property.

(f) "Treasurer" means the state treasurer.

(g) "Value" means the current or fair market worth in terms of legal monetary exchange at the time of the transfer. The tax shall be based on the value of the real property transferred and shall be collected at the time the instrument of conveyance is submitted for recording. In the case of a controlling interest in any entity that owns real property, value shall mean the value of the real property or interest in the real property, apportioned based on the percentage of the ownership interest transferred or acquired in the entity.

History: 1993, Act 330, Eff. Apr. 1, 1994;—Am. 2008, Act 473, Eff. Jan. 1, 2007.

Compiler's note: Enacting section 2 of Act 473 of 2008 provides:
"Enacting section 2. This amendatory act shall take effect January 1, 2007."

207.523 Written instruments subject to tax; person liable for tax; payment date; refund.

Sec. 3. (1) There is imposed, in addition to all other taxes, a tax upon the following written instruments executed within this state when the instrument is recorded:

(a) Contracts for the sale or exchange of property or any interest in the property or any combination of sales or exchanges or any assignment or transfer of property or any interest in the property.

(b) Deeds or instruments of conveyance of property or any interest in property, for consideration.

(c) Contracts for the transfer or acquisition of a controlling interest in any entity only if the real property owned by that entity comprises 90% or more of the fair market value of the assets of the entity determined in accordance with generally accepted accounting principles which shall be recorded.

(2) The person who is the seller or grantor of the property is liable for the tax imposed under this act.

(3) The tax imposed under this act shall be paid to the county treasurer where the real property is located not later than 15 days after the delivery of the instrument effecting the conveyance by the seller or grantor to the buyer or grantee or not later than 15 days after the transfer of a controlling interest in any entity with an interest in the real property. For purposes of this section, the date of the instrument effecting the transfer is presumed to be the date of delivery of the instrument.

(4) After the tax is paid, if the seller or the buyer who has paid the tax on behalf of the seller believes that the property was eligible for an exemption under section 6 at the time of the transfer, the seller or the buyer who has paid the tax on behalf of the seller may request a refund from the department of treasury in a form

and manner determined by the department of treasury. The department of treasury shall pay the refund if it determines that the property was eligible for the exemption under section 6 at the time of the transfer. This subsection is intended to be retroactive and applies to a sale, exchange, assignment, or transfer beginning 4 years immediately preceding the effective date of the amendatory act that added this subsection.

History: 1993, Act 330, Eff. Apr. 1, 1994;—Am. 2008, Act 473, Eff. Jan. 1, 2007;—Am. 2015, Act 217, Imd. Eff. Dec. 15, 2015.

Compiler's note: Enacting section 2 of Act 473 of 2008 provides:
"Enacting section 2. This amendatory act shall take effect January 1, 2007."

207.524 Written instruments executed outside of state.

Sec. 4. There is imposed, in addition to all other taxes, a tax upon all written instruments described in section 3 executed outside of this state if the contract or transfer evidenced by the written instrument concerns property wholly located within this state. A written instrument described in this section is subject to this act.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.525 Tax rate; statement of total value of real property being transferred; affidavit; value of real and personal property stated separately.

Sec. 5. (1) Beginning on January 1, 1995, except as otherwise provided in this section, the tax imposed under sections 3 and 4 is levied at the rate of $3.75 for each $500.00 or fraction of $500.00 of the total value of the property being transferred.

(2) A written instrument subject to the tax imposed by this act shall state on its face the total value of the real property being transferred unless an affidavit is attached to the written instrument declaring the total value of the real property being transferred. The form of the affidavit shall be prescribed by the department of treasury. If the sale or transfer is of a combination of real and personal property, the tax shall be imposed only upon the transfer of the real property if the values of the real and personal property are stated separately on the face of the written instrument or if an affidavit is attached to the written instrument setting forth the respective values of the real and personal property.

History: 1993, Act 330, Eff. Apr. 1, 1994;—Am. 1994, Act 3, Eff. Mar. 30, 1994;—Am. 1994, Act 224, Eff. July 5, 1994.

207.526 Written instruments and transfers of property exempt from tax.

Sec. 6. The following written instruments and transfers of property are exempt from the tax imposed by this act:

(a) A written instrument in which the value of the consideration for the property is less than $100.00.

(b) A written instrument evidencing a contract or transfer that is not to be performed wholly within this state only to the extent the written instrument includes land lying outside of this state.

(c) A written instrument that this state is prohibited from taxing under the United States Constitution or federal statutes.

(d) A written instrument given as security or an assignment or discharge of the security interest.

(e) A written instrument evidencing a lease, including an oil and gas lease, or a transfer of a leasehold interest.

(f) A written instrument evidencing an interest that is assessable as personal property.

(g) A written instrument evidencing the transfer of a right and interest for underground gas storage purposes.

(h) Any of the following written instruments:

(*i*) A written instrument in which the grantor is the United States, this state, a political subdivision or municipality of this state, or an officer of the United States or of this state, or a political subdivision or municipality of this state, acting in his or her official capacity.

(*ii*) A written instrument given in foreclosure or in lieu of foreclosure of a loan made, guaranteed, or insured by the United States, this state, a political subdivision or municipality of this state, or an officer of the United States or of this state, or a political subdivision or municipality of this state, acting in his or her official capacity.

(*iii*) A written instrument given to the United States, this state, or 1 of their officers acting in an official capacity as grantee, pursuant to the terms or guarantee or insurance of a loan guaranteed or insured by the grantee.

(i) A conveyance from a spouse or married couple creating or disjoining a tenancy by the entireties in the grantors or the grantor and his or her spouse.

(j) A conveyance from an individual to that individual's child, stepchild, or adopted child.

(k) A conveyance from an individual to that individual's grandchild, step-grandchild, or adopted grandchild.

(*l*) A judgment or order of a court of record making or ordering a transfer, unless a specific monetary consideration is specified or ordered by the court for the transfer.

(m) A written instrument used to straighten boundary lines if no monetary consideration is given.

(n) A written instrument to confirm title already vested in a grantee, including a quitclaim deed to correct a flaw in title.

(o) A land contract in which the legal title does not pass to the grantee until the total consideration specified in the contract has been paid.

(p) A conveyance that meets 1 of the following:

(*i*) A transfer between any corporation and its stockholders or creditors, between any limited liability company and its members or creditors, between any partnership and its partners or creditors, or between a trust and its beneficiaries or creditors when the transfer is to effectuate a dissolution of the corporation, limited liability company, partnership, or trust and it is necessary to transfer the title of real property from the entity to the stockholders, members, partners, beneficiaries, or creditors.

(*ii*) A transfer between any limited liability company and its members if the ownership interests in the limited liability company are held by the same persons and in the same proportion as in the limited liability company prior to the transfer.

(*iii*) A transfer between any partnership and its partners if the ownership interests in the partnership are held by the same persons and in the same proportion as in the partnership prior to the transfer.

(*iv*) A transfer of a controlling interest in an entity with an interest in real property if the transfer of the real property would qualify for exemption if the transfer had been accomplished by deed to the real property between the persons that were parties to the transfer of the controlling interest.

(*v*) A transfer in connection with the reorganization of an entity and the beneficial ownership is not changed.

(q) A written instrument evidencing the transfer of mineral rights and interests.

(r) A written instrument creating a joint tenancy between 2 or more persons if at least 1 of the persons already owns the property.

(s) A transfer made pursuant to a bona fide sales agreement made before the date the tax is imposed under sections 3 and 4, if the sales agreement cannot be withdrawn or altered, or contains a fixed price not subject to change or modification.

(t) A written instrument evidencing a contract or transfer of property to a person sufficiently related to the transferor to be considered a single employer with the transferor under section 414(b) or (c) of the internal revenue code of 1986, 26 USC 414.

(u) A written instrument conveying an interest in property for which an exemption is claimed by the seller or transferor under section 7cc of the general property tax act, 1893 PA 206, MCL 211.7cc, if the state equalized valuation of that property is equal to or lesser than the state equalized valuation determined as of the first tax day after the issuance of a certificate of occupancy for the residence, or the date of acquisition of the property, whichever comes later, by the seller or transferor for that same interest in property and the transaction was for a price at which a willing buyer and a willing seller would arrive through an arms-length negotiation. Notwithstanding section 22 of 1941 PA 122, MCL 205.22, and section 3(4) of this act, if the seller or the buyer who has paid the tax on behalf of the seller believes that the property was eligible for an exemption under this subdivision at the time of transfer, the seller or the buyer who has paid the tax on behalf of the seller may request a refund from the department in a form and manner determined by the department. This subdivision is retroactive and applies to a sale, exchange, assignment, or transfer beginning 4 years immediately preceding the effective date of the amendatory act that amended this sentence subject to the statute of limitations period provided in section 27a of 1941 PA 122, MCL 205.27a. A taxpayer that claimed a refund under this subdivision prior to the effective date of the amendatory act that added this sentence and whose refund was denied and not appealed in accordance with section 21 or 22 of 1941 PA 122, MCL 205.21 and 205.22, may claim a refund under this subdivision notwithstanding section 22 of 1941 PA 122, MCL 205.22.

(v) A written instrument transferring an interest in property pursuant to a foreclosure of a mortgage including a written instrument given in lieu of foreclosure of a mortgage. This exemption does not apply to a subsequent transfer of the foreclosed property by the entity that foreclosed on the mortgage.

(w) A written instrument conveying an interest from a religious society in property exempt from the collection of taxes under section 7s of the general property tax act, 1893 PA 206, MCL 211.7s, to a religious society if that property continues to be exempt from the collection of taxes under section 7s of the general property tax act, 1893 PA 206, MCL 211.7s.

History: 1993, Act 330, Eff. Apr. 1, 1994;—Am. 1994, Act 3, Eff. Mar. 30, 1994;—Am. 1994, Act 255, Imd. Eff. July 5, 1994;—

Am. 2000, Act 203, Imd. Eff. June 27, 2000;—Am. 2003, Act 128, Eff. Jan. 1, 2004;—Am. 2008, Act 473, Eff. Jan. 1, 2007;—Am. 2015, Act 217, Imd. Eff. Dec. 15, 2015;—Am. 2018, Act 172, Imd. Eff. June 11, 2018.

Compiler's note: Enacting section 2 of Act 473 of 2008 provides:
"Enacting section 2. This amendatory act shall take effect January 1, 2007."

207.527 Bankruptcy or insolvency proceeding; exemption from tax.

Sec. 7. A tax is not imposed by this act upon a written instrument that conveys or transfers property or an interest in the property to a receiver, administrator, or trustee, whether special or general, in a bankruptcy or insolvency proceeding.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.528 Stamp as evidence of tax payment; other methods of cancellation.

Sec. 8. (1) Except as provided in section 9, the payment of the tax imposed by this act shall be evidenced by the affixing of a documentary stamp or stamps to each written instrument subject to the tax imposed by this act by the person making, executing, issuing, or delivering the written instrument. The stamp required by this act may also serve as the stamp required under section 7 of Act No. 134 of the Public Acts of 1966, being section 207.507 of the Michigan Compiled Laws. The stamp or stamps required by this section shall be purchased only in the county in which the property is located.

(2) The person using or affixing the stamps shall affix the stamps so that removal requires the continued application of steam or water. The person using or affixing the stamps shall write or stamp on the stamps his or her initials and the date upon which the stamps are affixed or used so that the stamps cannot again be used.

(3) The treasurer may prescribe another method of cancellation as he or she considers appropriate. If the county treasurer is required to utilize a tax meter machine under section 7 of Act No. 134 of the Public Acts of 1966, the tax meter machine shall be used to evidence the payment of the tax imposed by this act.

History: 1993, Act 330, Eff. Apr. 1, 1994;—Am. 1994, Act 3, Eff. Mar. 30, 1994;—Am. 1994, Act 255, Imd. Eff. July 5, 1994.

207.529 Stamps; prescribing and preparing for use; requisition of stamps by county treasurer; use of tax meter machine; alternative means.

Sec. 9. (1) The treasurer shall prescribe and prepare for use by a county treasurer adhesive stamps of the denominations and quantities that are necessary for the payment of the tax imposed by this act and the tax imposed by Act No. 134 of the Public Acts of 1966, being sections 207.501 to 207.513 of the Michigan Compiled Laws. The county treasurer shall requisition the stamps as required.

(2) The treasurer shall prescribe conditions under which a county treasurer may utilize a tax meter machine to evidence the payment of the tax imposed under this act or the tax imposed under Act No. 134 of the Public Acts of 1966. The treasurer shall provide for the use of a tax meter machine or for the sale of the stamps in such places as the treasurer considers necessary.

(3) The treasurer may prescribe alternate means for the county treasurer to evidence the payment of the tax under this act. The treasurer shall provide the alternative means to the county treasurer if alternative means are used to evidence the payment of the tax under this act.

History: 1993, Act 330, Eff. Apr. 1, 1994;—Am. 1994, Act 3, Eff. Mar. 30, 1994;—Am. 1994, Act 255, Imd. Eff. July 5, 1994.

207.530 Disposition of tax.

Sec. 10. The tax imposed under this act shall be collected by the county treasurer and deposited with the treasurer as provided in this section. By the fifteenth day of each month, the county treasurer shall, on a form prescribed by the treasurer, itemize the tax collected the preceding month and transmit the form and the tax collected to the treasurer. The county treasurer may retain the interest earned on the money collected pursuant to this act while held by the county treasurer, as reimbursement for the costs incurred by the county in collecting and transmitting the tax imposed by this act. The money retained by the county treasurer under this section shall be deposited in the treasury of the county where the tax is collected to the credit of the general fund.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.531 Crediting tax proceeds.

Sec. 11. The treasurer shall credit the proceeds of the tax collected by county treasurers under this act to the state treasury to the credit of the state school aid fund established in section 11 of article IX of the state constitution of 1963.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.532 Payment of tax; written instruments not subject to tax.

Sec. 12. (1) The tax imposed by this act shall be paid only once. A tax shall not be imposed on a written instrument that transfers property if the written instrument is given and the transfer made pursuant to a written executory contract upon which the tax was previously paid. A written instrument that is evidence of indebtedness or of a contract right is subject to the tax imposed by this act only to the extent of the new consideration given for the property. A written instrument that is given to supplement, reform, or correct a prior written instrument is subject to the tax imposed by this act only to the extent of the new consideration given for the property.

(2) A written instrument that would be subject to the tax imposed by this act except for the provisions of this section shall state on its face that the instrument is exempt by reason of the prior payment or partial payment of the tax on another written instrument executed on part of the same transaction and the date of payment.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.533 Recording written instruments; stamps required; reason for exemption to be stated on written instrument; effect of noncompliance with act; use and disclosure of affidavit.

Sec. 13. (1) A written instrument subject to the tax imposed by this act shall not be recorded in the office of the register of deeds of any county of this state unless documentary stamps as required by this act have been purchased at the time of presentation by the party liable for the tax under section 3(2). The stamps shall be affixed to the face of the instrument before recording unless the person specifically requests that the instrument be recorded before the stamps are affixed. If so requested, the stamps may be affixed to the reverse side of the written instrument. However, if it is necessary to record the reverse side of the written instrument, the stamps shall be affixed after recording by the register of deeds. If the written instrument is not subject to the tax, the written instrument shall state on its face the reason for the exemption. A written instrument accepted for recording that does not comply with this act does not affect the validity of the recording as to notice.

(2) An affidavit attached to a written instrument under section 5 shall not be recorded and shall be detached from the written instrument before recording. The affidavit shall be used for auditing purposes only and shall not be disclosed to any other person.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.534 Prohibited conduct; violation as misdemeanor.

Sec. 14. (1) A person shall not do any of the following:

(a) Fraudulently cut, tear, or remove a documentary stamp from a written instrument.

(b) Fraudulently affix to a written instrument upon which the tax is imposed by this act any of the following:

(*i*) A documentary stamp that has been cut, torn, or removed from another written instrument upon which the tax is imposed by this act.

(*ii*) A documentary stamp of insufficient value.

(*iii*) A forged or counterfeited stamp.

(*iv*) An impression of a forged or counterfeited stamp, die, plate, or other article.

(c) Willfully remove or alter the cancellation marks of a documentary stamp, restore a documentary stamp with the intent to use or cause the same to be used after it has already been used, knowingly buy, sell, offer for sale, or give away an altered or restored stamp to a person for use, or knowingly use an altered or restored stamp.

(d) Knowingly or willfully prepare, keep, sell, offer for sale, or have in his or her possession a forged or counterfeited documentary stamp.

(e) Knowingly or willfully issue a false or fraudulent affidavit described in section 5.

(2) A person who violates this section is guilty of a misdemeanor, punishable by imprisonment for not more than 1 year or a fine of not more than $500.00, or both.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.535 Tax in addition to and collected with tax imposed under MCL 207.501 to 207.513.

Sec. 15. The tax imposed under this act is in addition to and may be collected with the tax imposed under Act No. 134 of the Public Acts of 1966, being sections 207.501 to 207.513 of the Michigan Compiled Laws.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.536 Administration of act.

Sec. 16. This act shall be administered by the revenue division of the department of treasury under Act No.

122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws.

History: 1993, Act 330, Eff. Apr. 1, 1994.

207.537 Conditional effective date.

Sec. 17. This act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

(a) House Bill No. 5109.
(b) House Bill No. 5116.
(c) House Bill No. 5009.
(d) House Bill No. 5010.
(e) House Bill No. 5118.
(f) House Bill No. 5097.
(g) House Bill No. 5123.
(h) House Bill No. 4279.
(i) House Bill No. 5102.
(j) House Bill No. 5103.
(k) House Bill No. 5104.
(*l*) House Bill No. 5106.
(m) House Bill No. 5111.
(n) House Bill No. 5115.
(o) House Bill No. 5112.
(p) House Bill No. 5120.
(q) House Bill No. 5129.
(r) House Bill No. 5224.

History: 1993, Act 330, Eff. Apr. 1, 1994.

PLANT REHABILITATION AND INDUSTRIAL DEVELOPMENT DISTRICTS
Act 198 of 1974

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.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 2001, Act 157, Imd. Eff. Nov. 6, 2001.

Popular name: Act 198

The People of the State of Michigan enact:

207.551 Meanings of certain words and phrases.

Sec. 1. The words and phrases defined in sections 2 and 3 have the meanings respectively ascribed to them for the purposes of this act.

History: 1974, Act 198, Imd. Eff. July 9, 1974.

Compiler's note: For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

Popular name: Act 198

207.552 Definitions.

Sec. 2. (1) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

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

(3) "Next Michigan development corporation" means that term as defined in section 3 of the next Michigan development act, 2010 PA 275, MCL 125.2953.

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

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

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

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

(6) "Local governmental unit" means a city, village, township, or next Michigan development corporation located in this state. For purposes of this act, if a next Michigan development corporation establishes a plant rehabilitation district or an industrial development district, the next Michigan development corporation shall act as the local governmental unit in establishing and operating the plant rehabilitation district or the industrial development district.

(7) "Industrial property" means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is the engaging in a high-technology activity, operation of a strategic response center, operation of a motorsports entertainment complex, operation of a logistical optimization center, operation of qualified commercial activity, operation of a major distribution and logistics facility, the manufacture of goods or materials, creation or synthesis of biodiesel fuel, or the processing of goods and materials by physical or chemical change; property acquired, constructed, altered, or installed due to the passage of proposal A in 1976; the operation of a hydro-electric dam by a private company other than a public utility; or agricultural processing facilities. Industrial property includes facilities related to a manufacturing operation under the same ownership, including, but not limited to, office, engineering, research and development, warehousing, or parts distribution facilities. Industrial property also includes research and development laboratories of companies other than those companies that

manufacture the products developed from their research activities and research development laboratories of a manufacturing company that are unrelated to the products of the company. For applications approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007, industrial property also includes an electric generating plant that is not owned by a local unit of government, including, but not limited to, an electric generating plant fueled by biomass. For an industrial development district created before July 1, 2010, industrial property also includes an electric generating plant that is fueled by biomass that is not owned by a unit of local government if the electric generating plant involves the reuse of a federal superfund site remediated by the United States environmental protection agency and an independent study has concluded that the electric generating plant would not have an adverse effect on wood supply of the area from which the wood supply of the electric generating plant would be derived. An electric generating plant described in the preceding sentence is presumed not to have an adverse impact on the wood supply of the area from which the wood supply of the electric generating plant would be derived if the company has a study funded by the United States department of energy and managed by the department of energy, labor, and economic growth that concludes that the electric generating plant will consume not more than 7.5% of the annual wood growth within a 60-mile radius of the electric generating plant. Industrial property also includes convention and trade centers in which construction begins not later than December 31, 2010 and is over 250,000 square feet in size or, if located in a county with a population of more than 750,000 and less than 1,100,000, is over 100,000 square feet in size or, if located in a county with a population of more than 26,000 and less than 28,000, is over 30,000 square feet in size. Industrial property also includes a federal reserve bank operating under 12 USC 341, located in a city with a population of 600,000 or more. Industrial property may be owned or leased. However, in the case of leased property, the lessee is liable for payment of ad valorem property taxes and shall furnish proof of that liability. For purposes of a local governmental unit that is a next Michigan development corporation, industrial property includes only property used in the operation of an eligible next Michigan business, as that term is defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803. Industrial property does not include any of the following:

(a) Land.

(b) Property of a public utility other than an electric generating plant that is not owned by a local unit of government as provided in this subsection.

(c) Inventory.

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

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

(10) "Research and development laboratories" means building and structures, including the machinery, equipment, furniture, and fixtures located in the building or structure, used or to be used for research or experimental purposes that would be considered qualified research as that term is used in section 41 of the internal revenue code, 26 USC 41, except that qualified research also includes qualified research funded by grant, contract, or otherwise by another person or governmental entity.

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

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

(13) "Logistical optimization center" means a sorting and distribution center that optimizes transportation and uses just-in-time inventory management and material handling.

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

(15) "Qualified commercial activity" means commercial property that meets all of the following:

(a) At least 90% of the property, excluding the surrounding green space, is used for warehousing, distribution, or logistic purposes and is located in a county that borders another state or Canada or for a communications center.

(b) Occupies a building or structure that is greater than 100,000 square feet in size.

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

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

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

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

(d) Engages in tourism promotion.

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

(17) "Major distribution and logistics facility" means a proposed distribution center that meets all of the following:

(a) Contains at least 250,000 square feet.

(b) Has or will have an assessed value of $5,000,000.00 or more for the real property.

(c) Is located within 35 miles of the border of this state.

(d) Has as its purpose the distribution of inventory and materials to facilities owned by the taxpayer whose primary business is the retail sale of sporting goods and related inventory.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1978, Act 37, Imd. Eff. Feb. 24, 1978;—Am. 1981, Act 211, Imd. Eff. Dec. 30, 1981;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1986, Act 66, Imd. Eff. Apr. 1, 1986;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999;—Am. 2000, Act 247, Imd. Eff. June 29, 2000;—Am. 2002, Act 280, Imd. Eff. May 9, 2002;—Am. 2003, Act 5, Imd. Eff. Apr. 24, 2003;—Am. 2005, Act 118, Imd. Eff. Sept. 22, 2005;—Am. 2005, Act 267, Imd. Eff. Dec. 16, 2005;—Am. 2007, Act 12, Imd. Eff. May 29, 2007;—Am. 2007, Act 146, Imd. Eff. Dec. 10, 2007;—Am. 2008, Act 170, Imd. Eff. July 2, 2008;—Am. 2008, Act 457, Imd. Eff. Jan. 9, 2009;—Am. 2008, Act 581, Imd. Eff. Jan. 16, 2009;—Am. 2009, Act 209, Imd. Eff. Jan. 4, 2010;—Am. 2010, Act 273, Imd. Eff. Dec. 15, 2010;—Am. 2011, Act 154, Imd. Eff. Sept. 27, 2011.

Compiler's note: For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

Popular name: Act 198

207.553 Additional definitions.

Sec. 3. (1) "Plant rehabilitation district" means an area of a local governmental unit established as provided in section 4.

(2) "Industrial development district" means an area established by a local governmental unit as provided in section 4.

(3) "Industrial facility tax" means the specific tax levied under this act.

(4) "Industrial facilities exemption certificate" means a certificate issued pursuant to sections 5, 6, and 7.

(5) "Replacement" means the complete or partial demolition of obsolete industrial property and the complete or partial reconstruction or installation of new property of similar utility.

(6) "Restoration" means changes to obsolete industrial property other than replacement as may be required to restore the property, together with all appurtenances to the property, to an economically efficient functional condition. Restoration does not include delayed maintenance or the substitution or addition of tangible personal property without major renovation of the industrial property. A program involving expenditures for changes to the industrial property improvements aggregating less than 10% of the true cash value at commencement of the restoration of the industrial property improvements is delayed maintenance. Restoration includes major renovation including but not necessarily limited to the improvement of floor loads, correction of deficient or excessive height, new or improved building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, improvements or modifications of machinery and equipment to improve efficiency, decrease operating costs, or to increase productive capacity, and other physical changes as may be required to restore the industrial property to an economically efficient functional condition, and shall include land and building improvements and other tangible personal property incident to the improvements.

(7) "State equalized valuation" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8.

(8) "Speculative building" means a building that meets 1 of the following criteria and the machinery, equipment, furniture, and fixtures located in the building:

(a) A new building that meets all of the following:

(*i*) The building is owned by, or approved as a speculative building by resolution of, a local governmental unit in which the building is located or the building is owned by a development organization and located in the district of the development organization.

(*ii*) The building is constructed for the purpose of providing a manufacturing facility before the

identification of a specific user of that building.

(*iii*) The building does not qualify as a replacement facility.

(b) The building is an existing building on an improved parcel of industrial property used for the manufacturing of goods or materials or processing of goods or materials. Not more than 1 building shall be awarded an industrial facilities exemption certificate under this subdivision. A building that complies with this subdivision shall be presumed to have been constructed within 9 years of the filing of the application for an industrial facilities exemption certificate and shall comply with the following:

(*i*) Has been unoccupied for at least 4 years immediately preceding the date the certificate is issued.

(*ii*) Is in an industrial development district created before January 1, 2011.

(*iii*) Is located in a county with a population of more than 22,000 and less than 24,500 containing a city with a population of more than 3,600 according to the last decennial census.

(9) "Development organization" means any economic development corporation, downtown development authority, tax increment financing authority, or an organization under the supervision of and created for economic development purposes by a local governmental unit.

(10) "Manufacturing facility" means buildings and structures, including the machinery, equipment, furniture, and fixtures located therein, the primary purpose of which is 1 or more of the following:

(a) The manufacture of goods or materials or the processing of goods and materials by physical or chemical change.

(b) The provision of research and development laboratories of companies whether or not the company manufactures the products developed from their research activities.

(11) "Taxable value" means that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(12) "Strategic response center" means a facility that provides catastrophe response solutions through the development and staffing of a national response center for which a plant rehabilitation district or an industrial development district was created before December 31, 2007.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 247, Imd. Eff. Sept. 4, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996;—Am. 2007, Act 13, Imd. Eff. May 29, 2007;—Am. 2010, Act 122, Imd. Eff. July 19, 2010.

Compiler's note: For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

Popular name: Act 198

207.554 Plant rehabilitation district or industrial development district; establishment; number of parcels; filing; notice; hearing; finding and determination; district established by township; industrial property as part of industrial development district or plant rehabilitation district also part of tax increment district; termination; notice.

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

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

(3) Except as provided in section 9(2)(h), after December 31, 1983, a request for the establishment of a proposed plant rehabilitation district or industrial development district shall be filed only in connection with a proposed replacement facility or new facility, the construction, acquisition, alteration, or installation of or for which has not commenced at the time of the filing of the request. The legislative body of a local governmental unit shall not establish a plant rehabilitation district or an industrial development district pursuant to subsection (2) if it finds that the request for the district was filed after the commencement of construction, alteration, or installation of, or of an acquisition related to, the proposed replacement facility or new facility. This subsection shall not apply to a speculative building.

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

(5) The legislative body of the local governmental unit, in its resolution establishing a plant rehabilitation

district, shall set forth a finding and determination that property comprising not less than 50% of the state equalized valuation of the industrial property within the district is obsolete.

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

(7) Industrial property that is part of an industrial development district or a plant rehabilitation district may also be part of a tax increment district established under the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

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

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

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1980, Act 449, Imd. Eff. Jan. 15, 1981;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Eff. Imd. July 6, 1994;—Am. 1995, Act 218, Imd. Eff. Dec. 1, 1995;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999;—Am. 2004, Act 437, Imd. Eff. Dec. 21, 2004.

Compiler's note: For transfer of powers and duties of department of commerce under Act 198 of 1974 to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

Popular name: Act 198

207.555 Application for industrial exemption certificate; filing; contents; notice to assessing and taxing units; hearing; application fee.

Sec. 5. (1) After the establishment of a district, the owner or lessee of a facility may file an application for an industrial facilities exemption certificate with the clerk of the local governmental unit that established the plant rehabilitation district or industrial development district. The application shall be filed in the manner and form prescribed by the commission. The application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be a part of the facility, a time schedule for undertaking and completing the restoration, replacement, or construction of the facility, and information relating to the requirements in section 9.

(2) Upon receipt of an application for an industrial facilities exemption certificate, the clerk of the local governmental unit shall notify in writing the assessor of the assessing unit in which the facility is located or to be located, and the legislative body of each taxing unit that levies ad valorem property taxes in the local governmental unit in which the facility is located or to be located. Before acting upon the application, the legislative body of the local governmental unit shall afford the applicant, the assessor, and a representative of the affected taxing units an opportunity for a hearing.

(3) The local governmental unit may charge the applicant an application fee to process an application for an industrial facilities exemption certificate. The application fee shall not exceed the actual cost incurred by the local governmental unit in processing the application or 2% of the total property taxes abated under this act for the term that the industrial facilities exemption certificate is in effect, whichever is less. A local governmental unit shall not charge an applicant any other fee under this act.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1996, Act 323, Imd. Eff. June 26, 1996.

Popular name: Act 198

207.556 Application for industrial facilities exemption certificate; approval or disapproval; appeal; exception from eligible manufacturing personal property.

Sec. 6. (1) The legislative body of the local governmental unit, not more than 60 days after receipt by its clerk of the application, shall by resolution either approve or disapprove the application for an industrial facilities exemption certificate in accordance with section 9 and the other provisions of this act. If disapproved, the reasons shall be set forth in writing in the resolution. If approved, the clerk shall forward the application to the commission within 60 days of approval or before October 31 of that year, whichever is first, or as otherwise provided in section 7 in order to receive the industrial facilities exemption certificate effective

for the following year. If disapproved, the clerk shall return the application to the applicant. The applicant may appeal the disapproval to the commission within 10 days after the date of the disapproval.

(2) A new industrial facilities exemption certificate shall not be approved and issued under this act after December 30, 2021 for any personal property that qualifies as eligible manufacturing personal property as defined under section 9m of the general property tax act, 1893 PA 206, MCL 211.9m.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1996, Act 323, Imd. Eff. June 26, 1996;—Am. 2013, Act 85, Imd. Eff. June 28, 2013;—Am. 2021, Act 157, Imd. Eff. Dec. 27, 2021.

Popular name: Act 198

207.557 Determination by commission; issuance of industrial facilities exemption certificate; notice of application; concurrence; effective date of certificate; mailing and filing of certificate; notice of refusal to issue certificate; resolutions approving or amending industrial facilities exemption certificate; completed application; error or mistake; failure to forward application, amended or transfer application, or request to revoke certificate; duties of commission.

Sec. 7. (1) Within 60 days after receipt of an approved application or an appeal of a disapproved application that was submitted to the commission before October 31 of that year, the commission shall determine whether the facility is a speculative building or designed and acquired primarily for the purpose of restoration or replacement of obsolete industrial property or the construction of new industrial property, and whether the facility otherwise complies with section 9 and with the other provisions of this act. If the commission so finds, it shall issue an industrial facilities exemption certificate. Before issuing a certificate the commission shall notify the state treasurer of the application and shall obtain the written concurrence of the department of licensing and regulatory affairs that the application complies with the requirements in section 9. Except as otherwise provided in this section and section 7a, the effective date of the certificate for a replacement facility or new facility is the immediately succeeding December 31 following the date the certificate is issued. For a speculative building or a portion of a speculative building, except as otherwise provided in section 7a, the effective date of the certificate is the immediately succeeding December 31 following the date the speculative building, or the portion of a speculative building, is used as a manufacturing facility.

(2) The commission shall send an industrial facilities exemption certificate, when issued, by mail to the applicant, and a certified copy by mail to the assessor of the assessing unit in which the facility is located or to be located, and that copy shall be filed in his or her office. Notice of the commission's refusal to issue a certificate shall be sent by mail to the same persons.

(3) Notwithstanding any other provision of this act, if on December 29, 1986 a local governmental unit passed a resolution approving an exemption certificate for 10 years for real and personal property but the commission did not receive the application until 1992 and the application was not made complete until 1995, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 30, 1987 and ends December 30, 1997.

(4) Notwithstanding any other provision of this act, if pursuant to section 16a a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on October 14, 2003 for a certificate that expired in December 2002, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 30, 2002 and ends December 30, 2009.

(5) Notwithstanding any other provision of this act, if on or before February 10, 2007 a local governmental unit passed a resolution approving an amendment of an industrial facilities exemption certificate for a replacement facility and that certificate was revoked by the commission effective December 30, 2005 with the order of revocation issued by the commission on April 10, 2006, notwithstanding the revocation, the commission shall retroactively amend the certificate and give full effect to the amended certificate, which shall include the additional personal property expenditures described in the resolution amending the certificate, for the period of time beginning when the certificate was originally approved until the certificate was revoked.

(6) Notwithstanding any other provision of this act, if on July 23, 2012, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but the application was not made complete until 2013, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 31, 2012 and ends December 31, 2024.

(7) Notwithstanding any other provision of this act, if on February 21, 2012, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but the application was not made complete until 2013, the commission shall issue for that property an industrial

facilities exemption certificate that begins on December 31, 2012.

(8) If the commission receives an application under this act for an industrial facilities exemption certificate for a new facility or a replacement facility and the application is made complete before October 31 following the year in which the application is received by the commission, the commission may issue for that property an industrial facilities exemption certificate that has an effective date of December 31 of the year in which the application was received by the commission.

(9) If an error or mistake in an application for an industrial facilities exemption certificate is discovered after the local governmental unit has passed a resolution approving the application or after the commission has issued a certificate for the application, an applicant may submit an amended application in the same manner as an original application under this act that corrects the error or mistake. The legislative body of the local governmental unit and the commission may approve or deny the amended application. If the commission previously issued a certificate for the original application and approves an amended application under this subsection, the commission shall issue an amended certificate for the amended application with the same effective date as the original certificate.

(10) If the clerk of the qualified local governmental unit failed to forward an application, an amended or transfer application, or a request to revoke a certificate that was approved by the legislative body of the qualified local governmental unit before October 31 of that year to the commission before October 31 but filed the application, the amended or transfer application, or the request to revoke a certificate before October 31 of the immediately succeeding year and the commission approves the application, the amended or transfer application, or the request to revoke a certificate, notwithstanding any other provision of this act, the certificate shall be considered to be issued, transferred, amended, or revoked on December 31 of the year in which the local governmental unit approved the application, the amended or transfer application, or the request to revoke the certificate.

(11) Beginning October 1, 2013, the commission shall do all of the following for each industrial facilities exemption certificate approved or disapproved by the commission under subsection (8), (9), or (10):

(a) Notify the office of the member of the house of representatives of this state and the office of the senator of this state, who represent the geographic area in which the property covered by the application for a certificate is located, that an application for a certificate has been approved or disapproved under subsection (8), (9), or (10).

(b) Publish on its website a copy of the certificate if approved, or a copy of the denial notice if disapproved, under subsection (8), (9), or (10) and whatever additional information the commission considers appropriate regarding the application.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 323, Imd. Eff. June 26, 1996;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997;—Am. 2005, Act 267, Imd. Eff. Dec. 16, 2005;—Am. 2006, Act 483, Imd. Eff. Dec. 28, 2006;—Am. 2008, Act 457, Imd. Eff. Jan. 9, 2009;—Am. 2013, Act 85, Imd. Eff. June 28, 2013;—Am. 2014, Act 514, Imd. Eff. Jan. 14, 2015.

Popular name: Act 198

207.557a Cost of facility exceeding certain amount of state equalized value.

Sec. 7a. If, after reviewing the application described in section 7, the commission determines that the cost of the facility exceeds $150,000,000.00 of state equalized value, then all of the following apply:

(a) The replacement, restoration, or construction of the facility shall be completed within 6 years of the effective date of the initial industrial facilities exemption certificate or a greater time as authorized by the commission for good cause.

(b) The commission shall provide not more than 3 separate industrial facilities exemption certificates for the facility. The initial industrial facilities exemption certificate shall be effective for not more than 14 years. The second industrial facilities exemption certificate shall be effective 2 years after the initial industrial facilities exemption certificate becomes effective and shall continue to be effective for not more than 14 years. The third industrial facilities exemption certificate shall be effective 4 years after the initial industrial facilities exemption certificate becomes effective and shall continue to be effective for not more than 14 years. The commission may modify each certificate during the replacement, restoration, or construction of the facility.

(c) For each industrial facilities exemption certificate, the commission shall determine the portion of the facility to be completed. During the first 2 years of the industrial facilities exemption certificate period, the state equalized valuation of that portion of the facility shall be used to calculate the industrial facilities tax as provided in section 14. Upon the expiration of each industrial facilities exemption certificate or its revocation under section 15, that portion of the facility is subject to the general ad valorem property tax.

(d) Notwithstanding subdivision (b), an industrial facilities exemption certificate for a facility described in

this section shall expire not more than 12 years from the completion of the facility.

History: Add. 1996, Act 513, Imd. Eff. Jan. 13, 1997.

Popular name: Act 198

207.558 Exemption of facility and certain persons from ad valorem taxes.

Sec. 8. A facility or that portion of a facility described in section 7a, for which an industrial facilities exemption certificate is in effect, but not the land on which the facility is located or to be located or inventory of the facility, for the period on and after the effective date of the certificate and continuing so long as the industrial facilities exemption certificate is in force, is exempt from ad valorem real and personal property taxes and the lessee, occupant, user, or person in possession of that facility for the same period is exempt from ad valorem taxes imposed under Act No. 189 of the Public Acts of 1953, being sections 211.181 and 211.182 of the Michigan Compiled Laws.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997.

Popular name: Act 198

207.559 Finding and determination in resolution approving application for certificate; valuation requiring separate finding and statement; compliance with certain requirements as condition to approval of application and granting of certificate; demolition, sale, or transfer of obsolete industrial property; certificate applicable to speculative building; procedural information; replacement facility; property owned or operated by casino; "casino" defined; issuance of certificates.

Sec. 9. (1) The legislative body of the local governmental unit, in its resolution approving an application, shall set forth a finding and determination that the granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of a taxing unit that levies an ad valorem property tax in the local governmental unit in which the facility is located or to be located. If the state equalized valuation of property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under certificates previously granted and currently in force, exceeds 5% of the state equalized valuation of the local governmental unit, the commission, with the approval of the state treasurer, shall make a separate finding and shall include a statement in the order approving the industrial facilities exemption certificate that exceeding that amount shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) Except for an application for a speculative building, which is governed by subsection (4), the legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate unless the applicant complies with all of the following requirements:

(a) The commencement of the restoration, replacement, or construction of the facility occurred not earlier than 12 months before the filing of the application for the industrial facilities exemption certificate. If the application is not filed within the 12-month period, the application may be filed within the succeeding 12-month period and the industrial facilities exemption certificate shall in this case expire 1 year earlier than it would have expired if the application had been timely filed. This subdivision does not apply for applications filed with the local governmental unit after December 31, 1983.

(b) For applications made after December 31, 1983, the proposed facility shall be located within a plant rehabilitation district or industrial development district that was duly established in a local governmental unit eligible under this act to establish a district and that was established upon a request filed or by the local governmental unit's own initiative taken before the commencement of the restoration, replacement, or construction of the facility.

(c) For applications made after December 31, 1983, the commencement of the restoration, replacement, or construction of the facility occurred not earlier than 6 months before the filing of the application for the industrial facilities exemption certificate.

(d) The application relates to a construction, restoration, or replacement program that when completed constitutes a new or replacement facility within the meaning of this act and that shall be situated within a plant rehabilitation district or industrial development district duly established in a local governmental unit eligible under this act to establish the district.

(e) Completion of the facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to create employment, retain employment, prevent a loss of employment, or produce

energy in the community in which the facility is situated.

(f) Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity but rather is primarily for the purpose and will primarily have the effect of restoration, replacement, or updating the technology of obsolete industrial property. An increase in productive capacity, even though significant, is not an impediment to the issuance of an industrial facilities exemption certificate if other criteria in this section and act are met. This subdivision does not apply to a new facility.

(g) The provisions of subdivision (c) do not apply to a new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in April of 1992 if the application was approved by the local governing body and was denied by the state tax commission in April of 1993.

(h) The provisions of subdivisions (b) and (c) and section 4(3) do not apply to 1 or more of the following:

(*i*) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1995 for construction that was commenced in July 1992 in a district that was established by the legislative body of the local governmental unit in July 1994. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16(3).

(*ii*) A facility located in an industrial development district that was established in January 1994 and was owned by a person who filed an application for an industrial facilities exemption certificate in February 1994 if the personal property and real property portions of the application were approved by the legislative body of the local governmental unit and the personal property portion of the application was approved by the state tax commission in December 1994 and the real property portion of the application was denied by the state tax commission in December 1994. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16(3).

(*iii*) A facility located in an industrial development district that was established in December 1995 and was owned by a person who filed an application for an industrial facilities exemptions certificate in November or December 1995 for construction that was commenced in September 1995.

(*iv*) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in July 2001 for construction that was commenced in February 2001 in a district that was established by the legislative body of the local governmental unit in September 2001. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16. The facility described in this subparagraph shall be taxed under this act as if it was granted an industrial facilities exemption certificate in October 2001, and a corrected tax bill shall be issued by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll. If granting the industrial facilities exemption certificate under this subparagraph results in an overpayment of the tax, a rebate, including any interest and penalties paid, shall be made to the taxpayer by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll within 30 days of the date the exemption is granted. The rebate shall be without interest.

(*v*) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in December 2005 for construction that was commenced in September 2005 in a district that was established by the legislative body of the local governmental unit in December 2005. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16.

(*vi*) A facility located in an existing industrial development district owned by a person who filed or amended an application for an industrial facilities exemption certificate for real property in July 2006 if the application was approved by the legislative body of the local governmental unit in September 2006 but not submitted to the state tax commission until September 2006.

(*vii*) A new facility located in an existing industrial development district owned by a person who filed or amended an application for an industrial facilities exemption certificate for personal property in June 2006 if the application was approved by the legislative body of the local governmental unit in August 2006 but not submitted to the state tax commission until 2007. The effective date of the certificate shall be December 31, 2006.

(*viii*) A new facility located in an industrial development district that was established by the legislative body of the local governmental unit in September of 2007 for construction that was commenced in March 2007 and for which an application for an industrial facilities exemption certificate was filed in September of 2007.

(*ix*) A facility located in an industrial development district that was established by the legislative body of

the local governmental unit in August 2007 and was owned by a person who filed an application for an industrial facilities exemption certificate in June 2007 for equipment that was purchased in January 2007.

(*x*) A facility located in an industrial development district that otherwise meets the criteria of this act that has received written approval from the chairperson of the Michigan economic growth authority.

(*xi*) A new facility located in an industrial development district that was established by the legislative body of the local governmental unit in August of 2008 for construction that was commenced in December 2005 and certificate of occupancy issued in September 2006 for which an application for an industrial facilities exemption certificate was filed in August of 2008.

(*xii*) A facility located in an industrial development district owned by a person who filed an application for a certificate for real and personal property in April 2005 if the application was approved by the legislative body of the local governmental unit in July 2005 for construction that was commenced in July 2004.

(*xiii*) A facility located in an industrial development district that was established by the legislative body of the local governmental unit in December 2007 for construction that was commenced in September 2007 and a certificate of occupancy issued in September 2008 for which an application for an industrial facilities exemption certificate was approved in May of 2008.

(i) The provisions of subdivision (c) do not apply to any of the following:

(*i*) A new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1993 if the application was approved by the legislative body of the local governmental unit and the real property portion of the application was denied by the state tax commission in December 1993.

(*ii*) A new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in September 1993 if the personal property portion of the application was approved by the legislative body of the local governmental unit and the real property portion of the application was denied by the legislative body of the local governmental unit in October 1993 and subsequently approved by the legislative body of the local governmental unit in September 1994.

(*iii*) A facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in August 1993 if the application was approved by the local governmental unit in September 1993 and the application was denied by the state tax commission in December 1993.

(*iv*) A facility located in an existing industrial development district occupied by a person who filed an application for an industrial facilities exemption certificate in June of 1995 if the application was approved by the legislative body of the local governmental unit in October of 1995 for construction that was commenced in November or December of 1994.

(*v*) A facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in June of 1995 if the application was approved by the legislative body of the local governmental unit in July of 1995 and the personal property portion of the application was approved by the state tax commission in November of 1995.

(j) If the facility is locating in a plant rehabilitation district or an industrial development district from another location in this state, the owner of the facility is not delinquent in any of the taxes described in section 10(1)(a) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2690, or substantially delinquent in any of the taxes described in and as provided under section 10(1)(b) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2690.

(3) If the replacement facility when completed will not be located on the same premises or contiguous premises as the obsolete industrial property, then the applicant shall make provision for the obsolete industrial property by demolition, sale, or transfer to another person with the effect that the obsolete industrial property shall within a reasonable time again be subject to assessment and taxation under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, or be used in a manner consistent with the general purposes of this act, subject to approval of the commission.

(4) The legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate that applies to a speculative building unless the speculative building is or is to be located in a plant rehabilitation district or industrial development district duly established by a local governmental unit eligible under this act to establish a district; the speculative building was constructed less than 9 years before the filing of the application for the industrial facilities exemption certificate; the speculative building has not been occupied since completion of construction; and the speculative building otherwise qualifies under subsection (2)(e) for an industrial facilities exemption certificate. An industrial facilities exemption certificate granted under this subsection shall expire as provided in section 16(3).

(5) Not later than September 1, 1989, the commission shall provide to all local assessing units the name,

address, and telephone number of the person on the commission staff responsible for providing procedural information concerning this act. After October 1, 1989, a local unit of government shall notify each prospective applicant of this information in writing.

(6) Notwithstanding any other provision of this act, if on December 29, 1986 a local governmental unit passed a resolution approving an exemption certificate for 10 years for real and personal property but the commission did not receive the application until 1992 and the application was not made complete until 1995, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 30, 1987 and ends December 30, 1997. The facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate on December 30, 1987.

(7) Notwithstanding any other provision of this act, if a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on July 8, 1991 but rescinded that resolution and passed a resolution approving an industrial facilities exemption certificate for that same facility as a replacement facility on October 21, 1996, the commission shall issue for that property an industrial facilities exemption certificate that begins December 30, 1991 and ends December 2003. The replacement facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate on December 30, 1991.

(8) Property owned or operated by a casino is not industrial property or otherwise eligible for an abatement or reduction of ad valorem property taxes under this act. As used in this subsection, "casino" means a casino or a parking lot, hotel, motel, convention and trade center, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

(9) Notwithstanding section 16a and any other provision of this act, if a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on October 28, 1996 for a certificate that expired in December 2003 and the local governmental unit passes a resolution approving the extension of the certificate after December 2003 and before March 1, 2006, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 30, 2005 and ends December 30, 2010 as long as the property continues to qualify under this act.

(10) Notwithstanding any other provision of this act, if the commission issued an industrial facilities exemption certificate for a new facility on December 8, 1998 but revoked that industrial facilities exemption certificate for that same facility effective December 30, 2006 and that new facility is purchased by a buyer on or before November 1, 2007, the commission shall issue for that property an industrial facilities exemption certificate that begins December 31, 1998 and ends December 30, 2010 and shall transfer that industrial facilities exemption certificate to the buyer. The new facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate effective on December 31, 1998.

(11) Notwithstanding any other provision of this act, if the commission issued industrial facilities exemption certificates for new facilities on October 30, 2002, September 9, 2003, and November 30, 2005 but revoked the industrial facilities exemption certificates for the same facilities effective December 30, 2007 and the new facilities continue to qualify under this act, the commission shall issue for the properties industrial facilities exemption certificates which end respectively on December 30, 2008, December 30, 2009, and December 30, 2011.

(12) Notwithstanding any other provision of this act, if in August 2008 a local governmental unit passed a resolution approving an exemption certificate for 12 years for real and personal property but the commission did not receive the application until 2008, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 31, 2006 and ends December 30, 2018. The facility described in this subsection shall be taxed under this act as if it had been granted an industrial facilities exemption certificate on December 31, 2006.

(13) Notwithstanding any other provision of this act, if in September 2011 or October 2011 a local governmental unit passed a resolution approving an exemption certificate for 12 years for personal property but the commission did not receive the application until November 2011 and the commission approved the applications in May 2012, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 31, 2011 and ends December 30, 2023. The facility described in this subsection shall be taxed under this act as if it had been granted an industrial facilities exemption certificate on December 31, 2011.

(14) Notwithstanding any other provision of this act, if on August 23, 2011 a local governmental unit passed a resolution approving an exemption certificate for 12 years for real property and the emergency manager subsequently appointed for that local community issued an order approving the exemption certificate on November 8, 2013 but the commission did not receive the application until November 27, 2013, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December

31, 2011 and ends December 30, 2023. The real property component of the facility described in this subsection shall be taxed under this act as if it had been granted an industrial facilities exemption certificate on December 31, 2011.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1985, Act 33, Imd. Eff. June 13, 1985;—Am. 1989, Act 119, Imd. Eff. June 28, 1989;—Am. 1990, Act 338, Imd. Eff. Dec. 21, 1990;—Am. 1991, Act 201, Imd. Eff. Jan. 3, 1992;—Am. 1994, Act 76, Imd. Eff. Apr. 11, 1994;—Am. 1994, Act 266, Imd. Eff. July 6, 1994;—Am. 1994, Act 379, Imd. Eff. Dec. 27, 1994;—Am. 1995, Act 218, Imd. Eff. Dec. 1, 1995;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999;—Am. 2005, Act 251, Imd. Eff. Dec. 1, 2005;—Am. 2006, Act 22, Imd. Eff. Feb. 14, 2006;—Am. 2006, Act 436, Imd. Eff. Oct. 5, 2006;—Am. 2007, Act 146, Imd. Eff. Dec. 10, 2007;—Am. 2008, Act 170, Imd. Eff. July 2, 2008;—Am. 2008, Act 515, Imd. Eff. Jan. 13, 2009;—Am. 2008, Act 516, Imd. Eff. Jan. 13, 2009;—Am. 2012, Act 490, Imd. Eff. Dec. 28, 2012;—Am. 2014, Act 513, Imd. Eff. Jan. 14, 2015.

Compiler's note: Section 2 of Act 119 of 1989 provides:
"Section 2. This amendatory act shall take effect beginning with taxes levied under this act in 1989."

Popular name: Act 198

207.560 Annual determination of value of facility.

Sec. 10. (1) The assessor of each city or township in which there is a speculative building, new facility, or replacement facility with respect to which 1 or more industrial facilities exemption certificates have been issued and are in force shall determine annually as of December 31 the value and taxable value of each facility separately, both for real and personal property, having the benefit of a certificate.

(2) The assessor, upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body and the commission the value of the property to which the application pertains and other information as may be necessary to permit the local legislative body and the commission to make the determinations required by section 9(1).

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 302, Imd. Eff. Dec. 19, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996.

Popular name: Act 198

207.561 Industrial facility tax; payment; disbursements; allocation; receipt or retention of tax payment by local or intermediate school district; disposition of amount disbursed to local school district; facility located in renaissance zone; building or facility owned or operated by qualified start-up business; "qualified start-up business" defined.

Sec. 11. (1) Except as provided in subsections (6) and (7), there is levied upon every owner of a speculative building, a new facility, or a replacement facility to which an industrial facilities exemption certificate is issued a specific tax to be known as the industrial facility tax and an administrative fee calculated in the same manner and at the same rate that the local tax collecting unit imposes on ad valorem taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) The industrial facility tax and administrative fee are to be paid annually, at the same times, in the same installments, and to the same officer or officers as taxes and administrative fees, if any, imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the industrial facility tax payments received each year to and among the state, cities, townships, villages, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (5) for taxes collected under industrial facilities exemption certificates issued before January 1, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated.

(3) Except as provided by subsections (4) and (5), for an intermediate school district receiving state aid under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of the state school aid, shall be paid instead to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If the sum of any commercial facilities taxes prescribed by the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and the industrial facility taxes paid to the state treasury to the credit of the state school aid fund that would otherwise be

disbursed to the local or intermediate school district, under section 12 of the commercial redevelopment act, 1978 PA 255, MCL 207.662, and this section, exceeds the amount received by the local or intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible local or intermediate school district an amount equal to the difference between the sum of the commercial facilities taxes and the industrial facility taxes paid to the state treasury to the credit of the state school aid fund and the amount the local or intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681. This subsection does not apply to taxes levied for either of the following:

(a) Mills allocated to an intermediate school district for operating purposes as provided for under the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

(b) An intermediate school district that is not receiving state aid under section 56 or 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662.

(4) For industrial facilities taxes levied before 1994, a local or intermediate school district shall receive or retain its industrial facility tax payment that is levied in any year and becomes a lien before December 1 of the year if the district files a statement with the state treasurer not later than June 30 of the year certifying that the district does not expect to receive state school aid payments under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, in the state fiscal year commencing in the year this statement is filed and if the district did not receive state school aid payments under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, for the state fiscal year concluding in the year the statement required by this subsection is filed. However, if a local or intermediate school district receives or retains its summer industrial facility tax payment under this subsection and becomes entitled to receive state school aid payments under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, in the state fiscal year commencing in the year in which it filed the statement required by this subsection, the district immediately shall pay to the state treasury to the credit of the state school aid fund an amount of the summer industrial facility tax payments that would have been paid to the state treasury to the credit of the state school aid fund under subsection (3) had not this subsection allowed the district to receive or retain the summer industrial facility tax payment.

(5) For industrial facilities taxes levied after 1993, the amount to be disbursed to a local school district, except for that amount of tax attributable to mills levied under section 1211(2) or 1211c of the revised school code, 1976 PA 451, MCL 380.1211 and 380.1211c, and mills that are not included as mills levied for school operating purposes under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) A speculative building, a new facility, or a replacement facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the industrial facility tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the industrial facility tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The industrial facility tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

(7) Upon application for an exemption under this subsection by a qualified start-up business, the governing body of a local tax collecting unit may adopt a resolution to exempt a speculative building, a new facility, or a replacement facility of a qualified start-up business from the collection of the industrial facility tax levied under this act in the same manner and under the same terms and conditions as provided for the exemption in section 7hh of the general property tax act, 1893 PA 206, MCL 211.7hh. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit and the legislative body of each taxing unit that levies ad valorem property taxes in the local tax collecting unit. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. If a resolution authorizing the exemption is adopted in the same manner as provided in section 7hh of the general property tax act, 1893 PA 206, MCL 211.7hh, a speculative building, a new facility, or a replacement facility owned or operated by a qualified start-up business is exempt from the industrial facility tax levied under this act, except for that portion of the industrial facility tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff, for the year in which the resolution is adopted. A qualified start-up business is not eligible for an exemption under this subsection for more than 5 years. A qualified start-up business may receive the exemption under this subsection in nonconsecutive years. The industrial facility tax calculated

under this subsection shall be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. As used in this subsection, "qualified start-up business" means that term as defined in section 31a of the single business tax act, 1975 PA 228, MCL 208.31a, or in section 415 of the Michigan business tax act, 2007 PA 36, MCL 208.1415.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1975, Act 247, Imd. Eff. Sept. 4, 1975;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1983, Act 139, Imd. Eff. July 18, 1983;—Am. 1984, Act 122, Imd. Eff. June 1, 1984;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Imd. Eff. July 6, 1994;—Am. 1994, Act 379, Imd. Eff. Dec. 27, 1994;—Am. 1995, Act 132, Imd. Eff. July 10, 1995;—Am. 1996, Act 446, Imd. Eff. Dec. 19, 1996;—Am. 2001, Act 157, Imd. Eff. Nov. 6, 2001;—Am. 2004, Act 323, Imd. Eff. Aug. 27, 2004;—Am. 2007, Act 195, Imd. Eff. Dec. 21, 2007.

Compiler's note: Act 165 of 1989, purporting to amend MCL 207.561 and 207.564, could not take effect "unless amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." House Joint Resolution I was submitted to, and disapproved by, the people at the special election held on November 7, 1989.

Popular name: Act 198

207.561a Facility subject to industrial facilities exemption certificate; exemption for eligible manufacturing personal property; extension; filing combined document; "eligible manufacturing personal property" and "eligible personal property" defined.

Sec. 11a. (1) If a facility was subject to an industrial facilities exemption certificate on or after December 31, 2012, notwithstanding any other provision of this act to the contrary, that portion of the facility that is eligible manufacturing personal property shall remain subject to the industrial facilities tax and shall remain exempt from ad valorem property taxes as provided in section 8 until that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under section 9m, 9n, or 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o. The holder of an industrial facilities exemption certificate that has been extended under this subsection shall indicate that portion of a facility that is eligible manufacturing personal property by annually filing the combined document required under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n, with the assessor of the township or city in which the eligible manufacturing personal property is located by the date required under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n.

(2) As used in this section:

(a) "Eligible manufacturing personal property" means that term as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m.

(b) "Eligible personal property" means that term as defined in section 3(e)(*iii*) of the state essential services assessment act, 2014 PA 92, MCL 211.1053.

History: Add. 2012, Act 397, Eff. Mar. 28, 2013;—Am. 2015, Act 123, Imd. Eff. July 10, 2015;—Am. 2016, Act 110, Imd. Eff. May 6, 2016;—Am. 2017, Act 264, Eff. Dec. 31, 2017.

Compiler's note: Enacting section 1 of Act 397 of 2012 provides:

"Enacting section 1. Section 11a of 1974 PA 198, MCL 207.561a, as added by this amendatory act, is repealed if House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

Compiler's note: HB 6026, referred to in enacting section 1, became 2012 PA 408. The act did not appear on the August 5, 2014 primary ballot.

207.562 Failure to pay tax applicable to personal property; seizure and sale of personal property; civil action; jeopardy assessment; disbursement.

Sec. 12. (1) If the industrial facility tax applicable to personal property is not paid within the time permitted by law for payment without penalty of taxes imposed under Act No. 206 of the Public Acts of 1893, as amended, the officer to whom the industrial facility tax is first payable may in his own name or in the name of the city, village, township, or county of which he is an officer, seize and sell personal property within this state of the owner who has so neglected or refused to pay the industrial facility tax applicable to personal property, to an amount sufficient to pay the tax, the expenses of sale, and interest on the tax at the rate of 9% per annum from the date the tax was first payable; or the officer may in his own name or in the name of the city, village, township, or county of which he is an officer, institute a civil action against the owner in the circuit court of the county in which the facility is located or in the circuit court of the county in which the owner resides or has his or its principal place of business, and in that civil action recover the amount of the tax and interest thereon at the rate of 9% per annum from the date the tax was first payable.

(2) The officer may proceed to make a jeopardy assessment, in the manner and under the circumstances provided by Act No. 55 of the Public Acts of 1956, being sections 211.691 to 211.698 of the Michigan

Compiled Laws, as an additional means of collecting the amount of the tax under those circumstances.

(3) The officer may pursue 1 or more of the remedies provided in this section until such time as he has received the amount of the tax and interest thereon and costs allowed by this act or by law governing the proceedings of civil actions in the circuit courts. The amount of the tax and interest thereon shall be disbursed by the officer in the same manner as the industrial facility tax is disbursed when first payable.

History: 1974, Act 198, Imd. Eff. July 9, 1974.

Popular name: Act 198

207.563 Tax applicable to real property as lien; automatic termination of exemption certificate; affidavit.

Sec. 13. (1) The amount of the tax applicable to real property, until paid, shall be a lien upon the real property to which the certificate is applicable. Except as provided in subsection (3), the tax shall become a lien on the property on the date the tax is levied. The appropriate parties may, subject to subsection (3), enforce the lien in the same manner as provided by law for the foreclosure in the circuit courts of mortgage liens upon real property.

(2) On or after the December 31 next following the expiration of 60 days after the service upon the owner of a certificate of nonpayment and the filing of the certificate of nonpayment, if payment has not been made within the intervening 60 days, provided for by subsection (1), the industrial facilities exemption certificate shall automatically be terminated.

(3) The treasurer of a county, township, city, or village may designate the tax day provided in section 2 of the general property tax act, 1893 PA 206, MCL 211.2, as the date on which industrial facility taxes become a lien on the real or personal property assessed by filing an affidavit in the office of the register of deeds for the county in which the real or personal property is located attesting that 1 or more of the following events have occurred:

(a) The owner or person otherwise assessed has filed a bankruptcy petition under the federal bankruptcy code, title 11 of the United States Code, 11 USC 101 to 1330.

(b) A secured lender has brought an action to foreclose on or to enforce an interest secured by the real or personal property assessed.

(c) For personal property only, the owner, the person otherwise assessed, or other person has liquidated or is attempting to liquidate the personal property assessed.

(d) The real or personal property assessed is subject to receivership under state or federal law.

(e) The owner or person otherwise assessed has assigned the real or personal property assessed for the benefit of his or her creditors.

(f) The real or personal property assessed has been seized or purchased by federal, state, or local authorities.

(g) A judicial action has been commenced that may impair the ability of the taxing authority to collect any tax due in the absence of a lien on the real or personal property assessed.

(4) The affidavit provided for in subsection (3) shall include all of the following:

(a) The year for which the industrial facility taxes due were levied.

(b) The date on which the industrial facility taxes due were assessed.

(c) The name of the owner or person otherwise assessed who is identified in the tax roll.

(d) The tax identification number of the real or personal property assessed.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 2004, Act 442, Imd. Eff. Dec. 21, 2004.

Popular name: Act 198

207.564 Industrial facility tax; amount of tax; determination; "industrial personal property" defined; termination or revocation; reduction.

Sec. 14. (1) The amount of the industrial facility tax, in each year for a replacement facility, shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the taxable value of the real and personal property of the obsolete industrial property for the tax year immediately preceding the effective date of the industrial facilities exemption certificate after deducting the taxable value of the land and of the inventory as specified in section 19.

(2) The amount of the industrial facility tax, in each year for a new facility or a speculative building for which an industrial facilities exemption certificate became effective before January 1, 1994, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied for school operating purposes by a local school district within which the facility is located or mills levied under the state education tax act, 1993 PA 331, MCL

211.901 to 211.906, plus 1/2 of the number of mills levied for local school district operating purposes in 1993.

(3) Except as provided in subsection (4), the amount of the industrial facility tax in each year for a new facility or a speculative building for which an industrial facilities exemption certificate becomes effective after December 31, 1993, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus, subject to section 14a, the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(4) For taxes levied after December 31, 2007, for the personal property tax component of an industrial facilities exemption certificate for a new facility or a speculative building that is sited on real property classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, the amount of the industrial facility tax in each year for a new facility or a speculative building shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied on industrial personal property under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and the number of mills from which industrial personal property is exempt under section 1211(1) of the revised school code, 1976 PA 451, MCL 380.1211. For taxes levied after December 31, 2007, for the personal property tax component of an industrial facilities exemption certificate for a new facility or a speculative building that is sited on real property classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, the amount of the industrial facility tax in each year for a new facility or a speculative building shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than the number of mills from which the property is exempt under section 1211(1) of the revised school code, 1976 PA 451, MCL 380.1211. As used in this subsection, "industrial personal property" means the following:

(a) Except as otherwise provided in subdivision (b), personal property classified under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, as industrial personal property.

(b) Beginning December 31, 2011, industrial personal property does not include a turbine powered by gas, steam, nuclear energy, coal, or oil the primary purpose of which is the generation of electricity for sale.

(5) For a termination or revocation of only the real property component, or only the personal property component, of an industrial facilities exemption certificate as provided in this act, the valuation and the tax determined using that valuation shall be reduced proportionately to reflect the exclusion of the component with respect to which the termination or revocation has occurred.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Eff. Imd. July 6, 1994;—Am. 1996, Act 1, Imd. Eff. Jan. 30, 1996;—Am. 2007, Act 39, Imd. Eff. July 12, 2007;—Am. 2007, Act 146, Imd. Eff. Dec. 10, 2007;—Am. 2008, Act 457, Imd. Eff. Jan. 9, 2009;—Am. 2011, Act 319, Eff. Dec. 31, 2011.

Compiler's note: Act 165 of 1989, purporting to amend MCL 207.561 and 207.564, could not take effect "unless amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." House Joint Resolution I was submitted to, and disapproved by, the people at the special election held on November 7, 1989.

Popular name: Act 198

207.564a Reduction of mills used to calculate tax under MCL 207.564(3); exception.

Sec. 14a. Within 60 days after the granting of an industrial facilities exemption certificate under section 7 for a new facility, the state treasurer may exclude 1/2 or all of the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the specific tax calculation on the facility under section 14(3) if the state treasurer determines that reducing the number of mills used to calculate the specific tax under section 14(3) is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state. This section does not apply to the personal property tax component of a certificate described in section 14(4).

History: Add. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Imd. Eff. July 6, 1994;—Am. 2007, Act 39, Imd. Eff. July 12, 2007.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibilities of the state treasurer to grant exclusions from the state education tax to the Michigan jobs commission, see E.R.O. No. 1995-1, compiled at MCL 408.49 of the Michigan Compiled Laws.

Popular name: Act 198

207.564b Repealed. 1994, Act 266, Imd. Eff. July 6, 1994.

Compiler's note: The repealed section pertained to determination of tax for which industrial facility exemption certificate effective.

Popular name: Act 198

207.565 Revocation of exemption certificate; request; grounds; notice; hearing; order; effective date; revocation of certificate issued for speculative building; reinstatement of certificate.

Sec. 15. (1) Upon receipt of a request by certified mail to the commission by the holder of an industrial facilities exemption certificate requesting revocation of the certificate, the commission shall by order revoke the certificate in whole or revoke the certificate with respect to its real property component, or its personal property component, whichever is requested.

(2) The legislative body of a local governmental unit may by resolution request the commission to revoke the industrial facilities exemption certificate of a facility upon the grounds that, except as provided in section 7a, completion of the replacement facility or new facility has not occurred within 2 years after the effective date of the certificate, unless a greater time has been authorized by the commission for good cause; that the replacement, restoration, or construction of the facility has not occurred within 6 years after the date the initial industrial facilities exemption certificate was issued as provided in section 7a, unless a greater time has been authorized by the commission for good cause; that completion of the speculative building has not occurred within 2 years after the date the certificate was issued except as provided in section 7a, unless a greater time has been authorized by the commission for good cause; that a speculative building for which a certificate has been issued but is not yet effective has been used as other than a manufacturing facility; that the certificate issued for a speculative building has not become effective within 2 years after the December 31 following the date the certificate was issued; or that the purposes for which the certificate was issued are not being fulfilled as a result of a failure of the holder to proceed in good faith with the replacement, restoration, or construction and operation of the replacement facility or new facility or with the use of the speculative building as a manufacturing facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder.

(3) Upon receipt of the resolution, the commission shall give notice in writing by certified mail to the holder of the certificate, to the local legislative body, to the assessor of the assessing unit, and to the legislative body of each local taxing unit which levies taxes upon property in the local governmental unit in which the facility is located. The commission shall afford to the holder of the certificate, the local legislative body, the assessor, and a representative of the legislative body of each taxing unit an opportunity for a hearing. The commission shall by order revoke the certificate if the commission finds that completion except as provided in section 7a of the replacement facility or new facility has not occurred within 2 years after the effective date of the certificate or a greater time as authorized by the commission for good cause; that completion of the speculative building has not occurred within 2 years after the date the certificate was issued except as provided in section 7a, unless a greater time has been authorized by the commission for good cause; that a speculative building for which a certificate has been issued but is not yet effective has been used as other than a manufacturing facility; that the certificate issued for a speculative building has not become effective within 2 years after the December 31 following the date the certificate was issued; or that the holder of the certificate has not proceeded in good faith with the replacement, restoration, or construction and operation of the facility or with the use of the speculative building as a manufacturing facility in good faith in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder.

(4) The order of the commission revoking the certificate shall be effective on the December 31 next following the date of the order and the commission shall send by certified mail copies of its order of revocation to the holder of the certificate, to the local legislative body, to the assessor of the assessing unit in which the facility is located, and to the legislative body of each taxing unit which levies taxes upon property in the local governmental unit in which the facility is located.

(5) A revocation of a certificate issued for a speculative building shall specify and apply only to that portion of the speculative building for which the grounds for revocation relate.

(6) Notwithstanding any other provision of this act, upon the written request of the holder of a revoked industrial facilities exemption certificate to the local unit of government and the commission or upon the application of a subsequent owner to the local governing body to transfer the revoked industrial facilities exemption certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the local unit of government in which the facility is located, and if the facility continues to qualify under this act, the commission may reinstate a revoked industrial facilities

exemption certificate for the holder or a subsequent owner that has applied for the transfer.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982;—Am. 1996, Act 513, Imd. Eff. Jan. 13, 1997;—Am. 2008, Act 170, Imd. Eff. July 2, 2008;—Am. 2010, Act 122, Imd. Eff. July 19, 2010.

Popular name: Act 198

***** *207.566 SUBSECTION (2) MAY NOT APPLY: See (2) of 207.566* *****

207.566 Duration of industrial facilities exemption certificate; date of issuance of certificate of occupancy.

Sec. 16. (1) Unless earlier revoked as provided in section 15, an industrial facilities exemption certificate shall remain in force and effect for a period to be determined by the legislative body of the local governmental unit and commencing with its effective date and ending on the December 31 next following not more than 12 years after the completion of the facility with respect to both the real property component and the personal property component of the facility. The date of issuance of a certificate of occupancy, if one is required, by appropriate municipal authority shall be the date of completion of the facility.

(2) In the case of an application which was not filed within 12 months after the commencement of the restoration, replacement, or construction of the facility but was filed within the succeeding 12-month period as provided in section 9(2)(a), the industrial facilities exemption certificate, unless earlier revoked as provided in section 15, shall remain in force and effect for a period commencing with its effective date and ending on the December 31 next following not more than 11 years after completion of the facility with respect to both the real property component and the personal property component of the facility. The date of issuance of a certificate of occupancy, if one is required, by appropriate municipal authority shall be the date of completion of the facility. This subsection shall not apply for certificates issued after December 31, 1983.

(3) In the case of an application filed pursuant to section 9(4), an industrial facilities exemption certificate, unless earlier revoked as provided in section 15, shall remain in force and effect for a period to be determined by the legislative body of the local governmental unit and commencing on the effective date of the certificate and ending on the December 31 next following not more than 11 years after the effective date of the certificate.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1976, Act 224, Imd. Eff. July 30, 1976;—Am. 1978, Act 38, Imd. Eff. Feb. 24;—Am. 1982, Act 417, Imd. Eff. Dec. 28, 1982.

Popular name: Act 198

207.566a Industrial facilities exemption certificate; provisions.

Sec. 16a. If an industrial facilities exemption certificate for a replacement facility, a new facility, or a speculative building becomes effective after December 31, 1995, for a period shorter than the maximum period permitted under section 16, then both of the following apply:

(a) The owner or lessee of the replacement facility, new facility, or speculative building may, within the final year in which the certificate is effective, within 12 months after the certificate expires, or, as permitted by the local governmental unit, at any other time in which the certificate is in effect apply for another certificate under this act. If the legislative body of a local governmental unit disapproves an application submitted under this subdivision, then the applicant has no right of appeal of that decision as described in section 6.

(b) The legislative body of a local governmental unit shall not approve applications for certificates the sum of whose periods exceeds the maximum permitted under section 16 for the user or lessee of a replacement facility, new facility, or speculative building.

History: Add. 1996, Act 94, Imd. Eff. Feb. 28, 1996;—Am. 2008, Act 306, Imd. Eff. Dec. 18, 2008.

Popular name: Act 198

207.567 Assessment of real and personal property comprising facility; notice of determination.

Sec. 17. (1) The assessor of each city or township in which is located a facility with respect to which an industrial facilities exemption certificate is in force shall annually determine, with respect to each such facility, an assessment of the real and personal property comprising the facility having the benefit of an industrial facilities exemption certificate which would have been made under Act No. 206 of the Public Acts of 1893, as amended, if the certificate had not been in force. A holder of an industrial facilities exemption certificate shall furnish to the assessor such information as may be necessary for the determination.

(2) The assessor, having made the determination, shall annually notify the commission, the legislative body of each unit of local government which levies taxes upon property in the city or township in which the

facility is located, and the holder of the industrial facilities exemption certificate of the determination, separately stating the determinations for real property and personal property, by certified mail not later than October 15 based upon valuations as of the preceding December 31.

History: 1974, Act 198, Imd. Eff. July 9, 1974.

Popular name: Act 198

207.568 Rules.

Sec. 18. The commission may promulgate rules as it deems necessary for the administration of this act pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

History: 1974, Act 198, Imd. Eff. July 9, 1974.

Popular name: Act 198

Administrative rules: R 209.51 to R 209.57 of the Michigan Administrative Code.

207.569 Form and contents of exemption certificate.

Sec. 19. An industrial facilities exemption certificate shall be in the form the commission determines but shall contain:

(a) A legal description of the real property on which the facility is or is to be located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) In the case of a replacement facility a statement of the state equalized valuation of the obsolete industrial property, separately stated for real and personal property, for the tax year immediately preceding the effective date of the certificate after deducting the state equalized valuation of the land and inventory.

History: 1974, Act 198, Imd. Eff. July 9, 1974.

Popular name: Act 198

207.570 Appeal.

Sec. 20. A party aggrieved by the issuance or refusal to issue, revocation, transfer, or modification of an industrial facilities exemption certificate may appeal from the finding and order of the commission in the manner and form and within the time provided by Act No. 306 of the Public Acts of 1969, as amended.

History: 1974, Act 198, Imd. Eff. July 9, 1974.

Popular name: Act 198

207.571 Transfer and assignment of industrial facilities exemption certificate.

Sec. 21. (1) An industrial facilities exemption certificate may be transferred and assigned by the holder of the industrial facilities exemption certificate to a new owner or lessee of the facility but only with the approval of the local governmental unit and the commission after application by the new owner or lessee, and notice and hearing in the same manner as provided in section 5 for the application for a certificate.

(2) If the owner or lessee of a facility for which an industrial facilities exemption certificate is in effect relocates that facility outside of the industrial development district or plant rehabilitation district during the period in which the industrial facilities exemption certificate is in effect, the owner or lessee is liable to the local governmental unit from which it is leaving, upon relocating, for an amount equal to the difference between the industrial facilities tax to be paid by the owner or lessee of that facility for that facility for the tax years remaining under the industrial facilities exemption certificate that is in effect and the general ad valorem property tax that the owner or lessee would have paid if the owner or lessee of that facility did not have an industrial facilities exemption certificate in effect for those years. If the local governmental unit determines that it is in its best interest, the local governmental unit may forgive the liability of the owner or lessee under this subsection. The payment provided in this subsection shall be distributed in the same manner as the industrial facilities tax is distributed.

History: 1974, Act 198, Imd. Eff. July 9, 1974;—Am. 1999, Act 140, Imd. Eff. Oct. 18, 1999.

Popular name: Act 198

207.572 Industrial facilities exemption certificate; requirements for approval and issuance; application for industrial facilities exemption certificate for eligible next Michigan business; written agreement required; remedy provision.

Sec. 22. (1) A new industrial facilities exemption certificate shall not be approved and issued under this act after April 1, 1994, unless a written agreement is entered into between the local governmental unit and the person to whom the certificate is to be issued, and filed with the department of treasury.

(2) A next Michigan development corporation shall not approve an application for an industrial facilities exemption certificate for an eligible next Michigan business without a written agreement entered into with the eligible next Michigan business containing a remedy provision that includes, but is not limited to, all of the following:

(a) A requirement that the industrial facilities exemption certificate is revoked if the eligible next Michigan business is determined to be in violation of the provisions of the written agreement.

(b) A requirement that the eligible next Michigan business may be required to repay all or part of the benefits received under this act if the eligible next Michigan business is determined to be in violation of the provisions of the written agreement.

History: Add. 1993, Act 334, Eff. Apr. 1, 1994;—Am. 1994, Act 266, Eff. Imd. July 6, 1994;—Am. 2010, Act 273, Imd. Eff. Dec. 15, 2010.

Popular name: Act 198

COMMERCIAL HOUSING FACILITIES EXEMPTION CERTIFICATES
Act 438 of 1976

AN ACT to provide for the development of commercial housing; to provide for exemption from certain taxes; to provide for the obtaining and transfer of commercial housing exemption certificates and to prescribe the contents of the certificates; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977;—Am. 1980, Act 42, Imd. Eff. Mar. 17, 1980.

The People of the State of Michigan enact:

207.601 Definitions.

Sec. 1. As used in this act:

(a) "Commercial housing facilities exemption certificate" means a certificate issued pursuant to sections 3, 4, and 5.

(b) "Commission" means the state tax commission created by Act No. 360 of the Public Acts of 1927, as amended, being sections 209.101 to 209.107 of the Michigan Compiled Laws.

(c) "Local governmental unit" means a city, village, or township.

(d) "New facility" means a new structure which will have as its primary purpose multifamily housing consisting of 5 or more units and will be constructed in a downtown development district established pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1680 of the Michigan Compiled Laws.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977;—Am. 1980, Act 42, Imd. Eff. Mar. 17, 1980.

207.602 Approval of certificate; condition.

Sec. 2. A local governmental unit, by resolution of its legislative body, may approve commercial housing facilities exemption certificates, if at the time of adoption of the resolution the local governmental unit has established a downtown development district pursuant to Act No. 197 of the Public Acts of 1975, as amended, and levies an income tax.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977;—Am. 1980, Act 42, Imd. Eff. Mar. 17, 1980.

207.603 Application for certificate; filing; form; contents; notice; hearing.

Sec. 3. (1) The owner or lessee of a new facility may file an application for a commercial housing facilities exemption certificate with the clerk of the local governmental unit which has established a downtown development district. The application shall be filed in the manner and form prescribed by the commission. The application shall contain or be accompanied by a general description of the new facility, a general description of the proposed use of the new facility, the general nature and extent of the construction to be undertaken, a time schedule for undertaking and completing the construction of the new facility, and information relating to the requirements of section 7.

(2) Upon receipt of an application for a commercial housing facilities exemption certificate, the clerk of the local governmental unit shall give written notice to the assessor of the assessing unit in which the new facility is to be located, and to the legislative body of each taxing unit which levies ad valorem property taxes in the local governmental unit in which the new facility is to be located. Before acting upon the application, the legislative body of the local governmental unit shall afford the applicant, the assessor, and a representative of the affected taxing units an opportunity for a hearing.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.604 Application for certificate; approval or disapproval.

Sec. 4. The legislative body of the local governmental unit, not more than 60 days after receipt by its clerk of the application, by resolution shall either approve or disapprove the application for a commercial housing facilities exemption certificate in accordance with section 7 and the other provisions of this act. If disapproved, the reasons shall be set forth in writing in the resolution and the clerk shall return the application to the applicant. If approved, the clerk shall forward the application to the commission.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.605 Certificate; determination prior to issuance; concurrence of department of commerce; effective date; mailing; filing; notice.

Sec. 5. (1) Not later than 60 days after receipt of an approved application, the commission shall determine whether the structure is to be used primarily as a new facility and otherwise complies with section 7 and the other provisions of this act. If the commission so finds, it shall issue a commercial housing facilities exemption certificate. Before issuing a certificate, the commission shall obtain the written concurrence of the department of commerce that the application complies with the requirements of section 7. The effective date of the certificate shall be the December 31 following the date of issuance of the certificate.

(2) Upon issuance of a commercial housing facilities exemption certificate, the commission shall send the certificate by certified mail to the applicant and a certified copy by certified mail to the assessor of the assessing unit in which the new facility is to be located. The copy shall be filed on record in the assessor's office. Notice of the commission's refusal to issue a certificate shall be sent by certified mail to the same persons.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.606 Exemptions from ad valorem real and personal property taxes; determination, collection, assessment, and disbursement of commercial housing facilities tax; lien; waiver.

Sec. 6. (1) A new facility for which a commercial housing facilities exemption certificate is in effect, but not the land on which the new facility is located, shall be exempt from ad valorem real and personal property taxes imposed under Act No. 206 of the Public Acts of 1893, as amended, being sections 211.1 to 211.157 of the Michigan Compiled Laws, for the period beginning on the effective date of the certificate and continuing so long as the commercial housing facilities exemption certificate is in force.

(2) The owner of a new facility exempt from the ad valorem real and personal property taxes as provided in this section shall pay an annual specific tax to be known as the commercial housing facilities tax which shall be determined by multiplying the state equalized value of the new facility, not including the land, by 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated. The commercial housing facilities tax shall be collected, assessed, and disbursed in the same manner as provided for the collection, assessment, and disbursement of the commercial facilities tax in section 12(5) of Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, and shall be a lien on the real property to which the certificate is applicable, until paid, in the same manner as provided in section 13 of Act No. 255 of the Public Acts of 1978, being section 207.663 of the Michigan Compiled Laws. The legislative body of the local governmental unit may waive the payment of the commercial housing facilities tax on new facilities. The issuance of a commercial housing facilities exemption certificate may be made conditional upon the annual payment of the commercial housing facilities tax imposed pursuant to this section.

(3) The lessee, occupant, user, or person in possession of the new facility for which a commercial housing facilities exemption certificate is in effect shall be exempt from ad valorem taxes imposed under Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 to 211.182 of the Michigan Compiled Laws, for the same period.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977;—Am. 1980, Act 42, Imd. Eff. Mar. 17, 1980.

207.607 Resolution approving application for certificate; finding; determination; statement; requirements.

Sec. 7. (1) The legislative body of the local governmental unit, in its resolution approving an application for a commercial housing facilities exemption certificate, shall set forth a finding and determination that the granting of the commercial housing facilities exemption certificate, considered together with the aggregate amount of commercial housing facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the local governmental unit in which the new facility is to be located. If the state equalized valuation of property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under commercial housing facilities exemption certificates previously granted and currently in force and industrial facilities exemption certificates granted under Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws, and currently in force, exceeds 5% of the state equalized valuation of the local governmental unit, the commission, with the approval of the state treasurer, shall make a separate finding and shall include a statement in its resolution approving the commercial housing facilities exemption certificate that exceeding the 5% amount shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the local governmental unit shall not approve an application and the commission shall not grant a commercial housing facilities exemption certificate unless the applicant complies with all of the following requirements:

(a) Construction of the new facility has not yet begun but will begin no later than January 1, 1987.

(b) The application relates to a construction program which when completed constitutes a new facility.

(c) Completion of the new facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood of creating employment, retaining employment, or preventing a loss of employment in the community in which the new facility is situated.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977;—Am. 1980, Act 42, Imd. Eff. Mar. 17, 1980.

207.608 Assessor; determining value of new facility.

Sec. 8. The assessor of each city or township in which there is a new facility for which 1 or more commercial housing facilities exemption certificates are issued and in effect shall determine annually as of December 31 the value of each new facility separately, both for real and personal property, having the benefit of the certificates. Upon receipt of notice of the filing of an application for the issuance of a commercial housing facilities exemption certificate, the assessor of each city or township shall determine and furnish to the local legislative body and the commission the value of the property to which the application pertains and other information necessary to permit the local legislative body and the commission to make the determination required by section 7(1).

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.609 Revocation of certificate; request; notice; hearing; order.

Sec. 9. (1) Upon receipt of a request by certified mail to the commission by the holder of a commercial housing facilities exemption certificate requesting revocation of the certificate, the commission by order shall revoke the certificate.

(2) The legislative body of a local governmental unit by resolution may request the commission to revoke the commercial housing facilities exemption certificate of a new facility upon the grounds that completion of the new facility has not occurred within 2 years after the effective date of the certificate and that the purposes for which the certificate was issued are not being fulfilled because of a failure of the holder to proceed in good faith with the construction or operation of the facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder.

(3) Upon receipt of the resolution, the commission shall give written notice by certified mail to the holder of the commercial housing facilities exemption certificate, to the local legislative body, to the assessor of the assessing unit, and to the legislative body of each local taxing unit which levies taxes upon property in the local governmental unit in which the new facility is located. The commission shall provide the holder of the certificate, the local legislative body, the assessor, and a representative of the legislative body of each taxing unit an opportunity for a hearing. If the commission finds that completion of the new facility has not occurred within 2 years after the effective date of the certificate and that the holder of the certificate has not proceeded in good faith with the construction or operation of the facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder, the commission by order shall revoke the certificate.

(4) The order of the commission revoking the commercial housing facilities exemption certificate shall be effective beginning the December 31 following the date of the order. The commission shall send by certified mail copies of its order of revocation to the holder of the certificate, to the local legislative body, to the assessor of the assessing unit in which the new facility is located, and to the legislative body of each taxing unit which levies taxes upon property in the local governmental unit in which the new facility is located.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.610 Duration of certificate; date of issuance of certificate of occupancy.

Sec. 10. (1) Unless earlier revoked as provided in section 9, a commercial housing facilities exemption certificate shall remain in effect for a period to be determined by the legislative body of the local governmental unit and commencing with its effective date and ending on the December 31 following not more than 12 years after the completion of the new facility.

(2) The date of issuance of a certificate of occupancy, if one is required, by the appropriate municipal authority shall be the date of completion of the new facility.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977;—Am. 1980, Act 42, Imd. Eff. Mar. 17, 1980.

207.611 Assessor; determining assessment of real and personal property; information;

notice.

Sec. 11. (1) The assessor of each city or township in which is located a new facility for which a commercial housing facilities exemption certificate is in effect shall annually determine, with respect to each new facility, an assessment of the real and personal property comprising the facility having the benefit of a commercial housing facilities exemption certificate which would have been made under Act No. 206 of the Public Acts of 1893, as amended, if the certificate had not been in force. A holder of a commercial housing facilities exemption certificate shall furnish to the assessor the information necessary for the determination.

(2) After making the determination, the assessor shall annually notify the commission, the legislative body of each taxing unit which levies taxes upon property in the city or township in which the new facility is located, and the holder of the commercial housing facilities exemption certificate of the determination, separately stating the determinations for real property and personal property. The notice shall be sent by certified mail not later than October 15 and shall be based upon the valuation as of the preceding December 31.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.612 Rules.

Sec. 12. The commission may promulgate rules necessary for the administration of this act pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

Administrative rules: R 209.61 and R 209.62 of the Michigan Administrative Code.

207.613 Form and contents of certificate.

Sec. 13. A commercial housing facilities exemption certificate shall be in the form the commission determines and shall contain:

(a) A legal description of the real property on which the new facility is to be located.

(b) A statement that unless revoked as provided in this act the commercial housing facilities exemption certificate shall remain in effect for the period stated in the certificate.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.614 Appeal.

Sec. 14. A party aggrieved by the issuance, refusal to issue, revocation, transfer, or modification of a commercial housing facilities exemption certificate may appeal from the finding and order of the commission in the manner and form and within the time provided by Act No. 306 of the Public Acts of 1969, as amended.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

207.615 Transfer and assignment of certificate; approval; notice; hearing.

Sec. 15. A commercial housing facilities exemption certificate may be transferred and assigned by its holder to a new owner or lessee of the new facility but only with the approval of the local governmental unit and the commission. The new owner or lessee shall apply for the transfer, and notice and hearing shall be provided, in the same manner as prescribed in section 3 for the application for a certificate.

History: 1976, Act 438, Imd. Eff. Jan. 13, 1977.

STATE CONVENTION FACILITY DEVELOPMENT ACT
Act 106 of 1985

AN ACT to impose a state excise tax on persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes to transient guests in certain counties; to provide for the levy, assessment, and collection of the tax; to provide for the disposition and appropriation of the collections from the tax; to create a convention facility development fund; to authorize the distributions from the fund; to authorize the use of distributions from the tax as security for any bonds, obligations, or other evidences of indebtedness issued to finance convention facilities as provided by law; to prescribe certain other matters relating to bonds, obligations, or other evidences of indebtedness issued for such purposes.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

The People of the State of Michigan enact:

207.621 Short title.

Sec. 1. This act shall be known and may be cited as the "state convention facility development act".

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.622 Legislative finding.

Sec. 2. The legislature of this state finds that there exists in this state a continuing need for programs to promote tourism and convention business in order to assist in the prevention of unemployment and the alleviation of the conditions of unemployment, to preserve existing jobs, and to create new jobs to meet the employment demands of population growth. To achieve these purposes, it is necessary to assist and encourage local units of government to acquire, construct, improve, enlarge, renew, replace, repair, furnish, and equip convention facilities and the real property on which they are located and to refinance these activities.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 1993, Act 58, Eff. Apr. 1, 1994.

Compiler's note: On March 31, 1993, the Senate passed SB 537 and transmitted it to the House of Representatives, which, on April 29, 1993, passed SB 537, voted to give the bill immediate effect, and returned it to the Senate. On May 5, 1993, the Senate voted to give SB 537 immediate effect and ordered it enrolled. Enrolled SB 537 was presented to the Governor at 8:59 a.m. on May 6, 1993. On May 18, 1993, the Senate sent a message to the Governor respectfully requesting the return of enrolled SB 537; the Governor voluntarily complied with this request and returned enrolled SB 537 to the Senate; following the return of the bill to the Senate chamber, the Senate voted to vacate the enrollment of SB 537; a motion to reconsider the vote by which the bill had been given immediate effect was then made, and its consideration postponed.

A letter dated June 9, 1993, from Stanley D. Steinborn, Chief Assistant Attorney General, to Phillip T. Frangos, Deputy Secretary of State, advised him that "Senate Bill No. 537 is now law and it should be assigned a public act number." At 4:15 p.m. on June 9, 1993, the Secretary of State accepted for filing at the Department of State's Great Seal Office a copy of SB 537 and assigned Public Act No. 58 to the filed document. The filed copy of SB 537 was not the copy presented to the Governor and did not carry the Governor's signature.

On June 11, 1993, Dick Posthumus, Majority Leader of the Michigan Senate, John J.H. Schwarz, Assistant President Pro Tempore of the Michigan Senate, and Willis H. Snow, Secretary of the Michigan Senate filed a Complaint for Declaratory Judgment in the 30th Judicial Circuit Court on June 11, 1993, (Docket No. 93-74943), requesting the court to enter judgment in their favor, as follows:

"1) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, has not become law;

"2) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, rightfully remains before the Michigan Senate;

"3) Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

"4) Ordering the Defendant RICHARD H. AUSTIN to vacate the enrollment of Senate Bill 537 as a Public Act of 1993.

"5) Ordering any and all other relief declared appropriate by this Court."

On July 1, 1993, the Senate voted to reconsider its vote giving the bill immediate effect and then defeated a motion to give the bill immediate effect. Senate Bill 537 was ordered enrolled on the same date and presented to the Governor at 3:23 p.m. on July 6, 1993.

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"1. Declaring that Senate Bill 537 has not become law, and will not become law until such time as the newly enrolled bill has been duly signed by the Governor, or until such time as the bill is passed by a two-thirds vote of both houses of the Legislature, in the event that the newly enrolled bill should be vetoed by the Governor, or until such time as the newly enrolled bill has remained in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor;

"2. Declaring that Senate Bill 537 was lawfully returned to the Senate, and its enrollment lawfully vacated, on May 18, 1993, and that the bill rightfully remained before the Michigan Senate from that date until its subsequent presentment to the Governor on July 6, 1993;

"3. Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

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"5. Declaring that Senate Bill 537 shall not take effect until the expiration of 90 days after the final adjournment of the current legislative session, in accordance with Article IV, § 27 of the Michigan Constitution, if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in

the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"6. Ordering the Defendant RICHARD H. AUSTIN to assign a new public act number to Senate Bill 537 if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

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On September 7, 1993, the Ingham County Circuit Court, Giddings J., determined that Plaintiffs lacked standing and that Defendants had raised a meritorious defense and were entitled to judgment as a matter of law. Defendants' Motion for Summary Disposition was granted.

Plaintiffs filed an appeal of the Circuit Court ruling with the Michigan Court of Appeals on September 13, 1993. (Court of Appeals Docket No. 168092). This appeal was dismissed on December 28, 1995.

Sec. 2 of Act 106 of 1985, being MCL 207.622 of the Michigan Compiled Laws, as originally enacted, reads:

"Sec. 2. The legislature of the state finds and declares that there exists in this state a continuing need for programs to promote tourism and convention business in order to assist in the prevention of unemployment and the alleviation of the conditions of unemployment, to preserve existing jobs, and to create new jobs to meet the employment demands of population growth. In order to achieve these purposes it is necessary to assist and encourage local units of government to acquire, construct, improve, enlarge, renew, replace, repair, furnish, and equip convention facilities and the real property on which they are located."

207.623 Definitions.

Sec. 3. As used in this act:

(a) "Accommodations" means the room or other space provided to transient guests for dwelling, lodging, or sleeping, including furnishings and other accessories, in a facility that is not a campground, hospital, nursing home, emergency shelter, or community mental health or community substance abuse treatment facility. Accommodations do not include food or beverages.

(b) "Commissioner" means the state treasurer.

(c) "Convention facility" means 1 or more facilities owned or leased by a local governmental unit or metropolitan authority created under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379, that are any combination of a convention hall, auditorium, meeting rooms, and exhibition areas that are separate and distinct and contiguous to each other, and related adjacent public areas generally available to members of the public for lease on a short-term basis for holding conventions, meetings, exhibits, and similar events and the necessary site or sites, together with appurtenant properties necessary and convenient for use in connection with the facility. Convention facility includes a qualified convention facility as defined under section 5 of the regional convention facility authority act, 2008 PA 554, MCL 141.1355.

(d) "Convention hotel" means a facility used in the business of providing accommodations that has more than 80 rooms for providing accommodations to transient guests and that complies with all of the following:

(*i*) Is located within a county having a population according to the most recent decennial census of 700,000 or more.

(*ii*) Is located within a county that is 1 or more of the following:

(A) A county that has a convention facility with 350,000 square feet or more of total exhibit space.

(B) A county that has 2,000 or more rooms to provide accommodations for transient guests.

(e) "Local governmental unit" means a county, township, city, village, or a metropolitan authority formed under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379.

(f) "Person" means a natural person, partnership, limited partnership, fiduciary, association, corporation, limited liability company, or other entity.

(g) "Public-private arrangement" means a public-private arrangement authorized under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379.

(h) "Room charge" means the charge imposed for the use or occupancy of accommodations, excluding charges for food, beverages, telephone services, the use tax imposed under the use tax act, 1937 PA 94, MCL 205.91 to 205.111, or like services paid in connection with the charge. Room charge does not include reimbursement of the assessment imposed by the community convention or tourism marketing act, 1980 PA 395, MCL 141.871 to 141.880, the convention and tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, or this act.

(i) "Transient guest" means a natural person staying less than 30 consecutive days.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 2006, Act 609, Imd. Eff. Jan. 3, 2007;—Am. 2008, Act 553, Eff. Mar. 31, 2009;—Am. 2009, Act 61, Imd. Eff. July 2, 2009;—Am. 2022, Act 276, Eff. Mar. 29, 2023.

207.624 Excise tax; rates; exemption.

Sec. 4. (1) There is hereby levied upon and there shall be collected from any person engaged in the business of providing accommodations to transient guests in a convention hotel, whether or not membership is required, an excise tax at the following rates:

(a) For a convention hotel located within a qualified local governmental unit under section 9(4), the following:

(*i*) A rate of 3% of the room charge for accommodations in a convention hotel with 81 to 160 rooms.

(*ii*) A rate of 6% of the room charge for accommodations in a convention hotel with more than 160 rooms.

(b) For all other convention hotels not subject to the tax rates imposed by subdivision (a), the following:

(*i*) A rate of 1.5% of the room charge for accommodations in a convention hotel with 81 to 160 rooms.

(*ii*) A rate of 5% of the room charge for accommodations in a convention hotel with more than 160 rooms.

(2) Beginning with the state fiscal year 1987, a person engaged in the business of providing accommodations to transient guests in a convention hotel is exempt from the tax imposed by this act for any state fiscal year in which appropriations of the tax collections pursuant to this act from that convention hotel have not been made for distributions pursuant to section 9 that would be received by a qualified local governmental unit from the collections of the tax under this act or section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, that the qualified local governmental unit is eligible to receive.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 2009, Act 61, Imd. Eff. July 2, 2009.

207.625 Excise tax; time and manner of collection; administration of tax.

Sec. 5. (1) The excise tax shall be collected at the same time and in the same manner as the use tax pursuant to the use tax act, Act No. 94 of the Public Acts of 1937, being sections 205.91 to 205.111 of the Michigan Compiled Laws.

(2) The tax imposed by this act shall be administered by the revenue division of the department of treasury pursuant to Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.30 of the Michigan Compiled Laws.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.626 Tax cumulative.

Sec. 6. The excise tax imposed and levied by the state pursuant to this act shall be in addition to any other taxes, charges, or fees imposed by law upon accommodations.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.628 Convention facility development fund; creation; disposition of collections; use of fund; contract requirement; appropriation, transfer, and deposit of amount.

Sec. 8. (1) The collections from the tax imposed by section 4 shall be deposited in the state treasury, to the credit of the convention facility development fund, which is hereby created within the state treasury. Collections from the additional tax imposed under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, funds appropriated from the 21st century jobs trust fund under subsection (4), and amounts designated under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475, shall also be deposited to the credit of the convention facility development fund.

(2) The convention facility development fund shall be distributed for certain state purposes and to local governmental units for use only for 1 or more of the following purposes:

(a) Acquiring, constructing, improving, enlarging, renewing, replacing, or leasing a convention facility.

(b) In conjunction with an activity listed in subdivision (a), repairing, furnishing, and equipping the convention facility.

(c) Refinancing an activity listed in subdivision (a) or (b).

(d) General fund expenditures.

(e) In the case of a local governmental unit that is a metropolitan authority, for any purpose authorized under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379.

(3) A contract made by a local governmental unit for the purposes included in subsection (2)(a) or (b) concerning a convention facility funded by distributions pursuant to section 9 shall contain a fixed price or guaranteed maximum price for the total cost of activities conducted for these purposes pursuant to that contract.

(4) For the fiscal year ending September 30, 2010, $9,000,000.00 is appropriated from the 21st century jobs trust fund described in section 2 of the Michigan trust fund act, 2000 PA 489, MCL 12.252, and transferred to and deposited in the convention facility development fund for purposes authorized under subsection (2)(e).

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 1993, Act 58, Eff. Apr. 1, 1994;—Am. 2007, Act 72, Imd. Eff. Sept. 30, 2007 ;—Am. 2008, Act 553, Eff. Mar. 31, 2009;—Am. 2009, Act 61, Imd. Eff. July 2, 2009.

Compiler's note: On March 31, 1993, the Senate passed SB 537 and transmitted it to the House of Representatives, which, on April 29, 1993, passed SB 537, voted to give the bill immediate effect, and returned it to the Senate. On May 5, 1993, the Senate voted to give SB 537 immediate effect and ordered it enrolled. Enrolled SB 537 was presented to the Governor at 8:59 a.m. on May 6, 1993. On May 18, 1993, the Senate sent a message to the Governor respectfully requesting the return of enrolled SB 537; the Governor voluntarily complied with this request and returned enrolled SB 537 to the Senate; following the return of the bill to the Senate chamber, the Senate voted to vacate the enrollment of SB 537; a motion to reconsider the vote by which the bill had been given immediate effect was then made, and its consideration postponed.

A letter dated June 9, 1993, from Stanley D. Steinborn, Chief Assistant Attorney General, to Phillip T. Frangos, Deputy Secretary of State, advised him that "Senate Bill No. 537 is now law and it should be assigned a public act number." At 4:15 p.m. on June 9, 1993, the Secretary of State accepted for filing at the Department of State's Great Seal Office a copy of SB 537 and assigned Public Act No. 58 to the filed document. The filed copy of SB 537 was not the copy presented to the Governor and did not carry the Governor's signature.

On June 11, 1993, Dick Posthumus, Majority Leader of the Michigan Senate, John J.H. Schwarz, Assistant President Pro Tempore of the Michigan Senate, and Willis H. Snow, Secretary of the Michigan Senate filed a Complaint for Declaratory Judgment in the 30th Judicial Circuit Court on June 11, 1993, (Docket No. 93-74943), requesting the court to enter judgment in their favor, as follows:

"1) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, has not become law;

"2) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, rightfully remains before the Michigan Senate;

"3) Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

"4) Ordering the Defendant RICHARD H. AUSTIN to vacate the enrollment of Senate Bill 537 as a Public Act of 1993.

"5) Ordering any and all other relief declared appropriate by this Court."

On July 1, 1993, the Senate voted to reconsider its vote giving the bill immediate effect and then defeated a motion to give the bill immediate effect. Senate Bill 537 was ordered enrolled on the same date and presented to the Governor at 3:23 p.m. on July 6, 1993.

Also on July 1, 1993, the Senate adopted Senate Resolution No. 179 authorizing the Michigan Senate to seek legal action to vacate the assignment of a public act number to SB 537. In accordance with that resolution, an amended complaint was filed on July 14, 1993, adding the Michigan Senate as a plaintiff and requesting the court to enter judgment in plaintiffs' favor, as follows:

"1. Declaring that Senate Bill 537 has not become law, and will not become law until such time as the newly enrolled bill has been duly signed by the Governor, or until such time as the bill is passed by a two-thirds vote of both houses of the Legislature, in the event that the newly enrolled bill should be vetoed by the Governor, or until such time as the newly enrolled bill has remained in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor;

"2. Declaring that Senate Bill 537 was lawfully returned to the Senate, and its enrollment lawfully vacated, on May 18, 1993, and that the bill rightfully remained before the Michigan Senate from that date until its subsequent presentment to the Governor on July 6, 1993;

"3. Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

"4. Ordering the Defendant RICHARD H. AUSTIN to vacate the assignment, to Senate Bill 537, of Public Act No. 58 of the Public Acts of 1993.

"5. Declaring that Senate Bill 537 shall not take effect until the expiration of 90 days after the final adjournment of the current legislative session, in accordance with Article IV, § 27 of the Michigan Constitution, if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"6. Ordering the Defendant RICHARD H. AUSTIN to assign a new public act number to Senate Bill 537 if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"7. Ordering any and all other relief declared appropriate by this Court."

The Governor signed enrolled Senate Bill 537 at 8:10 a.m. on July 16, 1993, and filed it with the Secretary of State at 11:02 a.m. on that date. A public act number was not assigned to this filing.

On September 7, 1993, the Ingham County Circuit Court, Giddings J., determined that Plaintiffs lacked standing and that Defendants had raised a meritorious defense and were entitled to judgment as a matter of law. Defendants' Motion for Summary Disposition was granted.

Plaintiffs filed an appeal of the Circuit Court ruling with the Michigan Court of Appeals on September 13, 1993. (Court of Appeals Docket No. 168092). This appeal was dismissed on December 28, 1995.

Sec. 8 of Act 106 of 1985, being 207.628 of the Michigan Compiled Laws, as originally enacted, reads:

"Sec. 8. (1) The collections from the tax imposed pursuant to section 4 shall be deposited in the state treasury, to the credit of the convention facility development fund which is hereby created within the state treasury. Collections from the additional tax on spirits imposed pursuant to the convention facility promotion tax act shall also be deposited to the credit of the convention facility development fund.

"(2) The convention facility development fund shall be distributed to local governmental units for use only for the purpose of acquiring, constructing, improving, enlarging, renewing, replacing, or leasing a convention facility, or in conjunction with these activities repairing, furnishing, and equipping the convention facility.

"(3) Any contract made by a local governmental unit for the purposes included in this section concerning a convention facility funded by distributions pursuant to section 9 shall contain a guaranteed maximum price for the total cost of activities conducted for these purposes pursuant to that contract."

207.629 Distribution from fund; transferee as qualified local governmental unit; distribution to certain building authorities; "qualified local governmental unit" defined; certain

payments prohibited; "qualified city" defined; building authority as qualified local governmental unit.

Sec. 9. (1) Except as provided in subsection (5) or (6), on or before the thirtieth day of each month, the state treasurer shall make a distribution from the convention facility development fund to a qualified local governmental unit. The distribution shall be an amount equal to the sum of the collections from the excise tax levied for accommodations under this act for the previous month from the convention hotels in the county in which the convention facility is or is to be located and in any county in which convention hotels are located that is contiguous to the county in which the convention facility is located, or is to be located, the additional tax imposed under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, for the previous month received in the fund, and any distribution received under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475, and from the 21st century jobs trust fund under section 8(4). However, distributions for any state fiscal year to any qualified local governmental unit under this section shall not exceed an amount equal to the amount pledged, assigned, or dedicated by the qualified local governmental unit for the payment during that state fiscal year of bonds, obligations, or other evidences of indebtedness incurred pursuant to this act or the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379, other than payments under a public-private arrangement, plus any amount necessary to maintain a fully funded debt reserve or other reserves intended to secure the principal and interest on the bonds, obligations, or other evidences of indebtedness as contained in the resolution or ordinance authorizing their issuance.

(2) Notwithstanding the distributions provided by subsection (1), if a local governmental unit becomes a qualified local governmental unit entitled to receive distributions from the tax imposed under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, or from the tax imposed by this act in counties in which the convention facility is located or in a county in which a convention hotel is located that is contiguous to the county in which the convention facility is located, and from any distribution under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475, no other qualified local governmental unit is entitled to distributions pursuant to this section for which that qualified local governmental unit has previously become entitled, until such time as that qualified local governmental unit ownership or leasehold interest described in subsection (3) is transferred to another local governmental unit. If that transfer renders the transferee a qualified local governmental unit, the transferee is, immediately upon that transfer, entitled to the distributions to a qualified local governmental unit provided in subsection (1) and the priority provided to a qualified local governmental unit in this subsection, notwithstanding that the amount of the distributions may increase as a result of that transfer. A transfer under this subsection includes a transfer that occurs on a transfer date under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379.

(3) Notwithstanding the provisions of subsection (2), if the transfer and lease of a qualified convention facility to an authority is disapproved and the authority is dissolved under section 19(1) of the regional convention facility authority act, 2008 PA 554, MCL 141.1369, then a distribution from the convention facility development fund of proceeds received under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475, shall be made to a building authority for a county having a population of not less than 1,000,000 and not more than 1,500,000 according to the most recent federal decennial census for the purpose of developing, leasing, or operating a convention facility as defined in this act and no other qualified local governmental unit is entitled to any distribution of proceeds received under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475.

(4) As used in this act, "qualified local governmental unit" means, except as otherwise provided in this subsection, a city, village, township, county, or authority that is located in, or includes within its territory or jurisdiction, a county in which convention hotels are located and that either is the owner or lessee of a convention facility with 350,000 square feet or more of total exhibit space on July 30, 1985 or, if such a convention facility does not exist, will be the owner or lessee of a convention facility with 350,000 square feet or more of total exhibit space through the application of distributions under this section to the purchase or lease of a convention facility. Qualified local governmental unit includes a metropolitan authority that leases, develops, operates, and maintains a qualified convention facility under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379. If the transfer and lease of a qualified convention facility to an authority is disapproved and the authority is dissolved under section 19(1) of the regional convention facility authority act, 2008 PA 554, MCL 141.1369, then for purposes of any distribution from the convention facility development of proceeds under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475, qualified local governmental unit means a building authority for a county having a population of not less than 1,000,000 and not more than 1,500,000 according to the most recent federal decennial census.

(5) Before the 2015-2016 fiscal year, collections from the excise tax levied for accommodations under this act and collections from the tax imposed under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, shall not be paid to a qualified local governmental unit for the repayment of bonds, obligations, or other evidences of indebtedness incurred after 2007.

(6) Beginning in fiscal year 2015-2016, and each fiscal year thereafter, if a transfer and a lease of a qualified convention facility is disapproved and an authority is dissolved under section 19(1) of the regional convention facility authority act, 2008 PA 554, MCL 141.1369, then the collections from the excise tax levied for accommodations under this act shall be distributed to each county in which it was levied based on the amount collected in that county. However, if an excise tax for accommodations is levied in a qualified city at a rate greater than the rate levied in that portion of the county in which the qualified city is not located, the qualified city shall receive the collections of the excise tax for accommodations in an amount equal to the difference between the rate levied in the qualified city and the rate levied in that portion of the county in which the qualified city is not located. The funds described in this subsection are not available for a distribution of subsection (1). As used in this subsection, "qualified city" means that term as defined in section 5 of the regional convention facility authority act, 2008 PA 554, MCL 141.1355.

(7) If a building authority becomes a qualified local governmental unit under subsection (4), collections from distributions under section 5(b)(*iii*) of the health and safety fund act, 1987 PA 264, MCL 141.475, shall be paid by the state treasurer on or before the thirtieth day of each month to that building authority.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 1993, Act 58, Eff. Apr. 1, 1994;—Am. 2004, Act 386, Imd. Eff. Oct. 12, 2004;—Am. 2005, Act 312, Imd. Eff. Dec. 27, 2005;—Am. 2007, Act 72, Imd. Eff. Sept. 30, 2007;—Am. 2008, Act 553, Eff. Mar. 31, 2009;—Am. 2009, Act 61, Imd. Eff. July 2, 2009;—Am. 2022, Act 276, Eff. Mar. 29, 2023.

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"2. Declaring that Senate Bill 537 was lawfully returned to the Senate, and its enrollment lawfully vacated, on May 18, 1993, and that the bill rightfully remained before the Michigan Senate from that date until its subsequent presentment to the Governor on July 6, 1993;

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"5. Declaring that Senate Bill 537 shall not take effect until the expiration of 90 days after the final adjournment of the current legislative session, in accordance with Article IV, § 27 of the Michigan Constitution, if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"6. Ordering the Defendant RICHARD H. AUSTIN to assign a new public act number to Senate Bill 537 if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained

in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

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The Governor signed enrolled Senate Bill 537 at 8:10 a.m. on July 16, 1993, and filed it with the Secretary of State at 11:02 a.m. on that date. A public act number was not assigned to this filing.

On September 7, 1993, the Ingham County Circuit Court, Giddings J., determined that Plaintiffs lacked standing and that Defendants had raised a meritorious defense and were entitled to judgment as a matter of law. Defendants' Motion for Summary Disposition was granted.

Plaintiffs filed an appeal of the Circuit Court ruling with the Michigan Court of Appeals on September 13, 1993. (Court of Appeals Docket No. 168092). This appeal was dismissed on December 28, 1995.

Sec. 9 of Act 106 of 1985, being 207.629 of the Michigan Compiled Laws, as originally enacted, reads:

"Sec. 9. (1) On or before the thirtieth day of each month, the state treasurer shall make a distribution from the convention facility development fund to a qualified local governmental unit. The distribution shall be an amount equal to the sum of the collections from the excise tax levied for accommodations pursuant to this act for the previous month from the convention hotels in the county in which the convention facility is or is to be located and in any county in which convention hotels are located that is contiguous to the county in which the convention facility is located, or is to be located, and the additional liquor tax received pursuant to the convention facility promotion tax act for the previous month received in the fund. However, distributions for any state fiscal year to any qualified local governmental unit shall not exceed an amount equal to the amount pledged by the qualified local governmental unit for the payment during that state fiscal year of bonds, obligations, or other evidences of indebtedness incurred for the purposes specified in this act, plus any amount necessary to maintain a fully funded debt reserve or other reserves intended to secure the principal and interest on the bonds, obligations, or other evidences of indebtedness as contained in the resolution or ordinance authorizing their issuance.

"(2) Notwithstanding the distributions provided by subsection (1), if a local governmental unit becomes a qualified local governmental unit entitled to receive distributions from the tax imposed by the convention facility promotion tax act or from the tax imposed by this act in counties in which the convention facility is located or in a county in which a convention hotel is located that is contiguous to the county in which the convention facility is located, no other qualified local governmental unit shall be entitled to distributions pursuant to this section for which that qualified local governmental unit has previously become entitled.

"(3) A qualified local governmental unit shall be a city, village, township, county, or authority that is located in a county in which convention hotels are located and that either is the owner or lessee of a convention facility with 350,000 square feet or more of total exhibit space on the effective date of this act or, if such a convention facility does not exist, will be the owner or lessee of a convention facility with 350,000 square feet or more of total exhibit space through the application of distributions under this section to the purchase or lease of a convention facility."

207.630 Distribution of money remaining in fund; priority; substance abuse treatment; quarterly distributions.

Sec. 10. (1) Any money remaining in the convention facility development fund after distributions under subsection (5) and section 9 shall be distributed pursuant to subsection (2).

(2) Money in the convention facility development fund shall be distributed as provided in subsection (4) in the following order of priority in the following amounts:

(a) For each of the following fiscal years, the following amounts shall be distributed to a metropolitan authority created under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379, for the operational deficit costs of a qualified convention facility operated by the authority under that act for purposes authorized under that act:

(*i*) $5,000,000.00 for the fiscal year ending September 30, 2020.

(*ii*) $7,000,000.00 for the fiscal year ending September 30, 2020 for the impact on operational costs resulting from the COVID-19 virus and related measures to protect public safety.

(*iii*) $8,000,000.00 for the fiscal year ending September 30, 2021.

(*iv*) $8,000,000.00 for the fiscal year ending September 30, 2022.

(*v*) $7,000,000.00 for the fiscal year ending September 30, 2023.

(*vi*) $6,000,000.00 for the fiscal year ending September 30, 2024.

(*vii*) $5,000,000.00 for the fiscal year ending September 30, 2025.

(b) Except as otherwise provided in this subdivision, for fiscal years beginning after September 30, 2016, an amount equal to the product of the amount of distributions of the tax collected under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding fiscal year multiplied by 1.01, not to exceed the total amount of tax collected under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, shall be distributed to counties. For the fiscal years ending September 30, 2023, September 30, 2026, September 30, 2029, September 30, 2032, September 30, 2035, and September 30, 2038, the amount distributed under this subdivision shall equal the amount of the tax collected under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding fiscal year. Distributions to each county under this subdivision shall be calculated as follows:

(*i*) The amount of money available to be distributed under this subdivision multiplied by the percentage of collections in the immediately preceding state fiscal year under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, from licensees in counties in which convention hotels are not located shall be distributed to each county in which convention hotels are not located in the same proportion

that the amount of tax collected pursuant to section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding state fiscal year from licensees in that county bears to the total tax collections from section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding state fiscal year from all counties in which convention hotels are not located.

(*ii*) The amount of money available to be distributed under this subdivision multiplied by the percentage of collections in the immediately preceding state fiscal year under section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, from licensees in counties in which convention hotels are located shall be distributed to each county in which convention hotels are located in the same proportion that the amount of tax collected pursuant to section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding state fiscal year from licensees in that county bears to the total tax collections from section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding state fiscal year from all counties in which convention hotels are located. However, in the calculation of the proportion represented by a county's share of distributions under this subparagraph, the amount of the tax collected from licensees in the qualified local governmental unit that received distributions under section 9 in the 2007-2008 state fiscal year shall not be included.

(c) For each fiscal year beginning with the fiscal year ending on September 30, 2020 through the fiscal year ending on September 30, 2039, if the revenue in the convention facility development fund exceeds the amount distributed under section 9, subsection (5), and any distributions under subdivisions (a) and (b), up to $5,000,000.00 must be distributed to the operator of a street railway system for the operations of a street railway system as defined in section 507 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4507.

(d) For the fiscal year ending September 30, 2021 only, if the revenue in the convention facility development fund exceeds the amount distributed under section 9, subsection (5), and any distributions under subdivisions (a), (b), and (c), up to $4,000,000.00 must be distributed from the convention facility development fund to the Michigan strategic fund created under the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094, for the purpose of awarding grants to convention centers negatively impacted by the COVID-19 virus and related measures to protect public safety. All the following apply to the grant program described in this subdivision:

(*i*) The Michigan strategic fund shall develop an application process by December 1, 2020 and award grants under this subdivision no later than May 1, 2021.

(*ii*) An eligible convention center under this subdivision includes only a publicly owned facility of at least 10,000 square foot that is generally available to members of the public for lease or rental on a short-term basis for holding conventions, meetings, exhibits, and similar events, and that has any combination of convention hall, auditorium, meeting rooms, and exhibition areas that are separate and distinct and contiguous to each other, and that does not receive funding under subdivision (a).

(*iii*) The Michigan strategic fund cannot award more than $1,000,000.00 to any 1 eligible convention center under this subdivision.

(*iv*) An eligible convention center receiving funding under this subdivision must report how the grant dollars were spent by September 30, 2021 or return the funds.

(e) Except as provided in subdivision (f), beginning with the fiscal year ending on September 30, 2016, and each fiscal year thereafter other than the fiscal year ending September 30, 2020, if the revenue in the convention facility development fund exceeds the amounts distributed under section 9, subsection (5), and the distributions under subdivisions (a), (b), (c), and (d), the excess must be distributed to a qualified local governmental unit that is a metropolitan authority to be used by that qualified local governmental unit only for capital expenditures, including payments under a public-private arrangement, or the retirement of outstanding bonds, obligations, or other evidences of indebtedness incurred for which distributions under section 9 are pledged and for a qualified governmental unit that is a metropolitan authority.

(f) For the fiscal year ending on September 30, 2021 and the fiscal year ending on September 30, 2022, the amount distributed under subdivision (e) from the convention facility development fund to a qualified local governmental unit that is a metropolitan authority to be used by that qualified local governmental unit only for the retirement of outstanding bonds, obligations, or other evidences of indebtedness incurred must not exceed $5,000,000.00.

(g) For the fiscal year ending on September 30, 2020, if the revenue in the convention facility development fund exceeds the amounts distributed under section 9, subsection (5), and the distributions under subdivisions (a), (b), (c), and (d), the excess must be distributed to a qualified local governmental unit to be reserved for expenditures authorized by the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379. For the fiscal year ending on September 30, 2021 and the fiscal year ending on September 30,

2022, if the revenue in the convention facility development fund exceeds the amounts distributed under section 9 and the distributions under subdivisions (a) to (e), the excess must be distributed to a qualified local governmental unit to be reserved for expenditures authorized by the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379.

(3) A distribution to a county pursuant to this section shall be included for purposes of the calculations required to be made by section 24e of the general property tax act, 1893 PA 206, MCL 211.24e. If the governing body of a taxing unit approves the additional millage rate under section 24e of the general property tax act, 1893 PA 206, MCL 211.24e, that is due to distributions pursuant to this section, then an amount not less than either of the following must be used for substance abuse treatment within the taxing unit:

(a) 40% of the distribution under this section.

(b) The amount used for substance abuse treatment within the taxing unit in the fiscal year ending September 30, 2022.

(4) Each year, from the revenue collected during the previous quarter, after distributing the monthly payments under section 9(1), the state treasurer shall make quarterly distributions under subsections (2) and (5).

(5) For the fiscal year ending September 30, 2020 only, prior to the distributions required under subsection (2), $10,000,000.00 of the money in the convention facility development fund is transferred and must be deposited into the general fund.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 2007, Act 72, Imd. Eff. Sept. 30, 2007;—Am. 2008, Act 553, Eff. Mar. 31, 2009;—Am. 2009, Act 61, Imd. Eff. July 2, 2009;—Am. 2009, Act 156, Imd. Eff. Dec. 4, 2009;—Am. 2010, Act 207, Imd. Eff. Oct. 12, 2010;—Am. 2020, Act 205, Imd. Eff. Oct. 15, 2020;—Am. 2022, Act 276, Eff. Mar. 29, 2023.

207.631 Refunding bonds, obligations, or other evidences of indebtedness; purposes for issuance; dedication of tax distributions from convention facility development fund; determination by state treasurer; effect of unlawful expenditure.

Sec. 11. (1) Refunding bonds, obligations, or other evidences of indebtedness described in subsection (2) are issued subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) Pursuant to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, a local governmental unit may issue refunding bonds, obligations, or other evidences of indebtedness to refund all or a portion of the bonds, obligations, or other evidences of indebtedness issued for purposes specified in this act. Except as otherwise provided in section 12(1), if refunding bonds, obligations, or other evidences of indebtedness are issued, an assignment or pledge of distributions of taxes from the convention facility development fund for the payment of principal or interest on the refunded bonds, obligations, or other evidences shall apply, after the issuance of the refunding bonds, only to the refunding bonds, obligations, or other evidences of indebtedness and to any bonds, obligations, or other evidences of indebtedness that were not refunded and to which the assignment or pledge previously applied.

(3) A local governmental unit that refunds bonds, obligations, or other evidences of indebtedness pursuant to subsection (2) may dedicate distributions of taxes from the convention facility development fund to the payment of principal, interest, or credit support fees or other costs of issuance or of the maintenance of any required reserves for general obligation bonds, obligations, or other evidences of indebtedness issued or to be issued for purposes specified in this act but not pursuant to the authority granted in this act or may reimburse itself for such payments from such distributions. However, distributions to a local governmental unit pursuant to this subsection in any state fiscal year shall not exceed the lesser of the following:

(a) Principal, interest, or credit support fees or other costs of issuance or of the maintenance of required reserves payable in the state fiscal year on the bonds, obligations, or other evidences of indebtedness to which the distributions are dedicated.

(b) The difference between the amount that would have been distributed to the local governmental unit had it not issued refunding bonds pursuant to subsection (2) and the amount of distribution of taxes to which an assignment or pledge applies under subsection (2).

(4) After September 30, 1999, taxes shall not be distributed from the convention facility development fund pursuant to subsection (3).

(5) If bonds, obligations, or other evidences of indebtedness are to be issued for the purposes set forth in section 8(2), for which all or a portion of the distribution of taxes that the local governmental unit is eligible to receive are pledged or assigned as set forth in subsection (1) or (2), and if as a direct result of the acquiring, constructing, improving, enlarging, renewing, replacing, or in conjunction with these activities, repairing, furnishing, equipping, or leasing of a convention facility financed from the proceeds of the bonds, obligations, or other evidences of indebtedness, it is necessary for the state to expend money from the state trunk line fund from the proceeds of bonds issued by this state payable from deposits into the state trunk line fund, or from

direct appropriations for the costs of relocating, constructing, or reconstructing highways, roads, streets, or bridges, and costs ancillary thereto, then before the issuance of the bonds, obligations, or other evidences of indebtedness, the state treasurer shall determine that the total amount of these costs to be paid from the state trunk line fund, from the proceeds of bonds or notes payable from deposits into the state trunk line fund, or from direct appropriations of this state, excluding any of the cost to be reimbursed to this state by the federal government, any local unit of government or authority or agency thereof, or any other person or entity, shall not exceed 25% of the total cost of the relocation, construction, or reconstruction of highways, roads, streets, and bridges, and costs ancillary to those costs, directly resulting from the convention facility project purposes described in section 8(2). For purposes of the validity of the bonds, obligations, or other evidences of indebtedness, the determination of the state treasurer is conclusive as to the matters stated in the determination. If after the determination by the state treasurer the total costs of relocating, constructing, and reconstructing highways, roads, streets, and bridges, and costs ancillary thereto, increase, this state shall not expend from the state trunk line fund, from the proceeds from bonds payable from deposits in the state trunk line fund, or from direct appropriations of this state, any additional funds that cause the total expenditure by this state from these sources, after any reimbursement, to exceed 25% of the total cost, as increased, of the relocation, construction, and reconstruction, including ancillary costs. An expenditure by this state in violation of this subsection does not invalidate or otherwise adversely affect any previously issued bonds, obligations, or other evidences of indebtedness described in this section or any security therefor.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 1993, Act 58, Eff. Apr. 1, 1994;—Am. 2002, Act 237, Imd. Eff. Apr. 29, 2002;—Am. 2022, Act 276, Eff. Mar. 29, 2023.

Compiler's note: On March 31, 1993, the Senate passed SB 537 and transmitted it to the House of Representatives, which, on April 29, 1993, passed SB 537, voted to give the bill immediate effect, and returned it to the Senate. On May 5, 1993, the Senate voted to give SB 537 immediate effect and ordered it enrolled. Enrolled SB 537 was presented to the Governor at 8:59 a.m. on May 6, 1993. On May 18, 1993, the Senate sent a message to the Governor respectfully requesting the return of enrolled SB 537; the Governor voluntarily complied with this request and returned enrolled SB 537 to the Senate; following the return of the bill to the Senate chamber, the Senate voted to vacate the enrollment of SB 537; a motion to reconsider the vote by which the bill had been given immediate effect was then made, and its consideration postponed.

A letter dated June 9, 1993, from Stanley D. Steinborn, Chief Assistant Attorney General, to Phillip T. Frangos, Deputy Secretary of State, advised him that "Senate Bill No. 537 is now law and it should be assigned a public act number." At 4:15 p.m. on June 9, 1993, the Secretary of State accepted for filing at the Department of State's Great Seal Office a copy of SB 537 and assigned Public Act No. 58 to the filed document. The filed copy of SB 537 was not the copy presented to the Governor and did not carry the Governor's signature.

On June 11, 1993, Dick Posthumus, Majority Leader of the Michigan Senate, John J.H. Schwarz, Assistant President Pro Tempore of the Michigan Senate, and Willis H. Snow, Secretary of the Michigan Senate filed a Complaint for Declaratory Judgment in the 30th Judicial Circuit Court on June 11, 1993, (Docket No. 93-74943), requesting the court to enter judgment in their favor, as follows:

"1) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, has not become law;

"2) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, rightfully remains before the Michigan Senate;

"3) Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

"4) Ordering the Defendant RICHARD H. AUSTIN to vacate the enrollment of Senate Bill 537 as a Public Act of 1993.

"5) Ordering any and all other relief declared appropriate by this Court."

On July 1, 1993, the Senate voted to reconsider its vote giving the bill immediate effect and then defeated a motion to give the bill immediate effect. Senate Bill 537 was ordered enrolled on the same date and presented to the Governor at 3:23 p.m. on July 6, 1993.

Also on July 1, 1993, the Senate adopted Senate Resolution No. 179 authorizing the Michigan Senate to seek legal action to vacate the assignment of a public act number to SB 537. In accordance with that resolution, an amended complaint was filed on July 14, 1993, adding the Michigan Senate as a plaintiff and requesting the court to enter judgment in plaintiffs' favor, as follows:

"1. Declaring that Senate Bill 537 has not become law, and will not become law until such time as the newly enrolled bill has been duly signed by the Governor, or until such time as the bill is passed by a two-thirds vote of both houses of the Legislature, in the event that the newly enrolled bill should be vetoed by the Governor, or until such time as the newly enrolled bill has remained in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor;

"2. Declaring that Senate Bill 537 was lawfully returned to the Senate, and its enrollment lawfully vacated, on May 18, 1993, and that the bill rightfully remained before the Michigan Senate from that date until its subsequent presentment to the Governor on July 6, 1993;

"3. Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

"4. Ordering the Defendant RICHARD H. AUSTIN to vacate the assignment, to Senate Bill 537, of Public Act No. 58 of the Public Acts of 1993.

"5. Declaring that Senate Bill 537 shall not take effect until the expiration of 90 days after the final adjournment of the current legislative session, in accordance with Article IV, § 27 of the Michigan Constitution, if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"6. Ordering the Defendant RICHARD H. AUSTIN to assign a new public act number to Senate Bill 537 if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"7. Ordering any and all other relief declared appropriate by this Court."

The Governor signed enrolled Senate Bill 537 at 8:10 a.m. on July 16, 1993, and filed it with the Secretary of State at 11:02 a.m. on that date. A public act number was not assigned to this filing.

On September 7, 1993, the Ingham County Circuit Court, Giddings J., determined that Plaintiffs lacked standing and that Defendants had raised a meritorious defense and were entitled to judgment as a matter of law. Defendants' Motion for Summary Disposition was granted.

Plaintiffs filed an appeal of the Circuit Court ruling with the Michigan Court of Appeals on September 13, 1993. (Court of Appeals Docket No. 168092). This appeal was dismissed on December 28, 1995.

Sec. 11 of Act 106 of 1985, being 207.631 of the Michigan Compiled Laws, as originally enacted, reads:

"Sec. 11. (1) Before a local governmental unit may assign or pledge all or a portion of the distribution of taxes that the local governmental unit is eligible to receive under this act for payment of bonds, obligations, or other evidences of indebtedness, the local governmental unit shall submit the plans for the proposed project and financing to the state treasurer for approval. The state treasurer shall make findings regarding whether the proposed project is reasonable, whether the revenues and other funds will be sufficient to fund the proposed project, and any other projects necessary for the completion of the proposed project, and whether the proposed project and financing comply with the provisions of this act. The state treasurer shall notify the local governmental unit of the findings pursuant to this section and shall approve or disapprove the proposed project within 30 days after submission of the plans for the proposed project and financing. The findings of the state treasurer pursuant to this section shall be reviewed by the state administrative board and shall be considered conclusive.

"(2) If bonds, obligations, or other evidences of indebtedness are to be issued for the purposes set forth in section 8(2), for which all or a portion of the distribution of taxes that the local governmental unit is eligible to receive are pledged as set forth in subsection (1), and if as a direct result of the acquiring, constructing, improving, enlarging, renewing, replacing, or in conjunction with these activities, repairing, furnishing, equipping, or leasing of a convention facility financed from the proceeds of bonds, obligations, or other evidences of indebtedness, it is necessary for the state to expend money from the state trunk line fund, or from the proceeds of bonds issued by the state payable from deposits into the state trunk line fund, or to make direct appropriations for the costs of relocating, constructing, or reconstructing highways, roads, streets, and bridges, and costs ancillary thereto, then prior to the issuance of the bonds, obligations, or other evidences of indebtedness described in subsection (1), the state treasurer shall determine, which determination, for the purposes of the validity of the bonds, obligations, or other evidences of indebtedness, shall be conclusive as to the matters stated therein, that the total amount of said costs to be paid from the state trunk line fund, or the proceeds of bonds or notes payable from deposits into the state trunk line fund, or from direct appropriations of the state for this purpose excluding any of the cost to be reimbursed to the state from the federal government, from any local unit of government or authority or agency thereof, or from any other person or entity, shall not exceed 25% of the total cost of the relocation, construction, or reconstruction of highways, roads, streets, and bridges, and costs ancillary thereto, directly resulting from the convention facility project purposes described in section 8(2). If subsequent to the date of determination by the state treasurer, as required by this subsection, these costs of relocating, constructing, and reconstructing highways, roads, streets, and bridges, and costs ancillary thereto, increase, the state shall not expend from the state trunk line fund, or the proceeds from bonds payable from deposits in the state trunk line fund, or by any direct appropriations of the state for this purpose, any additional funds which cause the total expenditure by the state from these sources, after any reimbursement, to exceed 25% of the total cost, as increased, of the relocation, construction, and reconstruction including ancillary costs. An expenditure by the state in violation of the provisions of this subsection shall not invalidate or otherwise adversely affect any then previously issued bonds, obligations, or other evidences of indebtedness described in subsection (1) or any security therefor."

207.632 Transmitting payment to trustee or trustees for bonds, obligations, other evidences of indebtedness, or payments under a public-private arrangement; prohibition; exception.

Sec. 12. (1) A local governmental unit may assign or pledge all or a portion of the distribution of taxes that the local governmental unit is eligible to receive under this act for payment of bonds, obligations, or other evidences of indebtedness, including payments under a public-private arrangement, for the purposes specified in section 8(2). If a local governmental unit assigns or pledges all or a portion of the distribution of taxes that the local governmental unit is eligible to receive under this act for payment of bonds, obligations, or other evidences of indebtedness, including payments under a public-private arrangement, the state treasurer may transmit to the duly appointed trustee or trustees for the bonds, obligations, or other evidences of indebtedness, including a public-private arrangement, the payment of the distribution assigned or pledged by the local governmental unit. Notwithstanding anything in this act to the contrary, the second sentence of section 11(2) does not apply to bonds issued by a metropolitan authority that becomes a qualified local governmental unit after December 1, 2008.

(2) A local governmental unit that becomes a qualified local governmental unit before May 1, 2008 shall not issue bonds, obligations, or other evidences of indebtedness to which distributions under section 9 are pledged in a principal amount greater than $180,000,000.00. This limit does not apply to refunding bonds, obligations, or other evidences of indebtedness issued pursuant to section 11(2) or to bonds, obligations, or other evidences of indebtedness to which distributions of taxes from the convention facility development fund are dedicated under section 11(3). A metropolitan authority that becomes a qualified local governmental unit after December 1, 2008 may, after the effective date of the amendatory act that added subdivision (f), issue bonds, obligations, or other evidences of indebtedness to which distributions under section 9 are pledged in an aggregate principal amount not to exceed $299,000,000.00. The cost of a project in addition to construction and acquisition costs may include an allowance for legal, engineering, architectural, and consulting services. The following are not subject to the limitations set forth in this subsection:

(a) Interest on revenue obligations issued to finance the project becoming due before the collection of the first revenues available for the payment of those revenue obligations.

(b) A reserve for the payment of principal, interest, and redemption premiums on the revenue obligations of the qualified local governmental unit, and other necessary incidental expenses, including, but not limited to, placement fees, fees or charges for insurance, letters of credit, lines of credit, remarketing agreements, or commitments to purchase obligations issued pursuant to this act.

(c) Fees or charges associated with an agreement to manage payment, revenue, or interest rate exposure.

(d) Any other fees or charges for any other security provided to assure timely payment of the obligations.

(e) Refunding bonds.

(f) Payments under a public-private arrangement.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 1993, Act 58, Eff. Apr. 1, 1994;—Am. 2002, Act 237, Imd. Eff. Apr. 29, 2002;—Am. 2008, Act 553, Eff. Mar. 31, 2009;—Am. 2009, Act 61, Imd. Eff. July 2, 2009;—Am. 2022, Act 276, Eff. Mar. 29, 2023.

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"1) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, has not become law;

"2) Declaring that Senate Bill 537, the original linen of which is in the possession of the Michigan Senate, and which has never been signed into law by the Governor, rightfully remains before the Michigan Senate;

"3) Declaring that any action taken by the Defendants inconsistent with the above declarations is unauthorized and unlawful;

"4) Ordering the Defendant RICHARD H. AUSTIN to vacate the enrollment of Senate Bill 537 as a Public Act of 1993.

"5) Ordering any and all other relief declared appropriate by this Court."

On July 1, 1993, the Senate voted to reconsider its vote giving the bill immediate effect and then defeated a motion to give the bill immediate effect. Senate Bill 537 was ordered enrolled on the same date and presented to the Governor at 3:23 p.m. on July 6, 1993.

Also on July 1, 1993, the Senate adopted Senate Resolution No. 179 authorizing the Michigan Senate to seek legal action to vacate the assignment of a public act number to SB 537. In accordance with that resolution, an amended complaint was filed on July 14, 1993, adding the Michigan Senate as a plaintiff and requesting the court to enter judgment in plaintiffs' favor, as follows:

"1. Declaring that Senate Bill 537 has not become law, and will not become law until such time as the newly enrolled bill has been duly signed by the Governor, or until such time as the bill is passed by a two-thirds vote of both houses of the Legislature, in the event that the newly enrolled bill should be vetoed by the Governor, or until such time as the newly enrolled bill has remained in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor;

"2. Declaring that Senate Bill 537 was lawfully returned to the Senate, and its enrollment lawfully vacated, on May 18, 1993, and that the bill rightfully remained before the Michigan Senate from that date until its subsequent presentment to the Governor on July 6, 1993;

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"4. Ordering the Defendant RICHARD H. AUSTIN to vacate the assignment, to Senate Bill 537, of Public Act No. 58 of the Public Acts of 1993.

"5. Declaring that Senate Bill 537 shall not take effect until the expiration of 90 days after the final adjournment of the current legislative session, in accordance with Article IV, § 27 of the Michigan Constitution, if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"6. Ordering the Defendant RICHARD H. AUSTIN to assign a new public act number to Senate Bill 537 if the newly enrolled bill is signed by the Governor, is passed by a two-thirds vote of both houses of the Legislature, overriding a gubernatorial veto, or if the newly enrolled bill remains in the possession of the Governor for a period of more than 14 days, during which time the Legislature has remained in session, without having been signed, vetoed, or otherwise returned to the Legislature by the Governor, in accordance with Article IV, § 33 of the Michigan Constitution.

"7. Ordering any and all other relief declared appropriate by this Court."

The Governor signed enrolled Senate Bill 537 at 8:10 a.m. on July 16, 1993, and filed it with the Secretary of State at 11:02 a.m. on that date. A public act number was not assigned to this filing.

On September 7, 1993, the Ingham County Circuit Court, Giddings J., determined that Plaintiffs lacked standing and that Defendants had raised a meritorious defense and were entitled to judgment as a matter of law. Defendants' Motion for Summary Disposition was granted.

Plaintiffs filed an appeal of the Circuit Court ruling with the Michigan Court of Appeals on September 13, 1993. (Court of Appeals Docket No. 168092). This appeal was dismissed on December 28, 1995.

Sec. 12 of Act 106 of 1985, being 207.632 of the Michigan Compiled Laws, as originally enacted, reads:

"Sec. 12. (1) Subject to approval pursuant to section 11, a local governmental unit may assign or pledge all or a portion of the distribution of taxes that the local governmental unit is eligible to receive under this act for payment of bonds, obligations, or other evidences of indebtedness for the purposes specified in section 8(2). If a local governmental unit assigns or pledges all or a portion of the

distribution of taxes that the local governmental unit is eligible to receive under this act for payment of bonds, obligations, or other evidences of indebtedness incurred for the purposes specified in this act, the state treasurer may transmit to the duly appointed trustee for the bonds, obligations, or other evidences of indebtedness, if any, the payment of the distribution which is assigned or pledged by the local governmental unit.

"(2) A local governmental unit shall not issue bonds, obligations, or other evidences of indebtedness to which distributions under section 9 are pledged in a principal amount greater than $180,000,000.00."

207.633 When pledge effective, valid, and binding; lien of pledge; filing or recording of instrument creating pledge; construction of section.

Sec. 13. (1) Any pledge of the distributions of the tax imposed under this act shall be effective, valid, and binding from the time when the pledge is made. The pledged distributions received shall be immediately subject to the lien of the pledge, whether or not there has been physical delivery. The lien of any pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against any person receiving the distributions of the tax, whether or not the parties have notice of the pledge. The ordinance, the resolution, or any other instrument of the local governmental unit by which a pledge of the proceeds of the tax imposed pursuant to this act is created is not required to be filed or recorded except in the records of the local governmental unit to be subject to this section.

(2) This section does not constitute a continuing appropriation and shall not be construed to create an indebtedness of the state.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.634 Bonds, obligations, or other evidences of indebtedness not debt, liability, or obligation of state; payment or refunding; statement.

Sec. 14. Bonds, obligations, or other evidences of indebtedness of the local governmental unit issued for the purposes specified in this act shall not be in any way a debt or liability of the state and shall not create or constitute any indebtedness, liability, or obligation of the state or be or constitute a pledge of the faith and credit of the state. However, all bonds, obligations, or other evidences of indebtedness issued by the local governmental unit for the purposes specified in this act, unless paid or refunded by bonds, obligations, or other evidences of indebtedness of a local governmental unit, shall be payable from the funds pledged or available for their payment as authorized in this act or as otherwise provided by law. Each bond, obligation, or other evidence of indebtedness issued for the purposes specified in this act shall contain on its face a statement to the effect that the local governmental unit is obligated to pay the principal, of the premium, if any, and the interest on the bonds, obligations, or other evidences of indebtedness from distributions under this act or as otherwise provided by law, that the state is not obligated to pay the principal of, the premium, if any, and the interest on the bonds, obligations, or other evidences of indebtedness, and that neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of, the premium, if any, and the interest on the bonds, obligations, or other evidences of indebtedness issued by the local governmental unit.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.635 State pledge and agreement; construction of section.

Sec. 15. (1) The state pledges to and agrees with the holders of bonds, obligations, or other evidences of indebtedness issued by a local governmental unit in accordance with law that the state shall not limit or restrict the rights vested in any person or local governmental unit to do any 1 or more of the following:

(a) Establish and collect fees or other charges as are convenient or necessary to produce sufficient revenues to meet the expenses of the local governmental unit for operating the convention facilities.

(b) Fulfill the terms of any agreement made with the holders of bonds, obligations, or other evidences of indebtedness issued by the local governmental unit, or in any way impair the rights or remedies of the holders of bonds, obligations, or other evidences of indebtedness issued by the local governmental unit until the principal amount of the bonds, obligations, or other evidences of indebtedness, together with interest, and premiums, if any, on the bonds, obligations, or other evidences of indebtedness and interest on any unpaid installments of interest, and all costs and expenses in connection with an action or proceedings by or on behalf of the holders are fully met, paid, and discharged.

(2) This section shall not be construed to obligate or restrict any future legislature to make or from making the appropriation of distributions made under this act and shall not be construed to limit or prohibit the state from repealing or amending any law enacted for the imposition of taxes being distributed by this act.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.636 Liberal construction.

Sec. 16. This act shall be construed liberally to effectuate the legislative intent and purposes of this act as

complete and independent authority for the performance of each and every act and thing authorized by this act and all powers granted shall be broadly interpreted to effectuate the intent and purposes of this act and not as a limitation of powers.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.637 Powers cumulative.

Sec. 17. The powers conferred in this act upon any county or local governmental unit shall be in addition to any other powers the county or local governmental unit shall possess by charter or statute.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.638 Annual appropriation.

Sec. 18. There is appropriated each year from the convention facility development fund an amount sufficient to make the distributions under section 9.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.639 Effective date of excise tax.

Sec. 19. The excise tax imposed pursuant to this act shall take effect on the first day of the calendar month, but not less than 29 days, after a facility becomes a convention hotel as certified by the state treasurer.

History: 1985, Act 106, Imd. Eff. July 30, 1985.

207.640 Levy of tax; time period.

Sec. 20. The tax imposed by this act shall not be levied after the earlier of December 31, 2039 or 30 days after all bonds, notes, or other obligations issued by a metropolitan authority formed under the regional convention facility authority act, 2008 PA 554, MCL 141.1351 to 141.1379, for purposes authorized under that act are retired.

History: 1985, Act 106, Imd. Eff. July 30, 1985;—Am. 2008, Act 553, Eff. Mar. 31, 2009;—Am. 2022, Act 276, Eff. Mar. 29, 2023.

COMMERCIAL REDEVELOPMENT ACT
Act 255 of 1978

AN ACT to provide for the establishment of commercial redevelopment 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 remedies and penalties.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

Compiler's note: For transfer of powers and duties under the commercial redevelopment act from the department of commerce to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1996-2, compiled at MCL 445.2001 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

207.651 Short title.

Sec. 1. This act shall be known and may be cited as the "commercial redevelopment act".

History: 1978, Act 255, Imd. Eff. June 21, 1978.

Compiler's note: For transfer of powers and duties under the commercial redevelopment act from the department of commerce to the chief executive officer of the Michigan jobs commission, see E.R.O. No. 1996-2, compiled at MCL 445.2001 of the Michigan Compiled Laws.

207.652 Meanings of words and phrases.

Sec. 2. For the purposes of this act, the words and phrases defined in sections 3 and 4 have the meanings ascribed to them in those sections.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.653 Meanings of words and phrases.

Sec. 3. (1) "Commercial facilities tax" means the specific tax levied under this act.

(2) "Commercial facilities exemption certificate" means a certificate issued pursuant to section 8.

(3) "Commercial property" means land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise and shall include office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Commercial business enterprise also includes a business that owns or operates a transit-oriented development or a transit-oriented facility. Commercial property does not include any of the following:

(a) Land.

(b) Property of a public utility.

(c) Housing, except that portion of a building containing nonhousing commercial activity.

(d) Financial organization. As used in this subdivision, "financial organization" means a bank, industrial bank, trust company, building and loan or savings and loan association, bank holding company as defined in 12 USC 1841, credit union, safety and collateral deposit company, regulated investment company as defined in the internal revenue code, and any other association, joint stock company, or corporation at least 90% of whose assets consist of intangible personal property and at least 90% of whose gross receipts income consists of dividends or interest or other charges resulting from the use of money or credit. The exclusion of financial institutions shall not apply to the otherwise included property of financial institutions which is located in the designated area of a city that is either the largest city in population within the county, as determined by the latest federal census; or is a city that had more than the median percentage for all cities in this state of its residents below the poverty line as determined by the latest federal census. Each city qualified to not be excluded under this subdivision shall designate only 1 commercial area for purposes of this provision, which area may be conterminous with, or included within, a commercial redevelopment district and in which area a majority of the land must be zoned commercially.

Commercial property may be owned or leased. If, in the case of leased property, the lessee is liable for payment of ad valorem property taxes, and furnishes proof of that liability, the lessee is eligible for the exemption. If the lessor is liable for payment of ad valorem property taxes and furnishes proof of that liability, the lessor is eligible for the exemption.

(4) "Commercial redevelopment district" means an area of a local governmental unit established as provided in section 5.

(5) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(6) "Facility" means a restored facility, a replacement facility, or a new facility.

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 1980, Act 407, Imd. Eff. Jan. 8, 1981;—Am. 2008, Act 227, Imd. Eff. July 17, 2008;—Am. 2010, Act 244, Imd. Eff. Dec. 14, 2010.

207.654 Definitions; L to T.

Sec. 4. (1) "Local governmental unit" means, except as otherwise provided in this subsection, a city, village, or township. For local governmental units designating a commercial redevelopment district after June 30, 2008, local governmental unit means a city or village.

(2) "New facility" means 1 of the following:

(a) Through June 30, 2008, new commercial property other than a replacement facility to be built in a redevelopment district.

(b) Beginning July 1, 2008, new commercial property other than a replacement facility to be built in a redevelopment district that meets all of the following:

(*i*) Is located on property that is zoned to allow for mixed use that includes high-density residential use.

(*ii*) Is located in a qualified downtown revitalization district as defined in section 2 of the neighborhood enterprise zone act, 1992 PA 147, MCL 207.772.

(*iii*) The local governmental unit in which the new facility is to be located does all of the following:

(A) Establishes and implements an expedited local permitting and inspection process in the commercial redevelopment district.

(B) By resolution provides for walkable nonmotorized interconnections, including sidewalks and streetscapes throughout the commercial redevelopment district.

(3) "Obsolete commercial property" means commercial property the condition of which is impaired due to changes in design, construction, technology, or improved production processes, or damage due to fire, natural disaster, or general neglect.

(4) "Replacement" means the complete or partial demolition of obsolete commercial property and the complete or partial reconstruction or installation of new property of similar utility.

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

(a) Through June 30, 2008, commercial property on the same or contiguous land within the district which land is or is to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property together with any part of the old altered property that remains for use as commercial property after the replacement.

(b) Beginning July 1, 2008, commercial property on the same or contiguous land within the district which land is or is to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property and any part of the old altered property that remains for use as commercial property after the replacement, that meets all of the following:

(*i*) Is located on property that is zoned to allow for mixed use that includes high-density residential use.

(*ii*) Is located in a qualified downtown revitalization district as defined in section 2 of the neighborhood enterprise zone act, 1992 PA 147, MCL 207.772.

(*iii*) The local governmental unit in which the replacement facility is to be located does all of the following:

(A) Establishes and implements an expedited local permitting and inspection process in the commercial redevelopment district.

(B) By resolution provides for walkable nonmotorized interconnections, including sidewalks and streetscapes throughout the commercial redevelopment district.

(6) "Restoration" means changes to obsolete commercial property other than replacement as may be required to restore the property, together with all appurtenances thereto, to an economically efficient condition. Restoration includes major renovation including but not limited to the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore the commercial property to an economically efficient condition. Restoration does not include improvements aggregating less than 10% of the true cash value of the property at commencement of the restoration of the commercial property.

(7) "Restored facility" means a facility that has undergone restoration.

(8) "State equalized valuation" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8.

(9) "Transit-oriented development" means infrastructure improvements that are located within 1/2 mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use.

(10) "Transit-oriented facility" means a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 2008, Act 227, Imd. Eff. July 17, 2008;—Am. 2010, Act 244, Imd. Eff. Dec. 14, 2010.

207.655 Commercial redevelopment district; establishment; resolution; notice; hearing; finding and determination; applicability of district established by township; exemption of restored facility; commercial property included as part of commercial redevelopment district also part of tax increment district.

Sec. 5. (1) A local governmental unit, by resolution of its legislative body, may establish a commercial redevelopment district, which may consist of 1 or more parcels or tracts of land or a portion thereof, if at the time of adoption of the resolution the property within the district is any of the following:

(a) Obsolete commercial property or cleared or vacant land which is part of an existing, developed commercial or industrial zone which has been zoned commercial or industrial for 3 years before June 21, 1978, and the area is or was characterized by obsolete commercial property and a decline in commercial activity.

(b) Land which has been cleared or is to be cleared as a result of major fire damage, or cleared or to be cleared as a blighted area under Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws.

(c) Cleared or vacant land included within a redevelopment plan adopted by a downtown development authority pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1680 of the Michigan Compiled Laws, or adopted by an urban redevelopment corporation pursuant to Act No. 250 of the Public Acts of 1941, as amended, being sections 125.901 to 125.922 of the Michigan Compiled Laws, or Act No. 120 of the Public Acts of 1961, being sections 125.981 to 125.986 of the Michigan Compiled Laws.

(d) Property which was owned by a local governmental unit on June 21, 1978, and subsequently conveyed to a private owner and zoned commercial.

(2) The legislative body of a local governmental unit may establish a commercial redevelopment district on its own initiative or upon a request filed by the owner or owners of 75% of the state equalized value of the commercial property located within a proposed district.

(3) Before adopting a resolution establishing a commercial redevelopment district, the legislative body shall give written notice by certified mail to the owners of all real property within the proposed commercial redevelopment district and shall afford an opportunity for a hearing on the establishment of the commercial redevelopment district at which any of those owners and any other resident or taxpayer of the local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 nor more than 30 days before the date of the hearing.

(4) The legislative body of the local governmental unit, in its resolution establishing a commercial redevelopment district, shall set forth a finding and determination that the district meets the requirements set forth in subsection (1).

(5) A commercial redevelopment district established by a township shall be applicable only within the unincorporated territory of the township and shall not be applicable within a village located in that township.

(6) A restored facility included in an area covered by a tax increment financing plan adopted by a downtown development authority created under Act No. 197 of the Public Acts of 1975, as amended, shall be exempt from this act in a city with a population of 1,000,000 or more.

(7) Commercial property included as part of a commercial redevelopment district may also be part of a tax increment district established under the tax increment finance authority act.

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 1979, Act 27, Imd. Eff. June 6, 1979;—Am. 1980, Act 407, Imd. Eff. Jan. 8, 1981;—Am. 1980, Act 448, Imd. Eff. Jan. 15, 1981.

207.656 Application for commercial facilities exemption certificate; filing; contents; notice; hearing; determination of state equalized valuation of property owned by local governmental unit on June 21, 1978, and subsequently conveyed to private owner and zoned commercial.

Sec. 6. (1) The owner or lessee of a facility may file an application for a commercial facilities exemption certificate with the clerk of the local governmental unit that established the commercial redevelopment

district. The application shall be filed in the manner and form prescribed by the commission. The application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the fixed building equipment which will be a part of the facility, a time schedule for undertaking and completing the restoration, replacement, or construction of the facility, a statement of the economic advantages expected from the exemption, including the number of jobs retained or created because of the exemption, including expected construction employment, and information relating to the requirements in section 10.

(2) Upon receipt of an application for a commercial facilities exemption certificate, the clerk of the local governmental unit shall notify in writing the assessor of the assessing unit in which the facility is located or to be located, and to the legislative body of each taxing unit which levies ad valorem property taxes in the local governmental unit in which the facility is located or to be located. Before acting upon the application, the legislative body of the local governmental unit shall hold a public hearing on the application and give public notice to the applicant, the assessor, a representative of the affected taxing jurisdictions, and the general public. The hearing on the application shall be held separately from the hearing on the establishment of the commercial redevelopment district.

(3) Upon receipt of an application for a commercial facility exemption certificate for a facility located on property which was owned by a local governmental unit on June 21, 1978, and subsequently conveyed to a private owner and zoned commercial, the clerk of the local governmental unit, in addition to the other requirements of this section, shall request the assessor of the assessing unit in which the facility is located or is to be located to determine the state equalized valuation of the property. This determination shall be made prior to the hearing on the application for a commercial facilities exemption certificate held pursuant to subsection (2).

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 1980, Act 407, Imd. Eff. Jan. 8, 1981.

207.657 Application for commercial facilities exemption certificate; approval or disapproval.

Sec. 7. The legislative body of the local governmental unit, not more than 60 days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a commercial facilities exemption certificate in accordance with section 10 and the other provisions of this act. The clerk shall retain the original of the application and resolution. If disapproved, the reasons shall be set forth in writing in the resolution, and the clerk shall send a copy of the resolution to the applicant.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.658 Commercial facilities exemption certificate; issuance; contents; effective date; filing; record.

Sec. 8. (1) Following approval of the application by the legislative body of the local governmental unit, the clerk of the local governmental unit shall issue to the applicant a commercial facilities exemption certificate in the form the commission determines which shall contain:

(a) A legal description of the real property on which the facility is or is to be located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) In the case of a restored facility a statement of the state equalized valuation of the obsolete commercial property, separately stated for real and personal property, for the tax year immediately preceding the effective date of the certificate after deducting the state equalized valuation of the land and personal property other than personal property assessed pursuant to section 14(6) of Act No. 206 of the Public Acts of 1893, as amended.

(2) The effective date of the certificate shall be the December 31 next following the date of issuance of the certificate.

(3) The clerk of the local governmental unit shall file with the commission a copy of the commercial facilities exemption certificate and the commission shall maintain a record of all certificates filed.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.659 Exemption from ad valorem property taxes; duration of certificate; review and extension of certificate; limitation; date of issuance of certificate of occupancy; basis of review.

Sec. 9. (1) A facility for which a commercial facilities exemption certificate is in effect, but not the land on which the facility is located or to be located, or personal property other than personal property assessed pursuant to section 14(6) of the general property tax act, Act No. 206 of the Public Acts of 1893, as amended, being section 211.14 of the Michigan Compiled Laws, for the period on and after the effective date of the

certificate and continuing so long as the commercial facilities exemption certificate is in force, is exempt from ad valorem property taxes. A lessee, occupant, user, or person in possession of the facility for the same period is exempt from ad valorem taxes imposed under Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 to 211.182 of the Michigan Compiled Laws.

(2) Unless earlier revoked as provided in section 15, a commercial facilities exemption certificate shall remain in force and effect for a period to be determined by the legislative body of the local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 12, the certificate may be subject to review by the legislative body of the local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions shall not exceed 12 years after the completion of the facility. The certificate shall commence with its effective date and end on the December 31 next following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, shall be the date of completion of the facility.

(3) If the number of years determined by the legislative body of the local governmental unit for the period a certificate remains in force is less than 12 years, the review of the certificate for the purpose of determining an extension shall be based upon factors, criteria and objectives that shall be placed in writing, approved at the time the certificate is approved by the legislative body of the local governmental unit and sent to the applicant and commission.

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 1984, Act 342, Imd. Eff. Dec. 27, 1984;—Am. 1993, Act 340, Eff. Mar. 15, 1994.

207.660 Finding and statement as to state equalized valuation of property proposed to be exempt; requirements for exemption certificate.

Sec. 10. (1) If the state equalized valuation of property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under certificates previously granted and currently in force under this act or Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws, exceeds 5% of the state equalized valuation of the local governmental unit, the legislative body of the local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount shall not have the effect of substantially impeding the operation of the local government unit or impairing the financial soundness of any affected taxing unit.

(2) The legislative body of the local governmental unit shall not approve an application for an exemption certificate unless the applicant complies with all of the following requirements:

(a) The commencement of the restoration, replacement, or construction of the facility does not occur before the establishment of the commercial redevelopment district. An application for an exemption certificate shall be valid if filed within 45 days after commencement of the restoration, replacement, or construction.

(b) The application relates to a construction, restoration, or replacement program which when completed constitutes a new, replacement, or restored facility within the meaning of this act and which shall be situated within a commercial redevelopment district established in a local governmental unit eligible under this act to establish such a district.

(c) Completion of the facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to, increase commercial activity, create employment, retain employment, or prevent a loss of employment in the community in which the facility is situated.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.661 Valuation of facilities and property by assessor.

Sec. 11. The assessor of each city or township in which there is a restored facility, a new facility or a replacement facility with respect to which 1 or more commercial facilities exemption certificates are issued and in force shall determine annually as of December 31 the value of each facility separately, having the benefit of the certificates and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the value of the property to which the application pertains and other information as may be necessary to permit the local legislative body to make the determinations required by section 10(1).

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.662 Commercial facilities tax; levy; amount; collection, disbursement, and assessment of tax; allocation; payment to state treasury and credit to state school aid fund; copy of

amount of disbursement; facility located in renaissance zone; "casino" defined.

Sec. 12. (1) Except as provided in subsection (9), there is levied upon every owner of a new, replacement, or restored facility to which a commercial facilities exemption certificate is issued a specific tax to be known as the commercial facilities tax.

(2) The amount of the commercial facilities tax, in each year, for a restored facility shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the taxable value of the real property of the obsolete commercial property for the tax year immediately preceding the effective date of the commercial facilities exemption certificate after deducting the taxable value of the land and of personal property other than personal property assessed pursuant to section 14(6) of the general property tax act, 1893 PA 206, MCL 211.14.

(3) The amount of the commercial facilities tax, in each year, for a new or replacement facility shall be determined by multiplying the taxable value of the facility excluding the land and personal property other than personal property assessed pursuant to section 14(6) of the general property tax act, 1893 PA 206, MCL 211.14, by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus, subject to section 12a, the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(4) The commercial facilities tax shall be collected, disbursed, and assessed in accordance with this act.

(5) The commercial facilities tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the commercial facilities tax payments received each year to and among the state, cities, townships, villages, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(6) Except as provided in subsection (7), for intermediate school districts receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state school aid, shall be paid instead to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If the sum of any industrial facility taxes prescribed by 1974 PA 198, 207.551 to 207.572, and the commercial facilities taxes paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the local or intermediate school district, under section 11 of 1974 PA 198, MCL 207.561, and this section, exceeds the amount received by the local or intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible local or intermediate school district an amount equal to the difference between the sum of the industrial facility taxes and the commercial facilities taxes paid to the state treasury to the credit of the state school aid fund and the amount the local or intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681. This subsection does not apply to taxes levied for either of the following:

(a) Mills allocated to an intermediate school district for operating purposes as provided for under the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

(b) An intermediate school district that is not receiving state aid under section 56 or 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662.

(7) For commercial facilities taxes levied after 1993 for school operating purposes, the amount that would otherwise be disbursed to a local school district shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the commission on a form provided by the commission.

(9) A new, replacement, or restored facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the commercial facilities tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the commercial facilities tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The commercial facilities tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

(10) As used in this act, facility does not include a casino. As used in this subsection, "casino" means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 1984, Act 135, Imd. Eff. June 1, 1984;—Am. 1993, Act 340, Eff. Mar. 15, 1994;—Am. 1994, Act 368, Imd. Eff. Dec. 27, 1994;—Am. 1996, Act 450, Imd. Eff. Dec. 19, 1996;—Am. 1998, Act 243, Imd. Eff. July 3, 1998;—Am. 2008, Act 227, Imd. Eff. July 17, 2008.

Compiler's note: Act 163 of 1989, purporting to amend MCL 207.622, could not take effect "unless amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." House Joint Resolution I was submitted to, and disapproved by, the people at the special election held on November 7, 1989.

207.662a Reduction in number of mills levied under state education tax act; limitation on number of exclusions.

Sec. 12a. (1) Within 60 days after the granting of a new commercial facilities exemption certificate under section 8 for a new or a replacement facility, the state treasurer may, for a period not to exceed 6 years, exclude up to 1/2 of the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the specific tax calculation on the facility under section 12(3) if the state treasurer determines that reducing the number of mills used to calculate the specific tax under section 12(3) is necessary to reduce unemployment, promote economic growth, and increase capital investment in qualified local governmental units.

(2) The state treasurer shall not grant more than 25 exclusions under this section each year.

History: Add. 2008, Act 227, Imd. Eff. July 17, 2008.

Compiler's note: Former MCL 207.662a, which pertained to commercial redevelopment district for property classified as commercial property, was repealed by Act 368 of 1994, Imd. Eff. Dec. 27, 1994.

207.663 Tax as lien upon real property; certificate of nonpayment and affidavit required for proceedings upon lien.

Sec. 13. The amount of the tax applicable to real property, until paid, shall be a lien upon the real property to which the certificate is applicable; but only upon the filing by the officer of a certificate of nonpayment of the commercial facilities tax applicable to real property, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the facility by certified mail with the register of deeds of the county in which the property is situated, may proceedings then be had upon the lien in the same manner as provided by law for the foreclosure in the circuit court of mortgage liens upon real property.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.664 Grounds for revocation of exemption.

Sec. 14. The legislative body of the local governmental unit may revoke the exemption if it finds that the completion of the facility has not occurred within 2 years after the effective date of the exemption certificate or a greater time as authorized by the legislative body for good cause, or that the holder of the exemption has not proceeded in good faith with the replacement, restoration, or construction and operation of the facility in good faith in a manner consistent with the purposes of this act and in absence of circumstances that are beyond the control of the holder of the exemption certificate.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.665 Transfer or assignment of certificate; approval; notice and hearing.

Sec. 15. A commercial facilities exemption certificate may be transferred and assigned by the holder of the certificate to a new owner or lessee of the facility but only with the approval of the local governmental unit after application by the new owner or lessee, and notice and hearing in the manner provided in section 6 for the application for a certificate.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.666 Report on status of exemption.

Sec. 16. Each governmental unit granting a commercial redevelopment exemption not later than October 15 each year shall report to the commission on the status of each exemption, including the current value of the property to which the exemption pertains, the value on which the commercial facilities tax is based, and a current estimate of the number of jobs retained or created by the exemption.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.667 Report on utilization of commercial redevelopment districts; economic analysis of costs and benefits.

Sec. 17. (1) The department of commerce annually shall prepare and submit to the taxation and economic development and energy committees of the house of representatives and the finance and corporations and economic development committees of the senate a report on the utilization of commercial redevelopment districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department of commerce shall prepare and submit to the taxation and economic development committees of the house of representatives and the finance and corporations and economic development committees of the senate an indepth economic analysis of the costs and benefits of this act in the 3 communities where it has been most heavily utilized as determined by dollars of state equalized valuation foregone.

History: 1978, Act 255, Imd. Eff. June 21, 1978.

207.668 Limitation on new exemptions; continuation of exemption.

Sec. 18. A new exemption shall not be granted under this act after December 31, 2025, but an exemption then in effect shall continue until the expiration of the exemption certificate.

History: 1978, Act 255, Imd. Eff. June 21, 1978;—Am. 1983, Act 252, Imd. Eff. Dec. 29, 1983;—Am. 1984, Act 342, Imd. Eff. Dec. 27, 1984;—Am. 2008, Act 227, Imd. Eff. July 17, 2008;—Am. 2020, Act 218, Imd. Eff. Oct. 15, 2020.

TECHNOLOGY PARK DEVELOPMENT ACT
Act 385 of 1984

AN ACT to provide for the establishment of technology park districts in local governmental units; to provide certain facilities located in technology park districts an 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 certain state agencies and officers and certain officers of local governmental units; and to provide remedies and penalties.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

The People of the State of Michigan enact:

207.701 Short title.

Sec. 1. This act shall be known and may be cited as the "technology park development act".

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.702 Meanings of words and phrases.

Sec. 2. For the purposes of this act, the words and phrases defined in sections 3 and 4 have the meanings ascribed to them in those sections.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.703 Definitions; D to P.

Sec. 3. (1) "Department" means the department of treasury.

(2) "Facility" means property to be located in a technology park district.

(3) "Local governmental unit" means a city, village, or township.

(4) "Property" means land improvements, buildings, structures, and other improvements classified by law for general ad valorem tax purposes as real property, including real property assessable as personal property under section 14(6) of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.14 of the Michigan Compiled Laws, whether completed or in the process of construction, and machinery, equipment, furniture, and fixtures, or any part or accessory thereof, classified by law for general ad valorem tax purposes as personal property, the primary purpose and use of which real property and personal property are for 1 or more of the following:

(a) Research and development.

(b) A high technology service activity that has as its principal function the providing of services including computer, information transfer, communication, distribution, processing, administrative, laboratory, experimental, developmental, technical, or testing services.

(c) A high technology industrial activity that has as its principal function activities including the manufacture of goods or materials, the processing of goods or materials by physical or chemical change, computer related activities, communications, robotics, biological or pharmaceutical industrial activity, or technology oriented or emerging industrial or business activity not involving heavy manufacturing.

(d) A business activity that has as its primary function developing, improving, or creating new or existing products.

(5) Property, as defined in subsection (4), does not include the following:

(a) Land.

(b) Inventory.

(c) Facilities the primary purpose and use of which is the sale of goods or services at retail, housing, or lodging.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.704 Definitions; S, T.

Sec. 4. (1) "State equalized valuation" means the valuation determined under Act No. 44 of the Public Acts of 1911, being sections 209.1 to 209.8 of the Michigan Compiled Laws.

(2) "Technology park district" or "district" means an area of a local governmental unit established as provided in section 5.

(3) "Technology park facilities exemption certificate" or "certificate" means a certificate issued pursuant to section 8.

(4) "Technology park facilities tax" means the specific tax levied under section 12.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.705 Technology park district; establishment; composition; requirements; resolution; filing written request; alteration of boundaries; public hearing; notice; district established by township; land included as part of district.

Sec. 5. (1) A local governmental unit, by resolution of its legislative body, may establish 1 technology park district or, if subdivision (a) is not applicable, may establish more than 1 technology park district. A district shall consist of 1 or more parcels or tracts of land and, at the time the resolution is adopted, shall meet the following requirements:

(a) The district shall contain not less than 100 acres of undeveloped land. This subdivision does not apply if the administration building of the university requesting establishment of the district is located in a local governmental unit with a population of 800,000 or more persons.

(b) The district boundaries shall be continuous.

(c) All of the land in the district shall be within a 10-mile radius of the administration building on the main campus of a 4-year public university, 4-year independent university, or 4-year institute of technology, or within the corporate boundaries of the city, village, or township in which the administration building is located, or in a city or township adjacent to a city in which the administration building is located if the district is adjacent to land owned by the 4-year public university.

(2) The resolution establishing a district shall set forth a finding and determination that the district satisfies all the requirements of subsection (1).

(3) A local governmental unit shall establish a district only upon the written request filed with the clerk of the local governmental unit by the owners of record of 75% of the land included within the proposed district and the board of control of the 4-year eligible university or institute. If the university lies within 2 adjoining local governmental units, the university may file a request with both of the clerks of the local governmental units.

(4) The boundaries of an established district may be altered to include or exclude land upon the request of the owners of record of the affected real property and with the written consent of the owners of record of 75% of the land within the district as established and the board of control of the university. The district as altered shall satisfy the requirements provided in subsection (1).

(5) After receiving a proper written request and before adopting a resolution establishing or altering a district, the legislative body shall set a date for a public hearing on the request and shall publish a notice of the hearing. The legislative body shall also give written notice of the hearing to all of the owners of record of real property within the proposed district and to the legislative body of each taxing unit which levies ad valorem property taxes on the real property within the proposed district. The notice shall be given by certified mail not less than 10 nor more than 30 days before the date of the hearing.

(6) A district established by a township shall affect only land within the unincorporated territory of the township and shall not affect land within a village located in that township.

(7) Land included as part of a district may also be part of a district or development area established under any of the following:

(a) The commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws.

(b) Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws.

(c) Act No. 197 of the Public Acts of 1975, being sections 125.1651 to 125.1681 of the Michigan Compiled Laws.

(d) The tax increment finance authority act, Act No. 450 of the Public Acts of 1980, being sections 125.1801 to 125.1830 of the Michigan Compiled Laws.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1988, Act 382, Imd. Eff. Dec. 21, 1988;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.706 Application for technology park facilities exemption certificate; filing; contents; notification of assessor and legislative body; public hearing; notice.

Sec. 6. (1) Following the establishment of a district, the owner of record of a facility or, if an existing lease provides for the direct payment of ad valorem property taxes by the lessee, the lessee of a facility shall file an application for a technology park facilities exemption certificate with the clerk of the local governmental unit that established the district. The application shall be filed in the manner and form prescribed by the department. The application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of construction to be

undertaken, a descriptive list of fixed building equipment that will be a part of the facility, a descriptive list of machinery, equipment, furniture, fixtures, and other personal property that will be a part of the facility, a time schedule for commencing and completing the facility, a statement of the economic advantages expected from the exemption, including the number of jobs retained or created because of the exemption and expected construction employment, and information relating to the requirements in section 10.

(2) Upon receipt of an application for a certificate, the clerk of the local governmental unit shall notify in writing the assessor of the assessing unit in which the facility is located or to be located and the legislative body of each taxing unit that levies ad valorem property taxes in the district in which the facility is located or is to be located that such an application has been received. Before acting upon the application, the legislative body of the local governmental unit shall set a date for a public hearing on the application and shall publish public notice of the hearing. The legislative body shall also give written notice of the hearing to the applicant, the assessor, and a representative of the affected taxing jurisdictions by certified mail not less than 10 nor more than 30 days before the date of the hearing.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.707 Approval or disapproval of application; resolution.

Sec. 7. Not more than 60 days after receipt of the application for a certificate by the clerk, the legislative body of the local governmental unit shall, by resolution, either approve or disapprove the application in accordance with this act. The clerk shall retain the original of the application and resolution. If the application is disapproved, the reasons for the disapproval shall be set forth in the resolution, and the clerk shall send a copy of the resolution to the applicant. If the application is approved, the number of years that the certificate shall remain in full force and effect following completion of the facility as authorized in section 9 shall be stated in the resolution.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.707a District or exemption certificate; approval or disapproval; effective date of exemption certificate; appeal.

Sec. 7a. (1) After June 30, 1990, the establishment of a district under section 5 and the approval or disapproval of an exemption certificate under section 7 is subject to the approval or disapproval of the department of treasury. If the department of treasury does not disapprove the establishment of a district or approval of an exemption certificate within 30 days after the adoption of the resolution by the local governmental unit establishing the district or approving the certificate, the district or exemption certificate shall be considered approved by the department. If the resolution approving an exemption certificate is adopted within 30 days before the end of a tax year and the department of treasury does not disapprove the exemption certificate, the exemption certificate is effective on the effective date that the legislative body of the local governmental unit specifies in the certificate.

(2) A party aggrieved by the action of the department of treasury may appeal that action in the manner and form and within the time provided by the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

History: Add. 1990, Act 151, Imd. Eff. June 27, 1990.

207.708 Certificate; issuance; form; contents; effective date; filing; record.

Sec. 8. (1) After approval of the application for a certificate by the legislative body of the local governmental unit and the department, the clerk of the local governmental unit shall issue to the applicant a certificate in a form determined by the department that shall contain all of the following:

(a) A legal description of the real property on which the facility is located or is to be located.

(b) A descriptive list of the machinery, equipment, furniture, fixtures, and other personal property, if any, to be located in the facility.

(c) A statement that the certificate remains in force with respect to the property described in the certificate for the period stated in the certificate, unless revoked as provided in this act.

(2) The certificate shall take effect beginning on the December 31 next following the date of issuance of the certificate.

(3) The clerk of the local governmental unit shall file a copy of the certificate with the department, and the department shall maintain a record of all certificates filed.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.709 Exemption from ad valorem real and personal property taxes; duration of certificate; review; extension; commencement and termination of certificate; date of issuance of

certificate of occupancy; basis of review.

Sec. 9. (1) For the period during which the certificate is in effect, a facility for which a certificate is in effect, but not the land on which the facility is located or the inventory in the facility, is exempt from ad valorem real and personal property taxes. The lessee, occupant, user, or person in possession of the facility is exempt for the same period from any ad valorem taxes imposed under Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws. Unless revoked as provided in section 14, a certificate shall remain in force and effect for a period determined by the legislative body of the local governmental unit commencing with its effective date and ending on the December 31 next following not more than 12 years after the completion date of the facility. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 12, the certificate is subject to review by the legislative body of the local governmental unit, and the certificate may be extended. The total amount of time determined for the certificate including any extensions shall not exceed 12 years after the completion of the facility. The certificate shall commence with its effective date and end on the December 31 next following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by an appropriate authority, shall be the date of completion of the facility if the certificate is issued to an owner, or the date that the lessee takes possession if the certificate is issued to a lessee.

(2) If the number of years determined by the legislative body of the local governmental unit for the period a certificate remains in force is less than 12 years, the review of the certificate for the purpose of determining an extension shall be based upon factors, criteria, and objectives that are placed in writing, approved at the time the certificate is approved by the legislative body of the local governmental unit, and sent to the applicant and department.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990;—Am. 1993, Act 338, Eff. Mar. 15, 1994.

207.710 State equalized valuation; finding; statement; requirements for approval of application.

Sec. 10. (1) If the state equalized valuation of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under certificates previously granted and currently in force under this act or under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, or the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, exceeds 5% of the state equalized valuation of the local governmental unit, the legislative body of the local governmental unit shall make a separate finding and shall state in its resolution approving the application that exceeding that amount shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of any affected taxing unit.

(2) The legislative body of the local governmental unit shall not approve an application unless all of the following requirements are met:

(a) If an application relates to real property, including real property assessable as personal property under section 14(6) of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.14 of the Michigan Compiled Laws, the construction of any part of a facility has not commenced before the submission of the application and, if an application relates to personal property, the acquisition of any of the personal property by the applicant has not occurred before submission of the application. This subsection does not prevent an applicant from entering into a contract or purchase order if the contract or purchase order is cancelable by the applicant if the application is not approved.

(b) The application relates to a facility as defined in this act which shall be located within a qualified district established by a local governmental unit eligible under this act to establish that district.

(c) Completion of the facility is calculated to and will, at the time of the issuance of the certificate, have the reasonable likelihood to increase economic activity, create employment, retain employment, or prevent the loss of employment in the local governmental unit in which the facility is located.

(d) Completion of the facility will not cause the transfer of employment of more than 20 full-time persons from 1 or more local governmental units or, if completion of the facility will cause the transfer of employment of more than 20 full-time persons from 1 or more local governmental units, the applicant has provided notification to the department and to each local governmental unit from which such employment is to be transferred and the notified local governmental unit has not objected by resolution within 30 days after receipt of notification of the transfer of employment. If a notified local governmental unit objects within 30 days after receipt of the notification, the application shall not be approved until the objection is waived by the objecting local governmental unit. If the local governmental unit objects, a copy of the resolution of objection showing

reasons for the objection shall be filed within 20 days after adoption with the department.

(e) Completion of the facility will not cause transfer of employment from 1 or more local governmental units of this state with a population of 800,000 or more persons to the local governmental unit in which the facility is to be located or, if completion of the facility will cause such a transfer of employment, the legislative body of each local governmental unit from which employment is to be transferred consents by resolution to the issue of the certificate. If a local governmental unit from which employment is to be transferred does not give its consent, a copy of the resolution of denial showing reasons for the denial shall be filed with the department within 20 days after adoption.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.711 Annual valuation of facility; duties of assessor.

Sec. 11. The assessor of a local governmental unit in which is located a facility for which 1 or more certificates are in force shall annually determine the value, as of December 31, of each facility separately, of both real and personal property. Upon receipt of notice of the filing of an application for an issuance of a certificate, the assessor of a local governmental unit shall determine and furnish to the local legislative body the value of the property to which the application pertains and other information as may be necessary to permit the local legislative body to make the determination required by section 10(1).

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.712 Technology park facilities tax; levy; amount; collection, disbursement, and assessment of tax; payment; copy of amount of disbursement; facility located in renaissance zone; facility of qualified start-up business.

Sec. 12. (1) Except as provided in subsections (8) and (9), there is levied upon every owner of record and every user or occupant, if known, of a facility to which a certificate is issued, a specific tax to be known as a technology park facilities tax.

(2) The amount of the technology park facilities tax in each year shall be determined by multiplying the state equalized valuation of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied by a local or intermediate school district within which the facility is located for school operating purposes or mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus 1/2 of the number of mills levied for school operating purposes in 1993.

(3) The technology park facilities tax shall be collected, disbursed, and assessed in accordance with this act.

(4) The technology park facilities tax shall be an annual tax payable at the same time, in the same manner, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse technology park facilities tax payments received each year to the state, cities, townships, villages, school districts, counties, community and junior colleges, and authorities, at the times and in the proportions required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (6) for taxes collected pursuant to technology park facilities exemption certificates issued before January 1, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated.

(5) Except as provided in subsection (6), all or a portion of the amount to be disbursed to intermediate school districts receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, as determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) For technology park facilities taxes levied after 1993 for school operating purposes, the amount to be disbursed to a local school district shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(7) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the department on a form provided by the department.

(8) A facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the technology park facilities tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to

125.2696, except for that portion of the technology park facilities tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The technology park facilities tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

(9) Upon application for an exemption under this subsection by a qualified start-up business, the governing body of a local tax collecting unit may adopt a resolution to exempt a facility of a qualified start-up business from the collection of the technology park facilities tax levied under this act in the same manner and under the same terms and conditions as provided for the exemption in section 7hh of the general property tax act, 1893 PA 206, MCL 211.7hh. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit and the legislative body of each taxing unit that levies ad valorem property taxes in the local tax collecting unit. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. If a resolution authorizing the exemption is adopted in the same manner as provided in section 7hh of the general property tax act, 1893 PA 206, MCL 211.7hh, the facility owned or operated by a qualified start-up business is exempt from the technology park facilities tax levied under this act, except for that portion of the technology park facilities tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff, for the year in which the resolution is adopted. A qualified start-up business is not eligible for an exemption under this subsection for more than 5 years. A qualified start-up business may receive the exemption under this subsection in nonconsecutive years. The technology park facilities tax calculated under this subsection shall be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. As used in this subsection, "qualified start-up business" means that term as defined in section 31a of the single business tax act, 1975 PA 228, MCL 208.31a, or in section 415 of the Michigan business tax act, 2007 PA 36, MCL 208.1415.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990;—Am. 1993, Act 338, Eff. Mar. 15, 1994;—Am. 1994, Act 364, Imd. Eff. Dec. 27, 1994;—Am. 1996, Act 445, Imd. Eff. Dec. 19, 1996;—Am. 2004, Act 321, Imd. Eff. Aug. 27, 2004;—Am. 2007, Act 184, Imd. Eff. Dec. 21, 2007.

Compiler's note: Act 164 of 1989, purporting to amend MCL 207.712, could not take effect “unless amendment 2 of House Joint Resolution I of the 85th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963.” House Joint Resolution I was submitted to, and disapproved by, the people at the special election held on November 7, 1989.

207.712a Facility subject to technology park facilities exemption certificate; exemption for eligible manufacturing personal property; "eligible manufacturing personal property" defined.

Sec. 12a. (1) If a facility was subject to a technology park facilities exemption certificate on December 31, 2012, notwithstanding any other provision of this act to the contrary, that portion of the facility that is eligible manufacturing personal property shall remain subject to the technology park facilities tax and shall remain exempt from ad valorem property taxes as provided in section 9 until that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under section 9m, 9n, or 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

(2) As used in this subsection, "eligible manufacturing personal property" means that term as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m.

History: Add. 2012, Act 398, Eff. Mar. 28, 2013.

Compiler's note: Enacting section 1 of Act 398 of 2012 provides:

"Enacting section 1. Section 12a of the technology park development act, 1984 PA 385, MCL 207.712a, as added by this amendatory act is repealed if House Bill No. 6026 of the 96th Legislature is not approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

Compiler's note: HB 6026, referred to in enacting section 1, became 2012 PA 408. The act did not appear on the August 5, 2014 primary ballot.

207.713 Technology park facilities tax; failure to pay; remedies; tax as lien; enforcement; disbursement of tax and interest.

Sec. 13. (1) If a technology park facilities tax applicable to personal property is not paid within the time permitted by law for payment of taxes without penalty imposed under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws, the officer to whom the technology park facilities tax is first payable may in his or her own name or in the name of the city, village, township, or county of which he or she is an officer, and in the manner and under the

circumstances provided for a township or city treasurer by Act No. 206 of the Public Acts of 1893, collect an amount sufficient to pay the tax, the expenses of sale, and the interest on the tax at the rate of 9% per annum from the date the tax was first payable. In the alternative, the officer, in his or her own name or in the name of the city, village, township, or county of which he or she is an officer, may institute a civil action against the owner of the facility in the circuit court of the county in which the facility is located or in the circuit court of the county in which the holder of the certificate resides or has his, her, or its principal place of business, to recover the amount of the tax and interest on the tax at the rate of 9% per annum from the date the tax was first payable.

(2) The officer may seek a jeopardy assessment in the manner and under the circumstances provided for the treasurer of a city, village, or township by Act No. 55 of the Public Acts of 1956, being sections 211.691 to 211.697 of the Michigan Compiled Laws, as an additional means of collecting the amount of the tax under those circumstances.

(3) A technology park facilities tax applicable to real property, until paid, shall be a lien upon the real property to which the certificate is applicable. The officer may seek enforcement of the lien in the circuit court according to procedures for enforcement of a mortgage lien and only after filing the following with the register of deeds of the county in which the real property is located:

(a) A certificate of nonpayment of the tax.

(b) An affidavit of proof of service by certified mail of the certificate of nonpayment on the owner of the facility and, if different, on the holder of the certificate.

(4) The officer may pursue 1 or more of the remedies provided in this section until the officer has received the amount of the tax, interest on the tax, and costs allowed by this act or by the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being sections 600.101 to 600.9947 of the Michigan Compiled Laws. The amount of the tax and interest on the tax shall be disbursed by the officer as provided in section 12 for the disbursement of the technology park facilities tax.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.714 Revocation of certificate; grounds; effect of noncompliance.

Sec. 14. (1) The legislative body of the local governmental unit, by resolution, may revoke a certificate if it finds any of the following:

(a) Completion of the facility does not occur within 2 years after the effective date of the certificate or a greater time as authorized by the legislative body of the local governmental unit for good cause.

(b) The holder of the certificate, not due to circumstances beyond his or her control, fails to proceed in good faith with the operation or use of the facility in a manner consistent with the purposes of this act and in accordance with the application.

(c) The holder of the certificate does not pay the technology park facilities tax by December 31 next following the year in which the tax was due and payable.

(2) If a certificate is issued or transferred or a district created in noncompliance with this act, the certificate in noncompliance or any certificate issued for property in a district that does not comply with this act shall not be considered to have been effective for purposes of this act, including section 9. A local governmental unit that transfers a certificate in noncompliance with this act is subsequently required to receive the approval of the department before transferring a certificate under this act.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.715 Transfer of certificate; filing application for approval.

Sec. 15. (1) A holder of a certificate may transfer the certificate as provided in this section.

(2) If the holder of a certificate is an owner of the facility, a purchaser of that owner's interest must apply to the local governmental unit for approval of the transfer of the certificate. The application shall be filed prior to the effective date of the sale.

(3) If the holder of a certificate is a lessee of a facility, an assignee of that lessee's interest in the facility must apply to the local governmental unit for approval of the transfer of the certificate. The application shall be filed prior to the effective date of assignment of the interest in the facility.

(4) Notice of the application shall be given and a public hearing held as provided in section 6(2).

(5) If the owner of a facility is the holder of the certificate, a new lessee is not required to apply for transfer of the certificate.

(6) If the lessee of a facility is the holder of the certificate, a sublessee is not required to apply for transfer of the certificate.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.716 Status of certificate; report.

Sec. 16. Each local governmental unit granting a certificate shall report to the department not later than October 15 of each year regarding the status of each certificate, including the current value of the property to which the certificate pertains, the value on which the technology park facilities tax is based, and a current estimate of the number of jobs retained or created within the local governmental unit by the holder of the certificate and the users or occupants of the facilities.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

207.717 Analyses of costs and benefits.

Sec. 17. After this act has been in effect for 4 years, the departments of commerce and of treasury shall jointly prepare and submit to the respective committees of the senate and house of representatives having jurisdiction over matters concerning taxes, economic development, and corporations an in-depth analysis of the costs and benefits of this act in the communities where it has been utilized.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984.

207.718 Exemptions; submission of analyses of costs and benefits.

Sec. 18. (1) A new exemption shall not be granted under this act after December 31, 1993, but an exemption then in effect shall continue until expiration of the certificate.

(2) The in-depth analysis of the costs and benefits of this act in the communities where it has been utilized required under section 17 shall be submitted to the required committees of the senate and house of representatives not later than February 1, 1990.

History: 1984, Act 385, Imd. Eff. Dec. 28, 1984;—Am. 1989, Act 289, Imd. Eff. Dec. 26, 1989;—Am. 1990, Act 151, Imd. Eff. June 27, 1990.

STADIA OR CONVENTION FACILITY DEVELOPMENT
Act 180 of 1991

AN ACT to assist in the financing of stadia or convention facilities; to permit eligible municipalities to impose and collect an excise tax on businesses engaged in the preparation and delivery of food and beverages for immediate consumption, in leasing or renting motor vehicles in the eligible municipality, and in providing accommodations for dwelling, lodging, or sleeping purposes; to limit the rate of that excise tax; to authorize voter approval in a single ballot question of the excise tax authorized by this act and of certain purposes for which the excise tax is imposed; to provide for the establishment of procedures for the collection, administration, and enforcement of the excise tax; to prescribe the powers and duties of certain state departments and state and local officials; to provide for the disposition and transmittal of the revenues from the tax for stadia or convention facility development and other purposes and authorize the pledge of those revenues; to authorize the appointment of employees and officials of a local governmental unit to an authority to which revenues from the tax may be pledged; to prescribe penalties and provide remedies; and to repeal certain acts and parts of acts.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

The People of the State of Michigan enact:

207.751 Definitions.

Sec. 1. As used in this act:

(a) "Accommodations" means the room or other space provided for sleeping, including furnishings and other accessories in the room but not including the provision of food, beverages, telephone services, television or movie services, or other similar services, in a facility that is not a hospital, nursing home, emergency shelter, community mental health or community substance abuse treatment facility, or campground.

(b) "Chief executive officer" means for a county the county executive of a county or, if the county does not have an elected county executive, the chairperson of the county board of commissioners and for a city, the mayor.

(c) "Convention facility" means a convention exhibition facility, including meeting rooms and necessary sites, related parking lots or structures, and appurtenant properties and facilities, if the facility itself contains not less than 50,000 square feet of exhibition space and if the eligible municipality is a county, the facility is located within the boundaries of the most populous city in the county.

(d) "Eligible county" means a county with a population of 1,500,000 or more persons that adopts or has adopted a charter under 1966 PA 293, MCL 45.501 to 45.521, and that intends to impose the tax authorized by this act for purposes related to a stadium as defined under subdivision (i)(*i*).

(e) "Eligible municipality" means any of the following:

(*i*) An eligible county that intends to impose a tax under this act for purposes related to a stadium as defined under subdivision (i)(*i*).

(*ii*) A county that is not a charter county that has a population of more than 500,000 and contains a city with a population of 180,000 or more persons, or the most populous city in that county if either intends to impose a tax under this act for purposes related to a stadium as defined under subdivision (i)(*ii*) or a convention facility.

(*iii*) A county with a population of less than 200,000 that contains a city with a population of more than 40,000 but less than 50,000, or the most populous city in that county if either intends to impose a tax under this act for purposes related to a stadium as defined under subdivision (i)(*ii*) or a convention facility.

(*iv*) A county with a population of less than 300,000 with a city with a population of more than 100,000 persons, or the most populous city within that county if either intends to impose a tax under this act for purposes related to a stadium as defined under subdivision (i)(*ii*) or a convention facility.

(*v*) A county with a population of more than 250,000 with an optional unified form of government or a city within that county that levies a city income tax if either intends to impose a tax under this act for purposes related to a stadium as defined under subdivision (i)(*ii*) or a convention facility.

(*vi*) A county with a population of less than 300,000 with a city with a population of more than 70,000 persons, or the most populous city within that county if either intends to impose a tax under this act for purposes related to a stadium as defined under subdivision (i)(*ii*).

(f) "Gross receipts" means that term as defined in former section 7 of 1975 PA 228, or section 111 of the Michigan business tax act, 2007 PA 36, MCL 208.1111. Gross receipts do not include any amount received as reimbursement of sales tax or as charges for use tax.

(g) "Motor vehicle" means a motor vehicle subject to registration and certificate of title under section 216

of the Michigan vehicle code, 1949 PA 300, MCL 257.216, that is designed and intended to be used primarily in the transportation of passengers. Motor vehicle does not include a road tractor, school bus, special mobile equipment, tank vehicle, truck tractor, implement of husbandry, or farm tractor as these terms are defined by the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

(h) "Person" means an individual, partnership, corporation, association, or other legal entity.

(i) "Stadium" means a facility, including necessary sites, related parking lots or structures, and appurtenant properties and facilities, that is intended to provide space for any of the following:

(*i*) A professional baseball franchise, if the facility itself contains not less than 25,000 seats and is located in the downtown area of the most populous city in the eligible county.

(*ii*) Professional sports or entertainment, if the facility itself contains not less than 3,000 seats, is not a facility as defined by subparagraph (*i*).

(j) "Transient guest" means a person who occupies an accommodation for less than 30 consecutive days.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991;—Am. 2007, Act 172, Imd. Eff. Dec. 21, 2007;—Am. 2008, Act 532, Imd. Eff. Jan. 13, 2009.

207.752 Municipal excise tax on certain businesses; maximum rate; ordinance; question presented to voters; expiration of excise tax; initiative and referendum; limitation.

Sec. 2. (1) The governing body of an eligible municipality, by ordinance, may levy, assess, and collect an excise tax on the privilege of operating the following businesses in the eligible municipality:

(a) A person engaged in the business of preparation and delivery of food or alcoholic or nonalcoholic beverages for immediate consumption either on or off the premises, who is licensed to operate within the eligible municipality as a food service establishment under part 129 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.12901 to 333.12922 of the Michigan Compiled Laws. This subdivision does not apply to a school district, to a nonprofit organization exempt from paying sanitation fees under section 12906(3) of part 129 of Act No. 368 of the Public Acts of 1978, being section 333.12906 of the Michigan Compiled Laws, or to a grocery store licensed under the food processing act of 1977, Act No. 328 of the Public Acts of 1978, being sections 289.801 to 289.810 of the Michigan Compiled Laws, whose sale of food or beverages for immediate consumption is in a volume incidental to the volume of its business as a grocery store.

(b) A person engaged in the business of the leasing or rental of motor vehicles of which delivery is made in the eligible municipality.

(c) A person engaged in the business of providing accommodations for dwelling, lodging, or sleeping purposes in an eligible municipality to transient guests, whether or not membership is required for the use of the accommodations.

(2) The rate of tax imposed pursuant to subsection (1) shall not exceed the following amounts:

(a) 1% of the gross receipts received by the person subject to tax under subsection (1)(a) from the sale of food and beverages, including alcoholic beverages, for immediate consumption either on or off the premises.

(b) 2% of the gross receipts received by the person subject to tax under subsection (1)(b) from the leasing or rental of motor vehicles for periods of less than 30 consecutive days.

(c) 1% of the gross receipts received by a person subject to tax under subsection (1)(c) from the charges imposed for the use or occupancy of accommodations provided in the eligible municipality to transient guests, but excluding charges imposed as reimbursement for the tax levied under the state convention facility development act, Act No. 106 of the Public Acts of 1985, being sections 207.621 to 207.640 of the Michigan Compiled Laws, or for assessments imposed under the convention and tourism marketing act, Act No. 383 of the Public Acts of 1980, being sections 141.881 to 141.889 of the Michigan Compiled Laws, the regional tourism marketing act, Act No. 244 of the Public Acts of 1989, being sections 141.891 to 141.900 of the Michigan Compiled Laws, and the community convention or tourism marketing act, Act No. 395 of the Public Acts of 1980, being sections 141.871 to 141.880 of the Michigan Compiled Laws.

(3) The ordinance shall specify the date on which the ordinance becomes effective, which shall not be earlier than 30 days after the date on which the ordinance is approved by a vote of a majority of the electors of the eligible municipality voting on the ordinance at a primary or general election or at a special election called for that purpose. Any ordinance under this act shall not be submitted to the electors of an eligible municipality more than 2 times. The county clerk and all local election officials within the county shall take those steps necessary to conduct the election, the incremental expense of which shall be reimbursed by the eligible county. The question presented to the voters shall state the rates at which the tax is authorized and that the purpose of the tax is principally to secure and fund the payment of rentals by the eligible municipality to an authority organized for the purpose of acquiring a stadium or convention facility and leasing it to the eligible municipality. The question presented may also request approval of the leasing and subleasing of the stadium

or convention facility by the eligible municipality. However, if the question presented does not include a request for approval of the leasing and subleasing of the stadium or convention facility, a right of initiative and referendum exists, pursuant to the terms of the local charter, in relation to the adoption or execution of any contract, lease, or sublease for the stadium or convention facility or of any amendment to any contract of lease or sublease of any local unit of government necessary to allow the eligible municipality to lease or sublease the stadium or convention facility.

(4) The ordinance imposing the excise tax authorized by this act shall provide for the expiration of the excise tax not later than the end of the fiscal year of the eligible municipality in which obligations issued by an authority to which the revenues of the excise tax are pledged as rentals under section 6 or any obligations that may refund those obligations, in whole or in part, are retired.

(5) A right of initiative and referendum exists in relation to any issue related to an ordinance adopted in a county that is not a charter county. To invoke that initiative or referendum, petitions signed by not less than 5% of the registered electors in the county shall be filed with the county clerk of that county. The county board of commissioners shall provide the time and manner of submitting the question at the election and of determining the result of the election.

(6) An eligible municipality shall not levy the tax under this act on businesses upon which another eligible municipality has imposed the tax.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.752a Violation of MCL 168.1 to 168.992 applicable to petitions; penalties.

Sec. 2a. A petition under section 2, including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in this section is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

History: Add. 1998, Act 172, Eff. Mar. 23, 1999.

207.753 Ordinance; required provisions.

Sec. 3. The ordinance adopted pursuant to section 2 shall provide for the following:

(a) The rates of the tax.

(b) The manner of imposition of the tax, including the dates on which the tax is due, the period covered by each collection, and the method or methods of payment.

(c) The rates and manner of the imposition of interest and penalties for delinquency in filing returns, payment of taxes, or violations of the ordinance, which shall not exceed interest and penalty charges imposed under Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws, for a tax levied by the state.

(d) The determination and allowance of exemptions, abatements, and refunds.

(e) The designation of the collector of the tax.

(f) Procedures for the appeal of any assessment, including the period in which a person may appeal the assessment. All appeals shall be made to the tax tribunal subject to the tax tribunal act, Act No. 186 of the Public Acts of 1973, being sections 205.701 to 205.779 of the Michigan Compiled Laws.

(g) That if any 1 or more provisions of the ordinance for any reason are adjudged invalid or unenforceable, that judgment does not affect, impair, or invalidate the remaining provisions of the ordinance.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.754 Administration and collection of excise tax; agreement with state treasurer; remittance to municipality; ordinance provisions; confidentiality of taxpayer information; violation; penalties.

Sec. 4. (1) The chief executive officer and the state treasurer may enter into an agreement providing that the tax imposed pursuant to this act be administered and collected by the revenue division under Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws. If there is agreement, the department of treasury shall administer and collect the tax imposed by this act on behalf of the eligible municipality, and the ordinance shall provide for the administration and collection of the tax imposed by this act in the same manner as state taxes are administered and collected under Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws, except for procedures for the appeal of any assessment as provided by the ordinance. Not more than 15 days after their due date, taxes, interest, and penalties collected by the revenue division of the department of treasury pursuant to that agreement shall be remitted to the eligible municipality that imposed the tax. Any remittance to the eligible

municipality by the department of treasury after that date shall include interest earned on the gross collections after that deadline and before transmittal to the eligible county, calculated on the basis of the rate of interest accrued for this period on the common cash fund of the state.

(2) The ordinance may provide for 1 or more of the following:

(a) The adoption and enforcement of rules by the eligible municipality to apply, interpret, and effectuate the provision and purposes of the tax.

(b) The prescribing and furnishing to taxpayers of forms, instructions, manuals, and other materials necessary or convenient for the administration of the tax.

(c) The requiring of taxpayers to file returns, provide information, and maintain records that are reasonable for enforcement of the tax and auditing of the returns.

(d) The examination of the books and records of a taxpayer for purposes of determining the correctness of a tax return or information filed, or for the determination of any further tax liability.

(3) Information obtained pursuant to a provision in the ordinance authorized under subsection (2)(d) or through any return, investigation hearing, or verification required or authorized by the ordinance is confidential, except for official purposes in connection with the administration of the ordinance and except pursuant to a proper judicial order. A person who divulges this confidential information, except for official purposes, is guilty of a violation of the ordinance punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both. Additionally, if the offense is committed by an employee of the eligible municipality or the state, the person shall be dismissed from office or discharged from employment upon conviction.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.755 Excise tax levied in addition to other lawful taxes.

Sec. 5. The excise tax levied under this act is in addition to any other taxes, charges, or fees and may be levied notwithstanding any other law to the contrary.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.756 Disposition and use of excise tax revenues.

Sec. 6. The revenues from the tax imposed under this act shall be deposited in a special fund and shall be used and may be pledged by the eligible municipality only for the following purposes or paid to the following entities in the following order of priority:

(a) Costs borne by the eligible municipality for the election required under section 2(3) and in the administration and enforcement of the ordinance.

(b) Costs associated with the acquisition and construction of a stadium as defined by section 1(i)(*i*) or with the acquisition, improvement, enlargement, and construction of a stadium as defined by section 1(i)(*ii*) or convention facility as defined by section 1(c), including the reimbursement of those costs paid by an eligible municipality, and costs of current or future annual rental payable for a stadium or convention facility by an eligible municipality, or reimbursement of the eligible municipality for rentals paid, to an authority that is incorporated by the eligible municipality pursuant to Act No. 31 of the Public Acts of the First Extra Session of 1948, being sections 123.951 to 123.965 of the Michigan Compiled Laws.

(c) To the extent not needed for purposes identified in subdivision (a) or (b) in any year or to maintain a reserve for those purposes in future years, costs associated with the clearance and improvement of land for assembly and development purposes.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.757 Entering into contract for lease of stadium or convention facility payable from excise tax revenues; conditions.

Sec. 7. An eligible municipality imposing an excise tax pursuant to this act shall not enter into a contract for lease of a stadium or convention facility payable in whole or in part from the revenues of the excise tax unless the eligible municipality takes action to insure the proceeds of any obligations issued by an authority to which rentals are payable, whether or not secured by a pledge of revenues from the excise tax, and any other available money are sufficient to defray the cost of the stadium or convention facility. This action may include the appointment of officials or employees of a local governmental unit as members of the authority to which revenues of the excise tax may be pledged under this act. An official or employee of a local governmental unit appointed to an authority to which revenues of the excise tax may be pledged under this act is not considered to be concurrently holding incompatible offices or to be in breach of a duty of his or her public office by reason of the power of the position or because of a contract for lease of the stadium or convention facility between the authority and the eligible municipality.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.758 Legislative intent.

Sec. 8. (1) It is the intent of this legislature that state funds shall not be used for the construction, maintenance, or operation of stadia or convention facilities.

(2) It is the intent of this legislature that state funds shall not be used as a subsidy or to subsidize a shortfall of revenues collected from nonstate sources.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

207.759 Repeal of MCL 141.851 to 141.855.

Sec. 9. Act No. 232 of the Public Acts of 1971, being sections 141.851 to 141.855 of the Michigan Compiled Laws, is repealed.

History: 1991, Act 180, Imd. Eff. Dec. 26, 1991.

NEIGHBORHOOD ENTERPRISE ZONE ACT
Act 147 of 1992

AN ACT to provide for the development and rehabilitation of residential housing; to provide for the creation of neighborhood enterprise zones; to provide for obtaining neighborhood enterprise zone certificates for a period of time and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units.

History: 1992, Act 147, Imd. Eff. July 16, 1992.

The People of the State of Michigan enact:

207.771 Short title.

Sec. 1. This act shall be known and may be cited as the "neighborhood enterprise zone act".

History: 1992, Act 147, Imd. Eff. July 16, 1992.

Compiler's note: For transfer of powers and duties of Michigan enterprise authority to the chief executive officer of Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

207.772 Definitions.

Sec. 2. As used in this act:

(a) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(b) "Condominium unit" means that portion of a structure intended for separate ownership, intended for residential use, and established under the condominium act, 1978 PA 59, MCL 559.101 to 559.276. Condominium units within a qualified historic building may be held under common ownership.

(c) "Developer" means a person who is the owner of a new facility at the time of construction or of a rehabilitated facility at the time of rehabilitation for which a neighborhood enterprise zone certificate is applied for or issued.

(d) "Facility" means a homestead facility, a new facility, or a rehabilitated facility.

(e) "Homestead facility" means 1 of the following:

(*i*) An existing structure, purchased by or transferred to an owner after December 31, 1996, that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is occupied by an owner as his or her principal residence and that is located within a subdivision platted pursuant to state law before January 1, 1968 other than an existing structure for which a certificate will or has been issued after December 31, 2006 in a city with a population of 750,000 or more, is located within a subdivision platted pursuant to state law before January 1, 1968.

(*ii*) An existing structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is occupied by an owner as his or her principal residence that is located in a subdivision platted after January 1, 1999 and is located in a county with a population of more than 400,000 and less than 500,000 according to the most recent decennial census and is located in a city with a population of more than 100,000 and less than 125,000 according to the most recent decennial census.

(f) "Local governmental unit" means a city, village, or township.

(g) "New facility" means 1 or both of the following:

(*i*) A new structure or a portion of a new structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is or will be occupied by an owner as his or her principal residence. New facility includes a model home or a model condominium unit. New facility includes a new individual condominium unit, in a structure with 1 or more condominium units, that has as its primary purpose residential housing and that is or will be occupied by an owner as his or her principal residence. Except as provided in subparagraph (*ii*), new facility does not include apartments.

(*ii*) A new structure or a portion of a new structure that meets all of the following:

(A) Is rented or leased or is available for rent or lease.

(B) Is a mixed use building or located in a mixed use building that contains retail business space on the street level floor.

(C) Is located in a qualified downtown revitalization district.

(h) "Neighborhood enterprise zone certificate" or "certificate" means a certificate issued pursuant to sections 4, 5, and 6.

(i) "Owner" means the record title holder of, or the vendee of the original land contract pertaining to, a new facility, a homestead facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is applied for or issued.

(j) "Qualified assessing authority" means 1 of the following:

(*i*) For a facility other than a homestead facility, the commission.

(*ii*) For a homestead facility, the assessor of the local governmental unit in which the homestead facility is located.

(k) "Qualified downtown revitalization district" means an area located within 1 or more of the following:

(*i*) The boundaries of a downtown district as defined in section 201 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201.

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

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

(*l*) "Qualified historic building" means a property within a neighborhood enterprise zone that has been designated a historic resource as defined under section 266 of the income tax act of 1967, 1967 PA 281, MCL 206.266.

(m) "Rehabilitated facility" means, except as otherwise provided in section 2a, an existing structure or a portion of an existing structure with a current true cash value of $120,000.00 or less per unit that has or will have as its primary purpose residential housing, consisting of 1 to 8 units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of $10,000.00 per owner-occupied unit or 50% of the true cash value, whichever is less, or $15,000.00 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of $3,000.00 per owner-occupied unit or $4,500.00 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. Rehabilitated facility also includes an individual condominium unit, in a structure with 1 or more condominium units that has as its primary purpose residential housing, the owner of which proposes the above described improvements. Rehabilitated facility also includes existing or proposed condominium units in a qualified historic building with 1 or more existing or proposed condominium units. Rehabilitated facility does not include a facility rehabilitated with the proceeds of an insurance policy for property or casualty loss. A qualified historic building may contain multiple rehabilitated facilities.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2006, Act 661, Imd. Eff. Jan. 10, 2007;—Am. 2008, Act 228, Imd. Eff. July 17, 2008;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2010, Act 9, Imd. Eff. Mar. 8, 2010;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020;—Am. 2022, Act 238, Eff. Mar. 29, 2023.

207.772a Inflation rate adjustment.

Sec. 2a. Beginning in 2021 and each year thereafter, the state treasurer shall adjust the dollar amounts described in section 2(m) by the inflation rate as defined in section 34d of the general property tax act 1893 PA 206, MCL 211.34d, for that year.

History: Add. 2020, Act 3, Imd. Eff. Jan. 27, 2020.

207.773 Neighborhood enterprise zone; designation by resolution; notice; finding of consistency; statement; housing inspection ordinance; public hearing; determining true cash value; limitations on total acreage; amendment or repeal of resolution; designation in obsolete property rehabilitation district.

Sec. 3. (1) The governing body of a local governmental unit by resolution may designate 1 or more neighborhood enterprise zones within that local governmental unit. Except as otherwise provided in this subsection, a neighborhood enterprise zone shall contain not less than 10 platted parcels of land. A neighborhood enterprise zone located in a qualified downtown revitalization district may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities. All the land within a neighborhood enterprise zone shall also be compact and contiguous. Contiguity is not broken by a road, right-of-way, or property purchased or taken under condemnation if the purchased or condemned property was a single parcel prior to the sale or condemnation.

(2) The total acreage of the neighborhood enterprise zones containing only new facilities or rehabilitated facilities or any combination of new facilities or rehabilitated facilities designated under this act shall not exceed 15% of the total acreage contained within the boundaries of the local governmental unit. The total acreage of the neighborhood enterprise zones containing only homestead facilities designated under this act shall not exceed 10% of the total acreage contained within the boundaries of the local governmental unit or, with the approval of the board of commissioners of the county in which the neighborhood enterprise zone is

located if the county does not have an elected or appointed county executive or with the approval of the board of commissioners and the county executive of the county in which the neighborhood enterprise zone is located if the county has an elected or appointed county executive, 15% of the total acreage contained within the boundaries of the local governmental unit.

(3) Not less than 60 days before the passage of a resolution designating a neighborhood enterprise zone or the repeal or amendment of a resolution under subsection (5), the clerk of the local governmental unit shall give written notice to the assessor and to the governing body of each taxing unit that levies ad valorem property taxes in the proposed neighborhood enterprise zone. Before acting upon the resolution, the governing body of the local governmental unit shall make a finding that a proposed neighborhood enterprise zone is consistent with the master plan of the local governmental unit and the neighborhood preservation and economic development goals of the local governmental unit. The governing body before acting upon the resolution shall also adopt a statement of the local governmental unit's goals, objectives, and policies relative to the maintenance, preservation, improvement, and development of housing for all persons regardless of income level living within the proposed neighborhood enterprise zone. Additionally, before acting upon the resolution, the governing body of a local governmental unit with a population greater than 20,000 shall pass a housing inspection ordinance. A local governmental unit with a population of 20,000 or less may pass a housing inspection ordinance. Before the sale of a unit in a new or rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, an inspection shall be made of the unit to determine compliance with any local construction or safety codes and that a sale may not be finalized until there is compliance with those local construction or safety codes. The governing body shall hold a public hearing not later than 45 days after the date the notice is sent but before acting upon the resolution.

(4) Upon receipt of a notice under subsection (3), the assessor shall determine and furnish to the governing body of the local governmental unit the amount of the true cash value of the property located within the proposed neighborhood enterprise zone and any other information considered necessary by the governing body.

(5) A resolution designating a neighborhood enterprise zone, other than a zone designated under subsection (2), may be repealed or amended not sooner than 3 years after the date of adoption or of the most recent amendment of the resolution by the governing body of the local governmental unit. The repeal or amendment of the resolution shall take effect 6 months after adoption. However, an action taken under this subsection does not invalidate a certificate that is issued or in effect and a facility for which a certificate is issued or in effect shall continue to be included in the total acreage limitations under this section until the certificate is expired or revoked.

(6) A resolution designating a neighborhood enterprise zone in an obsolete property rehabilitation district that was created by a local unit of government on June 6, 2003, and for which the state tax commission issued obsolete property rehabilitation certificates on August 26, 2003, and September 24, 2003 will cause any previous certificate to expire on the December 30 immediately preceding the December 31 on which the first neighborhood enterprise zone certificate is effective. The taxable value of the parcel shall be calculated using the value of the parcel before the building permit was issued. This subdivision authorizes an amended obsolete property rehabilitation certificate approved by the state tax commission for the portion of the parcel contained in the original certificate for which an application for a neighborhood enterprise zone certificate was not submitted.

(7) Beginning June 1, 2023, in addition to all other requirements under this act, both of the following apply in a city, township, or village that became a local governmental unit pursuant to the amendatory act that added this subsection:

(a) A local governmental unit may designate a neighborhood enterprise zone only if the local governmental unit determines that both of the following are met:

(*i*) The designation encourages compact development and the neighborhood enterprise zone contains 5 or more existing residential units per acre at the time of designation.

(*ii*) The neighborhood enterprise zone is adjacent to existing development, can utilize existing infrastructure, and has access to municipal water and sewer services on at least 1 frontage.

(b) Notwithstanding section 9, for that part of a facility that in the prior year was occupied by an individual, couple, family, or group of unrelated individuals with a combined adjusted household income in excess of 120% of the countywide area median income as posted by the Michigan state housing development authority on its website, the specific tax paid in lieu of taxes for the year must be equal to the full amount of the taxes that would be paid on that portion of the facility if the facility were not tax exempt.

(8) As used in this section, "adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 204, Imd. Eff. July 11, 2008;—Am. 2022, Act 238, Eff. Mar. 29, 2023.

207.774 Neighborhood enterprise zone certificate; application; filing; manner and form; contents; effective date of certificate; conditions.

Sec. 4. (1) The owner of a homestead facility or owner or developer or prospective owner or developer of a proposed new facility or an owner or developer or prospective developer proposing to rehabilitate property located in a neighborhood enterprise zone may file an application for a neighborhood enterprise zone certificate with the clerk of the local governmental unit. The application shall be filed in the manner and form prescribed by the commission. The clerk of the local governmental unit shall provide a copy of each homestead facility application to the assessor for the local governmental unit. Except as provided in subsection (2) or as otherwise provided by the local governmental unit by resolution if the application is filed not later than 6 months following the date the building permit is issued, the application shall be filed before a building permit is issued for the new construction or rehabilitation of the facility.

(2) An application may be filed after a building permit is issued only if 1 or more of the following apply:

(a) For the rehabilitation of a facility if the area in which the facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in the calendar year 1992 and if the building permit is issued for the rehabilitation before December 31, 1994 and after the date on which the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit.

(b) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in calendar year 1992 or 1993 and if the building permit is issued for that new facility before December 31, 1995 and after January 1, 1993.

(c) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1997 and if the building permit is issued for that new facility on February 3, 1998.

(d) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1996 and if the building permit was issued for that facility on or before July 3, 2001.

(e) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in October 1994 and if the building permit was issued for that facility on or before April 25, 1997.

(f) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in September 2001 and if the building permit is issued for that new facility on March 3, 2003.

(g) For a rehabilitated facility if all or a portion of the rehabilitated facility is a qualified historic building.

(h) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1993 and the new facility was a model home.

(i) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in August 2004 and if building permits were issued for that facility beginning November 5, 2002 through December 23, 2003.

(j) For a homestead facility.

(k) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 2003, and if the building permit was issued for that facility in June 2004.

(*l*) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood zone by the governing body of the local governmental unit in February 2004 and if the building permit for that facility was issued in August 2003 or January 2005.

(m) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in June 2007 and if the building permit was issued for that facility after November 30, 2004 and before November 1, 2006.

(n) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit on July 1, 2005 and if the building permit was issued for that facility after April 5, 2006 and before May 1, 2007.

(o) For the construction of a new facility if the area in which the new facility is located is designated as a

neighborhood enterprise zone by the governing body of the local governmental unit in April 2003 and if the building permit was issued for that facility in April 2008 or September 2008.

(p) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in September 2012 and if the building permit was issued for that facility after December 1, 2004 and before December 30, 2004.

(q) For the construction of a new facility if the area in which the new facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1996 and if the building permit was issued for that facility in October 2017.

(3) The application shall contain or be accompanied by all of the following:

(a) A general description of the homestead facility, new facility, or proposed rehabilitated facility.

(b) The dimensions of the parcel on which the homestead facility, new facility, or proposed rehabilitated facility is or is to be located.

(c) The general nature and extent of the construction to be undertaken.

(d) A time schedule for undertaking and completing the rehabilitation of property or the construction of the new facility.

(e) A statement by the owner of a homestead facility that the owner is committed to investing a minimum of $500.00 in the first 3 years that the certificate for a homestead facility is in effect and committed to documenting the minimum investment if required to do so by the assessor of the local governmental unit.

(f) Any other information required by the local governmental unit.

(4) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(c) or (p), the effective date of the certificate shall be the first day of the tax year following the year the certificate is approved by the commission.

(5) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(d) or the amendatory act that added subsection (2)(e), the effective date of the certificate shall be January 1, 2001.

(6) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(j) or the amendatory act that added subsection (2)(k), the effective date of the certificate shall be the first day of the tax year following the year the certificate is approved by the qualified assessing authority.

(7) For a certificate issued as a result of the amendatory act that added subsection (2)(e), both of the following shall apply not withstanding any other provision of this act:

(a) The effective date of the certificate shall be January 1, 2001 and the taxable value for rehabilitated facilities shall be set as provided in section 10(3).

(b) For certificates issued or reissued after December 31, 2005, the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, as of December 31 of the year prior to the start of the improvement as described in subsection (3) by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, for the current year by all taxing units within which the rehabilitated facility is located.

(8) For any certificate issued as result of the amendatory act that added subsection (2)(*l*), notwithstanding any other provision of this act the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, as of December 31 of the year prior to the start of the improvement as described in subsection (3) by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, for the current year by all taxing units within which the rehabilitated facility is located.

(9) If a new facility is completed in a neighborhood enterprise zone approved in October 1996 and a building permit was issued in March 1998 but a neighborhood enterprise zone certificate was not applied for by the original owner occupying the facility as a principal residence, a subsequent owner occupying the new facility as a principal residence can request and, notwithstanding any other provision of this act, effective December 31 of the year preceding the application, be granted a neighborhood enterprise zone certificate for the remainder of the term, not to exceed 12 years, that a neighborhood enterprise zone certificate would have been in effect for the original owner of the new facility.

(10) If a new facility is completed in a neighborhood enterprise zone but a neighborhood enterprise zone certificate was not applied for by the original owner, a subsequent owner occupying the new facility as a principal residence can request and, notwithstanding any other provision of this act, effective December 31 of the year preceding the application, be granted a neighborhood enterprise zone certificate for the remainder of the term, not to exceed 15 years, that a neighborhood enterprise zone certificate would have been in effect for the original owner of the new facility.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 1994, Act 391, Imd. Eff. Dec. 29, 1994;—Am. 1996, Act 242, Imd. Eff. June 12, 1996;—Am. 2001, Act 93, Imd. Eff. July 30, 2001;—Am. 2002, Act 608, Imd. Eff. Dec. 20, 2002;—Am. 2003, Act 199, Imd. Eff. Nov. 14, 2003;—Am. 2004, Act 60, Imd. Eff. Apr. 12, 2004;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2004, Act 566, Imd. Eff. Jan. 3, 2005;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2006, Act 349, Imd. Eff. Sept. 18, 2006;—Am. 2006, Act 660, Imd. Eff. Jan. 10, 2007;—Am. 2006, Act 661, Imd. Eff. Jan. 10, 2007;—Am. 2008, Act 4, Imd. Eff. Feb. 7, 2008;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2009, Act 16, Imd. Eff. Apr. 9, 2009;—Am. 2010, Act 136, Imd. Eff. Aug. 4, 2010;—Am. 2014, Act 17, Imd. Eff. Feb. 25, 2014;—Am. 2021, Act 70, Imd. Eff. July 29, 2021;—Am. 2021, Act 165, Imd. Eff. Dec. 27, 2021.

207.775 Neighborhood enterprise zone certificate; application; approval; forwarding to qualified assessing authority.

Sec. 5. Not more than 60 days after receipt by its clerk of an application under section 4, the governing body of the local governmental unit by resolution shall approve the application for a neighborhood enterprise zone certificate. The clerk shall forward the application to the qualified assessing authority.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008.

207.776 Homestead facility or new or rehabilitated facility; determination of compliance with act; issuance and filing of certificate; maintenance of record; notice of refusal.

Sec. 6. Not later than 60 days after receipt of an approved application for a homestead facility or a rehabilitated facility, and not later than 30 days, or if an approved application is received after June 15, not later than 45 days after receipt of an approved application for a new facility, the qualified assessing authority shall determine whether the homestead facility, new facility, or rehabilitated facility complies with the requirements of this act. If the qualified assessing authority finds compliance, the qualified assessing authority shall issue a neighborhood enterprise zone certificate to the applicant and send a certified copy of the certificate to each affected taxing unit. The assessor shall keep the certificate filed on record in his or her office. The qualified assessing authority shall maintain a record of all certificates filed. Notice of the qualified assessing authority's refusal to issue a certificate shall be sent by certified mail to the same persons.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 338, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2022, Act 238, Eff. Mar. 29, 2023.

207.777 Neighborhood enterprise zone certificate; requirements for issuance.

Sec. 7. (1) The commission shall not issue a neighborhood enterprise zone certificate for a new facility unless the new facility meets the requirements of the definition in section 2(g).

(2) The commission shall not issue a neighborhood enterprise zone certificate for a rehabilitated facility unless the rehabilitated facility meets the requirements of the definition in section 2(m).

(3) The assessor of the local governmental unit shall not issue a neighborhood enterprise zone certificate for a homestead facility unless the homestead facility meets the requirements of the definition in section 2(e).

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 338, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020.

207.778 Neighborhood enterprise zone certificate; form and contents.

Sec. 8. A neighborhood enterprise zone certificate shall be in the form prescribed and provided by the commission and shall include both of the following:

(a) A legal description of the real property on which the new facility is to be located or the legal description of the homestead facility or the rehabilitated property.

(b) A statement that unless revoked under this act, the certificate shall remain in effect for the period stated in the certificate.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2019, Act 163, Eff. Mar. 19, 2020.

207.779 Neighborhood enterprise zone tax; exemption from ad valorem real property taxes; determination of amount; payment; disbursement; distribution to intermediate school districts; payment to state treasury; tax as lien; continuance of certificate; condition; collection as delinquent tax; facility located in renaissance zone.

Sec. 9. (1) Except as provided in subsection (14), there is levied on the owner of a homestead facility, a new facility, or a rehabilitated facility to which a neighborhood enterprise zone certificate is issued a specific tax known as the neighborhood enterprise zone tax.

(2) A homestead facility, a new facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, but not the land on which the facility is located, is exempt from ad valorem real property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(3) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a new facility is determined each year by multiplying the taxable value of the facility, not including the land, by 1 of the following:

(a) For property that would otherwise meet the definition of a principal residence under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, if that property was not exempt from ad valorem property taxes under this act, 1/2 of the average rate of taxation levied in this state in the immediately preceding calendar year on a principal residence and qualified agricultural property as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd. However, in 1994 only, the average rate of taxation shall be the average rate of taxation levied in 1993 upon all property in this state upon which ad valorem taxes are assessed.

(b) For property that is not a principal residence under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13. However, in 1994 only, the average rate of taxation shall be the average rate of taxation levied in 1993 upon all property in this state upon which ad valorem taxes are assessed.

(4) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, for the tax year immediately preceding the effective date of the neighborhood enterprise zone certificate by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing units within which the rehabilitated facility is located.

(5) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a homestead facility is the sum of all the following:

(a) One-half the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the homestead facility not including the land.

(b) One-half the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the homestead facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the homestead facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the homestead facility is located multiplied by the current taxable value of the homestead facility not including the land.

(6) In the year 2 years before the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Five-eighths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Five-eighths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(7) In the year before the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Three-fourths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Three-fourths the number of mills levied for operating purposes by the county in which the

neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(8) In the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Seven-eighths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Seven-eighths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(9) The neighborhood enterprise zone tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the neighborhood enterprise zone tax received by the officer or officers each year to the state, cities, townships, villages, school districts, counties, and authorities at the same times and in the same proportions as required for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (11) for taxes collected after June 30, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated. Local tax collection officers shall disburse the proceeds of the neighborhood enterprise zone tax collected on homestead facilities under subsection (5) and on homestead facilities, new facilities, and rehabilitated facilities under subsections (6), (7), and (8) each year to the state, cities, townships, villages, school districts, counties, and authorities in an amount equal to the sum of the proceeds of the neighborhood enterprise zone tax collected on the facility multiplied by a fraction in which the numerator is the number of mills levied by the taxing unit that was used to calculate the specific tax on the facility and the denominator is the total number of mills levied by all the taxing units that was used to calculate the specific tax in which the property is located.

(10) An intermediate school district receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If and for the period that the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, is amended or its successor act is enacted or amended to include a provision that provides for adjustments in state school aid to account for the receipt of revenues provided under this act in place of exempted ad valorem property tax, revenues required to be remitted or returned to the state treasury to the credit of the state school aid fund shall be distributed instead to the intermediate school districts. If the sum of any industrial facility tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial facilities tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and the neighborhood enterprise zone tax paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the intermediate school district exceeds the amount received by the intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible intermediate school district an amount equal to the difference between the sum of the industrial facility tax, the commercial facilities tax, and the neighborhood enterprise zone tax paid to the state treasury to the credit of the state school aid fund and the amount the

intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681.

(11) For neighborhood enterprise zone taxes levied after 1993 for school operating purposes, the amount that would otherwise be disbursed to a local school district shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(12) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the commission on a form provided by the commission. The neighborhood enterprise zone tax is a lien on the real property upon which the new facility or rehabilitated facility subject to the certificate is located until paid. The continuance of a certificate is conditional upon the annual payment of the neighborhood enterprise zone tax and the ad valorem tax on the land collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(13) If payment of the tax under this act is not made by the March 1 following the levy of the tax, the tax shall be turned over to the county treasurer and collected in the same manner as a delinquent tax under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(14) A homestead facility, a new facility, or a rehabilitated facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the neighborhood enterprise zone tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the neighborhood enterprise zone tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The neighborhood enterprise zone tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 1994, Act 369, Imd. Eff. Dec. 27, 1994;—Am. 1996, Act 449, Imd. Eff. Dec. 19, 1996;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2003, Act 127, Eff. Jan. 1, 2004;—Am. 2005, Act 340, Imd. Eff. Jan. 3, 2006.

207.780 Neighborhood enterprise zone certificate; effective date; filing; affidavit of occupancy by owner as principal residence.

Sec. 10. (1) Except as provided in subsections (2) and (3), the effective date of the neighborhood enterprise zone certificate is December 31 in the year in which the new facility or rehabilitated facility is substantially completed and, for a new facility, occupied by an owner as a principal residence, as evidenced by the owner filing with the assessor of the local assessing unit all of the following:

(a) For a new facility, a certificate of occupancy.

(b) For a rehabilitated facility, a certificate that the improvements meet minimum local building code standards issued by the local building inspector or other authorized officer or a certificate of occupancy if required by local building permits or building codes.

(c) For a rehabilitated facility, documentation proving the cost requirements of section 2(m) are met.

(d) For a homestead facility or a new facility, except for a new facility described in section 2(g)(*ii*), an affidavit executed by an owner affirming that the homestead facility or new facility is occupied by an owner as a principal residence.

(2) If a new facility is substantially completed in a year but is not occupied by an owner as a principal residence until the following year, upon the request of the owner, the effective date of the neighborhood enterprise zone certificate shall be December 31 in the year immediately preceding the date of occupancy by the owner as a principal residence.

(3) Upon the request of the owner, the effective date of the neighborhood enterprise zone certificate for a rehabilitated facility shall be December 31 in the year immediately preceding the date on which the rehabilitated facility is substantially completed.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 158, Imd. Eff. Nov. 6, 2001;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020;—Am. 2022, Act 238, Eff. Mar. 29, 2023.

207.781 Revocation, expiration, or extension of certificate; rescission of revocation.

Sec. 11. (1) On receipt of a request by certified mail to the qualified assessing authority by the holder of a neighborhood enterprise zone certificate requesting revocation of the certificate, the qualified assessing authority by order shall revoke the certificate.

(2) A certificate issued before January 1, 2017 expires if the owner fails to complete the filing requirements under section 10 within 2 years of the date the certificate was issued. A certificate issued after December 31, 2016 expires if the owner fails to complete the filing requirements under section 10 within 3

years of the date the certificate was issued. The holder of the certificate may request in writing to the qualified assessing authority before the expiration of the certificate or within 1 year of the expiration of the certificate, a 1-year automatic extension of the deadlines provided in this subsection if the owner has proceeded in good faith with the construction or rehabilitation of the facility in a manner consistent with the purposes of this act and the delay in completion or occupancy by an owner is due to circumstances beyond the control of the holder of the certificate. The holder of a certificate issued before March 23, 2020 may request in writing to the qualified assessing authority not later than 1 year after the expiration of the certificate, a 1-year automatic extension of deadlines provided in this subsection, in addition to any extensions already exercised by the holder of the certificate. On request of the governing body of the local governmental unit, the qualified assessing authority shall extend the certificate if the new facility has not been occupied.

(3) The certificate for a homestead facility or new facility is automatically revoked if the homestead facility or new facility is no longer a homestead as that term is defined in section 7a of the general property tax act, 1893 PA 206, MCL 211.7a. However, if the owner or any subsequent owner submits a certificate before the revocation is effective, the qualified assessing authority, on application of the owner, shall rescind the order of revocation. If the certificate is submitted after revocation of the certificate, the qualified assessing authority, on application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

(4) If the owner of the facility fails to make the annual payment of the neighborhood enterprise zone tax and the ad valorem property tax on the land under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, the qualified assessing authority by order shall revoke the certificate. However, if payment of these taxes is made before the revocation is effective, the qualified assessing authority, on application of the owner, shall rescind the order of revocation. If payment of these taxes and any subsequent ad valorem property tax due on the facility is made after revocation of the certificate, the qualified assessing authority, on application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

(5) If a homestead facility, a new facility, or a rehabilitated facility ceases to have as its primary purpose residential housing, the qualified assessing authority by order shall revoke the certificate for that facility. A new or rehabilitated facility does not cease to be used for its primary purpose if it is temporarily damaged or destroyed in whole or in part.

(6) If the governing body of a local governmental unit determines that a homestead facility, a new facility, or a rehabilitated facility is not in compliance with any local construction, building, or safety codes and notifies the qualified assessing authority by certified mail of the noncompliance, the qualified assessing authority by order shall revoke the certificate.

(7) The revocation is effective beginning the December 31 following the date of the order or, if the certificate is automatically revoked under subsection (3), the December 31 following the automatic revocation. The qualified assessing authority shall send by certified mail copies of the order of revocation to the holder of the certificate and to the assessor of that local governmental unit, and to the legislative body of each taxing unit that levies taxes upon property in the local governmental unit in which the new facility or rehabilitated facility is located.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020;—Am. 2021, Act 44, Imd. Eff. July 1, 2021;—Am. 2022, Act 188, Imd. Eff. July 25, 2022.

207.782 Duration of certificate.

Sec. 12. (1) Except as otherwise provided in this section, unless earlier revoked as provided in section 11, a neighborhood enterprise zone certificate issued before January 1, 2006 shall remain in effect for 6 to 12 years and a neighborhood enterprise zone certificate issued after December 31, 2005 shall remain in effect for 6 to 15 years from the effective date of the certificate as determined by the governing body of the local governmental unit. The governing body of a local governmental unit that issued a neighborhood enterprise zone certificate for a new facility or a rehabilitated facility before January 1, 2006 may extend the certificate for an additional 3 years if the extension is approved by resolution before the original neighborhood enterprise zone certificate expires or after the original certificate expires if the certificate expired on or after January 1, 2004 and on or before January 3, 2006. If the homestead facility, new facility, or rehabilitated facility is sold or transferred to another owner who otherwise complies with this act and, for a homestead facility or a new facility, uses the homestead facility or the new facility as a principal residence, the certificate shall remain in effect.

(2) If a rehabilitated facility was sold before December 29, 1994 and a certificate was in effect for that facility at the time of the sale, and the new owner of the rehabilitated facility otherwise complies with this act,

the certificate shall be reinstated and remain in effect for the remainder of the original period described in subsection (1), unless earlier revoked under section 11.

(3) Except as provided in subsection (4), a change in ownership of a rehabilitated facility constituting all or a portion of a qualified historic building, occurring after the effective date of a neighborhood enterprise zone certificate for that rehabilitated facility, shall not affect the validity of that neighborhood enterprise zone certificate, and the certificate shall remain in effect for the period specified in this section as long as the rehabilitated facility has as its primary purpose residential housing.

(4) Unless revoked earlier as provided in section 11, a neighborhood enterprise zone certificate in effect for a rehabilitated facility constituting all or a portion of a qualified historic building shall remain in effect for 11 to 17 years from the effective date of the certificate as determined by the governing body of the local governmental unit. However, if a rehabilitated facility constituting all or a portion of a qualified historic building is not transferred or sold to a person who will own and occupy the rehabilitated facility as his or her principal residence within 12 years of the effective date of the neighborhood enterprise zone certificate, the neighborhood enterprise zone certificate is revoked.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 1994, Act 391, Imd. Eff. Dec. 29, 1994;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2006, Act 661, Imd. Eff. Jan. 10, 2007;—Am. 2010, Act 65, Imd. Eff. May 6, 2010.

207.783 Determination of assessed valuation of property benefiting from certificate and ad valorem property tax that would have been paid; notice.

Sec. 13. (1) The assessor of each local governmental unit in which is located a homestead facility, a new facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect shall determine annually, with respect to each homestead facility, new facility, or rehabilitated facility, the assessed valuation of the property comprising the facility having the benefit of a neighborhood enterprise zone certificate and the amount of ad valorem property tax that would have been paid with respect to each homestead facility, new facility, and rehabilitated facility under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, if the certificate had not been in force, and the assessed valuation on which the neighborhood enterprise zone tax is based for a homestead facility or a rehabilitated facility. A holder of a certificate shall furnish to the assessor the information necessary for the determination.

(2) After making the determinations under subsection (1), the assessor shall send annually notification of those determinations to the governing body of each taxing unit that levies taxes upon property in the local governmental unit in which the new facility or rehabilitated facility is located and the holder of the certificate for which the determination is made. The notice must be sent by certified mail not later than October 15 and must be based upon the valuation as of the immediately preceding December 31.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2017, Act 44, Imd. Eff. June 7, 2017.

207.784 Repealed. 2017, Act 44, Imd. Eff. June 7, 2017.

Compiler's note: The repealed section pertained to publication of list of governmental units meeting criteria of MCL 207.772(d).

207.785 Repealed. 2008, Act 284, Imd. Eff. Sept. 29, 2008.

Compiler's note: The repealed section pertained to issuance of report on costs and benefits of act.

207.786 Rules; report.

Sec. 16. (1) The commission may promulgate rules it considers necessary for the administration of this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(2) Not later than June 15 each year, the assessor of each local governmental unit that issues a certificate under this act for a homestead facility shall file with the commission a report that contains all of the following information for the immediately preceding calendar year:

(a) The number of certificates issued.

(b) The date of issuance of each certificate.

(c) The name and address of the holder of each certificate.

(d) The legal description of the real property of the homestead facility for which each certificate was issued.

(e) The taxable value for each homestead facility for which a certificate was issued.

(f) For each certificate that was transferred, all of the following:

(*i*) The date of each transfer.

(*ii*) The name and address of the former holder of the certificate.

(*iii*) The name and address of the current holder of the certificate.

(g) For each certificate that was revoked pursuant to section 11, all of the following:

(*i*) The reason for the revocation.

(*ii*) The date of the revocation.

(*iii*) The name and address of the holder of each certificate that was revoked.

(h) The impact on neighborhood revitalization in the local governmental unit, including the estimated tax savings for all new and current certificate holders.

(3) A report required by this section shall be prepared by the local assessor on a form provided by the commission. The commission may require that the report be filed in an electronic format prescribed by the commission.

(4) Not later than October 15 each year, the commission shall review and evaluate the information contained in the report described in subsection (2) and submit a report based on that evaluation to each house of the legislature, the chairpersons of the senate and house of representatives standing committees on appropriations, the chairperson of the senate standing committee on finance, and the chairperson of the house of representatives standing committee on tax policy. The report required under this subsection shall also include specific recommendations for any changes considered necessary in this act.

History: 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008.

207.787 Repealed. 2001, Act 217, Imd. Eff. Dec. 28, 2001.

Compiler's note: The repealed section pertained to issuance of certificate after December 31, 2002.

MICHIGAN ECONOMIC GROWTH AUTHORITY ACT
Act 24 of 1995

AN ACT to promote economic growth and job creation within this state; to create and regulate the Michigan economic growth authority; to prescribe the powers and duties of the authority and of state and local officials; to assess and collect a fee; to approve certain plans and the use of certain funds; and to provide qualifications for and determine eligibility for tax credits and other incentives for authorized businesses and for qualified taxpayers.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2000, Act 144, Imd. Eff. June 6, 2000.

Popular name: MEGA

The People of the State of Michigan enact:

207.801 Short title.

Sec. 1. This act shall be known and may be cited as the "Michigan economic growth authority act".

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.802 Legislative findings.

Sec. 2. The legislature finds that it is in the public interest to promote economic growth and to encourage private investment, job creation, and job upgrading for residents in this state.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.803 Definitions.

Sec. 3. As used in this act:

(a) "Affiliated business" means a business that is at least 50% owned and controlled, directly or indirectly, by an associated business.

(b) "Associated business" means a business that owns at least 50% of and controls, directly or indirectly, an authorized business.

(c) "Authorized business" means 1 of the following:

(*i*) A single eligible business with a unique federal employer identification number that has met the requirements of section 8 and with which the authority has entered into a written agreement for a tax credit under section 9.

(*ii*) A single eligible business with a unique federal employer identification number that has met the requirements of section 8, except as provided in this subparagraph, and with which the authority has entered into a written agreement for a tax credit under section 9. An eligible business is not required to create qualified new jobs or maintain retained jobs if qualified new jobs are created or retained jobs are maintained by an associated business, subsidiary business, affiliated business, or an employee leasing company or professional employer organization that has entered into a contractual service agreement with the authorized business in which the employee leasing company or professional employer organization withholds income and Social Security taxes on behalf of the authorized business.

(d) "Authority" means the Michigan economic growth authority created under section 4.

(e) "Business" means proprietorship, joint venture, partnership, limited liability partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company, or any other organization.

(f) "Distressed business" means a business that meets all of the following as verified by the Michigan economic growth authority:

(*i*) Four years immediately preceding the application to the authority under this act, the business had 150 or more full-time jobs in this state.

(*ii*) Within the immediately preceding 4 years, there has been a reduction of not less than 30% of the number of full-time jobs in this state during any consecutive 3-year period. The highest number of full-time jobs within the consecutive 3-year period must be used to determine the percentage reduction of full-time jobs in this subparagraph.

(*iii*) Is not a seasonal employer as defined in section 27 of the Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.27.

(g) "Eligible business" means a distressed business or business that proposes to maintain retained jobs after December 31, 1999 or to create qualified new jobs in this state after April 18, 1995 in manufacturing, mining, research and development, wholesale and trade, film and digital media production, or office operations or a business that is a qualified high-technology business or a business that is a tourism attraction facility or a qualified lodging facility. Except for a retail establishment that meets the criteria in section 8(11), an eligible business does not include retail establishments, professional sports stadiums, or that portion of an eligible business used exclusively for retail sales. Professional sports stadium does not include a sports stadium in existence on June 6, 2000 that is not used by a professional sports team on the date that an application related to that professional sports stadium is filed under section 8.

(h) "Eligible next Michigan business" means a business engaged in the shipment of tangible personal property via multimodal commerce; a supply chain business providing a majority of its services to businesses engaged in the shipment of tangible personal property, including inventory, via multimodal commerce; a manufacturing or assembly facility receiving a majority of its production components via multimodal commerce; a manufacturing or assembly facility shipping a majority of products via multimodal commerce; or a light manufacturing or assembly facility that packages, kits, labels, or customizes products and ships those products via multimodal commerce.

(i) "Facility" means a site or sites within this state in which an authorized business or subsidiary business maintains retained jobs or creates qualified new jobs.

(j) "Film and digital media production" means the development, preproduction, production, postproduction, and distribution of single media or multimedia entertainment content for distribution or exhibition to the general public in 2 or more states by any means and media in any digital media format, film, or video tape, including, but not limited to, a motion picture, a documentary, a television series, a television miniseries, a television special, interstitial television programming, long-form television, interactive television, music videos, interactive games, video games, internet programming, an internet video, a sound recording, a video, digital animation, or an interactive website. Film and digital media production also includes the development, preproduction, production, postproduction, and distribution of a trailer, pilot, video teaser, or demo created primarily to stimulate the sale, marketing, promotion, or exploitation of future investment in a film or digital media production. Film or digital media production does not include the production of any of the following:

(*i*) A production for which records are required to be maintained with respect to any performer in the production under 18 USC 2257.

(*ii*) A production that includes obscene matter or an obscene performance as described in 1984 PA 343, MCL 752.361 to 752.374.

(*iii*) A production that primarily consists of televised news or current events.

(*iv*) A production that primarily consists of a live sporting event.

(*v*) A production that primarily consists of political advertising.

(*vi*) A radio program.

(*vii*) A weather show.

(*viii*) A financial market report.

(*ix*) A talk show.

(*x*) A game show.

(*xi*) A production that primarily markets a product or service.

(*xii*) An awards show or other gala event production.

(*xiii*) A production with the primary purpose of fund-raising.

(*xiv*) A production that primarily is for employee training or in-house corporate advertising or other similar production.

(k) "Full-time job" means a job performed by an individual for 35 hours or more each week and whose income and Social Security taxes are withheld by 1 or more of the following:

(*i*) An authorized business.

(*ii*) An employee leasing company.

(*iii*) A professional employer organization on behalf of the authorized business.

(*iv*) Another person as provided in section 8(1)(c).

(*v*) A business that sells all or part of its assets to an eligible business that receives a credit under section 8(1) or (5).

(*l*) "Local governmental unit" means a county, city, village, or township in this state.

(m) "High-technology activity" means 1 or more of the following:

(*i*) Advanced computing, which is any technology used in the design and development of any of the following:

(A) Computer hardware and software.

(B) Data communications.

(C) Information technologies.

(D) Film and digital media production.

(*ii*) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.

(*iii*) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning as defined in section 16274 of the public health code, 1978 PA 368, MCL 333.16274, or stem cell research with embryonic tissue.

(*iv*) Electronic device technology, which is any technology that involves microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics, and optical and optic-electrical devices, or data and digital communications and imaging devices.

(*v*) Engineering or laboratory testing related to the development of a product.

(*vi*) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including, but not limited to, environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.

(*vii*) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.

(*viii*) Product research and development.

(*ix*) Advanced vehicles technology, which is any technology that involves electric vehicles, hybrid vehicles, or alternative fuel vehicles, or components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles. For purposes of this act:

(A) "Electric vehicle" means a road vehicle that draws propulsion energy only from an on-board source of electrical energy.

(B) "Hybrid vehicle" means a road vehicle that can draw propulsion energy from both a consumable fuel and a rechargeable energy storage system.

(*x*) Tool and die manufacturing.

(*xi*) Competitive edge technology as defined in section 88a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088a.

(*xii*) Digital media, including internet publishing and broadcasting, video gaming, web development, and entertainment technology.

(*xiii*) Music production, including record production and development, sound recording studios, and integrated high-technology record production and distribution.

(*xiv*) Film and video, including motion picture and video production and distribution, postproduction services, and teleproduction and production services.

(n) "Multimodal commerce" means the movement of products or services via 2 of the following:

(*i*) Air.

(*ii*) Road.

(*iii*) Rail.

(*iv*) Water.

(o) "New capital investment" means 1 or more of the following:

(*i*) New construction. As used in this subparagraph:

(A) "New construction" means property not in existence on the date the authorized business enters into a written agreement with the authority and not replacement construction. New construction includes the physical addition of equipment or furnishings, subject to section 27(2)(a) to (q) of the general property tax act, 1893 PA 206, MCL 211.27.

(B) "Replacement construction" means that term as defined in section 34d(1)(b)(*v*) of the general property tax act, 1893 PA 206, MCL 211.34d.

(*ii*) The purchase of new personal property. As used in this subparagraph, "new personal property" means personal property that is not subject to or that is exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, on the date the authorized business enters into a written agreement with the authority.

(p) "Qualified high-technology business" means a business or facility whose primary business activity is high-technology activity or a qualified high-wage activity.

(q) "Qualified high-wage activity" means a business that has an average wage of 300% or more of the federal minimum wage. Qualified high-wage activity may also include, but is not limited to, 1 or more of the following as long as they have an average wage of 300% or more of the federal minimum wage:

(*i*) Architecture and design, including architectural design, graphic design, interior design, fashion design, and industrial design.

(*ii*) Advertising and marketing, including advertising and marketing firms and agencies, public relations agencies, and display advertising.

(r) "Qualified lodging facility" means 1 or more of the following:

(*i*) Lodging facilities that constitute a portion of a tourism attraction facility and represent less than 50% of the total cost of the tourism attraction facility, or the lodging facilities are to be located on recreational property owned or leased by the municipal, state, or federal government.

(*ii*) The lodging facilities involve the restoration or rehabilitation of a structure that is listed individually in the national register of historic places or are located in a national register historic district and certified by this state as contributing to the historic significance of the district, and the rehabilitation or restoration project has been approved in advance by this state.

(s) "Qualified new job" means 1 of the following:

(*i*) A full-time job created by an authorized business at a facility that is in excess of the number of full-time jobs the authorized business maintained in this state prior to the expansion or location, as determined by the authority.

(*ii*) For jobs created after July 1, 2000, a full-time job at a facility created by an eligible business that is in excess of the number of full-time jobs maintained by that eligible business in this state up to 90 days before the eligible business became an authorized business, as determined by the authority.

(*iii*) For a distressed business, a full-time job at a facility that is in excess of the number of full-time jobs maintained by that eligible business in this state on the date the eligible business became an authorized business.

(t) "Retained jobs" means the number of full-time jobs at a facility of an authorized business maintained in this state on a specific date as that date and number of jobs is determined by the authority.

(u) "Rural business" means an eligible business located in a county with a population of 90,000 or less.

(v) "Subsidiary business" means a business that is directly or indirectly controlled or at least 80% owned by an authorized business.

(w) "Tourism attraction facility" means a cultural or historical site, a recreation or entertainment facility, an area of natural phenomena or scenic beauty, or an entertainment destination center as determined by the Michigan economic growth authority as follows:

(*i*) In making a determination, the Michigan economic growth authority shall consider all of the following:

(A) Whether the facility will actually attract tourists.

(B) Whether 50% or more of the persons using the facility reside outside a 100-mile radius.

(C) Whether 50% or more of the gross receipts are from admissions, food, or nonalcoholic drinks.

(D) Whether the facility offers a unique experience.

(*ii*) The Michigan economic growth authority shall not determine any of the following as a tourism attraction facility:

(A) Facilities, other than an entertainment destination center, that are primarily devoted to the retail sale of goods, a theme restaurant destination attraction, or a tourism attraction where the attraction is a secondary and subordinate component to the sale of goods.

(B) Recreational facilities that do not serve as a likely destination where individuals who are not residents of the state would remain overnight in commercial lodging at or near the facility.

(x) "Written agreement" means a written agreement made pursuant to section 8. A written agreement may address new jobs, qualified new jobs, full-time jobs, retained jobs, or any combination of new jobs, qualified new jobs, full-time jobs, or retained jobs.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2000, Act 144, Imd. Eff. June 6, 2000;—Am. 2000, Act 428, Imd. Eff. Jan. 9, 2001;—Am. 2003, Act 248, Imd. Eff. Dec. 29, 2003;—Am. 2004, Act 81, Imd. Eff. Apr. 22, 2004;—Am. 2004, Act 398, Imd. Eff. Oct. 15, 2004;—Am. 2006, Act 21, Imd. Eff. Feb. 14, 2006;—Am. 2006, Act 117, Imd. Eff. Apr. 11, 2006;—Am. 2006, Act 188, Imd. Eff. June 19, 2006;—Am. 2006, Act 281, Imd. Eff. July 10, 2006;—Am. 2007, Act 62, Imd. Eff. Sept. 19, 2007;—Am. 2008, Act 87, Imd. Eff. Apr. 8, 2008;—Am. 2008, Act 108, Imd. Eff. Apr. 28, 2008;—Am. 2008, Act 257, Imd. Eff. Aug. 4, 2008;—Am. 2010, Act 272, Imd. Eff. Dec. 15, 2010;—Am. 2022, Act 241, Imd. Eff. Dec. 14, 2022.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.804 Michigan economic growth authority; creation within Michigan strategic fund; duties; membership, appointment, and terms of members; vacancy; compensation; expenses.

Sec. 4. (1) The Michigan economic growth authority is created within the Michigan strategic fund. The Michigan strategic fund shall provide staff for the authority and shall carry out the administrative duties and functions as directed by the authority. The budgeting, procurement, and related functions as directed by the authority are under the supervision of the president of the Michigan strategic fund.

(2) The authority consists of the following 8 members:

(a) The president of the Michigan strategic fund, or his or her designee, as chairperson of the authority.

(b) The state treasurer or his or her designee.

(c) The director of the department of labor and economic growth, or his or her designee.

(d) The director of the state transportation department, or his or her designee.

(e) Four other members appointed by the governor by and with the advice and consent of the senate who are not employed by this state and who have knowledge, skill, and experience in the academic, business, local government, labor, or financial fields.

(3) A member shall be appointed for a term of 4 years, except that of the members first appointed by the governor, 2 shall be appointed for a term of 2 years and 2 for a term of 4 years from the dates of their appointments. A vacancy shall be filled for the balance of the unexpired term in the same manner as an original appointment by the governor and by and with the advice and consent of the senate.

(4) Except as otherwise provided by law, a member of the authority shall not receive compensation for services, but the authority may reimburse each member for expenses necessarily incurred in the performance of his or her duties.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2003, Act 248, Imd. Eff. Dec. 29, 2003;—Am. 2006, Act 484, Imd. Eff. Dec. 29, 2006.

Compiler's note: For transfer of the position as member of Michigan economic growth authority designated for the director of the Michigan jobs commission to the president and chief executive officer of the Michigan economic development corporation to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of the position as member of the Michigan economic growth authority designated for the director of the department of management and budget to the director of the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of position of member of board designated for director of department of transportation from director of department of transportation to state budget director, see E.R.O. No. 2010-3, compiled at MCL 125.1992.

For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.805 Michigan economic growth authority; powers; quorum; meetings; business conducted at public meeting; confidential information; written statement; disclosure; “financial or proprietary information” defined.

Sec. 5. (1) The powers of the authority are vested in the authority members in office. Regardless of the existence of a vacancy, a majority of the members of the authority constitutes a quorum necessary for the transaction of business at a meeting or the exercise of a power or function of the authority. Action may be taken by the authority at a meeting upon a vote of the majority of the members present. Members of the authority may be present in person at a meeting of the authority or, if authorized by the bylaws of the authority, by use of telecommunications or other electronic equipment.

(2) The authority shall meet at the call of the chairperson or as may be provided by the authority. Meetings of the authority may be held anywhere within this state.

(3) The business of the authority shall be conducted at a public meeting of the authority held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given as provided by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A record or portion of a record, material, or other data received, prepared, used, or retained by the authority in connection with an application for a tax credit under section 9 that relates to financial or proprietary information submitted by the applicant that is considered by the applicant and acknowledged by the authority as confidential shall not be subject to the disclosure requirements of the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. A designee of the authority shall make the determination as to whether the authority acknowledges as confidential any financial or proprietary information submitted by the applicant and considered by the applicant as confidential. Unless considered proprietary information, the authority shall not acknowledge routine financial information as confidential. If the designee of the authority determines that information submitted to the authority is financial or proprietary information and is confidential, the designee

of the authority shall release a written statement, subject to disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, which states all of the following:

(a) The name and business location of the person requesting that the information submitted be confidential as financial or proprietary information.

(b) That the information submitted was determined by the designee of the authority to be confidential as financial or proprietary information.

(c) A broad nonspecific overview of the financial or proprietary information determined to be confidential.

(4) The authority shall not disclose financial or proprietary information not subject to disclosure pursuant to subsection (3) without consent of the applicant submitting the information.

(5) As used in this section, "financial or proprietary information" means information that has not been publicly disseminated or is unavailable from other sources, the release of which might cause the applicant significant competitive harm. Financial or proprietary information does not include a written agreement under this act.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2003, Act 248, Imd. Eff. Dec. 29, 2003;—Am. 2008, Act 108, Imd. Eff. Apr. 28, 2008.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.806 Michigan economic growth authority; powers.

Sec. 6. The authority shall have powers necessary or convenient to carry out and effectuate the purpose of this act, including, but not limited to, the following:

(a) To authorize eligible businesses to receive tax credits to foster job creation in this state.

(b) To determine which businesses qualify for tax credits under this act.

(c) To determine the amount and duration of tax credits authorized under this act.

(d) To issue certificates and enter into written agreements specifying the conditions under which tax credits are authorized and the circumstances under which those tax credits may be reduced or terminated.

(e) To charge and collect reasonable administrative fees.

(f) To delegate to the chairperson of the authority, staff, or others the functions and powers it considers necessary and appropriate to administer the programs under this act.

(g) To assist an eligible business to obtain the benefits of a tax credit, incentive, or inducement program provided by this act or by law.

(h) To determine the eligibility of and issue certificates to certain qualified taxpayers for credits allowed under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, and to develop the application process and necessary forms to claim the credit under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431. The Michigan economic growth authority annually shall prepare and submit to the house of representatives and senate committees responsible for tax policy and economic development issues a report on the credits under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431. The report shall include, but is not limited to, all of the following:

(*i*) A listing of the projects under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, that were approved in the previous calendar year.

(*ii*) The total amount of eligible investment approved under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, in the previous calendar year.

(i) To approve the capture of school operating taxes and work plans as provided in sections 13 and 15 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2663 and 125.2665.

(j) To determine the eligibility of and issue certificates to certain qualified taxpayers for credits allowed under section 407 of the Michigan business tax act, 2007 PA 36, MCL 208.1407.

(k) To determine the eligibility of and issue certificates to certain taxpayers for credits allowed under sections 431a and 431b of the Michigan business tax act, 2007 PA 36, MCL 208.1431a and 208.1431b.

(*l*) To determine the eligibility of and issue certificates to certain taxpayers for credits allowed under sections 432 to 432d of the Michigan business tax act, 2007 PA 36, MCL 208.1432 to 208.1432d.

(m) To determine the eligibility of and issue certificates to certain taxpayers for credits allowed under section 434 of the Michigan business tax act, 2007 PA 36, MCL 208.1434.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2000, Act 144, Imd. Eff. June 6, 2000;—Am. 2003, Act 248, Imd. Eff. Dec. 29, 2003;—Am. 2007, Act 150, Imd. Eff. Dec. 14, 2007;—Am. 2008, Act 110, Imd. Eff. Apr. 28, 2008;—Am. 2008, Act 262, Imd. Eff. Aug. 6, 2008;—Am. 2008, Act 548, Imd. Eff. Jan. 13, 2009.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and

abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.807 Application for tax credit; written agreement; form.

Sec. 7. (1) An eligible business may apply to the authority to enter into a written agreement which authorizes a tax credit under section 9.

(2) The form of the application shall be as specified by the authority from time to time. The authority may request such information, in addition to that contained in an application, as may be needed to permit the authority to discharge its responsibilities under section 8.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.808 Agreement for tax credit; determination; requirements; amount and duration of tax credits; factors; written agreement; criteria; limitation on new agreements; execution; repayment provision; conditions; agreement with eligible business not meeting criteria; guidelines for amendment, modification, or transfer of certificated credit.

Sec. 8. (1) After receipt of an application, the authority may enter into an agreement with an eligible business for a tax credit under section 9 if the authority determines that all of the following are met:

(a) Except as provided in subsection (5), the eligible business creates 1 or more of the following as determined by the authority and provided with written agreement:

(*i*) A minimum of 50 qualified new jobs at the facility if expanding in this state.

(*ii*) A minimum of 50 qualified new jobs at the facility if locating in this state.

(*iii*) A minimum of 25 qualified new jobs at the facility if the facility is located in a neighborhood enterprise zone as determined under the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to 207.786, is located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, or is located in a federally designated empowerment zone, rural enterprise community, or enterprise community.

(*iv*) A minimum of 5 qualified new jobs at the facility if the eligible business is a qualified high-technology business.

(*v*) A minimum of 5 qualified new jobs at the facility if the eligible business is a rural business.

(b) Except as provided in subsection (5), the eligible business agrees to maintain 1 or more of the following for each year that a credit is authorized under this act:

(*i*) A minimum of 50 qualified new jobs at the facility if expanding in this state.

(*ii*) A minimum of 50 qualified new jobs at the facility if locating in this state.

(*iii*) A minimum of 25 qualified new jobs at the facility if the facility is located in a neighborhood enterprise zone as determined under the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to 207.786, is located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, or is located in a federally designated empowerment zone, rural enterprise community, or enterprise community.

(*iv*) If the eligible business is a qualified high-technology business, all of the following apply:

(A) A minimum of 5 qualified new jobs at the facility.

(B) A minimum of 25 qualified new jobs at the facility within 5 years after the date of the expansion or location as determined by the authority and a minimum of 25 qualified new jobs at the facility each year thereafter for which a credit is authorized under this act.

(*v*) If the eligible business is a rural business, all of the following apply:

(A) A minimum of 5 qualified new jobs at the facility.

(B) A minimum of 25 qualified new jobs at the facility within 5 years after the date of the expansion or location as determined by the authority.

(c) Except as provided in subsection (5) and as otherwise provided in this subdivision, in addition to the jobs specified in subdivision (b), the eligible business, if already located within this state, agrees to maintain a number of full-time jobs equal to or greater than the number of full-time jobs it maintained in this state prior to the expansion, as determined by the authority. After an eligible business has entered into a written agreement as provided in subsection (2), the authority may adjust the number of full-time jobs required to be maintained by the authorized business under this subdivision, in order to adjust for decreases in full-time jobs in the authorized business in this state due to the divestiture of operations, provided a single other person continues to maintain those full-time jobs in this state. The authority shall not approve a reduction in the

number of full-time jobs to be maintained unless the authority has determined that it can monitor the maintenance of the full-time jobs in this state by the other person, and the authorized business agrees in writing that the continued maintenance of the full-time jobs in this state by the other person, as determined by the authority, is a condition of receiving tax credits under the written agreement. A full-time job maintained by another person under this subdivision, that otherwise meets the requirements of section 3(j), shall be considered a full-time job, notwithstanding the requirement that a full-time job be performed by an individual employed by an authorized business, or an employee leasing company or professional employer organization on behalf of an authorized business.

(d) Except as otherwise provided in this subdivision, the wage paid for each retained job and qualified new job is equal to or greater than 150% of the federal minimum wage. However, if the eligible business is a qualified high-wage activity, then the wage paid for each qualified new job is equal to or greater than 300% of the state minimum wage. However, beginning on August 4, 2008, the authority may include the value of the health care benefit in determining the wage paid for each retained job or qualified new job for an eligible business under this act.

(e) The plans for the expansion, retention, or location are economically sound.

(f) Except for an eligible business described in subsection (5)(c), the eligible business has not begun construction of the facility.

(g) The expansion, retention, or location of the eligible business will benefit the people of this state by increasing opportunities for employment and by strengthening the economy of this state.

(h) The tax credits offered under this act are an incentive to expand, retain, or locate the eligible business in Michigan and address the competitive disadvantages with sites outside this state.

(i) A cost/benefit analysis reveals that authorizing the eligible business to receive tax credits under this act will result in an overall positive fiscal impact to the state.

(2) If the authority determines that the requirements of subsection (1), (5), (9), or (11) have been met, the authority shall determine the amount and duration of tax credits to be authorized under section 9, and shall enter into a written agreement as provided in this section. Except as otherwise provided under this section, the duration of the tax credits shall not exceed 20 years or for an authorized business that is a distressed business, 3 years. In determining the amount and duration of tax credits authorized, the authority shall consider the following factors:

(a) The number of qualified new jobs to be created or retained jobs to be maintained.

(b) The average wage and health care benefit level of the qualified new jobs or retained jobs relative to the average wage and health care benefit paid by private entities in the county in which the facility is located.

(c) The total capital investment or new capital investment the eligible business will make.

(d) The cost differential to the business between expanding, locating, or retaining new jobs in Michigan and a site outside of Michigan.

(e) The potential impact of the expansion, retention, or location on the economy of Michigan.

(f) The cost of the credit under section 9, the staff, financial, or economic assistance provided by the local government unit, or local economic development corporation or similar entity, and the value of assistance otherwise provided by this state.

(g) Whether the expansion, retention, or location will occur in this state without the tax credits offered under this act.

(h) Whether the authorized business reuses or redevelops property that was previously used for an industrial or commercial purpose in locating the facility.

(i) The project's effects on other Michigan businesses within the same industry.

(3) A written agreement between an eligible business and the authority shall include, but need not be limited to, all of the following:

(a) A description of the business expansion, retention, or location that is the subject of the agreement.

(b) Conditions upon which the authorized business designation is made.

(c) A statement by the eligible business that a violation of the written agreement may result in the revocation of the designation as an authorized business and the loss or reduction of future credits under section 9.

(d) A statement by the eligible business that a misrepresentation in the application may result in the revocation of the designation as an authorized business and the refund of credits received under section 9 plus a penalty equal to 10% of the credits received under section 9.

(e) A method for measuring full-time jobs before and after an expansion, retention, or location of an authorized business in this state.

(f) A written certification from the eligible business regarding all of the following:

(*i*) The eligible business will follow a competitive bid process for the construction, rehabilitation,

development, or renovation of the facility, and that this process will be open to all Michigan residents and firms. The eligible business may not discriminate against any contractor on the basis of its affiliation or nonaffiliation with any collective bargaining organization.

(*ii*) The eligible business will make a good-faith effort to employ, if qualified, Michigan residents at the facility.

(*iii*) The eligible business will make a good-faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

(*iv*) The eligible business is encouraged to make a good-faith effort to utilize Michigan-based suppliers and vendors when purchasing goods and services.

(g) A condition that if the eligible business qualified under subsection (5)(b)(*ii*) and met the subsection (1)(e) requirement by filing a chapter 11 plan of reorganization, the plan must be confirmed by the bankruptcy court within 6 years of the date of the agreement or the agreement is rescinded.

(4) Upon execution of a written agreement as provided in this section, an eligible business is an authorized business.

(5) Through December 31, 2007, after receipt of an application, the authority may enter into a written agreement with an eligible business that meets 1 or more of the following criteria:

(a) Is located in this state on the date of the application, makes new capital investment of $250,000,000.00 in this state, and maintains 500 retained jobs, as determined by the authority.

(b) Meets 1 or more of the following criteria:

(*i*) Relocates production of a product to this state after the date of the application, makes capital investment of $500,000,000.00 in this state, and maintains 500 retained jobs, as determined by the authority.

(*ii*) Maintains 150 retained jobs at a facility, maintains 1,000 or more full-time jobs in this state, and makes new capital investment in this state.

(*iii*) Is located in this state on the date of the application, maintains at least 100 retained jobs at a single facility, and agrees to make new capital investment at that facility equal to the greater of $100,000.00 per retained job maintained at that facility or $10,000,000.00 to be completed or contracted for not later than December 31, 2007.

(*iv*) Maintains 300 retained jobs at a facility; the facility is at risk of being closed and if it were to close, the work would go to a location outside this state, as determined by the authority; new management or new ownership is proposed for the facility that is committed to improve the viability of the facility, unless otherwise provided in this subparagraph; and the tax credits offered under this act are necessary for the facility to maintain operations. The authority may not enter into a written agreement under this subparagraph after December 31, 2007. Of the written agreements entered into under this subparagraph, the authority may enter into 3 written agreements under this subparagraph that are excluded from the requirements of subsection (1)(e), (f), and (h) if the authority considers it in the public interest and if the eligible business would have met the requirements of subsection (1)(g) and (h) within the immediately preceding 6 months from the signing of the written agreement for a tax credit. Of the 3 written agreements described in this subparagraph, the authority may also waive the requirement for new management if the existing management and labor make a commitment to improve the viability and productivity of the facility to better meet international competition as determined by the authority.

(*v*) Maintains 100 retained jobs at a facility; is a rural business, unless otherwise provided in this subparagraph; the facility is at risk of being closed and if it were to close, the work would go to a location outside this state, as determined by the authority; new management or new ownership is proposed for the facility that is committed to improve the viability of the facility; and the tax credits offered under this act are necessary for the facility to maintain operations. The authority may not enter into a written agreement under this subparagraph after December 31, 2007. Of the written agreements entered into under this subparagraph, the authority may enter into 3 written agreements under this subparagraph that are excluded from the requirements of subsection (1)(e), (f), and (h) if the authority considers it in the public interest and if the eligible business would have met the requirements of subsection (1)(e), (g), and (h) within the immediately preceding 6 months from the signing of the written agreement for a tax credit. Of the 3 written agreements described in this subparagraph, the authority may also waive the requirement that the business be a rural business if the business is located in a county with a population of 500,000 or more and 600,000 or less.

(*vi*) Maintains 175 retained jobs and makes new capital investment at a facility in a county with a population of not less than 7,500 but not greater than 8,000.

(*vii*) Is located in this state on the date of the application, maintains at least 675 retained jobs at a facility, agrees to create 400 new jobs, and agrees to make a new capital investment of at least $45,000,000.00 to be completed or contracted for not later than December 31, 2007. Of the written agreements entered into under this subparagraph, the authority may enter into 1 written agreement under this subparagraph that is excluded

from the requirements of subsection (1)(f) if the authority considers it in the public interest.

(*viii*) Is located in this state on the date of the application, makes new capital investment of $250,000,000.00 or more in this state, and makes that capital investment at a facility located north of the 45th parallel.

(c) Is a distressed business.

(6) Through December 31, 2008, each year, the authority shall not execute new written agreements that in total provide for more than 400 yearly credits over the terms of those agreements entered into that year for eligible businesses that are not qualified high-technology businesses, distressed businesses, rural businesses, or an eligible business described in subsection (11). For calendar year 2009, the authority shall not execute new written agreements described in this subsection that in total provide for more than 400 yearly credits over the terms of those agreements entered into that year, plus up to 85 additional yearly credits taken from previously issued credits by the authority. For calendar year 2010 and each year thereafter through calendar year 2014, the authority shall not execute new written agreements described in this subsection that in total provide for more than 300 yearly credits over the terms of those agreements entered into that year, plus up to 85 additional yearly credits taken from previously issued credits by the authority. As used in this subsection, beginning calendar year 2010, "yearly credit" means the number of years over the term of an agreement multiplied by the percentage amount authorized in the agreement. As used in this subsection, "previously issued credits" means 2/3 of the number of tax credits authorized by the authority for an authorized business beginning in calendar year 1999 that meet all of the following:

(a) That the authorized business did not use any or a portion of the tax credits authorized under that written agreement.

(b) The authority determined at a meeting upon a vote of the majority of the members present that the credits previously authorized satisfy subdivision (a).

(7) The authority shall not execute more than 50 new written agreements each year for eligible businesses that are qualified high-technology businesses or rural business. In addition, the authority may execute not more than 25 additional new written agreements each year for eligible businesses that are qualified high-technology businesses that have demonstrated that not less than 10% of the total operating expenses of the eligible business in the immediately preceding 2 years was attributable to research and development. Not more than 35 of the 75 written agreements for businesses that are qualified high-technology businesses or rural business may be executed each year for qualified rural businesses. Not more than 50 of the 75 written agreements for businesses that are qualified high-technology businesses or rural businesses may be executed each year for a high-technology business that engages in a qualified high-wage activity. Not more than 4 of the 75 agreements executed under this subsection may provide for a tax credit with a duration of more than 12 years but not more than 20 years. The authority shall not execute a written agreement for an eligible business that is a qualified high-technology business or rural business under this subsection if that eligible business has claimed a credit under section 455 of the Michigan business tax act, 2007 PA 36, MCL 208.1455.

(8) The authority shall not execute more than 20 new written agreements each year for eligible businesses that are distressed businesses. The authority shall not execute more than 5 of the written agreements described in this subsection each year for distressed businesses that had 1,000 or more full-time jobs at a facility 4 years immediately preceding the application to the authority under this act. The authority shall not execute more than 5 new written agreements each year for eligible businesses described in subsection (11). The authority shall not execute more than 4 new written agreements each year for eligible businesses described in subsection (11) in local governmental units that have a population greater than 16,000.

(9) Beginning January 1, 2008, after receipt of an application, the authority may enter into a written agreement with an eligible business that does not meet the criteria described in subsection (1), if the eligible business meets all of the following:

(a) Agrees to retain not fewer than 50 jobs.

(b) Agrees to invest, through construction, acquisition, transfer, purchase, contract, or any other method as determined by the authority, at a facility equal to $50,000.00 or more per retained job maintained at the facility.

(c) Certifies to the authority that, without the credits under this act and without the new capital investment, the facility is at risk of closing and the work and jobs would be removed to a location outside of this state.

(d) Certifies to the authority that the management or ownership is committed to improving the long-term viability of the facility in meeting the national and international competition facing the facility through better management techniques, best practices, including state of the art lean manufacturing practices, and market diversification.

(e) Certifies to the authority that it will make best efforts to keep jobs in Michigan when making plant location and closing decisions.

(f) Certifies to the authority that the workforce at the facility demonstrates its commitment to improving productivity and profitability at the facility through various means.

(10) Beginning on April 28, 2008, if the authority enters into a written agreement with an eligible business, the written agreement shall include a repayment provision of all or a portion of the credits received by the eligible business for a facility if the eligible business moves full-time jobs outside this state during the term of the written agreement and for a period of years after the term of the written agreement, as determined by the authority.

(11) Beginning January 1, 2008, after receipt of an application, the authority may enter into a written agreement with an eligible business that does not meet the criteria described in subsection (1), if the eligible business meets all of the following:

(a) Agrees to create or retain not fewer than 15 jobs.

(b) Agrees to occupy property that is a historic resource as that term is defined in section 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435, and that is located in a downtown district as defined in section 201 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201.

(c) The average wage paid for each retained job and full-time job is equal to or greater than 150% of the federal minimum wage.

(12) The authority or its successor may modify or amend the Michigan economic growth authority tax credit agreement approved by a resolution of the Michigan strategic fund board on November 27, 2018 and subsequently assign or transfer that agreement as long as the modification or amendment reduces the total amount of the credit, the modification or amendment does not extend the term to claim the credit, and the value of the credit taken by the transferee does not exceed $12,000,000.00.

(13) The authority or its successor shall establish guidelines for the amendment, modification, or transfer described in subsection (12) and shall publish those guidelines on its website.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2000, Act 144, Imd. Eff. June 6, 2000;—Am. 2003, Act 248, Imd. Eff. Dec. 29, 2003;—Am. 2004, Act 81, Imd. Eff. Apr. 22, 2004;—Am. 2004, Act 398, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 185, Imd. Eff. Oct. 24, 2005;—Am. 2006, Act 21, Imd. Eff. Feb. 14, 2006;—Am. 2006, Act 117, Imd. Eff. Apr. 11, 2006;—Am. 2006, Act 283, Imd. Eff. July 10, 2006;—Am. 2006, Act 484, Imd. Eff. Dec. 29, 2006;—Am. 2007, Act 62, Imd. Eff. Sept. 19, 2007;—Am. 2008, Act 110, Imd. Eff. Apr. 28, 2008;—Am. 2008, Act 257, Imd. Eff. Aug. 4, 2008;—Am. 2009, Act 123, Imd. Eff. Oct. 27, 2009;—Am. 2019, Act 91, Imd. Eff. Oct. 10, 2019.

Compiler's note: Enacting section 1 of Act 123 of 2009 provides:

"Enacting section 1. It is the intent of the legislature that, when the authority determines whether to, and on what terms and conditions to, enter into a written agreement with an eligible business and the eligible business is considering multiple locations within this state, the authority should make substantial efforts not to endorse 1 location over another."

For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.808a Fee or donation.

Sec. 8a. Beginning on the effective date of the amendatory act that added this section, the authority shall not require an eligible business, as a condition of becoming an authorized business, to pay an unreasonable fee to or make a donation to the Michigan economic development corporation or a foundation or fund associated with the Michigan economic development corporation.

History: Add. 2003, Act 248, Imd. Eff. Dec. 29, 2003.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.809 Eligibility for credits; issuance of certificate.

Sec. 9. (1) An authorized business is eligible for the credits provided in sections 37c, 37d, and 38g(19) to (24) of the single business tax act, 1975 PA 228, MCL 208.37c, 208.37d, and 208.38g, and sections 407 and 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1407 and 208.1431.

(2) The authority shall issue a certificate each year to an authorized business that states the following:

(a) That the eligible business is an authorized business.

(b) The amount of the tax credit for the designated tax year.

(c) The taxpayer's federal employer identification number or the Michigan treasury number assigned to the taxpayer.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2000, Act 144, Imd. Eff. June 6, 2000;—Am. 2007, Act 150, Imd. Eff. Dec. 14, 2007.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and

abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

207.810 Report to legislature.

Sec. 10. (1) The authority shall report to both houses of the legislature yearly on October 1 on the activities of the authority. Beginning October 1, 2009, and each year thereafter, the authority shall also report to the chairperson of the senate appropriations committee, the chairperson of the senate finance committee, the chairperson of the house of representatives appropriations committee, the chairperson of the house of representatives tax policy committee, and the directors of the senate and house fiscal agencies. The authority shall also report to the chairperson or director upon written request from the chairperson or director. The report shall include, but is not limited to, all of the following:

(a) The total amount of capital investment attracted under this act.

(b) The total number of qualified new jobs created under this act.

(c) The total number of new written agreements.

(d) Name and location of all authorized businesses and the names and addresses of all of the following:

(*i*) The directors and officers of the corporation if the authorized business is a corporation.

(*ii*) The partners of the partnership or limited liability partnership if the authorized business is a partnership or limited liability partnership.

(*iii*) The members of the limited liability company if the authorized business is a limited liability company.

(e) The amount and duration of the tax credit separately for each authorized business.

(f) The number of jobs required under the written agreement to be created or retained for each authorized business to be eligible for the tax credits under the written agreement including the maximum number of jobs which can be utilized to calculate the credit for each authorized business under the written agreement.

(g) The amount of any fee, donation, or other payment of any kind from the authorized business to the Michigan economic development corporation or a foundation or fund associated with the Michigan economic development corporation paid or made in the previous reporting year end or, if it is the first reporting year for the authorized business, for the immediately preceding 3 calendar years.

(h) The total number of written agreements and the total capital investment required or otherwise anticipated for the credit under written agreements entered into under section 8(5) or (9) and, of those written agreements, the number in which the board determined that it was in the public interest to waive 1 or more of the requirements of section 8(1).

(i) For each written agreement with each authorized business, the actual number of jobs created or retained for the most recent period that information is available and all previous years under the written agreement, the total capital investment at that facility for tax credits authorized under section 8(5) or (9) for that year and all previous years under the written agreement, and the total value of the tax credits received under that written agreement for that year and all previous years under the written agreement.

(j) A copy of each certificate issued under section 431, 431a, 431b, or 431c of the Michigan business tax act, 2007 PA 36, MCL 208.1431, 208.1431a, 208.1431b, and 208.1431c.

(2) A review and comments concerning the report shall be included in the auditor general's postaudit of the authority.

History: 1995, Act 24, Imd. Eff. Apr. 18, 1995;—Am. 2003, Act 248, Imd. Eff. Dec. 29, 2003;—Am. 2006, Act 283, Imd. Eff. July 10, 2006;—Am. 2009, Act 125, Imd. Eff. Oct. 27, 2009.

Compiler's note: For transfer of powers and duties of Michigan economic growth authority to Michigan strategic fund board and abolishment of Michigan economic growth authority, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

Popular name: MEGA

MICHIGAN NEXT ENERGY AUTHORITY ACT
Act 593 of 2002

AN ACT to create and provide for the operation of the Michigan next energy authority; to provide for the powers and duties of the authority; to promote alternative energy technology and economic growth; and to exempt property of an authority from tax.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

The People of the State of Michigan enact:

207.821 Short title.

Sec. 1. This act shall be known and may be cited as the "Michigan next energy authority act".

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.822 Definitions.

Sec. 2. As used in this act:

(a) "Advanced battery cell" means a rechargeable battery cell with a specific energy of not less than 80 watt hours per kilogram.

(b) "Alternative energy marine propulsion system" means an onboard propulsion system or detachable outboard propulsion system for a watercraft that is powered by an alternative energy system and that is the singular propulsion system for the watercraft. Alternative energy marine propulsion system does not include battery powered motors designed to assist in the propulsion of the watercraft during fishing or other recreational use.

(c) "Alternative energy system" means the small-scale generation or release of energy from 1 or any combination of the following types of energy systems:

(*i*) A fuel cell energy system.

(*ii*) A photovoltaic energy system.

(*iii*) A solar-thermal energy system.

(*iv*) A wind energy system.

(*v*) A CHP energy system.

(*vi*) A microturbine energy system.

(*vii*) A miniturbine energy system.

(*viii*) A Stirling cycle energy system.

(*ix*) A battery cell energy system.

(*x*) A clean fuel energy system.

(*xi*) An electricity storage system.

(*xii*) A biomass energy system.

(*xiii*) A thermoelectric energy system.

(d) "Alternative energy technology" means equipment, component parts, materials, electronic devices, testing equipment, and related systems that are specifically designed, specifically fabricated, and used primarily for 1 or more of the following:

(*i*) The storage, generation, reformation, or distribution of clean fuels integrated within an alternative energy system or alternative energy vehicle, not including an anaerobic digester energy system or a hydroelectric energy system, for use within the alternative energy system or alternative energy vehicle.

(*ii*) The process of generating and putting into a usable form the energy generated by an alternative energy system. Alternative energy technology does not include those component parts of an alternative energy system that are required regardless of the energy source.

(*iii*) A microgrid. As used in this subparagraph, "microgrid" means the lines, wires, fuel lines and fuel reformers, and controls to connect 2 or more alternative energy systems.

(*iv*) Research and development of an alternative energy vehicle.

(*v*) Research, development, and manufacturing of an alternative energy system.

(*vi*) Research, development, and manufacturing of an anaerobic digester energy system.

(*vii*) Research, development, and manufacturing of a hydroelectric energy system.

(e) "Alternative energy technology business" means a business engaged solely in the research, development, or manufacturing of alternative energy technology.

(f) "Alternative energy vehicle" means a motor vehicle manufactured by an original equipment manufacturer that fully warrants and certifies that the motor vehicle meets federal motor vehicle safety standards for its class of vehicles as defined by the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and certifies that the motor vehicle meets local emissions standards, that is propelled by an alternative energy system. Alternative energy vehicle includes the following:

(*i*) An alternative fueled vehicle. As used in this subparagraph, "alternative fueled vehicle" means a motor vehicle that can only be powered by a clean fuel energy system and can only be fueled by a clean fuel.

(*ii*) A fuel cell vehicle. As used in this subparagraph, "fuel cell vehicle" means a motor vehicle powered solely by a fuel cell energy system.

(*iii*) An electric vehicle. As used in this subparagraph, "electric vehicle" means a motor vehicle powered solely by a battery cell energy system.

(*iv*) A hybrid vehicle. As used in this subparagraph, "hybrid vehicle" means a motor vehicle that can only be powered by an internal combustion engine and 1 or more alternative energy systems.

(*v*) A solar vehicle. As used in this subparagraph, "solar vehicle" means a motor vehicle powered solely by a photovoltaic energy system.

(*vi*) A hybrid electric vehicle. As used in this subparagraph, "hybrid electric vehicle" means a motor vehicle powered by an integrated propulsion system consisting of an electric motor and combustion engine. Hybrid electric vehicle does not include a retrofitted conventional diesel or gasoline engine. A hybrid electric vehicle obtains the power necessary to propel the motor vehicle from a combustion engine and 1 of the following:

(A) A battery cell energy system.

(B) A fuel cell energy system.

(C) A photovoltaic energy system.

(*vii*) A hydraulic hybrid vehicle. As used in this subparagraph, "hydraulic hybrid vehicle" means a motor vehicle powered by a regenerative hydraulic drive system or powered by an internal combustion engine assisted by a regenerative hydraulic drive system.

(g) "Alternative energy zone" means a renaissance zone designated as an alternative energy zone by the board of the Michigan strategic fund under section 8a of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2688a.

(h) "Anaerobic digester energy system" means a device or system of devices for optimizing the anaerobic digestion of biomass for the purpose of recovering biofuel for energy production.

(i) "Authority" means the Michigan next energy authority created under section 3.

(j) "Battery cell" means a closed electrochemical system that converts chemical energy from oxidation and reduction reactions directly into electric energy without combustion and without external fuel and consists of an anode, a cathode, and an electrolyte.

(k) "Battery cell energy system" means 1 or more battery cells and an inverter or other power conditioning unit used to perform 1 or more of the following functions:

(*i*) Propel a motor vehicle or an alternative energy marine propulsion system.

(*ii*) Provide electricity that is distributed within a dwelling or other structure.

(*iii*) Provide electricity to operate a portable electronic device including, but not limited to, a laptop computer, a personal digital assistant, or a cell phone. For purposes of this subparagraph only, a battery cell energy system shall only use advanced battery cells.

(*l*) "Biomass energy system" means a system that generates energy from a process using residues from wood and paper products industries, food production and processing, trees and grasses grown specifically to be used as energy crops, and gaseous fuels produced from solid biomass, animal waste, municipal wastes, or landfills.

(m) "Board" means the governing body of an authority under section 4.

(n) "CHP energy system" means an integrated unit that generates power and either cools, heats, or controls humidity in a building or provides heating, drying, or chilling for an industrial process that includes and is limited to both of the following:

(*i*) An absorption chiller, a desiccant dehumidifier, or heat recovery equipment.

(*ii*) One of the following:

(A) An internal combustion engine, an external combustion engine, a microturbine, or a miniturbine, fueled solely by a clean fuel.

(B) A fuel cell energy system.

(o) "Clean fuel" means 1 or more of the following:

(*i*) Methane.

(*ii*) Natural gas.

(*iii*) Methanol neat or methanol blends containing at least 85% methanol.

(*iv*) Denatured ethanol neat or ethanol blends containing at least 85% ethanol.

(*v*) Compressed natural gas.

(*vi*) Liquefied natural gas.

(*vii*) Liquefied petroleum gas.

(*viii*) Hydrogen.

(*ix*) Renewable fuels.

(p) "Clean fuel energy system" means a device that is designed and used solely for the purpose of generating power from a clean fuel. Clean fuel energy system does not include a conventional gasoline or diesel fuel engine or a retrofitted conventional diesel or gasoline engine.

(q) "Department" means the department of management and budget.

(r) "Electricity storage device" means a device, including a capacitor, that directly stores electrical energy without conversion to an intermediary medium.

(s) "Electricity storage system" means 1 or more electricity storage devices and inverters or other power conditioning equipment.

(t) "Fuel cell energy system" means 1 or more fuel cells or fuel cell stacks and an inverter or other power conditioning unit. A fuel cell energy system may also include a fuel processor. As used in this subdivision:

(*i*) "Fuel cell" means an electrochemical device that uses an external fuel and continuously converts the energy released from the oxidation of fuel by oxygen directly into electricity without combustion and consists of an anode, a cathode, and an electrolyte.

(*ii*) "Fuel cell stack" means an assembly of fuel cells.

(*iii*) "Fuel processor" means a device that converts a fuel, including, but not limited to, methanol, natural gas, or gasoline, into a hydrogen rich gas, without combustion for use in a fuel cell.

(u) "Hydroelectric energy system" means a system related to the process of generating or putting into usable form the energy produced solely from flowing or falling water. The system may consist of a turbine, generator, alternator, electronic devices, or other directly related component parts.

(v) "Microturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 250 kilowatts. A microturbine energy system may include an alternator and shall include a recuperator if the use of the recuperator increases the efficiency of the energy system.

(w) "Miniturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 2 megawatts. A miniturbine energy system may also include an alternator and a recuperator.

(x) "Person" means an individual, partnership, corporation, limited liability company, association, governmental entity, or other legal entity.

(y) "Photovoltaic energy system" means a solar energy device composed of 1 or more photovoltaic cells or photovoltaic modules and an inverter or other power conditioning unit. A photovoltaic system may also include batteries for power storage or an electricity storage device. As used in this subdivision:

(*i*) "Photovoltaic cell" means an integrated device consisting of layers of semiconductor materials and electrical contacts capable of converting incident light directly into electricity.

(*ii*) "Photovoltaic module" means an assembly of photovoltaic cells.

(z) "Regenerative hydraulic drive system" means a system that captures energy from nonparasitic vehicle sources or energy wasted by a vehicle's brakes or suspension to be released to directly assist vehicle propulsion or directly propel the vehicle.

(aa) "Renewable fuels" means 1 or more of the following:

(*i*) Biodiesel or biodiesel blends containing at least 20% biodiesel. As used in this subparagraph, "biodiesel" means a diesel fuel substitute consisting of methyl or ethyl esters produced from the transesterification of animal or vegetable fats with methanol or ethanol.

(*ii*) Biomass. As used in this subparagraph, "biomass" means wood and paper products industries, food production and processing, trees and grasses grown specifically to be used as energy crops, and gaseous fuels produced from solid biomass, animal waste, municipal wastes, or landfills.

(bb) "Small-scale" means 1 or more of the following:

(*i*) A single energy system with a generating capacity of not more than 2 megawatts or an integrated energy system with a generating capacity of not more than 10 megawatts.

(*ii*) A single energy system or an integrated energy system with any generating capacity that is 1 or more

of the following:

(A) A fuel cell energy system.

(B) A photovoltaic energy system.

(C) A wind energy system.

(cc) "Solar thermal energy system" means an integrated unit consisting of a sunlight collection device, a system containing a heat transfer fluid to receive the collected sunlight, and heat exchangers to transfer the solar energy to a thermal storage tank to heat or cool spaces or fluids or to generate electricity.

(dd) "Stirling cycle energy system" means a closed-cycle, regenerative heat engine that is fueled solely by a clean fuel and uses an external combustion process, heat exchangers, pistons, a regenerator, and a confined working gas, such as hydrogen or helium, to convert heat into mechanical energy. A Stirling cycle energy system may also include a generator to generate electricity.

(ee) "Thermoelectric energy system" means a system that generates energy by converting thermal energy into electrical energy using direct heat from a clean fuel energy system or waste heat from any source. A thermoelectric energy system also includes an energy system that utilizes alkali metal thermal-to-electric conversion technology.

(ff) "Wind energy system" means an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, which uses moving air to produce power.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002;—Am. 2006, Act 632, Imd. Eff. Jan. 4, 2007.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.823 Michigan next energy authority; creation; powers and duties; contract; records and accounts.

Sec. 3. (1) There is created by this act a public body corporate and politic known as the Michigan next energy authority. The authority shall be located within the department.

(2) The authority shall exercise its prescribed statutory powers, duties, and functions independently of the director of the department. The budgeting, procurement, and related administrative functions of the authority shall be performed under the direction and supervision of the director of the department.

(3) The authority may contract with the department for the purpose of maintaining the rights and interests of the authority.

(4) The accounts of the authority may be subject to annual financial audits by the state auditor general. Records of the authority shall be maintained according to generally accepted accounting principles.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.824 Powers and duties of board.

Sec. 4. (1) An authority created under this act is governed by a board consisting of the members of the authority under the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(2) The board shall organize and adopt its own policies, procedures, schedule of regular meetings, and a regular meeting date, place, and time. The board shall conduct all business at public meetings held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of each meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(3) A writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(4) A board may act only by resolution. A majority of the members of the board then in office, or of any committee of the board, shall constitute a quorum for the transaction of business.

(5) The board may employ legal and technical experts, private consultants, accountants, and other agents or employees for rendering professional and technical assistance and advice as may be necessary. The authority shall determine the qualifications, duties, and compensation of those it employs.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.825 Powers and duties of authority.

Sec. 5. (1) Except as otherwise provided in this act, the authority may do all things necessary to implement the purposes of this act, including, but not limited to, all of the following:

(a) Adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business.

(b) Adopt an official seal and alter the seal at the pleasure of the board.

(c) Sue and be sued in its own name and plead and be impleaded.

(d) Solicit and accept gifts, grants, loans, and other assistance from any person or the federal, the state, or a local government or any agency of the federal, the state, or a local government or participate in any other way in any federal, state, or local government program.

(e) Research and publish studies, investigations, surveys, and findings on the development and use of alternative energy technology.

(f) Promote the research, development, and manufacturing of alternative energy technology.

(g) Do all other things necessary to promote and increase the research, development, and manufacturing of alternative energy technology and to otherwise achieve the objectives and purposes of the authority.

(2) The authority shall certify all of the following personal property and shall provide proof of certification to the assessor of the local tax collecting unit in which the following personal property is located:

(a) Alternative energy marine propulsion systems, alternative energy systems, and alternative energy vehicles that meet both of the following requirements:

(*i*) Were not previously subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Were not previously exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, except for personal property exempt under section 9c or 9i of the general property tax act, 1893 PA 206, MCL 211.9c and 211.9i.

(b) Tangible personal property of a business that is an alternative energy technology business that meets both of the following requirements:

(*i*) Was not previously subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Was not previously exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, except for personal property exempt under section 9c or 9i of the general property tax act, 1893 PA 206, MCL 211.9c and 211.9i.

(c) Tangible personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology that meets both of the following requirements:

(*i*) Was not previously subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Was not previously exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, except for personal property exempt under section 9c or 9i of the general property tax act, 1893 PA 206, MCL 211.9c and 211.9i.

(3) The authority shall certify and provide proof of certification of the following business entities:

(a) An alternative energy technology business. The authority shall provide proof of certification to the assessor of the local tax collecting unit in which the alternative energy technology business is located.

(b) A taxpayer as an eligible taxpayer for the purposes of claiming the credit under section 39e(2) of the former single business tax act, 1975 PA 228, or under section 429 of the Michigan business tax act, 2007 PA 36, MCL 208.1429.

(4) The authority shall certify and provide proof of certification of the qualified business activity of a taxpayer eligible under subsection (3)(b). As used in this subsection, "qualified business activity" means that term as defined in section 39e of the former single business tax act, 1975 PA 228, or in section 429 of the

Michigan business tax act, 2007 PA 36, MCL 208.1429.

(5) The authority shall not operate an alternative energy technology business or otherwise engage in the manufacturing of any commercial products.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002;—Am. 2007, Act 189, Imd. Eff. Dec. 21, 2007.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.826 Tax exemption.

Sec. 6. The authority created under this act shall be exempt from and shall not be required to pay taxes on property, both real and personal, belonging to the authority, which is used for a public purpose. Property of the authority is public property devoted to an essential public and governmental function and purpose.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

For transfer of powers and duties of Michigan next energy authority and Michigan next energy authority board to Michigan strategic fund and abolishment of Michigan next energy authority and Michigan next energy authority board, see E.R.O. No. 2012-4, compiled at MCL 125.1994.

207.827 Construction of act.

Sec. 7. This act shall be construed liberally to effectuate the legislative intent and its purposes. All powers granted shall be cumulative and not exclusive and shall be broadly interpreted to effectuate the intent and purposes and not as a limitation of powers.

History: 2002, Act 593, Imd. Eff. Oct. 17, 2002.

Compiler's note: For transfer of powers and authority of Michigan next energy authority from department of management and budget to department of labor and economic growth by Type I transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of Michigan next energy authority from department of energy, labor, and economic growth to Michigan strategic fund, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

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COMMERCIAL REHABILITATION ACT
Act 210 of 2005

AN ACT to provide for the establishment of commercial rehabilitation districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified 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 certain local governmental officials; and to provide penalties.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

The People of the State of Michigan enact:

207.841 Short title.

Sec. 1. This act shall be known and may be cited as the "commercial rehabilitation act".

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.842 Definitions.

Sec. 2. As used in this act:

(a) "Commercial property" means land improvements classified by law for general ad valorem tax purposes as real property including real property assessable as personal property pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, the primary purpose and use of which is the operation of a commercial business enterprise or multifamily residential use. Commercial property shall also include facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise. Commercial property does not include any of the following:

(*i*) Land.

(*ii*) Property of a public utility.

(b) "Commercial rehabilitation district" or "district" means an area not less than 3 acres in size of a qualified local governmental unit established as provided in section 3. However, if the commercial rehabilitation district is located in a downtown or business area or contains a qualified retail food establishment, as determined by the legislative body of the qualified local governmental unit, the district may be less than 3 acres in size.

(c) "Commercial rehabilitation exemption certificate" or "certificate" means the certificate issued under section 6.

(d) "Commercial rehabilitation tax" means the specific tax levied under this act.

(e) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(f) "Department" means the department of treasury.

(g) "Multifamily residential use" means multifamily housing consisting of 5 or more units.

(h) "Qualified facility" means a qualified retail food establishment or a building or group of contiguous buildings of commercial property that is 15 years old or older or has been allocated for a new markets tax credit under section 45D of the internal revenue code, 26 USC 45D. Qualified facility also includes a building or a group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property which, within the immediately preceding 15 years, was commercial property as defined in subdivision (a). Qualified facility shall also include vacant property located in a city with a population of more than 500,000 according to the most recent federal decennial census and from which a previous structure has been demolished and on which commercial property is or will be newly constructed provided an application for a certificate has been filed with that city before July 1, 2010. A qualified facility also includes a hotel or motel that has additional meeting or convention space that is attached to a convention and trade center that is over 250,000 square feet in size and that is located in a county with a population of more than 1,100,000 and less than 1,600,000 as of the most recent decennial census. A qualified facility does not include property that is to be used as a professional sports stadium. A qualified facility does not include property that is to be used as a casino. As used in this subdivision, "casino" means a casino or a parking lot, hotel, motel, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

(i) "Qualified local governmental unit" means a city, village, or township.

(j) "Qualified retail food establishment" means property that meets all of the following:

(*i*) The property will be used primarily as a retail supermarket, grocery store, produce market, or delicatessen that offers unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.

(*ii*) The property meets 1 of the following:

(A) Is located in a qualified local governmental unit that is also located in a qualified local governmental unit as defined in section 2 of the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782, and is located in an underserved area.

(B) Is located in a qualified local governmental unit that is designated as rural as defined by the United States census bureau and is located in an underserved area.

(*iii*) The property was used as residential, commercial, or industrial property as allowed and conducted under the applicable zoning ordinance for the immediately preceding 30 years.

(k) "Rehabilitation" means changes to a qualified facility that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition. Rehabilitation for a qualified retail food establishment also includes new construction. Rehabilitation also includes new construction of a qualified facility that is a hotel or motel that has additional meeting or convention space that is attached to a convention and trade center that is over 250,000 square feet in size that is located in a county with a population of more than 1,100,000 and less than 1,600,000 as of the most recent decennial census, if that new construction is an economic benefit to the local community as determined by the qualified local governmental unit. Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit. Rehabilitation shall not include improvements aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the qualified facility.

(*l*) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(m) "Underserved area" means an area determined by the Michigan department of agriculture that contains a low or moderate income census tract and a below average supermarket density, an area that has a supermarket customer base with more than 50% living in a low income census tract, or an area that has demonstrated significant access limitations due to travel distance.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005;—Am. 2006, Act 554, Imd. Eff. Dec. 29, 2006;—Am. 2008, Act 3, Imd. Eff. Feb. 7, 2008;—Am. 2008, Act 118, Imd. Eff. Apr. 29, 2008;—Am. 2008, Act 231, Imd. Eff. July 17, 2008;—Am. 2008, Act 500, Imd. Eff. Jan. 13, 2009;—Am. 2011, Act 81, Imd. Eff. July 12, 2011;—Am. 2011, Act 82, Imd. Eff. July 12, 2011.

207.843 Commercial rehabilitation district; establishment by qualified rehabilitation district; adoption of resolution; notice and opportunity for hearing; findings and determination; rejection.

Sec. 3. (1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more qualified rehabilitation districts that may consist of 1 or more parcels or tracts of land or a portion of a parcel or tract of land, if at the time the resolution is adopted, the parcel or tract of land or portion of a parcel or tract of land within the district is a qualified facility.

(2) The legislative body of a qualified local governmental unit may establish a commercial rehabilitation district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed commercial rehabilitation district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing a commercial rehabilitation district, the legislative body shall give written notice by certified mail to the county in which the proposed district is to be located and the owners of all real property within the proposed commercial rehabilitation district and shall afford an opportunity for a hearing on the establishment of the commercial rehabilitation district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing a

commercial rehabilitation district, shall set forth a finding and determination that the district meets the requirements set forth in subsection (1) and shall provide a copy of the resolution by certified mail to the county in which the district is located.

(5) Within 28 days after receiving a copy of the resolution establishing a commercial rehabilitation district, the county may reject the establishment of the district by 1 of the following methods:

(a) If the county has an elected county executive, by written notification to the qualified local governmental unit.

(b) If the county does not have an elected county executive, by a resolution of the county board of commissioners provided to the qualified local governmental unit.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.844 Commercial rehabilitation exemption certificate; filing application by owner of qualified facility; notice and hearing.

Sec. 4. (1) If a commercial rehabilitation district is established under section 3, the owner of a qualified facility may file an application for a commercial rehabilitation exemption certificate with the clerk of the qualified local governmental unit that established the commercial rehabilitation district. The application shall be filed in the manner and form prescribed by the commission. The application shall contain or be accompanied by a general description of the qualified facility, a general description of the proposed use of the qualified facility, the general nature and extent of the rehabilitation to be undertaken, a descriptive list of the fixed building equipment that will be a part of the qualified facility, a time schedule for undertaking and completing the rehabilitation of the qualified facility, a statement of the economic advantages expected from the exemption, including the number of jobs to be retained or created as a result of rehabilitating the qualified facility, including expected construction employment, and information relating to the requirements in section 8.

(2) Upon receipt of an application for a commercial rehabilitation exemption certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the qualified facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the qualified facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application shall be held separately from the hearing on the establishment of the commercial rehabilitation district.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.845 Commercial rehabilitation exemption certificate; approval or disapproval of application.

Sec. 5. The legislative body of the qualified local governmental unit, not more than 60 days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a commercial rehabilitation exemption certificate in accordance with section 8 and the other provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If disapproved, the reasons shall be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. A resolution is not effective unless approved by the commission as provided in section 6.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.846 Commercial rehabilitation exemption certificate; issuance; form; contents; effective date; maintenance of record and copies.

Sec. 6. (1) Not more than 60 days after receipt of a copy of the application and resolution adopted under section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant a commercial rehabilitation exemption certificate in the form the commission determines, which shall contain all of the following:

(a) A legal description of the real property on which the qualified facility is located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the qualified facility, separately stated for real and personal property, for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land and personal property other than personal property assessed pursuant to sections 8(d)

and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation shall be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (b) is less than 10 years, the exemption certificate shall contain the factors, criteria, and objectives, as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) Except as otherwise provided in section 8(4), the effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the commercial rehabilitation exemption certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the commercial rehabilitation exemption certificate to the applicant and the assessor of the local tax collecting unit in which the qualified facility is located.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005;—Am. 2019, Act 44, Imd. Eff. July 8, 2019.

Compiler's note: Enacting section 1 of Act 44 of 2019 provides:
"Enacting section 1. This amendatory act is intended to be retroactive and effective beginning December 31, 2017."

207.847 Exemption of qualified facility from tax; duration of force and effect of certificate; commencement; date of issuance; extension.

Sec. 7. (1) A qualified facility for which a commercial rehabilitation exemption certificate is in effect, but not the land on which the rehabilitated facility is located, or personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, for the period on and after the effective date of the certificate and continuing so long as the commercial rehabilitation exemption certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(2) Unless earlier revoked as provided in section 12, a commercial rehabilitation exemption certificate shall remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 10 years. If the number of years determined is less than 10, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions shall not exceed 10 years after the completion of the qualified facility. The certificate shall commence with its effective date and end on the December 31 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, shall be the date of completion of the qualified facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 10 years, the review of the certificate for the purpose of determining an extension shall be based upon factors, criteria, and objectives that shall be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified facility is located, and the commission.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.848 Separate finding; contents; compliance; requirements; applicability; exception.

Sec. 8. (1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount shall not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for a commercial rehabilitation exemption certificate unless the applicant complies with all of the following requirements:

(a) Except as otherwise provided in this subdivision or subsection (3), the commencement of the rehabilitation of the qualified facility does not occur earlier than 6 months before the applicant files the application for the commercial rehabilitation exemption certificate. However, through December 31, 2009, for a qualified facility that is a qualified retail food establishment, the commencement of the rehabilitation does

not occur earlier than 42 months before the applicant files the application for the commercial rehabilitation exemption certificate.

(b) The application relates to a rehabilitation program that when completed constitutes a qualified facility within the meaning of this act and that shall be situated within a commercial rehabilitation district established in a qualified local governmental unit eligible under this act.

(c) Completion of the qualified facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the qualified facility is situated.

(d) The applicant states, in writing, that the rehabilitation of the qualified facility, excluding qualified retail food establishments through December 31, 2009, would not be undertaken without the applicant's receipt of the exemption certificate.

(e) The applicant is not delinquent in the payment of any taxes related to the qualified facility.

(3) The provisions of subsection (2)(a) and (d) and the provision contained in section 4(1) that provides that the district must be established before an application is filed do not apply to the rehabilitation of a qualified facility located in a commercial rehabilitation district established by the legislative body of the qualified local governmental unit in 2011 for construction or rehabilitation that was commenced in August 2010 and for which an application for a commercial rehabilitation exemption certificate was filed in June 2010.

(4) For certificates issued by the commission after January 1, 2018, if the clerk of the qualified local governmental unit failed to forward an application that was approved by the legislative body of the qualified local governmental unit before October 31 of that year to the commission before October 31 of that same year but filed the application with the commission before October 31 of the immediately succeeding year and the commission approves that application, then the effective date of that certificate is December 31 of the year in which the qualified local governmental unit approved the application.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005;—Am. 2008, Act 231, Imd. Eff. July 17, 2008;—Am. 2008, Act 500, Imd. Eff. Jan. 13, 2009;—Am. 2011, Act 82, Imd. Eff. July 12, 2011;—Am. 2019, Act 44, Imd. Eff. July 8, 2019.

Compiler's note: Enacting section 1 of Act 44 of 2019 provides:
"Enacting section 1. This amendatory act is intended to be retroactive and effective beginning December 31, 2017."

207.849 Determining value of each qualified facility.

Sec. 9. The assessor of each qualified local governmental unit in which there is a qualified facility with respect to which 1 or more commercial rehabilitation exemption certificates have been issued and are in force shall determine annually as of December 31 the value and taxable value, both for real and personal property, of each qualified facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the value and the taxable value of the property to which the application pertains and other information as may be necessary to permit the local legislative body to make the determinations required by section 8(2).

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.850 Commercial rehabilitation tax; determination of amount; payment; exemption; qualified retail food establishment; certificate issued before December 31, 2009.

Sec. 10. (1) There is levied upon every owner of a qualified facility to which a commercial rehabilitation exemption certificate is issued a specific tax to be known as the commercial rehabilitation tax.

(2) Except as otherwise provided in subsection (8), the amount of the commercial rehabilitation tax, in each year, shall be determined by adding the results of both of the following calculations:

(a) Multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the qualified facility is located by the taxable value of the real and personal property of the qualified facility on the December 31 immediately preceding the effective date of the commercial rehabilitation exemption certificate after deducting the taxable value of the land and of personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, for the tax year immediately preceding the effective date of the commercial rehabilitation exemption certificate.

(b) Multiplying the mills levied for school operating purposes for that year under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, and the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, by the taxable value of the real and personal property of the qualified facility, after deducting all of the following:

(*i*) The taxable value of the land and of the personal property other than personal property assessed

pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14.

(*ii*) The taxable value used to calculate the tax under subdivision (a).

(3) The commercial rehabilitation tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the commercial rehabilitation tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(4) For intermediate school districts receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount of commercial rehabilitation tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(5) The amount of commercial rehabilitation tax described in subsections (2)(a) and (8)(a) that would otherwise be disbursed to a local school district for school operating purposes, and all of the amount described in subsections (2)(b) and (8)(b), shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the commission on a form provided by the commission.

(7) A qualified facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the commercial rehabilitation tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the commercial rehabilitation tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The commercial rehabilitation tax calculated under this subsection shall be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

(8) The amount of the commercial rehabilitation tax, in each year, for a qualified retail food establishment that was issued a certificate on or before December 31, 2009, shall be determined by adding the results of both of the following calculations:

(a) Multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the qualified facility is located by the taxable value of the real and personal property of the qualified facility on the December 31 immediately preceding the rehabilitation after deducting the taxable valuation of the land and of personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14, for the tax year immediately preceding the rehabilitation.

(b) Multiplying the mills levied for school operating purposes for that year under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, and the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, by the taxable value of the real and personal property of the qualified retail food establishment, after deducting all of the following:

(*i*) The taxable value of the land and of the personal property other than personal property assessed pursuant to sections 8(d) and 14(6) of the general property tax act, 1893 PA 206, MCL 211.8 and 211.14.

(*ii*) The taxable value used to calculate the tax under subdivision (a).

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005;—Am. 2008, Act 500, Imd. Eff. Jan. 13, 2009.

207.851 Lien.

Sec. 11. The amount of the tax applicable to real property, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the commercial rehabilitation tax applicable to real property, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the qualified facility by certified mail, with the register of deeds of the county in which the qualified facility is situated.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.852 Commercial rehabilitation exemption certificate; revocation; transfer to subsequent

owner.

Sec. 12. (1) The legislative body of the qualified local governmental unit may, by resolution, revoke the commercial rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the qualified facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time, or that the holder of the commercial rehabilitation exemption certificate has not proceeded in good faith with the operation of the qualified facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.

(2) Upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of a commercial rehabilitation exemption certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

(3) Upon the written request of the holder of a revoked commercial rehabilitation exemption certificate to the legislative body of the qualified local governmental unit and the commission or upon the application of a subsequent owner to the legislative body of the qualified local governmental unit to transfer the revoked commercial rehabilitation exemption certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the qualified local governmental unit in which the qualified facility is located, and if the qualified facility continues to qualify under this act, the commission may reinstate a revoked commercial rehabilitation exemption certificate for the holder or a subsequent owner that has applied for the transfer.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005;—Am. 2018, Act 250, Imd. Eff. June 28, 2018.

207.853 Transfer and assignment of certificate.

Sec. 13. A commercial rehabilitation exemption certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified facility if the qualified local governmental unit approves the transfer after application by the new owner.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.854 Status report by local government.

Sec. 14. Not later than October 15 each year, each qualified local governmental unit granting a commercial rehabilitation exemption shall report to the commission on the status of each exemption. The report must include the current value of the property to which the exemption pertains, the value on which the commercial rehabilitation tax is based, and a current estimate of the number of jobs retained or created by the exemption.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.855 Report to legislature.

Sec. 15. (1) The department annually shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of commercial rehabilitation districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues an economic analysis of the costs and benefits of this act in the 3 qualified local governmental units in which it has been most heavily utilized.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005.

207.856 Exemption not granted after December 31, 2025.

Sec. 16. A new exemption shall not be granted under this act after December 31, 2025, but an exemption then in effect shall continue until the expiration of the exemption certificate.

History: 2005, Act 210, Imd. Eff. Nov. 17, 2005;—Am. 2015, Act 218, Imd. Eff. Dec. 15, 2015;—Am. 2020, Act 217, Imd. Eff. Oct. 15, 2020.

ATTAINABLE HOUSING FACILITIES ACT
Act 236 of 2022

AN ACT to provide for the establishment of attainable housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified 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 certain state and local governmental officials; and to provide penalties.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

The People of the State of Michigan enact:

207.901 Short title.

Sec. 1. This act may be cited as the "attainable housing facilities act".

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.902 Definitions.

Sec. 2. As used in this act:

(a) "Adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

(b) "Attainable housing district" or "district" means an area in a qualified local governmental unit established as provided in section 3 in which attainable housing property is or will be located.

(c) "Attainable housing exemption certificate" or "certificate" means the certificate issued under section 6.

(d) "Attainable housing facilities tax" or "specific tax" means the specific tax levied under this act.

(e) "Attainable housing property" means that portion of real property not occupied by an owner of that real property of not more than 4 units that is classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, used for residential purposes, that is rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property also includes a building or group of contiguous buildings previously used for industrial or commercial purposes that will be converted to a multiple-unit dwelling or a dwelling unit in a multiple-purpose structure, used for residential purposes consisting of not more than 4 units, that will be rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit. Attainable housing property does not include any of the following:

(*i*) Land.

(*ii*) Property of a public utility.

(f) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(g) "Department" means the department of treasury.

(h) "Income-qualified household" means an individual, couple, family, or group of unrelated individuals whose adjusted household income is 120% or less of the countywide area median income as posted annually by the Michigan state housing development authority on its website.

(i) "Modified household income" means the gross annual income from all sources and before taxes or withholding of all individuals of a household living in a residential dwelling unit or housing unit after deducting all of the following:

(*i*) Unusual or temporary income of any member of the household.

(*ii*) Six hundred and fifty dollars for each member of the household.

(*iii*) Earnings of a member of a household who is under 18 years of age.

(*iv*) Fifty percent of the income of a second adult wage earner jointly occupying the residential dwelling unit or housing unit whose individual income is less than that of the wage earner with the highest income.

(*v*) The lesser of $1,000.00 or 10% of the gross annual income.

(j) "New facility" means attainable housing property newly constructed on or after the effective date of this act.

(k) "Qualified facility" means a new facility or a rehabilitated facility, located in an attainable housing district.

(*l*) "Qualified local governmental unit" means a city, village, or township.

(m) "Rehabilitated facility" means existing attainable housing property that has been renovated, with a renovation investment of not less than $5,000.00 as determined by the qualified local governmental unit, on or after the effective date of this act, to bring the property into conformance with minimum local building code

standards for occupancy, as determined by the qualified local governmental unit.

(n) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.903 Attainable housing district; establishment by qualified local governmental unit; adoption of resolution; notice and opportunity for hearing; findings and determination.

Sec. 3. (1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more attainable housing districts within the qualified local governmental unit.

(2) The legislative body of a qualified local governmental unit may establish an attainable housing district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing a district, the legislative body shall give written notice by certified mail to the county in which the proposed district is to be located and the owners of all real property within the proposed district and shall afford an opportunity for a hearing on the establishment of the district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing a district, shall set forth a finding and determination that there is a need for attainable housing within the district and shall provide a copy of the resolution by certified mail to the county in which the district is located.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.904 Attainable housing exemption certificate; application requirements; notice and opportunity for hearing.

Sec. 4. (1) If a district is established under section 3, the owner of a qualified facility may file an application for an attainable housing exemption certificate with the clerk of the qualified local governmental unit that established the district. The application must be filed in the manner and form prescribed by the commission. The application must contain or be accompanied by a general description of the qualified facility, a general description of the proposed use of the qualified facility, the general nature and extent of the new construction or rehabilitation to be undertaken, a time schedule for undertaking and completing the qualified facility, and information relating to the requirements in section 8.

(2) Upon receipt of an application for a certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the qualified facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified local governmental unit in which the qualified facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice of the time, date, and place of the hearing in the same manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application must be held separately from the hearing on the establishment of the district.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.905 Approval or disapproval of attainable housing exemption certificate.

Sec. 5. The legislative body of the qualified local governmental unit, not more than 60 business days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a certificate in accordance with the provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If disapproved, the reasons must be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. If the legislative body fails to timely approve the application, the application is considered denied. A resolution is not effective unless approved by the commission as provided in section 6.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.906 Issuance of attainable housing exemption certificate; form; contents; effective date; maintenance of record and copies.

Sec. 6. (1) Not more than 120 days after receipt of a copy of the application and resolution adopted under

section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant a certificate in the form the commission determines, which must contain all of the following:

(a) The address of the real property on which the qualified facility is located.

(b) A statement that unless revoked as provided in this act the certificate must remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the qualified facility for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation or construction must be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (b) is less than 12 years, the certificate must contain the factors, criteria, and objectives, as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) The effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the certificate to the applicant and the assessor of the local tax collecting unit in which the qualified facility is located.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.907 Exemption of qualified facility from tax; duration of force and effect of certificate; commencement; date of issuance; extension.

Sec. 7. (1) A qualified facility for which a certificate is in effect, but not the land on which the qualified facility is located, for the period on and after the effective date of the certificate and continuing so long as the certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) Unless earlier revoked as provided in section 12, a certificate must remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 7, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions must not exceed 15 years after the completion of the qualified facility. The certificate must commence with its effective date and end on the December 30 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, must be the date of completion of the qualified facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 7 years, the review of the certificate for the purpose of determining an extension must be based upon factors, criteria, and objectives that must be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified facility is located, and the commission.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.908 Separate finding; contents; compliance; requirements; applicability; exception.

Sec. 8. (1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount must not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for a certificate unless the applicant complies with all of the following requirements:

(a) That the applicant provides a site plan and building floor plan approved by the local planning commission or local zoning administrator, whichever is applicable under the local zoning ordinance, that

includes the total number of residential dwelling units to be available for lease or rent on the property.

(b) That the applicant provides a statement describing the number of residential dwelling units that will be reserved for income-qualified households at any given time throughout each calendar year in which the specific tax is in effect.

(c) That the applicant agrees to provide the legislative body of the qualified local governmental unit with an income certification for the income-qualified household residing within each residential dwelling unit designated as attainable housing property each year that the income-qualified household resides in that attainable housing property.

(3) A qualified local governmental unit may develop and implement an audit program that includes, but is not limited to, the audit of the information submitted under subsection (2) or may contract with an independent third-party auditor to audit the information submitted under subsection (2). The qualified local governmental unit may require the applicant to cover the cost of the independent third-party auditor. The total number of units to be reserved for income-qualified households may be negotiated by the qualified local governmental unit but must not be less than 30% of the total number of residential dwelling units on the property or 1 residential dwelling unit, whichever is greater.

(4) If an income-qualified household currently residing within a residential dwelling unit reserved for an income-qualified household has an increase in adjusted household income between the time an income certification is conducted and the next income certification in the following year and that household is no longer an income-qualified household, then that formerly qualified household may continue to reside as occupants within that residential dwelling unit only for the remainder of their lease agreement. However, the next available residential dwelling unit located on the property shall be reserved for an income-qualified household. Under no circumstances shall all residential dwelling units on the property be occupied by households whose adjusted household income is more than 120% of the countywide area median income for greater than 12 consecutive months.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.909 Determining taxable value of each qualified facility.

Sec. 9. The assessor of each qualified local governmental unit in which there is a qualified facility with respect to which 1 or more certificates have been issued and are in force shall determine annually as of December 31 the taxable value of each qualified facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the taxable value of the property to which the application pertains.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.910 Attainable housing facilities tax; determination of amount; exemption; payment; disbursements.

Sec. 10. (1) The attainable housing facilities tax is levied upon every owner of a qualified facility to which a certificate is issued under this act.

(2) Except as otherwise provided in this section, the amount of the attainable housing facilities tax on a new facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the new facility after deducting the taxable value of the land.

(3) Except as otherwise provided in this section, the amount of the attainable housing facilities tax on a rehabilitated facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the rehabilitated facility after deducting the taxable value of the land.

(4) Within 60 days after the granting of an attainable housing exemption certificate under section 6 for a new facility, if the state treasurer does not determine that reducing the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of housing for income-qualified households in this state, the millage rate used to calculate the specific tax under subsection (2) shall be increased by 3 mills. If the state treasurer determines that further reducing the millage rate used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of housing for income-qualified households in this state, the state treasurer may exclude an additional 3 mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the millage rate used to calculate the specific tax under subsection (2).

(5) Notwithstanding subsections (2) and (3), the specific tax paid each year for that part of a qualified

facility that is exempt from ad valorem property taxes under section 7 and not used as attainable housing property in the immediately preceding year must be equal to the amount of the ad valorem property taxes that would be paid on that portion of the qualified facility if the qualified facility were not exempt from ad valorem property taxes under section 7. The owner of the qualified facility must allocate the benefits of any tax exemption granted under this act exclusively to attainable housing property.

(6) The specific tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the specific tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(7) For intermediate school districts receiving state aid under sections 56 and 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662, of the amount of the specific tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, must be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The amount of specific tax described in this section that would otherwise be disbursed to a local school district for school operating purposes must be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(9) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the department on a form provided by the department.

(10) A qualified facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the specific tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the specific tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The specific tax calculated under this subsection must be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.911 Lien.

Sec. 11. The amount of the specific tax, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the specific tax, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the qualified facility by certified mail, with the register of deeds of the county in which the qualified facility is situated.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.912 Attainable housing exemption certificate; revocation; transfer to subsequent owner.

Sec. 12. (1) The legislative body of the qualified local governmental unit may, by resolution, revoke the certificate of a qualified facility if it finds that the completion of the qualified facility has not occurred within the time authorized by the legislative body in the certificate or a duly authorized extension of that time, or that the holder of the certificate has not proceeded in good faith with the operation of the qualified facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the certificate.

(2) Upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of a certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

(3) Upon the written request of the holder of a revoked certificate to the legislative body of the qualified local governmental unit and the commission or upon the application of a subsequent owner to the legislative body of the qualified local governmental unit to transfer the revoked certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the qualified local governmental unit in which the qualified facility is located, and if the qualified facility continues to qualify under this act, the commission may reinstate a revoked certificate for the holder or a subsequent owner that has applied for the transfer.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.913 Transfer and assignment of certificate.

Sec. 13. A certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified facility if the qualified local governmental unit approves the transfer after application by the new owner.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.914 Status report by local government.

Sec. 14. Not later than June 15 each year, each qualified local governmental unit granting a certificate shall report to the commission on the status of each exemption. The report must include the current taxable value of the property to which the exemption pertains.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.915 Annual report to legislature.

Sec. 15. (1) The department shall annually prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of attainable housing districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues an economic analysis of the costs and benefits of this act in the 3 qualified local governmental units in which it has been most heavily utilized.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

207.916 Exemption not granted after December 31, 2027.

Sec. 16. A new exemption must not be granted under this act after December 31, 2027, but an exemption then in effect must continue until the expiration of the certificate.

History: 2022, Act 236, Imd. Eff. Dec. 13, 2022.

RESIDENTIAL HOUSING FACILITIES ACT
Act 237 of 2022

AN ACT to provide for the establishment of residential housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified residential 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 certain state and local governmental officials; and to provide penalties.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

The People of the State of Michigan enact:

207.951 Short title.

Sec. 1. This act may be cited as the "residential housing facilities act".

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.952 Definitions.

Sec. 2. As used in this act:

(a) "Adjusted household income" means that term as defined in R 125.101 of the Michigan Administrative Code.

(b) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(c) "Department" means the department of treasury.

(d) "Income-qualified household" means an individual, couple, family, or group of unrelated individuals whose adjusted household income is 120% or less of the countywide area median income as posted annually by the Michigan state housing development authority on its website.

(e) "Modified household income" means the gross annual income from all sources and before taxes or withholding of all individuals of a household living in a residential dwelling unit or housing unit after deducting all of the following:

(*i*) Unusual or temporary income of any member of the household.

(*ii*) Six hundred and fifty dollars for each member of the household.

(*iii*) Earnings of a member of a household who is under 18 years of age.

(*iv*) Fifty percent of the income of a second adult wage earner jointly occupying the residential dwelling unit or housing unit whose individual income is less than that of the wage earner with the highest income.

(*v*) The lesser of $1,000.00 or 10% of the gross annual income.

(f) "New residential facility" means residential housing property newly constructed on or after the effective date of this act.

(g) "Qualified local governmental unit" means a city, village, or township.

(h) "Qualified residential facility" means a new residential facility or a rehabilitated residential facility, located in a residential housing district.

(i) "Rehabilitated residential facility" means existing residential housing property that has been renovated, with a renovation investment of not less than $50,000.00 as determined by the qualified local governmental unit, on or after the effective date of this act, to bring the property into conformance with minimum local building code standards for occupancy, as determined by the qualified local governmental unit.

(j) "Residential housing district" or "district" means an area not less than 1 acre in size of a qualified local governmental unit established as provided in section 3.

(k) "Residential housing exemption certificate" or "certificate" means the certificate issued under section 6.

(*l*) "Residential housing facility tax" or "specific tax" means the specific tax levied under this act.

(m) "Residential housing property" means that portion of real property not occupied by an owner of that real property, that is used for residential purposes, is rented or leased to an income-qualified household at no more than 30% of the household's modified household income as determined by the qualified local governmental unit, and is either a multiple-unit dwelling of more than 4 units or a dwelling unit in a multiple-purpose structure of more than 4 dwelling units. Residential housing property does not include any of the following:

(*i*) Land.

(*ii*) Property of a public utility.

(n) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.953 Residential housing district; establishment by qualified local governmental unit; adoption of resolution; notice and opportunity for hearing; findings and determination.

Sec. 3. (1) A qualified local governmental unit, by resolution of its legislative body, may establish 1 or more residential housing districts.

(2) The legislative body of a qualified local governmental unit may establish a residential housing district on its own initiative or upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed district. The written request must be filed with the clerk of the qualified local governmental unit.

(3) Before adopting a resolution establishing a district, the legislative body shall give written notice by certified mail to the county in which the proposed district is to be located and the owners of all real property within the proposed district and shall afford an opportunity for a hearing on the establishment of the district at which any of those owners and any other resident or taxpayer of the qualified local governmental unit may appear and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

(4) The legislative body of the qualified local governmental unit, in its resolution establishing a district, shall set forth a finding and determination that there is a need for residential housing within the district and shall provide a copy of the resolution by certified mail to the county in which the district is located.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.954 Residential housing exemption certificate; application requirements; notice and opportunity for hearing.

Sec. 4. (1) If a district is established under section 3, the owner of a qualified residential facility may file an application for a residential housing exemption certificate with the clerk of the qualified local governmental unit that established the district. The application shall be filed in the manner and form prescribed by the commission. The application must contain or be accompanied by a general description of the qualified residential facility, a general description of the proposed use of the qualified residential facility, the general nature and extent of the new construction or rehabilitation to be undertaken, a time schedule for undertaking and completing the qualified residential facility, and information relating to the requirements in section 8.

(2) Upon receipt of an application for a residential housing exemption certificate, the clerk of the qualified local governmental unit shall notify in writing the assessor of the local tax collecting unit in which the qualified residential facility is located, and the legislative body of each taxing unit that levies ad valorem property taxes in the qualified residential local governmental unit in which the qualified residential facility is located. Before acting upon the application, the legislative body of the qualified local governmental unit shall hold a public hearing on the application and give public notice of the time, date, and place of the hearing in the same manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, to the applicant, the assessor, a representative of the affected taxing units, and the general public. The hearing on each application must be held separately from the hearing on the establishment of the district.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.955 Approval or disapproval of residential housing exemption certificate.

Sec. 5. The legislative body of the qualified local governmental unit, not more than 60 business days after receipt of the application by the clerk, shall by resolution either approve or disapprove the application for a certificate in accordance with the provisions of this act. The clerk shall retain the original of the application and resolution. If approved, the clerk shall forward a copy of the application and resolution to the commission. If disapproved, the reasons shall be set forth in writing in the resolution, and the clerk shall send, by certified mail, a copy of the resolution to the applicant and to the assessor. If the legislative body fails to timely approve the application, the application is considered denied. A resolution is not effective unless approved by the commission as provided in section 6.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.956 Issuance of residential housing exemption certificate; form; contents; effective date; maintenance of record and copies.

Sec. 6. (1) Not more than 120 days after receipt of a copy of the application and resolution adopted under section 5, the commission shall approve or disapprove the resolution.

(2) Following approval of the application by the legislative body of the qualified local governmental unit and the commission, the commission shall issue to the applicant a certificate in the form the commission

determines, which must contain all of the following:

(a) The address of the real property on which the qualified residential facility is located.

(b) A statement that unless revoked as provided in this act the certificate shall remain in force for the period stated in the certificate.

(c) A statement of the taxable value of the qualified residential facility for the tax year immediately preceding the effective date of the certificate after deducting the taxable value of the land.

(d) A statement of the period of time authorized by the legislative body of the qualified local governmental unit within which the rehabilitation or construction shall be completed.

(e) If the period of time authorized by the legislative body of the qualified local governmental unit pursuant to subdivision (b) is less than 12 years, the exemption certificate shall contain the factors, criteria, and objectives, as determined by the resolution of the qualified local governmental unit, necessary for extending the period of time, if any.

(3) Except as otherwise provided in section 7(2), the effective date of the certificate is the December 31 immediately following the date of issuance of the certificate.

(4) The commission shall file with the clerk of the qualified local governmental unit a copy of the certificate, and the commission shall maintain a record of all certificates filed. The commission shall also send, by certified mail, a copy of the certificate to the applicant and the assessor of the local tax collecting unit in which the qualified residential facility is located.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.957 Exemption of qualified residential facility from tax; duration of force and effect of certificate; commencement; date of issuance; extension.

Sec. 7. (1) A qualified residential facility for which a certificate is in effect, but not the land on which the qualified residential facility is located, for the period on and after the effective date of the certificate and continuing so long as the certificate is in force, is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) Unless earlier revoked as provided in section 12, a certificate shall remain in force and effect for a period to be determined by the legislative body of the qualified local governmental unit. The beginning date for the period that the certificate is in force and effect may be delayed for a period of up to 5 years from the date of approval of the application as determined by the legislative body of the qualified local governmental unit. The certificate may be issued for a period of at least 1 year, but not to exceed 12 years. If the number of years determined is less than 12, the certificate may be subject to review by the legislative body of the qualified local governmental unit and the certificate may be extended. The total amount of time determined for the certificate including any extensions shall not exceed 12 years after the completion of the qualified residential facility. The certificate shall commence with its effective date and end on the December 30 immediately following the last day of the number of years determined. The date of issuance of a certificate of occupancy, if required by appropriate authority, shall be the date of completion of the qualified residential facility.

(3) If the number of years determined by the legislative body of the qualified local governmental unit for the period a certificate remains in force is less than 12 years, the review of the certificate for the purpose of determining an extension shall be based upon factors, criteria, and objectives that shall be placed in writing, determined and approved at the time the certificate is approved by resolution of the legislative body of the qualified local governmental unit and sent, by certified mail, to the applicant, the assessor of the local tax collecting unit in which the qualified residential facility is located, and the commission.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.958 Separate finding; contents; compliance; requirements; applicability; exception.

Sec. 8. (1) If the taxable value of the property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate taxable value of property exempt under certificates previously granted and currently in force under this act or under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable value of the qualified local governmental unit, the legislative body of the qualified local governmental unit shall make a separate finding and shall include a statement in its resolution approving the application that exceeding that amount must not have the effect of substantially impeding the operation of the qualified local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit shall not approve an application for a certificate unless the applicant agrees to provide the legislative body of the qualified local governmental unit with an income certification for the income-qualified household residing within each residential dwelling unit of the qualified residential facility each year that the income-qualified household resides in that residential

dwelling unit.

(3) A qualified local governmental unit may develop and implement an audit program that includes, but is not limited to, the audit of the information submitted under subsection (2) or may contract with an independent third-party auditor to audit the information submitted under subsection (2). The qualified local governmental unit may require the applicant to cover the cost of the independent third-party auditor. The total number of residential dwelling units to be reserved for income-qualified households may be negotiated by the qualified local governmental unit but must not be less than 30% of the total number of residential dwelling units on the property or 1 residential dwelling unit, whichever is greater.

(4) If an income-qualified household currently residing within a residential dwelling unit reserved for an income-qualified household has an increase in adjusted household income between the time an income certification is conducted and the next income certification in the following year and that household is no longer an income-qualified household, then that formerly qualified household may continue to reside as occupants within that residential dwelling unit only for the remainder of their lease agreement. However, the next available residential dwelling unit on the property shall be reserved for an income-qualified household. Under no circumstances shall all residential dwelling units on the property be occupied by households whose adjusted household income is more than 120% of the countywide area median income for greater than 12 consecutive months.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.959 Determining taxable value of each qualified residential facility.

Sec. 9. The assessor of each qualified local governmental unit in which there is a qualified residential facility with respect to which 1 or more certificates have been issued and are in force shall determine annually as of December 31 the taxable value of each qualified residential facility separately, having the benefit of a certificate and upon receipt of notice of the filing of an application for the issuance of a certificate, shall determine and furnish to the local legislative body the taxable value of the property to which the application pertains.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.960 Residential housing facility tax; determination of amount; exemption; payment; disbursements.

Sec. 10. (1) The residential housing facility tax is levied upon every owner of a qualified residential facility to which a certificate is issued under this act.

(2) Except as otherwise provided in this section, the amount of the residential housing facility tax on a new residential facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the new residential facility after deducting the taxable value of the land.

(3) Except as otherwise provided in this section, the amount of the residential housing facility tax on a rehabilitated residential facility is determined each year by multiplying 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13, by the current taxable value of the rehabilitated residential facility after deducting the taxable value of the land.

(4) Within 60 days after the granting of a residential housing exemption certificate under section 6 for a new residential facility, if the state treasurer does not determine that reducing the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of residential housing for income-qualified households in this state, the millage rate used to calculate the specific tax under subsection (2) shall be increased by 3 mills. If the state treasurer determines that further reducing the millage rate used to calculate the specific tax under subsection (2) is necessary to provide an adequate supply of residential housing for income-qualified households in this state, the state treasurer may exclude an additional 3 mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, from the millage rate used to calculate the specific tax under subsection (2).

(5) Notwithstanding subsections (2) and (3), the specific tax paid each year for that part of a qualified residential facility that is exempt from ad valorem property taxes under section 7 and not used as residential housing property in the immediately preceding year must be equal to the amount of the ad valorem property taxes that would be paid on that portion of the qualified residential facility if the qualified residential facility

were not exempt from ad valorem property taxes under section 7. The owner of the qualified residential facility must allocate the benefits of any tax exemption granted under this act exclusively to residential housing property.

(6) The specific tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the specific tax payments received by the officer or officers each year to and among this state, cities, school districts, counties, and authorities, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(7) For intermediate school districts receiving state aid under sections 56 and 62 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656 and 388.1662, of the amount of specific tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(8) The amount of specific tax described in this section that would otherwise be disbursed to a local school district for school operating purposes must be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(9) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the department on a form provided by the department.

(10) A qualified residential facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the specific tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the specific tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The specific tax calculated under this subsection must be disbursed proportionately to the taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.961 Lien.

Sec. 11. The amount of the specific tax, until paid, is a lien upon the real property to which the certificate is applicable. Proceedings upon the lien as provided by law for the foreclosure in the circuit court of mortgage liens upon real property may commence only upon the filing by the appropriate collecting officer of a certificate of nonpayment of the specific tax, together with an affidavit of proof of service of the certificate of nonpayment upon the owner of the qualified residential facility by certified mail, with the register of deeds of the county in which the qualified residential facility is situated.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.962 Residential housing exemption certificate; revocation; transfer to subsequent owner.

Sec. 12. (1) The legislative body of the qualified local governmental unit may, by resolution, revoke the certificate of a qualified residential facility if it finds that the completion of the qualified residential facility has not occurred within the time authorized by the legislative body in the certificate or a duly authorized extension of that time, or that the holder of the certificate has not proceeded in good faith with the operation of the qualified residential facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the certificate.

(2) Upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of a certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

(3) Upon the written request of the holder of a revoked certificate to the legislative body of the qualified local governmental unit and the commission or upon the application of a subsequent owner to the legislative body of the qualified local governmental unit to transfer the revoked certificate to a subsequent owner, and the submission to the commission of a resolution of concurrence by the legislative body of the qualified local governmental unit in which the qualified residential facility is located, and if the qualified residential facility continues to qualify under this act, the commission may reinstate a revoked certificate for the holder or a subsequent owner that has applied for the transfer.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.963 Transfer and assignment of certificate.

Sec. 13. A certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified residential facility if the qualified local governmental unit approves the transfer after application by the new owner.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.964 Status report by local government.

Sec. 14. Not later than June 15 each year, each qualified local governmental unit granting a certificate shall report to the commission on the status of each exemption. The report must include the current taxable value of the property to which the exemption pertains.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.965 Annual report to legislature.

Sec. 15. (1) The department shall annually prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of residential housing districts, based on the information filed with the commission.

(2) After this act has been in effect for 3 years, the department shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues an economic analysis of the costs and benefits of this act in the 3 qualified local governmental units in which it has been most heavily utilized.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

207.966 Exemption not granted after December 31, 2027.

Sec. 16. A new exemption must not be granted under this act after December 31, 2027, but an exemption then in effect must continue until the expiration of the certificate.

History: 2022, Act 237, Imd. Eff. Dec. 13, 2022.

MOTOR FUEL TAX ACT
Act 403 of 2000

AN ACT to prescribe a tax on the sale and use of certain types of fuel in motor vehicles on the public roads or highways of this state and on certain other types of gas; to prescribe the manner and the time of collection and payment of this tax and the duties of officials and others pertaining to the payment and collection of this tax; to provide for the licensing of persons involved in the sale, use, or transportation of motor fuel and the collection and payment of the tax imposed by this act; to prescribe fees; to prescribe certain other powers and duties of certain state agencies and other persons; to provide for exemptions and refunds and for the disposition of the proceeds of this tax; to provide for appropriations from the proceeds of this tax; to prescribe remedies and penalties for the violation of this act; and to repeal acts and parts of acts.

History: 2000, Act 403, Eff. Apr. 1, 2001.

The People of the State of Michigan enact:

207.1001 Short title.

Sec. 1. This act shall be known and may be cited as the "motor fuel tax act".

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1002 Definitions; A to E.

Sec. 2. As used in this act:

(a) "Alcohol" means fuel grade ethanol or a mixture of fuel grade ethanol and another product.

(b) "Blendstock" means and includes any petroleum product component of motor fuel, such as naphtha, reformate, or toluene; or any oxygenate that can be blended for use in a motor fuel.

(c) "Blended motor fuel" means a mixture of motor fuel and another liquid, other than a de minimis amount of a product including, but not limited to, carburetor detergent or oxidation inhibitor, that can be used as motor fuel in a motor vehicle.

(d) "Blender" means and includes any person who produces blended motor fuel outside of the bulk transfer/terminal system.

(e) "Blends" or "blending" means the mixing of 1 or more petroleum products, with or without another product, regardless of the original character of the product blended, if the product obtained by the blending is capable of use in the generation of power for the propulsion of a motor vehicle, an airplane, or a marine vessel. Blending does not include mixing that occurs in the process of refining by the original refiner of crude petroleum or the blending of products known as lubricating oil in the production of lubricating oils and greases.

(f) "Bulk end user" means a person who receives into the person's own storage facilities by transport truck or tank wagon motor fuel for the person's own consumption.

(g) "Bulk plant" means a motor fuel storage and distribution facility that is not a terminal and from which motor fuel may be withdrawn by a tank wagon, a transport truck, or a marine vessel.

(h) "Bulk transfer" means a transfer of motor fuel from 1 location to another by pipeline tender or marine delivery within the bulk transfer/terminal system, including, but not limited to, all of the following transfers:

(*i*) A marine vessel movement of motor fuel from a refinery or terminal to a terminal.

(*ii*) Pipeline movements of motor fuel from a refinery or terminal to a terminal.

(*iii*) Book transfers of motor fuel within a terminal between licensed suppliers before completion of removal across the terminal rack.

(*iv*) Two-party exchanges between licensed suppliers.

(i) "Bulk transfer/terminal system" means the motor fuel distribution system consisting of refineries, pipelines, marine vessels, and terminals. Motor fuel in a refinery, pipeline, terminal, or a marine vessel transporting motor fuel to a refinery or terminal is in the bulk transfer/terminal system. Motor fuel in a fuel storage facility including, but not limited to, a bulk plant that is not part of a refinery or terminal, in the fuel supply tank of any engine or motor vehicle, in a marine vessel transporting motor fuel to a fuel storage facility that is not in the bulk transfer/terminal system, or in any tank car, rail car, trailer, truck, or other equipment suitable for ground transportation is not in the bulk transfer/terminal system.

(j) "Carrier" means an operator of a pipeline or marine vessel engaged in the business of transporting motor fuel above the terminal rack.

(k) "Commercial motor vehicle" means a motor vehicle licensed as a qualified commercial motor vehicle under the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234, or a motor vehicle licensed under an international fuel tax agreement under section 2a of the motor carrier fuel tax act, 1980 PA 119,

MCL 207.212a.

(*l*) "Consumer price index" means United States consumer price index for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Labor Statistics.

(m) "Dead storage" is the amount of motor fuel that cannot be pumped out of a motor fuel storage tank because the motor fuel is below the mouth of the tank's draw pipe. The amount of motor fuel in dead storage is 200 gallons for a tank with a capacity of less than 10,000 gallons and 400 gallons for a tank with a capacity of 10,000 gallons or more.

(n) "Denaturants" means gasoline, natural gasoline, gasoline components, or toxic or noxious materials added to fuel grade ethanol to make it unsuitable for beverage use but not unsuitable for automotive use.

(o) "Department" means the department of treasury or its designee.

(p) "Destination state" means a state, Canadian province or territory, or foreign country to which motor fuel is directed for export.

(q) "Diesel fuel" means any liquid other than gasoline that is capable of use as a fuel or a component of a fuel in a motor vehicle that is propelled by a diesel-powered engine or in a diesel-powered train. Diesel fuel includes number 1 and number 2 fuel oils, kerosene, dyed diesel fuel, and mineral spirits. Diesel fuel also includes any blendstock or additive that is sold for blending with diesel fuel, any liquid prepared, advertised, offered for sale, sold for use as, or used in the generation of power for the propulsion of a diesel-powered engine, airplane, or marine vessel. An additive or blendstock is presumed to be sold for blending unless a certification is obtained for federal purposes that the substance is for a use other than blending for diesel fuel. Diesel fuel does not include an excluded liquid.

(r) "Dyed diesel fuel" means diesel fuel that is dyed in accordance with internal revenue service rules or pursuant to any other internal revenue service requirements, including any invisible marker requirements.

(s) "Eligible purchaser" means a person who has been authorized by the department under section 75 to make an election under section 74.

(t) "Excluded liquid" means that term as defined in 26 CFR 48.4081-1.

(u) "Export" means to obtain motor fuel in this state for sale or other distribution outside of this state. Motor fuel delivered outside of this state by or for the seller constitutes an export by the seller and motor fuel delivered outside of this state by or for the purchaser constitutes an export by the purchaser.

(v) "Exporter" means a person who exports motor fuel.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1003 Definitions; F to I.

Sec. 3. As used in this act:

(a) "Fuel feedstock user" means a person who receives motor fuel for the person's own use in the manufacture or production of any substance other than motor fuel.

(b) "Fuel grade ethanol" means the American Society for Testing and Materials standard in effect on April 1, 2001 as the D-4806 specification for denatured fuel grade ethanol for blending with gasoline.

(c) "Fuel transportation vehicle" means a vehicle designed or used to transport motor fuel on the public roads or highways. Fuel transportation vehicle includes, but is not limited to, a transport truck and a tank wagon. Fuel transportation vehicle does not include a vehicle transporting a nurse tank or limited volume auxiliary-mounted supply tank used for fueling an implement of husbandry.

(d) "Gallon" means a unit of liquid measure as customarily used in the United States containing 231 cubic inches, or 4 quarts, or its metric equivalent expressed in liters. Where the term gallon appears in this act, the term liters is interchangeable so long as the equivalence of a gallon and 3.785 liters is preserved. A quantity required to be furnished under this act may be specified in liters when authorized by the department.

(e) "Gasohol" means a blended motor fuel composed of gasoline and fuel grade ethanol.

(f) "Gasoline" means gasoline, alcohol, gasohol, casing head or natural gasoline, benzol, benzine, naphtha, and any blendstock additive, or other product including methanol that is sold for blending with gasoline or for use on the road other than products typically sold in containers of less than 5 gallons. Gasoline also includes a liquid prepared, advertised, offered for sale, sold for use as, or used in the generation of power for the propulsion of a motor vehicle, airplane, or marine vessel, including a product obtained by blending together any 1 or more products of petroleum, with or without another product, and regardless of the original character of the petroleum products blended, if the product obtained by the blending is capable of use in the generation

of power for the propulsion of a motor vehicle, airplane, or marine vessel. The blending of all of the above named products, regardless of their name or characteristics, shall conclusively be presumed to have been done to produce motor fuel, unless the product obtained by the blending is entirely incapable of use as motor fuel. Gasoline also includes transmix. Gasoline does not include diesel fuel or leaded racing fuel. An additive or blendstock is presumed to be sold for blending unless a certification is obtained for federal purposes that the substance is for a use other than blending for gasoline.

(g) "Gross gallons" means the total measured product, exclusive of any temperature or pressure adjustments, considerations, or deductions, in gallons.

(h) "Implement of husbandry" means a farm tractor, a vehicle designed to be drawn or pulled by a farm tractor or animal, a vehicle that directly harvests farm products, or a vehicle that directly applies fertilizer, spray, or seeds to a farm field. Implement of husbandry does not include a motor vehicle licensed for use on the public roads or highways of this state.

(i) "Import" means to bring motor fuel into this state by motor vehicle, marine vessel, pipeline, or any other means. Import does not include bringing motor fuel into this state in the fuel supply tank of a motor vehicle if the motor fuel is used to power that motor vehicle. Motor fuel delivered into this state from outside of this state by or for the seller constitutes an import by the seller, and motor fuel delivered into this state from outside of this state by or for the purchaser constitutes an import by the purchaser.

(j) "Importer" means a person who imports motor fuel into this state.

(k) "Import verification number" means the number assigned by the department to an individual delivery of motor fuel by a transport truck, tank wagon, marine vessel, or rail car in response to a request for a number from an importer or transporter carrying motor fuel into this state for the account of an importer.

(*l*) "Inflation rate" means the annual percentage change in the consumer price index, as determined by the department, comparing the 2 most recent October 1 through September 30 periods that are immediately preceding the effective date of the rate prescribed under section 8(1)(c), converted to decimals. If the annual percentage change is negative, then the inflation rate is zero.

(m) "In this state" means the area within the borders of this state, including all territories within the borders owned by, held in trust by, or added to the United States of America.

(n) "Invoiced gallons" means the number of gallons actually billed on an invoice.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003;—Am. 2006, Act 277, Eff. Jan. 1, 2004;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 1 of Act 277 of 2006 provides:

"Enacting section 1. This amendatory act shall be retroactively applied to January 1, 2004 but shall not authorize refunds other than to an end user for taxes previously paid."

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1004 Definitions; K to P.

Sec. 4. As used in this act:

(a) "Kerosene" means all grades of kerosene, including, but not limited to, the 2 grades of kerosene, No. 1-K and No. 2-K, commonly known as K-1 kerosene and K-2 kerosene respectively, described in American society for testing and materials specifications D-3699, in effect on January 1, 1999, and kerosene-type jet fuel described in American society for testing and materials specification D-1655 and military specifications MIL-T-5624r and MIL-T-83133d (grades jp-5 and jp-8), and any successor internal revenue service rules or regulations, as the specification for kerosene and kerosene-type jet fuel. Kerosene does not include an excluded liquid.

(b) "Leaded racing fuel" is a fuel other than diesel fuel that is leaded and at least 100 octane and is used in vehicles on a racetrack.

(c) "Liquid" means any substance that is liquid in excess of 60 degrees Fahrenheit and a pressure of 14.7 pounds per square inch absolute.

(d) "Motor fuel" means gasoline, diesel fuel, kerosene, a mixture of gasoline, diesel fuel, or kerosene, or a mixture of gasoline, diesel fuel, or kerosene and any other substance. Motor fuel does not include leaded racing fuel.

(e) "Motor vehicle" means a vehicle that is propelled by an internal combustion engine or motor and is designed to permit the vehicle's mobile use on the public roads or highways of this state. Motor vehicle does not include any of the following:

(*i*) An implement of husbandry.

(*ii*) A train or other vehicle operated exclusively on rails.

(*iii*) Machinery designed principally for off-road use and not licensed for on-road use.

(*iv*) A stationary engine.

(f) "Net gallons" means the remaining product, after all considerations and deductions have been made, measured in gallons, corrected to a temperature of 60 degrees Fahrenheit, 13 degrees Celsius, and a pressure of 14.7 pounds per square inch, the ultimate end amount.

(g) "Oxygenate" means an oxygen-containing, ashless, organic compound, such as an alcohol or ether, which may be used as a fuel or fuel supplement.

(h) "Permissive supplier" means a person who may not be subject to the taxing jurisdiction of this state but who does meet both of the following requirements:

(*i*) Is a position holder in a federally registered terminal located outside of this state, or a person who acquires from a position holder motor fuel in an out-of-state terminal in a transaction that otherwise qualifies as a 2-party exchange under this act.

(*ii*) Is registered under section 4101 of the internal revenue code for transactions in motor fuel in the bulk transfer/terminal system.

(i) "Person" means and includes an individual, cooperative, partnership, firm, association, limited liability company, limited liability partnership, joint stock company, syndicate, and corporation, both private and municipal, and any receiver, trustee, conservator, or any other officer having jurisdiction and control of property by law or by appointment of a court other than units of government.

(j) "Position holder" means a person who has a contract with a terminal operator for the use of storage facilities and other terminal services for motor fuel at the terminal, as reflected in the records of the terminal operator. Position holder includes a terminal operator who owns motor fuel in the terminal.

(k) "Public roads or highways" means a road, street, or place maintained by this state or a political subdivision of this state and generally open to use by the public as a matter of right for the purpose of vehicular travel, notwithstanding that they may be temporarily closed or travel is restricted for the purpose of construction, maintenance, repair, or reconstruction.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003;—Am. 2006, Act 277, Eff. Jan. 1, 2004.

Compiler's note: Enacting section 1 of Act 277 of 2006 provides:

"Enacting section 1. This amendatory act shall be retroactively applied to January 1, 2004 but shall not authorize refunds other than to an end user for taxes previously paid."

207.1005 Definitions; R to S.

Sec. 5. (1) As used in this act:

(a) "Rack" means a mechanism for delivering motor fuel from a refinery, a terminal, or a marine vessel into a railroad tank car, a transport truck, a tank wagon, the fuel supply tank of a marine vessel, or other means of transfer outside of the bulk transfer/terminal system.

(b) "Refiner" means a person who owns, operates, or otherwise controls a refinery within the United States.

(c) "Refinery" means a facility used to produce motor fuel from crude oil, unfinished oils, natural gas liquids, or other hydrocarbons and from which motor fuel may be removed by pipeline, by marine vessel, or at a rack.

(d) "Removal" or "removed" means a physical transfer other than by evaporation, loss, or destruction of motor fuel from a terminal, manufacturing plant, customs custody, pipeline, marine vessel, or refinery that stores motor fuel.

(e) "Retail diesel dealer" means a person who sells or distributes diesel fuel to an end user in this state.

(f) "Retail marine diesel dealer" means a person who sells or distributes diesel fuel to an end user in this state for use in boats or other marine vessels.

(g) "Source state" means the state, Canadian province or territory, or foreign country from which motor fuel is imported.

(h) "Stationary engine" means a temporary or permanently affixed engine designed and used to supply power primarily for agricultural or construction work. Stationary engine includes, but is not limited to, an engine powering irrigation equipment, generators, or earth-moving equipment.

(i) "Supplier", in addition to subsection (2), means a person who meets all of the following requirements:

(*i*) Is subject to the general taxing jurisdiction of this state.

(*ii*) Is registered under section 4101 of the internal revenue code for transactions in motor fuel in the bulk transfer/terminal distribution system.

(*iii*) Is any 1 of the following:

(A) The position holder in a terminal or refinery in this state.

(B) A person who imports fuel grade ethanol into this state.

(C) A person who acquires motor fuel from a terminal or refinery in this state from a position holder pursuant to a 2-party exchange.

(D) The position holder in a terminal or refinery outside this state with respect to motor fuel which that person imports into this state on its account.

(2) Supplier also means a person who either produces alcohol or alcohol derivative substances in this state or produces alcohol or alcohol derivative substances for import into a terminal in this state, or who acquires immediately upon import by transport truck, tank wagon, rail car, or marine vessel into a terminal or refinery or other storage facility that is not part of a terminal or refinery, alcohol or alcohol derivative substances. A terminal operator is not considered a supplier merely because the terminal operator handles motor fuel consigned to it within a terminal. Supplier includes a permissive supplier unless otherwise specifically provided in this act.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1006 Definitions; T to W.

Sec. 6. As used in this act:

(a) "Tank wagon" means a straight truck having 1 or more compartments other than the fuel supply tank designed or used to carry motor fuel.

(b) "Tank wagon operator-importer" means a person who operates a tank wagon and imports motor fuel into this state from another state.

(c) "Tax" means a tax, interest, or penalty levied under this act.

(d) "Terminal" means a motor fuel storage and distribution facility that meets all of the following requirements:

(*i*) Is registered as a qualified terminal by the internal revenue service.

(*ii*) Is supplied by pipeline or marine vessel.

(*iii*) Has a rack from which motor fuel may be removed.

(e) "Terminal operator" means a person who owns, operates, or otherwise controls a terminal.

(f) "Transmix" means the mixed product that results from the buffer or interface of 2 different products in a pipeline shipment, or a mixture of 2 different products within a refinery or terminal that results in an off-grade mixture.

(g) "Transport truck" means a semitrailer combination rig designed or used for the purpose of transporting motor fuel over the public roads or highways.

(h) "Transporter" means an operator of a railroad or rail car, tank wagon, transport truck, or other fuel transportation vehicle engaged in the business of transporting motor fuel below the terminal rack.

(i) "Two-party exchange" means a transaction in which motor fuel is transferred from 1 licensed supplier or licensed permissive supplier to another licensed supplier or licensed permissive supplier where all of the following occur:

(*i*) The transaction includes a transfer from the person who holds the original inventory position for motor fuel in the terminal as reflected in the records of the terminal operator.

(*ii*) The exchange transaction is completed before removal across the rack from the terminal by the receiving licensed supplier or licensed permissive supplier.

(*iii*) The terminal operator in its books and records treats the receiving exchange party as the supplier that removes the product across a terminal rack for purposes of reporting the transaction to the department.

(j) "Ultimate vendor" means the person who sells motor fuel to the end user of the fuel.

(k) "Wholesaler" means a person who acquires motor fuel from a supplier or from another wholesaler for subsequent sale and distribution at wholesale by a fuel transportation vehicle, rail car, or other motor vehicle.

History: 2000, Act 403, Eff. Apr. 1, 2001.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1008 Tax on motor fuel; rates; collection or payment; exception; manner and time;

imposition of rate on net gallons; legislative intent; bills of lading and invoices; identification of blended product and correct fuel product code; terminal operator license; requirements; notice; presumption.

Sec. 8. (1) Except as otherwise provided in this act and subject to the exemptions provided for in this act, tax is imposed on motor fuel imported into or sold, delivered, or used in this state at the following rates:

(a) Except as otherwise provided in subdivision (c), as follows:

(*i*) Through December 31, 2016, 19 cents per gallon on gasoline.

(*ii*) Beginning January 1, 2017, 26.3 cents per gallon on gasoline.

(b) Except as otherwise provided in subdivision (c), as follows:

(*i*) Through December 31, 2016, 15 cents per gallon on diesel fuel.

(*ii*) Beginning January 1, 2017, 26.3 cents per gallon on diesel fuel.

(c) Beginning with the rate effective on January 1, 2022 and January 1 of each year thereafter, the department shall determine a cents-per-gallon rate on motor fuel that shall be derived by multiplying the cents-per-gallon rate in effect during the immediately preceding calendar year by 1 plus the lesser of 0.05 or the inflation rate and rounding up the product to the nearest 1/10 of a cent.

(2) Tax shall not be imposed under this section on motor fuel that is in the bulk transfer/terminal system.

(3) The collection, payment, and remittance of the tax imposed by this section shall be accomplished in the manner and at the time provided for in this act.

(4) Tax is also imposed at the rate described in subsection (1) on net gallons of motor fuel, including transmix, lost or unaccounted for, at each terminal in this state. The tax shall be measured annually and shall apply to the net gallons of motor fuel lost or unaccounted for that are in excess of 1/2 of 1% of all net gallons of fuel removed from the terminal across the rack or in bulk.

(5) It is the intent of this act:

(a) To require persons who operate a motor vehicle on the public roads or highways of this state to pay for the privilege of using those roads or highways.

(b) To impose on suppliers a requirement to collect and remit the tax imposed by this act at the time of removal of motor fuel unless otherwise specifically provided in this act.

(c) To allow persons who pay the tax imposed by this act and who use the fuel for a nontaxable purpose to seek a refund or claim a deduction as provided in this act.

(d) That the tax imposed by this act be collected and paid at those times, in the manner, and by those persons specified in this act.

(6) Bills of lading and invoices shall identify the blended product and the correct fuel product code. The motor fuel tax rate for each product shall be listed separately on each invoice. Licensees shall report the correct fuel product code for the blended product as required by the department. When fuel is blended below the terminal rack, new bills of lading and invoices shall be generated and submitted to the department upon request. All bills of lading and invoices shall meet the requirements provided under this act.

(7) Notwithstanding any other provision of this act, a facility in this state that produces motor fuel and distributes the fuel from a rack for purposes of this act is a terminal, shall obtain a terminal operator license, and shall comply with all terminal operator reporting requirements under this act. A position holder in a facility shall be licensed as a supplier and shall comply with all supplier requirements under this act.

(8) Beginning with the rate in effect on January 1, 2022 and January 1 of each year thereafter, the department shall publish notice of the tax rate under this section not later than 30 days before the effective date of the rate.

(9) A determination by the department of the consumer price index, the inflation rate, or the tax rate under this section is presumed correct and shall not be set aside unless an administrative tribunal or a court of competent jurisdiction finds the department's determination to be clearly erroneous.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003;—Am. 2006, Act 268, Eff. Sept. 1, 2006;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1010 Repealed. 2021, Act 124, Imd. Eff. Dec. 17, 2021.

Compiler's note: The repealed section pertained to the application of a tax rate increase.

207.1012 Imposition on nonexempt end user; joint and several liability.

Sec. 12. (1) A tax equal to the tax imposed by section 8 is imposed on a nonexempt end user upon delivery

in this state of 1 or more of the following into the fuel supply tank of that end user's motor vehicle:

(a) Dyed diesel fuel or any motor fuel that contains a dye.

(b) Motor fuel on which a claim for refund has been made.

(c) Any fuel or component of fuel that is taxable under this act and on which tax has not previously been imposed by this act.

(2) The ultimate vendor of motor fuel is jointly and severally liable with the end user for the tax imposed by this section if the ultimate vendor knows or has reason to know that the motor fuel, as to which the tax imposed by this act or the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234, has not been paid, is or will be consumed by a nonexempt end user or in a nonexempt use.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1014 Tax remittance by electronic funds transfer; deduction for quantity of gas removed by supplier; payment or credit.

Sec. 14. (1) The department may require a supplier required to remit tax under this act to remit the tax by an electronic funds transfer acceptable to the department. The remittance shall be made on or before the date the tax is due.

(2) In computing the tax, a supplier may deduct 1.5% of the quantity of gasoline removed by the supplier to allow for the cost of remitting the tax. This deduction is not allowed for the quantity of gasoline removed by the supplier and sold tax-free. At the time of filing the report and paying the tax, the supplier shall submit satisfactory evidence to the department that the amount of tax represented by the deduction was paid or credited to the supplier or wholesaler who purchased the gasoline from the supplier or wholesaler. The amount of the deduction shall be paid or credited by each supplier or wholesaler to the purchaser at each subsequent sale to a wholesaler. When a wholesaler or supplier sells gasoline to a retailer, the wholesaler or supplier shall pay or credit to the retailer 1/3 of the deduction on quantities sold to that retailer.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1016 Tax credit by supplier in amount uncollected from purchaser; notice; rules; report; identification; limitation; additional credit; remittance.

Sec. 16. (1) In computing the amount of tax due under this act, a supplier is entitled to a credit against the tax payable in the amount of tax paid by the supplier that has not been collected from an eligible purchaser and remains uncollected for 90 days after the date the tax payment was due from the eligible purchaser.

(2) The supplier shall provide written notice to the department of a failure to collect tax within 10 days after the earliest date on which the supplier was allowed to collect the tax from the eligible purchaser under section 74.

(3) The department may promulgate rules establishing the evidence a supplier must provide to receive the credit.

(4) A supplier shall claim the credit on the first report filed by the supplier following the expiration of the 90-day period described in subsection (1) if the payment remains unpaid as of the filing date of that report.

(5) The claim for the credit shall identify the defaulting eligible purchaser and any tax liability that remains unpaid.

(6) If an eligible purchaser fails to make a timely payment of the amount of tax due, the supplier's credit shall be limited to the amount due from the purchaser, plus any tax that accrues and remains unpaid from that purchaser for a period of 10 days following the date of failure to pay.

(7) Additional credit is not allowed to a supplier under this section until the department has authorized the purchaser to make a new election under section 74.

(8) A supplier shall remit to the department any previously uncollected taxes paid to the supplier by an eligible purchaser on which the supplier claimed a credit or deduction under this section. The supplier shall remit the taxes on the return filed for the month that the taxes were paid to the supplier and shall include a statement of the period for which the taxes were paid.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1020 Motor fuel blended with untaxed products or materials; tax; applicable rate; remittance.

Sec. 20. (1) A person who blends motor fuel with untaxed products or materials is subject to tax on the untaxed products or materials.

(2) The applicable rate of tax on the untaxed products or materials is the rate imposed on the motor fuel that is blended with the untaxed product or materials.

(3) A person subject to the tax payable under subsection (1) shall remit the tax directly to the department

on or before the twentieth day of the month following the month the fuel is blended.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1022 Tax on gasoline, diesel fuel, and alternative fuel in lieu of other taxes.

Sec. 22. (1) The tax imposed on gasoline shall be in lieu of all other taxes imposed or to be imposed upon the sale or use of gasoline by this state or any political subdivision of this state except for the taxes imposed by the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, and the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(2) The tax imposed on diesel fuel and alternative fuel shall be imposed in lieu of all other taxes imposed or to be imposed upon the sale or use of diesel fuel or alternative fuel by this state or a political subdivision of this state, except the taxes imposed by the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, the use tax act, 1937 PA 94, MCL 205.91 to 205.111, and the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234. The exception for taxes imposed by the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, and the use tax act, 1937 PA 94, MCL 205.91 to 205.111, does not apply to diesel fuel used in passenger vehicles of a capacity of 10 or more operated for hire under a certificate issued by the state transportation department. As used in this subsection, "alternative fuel" means that term as defined in section 151.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1024 Sale, delivery, use, possession, or storage of motor fuel; prohibition; exceptions; violation as misdemeanor.

Sec. 24. (1) Except as otherwise provided in subsection (2), a person shall not sell, deliver, possess, or store in this state, or import for sale, use, delivery, possession, or storage in this state, motor fuel as to which the tax imposed by section 8 has not been previously paid to or accrued by either of the following:

(a) A licensed supplier at the time of removal from a terminal.

(b) A licensed importer, if all of the conditions in sections 76 and 104 concerning the lawful importation of motor fuel by the importer have been met.

(2) The prohibition in subsection (1) does not apply to any of the following:

(a) A supplier with respect to motor fuel held within the bulk transfer/terminal system in this state which was refined in this state or imported into this state in a bulk transfer.

(b) Motor fuel that is exempt under section 30.

(c) Motor fuel in the process of being exported by a licensed exporter in accordance with the shipping paper requirement in section 101 as to which the destination state tax has been paid or accrued to the supplier and a statement meeting the requirements of section 103(1)(d) is shown on the shipping paper.

(d) Motor fuel in the possession of an end user as to which a refund has been issued.

(e) A licensed importer who has met the conditions of sections 76 and 104.

(3) A person who violates this section is guilty of a misdemeanor.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1026 Presumption as to use or consumption of motor fuel on public roads or highways.

Sec. 26. (1) Except as otherwise provided in section 32, there is an irrebuttable presumption that all motor fuel delivered in this state into the fuel supply tank of a motor vehicle licensed or required to be licensed for use on the public roads or highways of this state is to be used or consumed on the public roads or highways in this state for producing or generating power for propelling the motor vehicle. This presumption does not apply to that portion of the motor fuel used or consumed by a commercial motor vehicle outside of this state.

(2) There is a rebuttable presumption, subject to proof of exemption under this act, that all motor fuel removed from a terminal in this state, or imported into this state other than by a bulk transfer within the bulk transfer/terminal system or delivered into an end user's storage tank, is to be used or consumed on the public roads or highways in this state in producing or generating power for propelling motor vehicles. This presumption does not apply to that portion of the motor fuel used or consumed by a licensed commercial motor vehicle outside of this state.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1028 Tax on sale or use of motor fuel; measurement by gross gallons; time;

measurement on net gallons sold by supplier through terminal as 1-time option.

Sec. 28. (1) Except as otherwise provided in this section, the tax imposed by this act on the sale or use of motor fuel shall be measured by gross gallons of motor fuel:

(a) Removed by a licensed supplier from the bulk transfer/terminal system or from a qualified terminal or refinery within the United States.

(b) Removed by a licensed supplier from the bulk transfer/terminal system or from a qualified terminal or refinery outside the United States for delivery to a location in this state, as represented on the shipping paper if the supplier either imports the motor fuel for its own account or has made a tax precollection election under section 74.

(c) Transferred within a qualified terminal or refinery in this state to an unlicensed supplier.

(d) In the manner provided by the tax imposed by section 4081 of the internal revenue code or rules promulgated under that section.

(2) The tax imposed by this act on motor fuel that is imported into this state from outside the United States by a licensed importer, other than by a bulk transfer, arises at the time the motor fuel is imported into the state. The tax shall be measured by gross gallons received outside this state at a refinery, terminal, or bulk plant for delivery to a destination in this state, or as otherwise determined by the department.

(3) A supplier who removes motor fuel from a terminal supplied by a refinery located not more than 5 miles from the terminal may exercise a 1-time option to report, collect, and pay tax under this act on all gallons of motor fuel sold by the supplier through that terminal measured by net gallons. A supplier shall exercise the option by notifying the department in writing not less than 30 days before the date the option is exercised. A supplier may rescind the option only upon a showing of good cause and after approval of the department.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1030 Tax exemption.

Sec. 30. (1) Motor fuel is exempt from the tax imposed by section 8 and the tax shall not be collected by the supplier if the motor fuel:

(a) Is dyed diesel fuel or dyed kerosene.

(b) Is gasoline or diesel fuel that is sold directly by the supplier to the federal government, the state government, or a political subdivision of the state for use in a motor vehicle owned and operated or leased and operated by the federal or state government or a political subdivision of the state.

(c) Is sold directly by the supplier to a nonprofit, private, parochial, or denominational school, college, or university and is used in a school bus owned and operated or leased and operated by the educational institution that is used in the transportation of students to and from the institution or to and from school functions authorized by the administration of the institution.

(d) Is fuel for which proof of export is available in the form of a terminal-issued destination state shipping paper under any of the following circumstances:

(*i*) The motor fuel is exported by a supplier who is licensed in the destination state.

(*ii*) Until December 31, 2000, the motor fuel is sold by a supplier to a licensed exporter for immediate export.

(*iii*) The motor fuel is sold by a supplier to another person for immediate export to a state for which the destination state fuel tax has been paid to the supplier who is licensed to remit tax to that destination state.

(e) Is gasoline removed from a pipeline or marine vessel by a taxable fuel registrant with the internal revenue service as a fuel feedstock user.

(f) Is motor fuel that is sold for use in aircraft but only if the purchaser paid the tax imposed on that fuel under the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and the purchaser is registered under section 94 if required to be registered under that section.

(g) Is aviation fuel upon which tax is not due under section 203 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.203, and the purchaser has certified in writing to the seller that the aviation fuel is being purchased solely for the purpose of formulating leaded racing fuel as that term is defined in section 4. Aviation fuel qualifying under this subsection shall be identified on shipping papers and invoices as "aviation fuel exempt for LRF".

(h) Is number 5 fuel oil, number 6 fuel oil, or fuel oil commonly sold or referred to as bunker C or navy special, as determined by the department.

(2) Motor fuel is exempt from the tax imposed by section 8 if it is acquired by an end user outside of this state and brought into this state in the fuel supply tank of a motor vehicle that is not a commercial motor vehicle, but only if the fuel is retained within and consumed from that same fuel supply tank.

(3) A person who uses motor fuel for a taxable purpose where the tax imposed by this act was not collected

shall pay to the department the tax imposed by section 8 and any applicable penalties or interest. The payment shall be made on a form or in a format prescribed by the department.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003;—Am. 2008, Act 26, Eff. May 12, 2008;—Am. 2018, Act 55, Imd. Eff. Mar. 6, 2018.

207.1032 Use of motor fuel for nontaxable purpose; refund.

Sec. 32. If a person pays the tax imposed by this act and uses the motor fuel for a nontaxable purpose as described in sections 33 to 47, the person may seek a refund of the tax. To obtain a refund, the person shall comply with the requirements set forth in section 48.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1033 Use of motor fuel for nonhighway purposes; refund not applicable for snowmobile, off-road vehicle, or certain vessel.

Sec. 33. An end user may seek a refund for tax paid under this act on motor fuel used by the person for nonhighway purposes. However, a person shall not seek and is not eligible for a refund for tax paid on motor fuel used in a snowmobile, off-road vehicle, or vessel as defined in the natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1034 Government owned, leased, or operated vehicle; refund or deduction on gasoline or diesel fuel sold tax-free.

Sec. 34. A person may seek a refund or claim a deduction for tax paid under this act on gasoline or diesel fuel that is sold tax-free by the person seeking the refund or claiming the deduction to the federal government, the state government, or a political subdivision of the state for use in a motor vehicle owned and operated or leased and operated by the federal government, state government, or a political subdivision of the state. However, if the purchase of motor fuel is charged to a credit card issued to an eligible government entity, the issuer of the card shall bill the government entity without the tax and seek a refund.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1035 School bus owned, operated, or leased by educational institution; refund or deduction on gasoline or diesel fuel sold tax-free.

Sec. 35. A person may seek a refund or claim a deduction for tax paid under this act on motor fuel that is sold tax-free by the person seeking the refund or claiming the deduction to a nonprofit, private, parochial, or denominational school, college, or university for use in a school bus owned and operated or leased and operated by the educational institution that is used in the transportation of students to and from the institution or to and from school functions authorized by the administration of the institution.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1036 Tax refund on motor fuel acquired by licensed exporter.

Sec. 36. A licensed exporter may seek a refund for tax paid under this act on motor fuel acquired by the licensed exporter on which the tax imposed by this act has previously been paid or accrued and that was subsequently exported by transport truck by or on behalf of the licensed exporter in a diversion across state boundaries properly reported under section 108.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1037 Tax refund on motor fuel exported out of bulk plant in tank wagon; tax refund or deduction on tax-free K-1 kerosene sold through blocked pump.

Sec. 37. (1) A person may seek a refund for tax paid under this act on motor fuel that the person exported out of a bulk plant in this state in a tank wagon if proof of reporting of import to the destination state and proof of payment of the tax imposed by this act have been provided. The refund is subject to conditions established by the department.

(2) A person who is registered with the federal government under section 4101 of the internal revenue code as an ultimate vendor may apply for a refund or claim a deduction for tax paid under this act on K-1 kerosene that is sold tax-free by that person through a blocked pump if he or she meets the requirements described in section 6427 of the internal revenue code and any regulations concerning a blocked pump. The department may revoke a person's license under this act if the person allows anyone to fuel a motor vehicle from a blocked pump or allows anyone to purchase K-1 kerosene from a blocked pump for a taxable purpose. As used in this subsection, "blocked pump" means that term as defined in 65 F.R. 48.6427-10, p. 17162 (March 31, 2000).

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003.

207.1038 Repealed. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: The repealed section pertained to refund for tax paid on sale of undyed diesel fuel.

207.1039 Tax refund on motor fuel or leaded racing fuel used in husbandry implement or other nonhighway purpose.

Sec. 39. An end user may seek a refund for tax paid under this act on motor fuel or leaded racing fuel used in an implement of husbandry or otherwise used for a nonhighway purpose not otherwise expressly exempted under this act. However, a person shall not seek and is not eligible for a refund for tax paid on gasoline or leaded racing fuel used in a snowmobile, off-road vehicle, or vessel as defined in the natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2006, Act 277, Eff. Jan. 1, 2004.

Compiler's note: Enacting section 1 of Act 277 of 2006 provides:

"Enacting section 1. This amendatory act shall be retroactively applied to January 1, 2004 but shall not authorize refunds other than to an end user for taxes previously paid."

207.1040 Tax refund on contaminated, lost, or destroyed motor fuel or alternative fuel; exception.

Sec. 40. (1) A person may seek a refund for tax paid under this act on motor fuel or alternative fuel that is 1 or more of the following:

(a) Accidentally contaminated by dye or another contaminant, including but not limited to gasoline that is mixed with diesel fuel, if the resulting product cannot be used to operate a motor vehicle on the public roads or highways without violating this act or other state or federal law.

(b) Accidentally lost or destroyed as a direct result of a sudden and unexpected casualty loss.

(2) The refund described in subsection (1) does not apply if the person seeking the refund has been reimbursed for the cost of the tax by any person, including, but not limited to, an insurance company, for the loss or contamination. If a person seeking a refund under this section is reimbursed for any amount, that person shall demonstrate to the department that the amount reimbursed does not include tax paid under this act on the motor fuel or alternative fuel in order to be eligible for the refund.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1041 Tax refund on gasoline used in community action agency vehicle.

Sec. 41. An end user may seek a refund for tax paid under this act on gasoline used in a passenger vehicle of a capacity of 5 or more under a municipal franchise, license, permit, agreement, or grant, respectively, a person operating a passenger vehicle for the transportation of school students under a certificate of authority issued by the state transportation department pursuant to section 5 of article II of the motor carrier act, 1933 PA 254, MCL 476.5, and a community action agency as described in former title II of the economic opportunity act of 1964, Public Law 88-452, which are not a part or division of a political subdivision of this state. A community action agency shall make the refund a state-contributed nonfederal share to grants received by the community action agency from the community services administration under former title II of the economic opportunity act of 1964.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1042 Tax refund on diesel fuel used for motor bus.

Sec. 42. An end user may seek a refund for tax paid under this act on diesel fuel used in a passenger vehicle of a capacity of 10 or more under a certificate of authority issued by the state transportation department, or under a municipal franchise, license, permit, agreement, or grant, respectively, and operating over regularly traveled routes expressly provided for in the certificate of convenience and necessity, or municipal franchise, license, permit, agreement, or grant. A refund provided under this section to a state certificated operator of an intercity motor bus shall apply only to those gallons of diesel motor fuel producing mileage traveled by each intercity motor bus over regular routes or on charter trips or portions of charter trips within this state.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1043 Tax deduction for stored motor fuel exported by transport truck.

Sec. 43. A licensed exporter may claim a deduction for tax paid under this act on motor fuel that was placed into storage in this state and was subsequently exported by transport truck or tank wagon by or on behalf of a licensed exporter if both of the following requirements are met:

(a) Proof of export is available in the form of a destination state shipping paper that was acquired by a licensed exporter.

(b) The motor fuel is fuel as to which the tax imposed by this act had previously been paid or accrued.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1044 Tax refund on motor fuel consumed for exempt use.

Sec. 44. An end user may seek a refund for tax paid under this act on motor fuel purchased by the end user for consumption for an exempt use described under section 30 on which the tax imposed by section 8 was previously paid and for which a refund was not previously issued.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1045 Tax refund for common fuel supply tank propelling vehicle and operating attached equipment.

Sec. 45. (1) An end user operating a motor vehicle with a common fuel supply tank from which motor fuel or alternative fuel is used both to propel the vehicle and to operate attached equipment may seek a refund for tax paid under this act on motor fuel or alternative fuel consumed from that fuel supply tank in the amount of 15% of the tax paid.

(2) Notwithstanding subsection (1), an end user operating a motor vehicle with a common fuel supply tank from which motor fuel or alternative fuel is used both to propel the vehicle and to operate attached equipment may seek a refund for tax paid under this act on motor fuel or alternative fuel consumed from that fuel supply tank in an amount that is more than 15% of the tax paid if the operator provides evidence to the department that a refund or deduction of more than 15% is justified. The department shall determine the evidence that is necessary under this section to justify a refund of more than 15% of the tax paid.

(3) A refund provided under this section only applies to a motor vehicle that is used by the end user exclusively for business or other commercial purposes and does not apply to an automobile whether or not it is used by the end user for business or other commercial purposes.

(4) If the department determined before April 1, 2001 that a class of motor vehicles with attached equipment was eligible for a motor fuel refund in an amount different than 15% of the tax paid, that percentage applies to those motor vehicles on and after April 1, 2001 unless, following notice and hearing, a later determination under subsection (2) is made.

(5) As used in this section:

(a) "Alternative fuel" means that term as defined in section 151.

(b) "Attached equipment" means equipment used by the end user in the regular course of his or her business that is powered by motor fuel or alternative fuel from the common fuel supply tank. Attached equipment includes, but is not limited to, certain pumping, spraying, seeding, spreading, shredding, lifting, winching, dumping, cleaning, mixing, processing, and refrigeration equipment. Attached equipment does not include a heater, air conditioner, radio, or any other equipment that is used in the cab of the motor vehicle and does not include any other equipment that the department reasonably determines does not meet this definition.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1047 Tax refund; time of filing.

Sec. 47. A person may otherwise seek a refund for tax paid under this act on motor fuel pursuant to section 30 of 1941 PA 122, MCL 205.30. However, the claim for refund shall be filed within 18 months after the date the motor fuel was purchased.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1048 Refund claim; requirements; filing date; investigation; deduction in lieu of refund; interest.

Sec. 48. (1) In order to make a refund claim under this act, a person shall do all of the following:

(a) File the claim on a form or in a format prescribed by the department.

(b) Provide the information required by the department including, but not limited to, all of the following:

(*i*) The total amount of motor fuel purchased based on the original invoice unless the department waives this requirement.

(*ii*) The total amount of tax paid.

(*iii*) A statement that the fuel was used for an exempt purpose or by an exempt user.

(*iv*) A statement that the fuel was paid for in full.

(*v*) A statement printed on the form that the claim is made under penalty of perjury.

(c) Comply with any specific requirement described in sections 32 to 47.

(d) Sign the claim.

(e) File the claim not more than 18 months after the date the motor fuel was purchased.

(2) For purposes of this section, the filing date of a claim is the earlier of the date the claim was postmarked by the United States postal service or the date the claim was received by the department.

(3) The department may make any investigation it considers necessary before refunding tax paid under this act to a person but in any case may investigate a refund after the refund has been issued and within 4 years from the date of issuance of refund.

(4) In any case where a refund would be payable to a licensee who files a report under this act, the licensee may claim a deduction on the report filed under section 70 in lieu of the refund. If a licensee claims a deduction on the report, the licensee shall attach the claim for refund form to the report.

(5) The department shall pay interest on a refund claim in accordance with the requirements of section 30 of 1941 PA 122, MCL 205.30.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1051 False statement; violation as misdemeanor; penalty.

Sec. 51. (1) A person who makes a false statement in any claim under this act, who submits an invoice in support of the claim upon which alteration or changes exist in the date, name, number of gallons, amount of tax paid, or other relevant information, who knowingly presents any claim or invoice containing any false statement, or who collects or attempts to collect a refund, or causes to be paid to another person a refund, without being entitled to it, shall forfeit the full amount of the claim.

(2) A person who violates a prohibition set forth in subsection (1) is guilty of a misdemeanor punishable by a fine of not more than $1,000.00, or imprisonment for a term of not more than 1 year, or both.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1053 License required; application; form; information; current licenses; license for more than 1 business activity; person licensed as supplier; violation; penalty.

Sec. 53. (1) A person shall not engage in a business activity in this state where a license is required by this act unless the person is licensed under this act.

(2) A person required to be licensed under this act shall apply for a license on a form or in a format prescribed by the department.

(3) An application for a license under this act may contain any information the department may reasonably require to administer this act including the applicant's federal identification number.

(4) The following persons currently licensed on April 1, 2001 are not required to obtain a new license under this act and shall be considered licensed under this act:

(a) A person licensed in this state as a supplier on April 1, 2001 shall be considered licensed as a supplier under this act but only if the person is a terminal operator or a position holder in a terminal on April 1, 2001.

(b) A wholesale distributor who on April 1, 2001 possesses a valid exemption certificate issued under former section 12 of 1927 PA 150 shall be considered licensed as a fuel vendor under this act.

(c) A person licensed in this state as an exporter on April 1, 2001 shall be considered licensed as an exporter under this act.

(d) A person licensed in this state as a liquid fuel hauler on April 1, 2001 shall be considered licensed as a transporter under this act.

(e) A person licensed in this state as a retail dealer of diesel motor fuel on April 1, 2001 shall be considered licensed as a retail diesel dealer under this act.

(5) A person considered licensed under subsection (4) is subject to all of the provisions of this act except those requiring an application for a new license.

(6) Except as otherwise provided in this act, a person who is engaged in more than 1 business activity for which a license is required under this act shall be licensed for each business activity.

(7) A person who is licensed as a supplier is not required to obtain a separate license for any other business

activity for which a license is required under this act except as a retail diesel dealer or as an alternative fuel dealer or alternative fuel commercial user under sections 151 to 155.

(8) A person who negligently violates this section is subject to a civil penalty of $1,000.00.

(9) A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1055 License application; investigation; occasional importer's license or bonded importer's license.

Sec. 55. (1) The department shall investigate each person who applies for a license under this act. The department shall not issue a license if it determines that 1 or more of the following exist:

(a) The application was not filed in good faith.

(b) The applicant is not the real party in interest. As used in this subdivision and subdivisions (c) and (d), "real party in interest" means related party control as described in section 267 of the internal revenue code and related regulations.

(c) A license previously issued to the real party in interest was revoked for cause.

(d) The applicant or real party in interest, or a person controlled by the real party in interest, has had their license under this act or former act 1927 PA 150 revoked or refused for renewal in this state or another state or foreign jurisdiction.

(e) The applicant, or a corporate officer of the applicant, has a prior state or federal felony or misdemeanor conviction in this state or another state or foreign jurisdiction for motor fuel tax evasion or other tax evasion, or for shipping paper tampering, or for fuel tampering, or is currently charged or under indictment for such an offense.

(f) Other reasonable cause as determined by the department.

(2) If the person is applying for an occasional importer's license or a bonded importer's license, the department shall not issue a license if the applicant is not licensed in the identified source state.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1056 Fingerprints.

Sec. 56. (1) The department may require a licensee or an applicant for a license under this act, including a corporate officer, partner, or other individual, to submit a copy of their fingerprints to the department at the time of application.

(2) The following persons are exempt from the fingerprinting requirement in subsection (1):

(a) An officer of a publicly held corporation or its subsidiary.

(b) A person other than an applicant for an importer's license who was licensed under this act continuously for 3 years before the effective date of this section.

(3) The fingerprints shall be submitted on a form or in a format prescribed by the department.

(4) The department shall forward fingerprints submitted by an applicant to the federal bureau of investigation or any other agency for processing.

(5) Subject to the confidentiality requirements set forth in 1941 PA 122, MCL 205.1 to 205.31, the department may maintain a file of fingerprints submitted under this section.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1057 Financial statements.

Sec. 57. (1) The department may at any time require an applicant or a licensee to furnish current, verified financial statements.

(2) The department is not required to accept as accurate financial statements which have not been certified or independently audited and may independently inquire into the financial condition of an applicant.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1058 Surety bond or cash deposit.

Sec. 58. (1) Except as otherwise provided in this section, a person who applies for a license under this act is not required to file with the department a surety bond or cash deposit. However, the department may require a surety bond or cash deposit if the department considers it necessary to ensure payment of the tax

liability of an applicant or licensee.

(2) If a surety bond or cash deposit is required, it shall be in an amount determined by the department that is not less than $2,000.00 or not more than an applicant's 3-month tax liability as estimated by the department.

(3) The department shall require a supplier, a terminal operator, or a bonded importer to post an annual bond of not less than $2,000,000.00, except that if a person is a motor fuel registrant under section 4101 of the internal revenue code, the bond may be reduced to not less than $1,000,000.00. In either case, an applicant subject to this subsection may show proof of financial responsibility in lieu of posting bond. Proof of a $5,000,000.00 net worth is presumptive evidence of financial responsibility in the absence of circumstances indicating that the department is otherwise at risk with respect to collection of the tax due under this act from the applicant.

(4) The department may require an occasional importer to post a bond in an amount determined by the department but not more than $2,000,000.00. An applicant subject to this subsection may show proof of financial responsibility in lieu of posting bond. Proof of a $5,000,000.00 net worth is presumptive evidence of financial responsibility in the absence of circumstances indicating that the department is otherwise at risk with respect to collection of the tax due under this act from the applicant.

(5) If an applicant files a bond, the bond must meet all of the following requirements:

(a) The bond shall be issued by a bonding company licensed to do business in this state.

(b) The bond shall name the applicant as the principal and the state as the obligee.

(c) The bond shall be on a form prescribed by the department.

(d) The bond company's power of attorney is attached.

(e) The bond remains in effect until the end of the current calendar year.

(6) A person who was licensed and not subject to a bond or cash deposit under this act on the effective date of this section is exempt from the requirement of subsection (1). However, the department may at a later date require the person to post a bond or cash deposit in an amount the department considers necessary to ensure payment.

(7) The department may require a bond or cash deposit in an amount the department considers necessary to ensure payment if a person who is licensed under this act on the effective date of this section forms a new business or joint business and applies under this act for a license for the new or joint business.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1059 New or increased amount of bond or cash deposit.

Sec. 59. (1) If the department reasonably determines that the amount of an existing bond or cash deposit is insufficient to ensure payment to the state of the tax and any penalty and interest for which the licensee is or may become liable, the licensee shall, upon written demand of the department, file a new bond or increase the amount of the bond or cash deposit. The department shall allow the licensee at least 30 days to secure the increased bond or cash deposit.

(2) The new bond or increased bond or cash deposit shall meet the requirements set forth in this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1060 Filing new bond; circumstances; release of previous bond; reduced or disposed cash deposit.

Sec. 60. (1) The department may require a licensee to file a new bond with a satisfactory surety in the same form and amount under either of the following circumstances:

(a) Liability upon the previous bond is discharged or reduced by the judgment rendered, payment made, or otherwise disposed of.

(b) The department determines that a surety on the previous bond has become unsatisfactory.

(2) If the department determines that the form and amount of the new bond is satisfactory, the department shall in writing release the surety on the previous bond from any liability accruing after the effective date of the new bond.

(3) If a licensee has placed a cash deposit with the department and the cash deposit is reduced by a judgment rendered, payment made, or otherwise disposed of, the department may require the licensee to make a new deposit that is, at a minimum, equal to the amount of the reduction, or may require a new bond in an amount the department considers necessary.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1061 Release from bond or cash deposit.

Sec. 61. (1) If the surety of a bond provides the department with a written request for a release from the bond, the surety is released from any liability to the state accruing on the bond more than 60 days after the

date of the request. The release does not affect any liability accruing before the expiration of the 60-day period. After receiving a written request for release, the department shall promptly notify the licensee furnishing the bond that a release has been requested. If the licensee does not obtain a new bond that meets the requirements of this act and does not file the new bond with the department within the 60-day period, the department may revoke the licensee's license.

(2) Sixty days after a licensee makes a written request to the department for release of a cash deposit, the cash deposit is canceled as security for any obligation accruing after the expiration of the 60-day period. However, the department may retain all or part of the cash deposit for up to 4 years and 1 day as security for any obligations accruing before the effective date of the cancellation. Any part of the deposit that is not retained by the department shall be released to the licensee. Before the expiration of the 60-day period, the licensee may be required to provide the department with a bond that satisfies the requirements of this act. The department may cancel the license if the licensee does not provide the bond required by this subsection.

(3) A licensee who filed a bond or other security under this act may request that the department return, refund, or release the bond or security if the department determines that the licensee has continuously complied with the provisions of this act for the previous 4 years. However, if the department determines that the revenues of the state would be jeopardized by a return, refund, or release of the bond or security, the department may retain the bond or security, or having released it, may reimpose a requirement for bond or security to protect the revenues of this state. If requested by a licensee, the department's determination may be reviewed in accordance with 1941 PA 122, MCL 205.1 to 205.31.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1062 Denial of license application.

Sec. 62. (1) Upon denial of an application for a license, the department shall provide the applicant with notice of and reasons for the denial and a statement of the applicant's right to appeal under section 22 of 1941 PA 122, MCL 205.22.

(2) Before denying an application, the department shall provide an applicant with a reasonable opportunity to cure any defect in the application.

(3) An applicant may appeal the department's denial pursuant to section 22 of 1941 PA 122, MCL 205.22. If the applicant does not file a timely appeal, the denial is final.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1063 Issuance of license.

Sec. 63. (1) If an application and the accompanying bond or cash deposit, if any, are approved, the department shall issue a license to the applicant.

(2) A licensee shall retain a copy of its license at each of its business locations unless the department waives this requirement.

(3) A licensee is not required to renew a license and a license is valid unless and until it is suspended, canceled, or revoked for cause by the department, or discontinued by the licensee. However, the department may require a licensee to update the information required under section 53 or 153.

(4) The department shall maintain a list containing the name and address of each person licensed under this act. The department may post the list on the department's website. The department shall regularly update the list in order to reflect the current status of a licensee.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1064 Transfer of license; prohibition.

Sec. 64. (1) A licensee shall not transfer a license issued under this act to another person. If a licensee transfers or attempts to transfer a license, the license is automatically revoked on that date.

(2) If a licensee transfers a majority interest in a business association other than a publicly-held association, including a corporation, partnership, trust, joint venture, limited liability company, limited liability partnership, or any other business association, the license is revoked on the date of the transfer.

(3) A licensee who transfers 20% or more of beneficial ownership of a business association shall report the change to the department within 30 days after the date of the change in ownership. The department may also require that a new license be obtained.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1065 Discontinuance, sale, or transfer of business; notice.

Sec. 65. (1) If a licensee discontinues, sells, or transfers its business, the licensee shall notify the department in writing of the discontinuance, sale, or transfer.

(2) The notice shall be provided on or within 3 business days after the date of discontinuance, sale, or transfer.

(3) The notice shall provide the date of discontinuance, sale, or transfer and, if the business is sold or transferred, the name and address of the purchaser or transferee.

(4) A licensee is liable for all taxes, interest, and penalties that accrue or may be owing before the date the notice required by subsection (1) is received by the department.

(5) A licensee is subject to criminal liability for misuse of the license that occurs before the date the notice required by subsection (1) is received by the department.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1066 Final report and payment due.

Sec. 66. Within 15 days after the discontinuance, sale, or transfer of a business licensed under this act, or within 15 days after the cancellation, revocation, or termination by law of a license issued under this act, a licensee shall provide the department with a final report and shall include with the report a payment for all motor fuel taxes, penalties, and interest that are due.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1067 Noncompliance; suspension or revocation of license.

Sec. 67. The department may suspend or revoke a license for failure to comply with the provisions of this act after at least 10 days' notice to the licensee and a conference, if a conference is requested. If the license suspension or revocation is upheld at the conference, the licensee may appeal the determination pursuant to section 22 of 1941 PA 122, MCL 205.22.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1068 Report or statement requirements.

Sec. 68. (1) Except as otherwise provided in this act:

(a) A report or statement required by this act shall be signed by the licensee or an officer or other responsible party of the licensee.

(b) A report or statement required by this act shall be filed on or before the twentieth day of the month following the close of the reporting period for sales, purchases, or other transactions in motor fuel that occurred during the preceding reporting period regardless of whether tax is owed.

(2) For purposes of reporting and determining tax liability under this act, each licensee shall maintain records as required by this act and 1941 PA 122, MCL 205.1 to 205.31.

(3) If the date a report or payment is due under this act falls on a weekend or on a state or banking holiday, the report or payment is due the next business day.

(4) The department may require a report due to the department under this act to be submitted in electronic format after timely notice by the department.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1069 Forms development.

Sec. 69. The department shall develop the forms required under this act after consultation with representatives of licensees and other persons who are required to file a report under this act. In developing the forms, the department shall consider similar federal forms in order to lessen the regulatory burden on licensees and others who file reports under this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1070 Supplier's license; fee; monthly report; violation as misdemeanor.

Sec. 70. (1) A person shall not operate as a supplier in this state unless licensed as a supplier under this act. The fee for a supplier's license is $2,000.00.

(2) A supplier shall file with the department on forms or in a format prescribed by the department a monthly report containing the following information:

(a) The number of gallons of motor fuel for which Michigan is the destination state.

(b) The number of gallons of motor fuel removed by the supplier from the bulk transfer/terminal system in this state on which the tax imposed by this act has been accrued by the supplier.

(c) A statement as to whether the billed gallons are gross gallons or net gallons under the option provided

for in section 28(3).

(d) Any other information that the department determines is reasonably required to determine tax liability under this act.

(3) A person who knowingly violates or knowingly aids or abets another to violate this section is guilty of a misdemeanor.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1071 Tax remittance by supplier.

Sec. 71. (1) Except as otherwise provided by this act, the tax imposed by this act shall be remitted to the state by the supplier who removes the motor fuel, as shown by the terminal operator's records.

(2) A supplier shall list the amount of tax as a separate line item on all invoices or billings.

(3) A supplier shall pay the amount of tax due on gallons of motor fuel removed during a calendar month on or before the twentieth day of the following month.

(4) A supplier shall not claim a deduction from taxable gallons for gallons actually purchased by a customer notwithstanding that the supplier has issued a correction, credit, or rebilling to a customer adjusting tax liability.

(5) In addition to the tax due under this act, a supplier is subject to a civil penalty equal to the amount of the tax if the supplier makes sales for export to a person who is not a licensed exporter and the supplier has not collected the destination state tax on motor fuel other than dyed diesel fuel.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1072 Treatment of removals by licensed supplier; election.

Sec. 72. (1) A licensed supplier or licensed permissive supplier shall treat all removals from all of its terminals within the United States with a destination in this state as shown on the terminal-issued shipping paper as if the motor fuel were removed across the rack by the supplier from a terminal in this state for all purposes.

(2) A licensed supplier or licensed permissive supplier may elect to treat all removals from all of its terminals located outside of the United States with a destination in this state as shown on the terminal-issued shipping paper as if the motor fuel were removed across the rack by the supplier from a terminal in this state for all purposes.

(3) The election provided under subsection (2) shall be made by filing with the department a notice of election.

(4) The department shall release a list of electing suppliers under subsection (2) upon request by any person.

(5) The absence of an election by a supplier under subsection (2) does not relieve the supplier of responsibility for remitting the tax imposed by this act upon the removal of motor fuel from a terminal located outside of this state for import into this state by the supplier.

(6) A supplier who makes the election provided for in subsection (2) shall from the date the election is filed with the department precollect the tax imposed by this act on all removals from a terminal on its account either as a position holder or as a person receiving fuel from a position holder pursuant to a 2-party exchange agreement. The supplier shall precollect the tax without regard to any of the following:

(a) The license status of the person acquiring the fuel from the supplier.

(b) The point or terms of sale.

(c) The character of delivery.

(7) A supplier who elects to precollect tax under subsection (2) waives any defense that the state lacks jurisdiction to require collection on all sales made outside of this state by the supplier on which the supplier had knowledge that the shipments were destined for this state. This state imposes this requirement under its general police powers to regulate the movement of motor fuel.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1073 Permissive supplier.

Sec. 73. (1) A person shall not operate as a permissive supplier unless licensed under this act as a permissive supplier.

(2) A person who desires to collect the tax imposed by this act as a supplier and who otherwise qualifies as a permissive supplier shall apply for a permissive supplier's license pursuant to section 53.

(3) The fee for a permissive supplier's license is $50.00.

(4) Application for or possession of a permissive supplier's license does not itself subject the applicant or licensee to the jurisdiction of this state for any other purpose than administration and enforcement of this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1074 Collection of tax from purchaser; election.

Sec. 74. (1) A supplier who sells motor fuel shall collect from the purchaser the tax imposed on that fuel by section 8.

(2) At the election of an eligible purchaser, a supplier shall not require the eligible purchaser to pay the tax to the supplier sooner than 1 business day before the date the tax is required to be remitted to the department under section 71.

(3) Notice of an election shall be evidenced by a written statement from the department that the purchaser is an eligible purchaser under section 75.

(4) An election under this section is subject to the condition that the eligible purchaser's remittances of all tax due to the supplier shall be paid by electronic funds transfer on or before 1 business day before the date of the remittance by the supplier to the department.

(5) An election under this section may be terminated by the supplier if the eligible purchaser does not make timely payments to the supplier as required by this section.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1075 Purchaser's election; evidence of financial responsibility or bonding requirements; revocation of election; alternative; appeal.

Sec. 75. (1) A purchaser who desires to make an election under section 74 shall provide to the department evidence that the purchaser meets the financial responsibility or bonding requirements imposed by subsection (2) and this act.

(2) The department may require a purchaser who pays to a supplier the tax imposed by this act to file with the department a surety bond payable to the state, upon which the purchaser is the obligor, or a cash deposit, in an amount the department believes is reasonable but not to exceed 3 times the amount due to a supplier each month. If a purchaser makes an election with more than 1 supplier, the bond amount shall be based on the tax due to all suppliers with whom the elections were made. The department may require, but is not limited to requiring, that the bond be reasonably sufficient to indemnify the department against uncollectible tax credits claimed by the supplier under section 16.

(3) The department may, after a properly noticed hearing before the department administrator responsible for implementing and enforcing this act or his or her designee, and after a showing of good cause, revoke a purchaser's election under section 74. For purposes of this section, good cause includes, but is not limited to, a showing that the purchaser failed to make a timely tax payment to a supplier as required by section 74.

(4) As an alternative to termination of the purchaser's election, the department may require further assurance of the purchaser's financial responsibility, or may increase the bond requirement for that purchaser, or may take any other action that the department may reasonably require to ensure remittance of the tax.

(5) A purchaser may appeal the department's decision under this section pursuant to section 22 of 1941 PA 122, MCL 205.22.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1076 Sale of motor fuel by bonded or occasional importer; license requirements.

Sec. 76. (1) A person who desires to import motor fuel into this state from another country by transport truck, tank wagon, pipeline, or marine vessel into a storage facility other than a qualified terminal shall be licensed as either of the following:

(a) An occasional importer.

(b) A bonded importer.

(2) An applicant for a license under subsection (1) may choose which license the person shall operate under. The fee for either license is $1,000.00.

(3) A bonded importer or occasional importer who sells motor fuel shall collect from the purchaser the tax imposed by section 8 on that motor fuel.

(4) In addition to the license application information required by section 53, an applicant for an occasional importer's license or a bonded importer's license shall provide a copy of the applicant's license to purchase or handle motor fuel tax-exempt in the specified province, country, or other source jurisdiction for which the license is to be issued.

(5) This section does not apply to a person who imports motor fuel if both of the following conditions are met:

(a) All of the motor fuel is subject to 1 or more tax precollection agreements with a supplier as provided in section 72.

(b) All of the motor fuel is expressly evidenced on the terminal-issued shipping paper as provided in section 101.

(6) A person who desires to import motor fuel into a destination in this state from outside the United States, and who has not entered into an agreement to prepay to the supplier or permissive supplier this state's motor fuel tax with respect to the motor fuel, shall obtain an occasional importer's license or a bonded importer's license subject to the special bonding requirements of section 58(2).

(7) A person who obtains a license to import motor fuel pursuant to subsection (5) shall do all of the following:

(a) Obtain an import verification number from the department within 24 hours before entering the state for each separate import into the state but not later than actual entry into this state.

(b) Display the import verification number on the terminal-issued shipping paper required under section 104.

(c) Comply with the payment requirements under section 78 or 80, whichever is applicable.

(8) An occasional importer's license or a bonded importer's license issued under subsection (5) shall be specific to each foreign country or other jurisdiction outside the United States.

(9) If the foreign country or other jurisdiction outside the United States has adopted reciprocal legislation or entered into a compact with this state providing for collection of destination jurisdiction tax by the terminal supplier in accordance with terminal-issued shipping papers designating the intended state or country of destination, then the importer is ineligible for a license to import motor fuel outside of the bulk transfer terminal system from the other country, and a license to so import is canceled.

(10) The department shall not issue an occasional importer's license or a bonded importer's license if the applicant is not licensed in the foreign country or other jurisdiction outside the United States.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1077 Licensed occasional or bonded importer; reporting requirements; waiver; violation as misdemeanor.

Sec. 77. (1) Except as otherwise provided in subsection (2), a licensed occasional importer shall file with the department on forms or in a format prescribed by the department a report containing the following information:

(a) The number of gallons of motor fuel where the tax imposed by this act has been prepaid to a supplier upon removal from a terminal outside the United States.

(b) The number of gallons of motor fuel subject to the 3-day payment rule in section 80 sorted by foreign jurisdiction outside the United States, by supplier, and by terminal or bulk plant location.

(c) Any other information concerning the source state, volume, or method of transportation of motor fuel as the department may require.

(d) Any other information the department considers reasonably necessary.

(2) The department may waive any or all of the reporting requirements in subsection (1) if it determines that jurisdictions outside the United States have adopted and implemented reciprocal terminal reporting requirements adequate to assure the department that it receives complete information concerning motor fuel removed by or on behalf of a supplier from a terminal in a jurisdiction outside the United States which is destined for this state.

(3) Except as otherwise provided in subsection (4), a licensed bonded importer shall file with the department on forms or in a format prescribed by the department a report of its operations within this state. The report shall include all of the following information:

(a) The number of gallons of motor fuel where the tax imposed by this act has been prepaid to a supplier upon removal from a terminal outside the United States.

(b) The number of gallons of motor fuel subject to tax remittance by the bonded importer under section 78 sorted by source state by supplier and by terminal or bulk plant.

(c) Any other information concerning the source state, volume, or method of transportation of motor fuel as the department may require.

(4) The department may waive any or all of the reporting requirements in subsection (3) if it determines that a jurisdiction outside this state has adopted and implemented reciprocal terminal reporting requirements adequate to assure the department that it receives complete information concerning motor fuel removed by and on behalf of a supplier from a terminal outside this state which is destined for this state.

(5) A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a misdemeanor.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1078 Tax liability for motor fuel imported from another country.

Sec. 78. (1) Except as otherwise provided in this act, the tax imposed by section 8 on motor fuel imported from another country shall be paid by the licensed bonded importer who imported the motor fuel other than dyed diesel fuel on or before the twentieth day of the month following the month in which the motor fuel was imported. An importer shall report the total number of gallons of motor fuel imported but shall take a deduction from total gallons for dyed diesel fuel before calculating the tax.

(2) If a licensed supplier or licensed permissive supplier precollects tax under section 72(5), that supplier is jointly and severally liable with the licensed bonded importer for the tax and shall remit the tax to the department on behalf of the importer under the same terms as a supplier payment under section 71. In this case, an import verification number is not required.

(3) A bonded importer who sells motor fuel shall collect from the purchaser the tax imposed on that fuel by section 8.

(4) A bonded importer required to remit tax under this act may remit the tax by an electronic funds transfer acceptable to the department. The electronic funds transfer shall be made on or before the date the tax is due.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1079 Diversions into state of imported motor fuel; tax reporting and payment; agreement permitting supplier to assume importer's liability.

Sec. 79. (1) Unless otherwise provided in section 81, a licensed importer shall report and pay tax on diversions into this state of imported motor fuel under section 78 or 80 in accordance with the requirements of this act applicable to any importer.

(2) For purposes of this section, a licensed importer who has purchased motor fuel from a licensed supplier may enter into an agreement with the supplier to permit the supplier to assume the importer's liability and adjust the importer's taxes payable to the supplier. The supplier shall submit documentation reasonably required by the department with the report filed under section 70.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1080 Time period for tax payment on motor fuel imported from another country; precollected tax; importation of undyed motor fuel; penalty.

Sec. 80. (1) Except as otherwise provided in this act, the tax imposed by section 8 on motor fuel imported from another country shall be paid by the licensed occasional importer who imported motor fuel other than dyed diesel fuel within 3 business days after the earlier of the following:

(a) The date that the motor fuel other than dyed diesel fuel was delivered into the state.

(b) The date that a valid import verification number required under sections 76 and 104 was assigned by the department.

(2) If the licensed supplier or licensed permissive supplier precollects tax under section 72, that supplier is jointly and severally liable with the importer for the tax and shall remit the tax to the department on behalf of the importer under the same terms as a supplier payment under section 71. In such case, an import verification number is not required.

(3) An importer is subject to a civil penalty of $10,000.00 for each incidence where the importer knowingly imports undyed motor fuel without possessing both of the following:

(a) Either an importer's license or a supplier's license.

(b) Either an import verification number or a shipping paper showing on its face that this state's motor fuel tax is not due or that the tax imposed by this act has been precollected by a licensed supplier.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1081 Diversion of fuel from out-of-state to in-state by unlicensed importer; importer required to pay tax; terms and conditions; agreement permitting supplier to assume importer's liability.

Sec. 81. (1) If an importer who is not licensed under section 76 or 82 diverts motor fuel from a destination outside this state to a destination inside this state after having removed the fuel from a terminal or a bulk plant outside this state, the importer shall notify and pay to the department the tax imposed by section 8.

(2) An importer required to pay tax under this section shall provide notice and pay the tax upon the same terms and conditions as if the importer were an occasional importer licensed under section 80 without deduction for the allowances provided by section 14.

(3) For purposes of this section, an unlicensed importer who has purchased motor fuel from a licensed supplier may enter into an agreement with the supplier to permit the supplier to assume the importer's liability

and adjust the importer's taxes that are payable to the supplier. The supplier shall provide a copy of the agreement to the department at the time the supplier files its monthly report under this act. The agreement shall include at a minimum the following information:

(a) The names of the parties to the agreement.

(b) The date the agreement was entered into.

(c) The type of motor fuel involved.

(d) The number of gallons of motor fuel involved.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1082 Licensure as tank wagon operator-importer.

Sec. 82. (1) A person shall not import into this state motor fuel acquired from a bulk plant in another state by a tank wagon unless licensed as a tank wagon operator-importer under this act.

(2) Licensure as a tank wagon operator-importer under this act is not authorization to acquire nonexempt motor fuel free of the tax imposed by this act at a terminal either within this state or outside of this state for direct delivery to a location within this state.

(3) A person who is licensed as an importer under section 76 may operate as a tank wagon operator-importer without the license required by this section if the person also operates 1 or more bulk plants outside of this state.

(4) The fee for a tank wagon operator-importer license is $50.00.

(5) A tank wagon operator-importer shall file with the department a quarterly report of operations within this state and any other information concerning the source state and the method of transportation of motor fuel as the department may require on forms or in a format prescribed by the department. A person who knowingly violates or knowingly aids and abets another to violate this subsection is guilty of a misdemeanor.

(6) A tank wagon operator-importer shall report the total number of gallons of motor fuel imported but shall take a deduction against motor fuel shown on its quarterly report for the number of gallons of dyed diesel fuel that were removed from a terminal or refinery destined for delivery to a point in this state as shown on the shipping paper.

(7) A tank wagon operator-importer who is liable for the tax imposed by this act on nonexempt motor fuel imported by a tank wagon on which tax has not previously been paid to a supplier, shall remit the tax for a particular quarter's import activities with its quarterly report of activities on or before the twentieth day of the month following the close of the reporting period.

(8) A licensed tank wagon operator-importer may retain the collection administration allowance provided for in section 14.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1083 Terminal operator's license.

Sec. 83. (1) A person shall not engage in business in this state as a terminal operator unless licensed as a terminal operator or supplier.

(2) The fee for a terminal operator's license is $2,000.00.

(3) A licensed terminal operator or licensed supplier operating a terminal in this state shall file with the department on forms or in a format prescribed by the department a monthly report of operations for each terminal it operates within the state. The report shall include any information the department considers reasonably necessary to determine the terminal operator's liability under this act.

(4) In addition to the report required by subsection (3), a person operating a terminal in this state shall file with the department on forms or in a format prescribed by the department an annual report of operations for each terminal it operates within the state. The report shall be filed for each calendar year on or before February 25 of the following year and shall include the following information:

(a) The net amount of monthly temperature adjusted gains or losses of motor fuel in net gallons.

(b) The total number of net gallons of motor fuel removed from the terminal in bulk and across the terminal rack during the calendar year.

(c) The amount of tax due as calculated under section 8.

(d) The amount of tax collected during the calendar year.

(e) Any other information the department considers reasonably necessary to determine the tax liability of the terminal operator under this act.

(5) The department may waive the filing requirement in subsection (3) or (4) if the information required is available in a written or electronic format from the federal government.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1084 Tax liability of terminal operator.

Sec. 84. (1) The terminal operator of a terminal in this state is jointly and severally liable with the supplier for the tax imposed under section 8 and shall remit payment to this state within 30 days after discovering either of the following conditions:

(a) The owner of the motor fuel is a person other than the terminal operator and is not a licensed supplier.

(b) In connection with the removal of diesel fuel that is not dyed diesel fuel, the terminal operator provides any person with a bill of lading, shipping paper, or similar document indicating that the diesel fuel is dyed diesel fuel.

(2) A terminal operator shall be relieved of liability under subsection (1)(a) if it establishes all of the following:

(a) The terminal operator has a valid terminal operator's license.

(b) The terminal operator has a copy of the Michigan supplier license from the supplier as required by this act.

(c) The terminal operator has no reason to believe that any information on the Michigan supplier license is false.

(3) A terminal operator is liable for the tax imposed by this act which is not allocable to any licensed supplier, including, but not limited to, motor fuel that is lost or unaccounted for. However, the terminal operator is not liable for the tax if it can establish by substantial evidence that the motor fuel lost was dyed diesel fuel that was dyed before receipt by the terminal operator.

(4) A collection allowance or a deduction shall not be allowed with respect to payment of the tax under this section.

(5) If the number of gallons of motor fuel lost or unaccounted for exceeds 5% of the total gallons removed from that terminal across the rack, the terminal operator shall, in addition to paying the tax that is due, pay a penalty of 100% of the tax otherwise due with the annual report under section 83.

(6) The terminal operator shall remit the tax and any penalties or interest that is due with the annual report required under section 83.

(7) A terminal operator who fails to meet the shipping paper requirements set forth in this act is subject to a civil penalty of $1,000.00 for the first occurrence. For each subsequent violation, the terminal operator is subject to a civil penalty of $5,000.00.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1085 Exportation of motor fuel; requirements; violation; penalty; exemption.

Sec. 85. (1) A person shall not export motor fuel from this state unless either of the following applies:

(a) The person is licensed as an exporter or supplier under this act.

(b) The person has paid the applicable destination state tax to the supplier, can demonstrate proof of export in the form of a destination state shipping paper, and can demonstrate that the destination state fuel tax has been paid.

(2) A person who negligently violates this section is subject to a $500.00 civil penalty.

(3) A person who knowingly violates or knowingly aids or abets another to violate this section is guilty of a felony.

(4) An end user who exports fuel in the fuel supply tank of a licensed motor vehicle where the fuel is used only to power the vehicle is exempt from this section.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1086 Exporter license; requirements; fee; report.

Sec. 86. (1) A person who desires to export motor fuel shall obtain an exporter's license.

(2) The fee for an exporter's license is $1,000.00.

(3) A person licensed as an exporter shall file a quarterly report with the department on forms or in a format prescribed by the department. The report shall contain information reasonably necessary to determine the exporter's tax liability under this act.

(4) The department may waive in writing the reporting requirement of this section if it determines that the report is not needed to administer this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1087 Exporter required to pay tax; fuel diversion number; terms and conditions of payment and notice; agreement permitting supplier to assume exporter's liability; tax refund and credit.

Sec. 87. (1) If an exporter diverts motor fuel removed from a terminal in this state from an intended

destination outside this state as shown on the terminal-issued shipping papers to a destination within this state, the exporter shall obtain a fuel diversion number and pay to the department the tax imposed on that motor fuel by section 8.

(2) An exporter required to pay tax under this section shall provide notice and pay the tax upon the same terms and conditions as if the exporter were an occasional importer licensed under section 76 without deduction for the allowances provided by section 14.

(3) For purposes of this section, an exporter who has purchased motor fuel from a licensed supplier may enter into an agreement with the supplier to permit the supplier to assume the exporter's liability and adjust the exporter's taxes that are payable to the supplier. The supplier shall provide a copy of the agreement to the department at the time the supplier files its monthly report. The agreement shall include at a minimum the following information:

(a) The names of the parties to the agreement.

(b) The date the agreement was entered into.

(c) The type of motor fuel involved.

(d) The number of gallons of motor fuel involved.

(4) If an exporter withdraws and exports from a bulk plant in this state motor fuel as to which the tax imposed by this act has previously been paid or accrued, the exporter may apply for and the state shall issue a refund of the tax upon a showing of proof of export and payment of the tax satisfactory to the department.

(5) If a diversion from a destination in this state to another state does not violate state or federal law, the diversion relief provisions set forth in section 108 shall apply and an unlicensed exporter diverting the product may apply for a refund from the department as provided in this act. The allowance provided for in section 14 shall be deducted from the refund allowed under this subsection.

(6) A licensee required to file a report under this act may take a credit for diversions directed by that licensee for its own account.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1088 Failure or late filing of report or tax remittance; payment requirements; penalties and interest.

Sec. 88. A person who fails to file a report or remit tax due under this act, or who files a report or remits tax due after the due dates set forth in this act, shall remit to the department all of the tax for the reporting period and any additional penalties and interest.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1089 Transporter's license; fee; report; failure to submit report; penalty; waiver; importation of undyed motor fuel.

Sec. 89. (1) A person who transports motor fuel into this state or out of this state for another person shall obtain a transporter's license. A person licensed as a supplier, an exporter, or an importer under section 76 or 82 who transports motor fuel into this state or out of this state for their own account only is not required to obtain a transporter's license.

(2) The fee for a transporter's license is $50.00.

(3) A person licensed as a transporter in this state shall file a quarterly report with the department by the twentieth day following the end of the quarter on forms or in a format prescribed by the department concerning the amount of motor fuel transported across the borders of this state.

(4) If a transporter fails to submit the report required by this section, the department may require the transporter to pay a civil penalty of $1,000.00 for each violation.

(5) If substantially similar information is readily available to this state from the federal government including a federal terminal report, or if the department determines that the report is not needed to properly administer this act, the department may waive the requirement that a transporter file the report described in subsection (3).

(6) A transporter is subject to a civil penalty of $10,000.00 for each incidence where the transporter knowingly imports undyed motor fuel in a transport truck without possessing either an import verification number or a shipping paper showing on its face that this state's motor fuel tax is not due or that the tax imposed by this act has been precollected by a licensed supplier.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1090, 207.1091 Repealed. 2002, Act 668, Eff. Apr. 1, 2003.

Compiler's note: The repealed sections pertained to industrial process reseller license and fuel vendor license.

207.1092 Retail marine diesel dealer license; fee; filing; report; payment date; waiver.

Sec. 92. (1) A person shall not deliver diesel fuel into the fuel supply tank of an end user's boat or other marine vessel or make a bulk delivery of diesel fuel to an unlicensed end user unless licensed as a retail marine diesel dealer under this act.

(2) The fee for a retail marine diesel dealer license is $50.00.

(3) A retail marine diesel dealer shall file with the department on forms or in a format prescribed by the department a quarterly report containing the information the department requires as reasonably necessary for the department to determine the amount of diesel fuel tax due. A licensed retail marine diesel dealer shall report the amount of dyed diesel fuel sold for a taxable purpose.

(4) The report shall be filed and the tax paid to the department on or before the twentieth day of the month following the close of the reporting period.

(5) The department may waive the requirement for filing a report under this section.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003.

207.1093 Blender's license; fee; filing; report; waiver.

Sec. 93. (1) In order to operate as a blender in this state, a person shall obtain a blender's license.

(2) The fee for a blender's license is $100.00.

(3) A blender shall file with the department on forms or in a format prescribed by the department a monthly report containing the information the department requires as reasonably necessary for the department to determine the amount of tax due.

(4) The department may waive the licensing or reporting requirements described in this section if it determines that either or both are not needed to administer this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1094 Aviation fuel.

Sec. 94. (1) A person shall not purchase for resale motor fuel identified on a shipping paper or invoice as aviation fuel unless the person is registered with the department on a form or in a format prescribed by the department.

(2) Motor fuel upon which the tax imposed under section 203 of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.203, has been paid shall be identified on the shipping paper or invoice as aviation fuel and shall be sold only for aviation purposes. A seller shall obtain from the purchaser a statement that the fuel will only be sold or used as aviation fuel.

(3) A person shall not sell, use, or label motor fuel that is exempt from tax under section 30(1)(f) or that has been identified on a shipping paper or invoice as aviation fuel for use other than as aviation fuel, except that a person may sell or use motor fuel identified on a shipping paper or invoice as "aviation fuel exempt for LRF" under this act for the sole purpose of producing leaded racing fuel as that term is defined in section 4.

(4) A person shall not sell, use, or label for aviation purposes motor fuel identified on a shipping paper or invoice as diesel fuel.

(5) A person who knowingly violates this section is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2008, Act 26, Eff. May 12, 2008.

207.1098 Transportation of gasoline or diesel fuel by pipeline or marine vessel; report.

Sec. 98. A carrier shall file with the department on forms or in a format prescribed by the department a monthly report of all motor fuel delivered by the person during the month and any other information that the department requires as reasonably necessary for the department to determine the liability of a carrier or any other person transporting gasoline or diesel fuel in a pipeline or by marine vessel under this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1099 Cross-border movement of motor fuel; compact.

Sec. 99. If the second state or country involved in a cross-border movement of motor fuel has entered into a compact with this state, the person diverting the fuel shall pay the tax or seek a refund only upon the difference in the amount of tax due in the 2 jurisdictions. The person shall provide notice of the payment made or refund sought to both jurisdictions upon proof of payment to the destination state. The department shall periodically determine procedures for making the adjustment described in this subsection and shall keep and make available a list of those states, provinces, or countries which are members of the compact.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1101 Manually-prepared shipping paper as substitute for machine-generated.

Sec. 101. (1) Except as otherwise provided in this section, the operator of a refinery, terminal, or bulk plant in this state shall prepare and provide to the driver of a fuel transportation vehicle or operator of a train pulling a rail car receiving motor fuel at the refinery, terminal, or bulk plant into the vehicle's fuel storage tank an automated, machine-generated shipping paper setting out on its face all of the following information:

(a) Identification by address and terminal number of the refinery or terminal from which the motor fuel was removed or by address of the bulk plant from which the motor fuel was withdrawn.

(b) The date the motor fuel was removed.

(c) The amount of motor fuel removed, in both gross gallons and net gallons.

(d) The destination state as represented to the refinery, terminal, or bulk plant by the transporter, the shipper, or the shipper's agent.

(e) The appropriate notice described in section 112 or 113 if the notice is required by either of those sections.

(f) Any other information reasonably required by the department for the enforcement of this act.

(2) In the event of an extraordinary unforeseen circumstance, including an act of God, which temporarily interferes with the ability to issue an automated machine-generated shipping paper, a manually prepared shipping paper that contains all of the information required by subsection (1) may be substituted for the machine-generated shipping paper. Before issuing the manually prepared shipping paper, the operator of the refinery, terminal, or bulk plant shall do the following:

(a) Contact the department by telephone and obtain a service interruption authorization number.

(b) Add the service interruption authorization number to the manually prepared shipping paper before the motor fuel is removed from the terminal or withdrawn from the bulk plant.

(3) A service interruption authorization number is valid for a period not to exceed 24 hours. If the interruption has not been cured within the 24-hour period, an additional interruption authorization number may be requested. The department shall issue an additional interruption authorization number if the explanation for the interruption or delay is satisfactory to the department.

(4) If an operator of a bulk plant who delivers motor fuel into a transport truck is unable to provide the truck driver with a machine-generated shipping paper, the operator shall provide the driver with a manually-prepared shipping paper that contains the information required in subsection (1) and that complies with the requirements of subsection (2).

(5) An operator of a bulk plant who delivers motor fuel into a tank wagon is exempt from the requirements of this section.

(6) A terminal operator may load into a single fuel transportation vehicle motor fuel, a portion of which is to be delivered to a location in this state and a portion of which is to be delivered to a location outside of this state. However, the terminal operator shall document the removal of the motor fuel by issuing a separate shipping paper for each destination state.

(7) The operator of a terminal or refinery shall post a conspicuous notice in the area of the terminal or refinery where a fuel transportation vehicle driver receives the shipping paper. The notice shall describe in clear and concise terms the duties of a fuel transportation vehicle operator and driver and the duties of a retail dealer under this act. The notice shall include the telephone number that shall be called if motor fuel is diverted pursuant to this act. The department may establish the language, type, style, and format of the notice.

(8) A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1102 Shipping paper; carrying and producing copy.

Sec. 102. (1) The driver of a fuel transportation vehicle or operator of a train pulling a rail car shall obtain a shipping paper pursuant to section 101 and shall also do all of the following:

(a) Carry the shipping paper on board the fuel transportation vehicle or rail car.

(b) Upon the request of a person conducting an inspection under section 131(1), produce a copy of the shipping paper when transporting, holding, or delivering the motor fuel described in the shipping paper.

(c) Deliver the motor fuel described in the shipping paper to the location shown on the face of the shipping paper unless the driver or operator does all of the following:

(*i*) Notifies the department that the motor fuel is being delivered to a different destination state before the date the fuel is exported from the state in which the shipment originated.

(*ii*) Requests and receives from the department a verification number authorizing the diversion.

(*iii*) Writes on the shipping paper the change in destination state and the verification number for the diversion.

(d) Provide a copy of the shipping paper to the person that the motor fuel is delivered to.

(e) Comply with any other conditions that the department may reasonably require for the enforcement of this act.

(2) The owner or operator of a fuel transportation vehicle or train pulling a rail car shall require the vehicle driver or train operator to comply with the shipping paper requirements in this act.

(3) A person who knowingly violates this section is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1103 Shipping paper; notice requirements.

Sec. 103. (1) Except as otherwise provided in subsections (2) and (3), a shipping paper issued under section 101 shall bear 1 of the following notices:

(a) Concerning dyed diesel fuel, the statement: "DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE" for the shipment or the appropriate portion of the shipment.

(b) Concerning undyed motor fuel that is removed tax-free from the supplier at the rack under section 30, the statement: "NOT FOR HIGHWAY USE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE".

(c) Concerning aviation, jet fuel, or other fuel used in aircraft, the statement: "NOT FOR HIGHWAY USE, PENALTY FOR HIGHWAY USE".

(d) Concerning any other motor fuel, a statement that "[supplier name] responsible for [state name] motor fuel tax" or any other annotation acceptable to the department that provides notice that the tax imposed by this act or by the destination state on the entire shipment or the appropriate portion of the shipment has been paid or accrued to the supplier.

(2) Except as otherwise provided in subsection (3), a licensed bonded importer or occasional importer or a transporter acting for the licensed importer is exempt from the notice requirement in subsection (1)(b) if the requirements of section 76 are met.

(3) The department may develop an advance notification procedure to address documentation for imported motor fuel concerning which the importer is unable to obtain a shipping paper that complies with this section.

(4) A person who violates this section is guilty of a misdemeanor for the first offense and guilty of a felony for a second or subsequent violation of this section.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1104 Acquisition of undyed motor fuel or taxes unpaid; conditions; compliance; violation.

Sec. 104. (1) If a licensed bonded importer or occasional importer acquires from a terminal located outside the United States motor fuel destined for this state which has not been dyed in accordance with this act, and which has not had the tax paid or accrued to the supplier at the time of removal from the terminal, an importer or transporter operating on the importer's behalf shall comply with all of the following conditions before entering or transporting the motor fuel by rail car or by transport truck on the public roads or highways of this state:

(a) The importer or transporter shall obtain an import verification number from the department before entering this state, but not sooner than 24 hours before entering this state.

(b) The importer or transporter shall carry on board the transport truck or train pulling the rail car a shipping paper containing all of the following:

(*i*) The import verification number set out prominently and indelibly on the face of each copy of the shipping paper.

(*ii*) The terminal origin and the importer's name and address set out prominently on the face of each copy of the shipping paper.

(*iii*) All of the information otherwise required by this act to be included on the shipping paper.

(c) All tax imposed by this act concerning previously requested import verification number activity on the account of the importer or the transporter has been timely remitted.

(2) A person, including the driver of the fuel transportation vehicle or the operator of the train transporting the motor fuel, who knowingly violates or knowingly aids and abets another to violate this section is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1105 Delivery of fuel; shipping paper provided or placed in receptacle; violation.

Sec. 105. (1) The driver of a fuel transportation vehicle or operator of a train pulling a rail car shall provide a copy of the shipping paper to the person to whom the fuel is delivered, or place the shipping paper in a secure receptacle at the facility where the fuel is delivered.

(2) A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a misdemeanor.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1106 Retention of shipping paper.

Sec. 106. (1) A retailer, bulk plant operator, bulk end user, or bulk storage facility shall receive, examine, and retain for a period of 30 days at the delivery location the terminal-issued shipping paper received from the transporter for each shipment of motor fuel that is delivered to that location.

(2) The retailer, bulk plant operator, bulk end user, or bulk storage facility shall retain the shipping paper for not less than 4 years either at the delivery location or at another location.

(3) A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a misdemeanor.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1107 Delivery of motor fuel without shipping paper; acceptance prohibited.

Sec. 107. (1) A retailer, bulk plant operator, bulk end user, or the operator of any other bulk storage facility shall not knowingly accept delivery of motor fuel into a bulk storage facility in this state if the delivery is not accompanied by a shipping paper issued by the terminal operator or bulk plant operator that clearly indicates that Michigan is the destination state of the motor fuel or provides a diversion verification number pursuant to section 108, and any other information required under sections 101 to 104.

(2) A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a misdemeanor.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1108 Violation of shipping paper requirements as honest error; relief; coordination for operation of common telephone diversion verification number assignment system.

Sec. 108. (1) The department shall provide for relief where a shipment of motor fuel is legitimately diverted from the represented destination state after the shipping paper has been issued by the terminal operator or where the terminal operator failed to cause proper information to be printed on the shipping paper.

(2) The relief is subject to all of the following requirements:

(a) That the shipper, the transporter, or an agent of either provides notification before the diversion or correction to the department if an intended diversion or correction is to occur.

(b) That a verification number be assigned and manually added to the face of the shipping paper.

(c) That the relief provisions are consistent with the refund provisions of this act.

(3) If a person alleged to be in violation of sections 101 to 107 establishes to the department's satisfaction that the violation was the result of honest error made in the context of a good-faith and reasonable effort to properly account for and report motor fuel shipments and tax, the person shall not be subject to the civil penalties set forth in this act for violating those provisions.

(4) The department may coordinate with other states, Canadian provinces, and the federation of tax administrators for the operation of a common telephonic diversion verification number assignment system.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1109 Reliance by person issuing shipping paper on certain representations; tax liability.

Sec. 109. (1) A person who issues a shipping paper, including but not limited to a supplier, a terminal operator, or a bulk plant operator may rely on the following representations of a transporter, shipper, or the shipper's agent:

(a) A statement identifying the transporter's or shipper's intended destination state for the motor fuel.

(b) A statement that the motor fuel shall be used for a tax-exempt purpose.

(2) An importer, transporter, shipper, and the shipper's agent, and any purchaser, not the supplier or terminal operator, are jointly and severally liable for any tax otherwise due to the state as a result of a diversion of the motor fuel from the represented destination state.

(3) A terminal operator may rely on the representation of a licensed supplier concerning the supplier's obligation to collect tax.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1110 Misleading statement imprinted on shipping paper; prohibition; violation.

Sec. 110. (1) A terminal operator shall not imprint, and a supplier shall not knowingly permit a terminal operator to imprint on the supplier's behalf, a false or misleading statement on a shipping paper.

(2) A terminal operator who negligently imprints a statement that violates subsection (1) is subject to a

civil penalty of $50.00 for each violation.

(3) In addition to any other tax, fines, penalties, or sanctions that may be imposed, a terminal operator or supplier who knowingly violates subsection (1) is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1111 Shipping paper tamper-resistant standards; rules.

Sec. 111. (1) A terminal operator or a supplier shall cause a shipping paper to meet the tamper-resistant standards prescribed by department rule, including the inclusion of messages that identify whether a shipping paper has been photocopied, numbering systems, or nonreproducible coding.

(2) Rules promulgated by the department establishing tamper-resistant standards for shipping paper shall not take effect until 12 months after the date the rules are promulgated.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1112 Sale or removal of dyed diesel fuel; notice.

Sec. 112. (1) A notice stating: "DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE" shall be provided as follows:

(a) By the terminal operator to any person who receives dyed diesel fuel at a terminal rack of that terminal operator.

(b) By any seller of dyed diesel fuel to its buyer if the dyed diesel fuel is located outside the bulk transfer/terminal system and is not sold from a retail pump posted in accordance with the requirements of subdivision (c).

(c) By a seller on any retail pump where it sells dyed diesel fuel.

(2) The notice required by subsection (1) shall be provided on or before the date of removal or sale and shall appear on shipping papers and bills of lading accompanying the sale or removal of the dyed diesel fuel.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1113 Dyed kerosene; notice.

Sec. 113. (1) A notice stating: "DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE" shall be provided as follows:

(a) By the terminal operator to any person who receives dyed kerosene at a terminal rack of that terminal operator.

(b) By any seller of dyed kerosene to its buyer if the dyed kerosene is located outside the bulk transfer/terminal system and is not sold from a retail pump posted in accordance with the requirements of subdivision (c).

(c) By a seller on any retail pump where it sells dyed kerosene.

(2) The notice required by subsection (1) shall be provided on or before the date of removal or sale and shall appear on shipping papers and bills of lading accompanying the sale or removal of the dyed kerosene.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1114 Diversion of motor fuel from destination on shipping paper; rebuttable presumption.

Sec. 114. (1) A representative or agent of the department may examine the shipping paper of a fuel transportation vehicle in order to determine whether that fuel transportation vehicle is located outside a reasonably direct route from the supply source to the destination state on the shipping paper. If the vehicle is more than 5 miles from a reasonably direct route, there is a rebuttable presumption that the operator or driver of the vehicle intends to divert the motor fuel from the destination on the shipping paper. If the vehicle is 5 miles or less from a reasonably direct route, there is a rebuttable presumption that the operator or driver of the vehicle does not intend to divert the motor fuel from the destination on the shipping paper.

(2) The operator or driver of a fuel transportation vehicle that is located outside a reasonably direct route from the supply source to the destination state on the shipping paper is subject to the penalties set forth in section 129.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1115 Display of person's name and license number; letters and figures.

Sec. 115. (1) A supplier operating a fuel transportation vehicle on the public roads or highways of this state shall display on the vehicle, in colors that distinctly contrast with the color of the vehicle and in letters and figures not less than 3 inches high, the supplier's name and the license number identified as Mich. Supplier No. ___.

(2) A person other than a supplier operating a fuel transportation vehicle on the public roads or highways

of this state shall display on the vehicle, in colors that distinctly contrast with the color of the vehicle and in letters and figures not less than 3 inches high, the person's name and the license number identified as Mich. MFTA No. ___.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1116 Transportation of motor fuel without shipping paper; violation.

Sec. 116. A person who transports motor fuel without a shipping paper that meets the requirements set forth in sections 101 to 104, including but not limited to the owner, operator, or driver of a fuel transportation vehicle or train, is subject to a civil penalty of $1,000.00 for the person's first occurrence. Each subsequent violation of sections 101 to 104 is subject to a civil penalty of $5,000.00.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1121 Dyed diesel fuel or other exempt fuel; use.

Sec. 121. A person shall not sell or use or hold for sale or use dyed diesel fuel or other exempt fuel, including, but not limited to, excluded liquid, undyed diesel fuel that is repackaged into a container that holds 55 gallons or less, or aviation, aircraft, or jet fuel, for any use that the person knows or has reason to know is a taxable use of the diesel fuel under this act or the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003.

207.1122 Dyed diesel fuel; use in motor vehicle on public roads or highways; exception; penalty.

Sec. 122. (1) A person shall not operate or maintain a motor vehicle on the public roads or highways of this state with dyed diesel fuel in the vehicle's fuel supply tank.

(2) This section does not apply to dyed diesel fuel used in any of the following:

(a) A motor vehicle owned and operated or leased and operated by the federal or state government or a political subdivision of this state.

(b) A motor vehicle used exclusively by the American Red Cross.

(c) An implement of husbandry.

(d) A passenger vehicle that has a capacity of 10 or more and that operates over regularly traveled routes expressly provided for in 1 or more of the following that applies to the passenger vehicle:

(*i*) A certificate of authority issued by the state transportation department.

(*ii*) A municipal franchise.

(*iii*) A municipal license.

(*iv*) A municipal permit.

(*v*) A municipal agreement.

(*vi*) A municipal grant.

(3) An owner, operator, or driver of a vehicle who uses dyed diesel fuel on the public roads or highways of this state is subject to a civil penalty of $1,000.00 for the first violation, and a civil penalty of $5,000.00 for each subsequent violation. An owner, operator, or driver of a motor vehicle who knowingly violates the prohibition against the sale or use of dyed diesel fuel upon the public roads or highways of this state is subject to a civil penalty equal to that imposed by section 6714 of the internal revenue code.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2002, Act 668, Eff. Apr. 1, 2003;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1123 Alteration of strength or composition of dye or marker; possession, sale, or purchase of dye removal equipment.

Sec. 123. (1) A person shall not with intent to evade tax alter or attempt to alter the strength or composition of any dye or marker in any dyed diesel fuel.

(2) A person shall not with intent to evade tax possess, sell, or purchase dye removal equipment.

(3) A person who violates this section is guilty of a felony punishable by a fine of not more than $50,000.00 or imprisonment for not more than 5 years, or both.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1124 Repealed. 2006, Act 287, Imd. Eff. July 20, 2006.

Compiler's note: The repealed section pertained to compliance with AST standards in use or disposal of motor fuel.

207.1125 Metering equipment; requirements.

Sec. 125. (1) A person who operates motor fuel dispenser equipment accessible by the general public shall provide a metering gallonage totalizer for each dispenser and shall maintain records sufficient to enable the department to determine with reasonable accuracy the amount of motor fuel dispensed by the equipment.

(2) A person shall not exchange, replace, roll back, or otherwise tamper with metering equipment, including a metering gallonage totalizer, without following procedures provided by the department for legitimate maintenance, repair, and replacement of the equipment. However, the prohibition against exchanging or replacing metering equipment shall not take effect until the department has issued a written policy that sets forth the maintenance, repair, and replacement procedures. In developing the policy, the department shall consider other state or federal laws and regulations that govern metering equipment.

(3) A person who violates this section is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1126 Failure to collect or timely remit tax.

Sec. 126. (1) A supplier, permissive supplier, or importer who knowingly fails to collect or timely remit tax otherwise required to be paid to the department under section 71, 72, or 80 or pursuant to a tax precollection agreement under section 72 is liable for the uncollected tax plus a 100% penalty.

(2) A person who fails or refuses to pay to the department the tax on motor fuel at the time required in this act or who fraudulently withholds or appropriates or otherwise uses the money or any portion of the money belonging to the state is guilty of a felony.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1127 False or fraudulent return; amount evaded.

Sec. 127. If a person liable for the tax imposed by this act files a false or fraudulent return, the department shall add to the tax owed an amount equal to the amount of tax the person evaded or attempted to evade.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1128 Liability of officer, employee, or agent of corporation.

Sec. 128. A person, including an officer, employee, or agent of a corporation who willfully participates in any act that violates section 101 is jointly and severally liable with the corporation for the penalty which shall be the same as imposed under federal law.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1129 Violation of shipping paper requirements; presumptive evidence; violation of meter tampering provisions; impoundment, seizure, sale, and forfeiture; request to drive vehicle to impound lot.

Sec. 129. (1) If a person drives or otherwise operates a motor vehicle in violation of the shipping paper requirements in this act, the vehicle, motor fuel being transported by the vehicle, and any other cargo is subject to impoundment, seizure, and subsequent sale and forfeiture.

(2) The failure of a driver of a motor vehicle to have on board when loaded a shipping paper that complies with the requirements of this act is presumptive evidence of a violation sufficient to subject the driver, owner, or operator to the penalties provided by this section.

(3) If a person is discovered in violation of the meter tampering provisions in section 125, the motor fuel, meters, pumps, and any other property used in transporting, storing, dispensing, or otherwise distributing motor fuel and related products are subject to impoundment, seizure, and subsequent sale and forfeiture.

(4) The impoundment, seizure, and subsequent sale and forfeiture shall be accomplished pursuant to this section and section 130.

(5) At the time a motor vehicle or its cargo is seized under this section, the department may request the driver of the vehicle to drive the vehicle to an impound lot. If the driver refuses the department's request, the owner, operator, or driver of the vehicle and the owner or transporter of the fuel are subject to a civil penalty or to license revocation.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1130 Seizure; inventory statement; hearing; forfeiture; appeal to circuit court; agreement to sell fuel; public sale.

Sec. 130. (1) As soon as possible, but not more than 5 business days after seizure of a motor vehicle and its cargo under section 129, the person making the seizure shall deliver personally or by registered mail to the

last known address of the person from whom the seizure was made, if known, an inventory statement of the motor vehicle, motor fuel, or other property seized. A copy of the inventory statement shall also be filed with the department.

(2) In addition to notice of the property seized, the inventory statement shall contain a notice that unless demand for a hearing as provided in this section is made within 10 business days after the date the inventory statement was delivered, the property is forfeited to the state.

(3) If the person from whom the seizure was made is not known, the person making the seizure shall cause a copy of the inventory statement, together with the notice provided for in this section, to be published not less than 3 times in a newspaper of general circulation in the county where the seizure was made.

(4) Within 10 business days after the date of service of the inventory statement or, in the case of publication, within 10 business days after the date of last publication, the person from whom the property was seized or any person claiming an interest in the property may by registered mail, facsimile transmission, or personal service file with the department a demand for a hearing before the commissioner for a determination as to whether the property was lawfully subject to seizure and forfeiture. The person shall verify a request for hearing filed by facsimile transmission by also providing a copy of the original request for hearing by registered mail or personal service.

(5) The person or persons are entitled to appear at a hearing before the department, to be represented by counsel, and to present testimony and argument.

(6) Upon receipt of a request for hearing, the department shall hold the hearing within 15 business days. The hearing is not a contested case proceeding and is not subject to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(7) After the hearing, the department shall render its decision in writing within 10 business days after the hearing and, by order, shall either declare the seized property subject to seizure and forfeiture, or declare the property returnable in whole or in part to the person entitled to possession.

(8) If, within 10 business days after the date of service of the inventory statement, the person from whom the property was seized or any person claiming an interest in the property does not file with the department a demand for a hearing before the department, the property seized shall be considered forfeited to the state by operation of law and may be disposed of by the department as provided in this section.

(9) If, after a hearing, the department determines that the property is lawfully subject to seizure and forfeiture and the person from whom the property was seized or any persons claiming an interest in the property do not take an appeal to the circuit court of the county in which the seizure was made within the time prescribed in this section, the property seized shall be considered forfeited to the state by operation of law and may be disposed of by the department as provided in this section.

(10) If a person is aggrieved by the decision of the department, that person may appeal to the circuit court of the county where the seizure was made to obtain a judicial determination of the lawfulness of the seizure and forfeiture. The action shall be commenced within 20 days after notice of the department's determination is sent to the person or persons claiming an interest in the seized property. The court shall hear the action and determine the issues of fact and law involved in accordance with rules of practice and procedure as in other in rem proceedings. If a judicial determination of the lawfulness of the seizure and forfeiture cannot be made before deterioration of any of the property seized, the court shall order the sale of the property with public notice as determined by the court and require the proceeds to be deposited with the court until the lawfulness of the seizure and forfeiture is finally adjudicated.

(11) During the pendency of any filing for appeal, hearing, or rendering of decision, the aggrieved person and the department may by mutual consent agree to sale of the fuel in order to facilitate release of the vehicle containing the fuel. The proceeds from the sale shall be held in escrow by the department pending the department's decision and an appeal, if any, from the department's decision.

(12) The department may sell fuel forfeited under this act at public sale. Public notice of the sale shall be given at least 5 days before the date of sale. The department may pay an amount not to exceed 25% of the proceeds of the sale to the local governmental unit whose law enforcement agency performed the seizure. The balance of the proceeds derived from the sale by the department shall be credited to the Michigan transportation fund.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1131 Determination of shipping paper violation; inspection.

Sec. 131. (1) An inspection to determine a shipping paper violation under this act may be conducted by the department, the department of state police, the department of agriculture, agents of those departments, motor carrier inspectors, and any other law enforcement officers designated by the department through procedures established by the department including federal government employees or persons operating under a contract

with the state.

(2) Upon presenting appropriate credentials, a person described in subsection (1) may do any of the following:

(a) Conduct inspections and remove samples of motor fuel in order to:

(*i*) Determine whether diesel fuel is dyed and the nature and type of the dye or markers including the concentration of the dye.

(*ii*) Test motor fuel in order to determine whether the fuel meets American society for testing materials standards as published in the annual book of standards and its supplements.

(b) Conduct inspections to identify a shipping paper violation at any place where motor fuel is or may be produced, stored, or loaded into transport vehicles.

(3) An inspection shall be performed in a reasonable manner consistent with the circumstances, but prior notice is not required.

(4) An inspector may physically inspect, examine, or otherwise search any equipment, tank, reservoir, or other container that may be used for, or in connection with, the production, storage, or transportation of motor fuel.

(5) An inspector may demand a person to produce for immediate inspection the shipping papers, documents, and records required by this act to be kept by the person.

(6) An inspection may be performed at locations including, but not limited to, any of the following:

(a) A terminal.

(b) A fuel storage facility that is not a terminal.

(c) A retailer's place of business.

(d) On the public roads or highways.

(e) Highway rest stops.

(f) A marina.

(g) A designated inspection site. As used in this subdivision, "designated inspection site" includes any state highway or waterway inspection station, weigh station, agricultural inspection station, mobile station, or other location designated by the department, whether fixed or mobile.

(7) A uniformed inspector may reasonably detain a person, a motor vehicle, or other equipment transporting fuel in this state in order to determine whether the person is operating in compliance with this act. Detainment may continue for the time necessary to determine whether the person, motor vehicle, or other equipment is in compliance with this act.

(8) The department shall use only uniformed inspectors when making an inspection at a highway rest stop or on the public roads or highways.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1132 Supervision or operation of weigh stations or other inspection points; qualified persons.

Sec. 132. The department may assign qualified persons including persons who are not state police officers to supervise or operate permanent or portable weigh stations or other inspection points. A person assigned under this section may stop, inspect, and issue citations to operators of a commercial straight truck, a truck and trailer with a declared gross weight of 11,000 pounds or more, a marine vessel, or a bus, at a permanent or portable weigh station or other inspection point.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1133 Audit and examination of records, books, papers, and equipment; sampling inspections; availability to department.

Sec. 133. (1) The department may audit and examine the records, books, papers, and equipment of any person, including, but not limited to, terminal operators, suppliers, importers, wholesalers, jobbers, retail dealers, bulk end users, fuel vendors, and all private and common carriers of motor fuel to verify the completeness, truth, and accuracy of any statement or report and to ascertain whether the tax imposed by this act has been paid.

(2) The department may also exercise the general authority described in subsection (1) in performing sampling inspections of a person described in subsection (1). The department may perform sampling inspections without providing prior notice.

(3) Any person described in subsection (1) shall make available to the department necessary records, books, or papers with respect to transactions that the department is attempting to verify during normal business hours at the person's physical location in this state, or at the department's office if the person's location at which the records are located is outside of this state, within 3 business days after the request is

made.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1134 Refusal to allow inspection or audit.

Sec. 134. (1) A person who refuses to permit any inspection or audit authorized by this act is subject to a civil penalty of $5,000.00, in addition to any other penalty imposed by this act.

(2) A person who, for the purpose of evading tax, refuses to allow an inspection authorized by this act is guilty of a felony, in addition to any other penalty imposed by this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1136 Violation of act; penalty.

Sec. 136. A person who violates this act is guilty of a misdemeanor unless a specific penalty is provided in this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1141 Tax belonging to state; failure to make payment or to defraud as embezzlement; penalty.

Sec. 141. The tax imposed by this act belongs to the state. The tax shall be held in trust for the state and for payment to the department as provided in this act. A person who fails or refuses to pay over to the department the tax collected on motor fuel at the time required in this act, or a person who with intent to defraud withholds or appropriates any portion of the tax belonging to the state, is guilty of embezzlement, and shall be punished as provided in section 174 of the Michigan penal code, 1931 PA 328, MCL 750.174.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1142 Motor fuel tax evasion prevention fund; creation; disposition.

Sec. 142. (1) The motor fuel tax evasion prevention fund is created in the department.

(2) Money deposited into the fund shall only be used for the following purposes:

(a) To fund the development of an efficient and effective diesel fuel enforcement program that shall include, but not be limited to:

(*i*) Oversight of the public roads and highways of this state to ensure that dyed diesel fuel and other untaxed fuel is not being used in violation of Michigan law.

(*ii*) Developing auditing techniques to aid the department in exposing tax evasion schemes and incidents.

(b) To fund the inspection, testing, and sampling provisions in this act, including the funding of additional inspectors engaged in random on-road inspections.

(c) To fund the additional administrative costs associated with the implementation of this act.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1143 Deposit of money in state treasury; credit.

Sec. 143. (1) Except as otherwise provided in subsection (2) or in section 142, all sums of money received and collected under this act, except for license fees, and after the payment of the necessary expenses incurred in the enforcement of this act, are appropriated to and shall be deposited in the state treasury to the credit of the Michigan transportation fund created in section 10 of 1951 PA 51, MCL 247.660.

(2) Beginning in fiscal year 2016-2017 and each fiscal year thereafter, the first $100,000,000.00 received and collected attributable to taxes imposed under section 8(1) shall be annually deposited into the state treasury to the credit of the roads innovation fund created in section 1j of 1951 PA 51, MCL 247.651j. However, once the funds are released by the 1-time concurrent resolution required under section 1j of 1951 PA 51, MCL 247.651j, funds shall no longer be annually deposited into the roads innovation fund under this subsection.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1144 Exchange of information.

Sec. 144. In order to administer this act and prevent and detect motor fuel tax evasion, the department may, consistent with this act and 1941 PA 122, MCL 205.1 to 205.31, enter into a cooperative agreement with other states, Canadian provinces, the federal government, or other countries for the exchange of information

in hard copy or electronic format.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1145 Administration of taxes.

Sec. 145. The taxes under this act shall be administered pursuant to 1941 PA 122, MCL 205.1 to 205.31, and this act. In case of conflict between 1941 PA 122 and this act, this act shall prevail.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1146 Filing date.

Sec. 146. The filing date of a claim, application, or any other document filed with the department is the date the claim, application, or other document was postmarked by the United States postal service or the date actually received by the department, whichever is earlier.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1147 Report on dyed diesel fuel reporting.

Sec. 147. Eighteen months after the effective date of this act, the department shall submit a report to the legislature on dyed diesel fuel reporting under this act. The report shall include recommendations as to whether reporting of dyed diesel fuel purchases and sales is needed, whether the lack of reporting has resulted in tax evasion, and any other information considered relevant by the department.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1148 Rules.

Sec. 148. The department may promulgate rules under this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1149 Tax credit; ineligibility.

Sec. 149. Except as provided in section 16, a licensee under this act or any other person is not entitled to a credit against the tax imposed by this act for tax the licensee or person has paid but that has not been collected from a purchaser of the motor fuel.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1151 Definitions.

Sec. 151. As used in this section and sections 152 to 155:

(a) "Alternative fuel" means a gas, liquid, or other fuel that, with or without adjustment or manipulation such as adjustment or manipulation of pressure or temperature, is capable of being used for the generation of power to propel a motor vehicle, including, but not limited to, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, hydrogen compressed natural gas, or hythane. Alternative fuel does not include motor fuel, electricity, leaded racing fuel, or an excluded liquid.

(b) "Alternative fuel commercial user" means a commercial or other business enterprise or entity that is a consumer or end user of alternative fuel to propel a motor vehicle on the public roads and highways of this state. Alternative fuel commercial user does not include a person licensed as an alternative fuel dealer under section 153.

(c) "Alternative fuel dealer" means a person that is licensed or required to be licensed under section 153, that is in the business of selling at retail alternative fuel, and that uses alternative fuel as described in subdivision (j).

(d) "Alternative fuel filling station" means a machine or other device located within this state that is supplied with alternative fuel and that is designed or used for placing or delivering alternative fuel into the fuel supply tank of a motor vehicle. As used in this subdivision, "located within this state" includes, but is not limited to, all of the following locations:

(*i*) An alternative fuel dealer's place of business.

(*ii*) A commercial or industrial establishment or facility.

(*iii*) A residence or residential property.

(*iv*) A landfill licensed or required to be licensed under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554.

(e) "British thermal unit" or "BTU" means the amount of heat required to raise the temperature of 1 pound of water 1 degree Fahrenheit.

(f) "Compressed natural gas" means a mixture of hydrocarbon gases and vapors that consists primarily of methane in gaseous form that has been compressed for use as a fuel to propel a motor vehicle.

(g) "Gallon equivalent" means 1 of the following or its metric equivalent:

(*i*) For compressed natural gas, 5.660 pounds or 126.67 cubic feet at 60 degrees Fahrenheit and 1 atmosphere of pressure.

(*ii*) For hydrogen, the volume or weight that is equal to 128,450 BTUs. For purposes of this subdivision, there are 27,000 BTUs per 100 standard cubic feet, and 480.11 standard cubic feet per gallon equivalent.

(*iii*) For hydrogen compressed natural gas, the volume or weight that is equal to 128,450 BTUs. For purposes of this subdivision, there are 79,800 BTUs per 100 standard cubic feet, and 162.44 standard cubic feet per gallon equivalent.

(*iv*) For liquefied natural gas, 6.060 pounds.

(h) "Liquefied natural gas" means methane or natural gas in the form of a cryogenic or refrigerated liquid that is suitable for use or used as fuel to propel a motor vehicle.

(i) "Liquefied petroleum gas" means gases derived from petroleum or natural gases that are in the gaseous state at normal atmospheric temperature and pressure, but that may be maintained in the liquid state at normal atmospheric temperature by suitable pressure. Liquefied petroleum gas includes products predominately composed of propane, propylene, butylene, butane, and similar products. Liquefied petroleum gas does not include compressed natural gas, liquefied natural gas, hydrogen, or hythane.

(j) "Use", "used", or "uses" means any of the following:

(*i*) Selling or delivering alternative fuel not otherwise subject to tax under this act, either by placing it into a permanently attached fuel supply tank of a motor vehicle, or exchanging or replacing of the fuel supply tank of a motor vehicle.

(*ii*) Delivery of alternative fuel into storage, devoted exclusively to the storage of alternative fuel to be consumed in motor vehicles on the public roads or highways of this state.

(*iii*) Withdrawing alternative fuel from the cargo tank of a truck, trailer or semi-trailer for the operation of a motor vehicle upon the public roads and highways of this state, whether used in vapor or liquid form.

(*iv*) Placing or delivering alternative fuel into the fuel supply tank of a motor vehicle by or through the operation of an alternative fuel filling station, exchanging or replacing an alternative fuel supply tank of a motor vehicle with another alternative fuel supply tank of a motor vehicle filled with alternative fuel, or by any other means not involving the delivery, receipt, or purchase of alternative fuel from an alternative fuel dealer or any other means not otherwise described in subparagraphs (*i*) to (*iii*).

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1152 Tax on alternative fuel.

Sec. 152. (1) Except as otherwise provided in this section and sections 154 and 155, a tax at the rate per gallon equal to the tax on motor fuel is imposed upon all alternative fuel used in this state. Except as provided in section 154 or 155, the tax shall be paid at the times and in the manner specified in this section. The tax on alternative fuel sold or delivered either by placing it into a permanently attached fuel supply tank on a motor vehicle, or by exchanging or replacing the fuel supply tank of a motor vehicle, shall be collected by the alternative fuel dealer from the purchaser, consumer, or end user and paid over monthly to the department as provided in this act. Alternative fuel delivered in this state into the storage facility of any person when the exclusive purpose of the storage facility is for resale or use in a motor vehicle on the public roads or highways of this state, shall, upon delivery to storage facility, be subject to tax. An alternative fuel dealer shall, upon delivery of the alternative fuel, collect and remit the tax to the department as provided in this act. A person shall not operate a motor vehicle on the public roads or highways of this state from the cargo containers of a truck, trailer, or semitrailer with alternative fuel in vapor or liquid form, as applicable, except when the alternative fuel in the liquid or vapor phase is withdrawn from the cargo container for use in motor vehicles through a permanently installed and approved metering device. The tax on alternative fuel withdrawn from a cargo container through a permanently installed and approved metering device shall apply in accordance with measured gallons or gallon equivalents, if applicable, as reflected by meter reading, and shall be paid monthly by the alternative fuel dealer to the department as provided in this act.

(2) The rate of tax on the following alternative fuels shall be equal to the tax on motor fuel per gallon equivalent or fractional part thereof rounded to the nearest 1/10 of 1 gallon:

(a) Compressed natural gas.

(b) Hydrogen.

(c) Hydrogen compressed natural gas.

(d) Liquefied natural gas.

(3) The tax imposed under this section does not apply to an alternative fuel commercial user described in section 154(2) until January 1, 2017.

(4) The tax imposed under this section does not apply to a person described in section 154(3) until January 1, 2018.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1153 Alternative fuel dealer or alternative fuel commercial user; license required; application; fee; licensing and bonding requirements.

Sec. 153. (1) A person shall not act as an alternative fuel dealer or an alternative fuel commercial user unless the person is licensed under this act.

(2) To obtain a license as an alternative fuel dealer or an alternative fuel commercial user, an applicant shall file with the department an application upon a form or in a format prescribed by the department. The application shall include the name and address of the applicant and of each place of business to be operated by the applicant at which alternative fuel will be used and other information the department may reasonably require.

(3) At the time of applying for the license, an applicant for an alternative fuel dealer license shall pay to the department a license fee of $500.00.

(4) At the time of applying for the license, an applicant for an alternative fuel commercial user license shall pay to the department a license fee of $50.00.

(5) An applicant for a license or a licensee under this section is subject to the general licensing and bonding requirements of this act.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1154 Filing of report and payment of tax by alternative fuel dealer or alternative fuel commercial user; filing of report and payment of tax by person other than alternative fuel dealer or alternative fuel commercial user; effect of nonpayment of tax.

Sec. 154. (1) For the purpose of determining the amount of tax payable to the department, an alternative fuel dealer shall, on or before the twentieth day of each month, file with the department on a form or in a format prescribed by the department a report that includes the number of gallons or gallon equivalents, if applicable, of alternative fuel used by the alternative fuel dealer during the preceding calendar month, together with any other information the department may require. An alternative fuel dealer shall pay to the department at the time of filing the report the full amount of the tax owed.

(2) Beginning on January 1, 2017, for the purpose of determining the amount of tax owed to the department, an alternative fuel commercial user that uses alternative fuel as described in section 151(j) upon which the tax imposed under section 152 has not been collected by or paid to an alternative fuel dealer shall, on or before the twentieth day of each month, file with the department a report that includes the number of gallons or gallon equivalents, if applicable, of the alternative fuel described in this subsection that was used or consumed by the alternative fuel commercial user during the preceding calendar month, together with any other information the department requires. An alternative fuel commercial user shall pay the full amount of the tax due to the department at the time of filing the required report. Notwithstanding anything to the contrary in this act, an alternative fuel commercial user may report and pay the tax imposed under section 152 on compressed natural gas based on a gallon equivalent equal to 6.384 pounds or 142.78 cubic feet at 60 degrees Fahrenheit and 1 atmosphere of pressure if all of the following conditions are met:

(a) The compressed natural gas was placed into the fuel supply tank of a motor vehicle owned by the alternative fuel commercial user through the use of an alternative fuel filling station.

(b) That the alternative fuel filling station described in (a) is owned or leased by the alternative fuel commercial user, is located at the place of business of the alternative fuel commercial user, and is unavailable

for public use.

(c) The motor vehicle described in (a) is not any of the following:

(*i*) Subject to the international fuel tax agreement described in section 2a of the motor carrier fuel tax act, 1980 PA 119, MCL 207.212a.

(*ii*) Required to have a decal affixed to the cab under section 5 of the motor carrier fuel tax act, 1980 PA 119, MCL 207.215.

(*iii*) Operated under a trip permit issued by the department under section 7 of the motor carrier fuel tax act, 1980 PA 119, MCL 207.217.

(3) Beginning on January 1, 2018, for the purpose of determining the amount of tax owed to the department, a person that is not an alternative fuel dealer or an alternative fuel commercial user shall pay the tax imposed under section 152 on alternative fuel placed into a motor vehicle fuel supply tank from an alternative fuel filling station for which the tax has not been collected by or paid to an alternative fuel dealer, and shall file with the department on or before the twentieth day following the end of each quarter a form that indicates the number of gallons or gallon equivalents, if applicable, used or consumed by that person during the preceding calendar quarter. A person described in this subsection shall pay to the department the full amount of the tax due at the time of filing the required form.

(4) Except as otherwise provided in this section, a person that uses alternative fuel for a taxable purpose and does not pay the tax imposed under this section shall pay to the department the tax imposed under section 152, along with any applicable penalties or interest, at the time and in the manner prescribed by the department.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017;—Am. 2016, Act 317, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1155 Person consuming alternative fuel for other than operating motor vehicle on roads or highways; eligibility for refund; tax exemption; purchaser to be provided with invoice or receipt; listing price in plain view; failure to pay tax.

Sec. 155.

(1) A person consuming alternative fuel for any purpose other than to operate a motor vehicle on the public roads or highways of this state may seek a refund of the tax on alternative fuel imposed by this act, including a refund as provided in section 45, if that person has already paid the tax imposed under section 152 on that alternative fuel.

(2) To obtain a refund under this section, a person shall file a claim with the department within 18 months after the date of purchase, as shown on the invoice and shall comply with the requirements set forth in section 48.

(3) A claim for refund under this section shall be on a form or in a format prescribed by the department and shall have attached the original invoice that was provided to the purchaser.

(4) An alternative fuel is exempt from the tax imposed by this act and the tax imposed by this act shall not be collected by an alternative fuel dealer if any of the following apply:

(a) The alternative fuel is sold directly by an alternative fuel dealer to the federal government, the state government, or a political subdivision of this state for use in a motor vehicle owned and operated or leased and operated by the federal government, state government, or political subdivision of this state.

(b) The alternative fuel is sold directly by an alternative fuel dealer to a nonprofit, private, parochial, or denominational school, college, or university and is used in a school bus owned and operated or leased and operated by the educational institution that is used in the transportation of students to and from the institution or to and from school functions authorized by the administration of the institution.

(c) The alternative fuel is imported into this state in the fuel supply tank of a motor vehicle used solely for noncommercial purposes, if the aggregate capacity of the motor vehicle's fuel supply tank does not exceed 30 gallons or the equivalent of 30 gallons.

(5) Both of the following are exempt from the tax on alternative fuel imposed by this act:

(a) The federal government, state government, or a political subdivision of this state consuming alternative fuel in a motor vehicle owned and operated or leased and operated by the federal government, state government, or a political subdivision of this state.

(b) A nonprofit, private, parochial, or denominational school, college, or university consuming alternative fuel in a school bus owned and operated or leased and operated by the institution when the alternative fuel is

consumed by the school bus while transporting students to and from the institution or to and from school functions authorized by the administration of the institution.

(6) A person that sells alternative fuel shall provide the purchaser with an invoice or receipt showing the amount expressed in gallons or gallon equivalents, as applicable, of alternative fuel purchased, the date of purchase, and the amount of tax paid.

(7) An alternative fuel dealer that sells alternative fuel at retail shall clearly list in plain view of the customer the price of the alternative fuel in gallon equivalents, as applicable, on the alternative fuel filling station and any other markings or information required by law.

(8) Except as otherwise provided in this section, a person that uses or consumes alternative fuel for a taxable purpose and does not pay the tax imposed under section 154 is liable for the payment of that tax and shall pay to the department the tax imposed under section 152 and any applicable penalties or interest, at the time and in the manner prescribed by the department.

History: 2000, Act 403, Eff. Apr. 1, 2001;—Am. 2015, Act 176, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 468 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 468 of 2014 does not go into effect.

207.1161 Outstanding bonds issued by Mackinac bridge authority; payment of principal, interest, and costs.

Sec. 161. In January of each year, there is appropriated from the proceeds of the tax levied by this act up to $3,500,000.00, that shall be used to pay the principal, interest, and incidental costs for the outstanding bonds, previously issued by the Mackinac bridge authority. The unexpended amount shall lapse to the Michigan transportation fund at the end of each fiscal year. Upon retirement of all outstanding bonds and any refunding bonds hereafter issued, this appropriation shall cease.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1162 Mackinac bridge tolls; reduction.

Sec. 162. It is the intent of the legislature that the authority responsible for setting tolls for the Mackinac bridge will use the appropriation provided in section 161 to reduce the tolls to as near as possible to $1.50 per passenger car and pickup and a proportional reduction for all other classes of vehicles.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1163 Mackinac bridge bond indebtedness; advances.

Sec. 163. The appropriations made in section 161 shall be considered as advances in aid of reducing the bonded indebtedness of the Mackinac bridge. At such time as all principal and interest for all outstanding bonds, previously issued by the Mackinac bridge authority and, if the bonds are refunded in accordance with 1966 PA 13, MCL 254.361 to 254.372, all principal and interest on the refunding bonds has been paid, the authority responsible for setting tolls for the Mackinac bridge shall continue to charge tolls as are considered necessary by the authority to reimburse the Michigan transportation fund for all advances made pursuant to this act. At such time as reimbursement has been made for the sums advanced under this act and those sums advanced pursuant to section 7 of 1952 PA 214, MCL 254.317, the Mackinac bridge shall thereafter be maintained and operated as a free bridge.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1164 East-west interstate route in Upper Peninsula; matching funds.

Sec. 164. Upon the designation by the federal government of an east-west interstate route in the Upper Peninsula, the legislature intends to extend the necessary funds to match federal funds available for such purposes.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1169 Repeal of MCL 207.101 to 207.202.

Sec. 169. 1927 PA 150, MCL 207.101 to 207.202, is repealed.

History: 2000, Act 403, Eff. Apr. 1, 2001.

207.1170 Effective date.

Sec. 170. This act takes effect April 1, 2001.

History: 2000, Act 403, Eff. Apr. 1, 2001.