



HOUSE BILL No. 5221

October 10, 1995, Introduced by Reps. Goschka, Brackenridge and Gernaat and referred to the Committee on Tax Policy.

A bill to amend sections 4, 11, and 12 of Act No. 255 of the Public Acts of 1978, entitled "Commercial redevelopment act," section 12 as amended by Act No. 368 of the Public Acts of 1994, being sections 207.654, 207.661, and 207.662 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 4, 11, and 12 of Act No. 255 of the
2 Public Acts of 1978, section 12 as amended by Act No. 368 of the
3 Public Acts of 1994, being sections 207.654, 207.661, and 207.662
4 of the Michigan Compiled Laws, are amended to read as follows:

5 Sec. 4. (1) "Local governmental unit" means a city, vil-
6 lage, or township.

7 (2) "New facility" means new commercial property other than
8 a replacement facility to be built in a redevelopment district.

1 (3) "Obsolete commercial property" means commercial property
2 the condition of which is impaired due to changes in design, con-
3 struction, technology, or improved production processes, or
4 damage due to fire, natural disaster or general neglect.

5 (4) "Replacement" means the complete or partial demolition
6 of obsolete commercial property and the complete or partial
7 reconstruction or installation of new property of similar
8 utility.

9 (5) "Replacement facility" means commercial property on the
10 same or contiguous land within the district which land is or is
11 to be acquired, constructed, altered, or installed for the pur-
12 pose of being substituted for obsolete commercial property
13 together with any part of the old altered property ~~which~~ THAT
14 remains for use as commercial property after the replacement.

15 (6) "Restoration" means changes to obsolete commercial prop-
16 erty other than replacement as may be required to restore the
17 property, together with all appurtenances ~~thereto~~ TO THE
18 PROPERTY, to an economically efficient condition. Restoration
19 shall include major renovation including but not necessarily
20 limited to the improvement of floor loads, correction of defi-
21 cient or excessive height, new or improved fixed building equip-
22 ment, including heating, ventilation, and lighting, reducing mul-
23 tistory facilities to 1 or 2 stories, improved structural support
24 including foundations, improved roof structure and cover, floor
25 replacement, improved wall placement, improved exterior and
26 interior appearance of buildings, and other physical changes
27 required to restore the commercial property to an economically

1 efficient condition. Restoration shall not include improvements
2 aggregating less than 10% of the true cash value of the property
3 at commencement of the restoration of the commercial property.

4 (7) "Restored facility" means a facility that has undergone
5 restoration.

6 (8) "State equalized valuation" means the valuation deter-
7 mined under Act No. 44 of the Public Acts of 1911, ~~as amended,~~
8 being sections 209.1 to 209.8 of the Michigan Compiled Laws.

9 (9) "TAXABLE VALUE" MEANS THAT VALUE DETERMINED UNDER SEC-
10 TION 27A OF THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE
11 PUBLIC ACTS OF 1893, BEING SECTION 211.27A OF THE MICHIGAN
12 COMPILED LAWS.

13 Sec. 11. The assessor of each city or township in which
14 there is a restored facility, a new facility, or a replacement
15 facility with respect to which 1 or more commercial facilities
16 exemption certificates are issued and in force shall determine
17 annually as of December 31 the value AND THE TAXABLE VALUE of
18 each facility separately, having the benefit of the certificates
19 and upon receipt of notice of the filing of an application for
20 the issuance of a certificate. ~~—~~ THAT ASSESSOR shall determine
21 and furnish to the local legislative body the value of the prop-
22 erty to which the application pertains and other information as
23 may be necessary to permit the local legislative body to make the
24 determinations required by section 10(1).

25 Sec. 12. (1) There is levied upon every owner of a new,
26 replacement, or restored facility to which a commercial

1 facilities exemption certificate is issued a specific tax to be
2 known as the commercial facilities tax.

3 (2) The amount of the commercial facilities tax, in each
4 year, in the case of a restored facility shall be determined by
5 multiplying the total mills levied as ad valorem taxes for that
6 year by all taxing units within which the facility is located by
7 the ~~state equalized valuation~~ TAXABLE VALUE of the obsolete
8 commercial property for the tax year immediately preceding the
9 effective date of the commercial facilities exemption certificate
10 after deducting the ~~state equalized valuation~~ TAXABLE VALUE of
11 the land and of personal property other than personal property
12 assessed pursuant to section 14(6) of the general property tax
13 act, Act No. 206 of the Public Acts of 1893, ~~as amended,~~ being
14 section 211.14 of the Michigan Compiled Laws.

15 (3) The amount of the commercial facilities tax, in each
16 year, in the case of a new or replacement facility shall be
17 determined by multiplying the ~~state equalized valuation~~ TAXABLE
18 VALUE of the facility excluding the land and personal property
19 other than personal property assessed pursuant to section 14(6)
20 of Act No. 206 of the Public Acts of 1893, ~~as amended, being~~
21 ~~section 211.14 of the Michigan Compiled Laws,~~ by the sum of 1/2
22 of the total mills levied as ad valorem taxes for that year by
23 all taxing units within which the facility is located other than
24 mills levied for school operating purposes by a local or interme-
25 diate school district within which the facility is located or
26 mills levied under the state education tax act, Act No. 331 of
27 the Public Acts of 1993, being sections 211.901 to 211.906 of the

1 Michigan Compiled Laws, plus 1/2 of the number of mills levied
2 for school operating purposes in 1993.

3 (4) The commercial facilities tax shall be collected, dis-
4 bursed, and assessed in accordance with this act.

5 (5) The commercial facilities tax is an annual tax, payable
6 at the same times, in the same installments, and to the same
7 officer or officers as taxes imposed under Act No. 206 of the
8 Public Acts of 1893, ~~as amended,~~ being sections 211.1 to
9 211.157 of the Michigan Compiled Laws, are payable. Except as
10 otherwise provided in this section, the officer or officers shall
11 disburse the commercial facilities tax payments received by the
12 officer or officers each year to and among the state, cities,
13 townships, villages, school districts, counties, and authorities,
14 at the same times and in the same proportions as required by law
15 for the disbursement of taxes collected under Act No. 206 of the
16 Public Acts of 1893. ~~, as amended.~~ To determine the proportion
17 for the disbursement of taxes under this subsection and for
18 attribution of taxes under subsection (7) for taxes collected
19 pursuant to commercial facilities exemption certificates issued
20 before January 1, 1994, the number of mills levied for local
21 school district operating purposes to be used in the calculation
22 shall equal the number of mills for local school district operat-
23 ing purposes levied in 1993 minus the number of mills levied
24 under ~~the state education tax act,~~ Act No. 331 of the Public
25 Acts of 1993 ~~, being sections 211.961 to 211.966 of the Michigan~~
26 ~~Compiled Laws,~~ for the year for which the disbursement is
27 calculated.

1 (6) Except as provided in subsection (7), for intermediate
2 school districts receiving state aid under sections 56, 62, and
3 81(1) of the state school aid act of 1979, Act No. 94 of the
4 Public Acts of 1979, being sections 388.1656, 388.1662, and
5 388.1681 of the Michigan Compiled Laws, of the amount that would
6 otherwise be disbursed to an intermediate school district, all or
7 a portion, to be determined on the basis of the tax rates being
8 utilized to compute the amount of state aid, shall be paid to the
9 state treasury to the credit of the state school aid fund estab-
10 lished by section 11 of article IX of the state constitution of
11 1963. If the sum of any industrial facility taxes prescribed by
12 Act No. 198 of the Public Acts of 1974, being sections 207.551 to
13 207.572 of the Michigan Compiled Laws, and the commercial facili-
14 ties taxes paid to the state treasury to the credit of the state
15 school aid fund that would otherwise be disbursed to the local or
16 intermediate school district, pursuant to section 11 of Act
17 No. 198 of the Public Acts of 1974, being section 207.561 of the
18 Michigan Compiled Laws, and this section, exceeds the amount
19 received by the local or intermediate school district under sec-
20 tions 56, 62, and 81(1) of Act No. 94 of the Public Acts of 1979,
21 the department of treasury shall allocate to each eligible local
22 or intermediate school district an amount equal to the difference
23 between the sum of the industrial facility taxes and the commer-
24 cial facilities taxes paid to the state treasury to the credit of
25 the state school aid fund and the amount the local or intermedi-
26 ate school district received under sections 56, 62, and 81(1) of

1 Act No. 94 of the Public Acts of 1979. This subsection applies
2 to taxes levied before 1994.

3 (7) For commercial facilities taxes levied after 1993 for
4 school operating purposes, the amount that would otherwise be
5 disbursed to a local school district shall be paid instead to the
6 state treasury and credited to the state school aid fund estab-
7 lished by section 11 of article IX of the state constitution of
8 1963.

9 (8) The officer or officers shall send a copy of the amount
10 of disbursement made to each unit under this section to the com-
11 mission on a form provided by the commission.