

# HOUSE BILL No. 6285

September 17, 2002, Introduced by Reps. Richardville, Cassis, Newell, Toy, Ruth Johnson, Voorhees, Vander Veen, Ehardt, Cameron Brown, Meyer, Van Woerkom, Rocca, Pappageorge, DeRossett and Kooiman and referred to the Committee on Tax Policy.

A bill to amend 1992 PA 147, entitled  
"Neighborhood enterprise zone act,"  
by amending section 9 (MCL 207.779), as amended by 2001 PA 217.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 9. (1) Except as provided in subsection (10), there is  
2 levied on the owner of a new facility or a rehabilitated facility  
3 to which a neighborhood enterprise zone certificate is issued a  
4 specific tax known as the neighborhood enterprise zone tax.

5       (2) A new facility or a rehabilitated facility for which a  
6 neighborhood enterprise zone certificate is in effect, but not  
7 the land on which the facility is located, is exempt from ad  
8 valorem real property taxes collected under the general property  
9 tax act, 1893 PA 206, MCL 211.1 to 211.157.

10       (3) The amount of the neighborhood enterprise zone tax on a  
11 new facility is determined each year by multiplying the taxable

1 value of the facility, not including the land, by 1 of the  
2 following:

3 (a) For property that would otherwise meet the definition of  
4 a ~~homestead~~ PRINCIPAL RESIDENCE under section 7dd of the gen-  
5 eral property tax act, 1893 PA 206, MCL 211.7dd, if that property  
6 was not exempt from ad valorem property taxes under this act, 1/2  
7 of the average rate of taxation levied in this state in the imme-  
8 diately preceding calendar year on ~~homestead property~~ A PRINCI-  
9 PAL RESIDENCE and qualified agricultural property as defined in  
10 section 7dd of the general property tax act, 1893 PA 206,  
11 MCL 211.7dd. However, in 1994 only, the average rate of taxation  
12 shall be the average rate of taxation levied in 1993 upon all  
13 property in this state upon which ad valorem taxes are assessed.

14 (b) For property that is not a ~~homestead~~ PRINCIPAL  
15 RESIDENCE under section 7dd of the general property tax act, 1893  
16 PA 206, MCL 211.7dd, 1/2 of the average rate of taxation levied  
17 upon commercial, industrial, and utility property upon which ad  
18 valorem taxes are assessed as determined for the immediately pre-  
19 ceding calendar year by the state board of assessors under sec-  
20 tion 13 of 1905 PA 282, MCL 207.13. However, in 1994 only, the  
21 average rate of taxation shall be the average rate of taxation  
22 levied in 1993 upon all property in this state upon which ad  
23 valorem taxes are assessed.

24 (4) The amount of the neighborhood enterprise zone tax on a  
25 rehabilitated facility is determined each year by multiplying the  
26 taxable value of the rehabilitated facility, not including the  
27 land, for the tax year immediately preceding the effective date

1 of the neighborhood enterprise zone certificate by the total  
2 mills collected under the general property tax act, 1893 PA 206,  
3 MCL 211.1 to 211.157, for the current year by all taxing units  
4 within which the rehabilitated facility is located.

5 (5) The neighborhood enterprise zone tax is an annual tax,  
6 payable at the same times, in the same installments, and to the  
7 same officer or officers as taxes collected under the general  
8 property tax act, 1893 PA 206, MCL 211.1 to 211.157, are  
9 payable. Except as otherwise provided in this section, the offi-  
10 cer or officers shall disburse the neighborhood enterprise zone  
11 tax received by the officer or officers each year to the state,  
12 cities, townships, villages, school districts, counties, and  
13 authorities at the same times and in the same proportions as  
14 required for the disbursement of taxes collected under the gen-  
15 eral property tax act, 1893 PA 206, MCL 211.1 to 211.157. To  
16 determine the proportion for the disbursement of taxes under this  
17 subsection and for attribution of taxes under subsection (7) for  
18 taxes collected after June 30, 1994, the number of mills levied  
19 for local school district operating purposes to be used in the  
20 calculation shall equal the number of mills for local school dis-  
21 trict operating purposes levied in 1993 minus the number of mills  
22 levied under the state education tax act, 1993 PA 331,  
23 MCL 211.901 to 211.906, for the year for which the disbursement  
24 is calculated.

25 (6) An intermediate school district receiving state aid  
26 under sections 56, 62, and 81 of the state school aid act of  
27 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the

1 amount that would otherwise be disbursed to or retained by the  
2 intermediate school district, all or a portion, to be determined  
3 on the basis of the tax rates being utilized to compute the  
4 amount of state aid, shall be paid to the state treasury to the  
5 credit of the state school aid fund established by section 11 of  
6 article IX of the state constitution of 1963. If and for the  
7 period that the state school aid act of 1979, 1979 PA 94,  
8 MCL 388.1601 to 388.1772, is amended or its successor act is  
9 enacted or amended to include a provision that provides for  
10 adjustments in state school aid to account for the receipt of  
11 revenues provided under this act in place of exempted ad valorem  
12 property tax, revenues required to be remitted or returned to the  
13 state treasury to the credit of the state school aid fund shall  
14 be distributed instead to the intermediate school districts. If  
15 the sum of any industrial facility tax levied under 1974 PA 198,  
16 MCL 207.551 to 207.572, the commercial facilities tax levied  
17 under the commercial redevelopment act, 1978 PA 255, MCL 207.651  
18 to 207.668, and the neighborhood enterprise zone tax paid to the  
19 state treasury to the credit of the state school aid fund that  
20 would otherwise be disbursed to the intermediate school district  
21 exceeds the amount received by the intermediate school district  
22 under sections 56, 62, and 81 of the state school aid act of  
23 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the  
24 department of treasury shall allocate to each eligible intermedi-  
25 ate school district an amount equal to the difference between the  
26 sum of the industrial facility tax, the commercial facilities  
27 tax, and the neighborhood enterprise zone tax paid to the state

1 treasury to the credit of the state school aid fund and the  
2 amount the intermediate school district received under  
3 sections 56, 62, and 81 of the state school aid act of 1979, 1979  
4 PA 94, MCL 388.1656, 388.1662, and 388.1681.

5 (7) For neighborhood enterprise zone taxes levied after 1993  
6 for school operating purposes, the amount that would otherwise be  
7 disbursed to a local school district shall be paid instead to the  
8 state treasury and credited to the state school aid fund estab-  
9 lished by section 11 of article IX of the state constitution of  
10 1963.

11 (8) The officer or officers shall send a copy of the amount  
12 of disbursement made to each unit under this section to the com-  
13 mission on a form provided by the commission. The neighborhood  
14 enterprise zone tax is a lien on the real property upon which the  
15 new facility or rehabilitated facility subject to the certificate  
16 is located until paid. The continuance of a certificate is con-  
17 ditional upon the annual payment of the neighborhood enterprise  
18 zone tax and the ad valorem tax on the land collected under the  
19 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

20 (9) If payment of the tax under this act is not made by the  
21 March 1 following the levy of the tax, the tax shall be turned  
22 over to the county treasurer and collected in the same manner as  
23 a delinquent tax under the general property tax act, 1893 PA 206,  
24 MCL 211.1 to 211.157.

25 (10) A new facility or a rehabilitated facility located in a  
26 renaissance zone under the Michigan renaissance zone act, 1996  
27 PA 376, MCL 125.2681to 125.2696, is exempt from the neighborhood

1 enterprise zone tax levied under this act to the extent and for  
2 the duration provided pursuant to the Michigan renaissance zone  
3 act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that por-  
4 tion of the neighborhood enterprise zone tax attributable to a  
5 special assessment or a tax described in section 7ff(2) of the  
6 general property tax act, 1893 PA 206, MCL 211.7ff. The neigh-  
7 borhood enterprise zone tax calculated under this subsection  
8 shall be disbursed proportionately to the local taxing unit or  
9 units that levied the special assessment or the tax described in  
10 section 7ff(2) of the general property tax act, 1893 PA 206,  
11 MCL 211.7ff.

12 Enacting section 1. This amendatory act does not take  
13 effect unless Senate Bill No. \_\_\_\_ or House Bill No. 6283  
14 (request no. 07067'02) of the 91st Legislature is enacted into  
15 law.