

# HOUSE BILL No. 4010

January 28, 2003, Introduced by Rep. DeRossett and referred to the Committee on Agriculture and Resource Management.

A bill to amend 1974 PA 198, entitled

"An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties,"

by amending section 2 (MCL 207.552), as amended by 2002 PA 280.

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

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

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

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

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

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

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

21 (5) "Local governmental unit" means a city, village, or  
22 township.

23 (6) "Industrial property" means land improvements, buildings,  
24 structures, and other real property, and machinery, equipment,  
25 furniture, and fixtures or any part or accessory whether  
26 completed or in the process of construction comprising an  
27 integrated whole, the primary purpose and use of which is the

1 engaging in a high-technology activity, the manufacture of goods  
2 or materials, **creation or synthesis of biodiesel fuel**, or the  
3 processing of goods and materials by physical or chemical change;  
4 property acquired, constructed, altered, or installed due to the  
5 passage of proposal A in 1976; the operation of a hydro-electric  
6 dam by a private company other than a public utility; or  
7 agricultural processing facilities. Industrial property includes  
8 facilities related to a manufacturing operation under the same  
9 ownership, including, but not limited to, office, engineering,  
10 research and development, warehousing, or parts distribution  
11 facilities. Industrial property also includes research and  
12 development laboratories of companies other than those companies  
13 that manufacture the products developed from their research  
14 activities and research development laboratories of a  
15 manufacturing company that are unrelated to the products of the  
16 company. For applications approved by the legislative body of a  
17 local governmental unit between June 30, 1999 and December 31,  
18 2007, industrial property also includes an electric generating  
19 plant that is not owned by a local unit of government.  
20 Industrial property also includes convention and trade centers  
21 over 250,000 square feet in size. Industrial property also  
22 includes a federal reserve bank operating under 12 U.S.C. 341,  
23 located in a city with a population of 750,000 or more.  
24 Industrial property may be owned or leased. However, in the case  
25 of leased property, the lessee is liable for payment of ad  
26 valorem property taxes and shall furnish proof of that  
27 liability. Industrial property does not include any of the

1 following:

2 (a) Land.

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

8 (c) Inventory.

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

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

18 (9) "Research and development laboratories" means building  
19 and structures, including the machinery, equipment, furniture,  
20 and fixtures located in the building or structure, used or to be  
21 used for research or experimental purposes that would be  
22 considered qualified research as that term is used in section  
23 ~~30~~ 41 of the internal revenue code **of 1986**, except that  
24 qualified research also includes qualified research funded by  
25 grant, contract, or otherwise by another person or governmental  
26 entity.

27 (10) "Manufacture of goods or materials" or "processing of

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

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