

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 579

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 9 (MCL 207.559), as amended by 2005 PA 251.

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

1           Sec. 9. (1) The legislative body of the local governmental  
2 unit, in its resolution approving an application, shall set forth a  
3 finding and determination that the granting of the industrial

1 facilities exemption certificate, considered together with the  
2 aggregate amount of industrial facilities exemption certificates  
3 previously granted and currently in force, shall not have the  
4 effect of substantially impeding the operation of the local  
5 governmental unit or impairing the financial soundness of a taxing  
6 unit that levies an ad valorem property tax in the local  
7 governmental unit in which the facility is located or to be  
8 located. If the state equalized valuation of property proposed to  
9 be exempt pursuant to an application under consideration,  
10 considered together with the aggregate state equalized valuation of  
11 property exempt under certificates previously granted and currently  
12 in force, exceeds 5% of the state equalized valuation of the local  
13 governmental unit, the commission, with the approval of the state  
14 treasurer, shall make a separate finding and shall include a  
15 statement in the order approving the industrial facilities  
16 exemption certificate that exceeding that amount shall not have the  
17 effect of substantially impeding the operation of the local  
18 governmental unit or impairing the financial soundness of an  
19 affected taxing unit.

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

26 (a) The commencement of the restoration, replacement, or  
27 construction of the facility occurred not earlier than 12 months

1 before the filing of the application for the industrial facilities  
2 exemption certificate. If the application is not filed within the  
3 12-month period, the application may be filed within the succeeding  
4 12-month period and the industrial facilities exemption certificate  
5 shall in this case expire 1 year earlier than it would have expired  
6 if the application had been timely filed. This subdivision does not  
7 apply for applications filed with the local governmental unit after  
8 December 31, 1983.

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

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

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

1 (e) Completion of the facility is calculated to, and will at  
2 the time of issuance of the certificate have the reasonable  
3 likelihood to create employment, retain employment, prevent a loss  
4 of employment, or produce energy in the community in which the  
5 facility is situated.

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

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

21 (h) The provisions of subdivisions (b) and (c) and section  
22 4(3) do not apply to 1 or more of the following:

23 (i) A facility located in an industrial development district  
24 owned by a person who filed an application for an industrial  
25 facilities exemption certificate in October 1995 for construction  
26 that was commenced in July 1992 in a district that was established  
27 by the legislative body of the local governmental unit in July

1 1994. An industrial facilities exemption certificate described in  
2 this subparagraph shall expire as provided in section 16(3).

3 (ii) A facility located in an industrial development district  
4 that was established in January 1994 and was owned by a person who  
5 filed an application for an industrial facilities exemption  
6 certificate in February 1994 if the personal property and real  
7 property portions of the application were approved by the  
8 legislative body of the local governmental unit and the personal  
9 property portion of the application was approved by the state tax  
10 commission in December 1994 and the real property portion of the  
11 application was denied by the state tax commission in December  
12 1994. An industrial facilities exemption certificate described in  
13 this subparagraph shall expire as provided in section 16(3).

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

19 (iv) A FACILITY LOCATED IN AN INDUSTRIAL DEVELOPMENT DISTRICT  
20 OWNED BY A PERSON WHO FILED AN APPLICATION FOR AN INDUSTRIAL  
21 FACILITIES EXEMPTION CERTIFICATE IN JULY 2001 FOR CONSTRUCTION THAT  
22 WAS COMMENCED IN FEBRUARY 2001 IN A DISTRICT THAT WAS ESTABLISHED  
23 BY THE LEGISLATIVE BODY OF THE LOCAL GOVERNMENTAL UNIT IN SEPTEMBER  
24 2001. AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE DESCRIBED IN  
25 THIS SUBPARAGRAPH SHALL EXPIRE AS PROVIDED IN SECTION 16. THE  
26 FACILITY DESCRIBED IN THIS SUBPARAGRAPH SHALL BE TAXED UNDER THIS  
27 ACT AS IF IT WAS GRANTED AN INDUSTRIAL FACILITIES EXEMPTION

1 CERTIFICATE IN OCTOBER 2001, AND A CORRECTED TAX BILL SHALL BE  
2 ISSUED BY THE LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX COLLECTING  
3 UNIT HAS POSSESSION OF THE TAX ROLL OR BY THE COUNTY TREASURER IF  
4 THE COUNTY HAS POSSESSION OF THE TAX ROLL. IF GRANTING THE  
5 INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE UNDER THIS SUBPARAGRAPH  
6 RESULTS IN AN OVERPAYMENT OF THE TAX, A REBATE, INCLUDING ANY  
7 INTEREST AND PENALTIES PAID, SHALL BE MADE TO THE TAXPAYER BY THE  
8 LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX COLLECTING UNIT HAS  
9 POSSESSION OF THE TAX ROLL OR BY THE COUNTY TREASURER IF THE COUNTY  
10 HAS POSSESSION OF THE TAX ROLL WITHIN 30 DAYS OF THE DATE THE  
11 EXEMPTION IS GRANTED. THE REBATE SHALL BE WITHOUT INTEREST.

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

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

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

1 governmental unit in September 1994.

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

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

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

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

1 MCL 125.2690.

2 (3) If the replacement facility when completed will not be  
3 located on the same premises or contiguous premises as the obsolete  
4 industrial property, then the applicant shall make provision for  
5 the obsolete industrial property by demolition, sale, or transfer  
6 to another person with the effect that the obsolete industrial  
7 property shall within a reasonable time again be subject to  
8 assessment and taxation under the general property tax act, 1893 PA  
9 206, MCL 211.1 to 211.157, or be used in a manner consistent with  
10 the general purposes of this act, subject to approval of the  
11 commission.

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

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



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

5 (6) Notwithstanding any other provision of this act, if on  
6 December 29, 1986 a local governmental unit passed a resolution  
7 approving an exemption certificate for 10 years for real and  
8 personal property but the commission did not receive the  
9 application until 1992 and the application was not made complete  
10 until 1995, then the commission shall issue, for that property, an  
11 industrial facilities exemption certificate that begins December  
12 30, 1987 and ends December 30, 1997. The facility described in this  
13 subsection shall be taxed under this act as if it was granted an  
14 industrial facilities exemption certificate on December 30, 1987.

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

26 (8) Property owned or operated by a casino is not industrial  
27 property or otherwise eligible for an abatement or reduction of ad

1 valorem property taxes under this act. As used in this subsection,  
2 "casino" means a casino or a parking lot, hotel, motel, convention  
3 and trade center, or retail store owned or operated by a casino, an  
4 affiliate, or an affiliated company, regulated by this state  
5 pursuant to the Michigan gaming control and revenue act, the  
6 Initiated Law of 1996, MCL 432.201 to 432.226.

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

17 Enacting section 1. This amendatory act does not take effect  
18 unless House Bill No. 5559 of the 93rd Legislature is enacted into  
19 law.