

# SENATE BILL No. 175

February 9, 2005, Introduced by Senators BROWN, HAMMERSTROM, JELINEK and GEORGE and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

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 2003 PA 5.

**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

1 facility, or, if applicable by its usage, a speculative building.

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

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

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

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

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

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

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

1 shall furnish proof of that liability. Industrial property does not  
2 include any of the following:

3 (a) Land.

4 (b) Property of a public utility other than an electric  
5 generating plant that is not owned by a local unit of government  
6 and for which an application was approved by the legislative body  
7 of a local governmental unit between June 30, 1999 and December 31,  
8 2007.

9 (c) Inventory.

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

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

19 (9) "Research and development laboratories" means building and  
20 structures, including the machinery, equipment, furniture, and  
21 fixtures located in the building or structure, used or to be used  
22 for research or experimental purposes that would be considered  
23 qualified research as that term is used in section 41 of the  
24 internal revenue code, ~~of 1986~~ **26 USC 41**, except that qualified  
25 research also includes qualified research funded by grant,  
26 contract, or otherwise by another person or governmental 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 by  
3 sector 31-33 -- manufacturing, of the North American industry  
4 classification system, United States, 1997, published by the office  
5 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 PA  
9 24, MCL 207.803.

10 (12) "COMMERCIAL PROPERTY" MEANS THAT TERM AS DEFINED IN  
11 SECTION 2 OF THE OBSOLETE PROPERTY REHABILITATION ACT, 2000 PA 146,  
12 MCL 125.2782.

13 (13) "QUALIFIED COMMERCIAL ACTIVITY" MEANS COMMERCIAL PROPERTY  
14 THAT MEETS ALL OF THE FOLLOWING:

15 (A) IS USED FOR WAREHOUSING, DISTRIBUTION, OR LOGISTIC  
16 PURPOSES OR A COMMUNICATION SERVICE CENTER.

17 (B) OCCUPIES A BUILDING OR STRUCTURE THAT IS GREATER THAN  
18 150,000 SQUARE FEET IN SIZE.

19 (C) PAYS AN AVERAGE WEEKLY WAGE TO ITS EMPLOYEES EQUAL TO OR  
20 EXCEEDING THE AVERAGE WEEKLY WAGE PAID TO RESIDENTS OF THE COUNTY  
21 IN WHICH THE FACILITY IS LOCATED AS DETERMINED BY THE LOCAL  
22 GOVERNMENTAL UNIT.