

SENATE BILL No. 1019

January 17, 2008, Introduced by Senators STAMAS and ALLEN and referred to the Committee on Commerce and Tourism.

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 sections 2, 4, 7, 9, 10, 11, 14, 15, 16, and 16a (MCL 207.552, 207.554, 207.557, 207.559, 207.560, 207.561, 207.564, 207.565, 207.566, and 207.566a), sections 2, 9, and 14 as amended by 2007 PA 146, section 4 as amended by 2004 PA 437, section 7 as amended by 2006 PA 483, section 10 as amended by 1996 PA 1, section 11 as amended by 2004 PA 323, section 15 as amended by 1996 PA 513, section 16 as amended by 1982 PA 417, and section 16a as added by

1996 PA 94.

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, **AN EXISTING FACILITY**, or, if applicable by its usage, a
5 speculative building.

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

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

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

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

1 (5) "Local governmental unit" means a city, village, or
2 township located in this state.

3 (6) "Industrial property" means land improvements, buildings,
4 structures, and other real property, and machinery, equipment,
5 furniture, and fixtures or any part or accessory whether completed
6 or in the process of construction comprising an integrated whole,
7 the primary purpose and use of which is the engaging in a high-
8 technology activity, operation of a strategic response center,
9 operation of a motorsports entertainment complex, operation of a
10 logistical optimization center, operation of qualified commercial
11 activity, the manufacture of goods or materials, creation or
12 synthesis of biodiesel fuel, or the processing of goods and
13 materials by physical or chemical change; property acquired,
14 constructed, altered, or installed due to the passage of proposal A
15 in 1976; the operation of a hydro-electric dam by a private company
16 other than a public utility; or agricultural processing facilities.
17 Industrial property includes facilities related to a manufacturing
18 operation under the same ownership, including, but not limited to,
19 office, engineering, research and development, warehousing, or
20 parts distribution facilities. Industrial property also includes
21 research and development laboratories of companies other than those
22 companies that manufacture the products developed from their
23 research activities and research development laboratories of a
24 manufacturing company that are unrelated to the products of the
25 company. For applications approved by the legislative body of a
26 local governmental unit between June 30, 1999 and December 31,
27 2007, industrial property also includes an electric generating

1 plant that is not owned by a local unit of government, including,
2 but not limited to, an electric generating plant fueled by biomass.
3 Industrial property also includes convention and trade centers over
4 250,000 square feet in size. Industrial property also includes a
5 federal reserve bank operating under 12 USC 341, located in a city
6 with a population of 750,000 or more. Industrial property may be
7 owned or leased. However, in the case of leased property, the
8 lessee is liable for payment of ad valorem property taxes and shall
9 furnish proof of that liability. Industrial property does not
10 include any of the following:

11 (a) Land.

12 (b) Property of a public utility other than an electric
13 generating plant that is not owned by a local unit of government
14 and for which an application was approved by the legislative body
15 of a local governmental unit between June 30, 1999 and December 31,
16 2007.

17 (c) Inventory.

18 (7) "Obsolete industrial property" means industrial property
19 the condition of which is substantially less than an economically
20 efficient functional condition.

21 (8) "Economically efficient functional condition" means a
22 state or condition of property the desirability and usefulness of
23 which is not impaired due to changes in design, construction,
24 technology, or improved production processes, or from external
25 influencing factors that make the property less desirable and
26 valuable for continued use.

27 (9) "Research and development laboratories" means building and

1 structures, including the machinery, equipment, furniture, and
2 fixtures located in the building or structure, used or to be used
3 for research or experimental purposes that would be considered
4 qualified research as that term is used in section 41 of the
5 internal revenue code, 26 USC 41, except that qualified research
6 also includes qualified research funded by grant, contract, or
7 otherwise by another person or governmental entity.

8 (10) "Manufacture of goods or materials" or "processing of
9 goods or materials" means any type of operation that would be
10 conducted by an entity included in the classifications provided by
11 sector 31-33 – manufacturing, of the North American industry
12 classification system, United States, 1997, published by the office
13 of management and budget, regardless of whether the entity
14 conducting that operation is included in that manual.

15 (11) "High-technology activity" means that term as defined in
16 section 3 of the Michigan economic growth authority act, 1995 PA
17 24, MCL 207.803.

18 (12) "Logistical optimization center" means a sorting and
19 distribution center that supports a private passenger motor vehicle
20 assembly center and its manufacturing process for the purpose of
21 optimizing transportation, just-in-time inventory management, and
22 material handling, and to which all of the following apply:

23 (a) The sorting and distribution center is within 2 miles of a
24 private passenger motor vehicle assembly center that, together with
25 supporting facilities, contains at least 800,000 square feet.

26 (b) The sorting and distribution center contains at least
27 950,000 square feet.

1 (c) The sorting and distribution center has applied for an
2 industrial facilities exemption certificate after June 30, 2005 and
3 before January 1, 2006.

4 (d) The private passenger motor vehicle assembly center is
5 located on land conditionally transferred by a township with a
6 population of more than 25,000 under 1984 PA 425, MCL 124.21 to
7 124.30, to a city with a population of more than 100,000 that
8 levies an income tax under the city income tax act, 1964 PA 284,
9 MCL 141.501 to 141.787.

10 (13) "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 (14) "Qualified commercial activity" means commercial property
14 that meets all of the following:

15 (a) An application for an exemption certificate approved by
16 the local governmental unit is filed for approval by the state tax
17 commission not later than April 30, 2006.

18 (b) At least 90% of the property, excluding the surrounding
19 green space, is used for warehousing, distribution, and logistics
20 purposes that provide food for institutional, restaurant, hospital,
21 or hotel customers.

22 (c) Is located within a village and is within 15 miles of a
23 Michigan state border.

24 (d) Occupies 1 or more buildings or structures that together
25 are greater than 300,000 square feet in size.

26 (15) "Motorsports entertainment complex" means a closed-course
27 motorsports facility, and its ancillary grounds and facilities,

1 that satisfies all of the following:

2 (a) Has at least 70,000 fixed seats for race patrons.

3 (b) Has at least 6 scheduled days of motorsports events each
4 calendar year, at least 2 of which shall be comparable to nascar
5 nextel cup events held in 2007 or their successor events.

6 (c) Serves food and beverages at the facility during
7 sanctioned events each calendar year through concession outlets, a
8 majority of which are staffed by individuals who represent or are
9 members of 1 or more nonprofit civic or charitable organizations
10 that directly financially benefit from the concession outlets'
11 sales.

12 (d) Engages in tourism promotion.

13 (e) Has permanent exhibitions of motorsports history, events,
14 or vehicles.

15 **(16) "EXISTING FACILITY" MEANS INDUSTRIAL PROPERTY THAT IS NOT**
16 **A REPLACEMENT FACILITY, A NEW FACILITY, OR A SPECULATIVE BUILDING**
17 **AND MEETS 1 OR MORE OF THE FOLLOWING:**

18 **(A) HAS BEEN VACANT FOR A PERIOD OF 4 OR MORE YEARS.**

19 **(B) HAS BECOME VACANT DUE TO THE MOST RECENT OCCUPANT**
20 **RELOCATING OUTSIDE OF THIS STATE.**

21 Sec. 4. (1) A local governmental unit, by resolution of its
22 legislative body, may establish plant rehabilitation districts and
23 industrial development districts that consist of 1 or more parcels
24 or tracts of land or a portion of a parcel or tract of land.

25 (2) The legislative body of a local governmental unit may
26 establish a plant rehabilitation district or an industrial
27 development district on its own initiative or upon a written

1 request filed by the owner or owners of 75% of the state equalized
2 value of the industrial property located within a proposed plant
3 rehabilitation district or industrial development district. This
4 request shall be filed with the clerk of the local governmental
5 unit.

6 (3) Except as provided in section 9(2)(h), after December 31,
7 1983, a request for the establishment of a proposed plant
8 rehabilitation district or industrial development district shall be
9 filed only in connection with a proposed replacement facility or
10 new facility, the construction, acquisition, alteration, or
11 installation of or for which has not commenced at the time of the
12 filing of the request. The legislative body of a local governmental
13 unit shall not establish a plant rehabilitation district or an
14 industrial development district pursuant to subsection (2) if it
15 finds that the request for the district was filed after the
16 commencement of construction, alteration, or installation of, or of
17 an acquisition related to, the proposed replacement facility or new
18 facility. This subsection shall not apply to a speculative building
19 **OR AN EXISTING FACILITY.**

20 (4) Before adopting a resolution establishing a plant
21 rehabilitation district or industrial development district, the
22 legislative body shall give written notice by certified mail to the
23 owners of all real property within the proposed plant
24 rehabilitation district or industrial development district and
25 shall hold a public hearing on the establishment of the plant
26 rehabilitation district or industrial development district at which
27 those owners and other residents or taxpayers of the local

1 governmental unit shall have a right to appear and be heard.

2 (5) The legislative body of the local governmental unit, in
3 its resolution establishing a plant rehabilitation district, shall
4 set forth a finding and determination that property comprising not
5 less than 50% of the state equalized valuation of the industrial
6 property within the district is obsolete.

7 (6) A plant rehabilitation district or industrial development
8 district established by a township shall be only within the
9 unincorporated territory of the township and shall not be within a
10 village.

11 (7) Industrial property that is part of an industrial
12 development district or a plant rehabilitation district may also be
13 part of a tax increment district established under the tax
14 increment finance authority act, 1980 PA 450, MCL 125.1801 to
15 125.1830.

16 (8) A local governmental unit, by resolution of its
17 legislative body, may terminate a plant rehabilitation district or
18 an industrial development district, if there are no industrial
19 facilities exemption certificates in effect in the plant
20 rehabilitation district or the industrial development district on
21 the date of the resolution to terminate.

22 (9) Before acting on a proposed resolution terminating a plant
23 rehabilitation district or an industrial development district, the
24 local governmental unit shall give at least 14 days' written notice
25 by certified mail to the owners of all real property within the
26 plant rehabilitation district or industrial development district as
27 determined by the tax records in the office of the assessor or the

1 treasurer of the local tax collecting unit in which the property is
2 located and shall hold a public hearing on the termination of the
3 plant rehabilitation district or industrial development district at
4 which those owners and other residents or taxpayers of the local
5 governmental unit, or others, shall have a right to appear and be
6 heard.

7 Sec. 7. (1) Within 60 days after receipt of an approved
8 application or an appeal of a disapproved application that was
9 submitted to the commission before October 31 of that year, the
10 commission shall determine whether the facility is a speculative
11 building, **AN EXISTING FACILITY**, or designed and acquired primarily
12 for the purpose of restoration or replacement of obsolete
13 industrial property or the construction of new industrial property,
14 and whether the facility otherwise complies with section 9 and with
15 the other provisions of this act. If the commission so finds, it
16 shall issue an industrial facilities exemption certificate. Before
17 issuing a certificate the commission shall notify the state
18 treasurer of the application and shall obtain the written
19 concurrence of the department of labor and economic growth that the
20 application complies with the requirements in section 9. Except as
21 otherwise provided in section 7a, the effective date of the
22 certificate for a replacement facility, **AN EXISTING FACILITY**, or **A**
23 new facility is the immediately succeeding December 31 following
24 the date the certificate is issued. For a speculative building or a
25 portion of a speculative building, except as otherwise provided in
26 section 7a, the effective date of the certificate is the
27 immediately succeeding December 31 following the date the

1 speculative building, or the portion of a speculative building, is
2 used as a manufacturing facility.

3 (2) The commission shall send an industrial facilities
4 exemption certificate, when issued, by certified mail to the
5 applicant, and a certified copy by certified mail to the assessor
6 of the assessing unit in which the facility is located or to be
7 located, and that copy shall be filed in his or her office. Notice
8 of the commission's refusal to issue a certificate shall be sent by
9 certified mail to the same persons.

10 (3) Notwithstanding any other provision of this act, if on
11 December 29, 1986 a local governmental unit passed a resolution
12 approving an exemption certificate for 10 years for real and
13 personal property but the commission did not receive the
14 application until 1992 and the application was not made complete
15 until 1995, then the commission shall issue, for that property, an
16 industrial facilities exemption certificate that begins December
17 30, 1987 and ends December 30, 1997.

18 (4) Notwithstanding any other provision of this act, if
19 pursuant to section 16a a local governmental unit passed a
20 resolution approving an industrial facilities exemption certificate
21 for a new facility on October 14, 2003 for a certificate that
22 expired in December 2002, the commission shall issue for that
23 property an industrial facilities exemption certificate that begins
24 on December 30, 2002 and ends December 30, 2009.

25 (5) Notwithstanding any other provision of this act, if on or
26 before February 10, 2007 a local governmental unit passed a
27 resolution approving an amendment of an industrial facilities

1 exemption certificate for a replacement facility and that
2 certificate was revoked by the commission effective December 30,
3 2005 with the order of revocation issued by the commission on April
4 10, 2006, notwithstanding the revocation, the commission shall
5 retroactively amend the certificate and give full effect to the
6 amended certificate, which shall include the additional personal
7 property expenditures described in the resolution amending the
8 certificate, for the period of time beginning when the certificate
9 was originally approved until the certificate was revoked.

10 Sec. 9. (1) The legislative body of the local governmental
11 unit, in its resolution approving an application, shall set forth a
12 finding and determination that the granting of the industrial
13 facilities exemption certificate, considered together with the
14 aggregate amount of industrial facilities exemption certificates
15 previously granted and currently in force, shall not have the
16 effect of substantially impeding the operation of the local
17 governmental unit or impairing the financial soundness of a taxing
18 unit that levies an ad valorem property tax in the local
19 governmental unit in which the facility is located or to be
20 located. If the state equalized valuation of property proposed to
21 be exempt pursuant to an application under consideration,
22 considered together with the aggregate state equalized valuation of
23 property exempt under certificates previously granted and currently
24 in force, exceeds 5% of the state equalized valuation of the local
25 governmental unit, the commission, with the approval of the state
26 treasurer, shall make a separate finding and shall include a
27 statement in the order approving the industrial facilities

1 exemption certificate that exceeding that amount shall not have the
2 effect of substantially impeding the operation of the local
3 governmental unit or impairing the financial soundness of an
4 affected taxing unit.

5 (2) Except for an application for a speculative building,
6 which is governed by subsection (4), **OR FOR AN APPLICATION FOR AN**
7 **EXISTING FACILITY**, the legislative body of the local governmental
8 unit shall not approve an application and the commission shall not
9 grant an industrial facilities exemption certificate unless the
10 applicant complies with all of the following requirements:

11 (a) The commencement of the restoration, replacement, or
12 construction of the facility occurred not earlier than 12 months
13 before the filing of the application for the industrial facilities
14 exemption certificate. If the application is not filed within the
15 12-month period, the application may be filed within the succeeding
16 12-month period and the industrial facilities exemption certificate
17 shall in this case expire 1 year earlier than it would have expired
18 if the application had been timely filed. This subdivision does not
19 apply for applications filed with the local governmental unit after
20 December 31, 1983.

21 (b) For applications made after December 31, 1983, the
22 proposed facility shall be located within a plant rehabilitation
23 district or industrial development district that was duly
24 established in a local governmental unit eligible under this act to
25 establish a district and that was established upon a request filed
26 or by the local governmental unit's own initiative taken before the
27 commencement of the restoration, replacement, or construction of

1 the facility.

2 (c) For applications made after December 31, 1983, the
3 commencement of the restoration, replacement, or construction of
4 the facility occurred not earlier than 6 months before the filing
5 of the application for the industrial facilities exemption
6 certificate.

7 (d) The application relates to a construction, restoration, or
8 replacement program that when completed constitutes a new or
9 replacement facility within the meaning of this act and that shall
10 be situated within a plant rehabilitation district or industrial
11 development district duly established in a local governmental unit
12 eligible under this act to establish the district.

13 (e) Completion of the facility is calculated to, and will at
14 the time of issuance of the certificate have the reasonable
15 likelihood to create employment, retain employment, prevent a loss
16 of employment, or produce energy in the community in which the
17 facility is situated.

18 (f) Completion of the facility does not constitute merely the
19 addition of machinery and equipment for the purpose of increasing
20 productive capacity but rather is primarily for the purpose and
21 will primarily have the effect of restoration, replacement, or
22 updating the technology of obsolete industrial property. An
23 increase in productive capacity, even though significant, is not an
24 impediment to the issuance of an industrial facilities exemption
25 certificate if other criteria in this section and act are met. This
26 subdivision does not apply to a new facility.

27 (g) The provisions of subdivision (c) do not apply to a new

1 facility located in an existing industrial development district
2 owned by a person who filed an application for an industrial
3 facilities exemption certificate in April of 1992 if the
4 application was approved by the local governing body and was denied
5 by the state tax commission in April of 1993.

6 (h) The provisions of subdivisions (b) and (c) and section
7 4(3) do not apply to 1 or more of the following:

8 (i) A facility located in an industrial development district
9 owned by a person who filed an application for an industrial
10 facilities exemption certificate in October 1995 for construction
11 that was commenced in July 1992 in a district that was established
12 by the legislative body of the local governmental unit in July
13 1994. An industrial facilities exemption certificate described in
14 this subparagraph shall expire as provided in section 16(3).

15 (ii) A facility located in an industrial development district
16 that was established in January 1994 and was owned by a person who
17 filed an application for an industrial facilities exemption
18 certificate in February 1994 if the personal property and real
19 property portions of the application were approved by the
20 legislative body of the local governmental unit and the personal
21 property portion of the application was approved by the state tax
22 commission in December 1994 and the real property portion of the
23 application was denied by the state tax commission in December
24 1994. An industrial facilities exemption certificate described in
25 this subparagraph shall expire as provided in section 16(3).

26 (iii) A facility located in an industrial development district
27 that was established in December 1995 and was owned by a person who

1 filed an application for an industrial facilities exemptions
2 certificate in November or December 1995 for construction that was
3 commenced in September 1995.

4 (iv) A facility located in an industrial development district
5 owned by a person who filed an application for an industrial
6 facilities exemption certificate in July 2001 for construction that
7 was commenced in February 2001 in a district that was established
8 by the legislative body of the local governmental unit in September
9 2001. An industrial facilities exemption certificate described in
10 this subparagraph shall expire as provided in section 16. The
11 facility described in this subparagraph shall be taxed under this
12 act as if it was granted an industrial facilities exemption
13 certificate in October 2001, and a corrected tax bill shall be
14 issued by the local tax collecting unit if the local tax collecting
15 unit has possession of the tax roll or by the county treasurer if
16 the county has possession of the tax roll. If granting the
17 industrial facilities exemption certificate under this subparagraph
18 results in an overpayment of the tax, a rebate, including any
19 interest and penalties paid, shall be made to the taxpayer by the
20 local tax collecting unit if the local tax collecting unit has
21 possession of the tax roll or by the county treasurer if the county
22 has possession of the tax roll within 30 days of the date the
23 exemption is granted. The rebate shall be without interest.

24 (v) A facility located in an industrial development district
25 owned by a person who filed an application for an industrial
26 facilities exemption certificate in December 2005 for construction
27 that was commenced in September 2005 in a district that was

1 established by the legislative body of the local governmental unit
2 in December 2005. An industrial facilities exemption certificate
3 described in this subparagraph shall expire as provided in section
4 16.

5 (vi) A facility located in an existing industrial development
6 district owned by a person who filed or amended an application for
7 an industrial facilities exemption certificate for real property in
8 July 2006 if the application was approved by the legislative body
9 of the local governmental unit in September 2006 but not submitted
10 to the state tax commission until September 2006.

11 (vii) A new facility located in an existing industrial
12 development district owned by a person who filed or amended an
13 application for an industrial facilities exemption certificate for
14 personal property in June 2006 if the application was approved by
15 the legislative body of the local governmental unit in August 2006
16 but not submitted to the state tax commission until 2007. The
17 effective date of the certificate shall be December 31, 2006.

18 (viii) A new facility located in an industrial development
19 district that was established by the legislative body of the local
20 governmental unit in September of 2007 for construction that was
21 commenced in March 2007 and for which an application for an
22 industrial facilities exemption certificate was filed in September
23 of 2007.

24 (ix) A facility located in an industrial development district
25 that was established by the legislative body of the local
26 governmental unit in August 2007 and was owned by a person who
27 filed an application for an industrial facilities exemption

1 certificate in June 2007 for equipment that was purchased in
2 January 2007.

3 (x) A FACILITY LOCATED IN AN INDUSTRIAL DEVELOPMENT DISTRICT
4 THAT WAS ESTABLISHED BY THE LEGISLATIVE BODY OF THE LOCAL
5 GOVERNMENTAL UNIT IN OCTOBER 2006 FOR CONSTRUCTION THAT WAS
6 COMMENCED IN AUGUST 2006 AND WAS OWNED BY A PERSON WHO FILED AN
7 APPLICATION FOR AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE IN
8 JANUARY 2007.

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

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

17 (ii) A new facility located in an existing industrial
18 development district owned by a person who filed an application for
19 an industrial facilities exemption certificate in September 1993 if
20 the personal property portion of the application was approved by
21 the legislative body of the local governmental unit and the real
22 property portion of the application was denied by the legislative
23 body of the local governmental unit in October 1993 and
24 subsequently approved by the legislative body of the local
25 governmental unit in September 1994.

26 (iii) A facility located in an existing industrial development
27 district owned by a person who filed an application for an

1 industrial facilities exemption certificate in August 1993 if the
2 application was approved by the local governmental unit in
3 September 1993 and the application was denied by the state tax
4 commission in December 1993.

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

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

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

26 (3) If the replacement facility when completed will not be
27 located on the same premises or contiguous premises as the obsolete

1 industrial property, then the applicant shall make provision for
2 the obsolete industrial property by demolition, sale, or transfer
3 to another person with the effect that the obsolete industrial
4 property shall within a reasonable time again be subject to
5 assessment and taxation under the general property tax act, 1893 PA
6 206, MCL 211.1 to ~~211.157~~ 211.155, or be used in a manner
7 consistent with the general purposes of this act, subject to
8 approval of the commission.

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

23 (5) Not later than September 1, 1989, the commission shall
24 provide to all local assessing units the name, address, and
25 telephone number of the person on the commission staff responsible
26 for providing procedural information concerning this act. After
27 October 1, 1989, a local unit of government shall notify each

1 prospective applicant of this information in writing.

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

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

23 (8) Property owned or operated by a casino is not industrial
24 property or otherwise eligible for an abatement or reduction of ad
25 valorem property taxes under this act. As used in this subsection,
26 "casino" means a casino or a parking lot, hotel, motel, convention
27 and trade center, or retail store owned or operated by a casino, an

1 affiliate, or an affiliated company, regulated by this state
2 pursuant to the Michigan gaming control and revenue act, 1996 IL 1,
3 MCL 432.201 to 432.226.

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

14 (10) Notwithstanding any other provision of this act, if the
15 commission issued an industrial facilities exemption certificate
16 for a new facility on December 8, 1998 but revoked that industrial
17 facilities exemption certificate for that same facility effective
18 December 30, 2006 and that new facility is purchased by a buyer on
19 or before November 1, 2007, the commission shall issue for that
20 property an industrial facilities exemption certificate that begins
21 December 31, 1998 and ends December 30, 2010 and shall transfer
22 that industrial facilities exemption certificate to the buyer. The
23 new facility described in this subsection shall be taxed under this
24 act as if it was granted an industrial facilities exemption
25 certificate effective on December 31, 1998.

26 Sec. 10. (1) The assessor of each city or township in which
27 there is a speculative building, new facility, **EXISTING FACILITY,**

1 or replacement facility with respect to which 1 or more industrial
2 facilities exemption certificates have been issued and are in force
3 shall determine annually as of December 31 the value and taxable
4 value of each facility separately, both for real and personal
5 property, having the benefit of a certificate.

6 (2) The assessor, upon receipt of notice of the filing of an
7 application for the issuance of a certificate, shall determine and
8 furnish to the local legislative body and the commission the value
9 of the property to which the application pertains and other
10 information as may be necessary to permit the local legislative
11 body and the commission to make the determinations required by
12 section 9(1).

13 Sec. 11. (1) Except as provided in subsections (6) and (7),
14 there is levied upon every owner of a speculative building, a new
15 facility, **AN EXISTING FACILITY**, or a replacement facility to which
16 an industrial facilities exemption certificate is issued a specific
17 tax to be known as the industrial facility tax and an
18 administrative fee calculated in the same manner and at the same
19 rate that the local tax collecting unit imposes on ad valorem taxes
20 collected under the general property tax act, 1893 PA 206, MCL
21 211.1 to ~~211.157~~ **211.155**.

22 (2) The industrial facility tax and administrative fee are to
23 be paid annually, at the same times, in the same installments, and
24 to the same officer or officers as taxes and administrative fees,
25 if any, imposed under the general property tax act, 1893 PA 206,
26 MCL 211.1 to ~~211.157~~ **211.155**, are payable. Except as otherwise
27 provided in this section, the officer or officers shall disburse

1 the industrial facility tax payments received each year to and
2 among the state, cities, townships, villages, school districts,
3 counties, and authorities, at the same times and in the same
4 proportions as required by law for the disbursement of taxes
5 collected under the general property tax act, 1893 PA 206, MCL
6 211.1 to ~~211.157~~ **211.155**. To determine the proportion for the
7 disbursement of taxes under this subsection and for attribution of
8 taxes under subsection (5) for taxes collected under industrial
9 facilities exemption certificates issued before January 1, 1994,
10 the number of mills levied for local school district operating
11 purposes to be used in the calculation shall equal the number of
12 mills for local school district operating purposes levied in 1993
13 minus the number of mills levied under the state education tax act,
14 1993 PA 331, MCL 211.901 to 211.906, for the year for which the
15 disbursement is calculated.

16 (3) Except as provided by subsections (4) and (5), for an
17 intermediate school district receiving state aid under section 56,
18 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL
19 388.1656, 388.1662, and 388.1681, of the amount that would
20 otherwise be disbursed to or retained by the intermediate school
21 district, all or a portion, to be determined on the basis of the
22 tax rates being utilized to compute the amount of the state school
23 aid, shall be paid instead to the state treasury to the credit of
24 the state school aid fund established by section 11 of article IX
25 of the state constitution of 1963. If the sum of any commercial
26 facilities taxes prescribed by the commercial redevelopment act,
27 1978 PA 255, MCL 207.651 to 207.668, and the industrial facility

1 taxes paid to the state treasury to the credit of the state school
2 aid fund that would otherwise be disbursed to the local or
3 intermediate school district, under section 12 of the commercial
4 redevelopment act, 1978 PA 255, MCL 207.662, and this section,
5 exceeds the amount received by the local or intermediate school
6 district under sections 56, 62, and 81 of the state school aid act
7 of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the
8 department of treasury shall allocate to each eligible local or
9 intermediate school district an amount equal to the difference
10 between the sum of the commercial facilities taxes and the
11 industrial facility taxes paid to the state treasury to the credit
12 of the state school aid fund and the amount the local or
13 intermediate school district received under sections 56, 62, and 81
14 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656,
15 388.1662, and 388.1681. This subsection does not apply to taxes
16 levied for either of the following:

17 (a) Mills allocated to an intermediate school district for
18 operating purposes as provided for under the property tax
19 limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

20 (b) An intermediate school district that is not receiving
21 state aid under section 56 or 62 of the state school aid act of
22 1979, 1979 PA 94, MCL 388.1656 and 388.1662.

23 (4) For industrial facilities taxes levied before 1994, a
24 local or intermediate school district shall receive or retain its
25 industrial facility tax payment that is levied in any year and
26 becomes a lien before December 1 of the year if the district files
27 a statement with the state treasurer not later than June 30 of the

1 year certifying that the district does not expect to receive state
2 school aid payments under section 56, 62, or 81 of the state school
3 aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681,
4 in the state fiscal year commencing in the year this statement is
5 filed and if the district did not receive state school aid payments
6 under section 56, 62, or 81 of the state school aid act of 1979,
7 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, for the state
8 fiscal year concluding in the year the statement required by this
9 subsection is filed. However, if a local or intermediate school
10 district receives or retains its summer industrial facility tax
11 payment under this subsection and becomes entitled to receive state
12 school aid payments under section 56, 62, or 81 of the state school
13 aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681,
14 in the state fiscal year commencing in the year in which it filed
15 the statement required by this subsection, the district immediately
16 shall pay to the state treasury to the credit of the state school
17 aid fund an amount of the summer industrial facility tax payments
18 that would have been paid to the state treasury to the credit of
19 the state school aid fund under subsection (3) had not this
20 subsection allowed the district to receive or retain the summer
21 industrial facility tax payment.

22 (5) For industrial facilities taxes levied after 1993, the
23 amount to be disbursed to a local school district, except for that
24 amount of tax attributable to mills levied under section 1211(2) or
25 1211c of the revised school code, 1976 PA 451, MCL 380.1211 and
26 380.1211c, and mills that are not included as mills levied for
27 school operating purposes under section 1211 of the revised school

1 code, 1976 PA 451, MCL 380.1211, shall be paid to the state
2 treasury and credited to the state school aid fund established by
3 section 11 of article IX of the state constitution of 1963.

4 (6) A speculative building, a new facility, **AN EXISTING**
5 **FACILITY**, or a replacement facility located in a renaissance zone
6 under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681
7 to 125.2696, is exempt from the industrial facility tax levied
8 under this act to the extent and for the duration provided pursuant
9 to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
10 125.2696, except for that portion of the industrial facility tax
11 attributable to a special assessment or a tax described in section
12 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.
13 The industrial facility tax calculated under this subsection shall
14 be disbursed proportionately to the local taxing unit or units that
15 levied the special assessment or the tax described in section
16 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

17 (7) Upon application for an exemption under this subsection by
18 a qualified start-up business, the governing body of a local tax
19 collecting unit may adopt a resolution to exempt a speculative
20 building, a new facility, or a replacement facility of a qualified
21 start-up business from the collection of the industrial facility
22 tax levied under this act in the same manner and under the same
23 terms and conditions as provided for the exemption in section 7hh
24 of the general property tax act, 1893 PA 206, MCL 211.7hh. The
25 clerk of the local tax collecting unit shall notify in writing the
26 assessor of the local tax collecting unit and the legislative body
27 of each taxing unit that levies ad valorem property taxes in the

1 local tax collecting unit. Before acting on the resolution, the
2 governing body of the local tax collecting unit shall afford the
3 assessor and a representative of the affected taxing units an
4 opportunity for a hearing. If a resolution authorizing the
5 exemption is adopted in the same manner as provided in section 7hh
6 of the general property tax act, 1893 PA 206, MCL 211.7hh, a
7 speculative building, a new facility, or a replacement facility
8 owned or operated by a qualified start-up business is exempt from
9 the industrial facility tax levied under this act, except for that
10 portion of the industrial facility tax attributable to a special
11 assessment or a tax described in section 7ff(2) of the general
12 property tax act, 1893 PA 206, MCL 211.7ff, for the year in which
13 the resolution is adopted. A qualified start-up business is not
14 eligible for an exemption under this subsection for more than 5
15 years. A qualified start-up business may receive the exemption
16 under this subsection in nonconsecutive years. The industrial
17 facility tax calculated under this subsection shall be disbursed
18 proportionately to the taxing unit or units that levied the special
19 assessment or the tax described in section 7ff(2) of the general
20 property tax act, 1893 PA 206, MCL 211.7ff. As used in this
21 subsection, "qualified start-up business" means that term as
22 defined in section 31a of the single business tax act, 1975 PA 228,
23 MCL 208.31a.

24 Sec. 14. (1) The amount of the industrial facility tax, in
25 each year for a replacement facility, shall be determined by
26 multiplying the total mills levied as ad valorem taxes for that
27 year by all taxing units within which the facility is situated by

1 the taxable value of the real and personal property of the obsolete
2 industrial property for the tax year immediately preceding the
3 effective date of the industrial facilities exemption certificate
4 after deducting the taxable value of the land and of the inventory
5 as specified in section 19.

6 (2) The amount of the industrial facility tax, in each year
7 for a new facility or a speculative building for which an
8 industrial facilities exemption certificate became effective before
9 January 1, 1994, shall be determined by multiplying the taxable
10 value of the facility excluding the land and the inventory personal
11 property by the sum of 1/2 of the total mills levied as ad valorem
12 taxes for that year by all taxing units within which the facility
13 is located other than mills levied for school operating purposes by
14 a local school district within which the facility is located or
15 mills levied under the state education tax act, 1993 PA 331, MCL
16 211.901 to 211.906, plus 1/2 of the number of mills levied for
17 local school district operating purposes in 1993.

18 (3) Except as provided in subsection (4), the amount of the
19 industrial facility tax in each year for a new facility, **AN**
20 **EXISTING FACILITY**, or a speculative building for which an
21 industrial facilities exemption certificate becomes effective after
22 December 31, 1993, shall be determined by multiplying the taxable
23 value of the facility excluding the land and the inventory personal
24 property by the sum of 1/2 of the total mills levied as ad valorem
25 taxes for that year by all taxing units within which the facility
26 is located other than mills levied under the state education tax
27 act, 1993 PA 331, MCL 211.901 to 211.906, plus, subject to section

1 14a, the number of mills levied under the state education tax act,
2 1993 PA 331, MCL 211.901 to 211.906.

3 (4) For taxes levied after December 31, 2007, for the personal
4 property tax component of an industrial facilities exemption
5 certificate for a new facility or a speculative building that is
6 sited on real property classified as industrial real property under
7 section 34c of the general property tax act, 1893 PA 206, MCL
8 211.34c, the amount of the industrial facility tax in each year for
9 a new facility or a speculative building shall be determined by
10 multiplying the taxable value of the facility excluding the land
11 and the inventory personal property by the sum of 1/2 of the total
12 mills levied as ad valorem taxes for that year by all taxing units
13 within which the facility is located other than mills levied under
14 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
15 and the number of mills from which the property is exempt under
16 section 1211(1) of the revised school code, 1976 PA 451, MCL
17 380.1211.

18 (5) For a termination or revocation of only the real property
19 component, or only the personal property component, of an
20 industrial facilities exemption certificate as provided in this
21 act, the valuation and the tax determined using that valuation
22 shall be reduced proportionately to reflect the exclusion of the
23 component with respect to which the termination or revocation has
24 occurred.

25 Sec. 15. (1) Upon receipt of a request by certified mail to
26 the commission by the holder of an industrial facilities exemption
27 certificate requesting revocation of the certificate, the

1 commission shall by order revoke the certificate in whole or revoke
2 the certificate with respect to its real property component, or its
3 personal property component, whichever is requested.

4 (2) The legislative body of a local governmental unit may by
5 resolution request the commission to revoke the industrial
6 facilities exemption certificate of a facility upon the grounds
7 that, except as provided in section 7a, completion of the
8 replacement facility or new facility has not occurred within 2
9 years after the effective date of the certificate, unless a greater
10 time has been authorized by the commission for good cause; that the
11 replacement, restoration, or construction of the facility has not
12 occurred within 6 years after the date the initial industrial
13 facilities exemption certificate was issued as provided in section
14 7a, unless a greater time has been authorized by the commission for
15 good cause; that completion of the speculative building has not
16 occurred within 2 years after the date the certificate was issued
17 except as provided in section 7a, unless a greater time has been
18 authorized by the commission for good cause; that a speculative
19 building for which a certificate has been issued but is not yet
20 effective has been used as other than a manufacturing facility;
21 that the certificate issued for a speculative building has not
22 become effective within 2 years after the December 31 following the
23 date the certificate was issued; or that the purposes for which the
24 certificate was issued are not being fulfilled as a result of a
25 failure of the holder to proceed in good faith with the
26 replacement, restoration, or construction and operation of the
27 replacement facility or new facility, **OR WITH THE OPERATION OF AN**

1 **EXISTING FACILITY**, or with the use of the speculative building as a
2 manufacturing facility in a manner consistent with the purposes of
3 this act and in the absence of circumstances that are beyond the
4 control of the holder.

5 (3) Upon receipt of the resolution, the commission shall give
6 notice in writing by certified mail to the holder of the
7 certificate, to the local legislative body, to the assessor of the
8 assessing unit, and to the legislative body of each local taxing
9 unit which levies taxes upon property in the local governmental
10 unit in which the facility is located. The commission shall afford
11 to the holder of the certificate, the local legislative body, the
12 assessor, and a representative of the legislative body of each
13 taxing unit an opportunity for a hearing. The commission shall by
14 order revoke the certificate if the commission finds that
15 completion except as provided in section 7a of the replacement
16 facility or new facility has not occurred within 2 years after the
17 effective date of the certificate or a greater time as authorized
18 by the commission for good cause; that completion of the
19 speculative building has not occurred within 2 years after the date
20 the certificate was issued except as provided in section 7a, unless
21 a greater time has been authorized by the commission for good
22 cause; that a speculative building for which a certificate has been
23 issued but is not yet effective has been used as other than a
24 manufacturing facility; that the certificate issued for a
25 speculative building has not become effective within 2 years after
26 the December 31 following the date the certificate was issued; or
27 that the holder of the certificate has not proceeded in good faith

1 with the replacement, restoration, or construction and operation of
2 the facility or with the use of the speculative building as a
3 manufacturing facility in good faith in a manner consistent with
4 the purposes of this act and in the absence of circumstances that
5 are beyond the control of the holder.

6 (4) The order of the commission revoking the certificate shall
7 be effective on the December 31 next following the date of the
8 order and the commission shall send by certified mail copies of its
9 order of revocation to the holder of the certificate, to the local
10 legislative body, to the assessor of the assessing unit in which
11 the facility is located, and to the legislative body of each taxing
12 unit which levies taxes upon property in the local governmental
13 unit in which the facility is located.

14 (5) A revocation of a certificate issued for a speculative
15 building shall specify and apply only to that portion of the
16 speculative building for which the grounds for revocation relate.

17 Sec. 16. (1) Unless earlier revoked as provided in section 15,
18 an industrial facilities exemption certificate shall remain in
19 force and effect for a period to be determined by the legislative
20 body of the local governmental unit and commencing with its
21 effective date and ending on the December 31 next following not
22 more than 12 years after the completion of the facility with
23 respect to both the real property component and the personal
24 property component of the facility **OR, FOR AN EXISTING FACILITY,**
25 **NOT MORE THAN 12 YEARS AFTER THE ISSUANCE OF THE CERTIFICATE FOR**
26 **THE EXISTING FACILITY.** The date of issuance of a certificate of
27 occupancy, if one is required, by appropriate municipal authority

1 shall be the date of completion of the facility.

2 (2) In the case of an application which was not filed within
3 12 months after the commencement of the restoration, replacement,
4 or construction of the facility but was filed within the succeeding
5 12-month period as provided in section 9(2)(a), the industrial
6 facilities exemption certificate, unless earlier revoked as
7 provided in section 15, shall remain in force and effect for a
8 period commencing with its effective date and ending on the
9 December 31 next following not more than 11 years after completion
10 of the facility with respect to both the real property component
11 and the personal property component of the facility. The date of
12 issuance of a certificate of occupancy, if one is required, by
13 appropriate municipal authority shall be the date of completion of
14 the facility. This subsection shall not apply for certificates
15 issued after December 31, 1983.

16 (3) In the case of an application filed pursuant to section
17 9(4), an industrial facilities exemption certificate, unless
18 earlier revoked as provided in section 15, shall remain in force
19 and effect for a period to be determined by the legislative body of
20 the local governmental unit and commencing on the effective date of
21 the certificate and ending on the December 31 next following not
22 more than 11 years after the effective date of the certificate.

23 Sec. 16a. If an industrial facilities exemption certificate
24 for a replacement facility, a new facility, **AN EXISTING FACILITY**,
25 or a speculative building becomes effective after December 31,
26 1995, for a period shorter than the maximum period permitted under
27 section 16, then both of the following apply:

1 (a) The owner or lessee of the replacement facility, new
2 facility, **EXISTING FACILITY**, or speculative building may, within
3 the final year in which the certificate is effective, apply for
4 another certificate under this act. If the legislative body of a
5 local governmental unit disapproves an application submitted under
6 this subdivision, then the applicant has no right of appeal of that
7 decision as described in section 6.

8 (b) The legislative body of a local governmental unit shall
9 not approve applications for certificates the sum of whose periods
10 exceeds the maximum permitted under section 16 for the user or
11 lessee of a replacement facility, new facility, **EXISTING FACILITY**,
12 or speculative building.