

# HOUSE BILL No. 5327

September 9, 2009, Introduced by Reps. Angerer, Polidori, Roy Schmidt, Byrum and Ebli  
and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 9f (MCL 211.9f), as amended by 2008 PA 573.

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

1           Sec. 9f. (1) The governing body of an eligible local assessing  
2 district may adopt a resolution to exempt from the collection of  
3 taxes under this act all new personal property owned or leased by  
4 an eligible business located in 1 or more eligible districts or  
5 distressed parcels designated in the resolution. The clerk of the  
6 eligible local assessing district shall notify in writing the  
7 assessor of the local tax collecting unit in which the eligible  
8 district or distressed parcel is located and the legislative body  
9 of each taxing unit that levies ad valorem property taxes in the  
10 eligible local assessing district in which the eligible district or

1 distressed parcel is located. Before acting on the resolution, the  
2 governing body of the eligible local assessing district shall  
3 afford the assessor and a representative of the affected taxing  
4 units an opportunity for a hearing.

5 (2) The exemption under this section is effective on the  
6 December 31 immediately succeeding the adoption of the resolution  
7 by the governing body of the eligible local assessing district and  
8 shall continue in effect for a period specified in the resolution.  
9 However, an exemption shall not be granted under this section after  
10 December 31, 2012 for an eligible business located in an eligible  
11 district identified in subsection (7) (e) (ix) or in an eligible local  
12 assessing district identified in subsection (7) (g) (ii). A copy of  
13 the resolution shall be filed with the state tax commission, the  
14 state treasurer, and the president of the Michigan strategic fund.  
15 A resolution is not effective unless approved as provided in  
16 subsection (3).

17 (3) Not more than 60 days after receipt of a copy of the  
18 resolution adopted under subsection (1), the state tax commission  
19 shall determine if the new personal property subject to the  
20 exemption is owned or leased by an eligible business and if the  
21 eligible business is located in 1 or more eligible districts. If  
22 the state tax commission determines that the new personal property  
23 subject to the exemption is owned or leased by an eligible business  
24 and that the eligible business is located in 1 or more eligible  
25 districts, the state treasurer, with the written concurrence of the  
26 president of the Michigan strategic fund, shall approve the  
27 resolution adopted under subsection (1) if the state treasurer and

1 the president of the Michigan strategic fund determine that  
2 exempting new personal property of the eligible business is  
3 necessary to reduce unemployment, promote economic growth, and  
4 increase capital investment in this state. In addition, for an  
5 eligible business located in an eligible local assessing district  
6 described in subsection (7) (g) (ii), the resolution adopted under  
7 subsection (1) shall be approved if the state treasurer and the  
8 president of the Michigan strategic fund determine that granting  
9 the exemption is a net benefit to this state, that expansion,  
10 retention, or location of an eligible business will not occur in  
11 this state without this exemption, and that there is no significant  
12 negative effect on employment in other parts of this state as a  
13 result of the exemption.

14 (4) Subject to subsection (5), if an existing eligible  
15 business sells or leases new personal property exempt under this  
16 section to an acquiring eligible business, the exemption granted to  
17 the existing eligible business shall continue in effect for the  
18 period specified in the resolution adopted under subsection (1) for  
19 the new personal property purchased or leased from the existing  
20 eligible business by the acquiring eligible business and for any  
21 new personal property purchased or leased by the acquiring eligible  
22 business.

23 (5) After December 31, 2007, an exemption for an existing  
24 eligible business shall continue in effect for an acquiring  
25 eligible business under subsection (4) only if the continuation of  
26 the exemption is approved in a resolution adopted by the governing  
27 body of an eligible local assessing district.

1           (6) Notwithstanding the amendatory act that added section  
2 2(1)(c), all of the following shall apply to an exemption under  
3 this section that was approved by the state tax commission on or  
4 before April 30, 1999, regardless of the effective date of the  
5 exemption:

6           (a) The exemption shall be continued for the term authorized  
7 by the resolution adopted by the governing body of the eligible  
8 local assessing district and approved by the state tax commission  
9 with respect to buildings and improvements constructed on leased  
10 real property during the term of the exemption if the value of the  
11 real property is not assessed to the owner of the buildings and  
12 improvements.

13           (b) The exemption shall not be impaired or restricted with  
14 respect to buildings and improvements constructed on leased real  
15 property during the term of the exemption if the value of the real  
16 property is not assessed to the owner of the buildings and  
17 improvements.

18           (7) As used in this section:

19           (a) "Acquiring eligible business" means an eligible business  
20 that purchases or leases assets of an existing eligible business,  
21 including the purchase or lease of new personal property exempt  
22 under this section, and that will conduct business operations  
23 similar to those of the existing eligible business at the location  
24 of the existing eligible business within the eligible district.

25           (b) "Authorized business" means that term as defined in  
26 section 3 of the Michigan economic growth authority act, 1995 PA  
27 24, MCL 207.803.

1 (c) "Distressed parcel" means a parcel of real property  
2 located in a city or village that meets all of the following  
3 conditions:

4 (i) Is located in a qualified downtown revitalization district.  
5 As used in this subparagraph, "qualified downtown revitalization  
6 district" means an area located within 1 or more of the following:

7 (A) The boundaries of a downtown district as defined in  
8 section 1 of 1975 PA 197, MCL 125.1651.

9 (B) The boundaries of a principal shopping district or a  
10 business improvement district as defined in section 1 of 1961 PA  
11 120, MCL 125.981.

12 (C) The boundaries of the local governmental unit in an area  
13 that is zoned and primarily used for business as determined by the  
14 local governmental unit.

15 (ii) Meets 1 of the following conditions:

16 (A) Has a blighted or functionally obsolete building located  
17 on the parcel. As used in this sub-subparagraph, "blighted" and  
18 "functionally obsolete" mean those terms as defined in section 2 of  
19 the brownfield redevelopment financing act, 1996 PA 381, MCL  
20 125.2652.

21 (B) Is a vacant parcel that had been previously occupied.

22 (iii) Is zoned to allow for mixed use.

23 (d) "Eligible business" means, effective August 7, 1998, a  
24 business engaged primarily in manufacturing, mining, research and  
25 development, wholesale trade, office operations, or the operation  
26 of a facility for which the business that owns or operates the  
27 facility is an eligible taxpayer. Eligible business does not

1 include a casino, retail establishment, professional sports  
2 stadium, or that portion of an eligible business used exclusively  
3 for retail sales. As used in this subdivision, "casino" means a  
4 casino regulated by this state pursuant to the Michigan gaming  
5 control and revenue act, 1996 IL 1, MCL 432.201 to 432.226, and all  
6 property associated or affiliated with the operation of a casino,  
7 including, but not limited to, a parking lot, hotel, motel, or  
8 retail store.

9 (e) "Eligible district" means 1 or more of the following:

10 (i) An industrial development district as that term is defined  
11 in 1974 PA 198, MCL 207.551 to 207.572.

12 (ii) A renaissance zone as that term is defined in the Michigan  
13 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

14 (iii) An enterprise zone as that term is defined in the  
15 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

16 (iv) A brownfield redevelopment zone as that term is designated  
17 under the brownfield redevelopment financing act, 1996 PA 381, MCL  
18 125.2651 to 125.2672.

19 (v) An empowerment zone designated under subchapter U of  
20 chapter 1 of the internal revenue code of 1986, 26 USC 1391 to  
21 1397F.

22 (vi) An authority district or a development area as those terms  
23 are defined in the tax increment finance authority act, 1980 PA  
24 450, MCL 125.1801 to 125.1830.

25 (vii) An authority district as that term is defined in the  
26 local development financing act, 1986 PA 281, MCL 125.2151 to  
27 125.2174.

1           (viii) A downtown district or a development area as those terms  
2 are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

3           (ix) An area that contains an eligible taxpayer.

4           (f) "Eligible distressed area" means 1 of the following:

5           (i) That term as defined in section 11 of the state housing  
6 development authority act of 1966, 1966 PA 346, MCL 125.1411.

7           (ii) An area that contains an eligible taxpayer.

8           (g) "Eligible local assessing district" means a city, village,  
9 or township that contains an eligible distressed area or a city,  
10 village, or township that meets 1 or more of the following  
11 conditions and is located in a county all or a portion of which  
12 borders another state or Canada:

13           (i) Is currently served by not fewer than 4 of the following  
14 existing services:

15           (A) water.

16           (B) sewer.

17           (C) police.

18           (D) fire.

19           (E) trash.

20           (F) recycling.

21           (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to  
22 124.30, with a city, village, or township that provides not fewer  
23 than 4 of the following existing services:

24           (A) water.

25           (B) sewer.

26           (C) police.

27           (D) fire.

1 (E) trash.

2 (F) recycling.

3 (h) "Eligible taxpayer" means a taxpayer that meets both of  
4 the following conditions:

5 (i) Is an authorized business.

6 (ii) Is eligible for tax credits described in section 9 of the  
7 Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

8 (i) "Existing eligible business" means an eligible business  
9 identified in a resolution adopted under subsection (1) for which  
10 an exemption has been granted under this section.

11 (j) "New personal property" means personal property that was  
12 not previously subject to tax under this act or was not previously  
13 placed in service ~~in this state~~ **BY AN ELIGIBLE BUSINESS CLAIMING AN**  
14 **EXEMPTION UNDER THIS SECTION** and that is placed in an eligible  
15 district after a resolution under subsection (1) is approved by the  
16 eligible local assessing district. As used in this subdivision, for  
17 exemptions approved by the state treasurer under subsection (3)  
18 after April 30, 1999, new personal property does not include  
19 buildings described in section 14(6) and personal property  
20 described in section 8(h), (i), and (j).