

HOUSE BILL NO. 4969

September 12, 2023, Introduced by Reps. Young, Whitsett and Tyrone Carter and referred to the Committee on Tax Policy.

A bill to amend 1992 PA 147, entitled
"Neighborhood enterprise zone act,"
by amending section 9 (MCL 207.779), as amended by 2005 PA 340.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) Except as provided in ~~subsection~~**subsections** (14)
2 **and (15)**, there is levied on the owner of a homestead facility, a
3 new facility, or a rehabilitated facility to which a neighborhood
4 enterprise zone certificate is issued a specific tax known as the
5 neighborhood enterprise zone tax.

1 (2) ~~A~~**If subsection (15) does not apply to cancel the**
 2 **neighborhood enterprise zone tax for a year, a** homestead facility,
 3 a new facility, or a rehabilitated facility for which a
 4 neighborhood enterprise zone certificate is in effect, but not the
 5 land on which the facility is located, is exempt from ad valorem
 6 real property taxes collected under the general property tax act,
 7 1893 PA 206, MCL 211.1 to ~~211.157~~**211.155. If subsection (15) does**
 8 **apply to cancel the neighborhood enterprise zone tax for a year,**
 9 **the land on which the facility is located is exempt from a land**
 10 **value tax imposed under the land tax equity act.**

11 (3) Except as otherwise provided in this section, the amount
 12 of the neighborhood enterprise zone tax on a new facility is
 13 determined each year by multiplying the taxable value of the
 14 facility, not including the land, by 1 of the following:

15 (a) For property that would otherwise meet the definition of a
 16 principal residence under section 7dd of the general property tax
 17 act, 1893 PA 206, MCL 211.7dd, if that property was not exempt from
 18 ad valorem property taxes under this act, 1/2 of the average rate
 19 of taxation levied in this state in the immediately preceding
 20 calendar year on a principal residence and qualified agricultural
 21 property as defined in section 7dd of the general property tax act,
 22 1893 PA 206, MCL 211.7dd. ~~However, in 1994 only, the average rate~~
 23 ~~of taxation shall be the average rate of taxation levied in 1993~~
 24 ~~upon all property in this state upon which ad valorem taxes are~~
 25 ~~assessed.~~

26 (b) For property that is not a principal residence under
 27 section 7dd of the general property tax act, 1893 PA 206, MCL
 28 211.7dd, 1/2 of the average rate of taxation levied ~~upon~~**on**
 29 commercial, industrial, and utility property ~~upon~~**on** which ad

1 valorem taxes are assessed as determined for the immediately
 2 preceding calendar year by the state board of assessors under
 3 section 13 of 1905 PA 282, MCL 207.13. ~~However, in 1994 only, the~~
 4 ~~average rate of taxation shall be the average rate of taxation~~
 5 ~~levied in 1993 upon all property in this state upon which ad~~
 6 ~~valorem taxes are assessed.~~

7 (4) Except as otherwise provided in this section, the amount
 8 of the neighborhood enterprise zone tax on a rehabilitated facility
 9 is determined each year by multiplying the taxable value of the
 10 rehabilitated facility, not including the land, for the tax year
 11 immediately preceding the effective date of the neighborhood
 12 enterprise zone certificate by the total mills collected under the
 13 general property tax act, 1893 PA 206, MCL 211.1 to ~~211.157,~~
 14 **211.155**, for the current year by all taxing units within which the
 15 rehabilitated facility is located.

16 (5) Except as otherwise provided in this section, the amount
 17 of the neighborhood enterprise zone tax on a homestead facility is
 18 the sum of all the following:

19 (a) One-half the number of mills levied for operating purposes
 20 by the local governmental unit in which the neighborhood enterprise
 21 zone is located multiplied by the current taxable value of the
 22 homestead facility not including the land.

23 (b) One-half the number of mills levied for operating purposes
 24 by the county in which the neighborhood enterprise zone is located
 25 multiplied by the current taxable value of the homestead facility
 26 not including the land.

27 (c) The total number of mills collected under the general
 28 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157,~~ **211.155**, for
 29 the current year by all taxing jurisdictions within which the

1 homestead facility is located excluding the number of mills levied
2 for operating purposes by the local governmental unit and county in
3 which the homestead facility is located multiplied by the current
4 taxable value of the homestead facility not including the land.

5 (6) In the year 2 years before the year in which the
6 neighborhood enterprise zone certificate expires for a homestead
7 facility, for a new facility or a rehabilitated facility in which
8 the neighborhood enterprise zone certificate was issued after
9 December 31, 2005, or for a new facility or a rehabilitated
10 facility in which the neighborhood enterprise zone certificate was
11 extended 3 years under section 12(1), the neighborhood enterprise
12 zone tax is the sum of all the following:

13 (a) Five-eighths the number of mills levied for operating
14 purposes by the local governmental unit in which the neighborhood
15 enterprise zone is located multiplied by the current taxable value
16 of the facility not including the land.

17 (b) Five-eighths the number of mills levied for operating
18 purposes by the county in which the neighborhood enterprise zone is
19 located multiplied by the current taxable value of the facility not
20 including the land.

21 (c) The total number of mills collected under the general
22 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~, **211.155**, for
23 the current year by all taxing jurisdictions within which the
24 facility is located excluding the number of mills levied for
25 operating purposes by the local governmental unit and county in
26 which the facility is located multiplied by the current taxable
27 value of the facility not including the land.

28 (7) In the year before the year in which the neighborhood
29 enterprise zone certificate expires for a homestead facility, for a

1 new facility or a rehabilitated facility in which the neighborhood
 2 enterprise zone certificate was issued after December 31, 2005, or
 3 for a new facility or a rehabilitated facility in which the
 4 neighborhood enterprise zone certificate was extended 3 years under
 5 section 12(1), the neighborhood enterprise zone tax is the sum of
 6 all the following:

7 (a) Three-fourths the number of mills levied for operating
 8 purposes by the local governmental unit in which the neighborhood
 9 enterprise zone is located multiplied by the current taxable value
 10 of the facility not including the land.

11 (b) Three-fourths the number of mills levied for operating
 12 purposes by the county in which the neighborhood enterprise zone is
 13 located multiplied by the current taxable value of the facility not
 14 including the land.

15 (c) The total number of mills collected under the general
 16 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~, **211.155**, for
 17 the current year by all taxing jurisdictions within which the
 18 facility is located excluding the number of mills levied for
 19 operating purposes by the local governmental unit and county in
 20 which the facility is located multiplied by the current taxable
 21 value of the facility not including the land.

22 (8) In the year in which the neighborhood enterprise zone
 23 certificate expires for a homestead facility, for a new facility or
 24 a rehabilitated facility in which the neighborhood enterprise zone
 25 certificate was issued after December 31, 2005, or for a new
 26 facility or a rehabilitated facility in which the neighborhood
 27 enterprise zone certificate was extended 3 years under section
 28 12(1), the neighborhood enterprise zone tax is the sum of all the
 29 following:

1 (a) Seven-eighths the number of mills levied for operating
2 purposes by the local governmental unit in which the neighborhood
3 enterprise zone is located multiplied by the current taxable value
4 of the facility not including the land.

5 (b) Seven-eighths the number of mills levied for operating
6 purposes by the county in which the neighborhood enterprise zone is
7 located multiplied by the current taxable value of the facility not
8 including the land.

9 (c) The total number of mills collected under the general
10 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~, **211.155**, for
11 the current year by all taxing jurisdictions within which the
12 facility is located excluding the number of mills levied for
13 operating purposes by the local governmental unit and county in
14 which the facility is located multiplied by the current taxable
15 value of the facility not including the land.

16 (9) The neighborhood enterprise zone tax is an annual tax,
17 payable at the same times, in the same installments, and to the
18 same officer or officers as taxes collected under the general
19 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~, **211.155**, are
20 payable. Except as otherwise provided in this section, the officer
21 or officers shall disburse the neighborhood enterprise zone tax
22 received by the officer or officers each year to the state, cities,
23 townships, villages, school districts, counties, and authorities at
24 the same times and in the same proportions as required for the
25 disbursement of taxes collected under the general property tax act,
26 1893 PA 206, MCL 211.1 to ~~211.157~~. **211.155**. To determine the
27 proportion for the disbursement of taxes under this subsection and
28 for attribution of taxes under subsection (11) for taxes collected
29 after June 30, 1994, the number of mills levied for local school

1 district operating purposes to be used in the calculation ~~shall~~
2 **must** equal the number of mills for local school district operating
3 purposes levied in 1993 minus the number of mills levied under the
4 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for
5 the year for which the disbursement is calculated. Local tax
6 collection officers shall disburse the proceeds of the neighborhood
7 enterprise zone tax collected on homestead facilities under
8 subsection (5) and on homestead facilities, new facilities, and
9 rehabilitated facilities under subsections (6), (7), and (8) each
10 year to the state, cities, townships, villages, school districts,
11 counties, and authorities in an amount equal to the sum of the
12 proceeds of the neighborhood enterprise zone tax collected on the
13 facility multiplied by a fraction in which the numerator is the
14 number of mills levied by the taxing unit that was used to
15 calculate the specific tax on the facility and the denominator is
16 the total number of mills levied by all the taxing units that was
17 used to calculate the specific tax in which the property is
18 located.

19 (10) An intermediate school district receiving state aid under
20 sections 56, 62, and 81 of the state school aid act of 1979, 1979
21 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that
22 would otherwise be disbursed to or retained by the intermediate
23 school district, all or a portion, to be determined on the basis of
24 the tax rates being utilized to compute the amount of state aid,
25 ~~shall~~ **must** be paid to the state treasury to the credit of the state
26 school aid fund established by section 11 of article IX of the
27 state constitution of 1963. If and for the period that the state
28 school aid act of 1979, 1979 PA 94, MCL 388.1601 to ~~388.1772,~~
29 **388.1896**, is amended or its successor act is enacted or amended to

1 include a provision that provides for adjustments in state school
2 aid to account for the receipt of revenues provided under this act
3 in place of exempted ad valorem property tax, revenues required to
4 be remitted or returned to the state treasury to the credit of the
5 state school aid fund ~~shall~~**must** be distributed instead to the
6 intermediate school districts. If the sum of any industrial
7 facility tax levied under 1974 PA 198, MCL 207.551 to 207.572, the
8 commercial facilities tax levied under the commercial redevelopment
9 act, 1978 PA 255, MCL 207.651 to 207.668, and the neighborhood
10 enterprise zone tax paid to the state treasury to the credit of the
11 state school aid fund that would otherwise be disbursed to the
12 intermediate school district exceeds the amount received by the
13 intermediate school district under sections 56, 62, and 81 of the
14 state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662,
15 and 388.1681, the department of treasury shall allocate to each
16 eligible intermediate school district an amount equal to the
17 difference between the sum of the industrial facility tax, the
18 commercial facilities tax, and the neighborhood enterprise zone tax
19 paid to the state treasury to the credit of the state school aid
20 fund and the amount the intermediate school district received under
21 sections 56, 62, and 81 of the state school aid act of 1979, 1979
22 PA 94, MCL 388.1656, 388.1662, and 388.1681.

23 (11) For neighborhood enterprise zone taxes levied after 1993
24 for school operating purposes, the amount that would otherwise be
25 disbursed to a local school district ~~shall~~**must** be paid instead to
26 the state treasury and credited to the state school aid fund
27 established by section 11 of article IX of the state constitution
28 of 1963.

29 (12) The officer or officers shall send a copy of the amount

1 of disbursement made to each unit under this section to the
2 commission on a form provided by the commission. The neighborhood
3 enterprise zone tax is a lien on the real property ~~upon~~**on** which
4 the new facility or rehabilitated facility subject to the
5 certificate is located until paid. The continuance of a certificate
6 is ~~conditional upon~~**conditioned on** the annual payment of the
7 neighborhood enterprise zone tax and the ad valorem tax on the land
8 collected under the general property tax act, 1893 PA 206, MCL
9 211.1 to ~~211.157~~**.211.155**.

10 (13) If payment of the tax under this act is not made by the
11 March 1 following the levy of the tax, the tax ~~shall~~**must** be turned
12 over to the county treasurer and collected in the same manner as a
13 delinquent tax under the general property tax act, 1893 PA 206, MCL
14 211.1 to ~~211.157~~**.211.155**.

15 (14) A homestead facility, a new facility, or a rehabilitated
16 facility located in a renaissance zone under the Michigan
17 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is
18 exempt from the neighborhood enterprise zone tax levied under this
19 act to the extent and for the duration provided pursuant to the
20 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
21 125.2696, except for that portion of the neighborhood enterprise
22 zone tax attributable to a special assessment or a tax described in
23 section 7ff(2) of the general property tax act, 1893 PA 206, MCL
24 211.7ff. The neighborhood enterprise zone tax calculated under this
25 subsection ~~shall~~**must** be disbursed proportionately to the local
26 taxing unit or units that levied the special assessment or the tax
27 described in section 7ff(2) of the general property tax act, 1893
28 PA 206, MCL 211.7ff.

29 (15) **A neighborhood enterprise zone tax must not be levied on**

1 the owner of a homestead facility, a new facility, or a
 2 rehabilitated facility located in a city in which a land value tax
 3 has been adopted and approved by the qualified electors of the city
 4 under the land tax equity act for any year for which the amount
 5 computed under subdivision (a) is less than the amount computed
 6 under subdivision (b), as follows:

7 (a) The sum of land value tax, computed as if the property was
 8 not subject to the neighborhood enterprise zone tax under this act,
 9 plus any other general ad valorem taxes imposed on the facility and
 10 the land on which the facility is located.

11 (b) The sum of the neighborhood enterprise zone tax, plus the
 12 general ad valorem tax imposed on the facility and the land on
 13 which the facility is located.

14 (16) The levies certified annually by a city under the land
 15 tax equity act must be used for purposes of determining those rates
 16 of tax imposed pursuant to this act that are based on or calculated
 17 using the millage levies of the city. The certified levies of a
 18 city that has adopted a land value tax include those rates that are
 19 authorized to be imposed as ad valorem taxes and those rates
 20 considered qualified taxes under section 7yy of the general
 21 property tax act, 1893 PA 206, MCL 211.7yy.

22 (17) A neighborhood enterprise certificate must not be issued
 23 for a homestead facility by a city after the date on which a land
 24 value tax has been approved by the qualified electors of the city
 25 under the land tax equity act.

26 Enacting section 1. This amendatory act does not take effect
 27 unless Senate Bill No. ____ or House Bill No. 4966 (request no.
 28 03630'23) of the 102nd Legislature is enacted into law.

29 Enacting section 2. If any portion of this amendatory act or

1 application of any portion of this amendatory act to any person,
2 property, or circumstance is found to be invalid by a court, the
3 invalidity must not affect the remaining portions or applications
4 of this amendatory act that can be given effect without the invalid
5 portion or application if the remaining portions are not determined
6 by the court to be inoperable. The provisions of this amendatory
7 act are severable.