

# HOUSE BILL NO. 5181

October 19, 2023, Introduced by Rep. McKinney and referred to the Committee on Economic Development and Small Business.

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 3 (MCL 207.553), as amended by 2010 PA 122.

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

1           Sec. 3. (1) "Plant rehabilitation district" means an area of a  
2 local governmental unit established as provided in section 4.

3           (2) "Industrial development district" means an area  
4 established by a local governmental unit as provided in section 4.

5           (3) "Industrial facility tax" means the specific tax levied  
6 under this act.

7           (4) "Industrial facilities exemption certificate" means a  
8 certificate issued pursuant to sections 5, 6, and 7.

9           (5) "Replacement" means the complete or partial demolition of  
10 obsolete industrial property and the complete or partial  
11 reconstruction or installation of new property of similar utility.

12           (6) "Restoration" means changes to obsolete industrial  
13 property other than replacement as ~~may be~~ required to restore the  
14 property, together with all appurtenances to the property, to an  
15 economically efficient functional condition. Restoration does not  
16 include delayed maintenance or the substitution or addition of  
17 tangible personal property without major renovation of the  
18 industrial property. A program involving expenditures for changes  
19 to the industrial property improvements aggregating less than 10%  
20 of the true cash value at commencement of the restoration of the  
21 industrial property improvements is delayed maintenance.

22 Restoration includes ~~major~~ **both of the following:**

23           **(a) Major** renovation, including, but not ~~necessarily~~ limited  
24 to, **all of the following:**

25           **(i) The** improvement of floor loads. ~~τ~~

26           **(ii) The** correction of deficient or excessive height. ~~τ~~ ~~new~~

27           **(iii) New** or improved building equipment, including heating,  
28 ventilation, and lighting. ~~τ~~ ~~reducing~~

1           **(iv) Reducing** multistory facilities to 1 or 2 stories. ~~7~~  
 2 ~~improved~~

3           **(v) Improved** structural support, including foundations. ~~7~~  
 4 ~~improved~~

5           **(vi) Improved** roof structure and cover. ~~7, floor~~

6           **(vii) Floor** replacement. ~~7, improved~~

7           **(viii) Improved** wall placement. ~~7, improved~~

8           **(ix) Improved** exterior and interior appearance of buildings. ~~7~~  
 9 ~~improvements~~

10          **(x) Improvements** or modifications of machinery and equipment  
 11 to improve efficiency, decrease operating costs, or to increase  
 12 productive capacity. ~~7, and other~~

13          **(xi) Other** physical changes ~~as may be required~~ to restore the  
 14 industrial property to an economically efficient functional  
 15 condition. ~~7, and shall include land~~

16          **(b) Land** and building improvements and other tangible personal  
 17 property incident to the improvements.

18          (7) "State equalized valuation" means the valuation determined  
 19 under 1911 PA 44, MCL 209.1 to 209.8.

20          (8) "Speculative building" means a building that meets 1 of  
 21 the following criteria and the machinery, equipment, furniture, and  
 22 fixtures located in the building:

23           (a) A new building that meets all of the following:

24           (i) The building is owned by, or approved as a speculative  
 25 building by resolution of, a local governmental unit in which the  
 26 building is located or the building is owned by a development  
 27 organization and located in the district of the development  
 28 organization.

29           (ii) The building is constructed for the purpose of providing a

1 manufacturing, **warehousing, or distribution** facility before the  
2 identification of a specific user of that building.

3 (iii) The building does not qualify as a replacement facility.

4 (b) The building is an existing building on an improved parcel  
5 of industrial property used for the manufacturing of goods or  
6 materials or processing of goods or materials. Not more than 1  
7 building ~~shall may~~ be awarded an industrial facilities exemption  
8 certificate under this subdivision. A building that complies with  
9 this subdivision ~~shall be is~~ presumed to have been constructed  
10 within 9 years of the filing of the application for an industrial  
11 facilities exemption certificate and ~~shall comply with must meet~~  
12 **all of** the following **requirements**:

13 (i) ~~Has Have~~ been unoccupied for at least 4 years immediately  
14 preceding the date the certificate is issued.

15 (ii) ~~Is Be~~ in an industrial development district created before  
16 January 1, 2011.

17 (iii) ~~Is Be~~ located in a county with a population of more than  
18 22,000 and less than 24,500 containing a city with a population of  
19 more than 3,600 according to the last decennial census.

20 (9) "Development organization" means any economic development  
21 corporation, downtown development authority, tax increment  
22 financing authority, or an organization under the supervision of  
23 and created for economic development purposes by a local  
24 governmental unit.

25 (10) "Manufacturing facility" means buildings and structures,  
26 including the machinery, equipment, furniture, and fixtures located  
27 ~~therein, in the buildings and structures~~, the primary purpose of  
28 which is 1 or more of the following:

29 (a) The manufacture of goods or materials or the processing of

1 goods and materials by physical or chemical change.

2 (b) The provision of research and development laboratories of  
3 companies whether or not the company manufactures the products  
4 developed from their research activities.

5 (11) "Taxable value" means that value determined under section  
6 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

7 (12) "Strategic response center" means a facility that  
8 provides catastrophe response solutions through the development and  
9 staffing of a national response center for which a plant  
10 rehabilitation district or an industrial development district was  
11 created before December 31, 2007.