

# SENATE BILL No. 974

December 6, 2007, Introduced by Senators RICHARDVILLE, ALLEN, SANBORN, KUIPERS, GILBERT, BIRKHOZ, HUNTER, STAMAS, BROWN, HARDIMAN, KAHN, CLARK-COLEMAN, CLARKE, GEORGE, BARCIA, PAPPAGEORGE, JACOBS, THOMAS and SCOTT and referred to the Committee on Commerce and Tourism.

A bill to amend 1978 PA 255, entitled "Commercial redevelopment act," by amending sections 4, 12, and 18 (MCL 207.654, 207.662, and 207.668), section 12 as amended by 1998 PA 243 and section 18 as amended by 1984 PA 342, and by adding section 12a.

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

1           Sec. 4. (1) "Local governmental unit" means, **EXCEPT AS**  
2 **OTHERWISE PROVIDED IN THIS SUBSECTION**, a city, village, or  
3 township. **FOR LOCAL GOVERNMENTAL UNITS DESIGNATING A COMMERCIAL**  
4 **REDEVELOPMENT DISTRICT AFTER JUNE 30, 2008, LOCAL GOVERNMENTAL UNIT**  
5 **MEANS A CITY OR VILLAGE.**

6           (2) "New facility" means **1 OF THE FOLLOWING:**

7           **(A) THROUGH JUNE 30, 2008,** new commercial property other than

1 a replacement facility to be built in a redevelopment district.

2 (B) BEGINNING JULY 1, 2008, NEW COMMERCIAL PROPERTY OTHER THAN  
3 A REPLACEMENT FACILITY TO BE BUILT IN A REDEVELOPMENT DISTRICT THAT  
4 MEETS ALL OF THE FOLLOWING:

5 (i) IS LOCATED ON PROPERTY THAT IS ZONED TO ALLOW FOR MIXED USE  
6 THAT INCLUDES HIGH-DENSITY RESIDENTIAL USE.

7 (ii) IS LOCATED IN A DOWNTOWN DISTRICT AS DEFINED IN SECTION 1  
8 OF 1975 PA 197, MCL 125.1651.

9 (iii) THE LOCAL GOVERNMENTAL UNIT IN WHICH THE NEW FACILITY IS  
10 TO BE LOCATED AGREES TO ALL OF THE FOLLOWING:

11 (A) TO EXPEDITE THE LOCAL PERMITTING AND INSPECTION PROCESS IN  
12 THE COMMERCIAL REHABILITATION DISTRICT.

13 (B) TO MODIFY ITS MASTER PLAN TO PROVIDE FOR WALKABLE  
14 NONMOTORIZED INTERCONNECTIONS, INCLUDING SIDEWALKS AND STREETSCAPES  
15 THROUGHOUT THE COMMERCIAL REDEVELOPMENT DISTRICT.

16 (3) "Obsolete commercial property" means commercial property  
17 the condition of which is impaired due to changes in design,  
18 construction, technology, or improved production processes, or  
19 damage due to fire, natural disaster, or general neglect.

20 (4) "Replacement" means the complete or partial demolition of  
21 obsolete commercial property and the complete or partial  
22 reconstruction or installation of new property of similar utility.

23 (5) "Replacement facility" means 1 OF THE FOLLOWING:

24 (A) THROUGH JUNE 30, 2008, commercial property on the same or  
25 contiguous land within the district which land is or is to be  
26 acquired, constructed, altered, or installed for the purpose of  
27 being substituted for obsolete commercial property together with

1 any part of the old altered property ~~which~~ **THAT** remains for use as  
2 commercial property after the replacement.

3 (B) BEGINNING JULY 1, 2008, COMMERCIAL PROPERTY ON THE SAME OR  
4 CONTIGUOUS LAND WITHIN THE DISTRICT WHICH LAND IS OR IS TO BE  
5 ACQUIRED, CONSTRUCTED, ALTERED, OR INSTALLED FOR THE PURPOSE OF  
6 BEING SUBSTITUTED FOR OBSOLETE COMMERCIAL PROPERTY AND ANY PART OF  
7 THE OLD ALTERED PROPERTY THAT REMAINS FOR USE AS COMMERCIAL  
8 PROPERTY AFTER THE REPLACEMENT, THAT MEETS ALL OF THE FOLLOWING:

9 (i) IS LOCATED ON PROPERTY THAT IS ZONED TO ALLOW FOR MIXED USE  
10 THAT INCLUDES HIGH-DENSITY RESIDENTIAL USE.

11 (ii) IS LOCATED IN A DOWNTOWN DISTRICT AS DEFINED IN SECTION 1  
12 OF 1975 PA 197, MCL 125.1651.

13 (iii) IS LOCATED IN A LOCAL GOVERNMENTAL UNIT THAT AGREES TO ALL  
14 OF THE FOLLOWING:

15 (A) TO EXPEDITE THE LOCAL PERMITTING AND INSPECTION PROCESS IN  
16 THE COMMERCIAL REHABILITATION DISTRICT.

17 (B) TO MODIFY ITS MASTER PLAN TO PROVIDE FOR WALKABLE  
18 NONMOTORIZED INTERCONNECTIONS, INCLUDING SIDEWALKS AND STREETSCAPES  
19 THROUGHOUT THE COMMERCIAL REDEVELOPMENT DISTRICT.

20 (6) "Restoration" means changes to obsolete commercial  
21 property other than replacement as may be required to restore the  
22 property, together with all appurtenances thereto, to an  
23 economically efficient condition. Restoration ~~shall include~~  
24 **INCLUDES** major renovation including but not ~~necessarily~~ limited to  
25 the improvement of floor loads, correction of deficient or  
26 excessive height, new or improved fixed building equipment,  
27 including heating, ventilation, and lighting, reducing multistory

1 facilities to 1 or 2 stories, improved structural support including  
2 foundations, improved roof structure and cover, floor replacement,  
3 improved wall placement, improved exterior and interior appearance  
4 of buildings, and other physical changes required to restore the  
5 commercial property to an economically efficient condition.

6 Restoration ~~shall~~**DOES** not include improvements aggregating less  
7 than 10% of the true cash value of the property at commencement of  
8 the restoration of the commercial property.

9 (7) "Restored facility" means a facility that has undergone  
10 restoration.

11 (8) "State equalized valuation" means the valuation determined  
12 under ~~Act No. 44 of the Public Acts of 1911, as amended, being~~  
13 ~~sections 209.1 to 209.8 of the Michigan Compiled Laws 1911 PA 44,~~  
14 **MCL 209.1 TO 209.8.**

15 Sec. 12. (1) Except as provided in subsection (9), there is  
16 levied upon every owner of a new, replacement, or restored facility  
17 to which a commercial facilities exemption certificate is issued a  
18 specific tax to be known as the commercial facilities tax.

19 (2) The amount of the commercial facilities tax, in each year,  
20 in the case of a restored facility shall be determined by  
21 multiplying the total mills levied as ad valorem taxes for that  
22 year by all taxing units within which the facility is located by  
23 the state equalized valuation of the obsolete commercial property  
24 for the tax year immediately preceding the effective date of the  
25 commercial facilities exemption certificate after deducting the  
26 state equalized valuation of the land and of personal property  
27 other than personal property assessed pursuant to section 14(6) of

1 the general property tax act, 1893 PA 206, MCL 211.14.

2 (3) The amount of the commercial facilities tax, in each year,  
3 in the case of a new or replacement facility shall be determined by  
4 multiplying the state equalized valuation of the facility excluding  
5 the land and personal property other than personal property  
6 assessed pursuant to section 14(6) of the general property tax act,  
7 1893 PA 206, MCL 211.14, by the sum of 1/2 of the total mills  
8 levied as ad valorem taxes for that year by all taxing units within  
9 which the facility is located other than mills levied for school  
10 operating purposes by a local or intermediate school district  
11 within which the facility is located or mills levied under the  
12 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus  
13 ~~1/2 of~~ the number of mills levied for school operating purposes in  
14 1993.

15 (4) The commercial facilities tax shall be collected,  
16 disbursed, and assessed in accordance with this act.

17 (5) The commercial facilities tax is an annual tax, payable at  
18 the same times, in the same installments, and to the same officer  
19 or officers as taxes imposed under the general property tax act,  
20 1893 PA 206, MCL 211.1 to ~~211.157~~ **211.155**, are payable. Except as  
21 otherwise provided in this section, the officer or officers shall  
22 disburse the commercial facilities tax payments received by the  
23 officer or officers each year to and among the state, cities,  
24 townships, villages, school districts, counties, and authorities,  
25 at the same times and in the same proportions as required by law  
26 for the disbursement of taxes collected under the general property  
27 tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~ **211.155**. To determine

1 the proportion for the disbursement of taxes under this subsection  
2 and for attribution of taxes under subsection (7) for taxes  
3 collected pursuant to commercial facilities exemption certificates  
4 issued before January 1, 1994, the number of mills levied for local  
5 school district operating purposes to be used in the calculation  
6 shall equal the number of mills for local school district operating  
7 purposes levied in 1993 minus the number of mills levied under the  
8 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for  
9 the year for which the disbursement is calculated.

10 (6) Except as provided in subsection (7), for intermediate  
11 school districts receiving state aid under sections 56, 62, and 81  
12 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656,  
13 388.1662, and 388.1681, of the amount that would otherwise be  
14 disbursed to an intermediate school district, all or a portion, to  
15 be determined on the basis of the tax rates being utilized to  
16 compute the amount of state aid, shall be paid to the state  
17 treasury to the credit of the state school aid fund established by  
18 section 11 of article IX of the state constitution of 1963. If the  
19 sum of any industrial facility taxes prescribed by 1974 PA 198,  
20 207.551 to 207.572, and the commercial facilities taxes paid to the  
21 state treasury to the credit of the state school aid fund that  
22 would otherwise be disbursed to the local or intermediate school  
23 district, pursuant to section 11 of 1974 PA 198, MCL 207.561, and  
24 this section, exceeds the amount received by the local or  
25 intermediate school district under sections 56, 62, and 81 of the  
26 state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662,  
27 and 388.1681, the department of treasury shall allocate to each

1 eligible local or intermediate school district an amount equal to  
2 the difference between the sum of the industrial facility taxes and  
3 the commercial facilities taxes paid to the state treasury to the  
4 credit of the state school aid fund and the amount the local or  
5 intermediate school district received under sections 56, 62, and 81  
6 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656,  
7 388.1662, and 388.1681. This subsection applies to taxes levied  
8 before 1994.

9 (7) For commercial facilities taxes levied after 1993 for  
10 school operating purposes, the amount that would otherwise be  
11 disbursed to a local school district shall be paid instead to the  
12 state treasury and credited to the state school aid fund  
13 established by section 11 of article IX of the state constitution  
14 of 1963.

15 (8) The officer or officers shall send a copy of the amount of  
16 disbursement made to each unit under this section to the commission  
17 on a form provided by the commission.

18 (9) A new, replacement, or restored facility located in a  
19 renaissance zone under the Michigan renaissance zone act, 1996 PA  
20 376, MCL 125.2681 to 125.2696, is exempt from the commercial  
21 facilities tax levied under this act to the extent and for the  
22 duration provided pursuant to the Michigan renaissance zone act,  
23 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of  
24 the commercial facilities tax attributable to a special assessment  
25 or a tax described in section 7ff(2) of the general property tax  
26 act, 1893 PA 206, MCL 211.7ff. The commercial facilities tax  
27 calculated under this subsection shall be disbursed proportionately

1 to the local taxing unit or units that levied the special  
2 assessment or the tax described in section 7ff(2) of the general  
3 property tax act, 1893 PA 206, MCL 211.7ff.

4 (10) As used in this act, facility does not include a casino.  
5 As used in this subsection, "casino" means a casino or a parking  
6 lot, hotel, motel, or retail store owned or operated by a casino,  
7 an affiliate, or an affiliated company, regulated by this state  
8 pursuant to the Michigan gaming control and revenue act, ~~the~~  
9 ~~Initiated Law of 1996-1996 IL 1~~, MCL 432.201 to ~~432.216-432.226~~.

10 **SEC. 12A. (1) WITHIN 60 DAYS AFTER THE GRANTING OF A NEW**  
11 **COMMERCIAL FACILITIES EXEMPTION CERTIFICATE UNDER SECTION 8 FOR A**  
12 **NEW OR A REPLACEMENT FACILITY, THE STATE TREASURER MAY, FOR A**  
13 **PERIOD NOT TO EXCEED 6 YEARS, EXCLUDE UP TO 1/2 OF THE NUMBER OF**  
14 **MILLS LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL**  
15 **211.901 TO 211.906, FROM THE SPECIFIC TAX CALCULATION ON THE**  
16 **FACILITY UNDER SECTION 12(3) IF THE STATE TREASURER DETERMINES THAT**  
17 **REDUCING THE NUMBER OF MILLS USED TO CALCULATE THE SPECIFIC TAX**  
18 **UNDER SECTION 12(3) IS NECESSARY TO REDUCE UNEMPLOYMENT, PROMOTE**  
19 **ECONOMIC GROWTH, AND INCREASE CAPITAL INVESTMENT IN QUALIFIED LOCAL**  
20 **GOVERNMENTAL UNITS.**

21 (2) THE STATE TREASURER SHALL NOT GRANT MORE THAN 25  
22 EXCLUSIONS UNDER THIS SECTION EACH YEAR.

23 Sec. 18. A new exemption shall not be granted under this act  
24 after December 31, ~~1985-2020~~, but an exemption then in effect shall  
25 continue until the expiration of the exemption certificate.