

HOUSE BILL No. 4103

January 18, 2011, Introduced by Rep. Meadows and referred to the Committee on Tax Policy.

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain local government officials; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "personal property specific tax act".

3 Sec. 2. As used in this act:

4 (a) "Commission" means the state tax commission created by
5 1927 PA 360, MCL 209.101 to 209.107.

6 (b) "Personal property" means personal property described
7 under section 8 of the general property tax act, 1893 PA 206, MCL

1 211.8.

2 (c) "Taxable value" means the taxable value as determined
3 under section 27a of the general property tax act, 1893 PA 206, MCL
4 211.27a.

5 Sec. 3. (1) All personal property in this state is exempt from
6 ad valorem property taxes collected under the general property tax
7 act, 1893 PA 206, MCL 211.1 to 211.155, as provided under section 9/
8 of the general property tax act, 1893 PA 206, MCL 211.9/.

9 (2) The specific tax levied under this act shall be
10 administered as provided in the general property tax act, 1893 PA
11 206, MCL 211.1 to 211.155, and shall be collected at the same time
12 and in the same manner as taxes collected under the general
13 property tax act, 1893 PA 206, MCL 211.1 to 211.155.

14 Sec. 4. The assessor of each local tax collecting unit in
15 which there is personal property shall determine annually as of
16 December 31 the value and taxable value of each parcel of personal
17 property located in that local tax collecting unit.

18 Sec. 5. (1) Except as otherwise provided under this act, there
19 is levied upon the owner of every parcel of personal property a
20 specific tax to be known as the personal property specific tax.

21 (2) The amount of the personal property specific tax in each
22 year shall be equal to all of the following:

23 (a) The number of mills levied under the state education tax
24 act, 1993 PA 331, MCL 211.901 to 211.906.

25 (b) The number of mills levied under the revised school code,
26 1976 PA 451, MCL 380.1 to 380.1852.

27 (c) One-half of the number of mills that would be levied by

1 all taxing units in the local tax collecting unit if the property
2 were subject to the collection of taxes under the general property
3 tax act, 1893 PA 206, MCL 211.1 to 211.155, by the personal
4 property's taxable value.

5 (3) The personal property specific tax is an annual tax,
6 payable at the same times, in the same installments, and to the
7 same collecting officer or officers as taxes collected under the
8 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

9 (4) The collecting officer or officers shall disburse the
10 personal property specific tax to and among this state and cities,
11 townships, villages, school districts, counties, or other taxing
12 units, at the same times and in the same proportions as required by
13 law for the disbursement of taxes collected under the general
14 property tax act, 1893 PA 206, MCL 211.1 to 211.155.

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

18 Sec. 6. (1) The following personal property is exempt from the
19 personal property specific tax levied under this act:

20 (a) The personal property of charitable, educational, and
21 scientific institutions incorporated under the laws of this state.
22 This exemption does not apply to secret or fraternal societies, but
23 the personal property of all charitable homes of secret or
24 fraternal societies and nonprofit corporations that own and operate
25 facilities for the aged and chronically ill in which the net income
26 from the operation of the nonprofit corporations or secret or
27 fraternal societies does not inure to the benefit of a person other

1 than the residents is exempt.

2 (b) The property of all library associations, circulating
3 libraries, libraries of reference, and reading rooms owned or
4 supported by the public and not used for gain.

5 (c) The property of posts of the grand army of the republic,
6 sons of veterans' unions, and of the women's relief corps connected
7 with them, of young men's Christian associations, women's Christian
8 temperance union associations, young people's Christian unions, a
9 boy or girl scout or camp fire girls organization, 4-H clubs, and
10 other similar associations.

11 (d) Pensions receivable from the United States.

12 (e) The property of Indians who are not citizens.

13 (f) The personal property owned and used by a householder such
14 as customary furniture, fixtures, provisions, fuel, and other
15 similar equipment, wearing apparel including personal jewelry,
16 family pictures, school books, library books of reference, and
17 allied items. Personal property is not exempt under this
18 subdivision if it is used to produce income, if it is held for
19 speculative investment, or if it constitutes an inventory of goods
20 for sale in the regular course of trade.

21 (g) Household furnishings, provisions, and fuel of not more
22 than \$5,000.00 in taxable value, of each social or professional
23 fraternity, sorority, and student cooperative house recognized by
24 the educational institution at which it is located.

25 (h) The working tools of a mechanic of not more than \$500.00
26 in taxable value. "Mechanic", as used in this subdivision, means a
27 person skilled in a trade pertaining to a craft or in the

1 construction or repair of machinery if the person's employment by
2 others is dependent on his or her furnishing the tools.

3 (i) Fire engines and other implements used in extinguishing
4 fires owned or used by an organized or independent fire company.

5 (j) Property actually used in agricultural operations and farm
6 implements held for sale or resale by retail servicing dealers for
7 use in agricultural production. As used in this subdivision,
8 "agricultural operations" means farming in all its branches,
9 including cultivation of the soil, growing and harvesting of an
10 agricultural, horticultural, or floricultural commodity, dairying,
11 raising of livestock, bees, fur-bearing animals, or poultry, turf
12 and tree farming, raising and harvesting of fish, collecting,
13 evaporating, and preparing maple syrup if the owner of the property
14 has \$25,000.00 or less in annual gross wholesale sales, and any
15 practices performed by a farmer or on a farm as an incident to, or
16 in conjunction with, farming operations, but excluding retail sales
17 and food processing operations. Property used in agricultural
18 operations includes all of the following:

19 (i) A methane digester and a methane digester electric
20 generating system if the person claiming the exemption complies
21 with all of the following:

22 (A) After the construction of the methane digester or the
23 methane digester electric generating system is completed, the
24 person claiming the exemption submits to the local tax collecting
25 unit an application for the exemption and a copy of certification
26 from the department of agriculture that it has verified that the
27 farm operation on which the methane digester or methane digester

1 electric generating system is located is in compliance with the
2 appropriate system of the Michigan agriculture environmental
3 assurance program in the year immediately preceding the year in
4 which the affidavit is submitted. Three years after an application
5 for exemption is approved and every 3 years thereafter, the person
6 claiming the exemption shall submit to the local tax collecting
7 unit an affidavit attesting that the department of agriculture has
8 verified that the farm operation on which the methane digester or
9 methane digester electric generating system is located is in
10 compliance with the appropriate system of the Michigan agriculture
11 environmental assurance program. The application for the exemption
12 under this subparagraph shall be in a form prescribed by the
13 department of treasury and shall be provided to the person claiming
14 the exemption by the local tax collecting unit.

15 (B) When the application is submitted to the local tax
16 collecting unit, the person claiming the exemption also submits
17 certification provided by the department of natural resources and
18 environment that he or she is not currently being investigated for
19 a violation of part 31 of the natural resources and environmental
20 protection act, 1994 PA 451, MCL 324.3101 to 324.3133, that within
21 a 3-year period immediately preceding the date the application is
22 submitted to the local tax collecting unit, he or she has not been
23 found guilty of a criminal violation under part 31 of the natural
24 resources and environmental protection act, 1994 PA 451, MCL
25 324.3101 to 324.3133, and that within a 1-year period immediately
26 preceding the date the application is submitted to the local tax
27 collecting unit, he or she has not been found responsible for a

1 civil violation that resulted in a civil fine of \$10,000.00 or more
2 under part 31 of the natural resources and environmental protection
3 act, 1994 PA 451, MCL 324.3101 to 324.3133.

4 (C) The person claiming an exemption cooperates by allowing
5 access for not more than 2 universities to collect information
6 regarding the effectiveness of the methane digester and the methane
7 digester electric generating system in generating electricity and
8 processing animal waste and production area waste. Information
9 collected under this sub-subparagraph shall not be provided to the
10 public in a manner that would identify the owner of the methane
11 digester or the methane digester electric generating system or the
12 farm operation on which the methane digester or the methane
13 digester electric generating system is located. The identity of the
14 owner of the methane digester or the methane digester electric
15 generating system and the identity of the owner and location of the
16 farm operation on which the methane digester or the methane
17 digester electric generating system is located are exempt from
18 disclosure under the freedom of information act, 1976 PA 442, MCL
19 15.231 to 15.246. As used in this sub-subparagraph, "university"
20 means a public 4-year institution of higher education created under
21 article VIII of the state constitution of 1963.

22 (D) The person claiming the exemption ensures that the methane
23 digester and methane digester electric generating system are
24 operated under the specific supervision and control of persons
25 certified by the department of agriculture as properly qualified to
26 operate the methane digester, methane digester electric generating
27 system, and related waste treatment and control facilities. The

1 department of agriculture shall consult with the department of
2 natural resources and environment and the Michigan state university
3 cooperative extension service in developing the operator
4 certification program.

5 (ii) A biomass gasification system. As used in this
6 subparagraph, "biomass gasification system" means apparatus and
7 equipment that thermally decomposes agricultural, food, or animal
8 waste at high temperatures and in an oxygen-free or a controlled
9 oxygen-restricted environment into a gaseous fuel and the equipment
10 used to generate electricity or heat from the gaseous fuel or store
11 the gaseous fuel for future generation of electricity or heat.

12 (iii) A thermal depolymerization system. As used in this
13 subparagraph, "thermal depolymerization system" means apparatus and
14 equipment that use heat to break down natural and synthetic
15 polymers and that can accept only organic waste.

16 (iv) Machinery that is capable of simultaneously harvesting
17 grain or other crops and biomass and machinery used for the purpose
18 of harvesting biomass. As used in this subparagraph, "biomass"
19 means crop residue used to produce energy or agricultural crops
20 grown specifically for the production of energy.

21 (v) Machinery used to prepare the crop for market operated
22 incidental to a farming operation that does not substantially alter
23 the form, shape, or substance of the crop and is limited to
24 cleaning, cooling, washing, pitting, grading, sizing, sorting,
25 drying, bagging, boxing, crating, and handling if not less than 33%
26 of the volume of the crops processed in the year ending on the
27 applicable tax day or in at least 3 of the immediately preceding 5

1 years were grown by the farmer in Michigan who is the owner or user
2 of the crop processing machinery.

3 (k) Personal property of not more than \$500.00 in taxable
4 value used by a householder in the operation of a business in the
5 householder's dwelling or at 1 other location in the city,
6 township, or village in which the householder resides.

7 (l) The products, materials, or goods processed or otherwise
8 and in whatever form, but expressly excepting alcoholic beverages,
9 located in a public warehouse, United States customs port of entry
10 bonded warehouse, dock, or port facility on December 31 of each
11 year, if those products, materials, or goods are designated as in
12 transit to destinations outside this state pursuant to the
13 published tariffs of a railroad or common carrier by filing the
14 freight bill covering the products, materials, or goods with the
15 agency designated by the tariffs, entitling the shipper to
16 transportation rate privileges. Products in a United States customs
17 port of entry bonded warehouse that arrived from another state or a
18 foreign country, whether awaiting shipment to another state or to a
19 final destination within this state, are considered to be in
20 transit and temporarily at rest, and not subject to the collection
21 of taxes under this act. To obtain an exemption for products,
22 materials, or goods under this subdivision, the owner shall file a
23 sworn statement with, and in the form required by, the assessing
24 officer of the tax district in which the warehouse, dock, or port
25 facility is located, at a time between the tax day, December 31,
26 and before the assessing officer closes the assessment rolls
27 describing the products, materials, or goods, and reporting their

1 cost and value as of December 31 of each year. The status of
2 persons and products, materials, or goods for which an exemption is
3 requested is determined as of December 31, which is the tax day.
4 Any property located in a public warehouse, dock, or port facility
5 on December 31 of each year that is exempt from taxation under this
6 subdivision but that is not shipped outside this state pursuant to
7 the particular tariff under which the transportation rate privilege
8 was established shall be assessed upon the immediately succeeding
9 or a subsequent assessment roll by the assessing officer and taxed
10 at the same rate of taxation as other taxable property for the year
11 or years for which the property was exempted to the owner at the
12 time of the omission unless the owner or person entitled to
13 possession of the products, materials, or goods is a resident of,
14 or authorized to do business in, this state and files with the
15 assessing officer, with whom statements of taxable property are
16 required to be filed, a statement under oath that the products,
17 materials, or goods are not for sale or use in this state and will
18 be shipped to a point or points outside this state. If a person,
19 firm, or corporation claims exemption by filing a sworn statement,
20 the person, firm, or corporation shall append to the statement of
21 taxable property required to be filed in the immediately succeeding
22 year or, if a statement of taxable property is not filed for the
23 immediately succeeding year, to a sworn statement filed on a form
24 required by the assessing officer, a complete list of the property
25 for which the exemption was claimed with a statement of the manner
26 of shipment and of the point or points to which the products,
27 materials, or goods were shipped from the public warehouse, dock,

1 or port facility. The assessing officer shall assess the products,
2 materials, or goods not shipped to a point or points outside this
3 state upon the immediately succeeding assessment roll or on a
4 subsequent assessment roll and the products, materials, or goods
5 shall be taxed at the same rate of taxation as other taxable
6 property for the year or years for which the property was exempted
7 to the owner at the time of the omission. The records, accounts,
8 and books of warehouses, docks, or port facilities, individuals,
9 partnerships, corporations, owners, or those in possession of
10 tangible personal property shall be open to and available for
11 inspection, examination, or auditing by assessing officers. A
12 warehouse, dock, port facility, individual, partnership,
13 corporation, owner, or person in possession of tangible personal
14 property shall report within 90 days after shipment of products,
15 materials, or goods in transit, for which an exemption under this
16 section was claimed or granted, the destination of shipments or
17 parts of shipments and the cost value of those shipments or parts
18 of shipments to the assessing officer. A warehouse, dock, port
19 facility, individual, partnership, corporation, or owner is subject
20 to a fine of \$100.00 for each failure to report the destination and
21 cost value of shipments or parts of shipments as required in this
22 subdivision. A person, firm, individual, partnership, corporation,
23 or owner failing to report products, materials, or goods located in
24 a warehouse, dock, or port facility to the assessing officer is
25 subject to a fine of \$100.00 and a penalty of 50% of the final
26 amount of taxes found to be assessable for the year on property not
27 reported, the assessable taxes and penalty to be spread on a

1 subsequent assessment roll in the same manner as general taxes on
2 personal property. For the purpose of this subdivision, a public
3 warehouse, dock, or port facility means a warehouse, dock, or port
4 facility owned or operated by a person, firm, or corporation
5 engaged in the business of storing products, materials, or goods
6 for hire for profit who issues a schedule of rates for storage of
7 the products, materials, or goods and who issues warehouse receipts
8 pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States
9 customs port of entry bonded warehouse means a customs warehouse
10 within a classification designated by 19 CFR 19.1 and that is
11 located in a port of entry, as defined by 19 CFR 101.1. A portion
12 of a public warehouse, United States customs port of entry bonded
13 warehouse, dock, or port facility leased to a tenant or a portion
14 of any premises owned or leased or operated by a consignor or
15 consignee or an affiliate or subsidiary of the consignor or
16 consignee is not a public warehouse, dock, or port facility.

17 (m) Personal property owned by a bank or trust company
18 organized under the laws of this state, a national banking
19 association, or an incorporated bank holding company as defined in
20 section 1841 of the bank holding company act of 1956, 12 USC 1841,
21 that controls a bank, national banking association, trust company,
22 or industrial bank subsidiary located in this state. Buildings
23 owned by a state or national bank, trust company, or incorporated
24 bank holding company and situated upon real property that the state
25 or national bank, trust company, or incorporated bank holding
26 company is not the owner of the fee are considered real property
27 and are not exempt under this section. Personal property owned by a

1 state or national bank, trust company, or incorporated bank holding
2 company that is leased, loaned, or otherwise made available to and
3 used by a private individual, association, or corporation in
4 connection with a business conducted for profit is not exempt under
5 this section.

6 (n) Farm products, processed or otherwise, the ultimate use of
7 which is for human or animal consumption as food, except wine,
8 beer, and other alcoholic beverages regularly placed in storage in
9 a public warehouse, dock, or port facility while in storage are
10 considered in transit and only temporarily at rest and are not
11 subject to the collection of taxes under this act. The assessing
12 officer is the determining authority as to what constitutes, is
13 defined as, or classified as, farm products as used in this
14 subdivision. The records, accounts, and books of warehouses, docks,
15 or port facilities, individuals, partnerships, corporations,
16 owners, or those in possession of farm products shall be open to
17 and available for inspection, examination, or auditing by assessing
18 officers.

19 (o) Sugar, in solid or liquid form, produced from sugar beets,
20 dried beet pulp, and beet molasses if owned or held by processors.

21 (p) The personal property of a parent cooperative preschool.
22 As used in this subdivision, "parent cooperative preschool" means a
23 nonprofit, nondiscriminatory educational institution maintained as
24 a community service and administered by parents of children
25 currently enrolled in the preschool, that provides an educational
26 and developmental program for children younger than compulsory
27 school age, that provides an educational program for parents,

1 including active participation with children in preschool
2 activities, that is directed by qualified preschool personnel, and
3 that is licensed under 1973 PA 116, MCL 722.111 to 722.128.

4 (q) All equipment used exclusively in wood harvesting, but not
5 including portable or stationary sawmills or other equipment used
6 in secondary processing operations. As used in this subdivision,
7 "wood harvesting" means clearing land for forest management
8 purposes, planting trees, all forms of cutting or chipping trees,
9 and loading trees on trucks for removal from the harvest area.

10 (r) Liquefied petroleum gas tanks located on residential or
11 agricultural property used to store liquefied petroleum gas for
12 residential or agricultural property use.

13 (s) Water conditioning systems used for a residential
14 dwelling.

15 (t) For taxes levied after December 31, 2000, aircraft
16 excepted from the registration provisions of the aeronautics code
17 of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and
18 all other aircraft operating under the provisions of a certificate
19 issued under 14 CFR part 121, and all spare parts for such
20 aircraft.

21 (2) As used in this section:

22 (a) "Biogas" means a mixture of gases composed primarily of
23 methane and carbon dioxide.

24 (b) "Methane digester" means a system designed to facilitate
25 the production, recovery, and storage of biogas from the anaerobic
26 microbial digestion of animal or food waste.

27 (c) "Methane digester electric generating system" means a

1 methane digester and the apparatus and equipment used to generate
2 electricity or heat from biogas or to store biogas for the future
3 generation of electricity or heat.

4 Sec. 7. (1) A special tool is exempt from the collection of
5 the personal property specific tax levied under this act.

6 (2) As used in this section:

7 (a) "Product" means an item of tangible property that is
8 directly created or produced through the manufacturing process. A
9 product may be any of the following items:

10 (i) A part.

11 (ii) A special tool.

12 (iii) A component.

13 (iv) A sub-assembly.

14 (v) Completed goods that are available for sale or lease in
15 wholesale or retail trade.

16 (b) "Special tool" means a finished or unfinished device such
17 as a die, jig, fixture, mold, pattern, special gauge, or similar
18 device, that is used, or is being prepared for use, to manufacture
19 a product and that cannot be used to manufacture another product
20 without substantial modification of the device. The length of the
21 economic life of the product manufactured shall not be considered
22 in making a determination whether a device used to manufacture that
23 product is a special tool. Special tools do not include the
24 following:

25 (i) A device that differs in character from dies, jigs,
26 fixtures, molds, patterns, or special gauges.

27 (ii) Standard tools.

1 (iii) Machinery or equipment, even if customized, and even if
2 used in conjunction with special tools.

3 (c) "Standard tool" means a die, jig, fixture, mold, pattern,
4 gauge, or other tool that is not a special tool. Standard tool does
5 not include machinery or equipment, even if customized, and even if
6 used in conjunction with special tools or standard tools.

7 Sec. 8. (1) Personal property that is inventory is exempt from
8 the collection of the personal property specific tax levied under
9 this act.

10 (2) As used in this section:

11 (a) "Heavy earth moving equipment" means industrial
12 construction equipment that meets all of the following criteria:

13 (i) Is self-propelled.

14 (ii) Weighs 10,000 pounds or more.

15 (iii) Is designed and principally intended to move, transport,
16 or reconfigure dirt, earth, soil, or other construction material at
17 a construction site.

18 (b) "Inventory" means 1 of the following:

19 (i) The stock of goods held for resale in the regular course of
20 trade of a retail or wholesale business.

21 (ii) Finished goods, goods in process, and raw materials of a
22 manufacturing business.

23 (iii) Materials and supplies, including repair parts and fuel.

24 (iv) Heavy earth moving equipment subject to 1 or more lease
25 agreements with the same person totaling not more than 1 year and
26 principally intended for sale rather than lease. A lease agreement
27 used to support this exemption shall be made available to the

1 assessor on request and shall be considered confidential
2 information to be used for assessment purposes only.

3 (3) Inventory does not include the following:

4 (a) Personal property, other than heavy earth moving
5 equipment, under lease or principally intended for lease rather
6 than sale.

7 (b) Heavy earth moving equipment subject to 1 or more lease
8 agreements with the same person totaling more than 1 year or
9 principally intended for lease rather than sale.

10 (c) Personal property for which a deduction or allowance for
11 depreciation, depletion, or amortization is allowed or has been
12 taken under the internal revenue code of 1986.

13 Sec. 9. (1) Computer software is exempt from the personal
14 property specific tax levied under this act unless either of the
15 following is true:

16 (a) The software is incorporated as a permanent component of a
17 computer, machine, piece of equipment, or device, or of real
18 property, and the software is not commonly available separately.

19 (b) The cost of the software is included as part of the cost
20 of a computer, machine, piece of equipment, or device, or of the
21 cost of real property on the books or records of the taxpayer.

22 (2) This section shall not be construed to affect the value of
23 a machine, device, piece of equipment, or computer, or the value of
24 real property, or to affect the taxable status of any other
25 personal property subject to tax under this act.

26 (3) As used in this section, "computer software" means a set
27 of statements or instructions that when incorporated in a machine-

1 usable medium is capable of causing a machine or device having
2 information processing capabilities to indicate, perform, or
3 achieve a particular function, task, or result.

4 Sec. 10. Intangible personal property is exempt from the
5 collection of the personal property specific tax levied under this
6 act.

7 Sec. 11. Until December 30, 2018, personal property located in
8 an area designated as a rural enterprise community as of the
9 effective date of the amendatory act that added this section under
10 title XIII of the omnibus budget reconciliation act of 1993, Public
11 Law 103-66, 107 Stat. 416, that is a component part of a natural
12 gas distribution system is exempt from the personal property
13 specific tax levied under this act.

14 Sec. 12. Bottled water coolers available for lease or subject
15 to an existing lease are exempt from the personal property specific
16 tax levied under this act.

17 Sec. 13. Personal property classified under section 34c of the
18 general property tax act, 1893 PA 206, MCL 211.34c, as industrial
19 personal property or commercial personal property is exempt from
20 that portion of the personal property specific tax described in
21 section 5(2)(b) to the extent provided under section 1211 of the
22 revised school code, 1976 PA 451, MCL 380.1211. Personal property
23 classified under section 34c of the general property tax act, 1893
24 PA 206, MCL 211.34c, as industrial personal property is exempt from
25 that portion of the personal property specific tax described in
26 section 5(2)(a), as provided in section 3 of the state education
27 tax act, 1993 PA 331, MCL 211.903.

1 Sec. 14. Personal property located in a renaissance zone under
2 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
3 125.2696, is exempt from the personal property specific tax levied
4 under this act to the extent and for the duration provided pursuant
5 to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
6 125.2696.

7 Sec. 15. (1) The governing body of an eligible local assessing
8 district may adopt a resolution to exempt from the collection of
9 taxes under this act all new personal property owned or leased by
10 an eligible business located in 1 or more eligible districts or
11 distressed parcels designated in the resolution. The clerk of the
12 eligible local assessing district shall notify in writing the
13 assessor of the local tax collecting unit in which the eligible
14 district or distressed parcel is located and the legislative body
15 of each taxing unit that levies ad valorem property taxes in the
16 eligible local assessing district in which the eligible district or
17 distressed parcel is located. Before acting on the resolution, the
18 governing body of the eligible local assessing district shall
19 afford the assessor and a representative of the affected taxing
20 units an opportunity for a hearing.

21 (2) The exemption under this section is effective on the
22 December 31 immediately succeeding the adoption of the resolution
23 by the governing body of the eligible local assessing district and
24 shall continue in effect for a period specified in the resolution.
25 However, an exemption shall not be granted under this section after
26 December 31, 2012 for an eligible business located in an eligible
27 district identified in subsection (6) (e) (ix) or in an eligible local

1 assessing district identified in subsection (6)(g)(ii). A copy of
2 the resolution shall be filed with the state tax commission, the
3 state treasurer, and the president of the Michigan strategic fund.
4 A resolution is not effective unless approved as provided in
5 subsection (3).

6 (3) Not more than 60 days after receipt of a copy of the
7 resolution adopted under subsection (1), the state tax commission
8 shall determine if the new personal property subject to the
9 exemption is owned or leased by an eligible business and if the
10 eligible business is located in 1 or more eligible districts. If
11 the state tax commission determines that the new personal property
12 subject to the exemption is owned or leased by an eligible business
13 and that the eligible business is located in 1 or more eligible
14 districts, the state treasurer, with the written concurrence of the
15 president of the Michigan strategic fund, shall approve the
16 resolution adopted under subsection (1) if the state treasurer and
17 the president of the Michigan strategic fund determine that
18 exempting new personal property of the eligible business is
19 necessary to reduce unemployment, promote economic growth, and
20 increase capital investment in this state. In addition, for an
21 eligible business located in an eligible local assessing district
22 described in subsection (6)(g)(ii), the resolution adopted under
23 subsection (1) shall be approved if the state treasurer and the
24 president of the Michigan strategic fund determine that granting
25 the exemption is a net benefit to this state, that expansion,
26 retention, or location of an eligible business will not occur in
27 this state without this exemption, and that there is no significant

1 negative effect on employment in other parts of this state as a
2 result of the exemption.

3 (4) Subject to subsection (5), if an existing eligible
4 business sells or leases new personal property exempt under this
5 section to an acquiring eligible business, the exemption granted to
6 the existing eligible business shall continue in effect for the
7 period specified in the resolution adopted under subsection (1) for
8 the new personal property purchased or leased from the existing
9 eligible business by the acquiring eligible business and for any
10 new personal property purchased or leased by the acquiring eligible
11 business.

12 (5) An exemption for an existing eligible business shall
13 continue in effect for an acquiring eligible business under
14 subsection (4) only if the continuation of the exemption is
15 approved in a resolution adopted by the governing body of an
16 eligible local assessing district.

17 (6) As used in this section:

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

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

27 (c) "Distressed parcel" means a parcel of real property

1 located in a city or village that meets all of the following
2 conditions:

3 (i) Is located in a qualified downtown revitalization district.

4 As used in this subparagraph, "qualified downtown revitalization
5 district" means an area located within 1 or more of the following:

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

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

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

14 (ii) Meets 1 of the following conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (viii) A downtown district or a development area as those terms

1 are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

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

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

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

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

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

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

14 (A) water.

15 (B) sewer.

16 (C) police.

17 (D) fire.

18 (E) trash.

19 (F) recycling.

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

23 (A) water.

24 (B) sewer.

25 (C) police.

26 (D) fire.

27 (E) trash.

1 (F) recycling.

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

4 (i) Is an authorized business.

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

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

10 (j) "New personal property" means personal property that was
11 not previously subject to tax under this act or was not previously
12 placed in service in this state and that is placed in an eligible
13 district after a resolution under subsection (1) is approved by the
14 eligible local assessing district.

15 Sec. 16. (1) Alternative energy personal property is exempt
16 from the collection of taxes under this act as provided in this
17 section.

18 (2) If the Michigan next energy authority certifies
19 alternative energy personal property as eligible for the exemption
20 under this section as provided in the Michigan next energy
21 authority act, 2002 PA 593, MCL 207.821 to 207.827, the Michigan
22 next energy authority shall forward a copy of that certification to
23 all of the following:

24 (a) The secretary of the local school district in which the
25 alternative energy personal property is located.

26 (b) The treasurer of the local tax collecting unit in which
27 the alternative energy personal property is located.

1 (3) Within 60 days after receipt of the certification of
2 alternative energy personal property under subsection (2), the
3 school board for the local school district in which the alternative
4 energy personal property is located, with the written concurrence
5 of the superintendent of the local school district, may adopt a
6 resolution to not exempt that alternative energy personal property
7 from a tax levied in that local school district under section 1212
8 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax
9 levied under the revised school code, 1976 PA 451, MCL 380.1 to
10 380.1852, to retire outstanding bonded indebtedness. If a
11 resolution is adopted under this subsection, a copy of the
12 resolution shall be forwarded to the Michigan next energy
13 authority, to the treasurer of the local tax collecting unit, and
14 to the state treasurer. If a resolution is not adopted under this
15 subsection, that alternative energy personal property is exempt
16 from a tax levied in that local school district under section 1212
17 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax
18 levied under the revised school code, 1976 PA 451, MCL 380.1 to
19 380.1852, to retire outstanding bonded indebtedness, for the period
20 provided in subsection (5).

21 (4) Within 60 days after receipt of the certification of
22 alternative energy personal property under subsection (2), the
23 governing body of the local tax collecting unit in which the
24 alternative energy personal property is located may adopt a
25 resolution to not exempt that alternative energy personal property
26 from the taxes collected in that local tax collecting unit, except
27 taxes collected under sections 1211 and 1212 of the revised school

1 code, 1976 PA 451, MCL 380.1211 and 380.1212, a tax levied under
2 the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to
3 retire outstanding bonded indebtedness, or the tax levied by this
4 state under the state education tax act, 1993 PA 331, MCL 211.901
5 to 211.906. The clerk of the local tax collecting unit shall notify
6 in writing the assessor of the local tax collecting unit in which
7 the alternative energy personal property is located and the
8 legislative body of each taxing unit that levies ad valorem
9 property taxes in that local tax collecting unit in which the
10 alternative energy personal property is located. Notice of the
11 meeting at which the resolution will be considered shall be
12 provided as required under the open meetings act, 1976 PA 267, MCL
13 15.261 to 15.275. Before acting on the resolution, the governing
14 body of the local tax collecting unit shall afford the assessor and
15 a representative of the affected taxing units an opportunity for a
16 hearing. If a resolution is adopted under this subsection, a copy
17 of the resolution shall be forwarded to the Michigan next energy
18 authority and to the state treasurer. If a resolution is not
19 adopted under this subsection, that alternative energy personal
20 property is exempt from the taxes collected in that local tax
21 collecting unit for the period provided in subsection (5), except
22 as otherwise provided in this section.

23 (5) The exemption under this section applies to taxes levied
24 after December 31, 2010 and before January 1, 2013.

25 (6) As used in this section:

26 (a) "Alternative energy personal property" means all of the
27 following:

1 (i) An alternative energy system.

2 (ii) An alternative energy vehicle.

3 (iii) All personal property of an alternative energy technology
4 business.

5 (iv) The personal property of a business that is not an
6 alternative energy technology business that is used solely for the
7 purpose of researching, developing, or manufacturing an alternative
8 energy technology.

9 (b) "Alternative energy system", "alternative energy vehicle",
10 "alternative energy technology", and "alternative energy technology
11 business" mean those terms as defined in the Michigan next energy
12 authority act, 2002 PA 593, MCL 207.821 to 207.827.

13 Sec. 17. (1) Upon application for an exemption under this
14 section by the administration of an innovations center, the
15 governing body of a local tax collecting unit may adopt a
16 resolution to exempt from the collection of taxes under this act
17 all personal property that is owned or used by any qualified high-
18 technology business located in that innovations center and all
19 personal property that is owned or used by the administration of
20 that innovations center. The clerk of the local tax collecting unit
21 shall notify in writing the assessor of the local tax collecting
22 unit and the legislative body of each taxing unit that levies ad
23 valorem property taxes in the local tax collecting unit. Before
24 acting on the resolution, the governing body of the local tax
25 collecting unit shall afford the assessor and a representative of
26 the affected taxing units an opportunity for a hearing. A copy of
27 the resolution shall be filed with the state tax commission. The

1 application for exemption under this section shall be in a form
2 prescribed by the state tax commission.

3 (2) The administration of an innovations center may claim the
4 exemption under subsection (1) by filing an affidavit claiming the
5 exemption with the assessor of the local tax collecting unit. The
6 affidavit shall be in a form prescribed by the state tax
7 commission.

8 (3) As used in this section:

9 (a) "Certified technology park" means that term as defined in
10 section 2 of the local development financing act, 1986 PA 281, MCL
11 125.2152.

12 (b) "High-technology activity" means 1 or more of the
13 following:

14 (i) Advanced computing, which is any technology used in the
15 design and development of any of the following:

16 (A) Computer hardware and software.

17 (B) Data communications.

18 (C) Information technologies.

19 (ii) Advanced materials, which are materials with engineered
20 properties created through the development of specialized process
21 and synthesis technology.

22 (iii) Biotechnology, which is any technology that uses living
23 organisms, cells, macromolecules, microorganisms, or substances
24 from living organisms to make or modify a product, improve plants
25 or animals, or develop microorganisms for useful purposes.

26 Biotechnology does not include human cloning as defined in section
27 16274 of the public health code, 1978 PA 368, MCL 333.16274, or

1 stem cell research with embryonic tissue.

2 (iv) Electronic device technology, which is any technology that
3 involves microelectronics, semiconductors, electronic equipment,
4 and instrumentation, radio frequency, microwave, and millimeter
5 electronics, and optical and optic-electrical devices, or data and
6 digital communications and imaging devices.

7 (v) Engineering or laboratory testing related to the
8 development of a product.

9 (vi) Technology that assists in the assessment or prevention of
10 threats or damage to human health or the environment, including,
11 but not limited to, environmental cleanup technology, pollution
12 prevention technology, or development of alternative energy
13 sources.

14 (vii) Medical device technology, which is any technology that
15 involves medical equipment or products other than a pharmaceutical
16 product that has therapeutic or diagnostic value and is regulated.

17 (viii) Life science technology, which is any technology that has
18 a medical diagnostic or treatment value, including, but not limited
19 to, pharmaceutical products.

20 (ix) Product research and development.

21 (c) "Innovations center" means real property that meets all of
22 the following conditions:

23 (i) Is a business incubator as that term is defined in section
24 2 of the local development financing act, 1986 PA 281, MCL
25 125.2152.

26 (ii) Is located within a single building.

27 (iii) Is primarily used to provide space and administrative

1 assistance to 1 or more qualified high-technology businesses
2 located within the building.

3 (d) "Qualified high-technology business" means a business that
4 is either of the following:

5 (i) A business with not less than 25% of the total operating
6 expenses of the business used for research and development as
7 determined under generally accepted accounting principles.

8 (ii) A business whose primary business activity is high-
9 technology activity.

10 Sec. 18. Unpaid personal property specific taxes are subject
11 to collection as provided under the general property tax act, 1893
12 PA 206, MCL 211.1 to 211.155.

13 Enacting section 1. This act does not take effect unless
14 Senate Bill No.____ or House Bill No. 4102(request no. 00489'11) of
15 the 96th Legislature is enacted into law.