

# SENATE BILL NO. 537

September 27, 2023, Introduced by Senator WOJNO and referred to the Committee on Economic and Community Development.

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 2 (MCL 207.552), as amended by 2011 PA 154.

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

1           Sec. 2. (1) "Commission" means the state tax commission  
2 created by 1927 PA 360, MCL 209.101 to 209.107.

3           (2) "Facility" means either a replacement facility, a new  
4 facility, or, if applicable by its usage, a speculative building.

5           (3) "Next Michigan development corporation" means that term as  
6 defined in section 3 of the next Michigan development act, 2010 PA  
7 275, MCL 125.2953.

8           (4) "Replacement facility" means 1 of the following:

9           (a) In the case of a replacement or restoration that occurs on  
10 the same or contiguous land as that which is replaced or restored,  
11 industrial property that is or is to be acquired, constructed,  
12 altered, or installed for the purpose of replacement or restoration  
13 of obsolete industrial property together with any part of the old  
14 altered property that remains for use as industrial property after  
15 the replacement, restoration, or alteration.

16           (b) In the case of construction on vacant noncontiguous land,  
17 property that is or will be used as industrial property that is or  
18 is to be acquired, constructed, transferred, or installed for the  
19 purpose of being substituted for obsolete industrial property if  
20 the obsolete industrial property is situated in a plant  
21 rehabilitation district in the same city, village, or township as  
22 the land on which the facility is or is to be constructed and  
23 includes the obsolete industrial property itself until the time ~~as~~  
24 the substituted facility is completed.

25           (5) "New facility" means new industrial property other than a  
26 replacement facility to be built in a plant rehabilitation district  
27 or industrial development district.

28           (6) "Local governmental unit" means a city, village, township,

1 or next Michigan development corporation located in this state. For  
 2 purposes of this act, if a next Michigan development corporation  
 3 establishes a plant rehabilitation district or an industrial  
 4 development district, the next Michigan development corporation  
 5 shall act as the local governmental unit in establishing and  
 6 operating the plant rehabilitation district or the industrial  
 7 development district.

8 (7) "Industrial property" means, ~~land~~ **subject to subsection**  
 9 **(8), any of the following:**

10 (a) **Land** improvements, buildings, structures, and other real  
 11 property, and machinery, equipment, furniture, and fixtures or any  
 12 part or accessory whether completed or in the process of  
 13 construction comprising an integrated whole, the primary purpose  
 14 and use of which is **1 of the following:**

- 15 (i) **The** engaging in **of** a high-technology activity. ~~τ~~
- 16 (ii) **The** operation of a strategic response center. ~~τ~~
- 17 (iii) **The** operation of a motorsports entertainment complex. ~~τ~~
- 18 (iv) **The** operation of a logistical optimization center. ~~τ~~
- 19 (v) **The** operation of qualified commercial activity. ~~τ~~
- 20 (vi) **The** operation of a major distribution and logistics  
 21 facility. ~~τ~~ ~~the~~
- 22 (vii) **The** manufacture of goods or materials. ~~τ~~
- 23 (viii) **The** creation or synthesis of biodiesel fuel. ~~τ~~ ~~or the~~
- 24 (ix) **The** processing of goods and materials by physical or  
 25 chemical change. ~~τ~~ ~~property~~

26 (b) **Property** acquired, constructed, altered, or installed due  
 27 to the passage of proposal A in 1976. ~~τ~~ ~~the operation of a~~

28 (c) **A** hydro-electric dam **operated** by a private company other  
 29 than a public utility. ~~τ~~ ~~or agricultural~~

1           **(d) Agricultural** processing facilities. ~~Industrial property~~  
2 ~~includes facilities~~

3           **(e) Facilities** related to a manufacturing operation under the  
4 same ownership, including, but not limited to, office, engineering,  
5 research and development, warehousing, or parts distribution  
6 facilities. ~~Industrial property also includes research~~

7           **(f) Research** and development laboratories of companies other  
8 than those companies that manufacture the products developed from  
9 their research activities and research development laboratories of  
10 a manufacturing company that are unrelated to the products of the  
11 company.

12           **(g)** For applications approved by the legislative body of a  
13 local governmental unit between June 30, 1999 and December 31,  
14 2007, ~~industrial property also includes an electric generating~~  
15 plant that is not owned by a local unit of government, including,  
16 but not limited to, an electric generating plant fueled by biomass.

17           **(h)** For an industrial development district created before July  
18 1, 2010, ~~industrial property also includes an electric generating~~  
19 plant that is fueled by biomass that is not owned by a unit of  
20 local government if the electric generating plant involves the  
21 reuse of a federal superfund site remediated by the United States  
22 ~~environmental protection agency~~ **Environmental Protection Agency** and  
23 an independent study has concluded that the electric generating  
24 plant would not have an adverse effect on wood supply of the area  
25 from which the wood supply of the electric generating plant would  
26 be derived. An electric generating plant described in the preceding  
27 sentence is presumed not to have an adverse impact on the wood  
28 supply of the area from which the wood supply of the electric  
29 generating plant would be derived if the company has a study funded

1 by the United States ~~department of energy~~ **Department of Energy** and  
 2 managed by the department of energy, labor, and economic growth  
 3 that concludes that the electric generating plant will consume not  
 4 more than 7.5% of the annual wood growth within a 60-mile radius of  
 5 the electric generating plant. ~~Industrial property also includes~~

6 **(i) A** convention and trade ~~centers in~~ **center for** which  
 7 construction begins not later than December 31, 2010 and **that is 1**  
 8 **of the following sizes:**

9 **(i) Except as otherwise provided in subparagraph (ii) or (iii),**  
 10 **is** over 250,000 square feet in size. ~~or, if~~

11 **(ii) If** located in a county with a population of more than  
 12 750,000 and less than 1,100,000, is over 100,000 square feet in  
 13 size. ~~or, if~~

14 **(iii) If** located in a county with a population of more than  
 15 26,000 and less than 28,000, is over 30,000 square feet in size.  
 16 ~~Industrial property also includes a~~

17 **(j) A** federal reserve bank operating under 12 USC 341, located  
 18 in a city with a population of 600,000 or more.

19 **(8)** Industrial property may be owned or leased. However, in  
 20 the case of leased property, the lessee is liable for payment of ad  
 21 valorem property taxes and shall furnish proof of that liability.  
 22 For purposes of a local governmental unit that is a next Michigan  
 23 development corporation, industrial property includes only property  
 24 used in the operation of an eligible next Michigan business, as  
 25 that term is defined in section 3 of the Michigan economic growth  
 26 authority act, 1995 PA 24, MCL 207.803. Industrial property does  
 27 not include any of the following:

28 (a) Land.

29 (b) Property of a public utility other than an electric

1 generating plant that is not owned by a local unit of government as  
2 provided in ~~this~~ subsection (7).

3 (c) Inventory.

4 (9) ~~(8)~~—"Obsolete industrial property" means industrial  
5 property the condition of which is substantially less than an  
6 economically efficient functional condition.

7 (10) ~~(9)~~—"Economically efficient functional condition" means a  
8 state or condition of property the desirability and usefulness of  
9 which is not impaired due to changes in design, construction,  
10 technology, or improved production processes, or from external  
11 influencing factors that make the property less desirable and  
12 valuable for continued use.

13 (11) ~~(10)~~—"Research and development laboratories" means  
14 building and structures, including the machinery, equipment,  
15 furniture, and fixtures located in the building or structure, used  
16 or to be used for research or experimental purposes that would be  
17 considered qualified research as that term is used in section 41 of  
18 the internal revenue code of 1986, 26 USC 41, except that qualified  
19 research also includes qualified research funded by grant,  
20 contract, or otherwise by another person or governmental entity.

21 (12) ~~(11)~~—"Manufacture of goods or materials" or "processing  
22 of goods or materials" means any type of operation that would be  
23 conducted by an entity included in the classifications provided by  
24 sector 31-33 - manufacturing, of the North American ~~industry~~  
25 ~~classification system,~~ **Industry Classification System**, United  
26 States, 1997, published by the ~~office of management and budget,~~  
27 **Office of Management and Budget**, regardless of whether the entity  
28 conducting that operation is included in that manual.

29 (13) ~~(12)~~—"High-technology activity" means that term as

1 defined in section 3 of the Michigan economic growth authority act,  
2 1995 PA 24, MCL 207.803.

3 (14) ~~(13)~~ "Logistical optimization center" means a sorting and  
4 distribution center that optimizes transportation and uses just-in-  
5 time inventory management and material handling.

6 (15) ~~(14)~~ "Commercial property" means that term as defined in  
7 section 2 of the obsolete property rehabilitation act, 2000 PA 146,  
8 MCL 125.2782.

9 (16) ~~(15)~~ "Qualified commercial activity" means commercial  
10 property that meets all of the following:

11 (a) At least 90% of the property, excluding the surrounding  
12 green space, is used for warehousing, distribution, or logistic  
13 purposes ~~and is located in a county that borders another state or~~  
14 ~~Canada~~ or for a communications center.

15 (b) Occupies a building or structure that is greater than  
16 100,000 square feet in size.

17 (17) ~~(16)~~ "Motorsports entertainment complex" means a closed-  
18 course motorsports facility, and its ancillary grounds and  
19 facilities, that satisfies all of the following:

20 (a) Has at least 70,000 fixed seats for race patrons.

21 (b) Has at least 6 scheduled days of motorsports events each  
22 calendar year, at least 2 of which ~~shall be~~ **are** comparable to  
23 ~~nascar nextel~~ **NASCAR Nextel** cup events held in 2007 or their  
24 successor events.

25 (c) Serves food and beverages at the facility during  
26 sanctioned events each calendar year through concession outlets, a  
27 majority of which are staffed by individuals who represent or are  
28 members of 1 or more nonprofit civic or charitable organizations  
29 that directly financially benefit from the concession outlets'

1 sales.

2 (d) Engages in tourism promotion.

3 (e) Has permanent exhibitions of motorsports history, events,  
4 or vehicles.

5 **(18)** ~~(17)~~—"Major distribution and logistics facility" means a  
6 proposed distribution center that meets all of the following:

7 (a) Contains at least 250,000 square feet.

8 (b) Has or will have an assessed value of \$5,000,000.00 or  
9 more for the real property.

10 (c) Is located within 35 miles of the border of this state.

11 (d) Has as its purpose the distribution of inventory and  
12 materials to facilities owned by the taxpayer whose primary  
13 business is the retail sale of sporting goods and related  
14 inventory.