

HOUSE BILL No. 4621

April 12, 1989. Introduced by Rep. Ouwinga and referred to the Committee on Economic Development and Energy.

A bill to amend section 2 of Act No. 198 of the Public Acts of 1974, 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 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,"

as amended by Act No. 66 of the Public Acts of 1986, being section 207.552 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2 of Act No. 198 of the Public Acts of
2 1974, as amended by Act No. 66 of the Public Acts of 1986, being
3 section 207.552 of the Michigan Compiled Laws, is amended to read
4 as follows:

1 Sec. 2. (1) "Commission" means the state tax commission
2 created by Act No. 360 of the Public Acts of 1927, as amended,
3 being sections 209.101 to 209.107 of the Michigan Compiled Laws.

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

7 (3) "Replacement facility" means:

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

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

1 (4) "New facility" means new industrial property other than
2 a replacement facility to be built in a plant rehabilitation
3 district or industrial development district.

4 (5) "Local governmental unit" means a city, village, or
5 township.

6 (6) "Industrial property" means land improvements, build-
7 ings, structures, and other real property, and machinery, equip-
8 ment, furniture, and fixtures or any part or accessory thereof,
9 whether completed or in the process of construction, comprising
10 an integrated whole, the primary purpose and use of which is the
11 manufacture of goods or materials or the processing of goods and
12 materials by physical or chemical change; the operation of a
13 theme and recreation park located in an industrial park district;
14 property acquired, constructed, altered, or installed due to the
15 passage of proposal A in 1976; the operation of a hydro-electric
16 dam by a private company other than a public utility; THE OPERA-
17 TION OF A WOOD-BURNING COGENERATION FACILITY BY A PRIVATE COMPANY
18 OTHER THAN A PUBLIC UTILITY; or agricultural processing
19 facilities. For certificates granted between April 1, 1986 and
20 September 30, 1986, industrial property ~~shall include~~ INCLUDES
21 the real and personal property of a nonprofit cooperative power
22 corporation that is used as an office, warehouse, or similar
23 facility, and that is located on land owned by the nonprofit
24 cooperative corporation. Industrial property ~~shall include~~
25 INCLUDES facilities related to a manufacturing operation under
26 the same ownership, including, but not limited to, office,
27 engineering, research and development, warehousing, or parts

1 distribution facilities. Industrial property ~~shall~~ also
2 ~~include~~ INCLUDES research and development laboratories of com-
3 panies other than those companies ~~which~~ THAT manufacture the
4 products developed from their research activities and research
5 development laboratories of a manufacturing company that are
6 unrelated to the products of the company. INDUSTRIAL PROPERTY
7 MAY BE OWNED OR LEASED IF, IN THE CASE OF LEASED PROPERTY, THE
8 LESSEE IS LIABLE FOR PAYMENT OF AD VALOREM PROPERTY TAXES AND
9 FURNISHES PROOF OF THAT LIABILITY. Industrial property ~~shall~~
10 DOES not include any of the following:

11 (a) Land.

12 (b) Property of a public utility other than a nonprofit
13 cooperative power corporation as described in this section.

14 (c) Inventory.

15 ~~Industrial property may be owned or leased if, in the case~~
16 ~~of leased property, the lessee is liable for payment of ad~~
17 ~~valorem property taxes and furnishes proof of that liability.~~

18 (7) "Obsolete industrial property" means industrial property
19 the condition of which is substantially less than an economically
20 efficient functional condition.

21 (8) "Economically efficient functional condition" means a
22 state or condition of property, the desirability and usefulness
23 of which is not impaired due to changes in design, construction,
24 technology, or improved production processes, or from external
25 influencing factors ~~which~~ THAT make the property less desirable
26 and valuable for continued use.

1 (9). "Research and development laboratories" means building
2 and structures, including the machinery, equipment, furniture,
3 and fixtures located therein, used or to be used for research or
4 experimental purposes that would be considered qualified research
5 as that term is used in section ~~30~~ 41 of the internal revenue
6 code, except that qualified research shall include qualified
7 research funded by grant, contract, or otherwise by another
8 person or governmental entity.

9 (10) "Manufacture of goods or materials" or "processing of
10 goods or materials" means any type of operation that would be
11 conducted by an entity included in the classifications provided
12 by division D, manufacturing, of the standard classification
13 manual of 1972, published by the United States office of manage-
14 ment and budget, regardless of whether the entity conducting
15 ~~such an~~ THAT operation is included ~~therein~~ IN THE MANUAL.

16 (11) For purposes of this act, "nonprofit power corporation"
17 means a nonprofit power corporation as described in section
18 261(4) of THE NONPROFIT CORPORATION ACT, Act No. 162 of the
19 Public Acts of 1982, being section 450.2261 of the Michigan
20 Compiled Laws, whose primary business is the sale of electric
21 power to other nonprofit electric corporations in this state.