

SUBSTITUTE FOR
SENATE BILL NO. 871

A bill to amend 1992 PA 147, entitled
"Neighborhood enterprise zone act,"
by amending section 9 (MCL 207.779), as amended by 2003 PA 127.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) Except as provided in ~~subsection~~ **subsections**
2 (10) **and (11)**, there is levied on the owner of a new facility or
3 a rehabilitated facility to which a neighborhood enterprise zone
4 certificate is issued a specific tax known as the neighborhood
5 enterprise zone tax.

6 (2) A new facility or a rehabilitated facility for which a
7 neighborhood enterprise zone certificate is in effect, but not
8 the land on which the facility is located, is exempt from ad
9 valorem real property taxes collected under the general property
10 tax act, 1893 PA 206, MCL 211.1 to 211.157.

11 (3) The amount of the neighborhood enterprise zone tax on a

1 new facility is determined each year by multiplying the taxable
2 value of the facility, not including the land, by 1 of the
3 following:

4 (a) For property that would otherwise meet the definition of
5 a principal residence under section 7dd of the general property
6 tax act, 1893 PA 206, MCL 211.7dd, if that property was not
7 exempt from ad valorem property taxes under this act, 1/2 of the
8 average rate of taxation levied in this state in the immediately
9 preceding calendar year on a principal residence and qualified
10 agricultural property as defined in section 7dd of the general
11 property tax act, 1893 PA 206, MCL 211.7dd. However, in 1994
12 only, the average rate of taxation shall be the average rate of
13 taxation levied in 1993 upon all property in this state upon
14 which ad valorem taxes are assessed.

15 (b) For property that is not a principal residence under
16 section 7dd of the general property tax act, 1893 PA 206,
17 MCL 211.7dd, 1/2 of the average rate of taxation levied upon
18 commercial, industrial, and utility property upon which ad
19 valorem taxes are assessed as determined for the immediately
20 preceding calendar year by the state board of assessors under
21 section 13 of 1905 PA 282, MCL 207.13. However, in 1994 only,
22 the average rate of taxation shall be the average rate of
23 taxation levied in 1993 upon all property in this state upon
24 which ad valorem taxes are assessed.

25 (4) The amount of the neighborhood enterprise zone tax on a
26 rehabilitated facility is determined each year by multiplying the
27 taxable value of the rehabilitated facility, not including the

1 land, for the tax year immediately preceding the effective date
2 of the neighborhood enterprise zone certificate by the total
3 mills collected under the general property tax act, 1893 PA 206,
4 MCL 211.1 to 211.157, for the current year by all taxing units
5 within which the rehabilitated facility is located.

6 (5) The neighborhood enterprise zone tax is an annual tax,
7 payable at the same times, in the same installments, and to the
8 same officer or officers as taxes collected under the general
9 property tax act, 1893 PA 206, MCL 211.1 to 211.157, are
10 payable. Except as otherwise provided in this section, the
11 officer or officers shall disburse the neighborhood enterprise
12 zone tax received by the officer or officers each year to the
13 state, cities, townships, villages, school districts, counties,
14 and authorities at the same times and in the same proportions as
15 required for the disbursement of taxes collected under the
16 general property tax act, 1893 PA 206, MCL 211.1 to 211.157. To
17 determine the proportion for the disbursement of taxes under this
18 subsection and for attribution of taxes under subsection (7) for
19 taxes collected after June 30, 1994, the number of mills levied
20 for local school district operating purposes to be used in the
21 calculation shall equal the number of mills for local school
22 district operating purposes levied in 1993 minus the number of
23 mills levied under the state education tax act, 1993 PA 331,
24 MCL 211.901 to 211.906, for the year for which the disbursement
25 is calculated.

26 (6) An intermediate school district receiving state aid under
27 sections 56, 62, and 81 of the state school aid act of 1979, 1979

1 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that
2 would otherwise be disbursed to or retained by the intermediate
3 school district, all or a portion, to be determined on the basis
4 of the tax rates being utilized to compute the amount of state
5 aid, shall be paid to the state treasury to the credit of the
6 state school aid fund established by section 11 of article IX of
7 the state constitution of 1963. If and for the period that the
8 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to
9 388.1772, is amended or its successor act is enacted or amended
10 to include a provision that provides for adjustments in state
11 school aid to account for the receipt of revenues provided under
12 this act in place of exempted ad valorem property tax, revenues
13 required to be remitted or returned to the state treasury to the
14 credit of the state school aid fund shall be distributed instead
15 to the intermediate school districts. If the sum of any
16 industrial facility tax levied under 1974 PA 198, MCL 207.551 to
17 207.572, the commercial facilities tax levied under the
18 commercial redevelopment act, 1978 PA 255, MCL 207.651 to
19 207.668, and the neighborhood enterprise zone tax paid to the
20 state treasury to the credit of the state school aid fund that
21 would otherwise be disbursed to the intermediate school district
22 exceeds the amount received by the intermediate school district
23 under sections 56, 62, and 81 of the state school aid act of
24 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the
25 department of treasury shall allocate to each eligible
26 intermediate school district an amount equal to the difference
27 between the sum of the industrial facility tax, the commercial

1 facilities tax, and the neighborhood enterprise zone tax paid to
2 the state treasury to the credit of the state school aid fund and
3 the amount the intermediate school district received under
4 sections 56, 62, and 81 of the state school aid act of 1979, 1979
5 PA 94, MCL 388.1656, 388.1662, and 388.1681.

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

12 (8) The officer or officers shall send a copy of the amount
13 of disbursement made to each unit under this section to the
14 commission on a form provided by the commission. The
15 neighborhood enterprise zone tax is a lien on the real property
16 upon which the new facility or rehabilitated facility subject to
17 the certificate is located until paid. The continuance of a
18 certificate is conditional upon the annual payment of the
19 neighborhood enterprise zone tax and the ad valorem tax on the
20 land collected under the general property tax act, 1893 PA 206,
21 MCL 211.1 to 211.157.

22 (9) If payment of the tax under this act is not made by the
23 March 1 following the levy of the tax, the tax shall be turned
24 over to the county treasurer and collected in the same manner as
25 a delinquent tax under the general property tax act, 1893 PA 206,
26 MCL 211.1 to 211.157.

27 (10) A new facility or a rehabilitated facility located in a

1 renaissance zone under the Michigan renaissance zone act, 1996
2 PA 376, MCL 125.2681 to 125.2696, is exempt from the neighborhood
3 enterprise zone tax levied under this act to the extent and for
4 the duration provided pursuant to the Michigan renaissance zone
5 act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that
6 portion of the neighborhood enterprise zone tax attributable to a
7 special assessment or a tax described in section 7ff(2) of the
8 general property tax act, 1893 PA 206, MCL 211.7ff. The
9 neighborhood enterprise zone tax calculated under this subsection
10 shall be disbursed proportionately to the local taxing unit or
11 units that levied the special assessment or the tax described in
12 section 7ff(2) of the general property tax act, 1893 PA 206,
13 MCL 211.7ff.

14 (11) A new facility or a rehabilitated facility owned or
15 operated by a qualified start-up business is exempt from the
16 neighborhood enterprise zone tax levied under this act, except
17 for that portion of the neighborhood enterprise zone tax
18 attributable to a special assessment or a tax described in
19 section 7ff(2) of the general property tax act, 1893 PA 206,
20 MCL 211.7ff, for 5 consecutive years beginning on the December 31
21 in the year in which the qualified start-up business first
22 claimed the credit under section 31a of the single business tax
23 act, 1975 PA 228, MCL 208.31a, or section 51f of the income tax
24 act of 1967, 1967 PA 281, MCL 206.51f. A qualified start-up
25 business exempt under this subsection shall file an exemption
26 affidavit with the assessor of the local tax collecting unit.
27 The exemption affidavit shall be filed within 60 days of the

1 qualified start-up business becoming exempt under this
2 subsection. The affidavit shall be in a form prescribed by the
3 state tax commission. The neighborhood enterprise zone tax
4 calculated under this subsection shall be disbursed
5 proportionately to the taxing unit or units that levied the
6 special assessment or the tax described in section 7ff(2) of the
7 general property tax act, 1893 PA 206, MCL 211.7ff. As used in
8 this subsection, "qualified start-up business" means that term as
9 defined in section 31a of the single business tax act, 1975 PA
10 228, MCL 208.31a.