

SB 821 – Local Community Stabilization Authority Act (new)

- Establishes LCSAA as a metropolitan authority
- Establishes a LCSAA authority council
- Establishes power of authority to levy the local community stabilization share
- Establishes methodology of calculating loss of revenue by local municipalities
- Establishes distribution method to municipalities of LCSS monies at a 100% reimbursement
- Repeals the Michigan Metropolitan Areas Metropolitan Authority Act

SB 822 – Use Tax Act

- Separates use tax revenue in to a state share and local share
- Stipulates that the local share is administered by the authority, not the state
- Establishes the rate of reimbursement through the LCSS to local municipalities
- Amends the ballot question language

SB 823 – General Property Tax Act

- Clarifies act repealer language in a situation where the ballot initiative is not approved
- Updates the definition of eligible manufacturing personal property in regards to utilities
- Defines the “original cost” of manufacturing personal property

SB 824 – Metropolitan Extension Telecommunications Rights-of-way Oversight Act

- Transfers authorities of this act to the authority created under the Local Community Stabilization Authority Act

SB 825 – A bill to amend 2012 PA 408

- Establishes the ballot initiative to approve the amendment to the use tax

SB 826 – A bill to amend 2012 PA 401

- Clarifies act repealer language in a situation where the ballot initiative is not approved

SB 827 – A bill to amend 2012 PA 402

- Clarifies act repealer language in a situation where the ballot initiative is not approved

SB 828 – A bill to amend 2012 PA 403

- Clarifies act repealer language in a situation where the ballot initiative is not approved

SB 829 – State Essential Services Assessment Act (new)

- Repeals the Local Unit of Government Essential Services Special Assessment Act
- Establishes the Department of Treasury as the entity to collect and administer the new State Essential Services Assessment (SESA)
- Establishes the process for eligible claimants to submit for payment of the SESA
- Maintains the current PPT exemption for qualified Next Michigan Development Corporations

SB 830 – Alternative State Essential Services Assessment Act

- Establishes tax on eligible personal property in order to pay for the SESA
- Credits eligible tax collections to the General Fund for the purposes of administering the SESA, and grants administrative authority to the Department of Treasury

SENATE BILL No. 821

February 25, 2014, Introduced by Senators BRANDENBURG, JANSEN, ROBERTSON, COLBECK, EMMONS, PROOS, PAVLOV, PAPPAGEORGE, MARLEAU, JONES, BOOHER, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to create a metropolitan authority; to prescribe the powers, duties, and jurisdictions of the metropolitan authority; to prescribe the powers and duties of certain state officials; to levy, collect, and distribute a tax; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "local
2 community stabilization authority act".

3 Sec. 3. (1) The legislature finds and declares all of the
4 following:

5 (a) That there exists in this state a continuing need to
6 strengthen and revitalize the economy of this state and to organize
7 the activities of local government in metropolitan areas in a
8 manner that reduces governmental barriers to economic growth,

1 facilitates economic development, helps small businesses grow,
2 preserves communities and strengthens neighborhoods, prevents or
3 reduces unemployment, and creates jobs.

4 (b) That under section 27 of article VII of the state
5 constitution of 1963, the legislature may establish in metropolitan
6 areas additional forms of government or authorities with power,
7 duties, and jurisdictions as the legislature shall provide.

8 (c) That it is necessary and appropriate for the promotion of
9 the health, safety, and welfare of the people of this state to
10 enable the formation of metropolitan governments designed to
11 perform multipurpose functions.

12 (d) That the formation of a metropolitan government under this
13 act and the powers conferred by this act constitute a necessary
14 program and serve a necessary public purpose.

15 (2) The purpose of this act is to do all of the following:

16 (a) Establish an authority to perform multipurpose functions
17 in the metropolitan areas of this state.

18 (b) Promote the public health, safety, welfare, convenience,
19 and prosperity of this state and its metropolitan areas.

20 (c) Modernize the tax system to help small businesses grow and
21 create jobs in this state.

22 (d) Dedicate revenue for local purposes, including, but not
23 limited to, police safety, fire protection, and ambulance emergency
24 services.

25 Sec. 5. As used in this act:

26 (a) "Ambulance services" means patient transport services,
27 nontransport prehospital life support services, and advanced life

1 support, paramedic, and medical first-responder services.

2 (b) "Authority" means the local community stabilization
3 authority, a metropolitan authority established under section 7.

4 (c) "Captured value" means 1 or more of the following:

5 (i) For a tax increment finance authority under the brownfield
6 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
7 captured taxable value as defined in section 2 of the brownfield
8 redevelopment financing act, 1996 PA 381, MCL 125.2652.

9 (ii) For a tax increment finance authority under 1975 PA 197,
10 MCL 125.1651 to 125.1681, captured assessed value as defined in
11 section 1 of 1975 PA 197, MCL 125.1651.

12 (iii) For a tax increment finance authority under the tax
13 increment finance authority act, 1980 PA 450, MCL 125.1801 to
14 125.1830, captured assessed value as defined in section 1 of the
15 tax increment finance authority act, 1980 PA 450, MCL 125.1801.

16 (iv) For a tax increment finance authority under the local
17 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
18 captured assessed value as defined in section 2 of the local
19 development financing act, 1986 PA 281, MCL 125.2152.

20 (v) For a tax increment finance authority under the historic
21 neighborhood tax increment finance authority act, 2004 PA 530, MCL
22 125.2841 to 125.2866, captured assessed value as defined in section
23 2 of the historic neighborhood tax increment finance authority act,
24 2004 PA 530, MCL 125.2842.

25 (vi) For a tax increment finance authority under the corridor
26 improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899,
27 captured assessed value as defined in section 2 of the corridor

1 improvement authority act, 2005 PA 280, MCL 125.2872.

2 (vii) For a tax increment finance authority under the
3 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
4 125.2932, captured assessed value as defined in section 2 of the
5 neighborhood improvement authority act, 2007 PA 61, MCL 125.2912.

6 (viii) For a tax increment finance authority under the water
7 resource improvement tax increment finance authority act, 2008 PA
8 94, MCL 125.1771 to 125.1793, captured assessed value as defined in
9 section 2 of the water resource improvement tax increment finance
10 authority act, 2008 PA 94, MCL 125.1772.

11 (ix) For a tax increment finance authority under the private
12 investment infrastructure funding act, 2010 PA 250, MCL 125.1871 to
13 125.1883, captured assessed value as defined in section 2 of the
14 private investment infrastructure funding act, 2010 PA 250, MCL
15 125.1872.

16 (x) For a tax increment finance authority under the nonprofit
17 street railway act, 1867 PA 35, MCL 472.1 to 472.27, captured
18 assessed value as defined in section 23 of the nonprofit street
19 railway act, 1867 PA 35, MCL 472.23.

20 (d) "Commercial personal property" means all of the following:

21 (i) Personal property classified as commercial personal
22 property under section 34c of the general property tax act, 1893 PA
23 206, MCL 211.34c.

24 (ii) Personal property subject to the industrial facilities tax
25 under section 14(1) or (4) of 1974 PA 198, MCL 207.564, that is
26 sited on land classified as commercial real property under section
27 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

1 (e) "Commercial real property" means all of the following:

2 (i) Real property classified as commercial real property under
3 section 34c of the general property tax act, 1893 PA 206, MCL
4 211.34c.

5 (ii) Real property subject to the industrial facilities tax
6 under section 14(1) or (3) of 1974 PA 198, MCL 207.564, that is
7 sited on land classified as commercial real property under section
8 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

9 (f) "Council" means the council established for the authority
10 under section 9.

11 (g) "Debt loss" means, for a municipality that is not a local
12 school district, intermediate school district, or tax increment
13 finance authority, the amount of ad valorem property taxes and any
14 specific tax levied for the payment of principal and interest of
15 obligations incurred before January 1, 2013 pledging the unlimited
16 or limited taxing power of the municipality that are lost as a
17 result of the exemption of industrial personal property and
18 commercial personal property under sections 9m, 9n, and 9o of the
19 general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and
20 211.9o.

21 (h) "Department" means the department of treasury.

22 (i) "Essential services" means all of the following:

23 (i) Ambulance services.

24 (ii) Fire services.

25 (iii) Police services.

26 (iv) Jail operations.

27 (v) The funding of pensions for personnel providing services

1 described in subparagraphs (i) to (iv).

2 (j) "Fire services" means services in the prevention and
3 suppression of fire, homeland security response, hazardous
4 materials response, rescue, fire marshal, and medical first-
5 responder services.

6 (k) "Fiscal year" means either an annual period that begins on
7 October 1 and ends on September 30 or the fiscal year for the
8 authority established by the council.

9 (l) "Increased captured value" means the anticipated increase
10 in captured value for all industrial personal property and
11 commercial personal property in a tax increment finance authority
12 that would have occurred as a result of either the addition of
13 personal property as part of a specific project or the expiration
14 of an exemption under section 7k, 7ff, or 9f of the general
15 property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f,
16 after 2013 if the exemptions under section 9m, 9n, or 9o of the
17 general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and
18 211.9o, were not in effect. In order for an anticipated increase in
19 captured value to qualify as increased captured value, the tax
20 increment financing plan must have demonstrated before 2013 that
21 the tax increment finance authority was relying on this anticipated
22 increase in captured value to pay 1 or more qualified obligations
23 by specifically projecting the anticipated increase in captured
24 value that would be used to pay the qualified obligations and the
25 plan must meet all of the following:

26 (i) The tax increment financing plan was fully approved by the
27 governing body of the applicable local government not later than

1 December 31, 2012. This does not prevent subsequent amendment to
2 the tax increment financing plan, provided the amendment does not
3 change the amount of any obligation under the plan, the scope of
4 the project or projects described in the plan, or the time needed
5 to repay any obligation.

6 (ii) If the tax increment financing plan is part of a
7 brownfield plan under the brownfield redevelopment financing act,
8 1996 PA 381, MCL 125.2651 to 125.2672, any needed work plans were
9 also approved by the appropriate state agencies not later than
10 December 31, 2012. This does not prevent subsequent amendment to a
11 work plan, provided the amendment does not change the amount of any
12 obligation under the plan, the scope of the project or projects
13 described in the plan, or the time needed to repay any obligation.

14 (iii) The tax increment financing plan identifies a particular
15 site owner and site occupant that is engaged in industrial
16 processing or direct integrated support, as defined in section 9m
17 of the general property tax act, 1893 PA 206, MCL 211.9m. This does
18 not preclude a change in the site owner or occupant, provided that
19 change in the site owner or occupant did not result from a
20 financial difficulty encountered during the construction and
21 installation of the project and provided change in the site owner
22 or occupant will not result in any change in the project.

23 (iv) The tax increment financing plan identifies a particular
24 project on a specific parcel and that project includes the addition
25 of particular personal property that is eligible manufacturing
26 personal property, as defined in section 9m of the general property
27 tax act, 1893 PA 206, MCL 211.9m, that is also identified in the

1 tax increment financing plan.

2 (v) The personal property that is eligible manufacturing
3 personal property, as defined in section 9m of the general property
4 tax act, 1893 PA 206, MCL 211.9m, and is identified in the tax
5 increment financing plan comprises not less than 20% of the true
6 cash value of the improvements to be made as part of the specific
7 project identified in the tax increment financing plan. The
8 requirement under this subparagraph does not apply to the addition
9 of personal property as a result of the expiration of an exemption
10 under section 7k, 7ff, or 9f of the general property tax act, 1893
11 PA 206, MCL 211.7k, 211.7ff, and 211.9f.

12 (vi) Before December 31, 2012, the specific project identified
13 in the tax increment financing plan had obtained all necessary
14 local zoning approvals, including any necessary rezoning, special
15 land use, and site plan approvals for that project.

16 (vii) Before December 31, 2012, orders had been placed and
17 significant investments made in the personal property that is
18 eligible manufacturing personal property, as defined in section 9m
19 of the general property tax act, 1893 PA 206, MCL 211.9m, to be
20 located on the site.

21 (m) "Increased value from expired tax exemptions" means the
22 increase in taxable value subject to tax of industrial personal
23 property and commercial personal property that would have occurred
24 after 2013 if the exemptions under section 9m or 9n of the general
25 property tax act, 1893 PA 206, MCL 211.9m and 211.9n, were not in
26 effect as a result of the expiration of an exemption under section
27 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL

1 211.7k, 211.7ff, and 211.9f, that had been in effect in 2013,
2 assuming an exemption under section 7k of the general property tax
3 act, 1893 PA 206, MCL 211.7k, was not extended under section 11a of
4 1974 PA 198, MCL 207.561a, and an exemption under section 9f of the
5 general property tax act, 1893 PA 206, MCL 211.9f, was not extended
6 under section 9f(8) of the general property tax act, 1893 PA 206,
7 MCL 211.9f.

8 (n) "Industrial personal property" means all of the following:

9 (i) Personal property classified as industrial personal
10 property under section 34c of the general property tax act, 1893 PA
11 206, MCL 211.34c.

12 (ii) Personal property subject to the industrial facilities tax
13 under section 14(1) or (4) of 1974 PA 198, MCL 207.564, that is
14 sited on land classified as industrial real property under section
15 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

16 (o) "Industrial real property" means all of the following:

17 (i) Real property classified as industrial real property under
18 section 34c of the general property tax act, 1893 PA 206, MCL
19 211.34c.

20 (ii) Real property subject to the industrial facilities tax
21 under section 14(1) or (3) of 1974 PA 198, MCL 207.564, that is
22 sited on land classified as industrial real property under section
23 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

24 (p) "Jail operations" means all of the following:

25 (i) The operation of a jail, holding cell, holding center, or
26 lockup as those terms are defined in section 62 of the corrections
27 code of 1953, 1953 PA 232, MCL 791.262.

1 (ii) The operation of a juvenile detention facility by a county
2 juvenile agency as authorized under section 7 of the county
3 juvenile agency act, 1998 PA 518, MCL 45.627.

4 (q) "Local community stabilization share" means that portion
5 of the use tax levied by the authority under the use tax act, 1937
6 PA 94, MCL 205.91 to 205.111.

7 (r) "Municipality" includes, but is not limited to, the
8 following:

9 (i) Counties.

10 (ii) Cities.

11 (iii) Villages.

12 (iv) Townships.

13 (v) Authorities, excluding an authority created under this
14 act.

15 (vi) Local school districts.

16 (vii) Intermediate school districts.

17 (viii) Community college districts.

18 (ix) Libraries.

19 (x) Other local and intergovernmental taxing units.

20 (s) "Personal property exemption loss" means the 2013 taxable
21 value of commercial personal property and industrial personal
22 property minus the current year taxable value of commercial
23 personal property and industrial personal property.

24 (t) "Police services" means law enforcement services for the
25 prevention and detection of crime, the enforcement of laws and
26 ordinances, homeland security response, and medical first-responder
27 services.

1 (u) "Qualified loss" means the amounts calculated under
2 sections 14(1), 14(3), and 16a(2) that are not distributed to the
3 municipality under section 17(3)(a).

4 (v) "Qualified obligation" means a written promise to pay by a
5 tax increment finance authority, whether evidenced by a contract,
6 agreement, lease, sublease, bond, resolution promising repayment of
7 an advance, or note, or a requirement to pay imposed by law. A
8 qualified obligation does not include a payment required solely
9 because of default upon an obligation, employee salary, or
10 consideration paid for the use of municipal offices. A qualified
11 obligation does not include bonds that have been economically
12 defeased by refunding.

13 (w) "School debt loss" means the amount of revenue lost from
14 ad valorem property taxes specifically levied for the payment of
15 principal and interest of obligations approved by the electors
16 before January 1, 2013 or obligations pledging the unlimited taxing
17 power of a local school district or intermediate school district
18 incurred before January 1, 2013, as a result of the exemption of
19 industrial personal property and commercial personal property under
20 sections 9m, 9n, and 9o of the general property tax act, 1893 PA
21 206, MCL 211.9m, 211.9n and 211.9o.

22 (x) "School operating loss not reimbursed by the school aid
23 fund" means the amount of revenue lost from ad valorem property
24 taxes levied under section 1211 of the revised school code, 1976 PA
25 451, MCL 380.1211, as a result of the exemption of industrial
26 personal property and commercial personal property under sections
27 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL

1 211.9m, 211.9n, and 211.9o, for mills other than basic school
2 operating mills, as that term is defined in section 2c of the use
3 tax act, 1937 PA 94, MCL 205.92c.

4 (y) "Small taxpayer exemption loss" means the 2013 taxable
5 value of commercial personal property and industrial personal
6 property minus the 2014 taxable value of commercial personal
7 property and industrial personal property.

8 (z) "Specific tax" means a tax levied under any of the
9 following:

10 (i) 1974 PA 198, MCL 207.551 to 207.572.

11 (ii) The commercial redevelopment act, 1978 PA 255, MCL 207.651
12 to 207.668.

13 (iii) The commercial rehabilitation act, 2005 PA 210, MCL
14 207.841 to 207.856.

15 (aa) "Tax increment debt loss shortfall" means, for the
16 current year, the amount calculated as follows:

17 (i) The amount of revenue required to pay principal and
18 interest of qualified obligations.

19 (ii) From the amount determined in subparagraph (i), subtract
20 the amount of tax increment revenues captured by the tax increment
21 finance authority.

22 (iii) If the result of the calculation in subparagraph (ii) is a
23 zero or a negative number, then the tax increment debt loss
24 shortfall is zero. The tax increment debt loss shortfall shall not
25 exceed the amount calculated under section 16a(2).

26 (bb) "Tax increment finance authority" means an authority
27 created under 1 or more of the following:

1 (i) 1975 PA 197, MCL 125.1651 to 125.1681.

2 (ii) The tax increment finance authority act, 1980 PA 450, MCL
3 125.1801 to 125.1830.

4 (iii) The local development financing act, 1986 PA 281, MCL
5 125.2151 to 125.2174.

6 (iv) The brownfield redevelopment financing act, 1996 PA 381,
7 MCL 125.2651 to 125.2672.

8 (v) The historic neighborhood tax increment finance authority
9 act, 2004 PA 530, MCL 125.2841 to 125.2866.

10 (vi) The corridor improvement authority act, 2005 PA 280, MCL
11 125.2871 to 125.2899.

12 (vii) The neighborhood improvement authority act, 2007 PA 61,
13 MCL 125.2911 to 125.2932.

14 (viii) The water resource improvement tax increment finance
15 authority act, 2008 PA 94, MCL 125.1771 to 125.1793.

16 (ix) The private investment infrastructure funding act, 2010 PA
17 250, MCL 125.1871 to 125.1883.

18 (x) The nonprofit street railway act, 1867 PA 35, MCL 472.1 to
19 472.27.

20 (cc) "Tax increment small taxpayer loss" means the amount of
21 revenue lost by a municipality that is a tax increment finance
22 authority due to the exemption provided by section 90 of the
23 general property tax act, 1893 PA 206, MCL 211.90.

24 (dd) "Taxable value" means all of the following:

25 (i) Except as otherwise provided in subparagraph (ii), that
26 value determined under section 27a of the general property tax act,
27 1893 PA 206, MCL 211.27a.

1 (ii) For real or personal property subject to the industrial
2 facilities tax under section 14(3) or (4) of 1974 PA 198, MCL
3 207.564, 50% of that value determined under section 27a of the
4 general property tax act, 1893 PA 206, MCL 211.27a.

5 (ee) "Total qualified loss" means the total amount of
6 qualified losses of all municipalities, as determined by the
7 department.

8 Sec. 7. (1) The local community stabilization authority is
9 established as a metropolitan government for the metropolitan areas
10 of this state under section 27 of article VII of the state
11 constitution of 1963. The authority is a public body corporate and
12 a special authority. The authority is not an agency or
13 instrumentality of state government.

14 (2) The property of the authority is public property devoted
15 to an essential public and governmental purpose. Any income of the
16 authority is for a public and governmental purpose.

17 (3) Property of the authority and its income, activities, and
18 operations are exempt from all taxes and special assessments of
19 this state or a political subdivision of this state. Property of
20 the authority is exempt from any ad valorem property taxes levied
21 under the general property tax act, 1893 PA 206, MCL 211.1 to
22 211.155, or other law of this state authorizing the taxation of
23 real or personal property. The authority is an entity of government
24 for purposes of section 4a(1)(a) of the general sales tax act, 1933
25 PA 167, MCL 205.54a, and section 4(1)(h) of the use tax act, 1937
26 PA 94, MCL 205.94.

27 (4) The validity of the creation of the authority is presumed

1 unless held invalid by the court of appeals in an original action
2 filed in the court of appeals not later than 60 days after the
3 establishment of the authority under this section. The court of
4 appeals has original jurisdiction to hear an action under this
5 subsection. The court shall hear the action in an expedited manner.

6 Sec. 9. (1) The authority council is established as the
7 governing body of the authority. The powers, duties, functions, and
8 responsibilities of the authority are vested in the council. The
9 council shall consist of 5 residents of this state appointed by the
10 governor. Not less than 3 members of the council shall be residents
11 of separate metropolitan areas within this state. An officer or
12 employee of this state may not serve as a member of the council.

13 (2) Of the members of the council initially appointed by the
14 governor, 1 member shall be appointed for an initial term of 5
15 years, 1 member shall be appointed for an initial term of 4 years,
16 1 member shall be appointed for an initial term of 3 years, 1
17 member shall be appointed for an initial term of 2 years, and 1
18 member shall be appointed for an initial term of 1 year. After the
19 initial appointments, a member of the council shall be appointed
20 for a term of 6 years. If a vacancy on the council occurs other
21 than by expiration of a term, the vacancy shall be filled in the
22 same manner as the original appointment for the balance of the
23 unexpired term. A member of the council may continue to serve until
24 a successor is appointed and qualified. The governor shall
25 designate a member of the council to serve as its chairperson at
26 the pleasure of the governor.

27 (3) An individual appointed as a member of the council shall

1 take the oath of office as provided under section 1 of article XI
2 of the state constitution of 1963.

3 (4) A member of the council shall serve without compensation
4 but may be reimbursed by the authority for necessary travel and
5 expenses to the extent not prohibited by law and consistent with a
6 reimbursement policy adopted by the council.

7 (5) A member of the council shall discharge the duties of his
8 or her position in a nonpartisan manner, in good faith, and with
9 the degree of diligence, care, and skill that an ordinarily prudent
10 person would exercise under similar circumstances in a like
11 position. In discharging his or her duties, a member of the
12 council, when acting in good faith, may rely upon any of the
13 following:

14 (a) The opinion of legal counsel for the authority.

15 (b) The report of an independent appraiser selected by the
16 council.

17 (c) Financial statements of the authority represented to the
18 member of the council to be correct by the officer of the authority
19 having charge of its books of account or stated in a written report
20 by an auditor or a certified public accountant, or a firm of
21 certified accountants, to reflect the financial condition of the
22 authority.

23 (6) Within not more than 30 days following appointment of the
24 initial members of the council, the council shall hold its first
25 meeting at a date and time determined by the chairperson of the
26 council. The council shall elect from among the members of the
27 council an individual to serve as vice-chairperson of the council

1 and secretary of the council and may elect other officers as the
2 council considers necessary. All officers under this subsection
3 shall be elected annually by the council.

4 (7) The council shall conduct its business at a public meeting
5 held in compliance with the open meetings act, 1976 PA 267, MCL
6 15.261 to 15.275. Public notice of the time, date, and place of the
7 meeting shall be given in the manner required by the open meetings
8 act, 1976 PA 267, MCL 15.261 to 15.275. The council shall adopt
9 bylaws consistent with the open meetings act, 1976 PA 267, MCL
10 15.261 to 15.275, governing its procedures and the holding of
11 meetings. After organization, the council shall adopt a schedule of
12 regular meetings and adopt a regular meeting date, place, and time.
13 A special meeting of the council may be called by the chairperson
14 of the council or as provided in bylaws adopted by the council.
15 Notice of a special meeting shall be given in the manner required
16 by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

17 (8) The council shall keep a written or printed record of each
18 meeting, which record and any other document or record prepared,
19 owned, used, in the possession of, or retained by the authority in
20 the performance of an official function shall be made available to
21 the public in compliance with the freedom of information act, 1976
22 PA 442, MCL 15.231 to 15.246.

23 (9) The council shall provide for a system of accounts for the
24 authority to conform to a uniform system required by law and for
25 the auditing of the accounts of the authority. The council shall
26 obtain an annual audit of the authority by an independent certified
27 public accountant and report on the audit and auditing procedures

1 in the manner provided by sections 6 to 13 of the uniform budgeting
2 and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit
3 also shall be in accordance with generally accepted government
4 auditing standards.

5 (10) Before the beginning of each fiscal year, the council
6 shall prepare a budget for the authority containing an itemized
7 statement of the estimated expenses and revenue of the authority
8 from all sources for the next fiscal year. Before final adoption of
9 the budget, the council shall hold a public hearing as required by
10 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, and the open
11 meetings act, 1976 PA 267, MCL 15.261 to 15.275. The council shall
12 adopt a budget for the fiscal year in compliance with the uniform
13 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

14 (11) The council shall adopt a procurement policy consistent
15 with the requirements of state law relating to procurement. The
16 procurement policy shall address all of the following:

17 (a) The purchase of, the contracting for, and the providing of
18 supplies, materials, services, insurance, utilities, third-party
19 financing, equipment, printing, and all other items as needed by
20 the authority to efficiently and effectively meet the needs of the
21 authority using competitive procurement methods to secure the best
22 value for the authority.

23 (b) That the council shall make all discretionary decisions
24 concerning the solicitation, award, amendment, cancellation, and
25 appeal of authority contracts.

26 (c) Control, supervision, management, and oversight of each
27 contract to which the authority is a party.

1 (d) Monitoring of contracts to assure the contract is being
2 performed in compliance with the terms of the contract and
3 applicable law.

4 (12) Members of the council are public servants subject to
5 1968 PA 317, MCL 15.321 to 15.330, and are subject to any other
6 applicable law with respect to conflicts of interest. The council
7 shall establish policies and procedures requiring periodic
8 disclosure of relationships which may give rise to conflicts of
9 interest. The council shall require that a member of the council
10 with a direct interest in any matter before the authority disclose
11 the member's interest before the council takes any action with
12 respect to the matter. The council shall establish an ethics manual
13 for the authority governing authority business and the conduct of
14 authority officers and employees. The authority shall establish
15 policies that are no less stringent than those provided for public
16 officers and employees by 1973 PA 196, MCL 15.341 to 15.348, and
17 coordinate efforts for the authority to preclude the opportunity
18 for and the occurrence of transactions by the authority that would
19 create a conflict of interest involving officers or employees of
20 the authority. At a minimum, the policies shall include compliance
21 by each officer or employee who regularly exercises significant
22 discretion over the award and management of authority procurements
23 with policies governing all of the following:

24 (a) Immediate disclosure of the existence and nature of any
25 financial interest that could reasonably be expected to create a
26 conflict of interest.

27 (b) Withdrawal by an officer or employee from participation in

1 or discussion or evaluation of any recommendation or decision
2 involving an authority procurement that would reasonably be
3 expected to create a conflict of interest for that officer or
4 employee.

5 (13) The governor may remove a member of the council from
6 office for gross neglect of duty, corrupt conduct in office, or any
7 other misfeasance or malfeasance in office.

8 Sec. 11. (1) The authority may exercise all of the following
9 powers, duties, functions, and responsibilities:

10 (a) Levy and distribute the local community stabilization
11 share as provided under the use tax act, 1937 PA 94, MCL 205.91 to
12 205.111.

13 (b) Exercise the powers, duties, functions, and
14 responsibilities vested in the authority or the metropolitan
15 extension telecommunications rights-of-way oversight authority
16 under this act or the metropolitan extension telecommunications
17 rights-of-way oversight act, 2002 PA 48, MCL 484.3101 to 484.3120,
18 and other laws of this state. The authority may exercise the
19 powers, duties, functions, and responsibilities under this
20 subdivision through a director hired by the authority.

21 (2) When exercising the powers, duties, functions, and
22 responsibilities vested in the authority under subsection (1), the
23 authority may do 1 or more of the following:

24 (a) Establish and maintain an office.

25 (b) Adopt, amend, and repeal bylaws for the regulation of its
26 affairs and the conduct of its business.

27 (c) Sue and be sued in its own name and plead and be

1 impleaded.

2 (d) Solicit, receive, and accept gifts or grants from any
3 public or private source.

4 (e) Employ personnel, contract for goods and services, and
5 enter into agreements with other governmental entities.

6 (f) Establish 1 or more depositories for authority money and
7 invest authority money under an investment policy consistent with
8 this act and 1943 PA 20, MCL 129.91 to 129.97a.

9 (g) Acquire, hold, and dispose of interests in property.

10 (h) Incur indebtedness, but only in the manner and to the
11 extent authorized by law.

12 (3) The powers, duties, functions, and responsibilities of the
13 authority may be exercised throughout this state, including all the
14 metropolitan areas of this state. The authority possesses the
15 jurisdiction to exercise its functions on a statewide basis and may
16 do other things and take other action necessary or convenient to
17 the exercise of the powers, duties, functions, and responsibilities
18 of the authority under this section if they relate to the purposes
19 and jurisdiction of the authority.

20 Sec. 12. (1) The authority has the exclusive power to levy the
21 local community stabilization share under the use tax act, 1937 PA
22 94, MCL 205.91 to 205.111.

23 (2) The department shall administer under the use tax act,
24 1937 PA 94, MCL 205.91 to 205.111, the receipt and collection of
25 the local community stabilization share on behalf of the authority
26 as an agent of the authority. The authority may enter into an
27 agreement with the department relating to the receipt and

1 collection of the local community stabilization share and the
2 payment of the authority revenue generated by the local community
3 stabilization share to the authority.

4 (3) Money generated by the local community stabilization share
5 is money of the authority, not state funds, and shall not be
6 credited to the state treasury as state funds.

7 Sec. 13. (1) Not later than June 5, 2014, the assessor for
8 each city and township shall report to the county equalization
9 director all of the following:

10 (a) The 2013 taxable value of commercial personal property and
11 industrial personal property for each municipality in the city or
12 township.

13 (b) The 2014 taxable value of commercial personal property and
14 industrial personal property for each municipality in the city or
15 township.

16 (c) The small taxpayer exemption loss for each municipality in
17 the city or township.

18 (2) Not later than June 20, 2014, the equalization director
19 for each county shall report to the department the information
20 described in subsection (1) for each municipality in the county.
21 For each municipality levying a millage in more than 1 county, the
22 county equalization director responsible for compiling the
23 municipality's taxable value under section 34d of the general
24 property tax act, 1893 PA 206, MCL 211.34d, shall compile the
25 municipality's information described in subsection (1).

26 (3) Not later than June 5, 2015, and each June 5 thereafter,
27 the assessor for each city and township shall report to the county

1 equalization director the current year taxable value of commercial
2 personal property and industrial personal property for each
3 municipality in the city or township. Not later than June 20, 2015,
4 and each June 20 thereafter, the equalization director for each
5 county shall report to the department the current year taxable
6 value of commercial personal property and industrial personal
7 property for each municipality in the county. For each municipality
8 levying a millage in more than 1 county, the county equalization
9 director responsible for compiling the municipality's taxable value
10 under section 34d of the general property tax act, 1893 PA 206, MCL
11 211.34d, shall compile the municipality's information described in
12 this subsection.

13 (4) Not later than August 15, 2014, and each August 15
14 thereafter, each municipality shall report to the department the
15 millage rate levied or to be levied that year for a millage
16 described in section 5(g) or (w). For 2014 and 2015, the rate of
17 that millage shall be calculated using the sum of the
18 municipality's taxable value and the municipality's small taxpayer
19 exemption loss. Beginning in 2016 and each year thereafter, the
20 rate of that millage shall be calculated using the sum of the
21 municipality's taxable value and the municipality's personal
22 property exemption loss. For 2014 and 2015, the department shall
23 calculate each municipality's debt loss or school debt loss by
24 multiplying the municipality's millage rate reported under this
25 subsection by the municipality's small taxpayer exemption loss.
26 Beginning in 2016 and each year thereafter, the department shall
27 calculate each municipality's debt loss or school debt loss by

1 multiplying the municipality's millage rate reported under this
2 subsection by the municipality's personal property exemption loss.

3 (5) The department shall calculate and make available to each
4 municipality by May 1 of each year that municipality's sum of the
5 lowest rate of each individual millage levied in the period between
6 2012 and the year immediately preceding the current year. For a
7 municipality, other than a municipality described in section 14,
8 the calculation shall exclude debt millage. For an individual
9 millage rate not levied in 1 of the years, the lowest millage rate
10 is zero. A millage used to make the calculations under this act
11 must be levied against both real property and personal property.

12 Sec. 14. (1) Not later than August 15, 2016, and each August
13 15 thereafter, for each municipality that is not a local school
14 district, intermediate school district, or tax increment finance
15 authority, the department shall do all of the following:

16 (a) Calculate the municipality's personal property exemption
17 loss.

18 (b) Multiply the municipality's personal property exemption
19 loss by the millage rates calculated under section 13(5).

20 (c) Adjust the amount calculated under subdivision (b) by the
21 amount required to reflect the final order of a court or body of
22 competent jurisdiction related to any prior year calculation under
23 this section. An adjustment under this subdivision shall only be
24 made for municipalities for which changes in prior year taxable
25 values can be calculated from taxable values reported under section
26 151(1) of the state school aid act of 1979, 1979 PA 94, MCL
27 388.1751.

1 (d) Adjust the amount calculated under subdivision (b), as
2 adjusted by subdivision (c), by the amount calculated under section
3 16a(2) for captured taxes levied by the municipality not including
4 taxes attributable to increased captured value.

5 (2) Not later than August 15, 2016, and each August 15
6 thereafter, for each municipality that is a county, township,
7 village, city, or authority that provides essential services, the
8 department shall do all of the following:

9 (a) Add to the amount calculated under subsection (1)(a) any
10 increased value from expired tax exemptions for the current year.

11 (b) Subtract from the amount calculated under subdivision (a)
12 the small taxpayer exemption loss and the amount calculated under
13 section 16a(2)(b) for the municipality.

14 (c) Multiply the result of the calculation in subdivision (b)
15 by the millage rate calculated under section 13(5) for general
16 operating millage.

17 (d) Multiply the result of the calculation in subdivision (c)
18 by the percentage of the municipality's general operating millage
19 used to fund the cost of essential services in the municipality's
20 fiscal year ending in 2012. Each municipality's comprehensive
21 annual financial report for the municipality's fiscal year ending
22 in 2014 must include a calculation of the municipality's percentage
23 of general operating revenues used to fund essential services in
24 the municipality's fiscal year ending in 2012.

25 (e) Add to the result of the calculation in subdivision (d) an
26 amount calculated by multiplying the amount calculated under
27 subsection (2)(b) by the millage rates calculated under section

1 13(5) that are dedicated solely for the cost of essential services
2 levied on industrial personal property and commercial personal
3 property. A millage levied to fund a pension under the fire
4 fighters and police officers retirement act, 1937 PA 345, MCL
5 38.551 to 38.562, is dedicated solely for the cost of essential
6 services.

7 (3) Not later than August 15, 2016, for each municipality that
8 is a city, the department shall do all of the following:

9 (a) Calculate the municipality's small taxpayer exemption
10 loss.

11 (b) Multiply the amount calculated under subdivision (a) by
12 the millage rates calculated under section 13(5) for 2014.

13 (c) Multiply the amount calculated under subdivision (a) by
14 the millage rates calculated under section 13(5) for 2015.

15 (d) Add the amounts calculated under subdivisions (b) and (c).

16 (e) Subtract from the amount calculated under subdivision (d)
17 the sum of the municipality's debt loss for 2014 and 2015.

18 (f) Subtract from the amount calculated under subdivision (e)
19 the amount of any tax increment small taxpayer loss for captured
20 taxes levied by the municipality in 2014 and 2015.

21 Sec. 15. Not later than August 15, 2016, and each August 15
22 thereafter, for each municipality that is a local school district,
23 the department shall do all of the following:

24 (a) Calculate the municipality's personal property exemption
25 loss.

26 (b) Multiply the result of the calculation in subdivision (a)
27 by the sum of the lowest rate of each individual millage levied

1 under section 1212 of the revised school code, 1976 PA 451, MCL
2 380.1212, and section 2 of 1917 PA 156, MCL 123.52, levied by that
3 municipality in the period between 2012 and the year immediately
4 preceding the current year.

5 (c) Adjust the amount calculated under subdivision (b) by the
6 amount required to reflect the final order of a court or body of
7 competent jurisdiction related to any prior year calculation under
8 this section.

9 (d) Subtract from the result of the calculation in subdivision
10 (b), as adjusted by subdivision (c), the amount calculated under
11 section 16a(2) for captured taxes levied by the municipality under
12 section 1212 of the revised school code, 1976 PA 451, MCL 380.1212,
13 and section 2 of 1917 PA 156, MCL 123.52, not including taxes
14 attributable to increased captured value.

15 Sec. 16. Not later than August 15, 2016, and each August 15
16 thereafter, for each municipality that is an intermediate school
17 district, the department shall do all of the following:

18 (a) Calculate the municipality's personal property exemption
19 loss.

20 (b) Multiply the result of the calculation in subdivision (a)
21 by the millage rates calculated under section 13(5).

22 (c) Adjust the amount calculated under subdivision (b) by the
23 amount required to reflect the final order of a court or body of
24 competent jurisdiction related to any prior year calculation under
25 this section.

26 (d) Subtract from the result of the calculation in subdivision
27 (b), as adjusted by subdivision (c), the amount calculated under

1 section 16a(2) for captured taxes levied by that municipality not
2 including taxes attributable to increased captured value.

3 Sec. 16a. (1) Not later than June 15, 2014 and June 15, 2015,
4 each municipality that is a tax increment finance authority shall
5 calculate and report to the department the municipality's tax
6 increment small taxpayer loss for the current calendar year.

7 (2) Not later than June 15, 2016, and each June 15 thereafter,
8 each municipality that is a tax increment finance authority shall
9 do all of the following for each of its tax increment financing
10 plans:

11 (a) Calculate the total captured value of all industrial
12 personal property and commercial personal property in the
13 municipality that is a tax increment finance authority in 2013 and
14 add any increased captured value for the current year.

15 (b) From the amount calculated in subdivision (a), subtract
16 the total captured value of all industrial personal property and
17 commercial personal property in the municipality that is a tax
18 increment finance authority in the current year. If the resulting
19 amount, when added to the taxable value of all property within the
20 tax increment finance authority in the current year, would result
21 in a captured value for all property within the tax increment
22 finance authority that is less than the resulting amount, then this
23 captured value shall be used instead of the resulting amount.

24 (c) Multiply the result of the calculation in subdivision (b)
25 by the sum of the lowest rate of each individual millage levied in
26 the period between 2012 and the year immediately preceding the
27 current year, to the extent the millage is subject to capture by

1 that tax increment finance authority. A millage used to make the
2 calculation under this subdivision must be eligible to be levied
3 against both real property and personal property.

4 (d) Adjust the amount calculated under subdivision (c) by the
5 amount required to reflect the final order of a court or body of
6 competent jurisdiction related to any prior year calculation under
7 this section.

8 (e) For an obligation refinanced after 2012, estimate for the
9 term of the obligation:

10 (i) The cumulative school district operating tax and state
11 education tax that would have been captured to repay the obligation
12 had the obligation not been refinanced.

13 (ii) The cumulative amount calculated under subdivision (c), as
14 adjusted by subdivision (d), for school district operating tax and
15 state education tax for the obligation had it not been refinanced.

16 (f) Once the amount included in subdivision (c), as adjusted
17 by subdivision (d), for the current and prior years for school
18 operating tax and state education tax for the refinanced obligation
19 equals the amount estimated in subdivision (e) (ii), subtract from
20 the amount calculated under subdivision (c), as adjusted by
21 subdivision (d), the amount calculated under subdivision (c), as
22 adjusted by subdivision (d), for school district operating tax and
23 state education tax for the refinanced obligation.

24 (g) Once the amount of school district operating tax and state
25 education tax captured for the current and prior years to pay the
26 refinanced obligation equals the amount estimated under subdivision
27 (e) (i), subtract from the amount calculated in subdivision (c), as

1 adjusted by subdivision (d), the amount of school operating tax and
2 state education tax captured to repay the refinanced obligation.

3 (3) Not later than June 15, 2016, and each June 15 thereafter,
4 each municipality that is a tax increment finance authority shall
5 report to the department all of the following:

6 (a) The results of the calculations under subsection (2) for
7 each tax increment financing plan.

8 (b) That municipality's tax increment debt loss shortfall.

9 Sec. 16b. (1) Each municipality that is a tax increment
10 finance authority shall report to the department the calculation
11 required under section 16a on a form and in a manner prescribed by
12 the department.

13 (2) If a municipality that is a tax increment finance
14 authority fails to make the calculation and report it to the
15 department by the date provided in section 16a, the department may
16 extend the calculation and reporting date upon good cause as
17 determined by the department.

18 (3) The department shall exclude from the calculations under
19 sections 14, 15, and 16 the taxable value of property exempt under
20 section 7ff of the general property tax act, 1893 PA 206, MCL
21 211.7ff, for millages subject to the exemption.

22 Sec. 17. (1) The legislature shall appropriate funds for all
23 of the following purposes:

24 (a) For fiscal year 2014-2015 and fiscal year 2015-2016, to
25 the authority, an amount equal to all debt loss for municipalities
26 that are not a local school district, intermediate school district,
27 or tax increment finance authority, an amount equal to all school

1 debt loss for municipalities that are a local school district or
2 intermediate school district, and an amount equal to all tax
3 increment small taxpayer loss for municipalities that are a tax
4 increment finance authority.

5 (b) Beginning in fiscal year 2014-2015 and each fiscal year
6 thereafter, an amount equal to the necessary expenses incurred by
7 the authority and the department in implementing this act.

8 (2) In fiscal year 2014-2015 and fiscal year 2015-2016, the
9 authority shall distribute to municipalities those funds
10 appropriated under subsection (1)(a). However, in fiscal year 2014-
11 2015, if the authority is not able to make the distribution under
12 this subsection, the department shall make the distribution under
13 this subsection on behalf of the authority.

14 (3) Beginning in fiscal year 2015-2016, the authority shall
15 distribute local community stabilization share revenue as follows
16 in the following order of priority:

17 (a) The authority shall distribute to each municipality an
18 amount equal to all of the following:

19 (i) 100% of that municipality's school debt loss in the current
20 year and 100% of its amount calculated under section 15.

21 (ii) 100% of that municipality's amount calculated under
22 section 16.

23 (iii) 100% of that municipality's school operating loss not
24 reimbursed by the school aid fund in the current year.

25 (iv) 100% of the amount calculated in section 14(2). However,
26 the amount distributed to a municipality under this subparagraph
27 shall not exceed the amount calculated in section 14(1)(d). All

1 distributions under this subparagraph shall be used to fund
2 essential services.

3 (v) For a municipality that is a tax increment finance
4 authority, 100% of the tax increment debt loss shortfall and 100%
5 of its amount calculated under section 16a(2) related to its
6 increased captured value. The amount calculated under section
7 16a(2)(c) shall first be attributable to any increased captured
8 value.

9 (b) Beginning in fiscal year 2017-2018, after the
10 distributions under subdivision (a), and subject to subparagraphs
11 (v) and (vi), the authority shall distribute 5% of the remaining
12 balance of local community stabilization share fund for the current
13 fiscal year to each municipality in an amount determined as
14 follows:

15 (i) Calculate the total taxable value of all industrial real
16 property in the municipality on which is located personal property
17 exempt under sections 9m and 9n of the general property tax act,
18 1893 PA 206, MCL 211.9m and 211.9n. For a municipality that is not
19 a tax increment finance authority, the amount calculated under this
20 subparagraph shall be reduced by the industrial real property
21 captured value of any municipality that is a tax increment finance
22 authority.

23 (ii) For a municipality that is not a tax increment finance
24 authority, multiply the result of the calculation in subparagraph
25 (i) by the sum of the lowest rate of each individual millage levied
26 by the municipality in the period between 2012 and the year
27 immediately preceding the current year that is not used to

1 calculate a distribution under subdivision (a) and that is not used
2 to calculate the distribution under section 21(3) of the use tax
3 act, 1937 PA 94, MCL 205.111. For a municipality that is a tax
4 increment finance authority, multiply the industrial real property
5 captured value by the sum of the lowest rate of each individual
6 millage captured by the municipality in the period between 2012 and
7 the year immediately preceding the current year that is not used to
8 calculate the distribution under section 21(3) of the use tax act,
9 1937 PA 94, MCL 205.111. A millage used to make the calculation
10 under this subparagraph must be eligible to be levied against both
11 real property and personal property.

12 (iii) Divide the result of the calculation in subparagraph (ii)
13 by the sum of the calculation under subparagraph (ii) for all
14 municipalities.

15 (iv) Multiply the result of the calculation in subparagraph (iii)
16 by the amount to be distributed under this subdivision.

17 (v) For fiscal year 2018-2019, and each fiscal year
18 thereafter, the percentage amount described in this subdivision
19 shall be increased an additional 5% each year, not to exceed 100%.

20 (vi) For a municipality that is a tax increment finance
21 authority, the amount calculated under this subdivision shall be
22 reduced by its tax increment debt loss shortfall.

23 (c) After the distributions in subdivisions (a) and (b), the
24 authority shall distribute the remaining balance of that fiscal
25 year's local community stabilization share fund to each
26 municipality in an amount determined by multiplying the remaining
27 balance by a fraction, the numerator of which is that

1 municipality's qualified loss and the denominator of which is the
2 total qualified loss. For a municipality that is a tax increment
3 finance authority, the amount calculated under this subdivision
4 shall be reduced by its tax increment debt loss shortfall.

5 (4) The authority shall make the payments required by
6 subsection (3) not later than on the following dates:

7 (a) For county allocated millage, September 20 of the year the
8 millage is levied.

9 (b) For county extra-voted millage, township millage, and
10 other millage levied 100% in December of a year, February 20 of the
11 following year.

12 (c) For other millages, October 20 of the year the millage is
13 levied.

14 (5) If the authority has insufficient funds to make the
15 payments on the dates required in subsection (4), the department
16 shall advance to the authority the amount necessary for the
17 authority to make the required payments. The authority shall repay
18 the advance to the department from the local community
19 stabilization share.

20 Sec. 18. (1) Beginning in fiscal year 2015-2016, and each
21 fiscal year thereafter, the department shall determine the amount
22 of the distributions under this act.

23 (2) Each municipality shall submit to the department
24 sufficient information for the department to make its calculations
25 under this act, as determined by the department.

26 Sec. 19. (1) A local unit of government may issue bonds or
27 other obligations in anticipation of the distribution of local

1 community stabilization share revenue under section 17(3)(a)(iv).

2 (2) Bonds or other obligations issued under this section are
3 subject to the revised municipal finance act, 2001 PA 34, MCL
4 141.2101 to 141.2821.

5 (3) If authorized by a majority vote of the qualified electors
6 of the local unit of government, the local unit of
7 government may, at the time of issuance, pledge the full faith and
8 credit of the local unit of government for the payment of bonds or
9 other obligations issued under this section.

10 Sec. 20. From the amount of local community stabilization
11 share revenue distributed under section 17(3)(a)(iv), a municipality
12 shall first replace the amount of ad valorem property taxes used
13 for the payment of principal and interest of essential services
14 obligations incurred before 2013 pledging the unlimited or limited
15 taxing power of the municipality, that are lost from the exemptions
16 provided by sections 9m, 9n, and 9o of the general property tax
17 act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o. A municipality
18 shall not receive distributions under section 17(3)(a)(iv) if it has
19 increased a millage rate for essential service obligations incurred
20 before 2013 pledging the unlimited or limited taxing power of the
21 municipality as a result of the exemptions provided by sections 9m,
22 9n, and 9o of the general property tax act, 1893 PA 206, MCL
23 211.9m, 211.9n, and 211.9o.

24 Sec. 21. From the amount received under section 17, a
25 municipality shall first replace debt loss or school debt loss, as
26 applicable. A municipality shall not receive a distribution under
27 this act if it has increased its millage rate to replace debt loss

1 or school debt loss, as applicable.

2 Sec. 22. This act shall be construed to effectuate the
3 legislative intent and the purposes of this act as complete and
4 independent authorization for the performance of each and every act
5 and thing authorized in the act, and all powers granted in this act
6 shall be broadly interpreted to effectuate the intent and purposes
7 of this act and not as to limitation of powers.

8 Enacting section 1. The Michigan metropolitan areas
9 metropolitan authority act, 2012 PA 407, MCL 123.1311 to 123.1330,
10 is repealed.

11 Enacting section 2. This act does not take effect unless
12 Senate Bill No.822
13 of the 97th Legislature is approved by a majority of the qualified
14 electors of this state voting on the question at an election to be
15 held on the August regular election date in 2014.

16 Enacting section 3. If Senate Bill No.822
17 _____ of the 97th Legislature is not approved
18 by the majority of the qualified electors of this state voting on
19 the question at an election to be held on the August regular
20 election in 2014, for fiscal year 2013-2014 and fiscal year 2014-
21 2015, the legislature shall appropriate an amount sufficient to
22 make the appropriations described in section 17(1)(a).

SENATE BILL No. 822

February 25, 2014, Introduced by Senators HILDENBRAND, JANSEN, WARREN, MOOLENAAR and BRANDENBURG and referred to the Committee on Finance.

A bill to amend 1937 PA 94, entitled "Use tax act," by amending sections 3, 19, and 21 (MCL 205.93, 205.109, and 205.111), section 3 as amended by 2007 PA 103, section 19 as added by 2004 PA 172, and section 21 as amended by 2010 PA 37, and by adding sections 2c and 10a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 2C. AS USED IN THIS ACT:**

2 **(A) "AUTHORITY" MEANS THE LOCAL COMMUNITY STABILIZATION**
3 **AUTHORITY CREATED UNDER THE LOCAL COMMUNITY STABILIZATION AUTHORITY**
4 **ACT.**

5 **(B) "BASIC SCHOOL OPERATING MILLS" MEANS SCHOOL OPERATING**
6 **MILLS USED TO CALCULATE THE STATE PORTION OF A LOCAL SCHOOL**
7 **DISTRICT'S FOUNDATION ALLOWANCE UNDER SECTION 20 OF THE STATE**

1 SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1620, AND LEVIED UNDER
2 SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211,
3 BY A LOCAL SCHOOL DISTRICT THAT RECEIVES FROM THIS STATE A PORTION
4 OF ITS FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20(4) OF
5 THE STATE SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1620.

6 (C) "LOCAL COMMUNITY STABILIZATION SHARE" MEANS THE LOCAL
7 COMMUNITY STABILIZATION SHARE TAX DESCRIBED IN SECTION 3(5) AND
8 INCLUDED IN THE SPECIFIC TAX LEVIED UNDER SECTION 3(1).

9 (D) "PERSONAL PROPERTY GROWTH FACTOR" MEANS THE AVERAGE ANNUAL
10 GROWTH RATE FOR INDUSTRIAL AND COMMERCIAL PERSONAL PROPERTY TAXABLE
11 VALUE FROM 1996 THROUGH 2012 ROUNDED UP TO THE NEAREST TENTH OF A
12 PERCENT, WHICH IS 1.0%.

13 (E) "STATE FISCAL YEAR" MEANS THE ANNUAL PERIOD FISCAL
14 BEGINNING ON OCTOBER 1 OF EACH YEAR AND ENDING ON SEPTEMBER 30 IN
15 THE IMMEDIATELY SUCCEEDING YEAR.

16 (F) "STATE SHARE" MEANS THE STATE SHARE TAX DESCRIBED IN
17 SECTION 3(5) AND INCLUDED IN THE SPECIFIC TAX LEVIED UNDER SECTION
18 3(1).

19 Sec. 3. (1) There is levied upon and there shall be collected
20 from every person in this state a specific tax for the privilege of
21 using, storing, or consuming tangible personal property in this
22 state at a **TOTAL** rate equal to 6% of the price of the property or
23 services specified in section 3a or 3b. The tax levied under this
24 act applies to a person who acquires tangible personal property or
25 services that are subject to the tax levied under this act for any
26 tax-exempt use who subsequently converts the tangible personal
27 property or service to a taxable use, including an interim taxable

1 use. If tangible personal property or services are converted to a
2 taxable use, the tax levied under this act shall be imposed without
3 regard to any subsequent tax-exempt use. Penalties and interest
4 shall be added to the tax if applicable as provided in this act.
5 For the purpose of the proper administration of this act and to
6 prevent the evasion of the tax, all of the following shall be
7 presumed:

8 (a) That tangible personal property purchased is subject to
9 the tax if brought into this state within 90 days of the purchase
10 date and is considered as acquired for storage, use, or other
11 consumption in this state.

12 (b) That tangible personal property used solely for personal,
13 nonbusiness purposes that is purchased outside of this state and
14 that is not an aircraft is exempt from the tax levied under this
15 act if 1 or more of the following conditions are satisfied:

16 (i) The property is purchased by a person who is not a resident
17 of this state at the time of purchase and is brought into this
18 state more than 90 days after the date of purchase.

19 (ii) The property is purchased by a person who is a resident of
20 this state at the time of purchase and is brought into this state
21 more than 360 days after the date of purchase.

22 (2) The tax imposed by this section for the privilege of
23 using, storing, or consuming a vehicle, ORV, manufactured housing,
24 aircraft, snowmobile, or watercraft shall be collected before the
25 transfer of the vehicle, ORV, manufactured housing, aircraft,
26 snowmobile, or watercraft, except a transfer to a licensed dealer
27 or retailer for purposes of resale that arises by reason of a

1 transaction made by a person who does not transfer vehicles, ORVs,
2 manufactured housing, aircraft, snowmobiles, or watercraft in the
3 ordinary course of his or her business done in this state. The tax
4 on a vehicle, ORV, snowmobile, and watercraft shall be collected by
5 the secretary of state before the transfer of the vehicle, ORV,
6 snowmobile, or watercraft registration. The tax on manufactured
7 housing shall be collected by the department of ~~consumer and~~
8 ~~industry services~~ **LICENSING AND REGULATORY AFFAIRS**, mobile home
9 commission, or its agent before the transfer of the certificate of
10 title. The tax on an aircraft shall be collected by the department
11 of treasury. The price tax base of a new or previously owned car or
12 truck held for resale by a dealer and that is not exempt under
13 section 4(1)(c) is the purchase price of the car or truck
14 multiplied by 2.5% plus \$30.00 per month beginning with the month
15 that the dealer uses the car or truck in a nonexempt manner.

16 (3) The following transfers or purchases are not subject to
17 use tax:

18 (a) A transaction or a portion of a transaction if the
19 transferee or purchaser is the spouse, mother, father, brother,
20 sister, child, stepparent, stepchild, stepbrother, stepsister,
21 grandparent, grandchild, legal ward, or a legally appointed
22 guardian with a certified letter of guardianship, of the
23 transferor.

24 (b) A transaction or a portion of a transaction if the
25 transfer is a gift to a beneficiary in the administration of an
26 estate.

27 (c) If a vehicle, ORV, manufactured housing, aircraft,

1 snowmobile, or watercraft that has once been subjected to the
2 Michigan sales or use tax is transferred in connection with the
3 organization, reorganization, dissolution, or partial liquidation
4 of an incorporated or unincorporated business and the beneficial
5 ownership is not changed.

6 (d) If an insurance company licensed to conduct business in
7 this state acquires ownership of a late model distressed vehicle as
8 defined in section 12a of the Michigan vehicle code, 1949 PA 300,
9 MCL 257.12a, through payment of damages in response to a claim or
10 when the person who owned the vehicle before the insurance company
11 reacquires ownership from the company as part of the settlement of
12 a claim.

13 (4) The department may utilize the services, information, or
14 records of any other department or agency of state government **OR OF**
15 **THE AUTHORITY** in the performance of its duties under this act, and
16 other departments or agencies of state government **AND THE AUTHORITY**
17 are required to furnish those services, information, or records
18 upon the request of the department.

19 ~~(5) Any decrease in the rate of the tax levied under~~
20 ~~subsection (1) on services subject to tax under this act shall~~
21 ~~apply only to billings rendered on or after the effective date of~~
22 ~~the decrease.~~**BEGINNING ON OCTOBER 1, 2015, THE SPECIFIC TAX LEVIED**
23 **UNDER SUBSECTION (1) INCLUDES BOTH A STATE SHARE TAX LEVIED BY THIS**
24 **STATE AND A LOCAL COMMUNITY STABILIZATION SHARE TAX LEVIED BY THE**
25 **AUTHORITY AT THE FOLLOWING RATES IN EACH OF THE FOLLOWING STATE**
26 **FISCAL YEARS:**

27 (A) FOR FISCAL YEAR 2015-2016, THE LOCAL COMMUNITY

1 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
2 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
3 GENERATE \$96,100,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
4 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
5 STABILIZATION SHARE TAX RATE FROM 6%.

6 (B) FOR FISCAL YEAR 2016-2017, THE LOCAL COMMUNITY
7 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
8 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
9 GENERATE \$380,600,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
10 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
11 STABILIZATION SHARE TAX RATE FROM 6%.

12 (C) FOR FISCAL YEAR 2017-2018, THE LOCAL COMMUNITY
13 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
14 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
15 GENERATE \$410,500,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
16 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
17 STABILIZATION SHARE TAX RATE FROM 6%.

18 (D) FOR FISCAL YEAR 2018-2019, THE LOCAL COMMUNITY
19 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
20 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
21 GENERATE \$437,700,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
22 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
23 STABILIZATION SHARE TAX RATE FROM 6%.

24 (E) FOR FISCAL YEAR 2019-2020, THE LOCAL COMMUNITY
25 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
26 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
27 GENERATE \$465,900,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS

1 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
2 STABILIZATION SHARE TAX RATE FROM 6%.

3 (F) FOR FISCAL YEAR 2020-2021, THE LOCAL COMMUNITY
4 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
5 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
6 GENERATE \$491,500,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
7 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
8 STABILIZATION SHARE TAX RATE FROM 6%.

9 (G) FOR FISCAL YEAR 2021-2022, THE LOCAL COMMUNITY
10 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
11 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
12 GENERATE \$521,300,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
13 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
14 STABILIZATION SHARE TAX RATE FROM 6%.

15 (H) FOR FISCAL YEAR 2022-2023, THE LOCAL COMMUNITY
16 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
17 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
18 GENERATE \$548,000,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
19 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
20 STABILIZATION SHARE TAX RATE FROM 6%.

21 (I) FOR FISCAL YEAR 2023-2024, THE LOCAL COMMUNITY
22 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
23 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
24 GENERATE \$561,700,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
25 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
26 STABILIZATION SHARE TAX RATE FROM 6%.

27 (J) FOR FISCAL YEAR 2024-2025, THE LOCAL COMMUNITY

1 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
2 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
3 GENERATE \$569,800,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
4 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
5 STABILIZATION SHARE TAX RATE FROM 6%.

6 (K) FOR FISCAL YEAR 2025-2026, THE LOCAL COMMUNITY
7 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
8 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
9 GENERATE \$571,400,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
10 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
11 STABILIZATION SHARE TAX RATE FROM 6%.

12 (L) FOR FISCAL YEAR 2026-2027, THE LOCAL COMMUNITY
13 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
14 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
15 GENERATE \$572,200,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
16 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
17 STABILIZATION SHARE TAX RATE FROM 6%.

18 (M) FOR FISCAL YEAR 2027-2028, THE LOCAL COMMUNITY
19 STABILIZATION SHARE TAX RATE IS THAT RATE CALCULATED BY THE
20 DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY SUFFICIENT TO
21 GENERATE \$572,600,000.00 IN REVENUE AND THE STATE SHARE TAX RATE IS
22 THAT RATE DETERMINED BY SUBTRACTING THE LOCAL COMMUNITY
23 STABILIZATION SHARE TAX RATE FROM 6%.

24 (N) FOR FISCAL YEAR 2028-2029 AND EACH FISCAL YEAR THEREAFTER,
25 THE LOCAL COMMUNITY STABILIZATION SHARE TAX RATE IS THAT RATE
26 CALCULATED BY THE DEPARTMENT OF TREASURY ON BEHALF OF THE AUTHORITY
27 SUFFICIENT TO GENERATE THE AMOUNT DISTRIBUTED UNDER THIS SECTION IN

1 THE IMMEDIATELY PRECEDING YEAR ADJUSTED BY THE PERSONAL PROPERTY
2 GROWTH FACTOR AND THE STATE SHARE TAX RATE IS THAT RATE DETERMINED
3 BY SUBTRACTING THE LOCAL COMMUNITY STABILIZATION SHARE TAX RATE
4 FROM 6%.

5 (6) THE STATE SHARE INCLUDES THE PORTION OF THE USE TAX
6 IMPOSED AT THE ADDITIONAL RATE OF 2% APPROVED BY THE ELECTORS OF
7 THIS STATE ON MARCH 15, 1994 AND DEDICATED FOR AID TO SCHOOLS UNDER
8 SECTION 21(2). THE LOCAL COMMUNITY STABILIZATION SHARE DOES NOT
9 INCLUDE THE PORTION OF THE USE TAX IMPOSED AT THE ADDITIONAL RATE
10 OF 2% APPROVED BY THE ELECTORS OF THIS STATE ON MARCH 15, 1994.

11 (7) THE TOTAL COMBINED RATE OF THE TAX LEVIED BY THIS STATE
12 AND THE AUTHORITY UNDER THIS ACT, INCLUDING BOTH THE STATE SHARE
13 AND THE LOCAL COMMUNITY STABILIZATION SHARE, SHALL NOT EXCEED 6%.
14 THE AUTHORITY SHALL NOT INCREASE TAX RATES.

15 SEC. 10A. THE DEPARTMENT SHALL ADMINISTER UNDER THIS ACT AND
16 UNDER 1941 PA 122, MCL 205.1 TO 205.31, THE RECEIPT AND COLLECTION
17 OF THE LOCAL COMMUNITY STABILIZATION SHARE ON BEHALF OF THE
18 AUTHORITY AS AN AGENT OF THE AUTHORITY. THE DEPARTMENT MAY ENTER
19 INTO AN AGREEMENT WITH THE AUTHORITY RELATING TO THE RECEIPT AND
20 COLLECTION OF THE LOCAL COMMUNITY STABILIZATION SHARE AND THE
21 PAYMENT OF AUTHORITY REVENUE GENERATED BY THE LOCAL COMMUNITY
22 STABILIZATION SHARE TO THE AUTHORITY, DEDICATED TO LOCAL PURPOSES,
23 INCLUDING, BUT NOT LIMITED TO, POLICE SAFETY, FIRE PROTECTION, AND
24 AMBULANCE EMERGENCY SERVICES.

25 Sec. 19. (1) The tax collected by the seller from the consumer
26 or lessee under this act is for the benefit of this state, ~~and~~
27 THE AUTHORITY, AND THE METROPOLITAN AREAS OF THIS STATE, INCLUDING,

1 BUT NOT LIMITED TO, LOCAL COMMUNITIES WITHIN THE METROPOLITAN
2 AREAS. A person other than this state, THE AUTHORITY, AND THE
3 METROPOLITAN AREAS OF THIS STATE shall not derive a benefit from
4 the collection or payment of this tax.

5 (2) THE LEGISLATURE FINDS AND DECLARES THAT THE PURPOSE OF THE
6 AMENDATORY ACT THAT ADDED THIS SUBSECTION IS MODERNIZING THE TAX
7 SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS IN THIS STATE.

8 Sec. 21. (1) Except as provided in subsections (2), ~~and (3),~~
9 AND (4), all money received and collected under this act shall be
10 deposited by the department of treasury in the state treasury to
11 the credit of the general fund, to be disbursed only by
12 appropriations by the legislature.

13 (2) The collections from the use tax imposed at the additional
14 rate of 2% approved by the electors March 15, 1994 shall be
15 deposited in the state school aid fund established in section 11 of
16 article IX of the state constitution of 1963.

17 ~~—— (3) For the fiscal year ending September 30, 2010 only,~~
18 ~~\$9,500,000.00 shall be deposited by the department of treasury into~~
19 ~~the Michigan promotion fund. As used in this subsection, "Michigan~~
20 ~~promotion fund" means the fund created in section 39 of the~~
21 ~~Michigan strategic fund act, 1984 PA 270, MCL 125.2039.~~

22 (3) FROM THE MONEY RECEIVED AND COLLECTED UNDER THIS ACT FOR
23 THE STATE SHARE, AN AMOUNT EQUAL TO ALL REVENUE LOST UNDER THE
24 STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906, AND
25 ALL REVENUE LOST FROM BASIC SCHOOL OPERATING MILLS AS A RESULT OF
26 THE EXEMPTION OF PERSONAL PROPERTY UNDER SECTION 9M, 9N, AND 9O OF
27 THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.9M, 211.9N, AND

1 211.90, AS DETERMINED BY THE DEPARTMENT, SHALL BE DEPOSITED INTO
2 THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX
3 OF THE STATE CONSTITUTION OF 1963. FUNDS DEPOSITED INTO THE STATE
4 SCHOOL AID FUND UNDER THIS SUBSECTION SHALL NOT INCLUDE THE PORTION
5 OF THE STATE SHARE OF THE USE TAX IMPOSED AT THE ADDITIONAL RATE OF
6 2% APPROVED BY THE ELECTORS OF THIS STATE ON MARCH 15, 1994 AND
7 DEDICATED FOR AID TO SCHOOLS UNDER SUBSECTION (2).

8 (4) MONEY RECEIVED AND COLLECTED UNDER THIS ACT FOR THE LOCAL
9 COMMUNITY STABILIZATION SHARE IS NOT STATE FUNDS, SHALL NOT BE
10 CREDITED TO THE STATE TREASURY, AND SHALL BE TRANSMITTED TO THE
11 AUTHORITY FOR DEPOSIT IN THE TREASURY OF THE AUTHORITY, TO BE
12 DISBURSED BY THE AUTHORITY ONLY AS AUTHORIZED UNDER THE LOCAL
13 COMMUNITY STABILIZATION AUTHORITY ACT. THE LOCAL COMMUNITY
14 STABILIZATION SHARE IS A LOCAL TAX, NOT A STATE TAX, AND MONEY
15 RECEIVED AND COLLECTED FOR THE LOCAL COMMUNITY STABILIZATION SHARE
16 IS MONEY OF THE AUTHORITY AND NOT MONEY OF THIS STATE.

17 Enacting section 1. This amendatory act does not take effect
18 unless approved by a majority of the qualified electors of this
19 state voting on the question at an election to be held on the
20 August regular election date in 2014. This amendatory act shall be
21 submitted to the qualified electors of this state at that election
22 as provided by the Michigan election law, 1954 PA 116, MCL 168.1 to
23 168.992. When submitted to the qualified electors of this state,
24 this amendatory act shall be presented with the following question:
25 "APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX
26 AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE
27 THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS

1 The amendatory act adopted by the Legislature would:

2 1. Reduce the state use tax and replace with a local community
3 stabilization share of the tax for the purpose of modernizing the
4 tax system to help small businesses grow and create jobs in
5 Michigan.

6 2. Require Local Community Stabilization Authority to provide
7 revenue to local governments dedicated for local purposes,
8 including police safety, fire protection, and ambulance emergency
9 services.

10 3. Increase portion of state use tax dedicated for aid to
11 local school districts.

12 4. Prohibit Authority from increasing taxes.

13 5. Prohibit total use tax rate from exceeding existing
14 constitutional 6% limitation.

15 Should this law be approved?

16 YES []

17 NO []".

18 Enacting section 2. If approved by the qualified electors of
19 this state as provided in enacting section 1, this amendatory act
20 takes effect January 1, 2015.

SENATE BILL No. 823

February 25, 2014, Introduced by Senators PROOS, ROBERTSON, WARREN, MOOLENAAR and BRANDENBURG and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 9f and 9m (MCL 211.9f and 211.9m), section 9f as amended by 2012 PA 399 and section 9m as amended by 2013 PA 154.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9f. (1) The governing body of an eligible local assessing
2 district or, subject to subsection (4), the board of a next
3 Michigan development corporation in which an eligible local
4 assessing district is a constituent member may adopt a resolution
5 to exempt from the collection of taxes under this act all new
6 personal property owned or leased by an eligible business located
7 in 1 or more eligible districts or distressed parcels designated in
8 the resolution or an eligible next Michigan business as provided in

1 this section. The clerk of the eligible local assessing district or
2 the recording officer of a next Michigan development corporation
3 shall notify in writing the assessor of the local tax collecting
4 unit in which the eligible district or distressed parcel is located
5 and the legislative body of each taxing unit that levies ad valorem
6 property taxes in the eligible local assessing district in which
7 the eligible district or distressed parcel is located. Before
8 acting on the resolution, the governing body of the eligible local
9 assessing district or a next Michigan development corporation shall
10 afford the assessor and a representative of the affected taxing
11 units an opportunity for a hearing.

12 (2) The exemption under this section is effective on the
13 December 31 immediately succeeding the adoption of the resolution
14 by the governing body of the eligible local assessing district or a
15 next Michigan development corporation and, except as otherwise
16 provided in subsection (8), shall continue in effect for a period
17 specified in the resolution. However, an exemption shall not be
18 granted under this section after December 31, 2012 for an eligible
19 business located in an eligible district identified in subsection
20 ~~(9) (f) (ix)~~ **(10) (F) (ix)** or in an eligible local assessing district
21 identified in subsection ~~(9) (h) (ii)~~ **(10) (H) (ii)**. A copy of the
22 resolution shall be filed with the state tax commission, the state
23 treasurer, and the president of the Michigan strategic fund. A
24 resolution is not effective unless approved as provided in
25 subsection (3).

26 (3) Not more than 60 days after receipt of a copy of the
27 resolution adopted by the governing body of an eligible local

1 assessing district under subsection (1), the state tax commission
2 shall determine if the new personal property subject to the
3 exemption is owned or leased by an eligible business and if the
4 eligible business is located in 1 or more eligible districts. If
5 the state tax commission determines that the new personal property
6 subject to the exemption is owned or leased by an eligible business
7 and that the eligible business is located in 1 or more eligible
8 districts, the state treasurer, with the written concurrence of the
9 president of the Michigan strategic fund, shall approve the
10 resolution adopted under subsection (1) if the state treasurer and
11 the president of the Michigan strategic fund determine that
12 exempting new personal property of the eligible business is
13 necessary to reduce unemployment, promote economic growth, and
14 increase capital investment in this state. In addition, for an
15 eligible business located in an eligible local assessing district
16 described in subsection ~~(9) (h) (ii)~~, **(10) (H) (ii)**, the resolution
17 adopted under subsection (1) shall be approved if the state
18 treasurer and the president of the Michigan strategic fund
19 determine that granting the exemption is a net benefit to this
20 state, that expansion, retention, or location of an eligible
21 business will not occur in this state without this exemption, and
22 that there is no significant negative effect on employment in other
23 parts of this state as a result of the exemption.

24 (4) A next Michigan development corporation may only adopt a
25 resolution under subsection (1) exempting new personal property
26 from the collection of taxes under this act for new personal
27 property located in a next Michigan development district. A next

1 Michigan development corporation shall not adopt a resolution under
2 subsection (1) exempting new personal property from the collection
3 of taxes under this act without a written agreement entered into
4 with the eligible next Michigan business subject to the exemption,
5 which written agreement contains a remedy provision that includes,
6 but is not limited to, all of the following:

7 (a) A requirement that the exemption under this section is
8 revoked if the eligible next Michigan business is determined to be
9 in violation of the provisions of the written agreement.

10 (b) A requirement that the eligible next Michigan business may
11 be required to repay all or part of the personal property taxes
12 exempted under this section if the eligible next Michigan business
13 is determined to be in violation of the provisions of the written
14 agreement.

15 (5) Subject to subsections (6) and (8), if an existing
16 eligible business sells or leases new personal property exempt
17 under this section to an acquiring eligible business, the exemption
18 granted to the existing eligible business shall continue in effect
19 for the period specified in the resolution adopted under subsection
20 (1) for the new personal property purchased or leased from the
21 existing eligible business by the acquiring eligible business and
22 for any new personal property purchased or leased by the acquiring
23 eligible business.

24 (6) After December 31, 2007, an exemption for an existing
25 eligible business shall continue in effect for an acquiring
26 eligible business under subsection (5) only if the continuation of
27 the exemption is approved in a resolution adopted by the governing

1 body of an eligible local assessing district or the board of a next
2 Michigan development corporation in which the eligible local
3 assessing district is a constituent member.

4 (7) Notwithstanding the amendatory act that added section
5 2(1)(c), all of the following shall apply to an exemption under
6 this section that was approved by the state tax commission on or
7 before April 30, 1999, regardless of the effective date of the
8 exemption:

9 (a) The exemption shall be continued for the term authorized
10 by the resolution adopted by the governing body of the eligible
11 local assessing district and approved by the state tax commission
12 with respect to buildings and improvements constructed on leased
13 real property during the term of the exemption if the value of the
14 real property is not assessed to the owner of the buildings and
15 improvements.

16 (b) The exemption shall not be impaired or restricted with
17 respect to buildings and improvements constructed on leased real
18 property during the term of the exemption if the value of the real
19 property is not assessed to the owner of the buildings and
20 improvements.

21 (8) Notwithstanding any other provision of this section to the
22 contrary and subject to subsection (9), if new personal property
23 exempt under this section on December 31, 2012 is eligible
24 manufacturing personal property, that eligible manufacturing
25 personal property shall remain exempt under this section until the
26 later of the following:

27 (a) The date that eligible manufacturing personal property

1 would otherwise be exempt from the collection of taxes under this
2 act under section 9m, 9n, or 9o.

3 (b) The date that eligible manufacturing personal property is
4 no longer exempt under the resolution adopted under subsection (1).

5 (9) If **NEITHER** House Bill No. 6026 of the 96th Legislature,
6 **2012 PA 408, NOR SENATE BILL NO. _____ OR HOUSE BILL NO. _____ (REQUEST**
7 **NO. 03611'13) OF THE 97TH LEGISLATURE** is ~~not~~ approved by a majority
8 of the qualified electors of this state voting on the question at
9 an election to be held on the August regular election date in 2014,
10 subsection (8) shall not apply after the date of that election.

11 (10) As used in this section:

12 (a) "Acquiring eligible business" means an eligible business
13 that purchases or leases assets of an existing eligible business,
14 including the purchase or lease of new personal property exempt
15 under this section, and that will conduct business operations
16 similar to those of the existing eligible business at the location
17 of the existing eligible business within the eligible district.

18 (b) "Authorized business" means that term as defined in
19 section 3 of the Michigan economic growth authority act, 1995 PA
20 24, MCL 207.803.

21 (c) "Eligible manufacturing personal property" means that term
22 as defined in section 9m.

23 (d) "Distressed parcel" means a parcel of real property
24 located in a city or village that meets all of the following
25 conditions:

26 (i) Is located in a qualified downtown revitalization district.
27 As used in this subparagraph, "qualified downtown revitalization

1 district" means an area located within 1 or more of the following:

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

4 (B) The boundaries of a principal shopping district or a
5 business improvement district as defined in section 1 of 1961 PA
6 120, MCL 125.981.

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

10 (ii) Meets 1 of the following conditions:

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

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

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

18 (e) "Eligible business" means, effective August 7, 1998, a
19 business engaged primarily in manufacturing, mining, research and
20 development, wholesale trade, office operations, or the operation
21 of a facility for which the business that owns or operates the
22 facility is an eligible taxpayer. For purposes of a next Michigan
23 development corporation, eligible business means only an eligible
24 next Michigan business. Eligible business does not include a
25 casino, retail establishment, professional sports stadium, or that
26 portion of an eligible business used exclusively for retail sales.
27 Professional sports stadium does not include a sports stadium in

1 existence on June 6, 2000 that is not used by a professional sports
2 team on the date of the resolution adopted pursuant to subsection
3 (1). As used in this subdivision, "casino" means a casino regulated
4 by this state pursuant to the Michigan gaming control and revenue
5 act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated
6 or affiliated with the operation of a casino, including, but not
7 limited to, a parking lot, hotel, motel, or retail store.

8 (f) "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 (x) A next Michigan development district.

4 (g) "Eligible distressed area" means 1 of the following:

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

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

8 (h) "Eligible local assessing district" means a city, village,
9 or township that contains an eligible distressed area or that is a
10 party to an intergovernmental agreement creating a next Michigan
11 development corporation, or a city, village, or township that meets
12 1 or more of the following conditions and is located in a county
13 all or a portion of which borders another state or Canada:

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

16 (A) Water.

17 (B) Sewer.

18 (C) Police.

19 (D) Fire.

20 (E) Trash.

21 (F) Recycling.

22 (ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to
23 124.30, with a city, village, or township that provides not fewer
24 than 4 of the following existing services:

25 (A) Water.

26 (B) Sewer.

27 (C) Police.

1 (D) Fire.

2 (E) Trash.

3 (F) Recycling.

4 (i) "Eligible next Michigan business" means that term as
5 defined in section 3 of the Michigan economic growth authority act,
6 1995 PA 24, MCL 207.803.

7 (j) "Eligible taxpayer" means a taxpayer that meets both of
8 the following conditions:

9 (i) Is an authorized business.

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

12 (k) "Existing eligible business" means an eligible business
13 identified in a resolution adopted under subsection (1) for which
14 an exemption has been granted under this section.

15 (l) "New personal property" means personal property that was
16 not previously subject to tax under this act or was not previously
17 placed in service in this state and that is placed in an eligible
18 district after a resolution under subsection (1) is approved. As
19 used in this subdivision, for exemptions approved by the state
20 treasurer under subsection (3) after April 30, 1999, new personal
21 property does not include buildings described in section 14(6) and
22 personal property described in section 8(h), (i), and (j).

23 (m) "Next Michigan development corporation" and "next Michigan
24 development district" mean those terms as defined under the next
25 Michigan development act, 2010 PA 275, MCL 125.2951 to 125.2959.

26 Sec. 9m. (1) Beginning December 31, 2015 and each year
27 thereafter, qualified new personal property for which an exemption

1 has been properly claimed under subsection (2) is exempt from the
2 collection of taxes under this act.

3 (2) A person shall claim the exemption under this section by
4 filing an affidavit with the local tax collecting unit in which the
5 qualified new personal property is located as provided in
6 subsection (3). The affidavit shall be in a form prescribed by the
7 state tax commission. An affidavit claiming an exemption under this
8 section applies to all existing and subsequently acquired qualified
9 new personal property.

10 (3) If a person claiming an exemption under this section has
11 not filed an affidavit under this section in any prior year with
12 the local tax collecting unit in which the qualified new personal
13 property is located, that person shall file the affidavit described
14 under subsection (2) with that local tax collecting unit not later
15 than February 10 of the first year for which the person is claiming
16 the exemption for qualified new personal property in the local tax
17 collecting unit.

18 (4) Except for a person claiming an exemption under this
19 section for personal property that was subject to section 9f or
20 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit
21 claiming the exemption under this section is filed as provided in
22 subsection (3) by February 10, 2016, and the person claiming the
23 exemption under this section complied with section 19(9) in 2015,
24 or if the filing requirement under section 19(9) was not applicable
25 because the qualified new personal property was acquired in 2015,
26 the person claiming the exemption under this section is not
27 required to file a statement under section 19 for that qualified

1 new personal property in 2016. Except for a person claiming an
2 exemption under this section for personal property that was subject
3 to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if
4 an affidavit claiming the exemption under this section is filed as
5 provided in subsection (3), beginning in 2017, the person claiming
6 the exemption under this section is not required to file a
7 statement under section 19 for qualified new personal property
8 exempt under this section. For a person claiming an exemption under
9 this section for personal property that was subject to section 9f
10 or 1974 PA 198, MCL 207.551 to 207.572, in 2015, if an affidavit
11 claiming the exemption under this section is filed as provided in
12 subsection (3) and the person claiming the exemption under this
13 section complied with section 19(9) in 2015, the person claiming
14 the exemption under this section is not required to file a
15 statement under section 19 for that qualified new personal property
16 in the first year for which that person is claiming an exemption
17 under this section or in any subsequent year. For a person claiming
18 an exemption under this section for personal property that was
19 subject to section 9f or 1974 PA 198, MCL 207.551 to 207.572, in
20 2015, if an affidavit claiming the exemption under this section is
21 filed as provided in subsection (3), but the person claiming the
22 exemption under this section did not comply with section 19(9) in
23 2015, the person claiming the exemption under this section shall
24 file a statement under section 19 for that person's qualified new
25 personal property in the first year for which that person is
26 claiming an exemption under this section for qualified new personal
27 property, but that person is not required to file a statement under

1 section 19 for that qualified new personal property in any
2 subsequent year. If the person claiming the exemption under this
3 section has not filed an affidavit as required under subsection
4 (2), the personal property for which the person is claiming an
5 exemption is subject to the collection of taxes under this act and
6 that person shall file a statement under section 19.

7 (5) If the assessor of the local tax collecting unit believes
8 that personal property for which an affidavit claiming an exemption
9 is filed under subsection (2) is not qualified new personal
10 property, the assessor may deny that claim for exemption by
11 notifying the person that filed the affidavit in writing of the
12 reason for the denial and advising the person that the denial may
13 be appealed to the board of review under section 30 or 53b. The
14 assessor may deny a claim for exemption under this subsection for
15 the current year only. If the assessor denies a claim for
16 exemption, the assessor shall remove the exemption of that personal
17 property and amend the tax roll to reflect the denial and the local
18 treasurer shall within 30 days of the date of the denial issue a
19 corrected tax bill for any additional taxes.

20 (6) A person claiming an exemption for qualified new personal
21 property exempt under this section shall maintain books and records
22 and shall provide access to those books and records as provided in
23 section 22.

24 (7) If a person fraudulently claims an exemption for personal
25 property under this section, that person is subject to the
26 penalties provided for in section 21(2).

27 (8) As used in this section:

1 (a) "Affiliated person" means a sole proprietorship,
2 partnership, limited liability company, corporation, association,
3 flow-through entity, member of a unitary business group, or other
4 entity related to a person claiming an exemption under this
5 section.

6 (b) "Direct integrated support" means any of the following:

7 (i) Research and development related to goods produced in
8 industrial processing and conducted in furtherance of that
9 industrial processing.

10 (ii) Testing and quality control functions related to goods
11 produced in industrial processing and conducted in furtherance of
12 that industrial processing.

13 (iii) Engineering related to goods produced in industrial
14 processing and conducted in furtherance of that industrial
15 processing.

16 (iv) Receiving or storing equipment, materials, supplies,
17 parts, or components for industrial processing, or scrap materials
18 or waste resulting from industrial processing, at the industrial
19 processing site or at another site owned or leased by the owner or
20 lessee of the industrial processing site.

21 (v) Storing of finished goods inventory if the inventory was
22 produced by a business engaged primarily in industrial processing
23 and if the inventory is stored either at the site where it was
24 produced or at another site owned or leased by the business that
25 produced the inventory.

26 (vi) Sorting, distributing, or sequencing functions that
27 optimize transportation and just-in-time inventory management and

1 material handling for inputs to industrial processing.

2 (c) "Eligible manufacturing personal property" means all
3 personal property located on occupied real property if that
4 personal property is predominantly used in industrial processing or
5 direct integrated support. Personal property located on occupied
6 real property is predominantly used in industrial processing or
7 direct integrated support if the result of the following
8 calculation is more than 50%:

9 (i) Multiply the original cost of all personal property located
10 on that occupied real property by its percentage of use in
11 industrial processing or in direct integrated support. Personal
12 property is used in industrial processing if it is not used to
13 generate, **TRANSMIT, OR DISTRIBUTE** electricity for sale, **IF IT IS**
14 **NOT UTILITY PERSONAL PROPERTY AS DESCRIBED IN SECTION 34C(3)(E),**
15 and if its purchase or use by the person claiming the exemption
16 would be eligible for exemption under section 4t of the general
17 sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use
18 tax act, 1937 PA 94, MCL 205.94o. For an item of personal property
19 that is used in industrial processing, its percentage of use in
20 industrial processing shall equal the percentage of the exemption
21 the property would be eligible for under section 4t of the general
22 sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use
23 tax act, 1937 PA 94, MCL 205.94o. **UTILITY PERSONAL PROPERTY AS**
24 **DESCRIBED IN SECTION 34C(3)(E) IS NOT USED IN DIRECT INTEGRATED**
25 **SUPPORT.**

26 (ii) Divide the result of the calculation under subparagraph (i)
27 by the total original cost of all personal property located on that

1 occupied real property.

2 (d) "Industrial processing" means that term as defined in
3 section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t,
4 or section 4o of the use tax act, 1937 PA 94, MCL 205.94o.

5 Industrial processing does not include the generation,
6 **TRANSMISSION, OR DISTRIBUTION** of electricity for sale.

7 (e) "New personal property" means property that was initially
8 placed in service in this state or outside of this state after
9 December 31, 2012.

10 (f) "Occupied real property" means all of the following:

11 (i) A parcel of real property that is entirely owned, leased,
12 or otherwise occupied by a person claiming an exemption under this
13 section.

14 (ii) Contiguous parcels of real property that are entirely
15 owned, leased, or otherwise occupied by a person claiming an
16 exemption under this section and that host a single, integrated
17 business operation engaged primarily in industrial processing,
18 direct integrated support, or both. A business operation is not
19 engaged primarily in industrial processing, direct integrated
20 support, or both if it engages in significant business activities
21 that are not directly related to industrial processing or direct
22 integrated support.

23 (iii) The portion of a parcel of real property that is owned,
24 leased, or otherwise occupied by a person claiming the exemption or
25 by an affiliated person.

26 (G) **"ORIGINAL COST" MEANS THE FAIR MARKET VALUE OF ELIGIBLE**
27 **MANUFACTURING PERSONAL PROPERTY AT THE TIME OF ACQUISITION BY THE**

1 CURRENT OWNER. THERE IS A REBUTTABLE PRESUMPTION THAT THE
2 ACQUISITION PRICE PAID BY THE CURRENT OWNER FOR ELIGIBLE
3 MANUFACTURING PERSONAL PROPERTY REFLECTS THE FAIR MARKET VALUE OF
4 THAT ELIGIBLE MANUFACTURING PERSONAL PROPERTY. THE DEPARTMENT MAY
5 PROVIDE GUIDELINES FOR CIRCUMSTANCES IN WHICH THE ACTUAL
6 ACQUISITION COST OF ELIGIBLE MANUFACTURING PERSONAL PROPERTY IS NOT
7 DETERMINATIVE OF THE FAIR MARKET VALUE OF THAT ELIGIBLE
8 MANUFACTURING PERSONAL PROPERTY AND FOR THE BASIS OF DETERMINING
9 FAIR MARKET VALUE OF ELIGIBLE MANUFACTURING PERSONAL PROPERTY IN
10 THOSE CIRCUMSTANCES.

11 (H) ~~(g)~~—"Qualified new personal property" means property that
12 meets all of the following conditions:

- 13 (i) Is eligible manufacturing personal property.
14 (ii) Is new personal property.

SENATE BILL No. 824

February 25, 2014, Introduced by Senators PAPPAGEORGE, BRANDENBURG, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to amend 2002 PA 48, entitled "Metropolitan extension telecommunications rights-of-way oversight act," by amending sections 2 and 3 (MCL 484.3102 and 484.3103).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Authority" means the metropolitan ~~extension~~
3 ~~telecommunications rights-of-way oversight~~ authority created in
4 ~~section 3.~~ **UNDER THE LOCAL COMMUNITY STABILIZATION AUTHORITY ACT.**

5 (b) "Broadband internet access transport services" means the
6 broadband transmission of data between an end-user and the end-
7 user's internet service provider's point of interconnection at a
8 speed of 200 or more kilobits per second to the end-user's
9 premises.

10 (c) "Commission" means the Michigan public service commission

1 in the department of ~~consumer and industry services~~. **LICENSING AND**
2 **REGULATORY AFFAIRS.**

3 (d) "Exchange" means that term as defined under section 102 of
4 the Michigan telecommunications act, 1991 PA 179, MCL 484.2102.

5 (e) "Incumbent local exchange carrier" means that term as
6 defined under section 251(h) of title II of the communications act
7 of 1934, chapter 652, 110 Stat. 61, 47 ~~U.S.C.~~ **USC** 251.

8 (f) "Metropolitan area" means 1 or more municipalities **WITHIN**
9 **THIS STATE** located, in whole or in part, within a county having a
10 population of 10,000 or more or a municipality **WITHIN THIS STATE**
11 that enacts an ordinance or resolution electing to be classified as
12 part of a metropolitan area under this act.

13 (g) "Municipality" means a township, city, or village.

14 (h) "Person" means an individual, corporation, partnership,
15 **LIMITED PARTNERSHIP**, association, **LIMITED LIABILITY COMPANY**,
16 governmental entity, or any other legal entity.

17 (i) "Public right-of-way" means the area on, below, or above a
18 public roadway, highway, street, alley, easement, or waterway.
19 Public right-of-way does not include a federal, state, or private
20 right-of-way.

21 (j) "Telecommunication facilities" or "facilities" means the
22 equipment or personal property, such as copper and fiber cables,
23 lines, wires, switches, conduits, pipes, and sheaths, which are
24 used to or can generate, receive, transmit, carry, amplify, or
25 provide telecommunication services or signals. Telecommunication
26 facilities or facilities do not include antennas, supporting
27 structures for antennas, equipment shelters or houses, and any

1 ancillary equipment and miscellaneous hardware used to provide
2 federally licensed commercial mobile service as defined in section
3 332(d) of part I of title III of the communications act of 1934,
4 chapter 652, 48 Stat. 1064, 47 ~~U.S.C.~~ **USC** 332 and further defined
5 as commercial mobile radio service in 47 ~~C.F.R.~~ **CFR** 20.3, and
6 service provided by any wireless, 2-way communications device.

7 (k) "Telecommunication provider", "provider", and
8 "telecommunication services" mean those terms as defined in section
9 102 of the Michigan telecommunications act, 1991 PA 179, MCL
10 484.2102. Telecommunication provider does not include a person or
11 an affiliate of that person when providing a federally licensed
12 commercial mobile radio service as defined in section 332(d) of
13 part I of the communications act of 1934, chapter 652, 48 Stat.
14 1064, 47 ~~U.S.C.~~ **USC** 332 and further defined as commercial mobile
15 radio service in 47 ~~C.F.R.~~ **CFR** 20.3, or service provided by any
16 wireless, 2-way communication device. For the purposes of this act
17 only, a provider also includes all of the following:

18 (i) A cable television operator that provides a
19 telecommunication service.

20 (ii) Except as otherwise provided by this act, a person who
21 owns telecommunication facilities located within a public right-of-
22 way.

23 (iii) A person providing broadband internet transport access
24 service.

25 (iv) **AN INTERNET SERVICE PROVIDER THAT PROVIDES A**
26 **TELECOMMUNICATION SERVICE.**

27 Sec. 3. ~~(1) Pursuant to section 27 of article VII of the state~~

1 ~~constitution of 1963 and any other applicable law, the metropolitan~~
2 ~~extension telecommunications rights-of-way oversight authority is~~
3 ~~established as an autonomous agency within the department of~~
4 ~~consumer and industry services. The director of the authority shall~~
5 ~~be appointed by the governor for a 4 year term. The director of the~~
6 ~~authority shall report directly to the governor. The department of~~
7 ~~consumer and industry services shall provide the authority all~~
8 ~~budget, procurement, and management related functions. The~~
9 ~~department of consumer and industry services shall also provide~~
10 ~~suitable offices, facilities, equipment, staff, and supplies for~~
11 ~~the authority in the city of Lansing.~~

12 ~~—— (2) The director of the authority is responsible for carrying~~
13 ~~out the powers and duties of the authority under this act.~~

14 (1) ~~(3)~~ **THE LOCAL COMMUNITY STABILIZATION AUTHORITY SHALL**
15 **EXERCISE THE POWERS, DUTIES, FUNCTIONS, AND RESPONSIBILITIES VESTED**
16 **IN THE AUTHORITY UNDER THIS ACT AND MAY CONTRACT WITH THE**
17 **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS FOR 1 OR MORE**
18 **EMPLOYEES OF THE DEPARTMENT TO ASSIST IN EXERCISING THE POWERS,**
19 **DUTIES, FUNCTIONS, AND RESPONSIBILITIES.** The authority shall
20 coordinate public right-of-way matters with municipalities, assess
21 the fees required under this act, and have the exclusive power to
22 assess fees on telecommunication providers owning telecommunication
23 facilities in public rights-of-way within a municipality in a
24 metropolitan area to recover the costs of using the rights-of-way
25 by the provider.

26 (2) ~~(4)~~ The authority shall file an annual report of its
27 activities for the preceding year with the governor and the members

1 of the legislative committees dealing with energy, technology, and
2 telecommunications issues on or before March 1 of each year.

3 (3) ~~(5)~~—The authority may promulgate rules for the
4 implementation and administration of this act ~~under~~ **IN A MANNER**
5 **THAT COMPLIES WITH THE REQUIREMENTS OF** the administrative
6 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

7 (4) ON OCTOBER 1, 2014, ALL OF THE FOLLOWING SHALL OCCUR:

8 (A) THE POWERS, DUTIES, FUNCTIONS, AND RESPONSIBILITIES VESTED
9 IN THE METROPOLITAN EXTENSION TELECOMMUNICATIONS RIGHTS-OF-WAY
10 OVERSIGHT AUTHORITY BEFORE OCTOBER 1, 2014 ARE TRANSFERRED TO AND
11 VESTED IN THE AUTHORITY.

12 (B) ALL RECORDS, PROPERTY, GRANTS, AND UNEXPENDED BALANCES OF
13 APPROPRIATIONS, ALLOCATIONS, AND OTHER FUNDS USED, HELD, EMPLOYED,
14 AVAILABLE, OR TO BE MADE AVAILABLE TO THE METROPOLITAN EXTENSION
15 TELECOMMUNICATIONS RIGHTS-OF-WAY OVERSIGHT AUTHORITY ARE
16 TRANSFERRED TO THE AUTHORITY.

17 (C) THE METROPOLITAN EXTENSION TELECOMMUNICATIONS RIGHTS-OF-
18 WAY OVERSIGHT AUTHORITY IS ABOLISHED.

19 (5) THE DIRECTOR OF THE DEPARTMENT OF LICENSING AND REGULATORY
20 AFFAIRS SHALL PROVIDE EXECUTIVE DIRECTION AND SUPERVISION FOR THE
21 IMPLEMENTATION OF THE TRANSFERS TO THE AUTHORITY UNDER SUBSECTION
22 (4).

23 (6) THE DIRECTOR OF THE DEPARTMENT OF LICENSING AND REGULATORY
24 AFFAIRS SHALL COORDINATE WITH THE EXECUTIVE DIRECTOR OF THE
25 METROPOLITAN EXTENSION TELECOMMUNICATIONS RIGHTS-OF-WAY OVERSIGHT
26 AUTHORITY TO FACILITATE THE TRANSFERS TO THE AUTHORITY UNDER
27 SUBSECTION (4) AND SHALL DEVELOP AND ISSUE A MEMORANDUM OF RECORD

1 IDENTIFYING ANY PENDING SETTLEMENTS, ISSUES OF COMPLIANCE WITH
2 APPLICABLE FEDERAL AND STATE LAWS AND REGULATIONS, OR OTHER
3 OBLIGATIONS RESOLVED BY THE METROPOLITAN EXTENSION
4 TELECOMMUNICATIONS RIGHTS-OF-WAY OVERSIGHT AUTHORITY BEFORE THE
5 TRANSFERS UNDER SUBSECTION (4).

6 (7) STATE DEPARTMENTS, AGENCIES, OFFICERS, AND EMPLOYEES SHALL
7 FULLY AND ACTIVELY COOPERATE WITH AND ASSIST THE DIRECTOR OF THE
8 DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS IN THE
9 IMPLEMENTATION OF TRANSFERS UNDER SUBSECTION (4).

10 (8) THE STATE BUDGET DIRECTOR SHALL DETERMINE AND AUTHORIZE AN
11 EFFICIENT PROCESS FOR HANDLING FINANCIAL TRANSACTIONS AND RECORDS
12 IN THIS STATE'S FINANCIAL MANAGEMENT SYSTEM NECESSARY TO IMPLEMENT
13 THE TRANSFERS UNDER SUBSECTION (4).

14 (9) ANY SUIT, ACTION, OR OTHER PROCEEDING LAWFULLY COMMENCED
15 BY, AGAINST, OR BEFORE ANY ENTITY AFFECTED BY THE TRANSFERS UNDER
16 SUBSECTION (4) SHALL NOT ABATE BY REASON OF THE TAKING EFFECT OF
17 THE TRANSFERS UNDER SUBSECTION (4). ANY SUIT, ACTION, OR OTHER
18 PROCEEDING MAY BE MAINTAINED BY, AGAINST, OR BEFORE THE APPROPRIATE
19 SUCCESSOR OF ANY ENTITY AFFECTED BY THE TRANSFERS UNDER SUBSECTION
20 (4).

21 (10) ALL RULES, REGULATIONS, ORDERS, CONTRACTS, AND AGREEMENTS
22 RELATING TO THE FORMER METROPOLITAN EXTENSION TELECOMMUNICATIONS
23 RIGHTS-OF-WAY OVERSIGHT AUTHORITY OR THE POWERS, DUTIES, FUNCTIONS,
24 AND RESPONSIBILITIES TRANSFERRED UNDER SUBSECTION (4) LAWFULLY
25 ADOPTED BEFORE OCTOBER 1, 2014 SHALL CONTINUE IN EFFECT UNTIL
26 REVISED, AMENDED, REPEALED, OR RESCINDED BY THE AUTHORITY UNLESS
27 PROHIBITED BY LAW.

1 Enacting section 1. This amendatory act takes effect October
2 1, 2014.

3 Enacting section 2. This amendatory act does not take effect
4 unless Senate Bill No.822

5 of the 97th Legislature is approved by a majority of the
6 qualified electors of this state voting on the question at an
7 election to be held on the August regular election date in 2014.

SENATE BILL No. 825

February 25, 2014, Introduced by Senators ROBERTSON, BRANDENBURG, PROOS, PAPPAGEORGE, JANSEN, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to amend 2012 PA 408, entitled

"An act to amend 1937 PA 94, entitled "An act to provide for the levy, assessment, and collection of a specific excise tax on the storage, use, or consumption in this state of tangible personal property and certain services; to appropriate the proceeds of that tax; to prescribe penalties; and to make appropriations," by amending sections 3, 19, and 21 (MCL 205.93, 205.109, and 205.111), section 3 as amended by 2007 PA 103, section 19 as added by 2004 PA 172, and section 21 as amended by 2010 PA 37, and by adding sections 2c and 10a,"

by amending enacting sections 1 and 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Enacting section 1. This amendatory act, **2012 PA 408**,
2 does not take effect unless approved by a majority of the qualified
3 electors of this state voting on the question at an election. ~~to be~~
4 ~~held on the August regular election date in 2014. This IF SENATE~~
5 **BILL NO. _____ OR HOUSE BILL NO. _____ (REQUEST NO. 03611'13) OF THE**

1 97TH LEGISLATURE IS ENACTED AND SUBMITTED TO THE QUALIFIED ELECTORS
 2 OF THIS STATE AT THE AUGUST REGULAR ELECTION DATE IN 2014, THIS
 3 AMENDATORY ACT, 2012 PA 408, SHALL NOT BE SUBMITTED TO THE
 4 QUALIFIED ELECTORS OF THIS STATE. IF SENATE BILL NO. ____ OR HOUSE
 5 BILL NO. ____ (REQUEST NO. 03611'13) OF THE 97TH LEGISLATURE IS NOT
 6 ENACTED AND NOT SUBMITTED TO THE QUALIFIED ELECTORS OF THIS STATE
 7 AT THE AUGUST REGULAR ELECTION DATE IN 2014, THIS amendatory act,
 8 2012 PA 408, shall be submitted to the qualified electors of this
 9 state at that election as provided by the Michigan election law,
 10 1954 PA 116, MCL 168.1 to 168.992. When submitted to the qualified
 11 electors of this state, this amendatory act, 2012 PA 408, shall be
 12 presented with the following question:

13 "APPROVAL OR DISAPPROVAL OF ~~THE 2012 PA 408, AN~~ AMENDATORY ACT
 14 DEDICATING A PORTION OF USE TAX REVENUE TO BENEFIT METROPOLITAN
 15 AREAS THROUGHOUT THIS STATE

16 ~~The amendatory act adopted by the Legislature 2012 PA 408~~ would:

17 1. Dedicate a portion of the existing state use tax as a local
 18 tax levied by a new metropolitan areas authority.

19 2. Distribute revenue from that local tax throughout the state
 20 for local purposes, including police and fire protection.

21 3. Increase that portion of the state use tax currently
 22 dedicated for aid to schools.

23 4. Prohibit the total use tax rate from exceeding the
 24 constitutional limit of 6%.

25 Should this amendatory act be approved?

26 YES []

27 NO []".

1 Enacting section 2. If approved by the qualified
2 electors of this state as provided in enacting section ~~2~~,-1, this
3 amendatory act takes effect January 1, 2015.

SENATE BILL No. 826

February 25, 2014, Introduced by Senators JANSEN, BRANDENBURG, ROBERTSON, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to amend 2012 PA 401, entitled

"An act to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," (MCL 211.1 to 211.155) by adding section 9m,"

by amending enacting section 1.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Enacting section 1. Section 9m of the general property
2 tax act, 1893 PA 206, MCL 211.9m, as added by this amendatory act,
3 is repealed if **NEITHER** House Bill No. 6026 of the 96th Legislature,
4 **2012 PA 408, NOR SENATE BILL NO.822** _____

5 **OF THE 97TH LEGISLATURE** is ~~not~~ approved by a
6 majority of the qualified electors of this state voting on the
7 question at an election to be held on the August regular election
8 date in 2014.

SENATE BILL No. 827

February 25, 2014, Introduced by Senators BIEDA, BRANDENBURG, WHITMER, ANDERSON, SMITH, JOHNSON, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to amend 2012 PA 402, entitled

"An act to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," (MCL 211.1 to 211.155) by adding section 90,"

by amending enacting section 1.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

SENATE BILL No. 828

February 25, 2014, Introduced by Senators ANANICH, BRANDENBURG, HUNTER, BIEDA, WHITMER, ANDERSON, SMITH, JOHNSON, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to amend 2012 PA 403, entitled

"An act to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," (MCL 211.1 to 211.155) by adding section 9n,"

by amending enacting section 1.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Enacting section 1. Section ~~9m~~**9N** of the general
2 property tax act, 1893 PA 206, MCL 211.9m, as added by this
3 amendatory act, is repealed if **NEITHER** House Bill No. 6026 of the
4 96th Legislature, **2012 PA 408, NOR SENATE BILL NO.822**
5 **OF THE 97TH LEGISLATURE** is ~~not~~
6 approved by a majority of the qualified electors of this state
7 voting on the question at an election to be held on the August
8 regular election date in 2014.

SENATE BILL No. 829

February 25, 2014, Introduced by Senators WARREN and NOFS and referred to the Committee on Finance.

A bill to levy a tax on certain personal property; to provide for the administration, collection, and distribution of the tax; to provide for an exemption from that tax; to impose certain duties on persons and certain state departments; to impose penalties; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "state
2 essential services assessment act".

3 Sec. 3. As used in this act:

4 (a) "Acquisition cost" means the fair market value of eligible
5 personal property at the time of acquisition by the current owner,
6 including the cost of freight, sales tax, and installation, and
7 other capitalized costs, except capitalized interest. There is a
8 rebuttable presumption that the acquisition price paid by the

1 current owner for eligible personal property, and any costs of
2 freight, sales tax, and installation, and other capitalized costs,
3 except capitalized interest, reflect the fair market value of the
4 eligible personal property. For property described in subdivision
5 (e) (i) that would otherwise be exempt under section 7k of the
6 general property tax act, 1893 PA 206, MCL 211.7k, and for property
7 described in subdivision (e) (iii), acquisition cost means 1/2 of the
8 fair market value of that eligible personal property at the time of
9 acquisition by the current owner. The acquisition cost for eligible
10 personal property exempt under the renaissance zone act, 1996 PA
11 376, MCL 125.2681 to 125.2696, is \$0.00 except for the 3 years
12 immediately preceding the expiration of the exemption of that
13 eligible personal property under the renaissance zone act, 1996 PA
14 376, MCL 125.2681 to 125.2696, during which period of time the
15 acquisition cost for that eligible personal property means the fair
16 market value of that eligible personal property at the time of
17 acquisition by the current owner multiplied by the percentage
18 reduction in the exemption as provided in section 9(3) of the
19 renaissance zone act, 1996 PA 376, MCL 125.2689. The department of
20 treasury may provide guidelines for circumstances in which the
21 actual acquisition price is not determinative of fair market value
22 and the basis of determining fair market value in those
23 circumstances, including when that property is idle, obsolete, or
24 surplus.

25 (b) "Assessment" means the state essential services assessment
26 levied under section 5.

27 (c) "Assessment year" means the year in which the state

1 essential services assessment levied under section 5 is due.

2 (d) "Eligible claimant" means a person that claims an
3 exemption for eligible personal property.

4 (e) "Eligible personal property" means all of the following:

5 (i) Personal property exempt under section 9m or 9n of the
6 general property tax act, 1893 PA 206, MCL 211.9m and 211.9n.

7 (ii) Personal property exempt under section 9f of the general
8 property tax act, 1893 PA 206, MCL 211.9f, which exemption was
9 approved under section 9f of the general property tax act, 1893 PA
10 206, MCL 211.9f, after 2013.

11 (iii) Personal property subject to an extended industrial
12 facilities exemption certificate under section 11a of 1974 PA 198,
13 MCL 207.561a.

14 (iv) Personal property subject to an extended exemption under
15 section 9f(8) of the general property tax act, 1893 PA 206, MCL
16 211.9f.

17 (f) "Fund board" means the board of directors of the Michigan
18 strategic fund created under the Michigan strategic fund act, 1984
19 PA 270, MCL 125.2001 to 125.2094.

20 (g) "Michigan economic development corporation" means the
21 Michigan economic development corporation, the public body
22 corporate created under section 28 of article VII of the state
23 constitution of 1963 and the urban cooperation act of 1967, 1967
24 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal
25 agreement effective April 5, 1999, and subsequently amended,
26 between local participating economic development corporations
27 formed under the economic development corporations act, 1974 PA

1 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.

2 (h) "Michigan strategic fund" means the Michigan strategic
3 fund created under the Michigan strategic fund act, 1984 PA 270,
4 MCL 125.2001 to 125.2094.

5 (i) "Next Michigan development corporation" means that term as
6 defined under the next Michigan development act, 2010 PA 275, MCL
7 125.2951 to 125.2959.

8 Sec. 5. (1) Beginning January 1, 2016, the state essential
9 services assessment is levied on all eligible personal property as
10 provided in this section.

11 (2) The assessment under this section is a state tax on the
12 eligible personal property owned by, leased to, or in the
13 possession of an eligible claimant on December 31 of the year
14 immediately preceding the assessment year and shall be calculated
15 as follows:

16 (a) For eligible personal property purchased by the eligible
17 claimant in a year 1 to 5 years before the assessment year,
18 multiply the acquisition cost of the eligible personal property by
19 2.4 mills.

20 (b) For eligible personal property purchased by the eligible
21 claimant in a year 6 to 10 years before the assessment year,
22 multiply the acquisition cost of the eligible personal property by
23 1.25 mills.

24 (c) For eligible personal property purchased by the eligible
25 claimant in a year more than 10 years before the assessment year,
26 multiply the acquisition cost of the eligible personal property by
27 0.9 mills.

1 Sec. 7. (1) The department of treasury shall collect and
2 administer the assessment as provided in this section.

3 (2) Not later than March 1 in each assessment year, the
4 department of treasury shall send to each eligible claimant a
5 statement for calculation of the assessment as provided in section
6 5. The statement shall be in a form prescribed by the department of
7 treasury.

8 (3) Not later than September 15 in each assessment year, each
9 eligible claimant shall submit to the department of treasury the
10 completed statement and full payment of the assessment levied under
11 section 5 for that assessment year as calculated in section 5(2). A
12 statement submitted by an eligible claimant shall include all of
13 the eligible claimant's eligible personal property located in this
14 state subject to the assessment levied under section 5.

15 (4) If an eligible claimant does not submit the statement and
16 full payment of the assessment levied under section 5 for that
17 assessment year as calculated under section 5(2), all of the
18 following shall apply:

19 (a) The department of treasury shall rescind for the
20 assessment year any exemption described in section 9m or 9n of the
21 general property tax act, 1893 PA 206, MCL 211.9m and 211.9n,
22 granted for the eligible personal property.

23 (b) The state tax commission shall rescind for the assessment
24 year any exemption under section 9f of the general property tax
25 act, 1893 PA 206, MCL 211.9f, which exemption was approved under
26 section 9f of the general property tax act, 1893 PA 206, MCL
27 211.9f, after 2013.

1 (c) The state tax commission shall rescind for the assessment
2 year any exemption for eligible personal property subject to an
3 extended industrial facilities exemption certificate under section
4 11a of 1974 PA 198, MCL 207.561a.

5 (d) The state tax commission shall rescind for the assessment
6 year any extended exemption for eligible personal property under
7 section 9f(8)(a) of the general property tax act, 1893 PA 206, MCL
8 211.9f.

9 (e) All taxes due as a result of a rescission by the
10 department of treasury or by the state tax commission under
11 subdivisions (a) to (d) that were not billed under the general
12 property tax act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974
13 PA 198, MCL 207.551 to 207.572, on the summer bill shall be billed
14 under the general property tax act, 1893 PA 206, MCL 211.1 to
15 211.155, or under 1974 PA 198, MCL 207.551 to 207.572, on the
16 winter tax bill.

17 (5) The department of treasury or any eligible claimant may
18 appeal any statement submitted under subsection (3) to the state
19 tax commission. The state tax commission shall arbitrate any appeal
20 under this subsection. The department of treasury or any eligible
21 claimant may appeal the decision of the state tax commission to the
22 Michigan tax tribunal.

23 Sec. 9. (1) The fund board may adopt a resolution to exempt
24 from the assessment under this act all eligible personal property
25 owned by, leased to, or in the possession of an eligible claimant
26 designated in the resolution as provided in this section. The
27 resolution shall not be approved if the state treasurer, or his or

1 her designee to the fund board, votes against the resolution.

2 (2) An exemption under this section is effective in the
3 assessment year immediately succeeding the year in which the fund
4 board adopts the resolution under subsection (1) and shall continue
5 in effect for a period specified in the resolution. A copy of the
6 resolution shall be filed with the state tax commission.

7 (3) The fund board shall provide for a detailed application,
8 approval, and compliance process published and available on the
9 fund's website. The detailed application, approval, and compliance
10 process shall, at a minimum, contain the following:

11 (a) An eligible claimant, or a next Michigan development
12 corporation on behalf of an eligible claimant, may apply for an
13 exemption to the assessment in a form and manner determined by the
14 fund board.

15 (b) After receipt of an application, the fund may enter into
16 an agreement with an eligible claimant if the eligible claimant
17 agrees to make certain investments of eligible personal property in
18 this state.

19 (c) An eligible claimant shall present a business plan or
20 demonstrate that a minimum of \$25,000,000.00 will be invested in
21 additional eligible personal property in this state during the
22 duration of the written agreement.

23 (d) The written agreement shall provide in a clear and concise
24 manner all of the conditions imposed, including specific time
25 frames, on the eligible claimant, to receive the exemption to the
26 assessment under this section.

27 (e) The written agreement shall provide that the exemption

1 under this section is revoked if the eligible claimant fails to
2 comply with the provisions of the written agreement.

3 (f) The written agreement shall provide for a repayment
4 provision on the exemption to the assessment if the eligible
5 claimant fails to comply with the provisions of the written
6 agreement.

7 (g) The written agreement shall provide for an audit provision
8 that requires the fund to verify that the specific time frames for
9 the investment have been met.

10 (4) The fund board shall consider the following criteria to
11 the extent reasonably applicable to the type of investment proposed
12 when approving an exemption to the assessment:

13 (a) Out-of-state competition.

14 (b) Net-positive return to this state.

15 (c) Level of investment made by the eligible claimant.

16 (d) Business diversification.

17 (e) Reuse of existing facilities.

18 (f) Near-term job creation or significant job retention as a
19 result of the investment made in eligible personal property.

20 (g) Strong links to Michigan suppliers.

21 (h) Whether the project is in a local unit of government that
22 contains an eligible distressed area as that term is defined in
23 section 11 of the state housing development authority act of 1966,
24 1966 PA 346, MCL 125.1411.

25 (5) The fund board, or the Michigan economic development
26 corporation, may charge actual and reasonable fees for costs
27 associated with administering the activities authorized under this

SENATE BILL No. 830

February 25, 2014, Introduced by Senators NOFS, PAPPAGEORGE, SCHUITMAKER, WARREN, MOOLENAAR and BRANDENBURG and referred to the Committee on Finance.

A bill to levy a tax on certain personal property; to provide for the administration, collection, and distribution of the tax; to impose certain duties on persons and certain state departments; to impose penalties; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "alternative state essential services assessment act".

3 Sec. 3. As used in this act:

4 (a) "Acquisition cost" means the fair market value of eligible
5 personal property at the time of acquisition by the current owner,
6 including the cost of freight, sales tax, and installation, and
7 other capitalized costs, except capitalized interest. There is a
8 rebuttable presumption that the acquisition price paid by the
9 current owner for eligible personal property, and any costs of

1 freight, sales tax, and installation, and other capitalized costs,
2 except capitalized interest, reflect the fair market value of the
3 eligible personal property. For personal property exempt under
4 section 9m or 9n of the general property tax act, 1893 PA 206, MCL
5 211.9m and 211.9n, that would otherwise be exempt under section 7k
6 of the general property tax act, 1893 PA 206, MCL 211.7k, and for
7 personal property subject to an extended industrial facilities
8 exemption certificate under section 11a of 1974 PA 198, MCL
9 207.561a, acquisition cost means 1/2 of the fair market value of
10 that eligible personal property at the time of acquisition by the
11 current owner. The acquisition cost for eligible personal property
12 exempt under the renaissance zone act, 1996 PA 376, MCL 125.2681 to
13 125.2696, is \$0.00 except for the 3 years immediately preceding the
14 expiration of the exemption of that eligible personal property
15 under the renaissance zone act, 1996 PA 376, MCL 125.2681 to
16 125.2696, during which period of time the acquisition cost for that
17 eligible personal property means the fair market value of that
18 eligible personal property at the time of acquisition by the
19 current owner multiplied by the percentage reduction in the
20 exemption as provided in section 9(3) of the renaissance zone act,
21 1996 PA 376, MCL 125.2689. The department of treasury may provide
22 guidelines for circumstances in which the actual acquisition price
23 is not determinative of fair market value and the basis of
24 determining fair market value in those circumstances, including
25 when that property is idle, obsolete, or surplus.

26 (b) "Assessment" means the alternative state essential
27 services assessment levied under section 5.

1 (c) "Assessment year" means the year in which the alternative
2 state essential services assessment levied under section 5 is due.

3 (d) "Eligible claimant" means a person that owns, leases, or
4 is in the possession of eligible personal property.

5 (e) "Eligible personal property" means personal property
6 exempt from the tax levied under the state essential services
7 assessment act and determined to be subject to the alternative
8 state essential services assessment as provided in section 9 of the
9 state essential services assessment act.

10 Sec. 5. (1) Beginning January 1, 2016, the alternative state
11 essential services assessment is levied on all eligible personal
12 property as provided in this section.

13 (2) The assessment under this section is a state tax on the
14 eligible personal property owned by, leased to, or in the
15 possession of an eligible claimant on December 31 of the year
16 immediately preceding the assessment year and shall be calculated
17 as follows:

18 (a) For eligible personal property purchased by the eligible
19 claimant in a year 1 to 5 years before the assessment year,
20 multiply the acquisition cost of the eligible personal property by
21 50% of the mills levied under section 5(2)(a) of the state
22 essential services assessment act.

23 (b) For eligible personal property purchased by the eligible
24 claimant in a year 6 to 10 years before the assessment year,
25 multiply the acquisition cost of the eligible personal property by
26 50% of the mills levied under section 5(2)(b) of the state
27 essential services assessment act.

1 (c) For eligible personal property purchased by the eligible
2 claimant in a year more than 10 years before the assessment year,
3 multiply the acquisition cost of the eligible personal property by
4 50% of the mills levied under section 5(2)(c) of the state
5 essential services assessment act.

6 Sec. 7. (1) The department of treasury shall collect and
7 administer the alternative state essential services assessment as
8 provided in this section.

9 (2) Not later than March 1 in each assessment year, the
10 department of treasury shall send to each eligible claimant a
11 statement for calculation of the assessment as provided in section
12 5. The statement shall be in a form prescribed by the department of
13 treasury.

14 (3) Not later than September 15 in each assessment year, each
15 eligible claimant shall submit to the department of treasury the
16 completed statement and full payment of the assessment levied under
17 section 5 for that assessment year as calculated in section 5(2). A
18 statement submitted by an eligible claimant shall include all of
19 the eligible claimant's eligible personal property located in this
20 state subject to the assessment levied under section 5.

21 (4) If an eligible claimant does not submit the statement and
22 full payment of the assessment levied under section 5 for that
23 assessment year as calculated under section 5(2), all of the
24 following shall apply:

25 (a) The department of treasury shall rescind for the
26 assessment year any exemption described in section 9m or 9n of the
27 general property tax act, 1893 PA 206, MCL 211.9m and 211.9n,

1 granted for the eligible personal property.

2 (b) The state tax commission shall rescind for the assessment
3 year any exemption under section 9f of the general property tax
4 act, 1893 PA 206, MCL 211.9f, which exemption was approved under
5 section 9f of the general property tax act, 1893 PA 206, MCL
6 211.9f, after 2013.

7 (c) The state tax commission shall rescind for the assessment
8 year any exemption for eligible personal property subject to an
9 extended industrial facilities exemption certificate under section
10 11a of 1974 PA 198, MCL 207.561a.

11 (d) The state tax commission shall rescind for the assessment
12 year any extended exemption for eligible personal property under
13 section 9f(8)(a) of the general property tax act, 1893 PA 206, MCL
14 211.9f.

15 (e) All taxes due as a result of a rescission by the
16 department of treasury or by the state tax commission under
17 subdivisions (a) to (d) that were not billed under the general
18 property tax act, 1893 PA 206, MCL 211.1 to 211.155, or under 1974
19 PA 198, MCL 207.551 to 207.572, on the summer bill shall be billed
20 under the general property tax act, 1893 PA 206, MCL 211.1 to
21 211.155, or under 1974 PA 198, MCL 207.551 to 207.572, on the
22 winter tax bill.

23 (5) The department of treasury or any eligible claimant may
24 appeal any statement submitted under subsection (3) to the state
25 tax commission. The state tax commission shall arbitrate any appeal
26 under this subsection. The department of treasury or any eligible
27 claimant may appeal the decision of the state tax commission to the

