SENATE BILL NO. 665

October 30, 2025, Introduced by Senator ALBERT and referred to Committee on Government Operations.

A bill to amend 2014 PA 86, entitled

"Local community stabilization authority act,"

by amending section 5 (MCL 123.1345), as amended by 2020 PA 194.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 5. As used in this act:

(a) "Acquisition cost" means that term as defined in section 3 of the state essential services assessment act, 2014 PA 92, MCL 211.1053, multiplied by the following percentages:

(*i*) For eligible personal property reported to the department and described in section 5(2)(a) of the state essential services assessment act, 2014 PA 92, MCL 211.1055, 100%.

(*ii*) For eligible personal property reported to the department and described in section 5(2)(b) of the state essential services assessment act, 2014 PA 92, MCL 211.1055, 52.1%.

(*iii*) For eligible personal property reported to the department and described in section 5(2)(c) of the state essential services assessment act, 2014 PA 92, MCL 211.1055, 37.5%.

(b) "Ambulance services" means patient transport services, nontransport prehospital life support services, and advanced life support, paramedic, and medical first-responder services.

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

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

(*i*) For a tax increment finance authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, captured taxable value as determined in sections 2 and 7 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652 and 125.2657.

(*ii*) For a tax increment finance authority under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230, captured assessed value as defined in section 201 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201.

(*iii*) For a tax increment finance authority under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329, captured assessed value as defined in section 301 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301.

(*iv*) For a tax increment finance authority under part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420, captured assessed value as defined in section 402 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4402.

(*v*) For a tax increment finance authority under part 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4602 to 125.4629, captured assessed value as defined in section 602 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4602.

(*vi*) For a tax increment finance authority under part 8 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4802 to 125.4821, captured assessed value as defined in section 802 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4802.

(*vii*) For a tax increment finance authority under part 7 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4702 to 125.4722, captured assessed value as defined in section 702 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4702.

(*viii*) For a tax increment finance authority under part 5 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4503 to 125.4527, captured assessed value as defined in section 523 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4523.

(e) "Commercial personal property" means, except as otherwise provided in subparagraph (*iii*), all of the following:

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

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

(*iii*) Commercial personal property does not include personal property that after 2012 was classified in the municipality where it is currently located as real property or utility personal property.

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

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

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

(i) "Eligible personal property" means personal property described in section ~~3(e)(*i*),~~ **3(g)(*i*)**, (*iii*), and (*iv*) of the state essential services assessment act, 2014 PA 92, MCL 211.1053.

(j) "Essential services" means all of the following:

(*i*) Ambulance services.

(*ii*) Fire services.

(*iii*) Police services.

(*iv*) Jail operations.

(*v*) The funding of pensions for personnel providing services described in subparagraphs (*i*) to (*iv*).

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

(*l*) "Fiscal year" means either an annual period that begins on

October 1 and ends on September 30 or the fiscal year for the authority established by the council.

(m) "Increased captured value" means the anticipated increase in captured value for all industrial personal property and commercial personal property in a tax increment finance authority that would have occurred as a result of either the addition of personal property as part of a specific project or the expiration of an exemption under section 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f, after 2013 if the exemptions under section 9m, 9n, or 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o, were not in effect. For calculations made under section 16a ~~prior to~~ **before** calendar year 2018, ~~in order~~ for an anticipated increase in captured value to qualify as increased captured value, the tax increment financing plan must have demonstrated before 2013 that the tax increment finance authority was relying on this anticipated increase in captured value to pay 1 or more qualified obligations by specifically projecting the anticipated increase in captured value that would be used to pay the qualified obligations and the plan must meet all of the requirements in subdivisions (*i*) through (*vii*). For calculations made under section 16a in calendar year 2018 and after, ~~in order~~ for an anticipated increase in captured value related to the expiration of an exemption under section 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f, after 2013 if the exemptions under section 9m, 9n, or 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o, were not in effect, to qualify as increased captured value, the tax increment finance authority or the municipality in which the authority is located must have documentation demonstrating that before or during 2013 the tax increment finance authority was relying on this increase in captured value to pay 1 or more qualified obligations. For calculations made under section 16a in calendar year 2018 and after, ~~in order~~ for an anticipated increase in captured value related to the addition of personal property as part of a specific project to qualify as increased captured value, the tax increment financing plan must have demonstrated before 2013 that the tax increment finance authority was relying on this increase in captured value to pay 1 or more qualified obligations by specifically projecting the anticipated increase in captured value that would be used to pay the qualified obligations and the plan must meet all of the following:

(*i*) The tax increment financing plan was fully approved by the governing body of the applicable local government not later than December 31, 2012. This does not prevent subsequent amendment to the tax increment financing plan, ~~provided~~ **if** the amendment does not change the amount of any obligation under the plan, the scope of the project or projects described in the plan, or the time needed to repay any obligation.

(*ii*) If the tax increment financing plan is part of a brownfield plan under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, any needed work plans were also approved by the appropriate state agencies not later than December 31, 2012. This does not prevent subsequent amendment to a work plan, ~~provided~~ **if** the amendment does not change the amount of any obligation under the plan, the scope of the project or projects described in the plan, or the time needed to repay any obligation.

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

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

(*v*) The personal property that is eligible manufacturing personal property, as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, and is identified in the tax increment financing plan comprises not less than 20% of the true cash value of the improvements to be made as part of the specific project identified in the tax increment financing plan.

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

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

(n) "Increased value from expired tax exemptions" means the increase in taxable value subject to tax of industrial personal property and commercial personal property placed in service before 2013 that would have occurred after 2013 if the exemptions under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n, were not in effect as a result of the expiration of an exemption under section 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f, that had been in effect in 2013, assuming an exemption under section 7k of the general property tax act, 1893 PA 206, MCL 211.7k, was not extended under section 11a of 1974 PA 198, MCL 207.561a, and an exemption under section 9f of the general property tax act, 1893 PA 206, MCL 211.9f, was not extended under section 9f(8) of the general property tax act, 1893 PA 206, MCL 211.9f.

(o) "Industrial personal property" means, except as otherwise provided in subparagraph (*iii*), all of the following:

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

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

(*iii*) Industrial personal property does not include personal property that after 2012 was classified in the municipality where it is currently located as real property or utility personal property.

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

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

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

(q) "Local authority" means any authority, excluding an authority created under this act or a tax increment finance authority.

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

(s) "Municipality" includes, but is not limited to, the following:

(*i*) Counties.

(*ii*) Cities.

(*iii*) Villages.

(*iv*) Townships.

(*v*) Local authorities.

(*vi*) Local school districts.

(*vii*) Intermediate school districts.

(*viii*) Community college districts.

(*ix*) Libraries.

(*x*) Tax increment finance authorities.

(*xi*) Other local and intergovernmental taxing units.

(t) "Personal property exemption loss" means 1 of the following:

(*i*) For a municipality that is not a local school district, intermediate school district, or tax increment finance authority, the 2013 taxable value of commercial personal property and industrial personal property minus the current year taxable value of commercial personal property and industrial personal property and minus the small taxpayer exemption loss if, for years after 2017, the small taxpayer exemption loss is greater than zero. For calendar years 2016 and 2017, the 2013 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in 2016 and 2017, respectively, except as provided in section 14. Beginning for calendar year 2018, the 2013 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in calendar year 2015. The calculation under this subparagraph must be modified for municipality boundary changes to the extent that the boundary changes affect the property taxes levied by the municipality. For millages from which renaissance zone property is exempt, the calculation under this subparagraph must be adjusted to exclude the taxable values of commercial personal property and industrial personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(*ii*) For a municipality that is a local school district, intermediate school district, or tax increment finance authority, the 2013 taxable value of commercial personal property and industrial personal property minus the current year taxable value of commercial personal property and industrial personal property. For calendar years 2016 and 2017, the 2013 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in 2016 and 2017, respectively, except as provided in sections 15, 16, and 16a. Beginning for calendar year 2018, the 2013 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in calendar year 2015. The calculation under this subparagraph must be modified for municipality boundary changes to the extent that the boundary changes affect the property taxes levied by the municipality. For millages from which renaissance zone property is exempt, the calculation under this subparagraph must be adjusted to exclude the taxable values of commercial personal property and industrial personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

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

(v) "Qualified loss" means the amounts calculated under section 14(1) that are not distributed to the municipality under section 17(4)(a). The qualified loss cannot be less than zero.

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

(x) "Qualified school debt millage rate" means the following:

(*i*) For calendar years before calendar year 2018, the millage rate specifically levied by the local school district or intermediate school district in the current year for the payment of principal and interest of obligations approved by the electors before January 1, 2013 or obligations pledging the unlimited taxing power of a local school district or intermediate school district incurred before January 1, 2013.

(*ii*) For calendar years 2018 and 2019, and for calendar years after 2020, either the millage rate described in sub-subparagraph (A), if a local school district or intermediate school district has elected to use the millage rate described in sub-subparagraph (A) and subparagraph (*iii*)(A) in the current year and all prior years after 2017 and has reported the millage rate described in sub-subparagraph (A) and subparagraph (*iii*)(A) to the department under section 13(4) in the current year and all prior years after 2017, or the total of all debt millage rates prescribed in sub-subparagraph (B), if the local school district or intermediate school district has not elected to use the millage rate described in sub-subparagraph (A) and subparagraph (*iii*)(A) in the current year and all prior years after 2017 or has not reported the millage rate described in sub-subparagraph (A) and subparagraph (*iii*)(A) to the department under section 13(4) in the current year and all prior years after 2017:

(A) The millage rate specifically levied by the local school district or intermediate school district in the current year for the payment of principal and interest of obligations approved by the electors before January 1, 2015 or obligations pledging the unlimited taxing power of a local school district or intermediate school district incurred before January 1, 2015.

(B) The lesser of the following:

(I) The highest total of all debt millage rates levied by the local school district or intermediate school district in a single year for the period 2012 through 2014.

(II) The total of all debt millage rates levied by the local school district or intermediate school district in the year immediately preceding the current calendar year.

(*iii*) For calendar year 2020 only, either the millage rate described in sub-subparagraph (A), if a local school district or intermediate school district has elected to use the millage rate described in subparagraph (*ii*)(A) in calendar years 2018 and 2019 and has elected to use the millage rate described in sub-subparagraph (A) in the current year and has reported under subparagraph (*ii*)(A) to the department under section 13(4) in calendar years 2018 and 2019 and has reported under sub-subparagraph (A) to the department under section 13(4) in the current year, or the total of all debt millage rates described in sub-subparagraph (B), if the local school district or intermediate school district has not elected to use the millage rate described in subparagraph (*ii*)(A) in calendar years 2018 and 2019 or has not elected to use the millage rate described in sub-subparagraph (A) in the current year or has not reported under subparagraph (*ii*)(A) to the department under section 13(4) in calendar years 2018 and 2019 or has not reported under sub-subparagraph (A) to the department under section 13(4) in the current year:

(A) The millage rate specifically levied by the local school district or intermediate school district in the current year for the payment of principal and interest of obligations approved by the electors before January 1, 2013 or obligations pledging the unlimited taxing power of a local school district or intermediate school district incurred before January 1, 2013.

(B) The lesser of the following:

(I) The highest total of all debt millage rates levied by the local school district or intermediate school district in a single year for the period 2012 through 2014.

(II) The total of all debt millage rates levied by the local school district or intermediate school district in the year immediately preceding the current calendar year.

(y) "School operating loss not reimbursed by the school aid fund" means the amount of revenue lost from ad valorem property taxes levied under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, as a result of the exemption of industrial personal property and commercial personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o, for mills other than basic school operating mills, as that term is defined in section 2c of the use tax act, 1937 PA 94, MCL 205.92c.

(z) "Small taxpayer exemption loss" means 1 of the following:

(*i*) For a municipality, the 2013 taxable value of commercial personal property and industrial personal property minus the 2014 taxable value of commercial personal property and industrial personal property. For the 2014 calendar year, the 2013 and 2014 taxable values of commercial personal property and industrial personal property are the values reported under section 13(2) by the county equalization director in calendar year 2014. For the 2015, 2016, and 2018 calendar years and subsequent calendar years, the 2013 and 2014 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in calendar year 2015. For the 2017 calendar year, the 2013 and 2014 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in calendar year 2015, except as provided in section 14. The calculation under this subparagraph must be modified for municipality boundary changes to the extent that the boundary changes affect the property taxes levied by the municipality. For millages from which renaissance zone property is exempt, the calculation under this subparagraph must be adjusted to exclude the taxable value of commercial personal property and industrial personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(*ii*) For the 2015 calendar year and subsequent calendar years, for a municipality, the greater of the amount calculated under subparagraph (*i*) and the 2013 taxable value of commercial personal property and industrial personal property minus the 2015 taxable value of commercial personal property and industrial personal property. For the 2015, 2016, and 2018 calendar years and subsequent calendar years, the 2013 and 2015 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in calendar year 2015. For the 2017 calendar year, the 2013 and 2015 taxable values of commercial personal property and industrial personal property are the values reported under section 13(3) by the county equalization director in calendar year 2015, except as provided in section 14. The calculation under this subparagraph must be modified for municipality boundary changes to the extent that the boundary changes affect the property taxes levied by the municipality. For millages from which renaissance zone property is exempt, the calculation under this subparagraph must be adjusted to exclude the taxable value of commercial personal property and industrial personal property exempt under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(aa) "Specific tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572.

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

(*i*) The brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

(*ii*) The recodified tax increment financing act, 2018 PA 57, MCL 125.4101 to 125.4915.

(cc) "Tax increment small taxpayer loss" means the amount of revenue lost by a municipality that is a tax increment finance authority due to the exemption provided by section 9o of the general property tax act, 1893 PA 206, MCL 211.9o.

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

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

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

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

(ff) "Utility personal property" means that term as described in section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 659 of the 103rd Legislature is enacted into law.