

SENATE BILL NO. 672

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

A bill to amend 1974 PA 198, entitled

"An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties,"

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) "Commercial property" means that term as defined
2 in section 2 of the obsolete property rehabilitation act, 2000 PA
3 146, MCL 125.2782.

4 (2) ~~(1)~~ "Commission" means the state tax commission created by
5 1927 PA 360, MCL 209.101 to 209.107.

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

12 (4) ~~(2)~~ "Facility" means either a replacement facility, a new
13 facility, or, if applicable by its usage, a speculative building.

14 ~~(3) "Next Michigan development corporation" means that term as~~
15 ~~defined in section 3 of the next Michigan development act, 2010 PA~~
16 ~~275, MCL 125.2953.~~

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

18 ~~(a) In the case of a replacement or restoration that occurs on~~
19 ~~the same or contiguous land as that which is replaced or restored,~~
20 ~~industrial property that is or is to be acquired, constructed,~~
21 ~~altered, or installed for the purpose of replacement or restoration~~
22 ~~of obsolete industrial property together with any part of the old~~
23 ~~altered property that remains for use as industrial property after~~
24 ~~the replacement, restoration, or alteration.~~

25 ~~(b) In the case of construction on vacant noncontiguous land,~~
26 ~~property that is or will be used as industrial property that is or~~
27 ~~is to be acquired, constructed, transferred, or installed for the~~
28 ~~purpose of being substituted for obsolete industrial property if~~

~~the obsolete industrial property is situated in a plant rehabilitation district in the same city, village, or township as the land on which the facility is or is to be constructed and includes the obsolete industrial property itself until the time as the substituted facility is completed.~~

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

~~(6) "Local governmental unit" means a city, village, township, or next Michigan development corporation located in this state. For purposes of this act, if a next Michigan development corporation establishes a plant rehabilitation district or an industrial development district, the next Michigan development corporation shall act as the local governmental unit in establishing and operating the plant rehabilitation district or the industrial development district.~~

(5) "High-technology activity" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

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

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

(i) The engaging in **of** a high-technology activity. 7

(ii) The operation of a strategic response center. 7

(iii) The operation of a motorsports entertainment complex. 7

1 (iv) **The** operation of a logistical optimization center. ~~7~~

2 (v) **The** operation of qualified commercial activity. ~~7~~

3 (vi) **The** operation of a major distribution and logistics
4 facility. ~~7the~~

5 (vii) **The** manufacture of goods or materials. ~~7~~

6 (viii) **The** creation or synthesis of biodiesel fuel. ~~7or the~~

7 (ix) **The** processing of goods and materials by physical or
8 chemical change. ~~7property~~

9 (b) **Property** acquired, constructed, altered, or installed due
10 to the passage of proposal A in 1976. ~~7the operation of a~~

11 (c) **A** hydro-electric dam **operated** by a private company other
12 than a public utility. ~~7or agricultural~~

13 (d) **Agricultural** processing facilities. ~~Industrial property~~
14 ~~includes facilities~~

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

19 (f) **Research** and development laboratories of companies other
20 than those companies that manufacture the products developed from
21 their research activities and research development laboratories of
22 a manufacturing company that are unrelated to the products of the
23 company.

24 (g) For applications approved by the legislative body of a
25 local governmental unit between June 30, 1999 and December 31,
26 2007, ~~industrial property also includes an electric generating~~
27 plant that is not owned by a local unit of government, including,
28 but not limited to, an electric generating plant fueled by biomass.

29 (h) For an industrial development district created before July

1, 2010, ~~industrial property also includes~~ an electric generating plant that is fueled by biomass that is not owned by a unit of local government if the electric generating plant involves the reuse of a federal superfund site remediated by the United States ~~environmental protection agency~~ **Environmental Protection Agency** and an independent study has concluded that the electric generating plant would not have an adverse effect on wood supply of the area from which the wood supply of the electric generating plant would be derived. An electric generating plant described in the preceding sentence is presumed not to have an adverse impact on the wood supply of the area from which the wood supply of the electric generating plant would be derived if the company has a study funded by the United States ~~department of energy~~ **Department of Energy** and managed by the department of energy, labor, and economic growth that concludes that the electric generating plant will consume not more than 7.5% of the annual wood growth within a 60-mile radius of the electric generating plant. ~~Industrial property also includes~~

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

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

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

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

~~Industrial property also includes a~~

(j) **A** federal reserve bank operating under 12 USC 341, located

1 in a city with a population of 600,000 or more.

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

11 (a) Land.

12 (b) Property of a public utility other than an electric
13 generating plant that is not owned by a local unit of government as
14 provided in ~~this~~ subsection (6).

15 (c) Inventory.

16 (8) "Local governmental unit" means either of the following:

17 (a) A city, village, or township.

18 (b) Except as otherwise provided in this subdivision, until
19 the effective date of the economic development fair competition and
20 free enterprise act, a next Michigan development corporation
21 located in this state. For purposes of this act, if a next Michigan
22 development corporation establishes a plant rehabilitation district
23 or an industrial development district before the effective date of
24 the economic development fair competition and free enterprise act,
25 the next Michigan development corporation shall act as the local
26 governmental unit in establishing and operating the plant
27 rehabilitation district or the industrial development district.

28 (9) "Logistical optimization center" means a sorting and
29 distribution center that optimizes transportation and uses just-in-

1 time inventory management and material handling.

2 (10) "Major distribution and logistics facility" means a
3 proposed distribution center that meets all of the following:

4 (a) Contains not less than 250,000 square feet.

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

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

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

12 (11) "Manufacture of goods or materials" or "processing of
13 goods or materials" means any type of operation that would be
14 conducted by an entity included in the classifications provided by
15 sector 31-33 – manufacturing, of the North American Industry
16 Classification System, United States, 1997, published by the Office
17 of Management and Budget, regardless of whether the entity
18 conducting that operation is included in that manual.

19 (12) "Motorsports entertainment complex" means a closed-course
20 motorsports facility, and its ancillary grounds and facilities,
21 that satisfies all of the following:

22 (a) Has not less than 70,000 fixed seats for race patrons.

23 (b) Has not less than 6 scheduled days of motorsports events
24 each calendar year, not less than 2 of which are comparable to
25 NASCAR Nextel Cup events held in 2007 or their successor events.

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

1 that directly financially benefit from the concession outlets'
2 sales.

3 (d) Engages in tourism promotion.

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

6 (13) "New facility" means new industrial property other than a
7 replacement facility to be built in a plant rehabilitation district
8 or industrial development district.

9 (14) "Next Michigan development corporation" means that term
10 as defined in section 3 of former 2010 PA 275.

11 (15) ~~(8)~~ "Obsolete industrial property" means industrial
12 property the condition of which is substantially less than an
13 economically efficient functional condition.

14 ~~(9) "Economically efficient functional condition" means a~~
15 ~~state or condition of property the desirability and usefulness of~~
16 ~~which is not impaired due to changes in design, construction,~~
17 ~~technology, or improved production processes, or from external~~
18 ~~influencing factors that make the property less desirable and~~
19 ~~valuable for continued use.~~

20 (16) "Qualified commercial activity" means commercial property
21 that meets all of the following:

22 (a) Not less than 90% of the property, excluding the
23 surrounding green space, is used for warehousing, distribution, or
24 logistic purposes and is located in a county that borders another
25 state or Canada or for a communications center.

26 (b) Occupies a building or structure that is greater than
27 100,000 square feet in size.

28 (17) "Replacement facility" means 1 of the following:

29 (a) In the case of a replacement or restoration that occurs on

1 the same or contiguous land as that which is replaced or restored,
 2 industrial property that is or is to be acquired, constructed,
 3 altered, or installed for the purpose of replacement or restoration
 4 of obsolete industrial property together with any part of the old
 5 altered property that remains for use as industrial property after
 6 the replacement, restoration, or alteration.

7 (b) In the case of construction on vacant noncontiguous land,
 8 property that is or will be used as industrial property that is or
 9 is to be acquired, constructed, transferred, or installed for the
 10 purpose of being substituted for obsolete industrial property if
 11 the obsolete industrial property is situated in a plant
 12 rehabilitation district in the same city, village, or township as
 13 the land on which the facility is or is to be constructed and
 14 includes the obsolete industrial property itself until the time the
 15 substituted facility is completed.

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

24 ~~(11) "Manufacture of goods or materials" or "processing of~~
 25 ~~goods or materials" means any type of operation that would be~~
 26 ~~conducted by an entity included in the classifications provided by~~
 27 ~~sector 31-33 — manufacturing, of the North American industry~~
 28 ~~classification system, United States, 1997, published by the office~~
 29 ~~of management and budget, regardless of whether the entity~~

1 ~~conducting that operation is included in that manual.~~

2 ~~(12) "High-technology activity" means that term as defined in~~
3 ~~section 3 of the Michigan economic growth authority act, 1995 PA~~
4 ~~24, MCL 207.803.~~

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

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

11 ~~(15) "Qualified commercial activity" means commercial property~~
12 ~~that meets all of the following:~~

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

17 ~~(b) Occupies a building or structure that is greater than~~
18 ~~100,000 square feet in size.~~

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

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

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

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

1 ~~that directly financially benefit from the concession outlets'~~
2 ~~sales.~~

3 ~~(d) Engages in tourism promotion.~~

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

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

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

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

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

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

16 Enacting section 1. This amendatory act does not take effect
17 unless all of the following bills of the 103rd Legislature are
18 enacted into law.

19 (a) Senate Bill No. 631.

20 (b) Senate Bill No. 659.