

NEIGHBORHOOD ENTERPRISE ZONE ACT (EXCERPT)
Act 147 of 1992

207.779 Neighborhood enterprise zone tax; exemption from ad valorem real property taxes; determination of amount; payment; disbursement; distribution to intermediate school districts; payment to state treasury; tax as lien; continuance of certificate; condition; collection as delinquent tax; facility located in renaissance zone.

Sec. 9.

(1) Except as provided in subsection (14), there is levied on the owner of a homestead facility, a new facility, or a rehabilitated facility to which a neighborhood enterprise zone certificate is issued a specific tax known as the neighborhood enterprise zone tax.

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

(3) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a new facility is determined each year by multiplying the taxable value of the facility, not including the land, by 1 of the following:

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

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

(4) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, for the tax year immediately preceding the effective date of the neighborhood enterprise zone certificate by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing units within which the rehabilitated facility is located.

(5) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a homestead facility is the sum of all the following:

(a) One-half the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the homestead facility not including the land.

(b) One-half the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the homestead facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the homestead facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the homestead facility is located multiplied by the current taxable value of the homestead facility not including the land.

(6) In the year 2 years before the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Five-eighths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Five-eighths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(7) In the year before the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Three-fourths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Three-fourths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(8) In the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Seven-eighths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Seven-eighths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(9) The neighborhood enterprise zone tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the neighborhood enterprise zone tax received by the officer or officers each year to the state, cities, townships, villages, school districts, counties, and authorities at the same times and in the same proportions as required for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (11) for taxes collected after June 30, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated. Local tax collection officers shall disburse the proceeds of the neighborhood enterprise zone tax collected on homestead facilities under subsection (5) and on homestead facilities, new facilities, and rehabilitated facilities under subsections (6), (7), and (8) each year to the state, cities, townships, villages, school districts, counties, and authorities in an amount equal to the sum of the proceeds of the neighborhood enterprise zone tax collected on the facility multiplied by a fraction in which the numerator is the number of mills levied by the taxing unit that was used to calculate the specific tax on the facility and the denominator is the total number of mills levied by all the taxing units that was used to calculate the specific tax in which the property is located.

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

1979 PA 94, MCL 388.1656, 388.1662, and 388.1681.

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

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

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

(14) A homestead facility, a new facility, or a rehabilitated facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the neighborhood enterprise zone tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the neighborhood enterprise zone tax attributable to a special assessment or a tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff. The neighborhood enterprise zone tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

History: 1992, Act 147, Imd. Eff. July 16, 1992 ;-- Am. 1994, Act 369, Imd. Eff. Dec. 27, 1994 ;-- Am. 1996, Act 449, Imd. Eff. Dec. 19, 1996 ;-- Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001 ;-- Am. 2003, Act 127, Eff. Jan. 1, 2004 ;-- Am. 2005, Act 340, Imd. Eff. Jan. 3, 2006