

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA****BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5444 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Representative Cameron Brown

House Committee: Economic Development

Senate Committee: Economic Development, International Trade and Regulatory Affairs

## **CONTENT**

The bill would create the "Obsolete Property Rehabilitation Act" to allow a qualified local governmental unit to establish obsolete property rehabilitation districts; allow the owner of obsolete property to apply for an obsolete property rehabilitation certificate; require a public hearing on each application; require the State Tax Commission to approve or disapprove an application; exempt rehabilitated facilities (buildings) in an obsolete property rehabilitation district from the property tax; levy an obsolete properties tax on those facilities; and require qualified local units and the Department of Treasury to submit annual reports. A certificate could be issued for at least one year but not more than 12, and a certificate issued for less than 12 years could be extended. A new tax exemption could not be granted after December 31, 2010, but an exemption in effect could continue until the certificate expired.

"Qualified local governmental unit" would refer to a city, township, or village that met certain criteria such as population and income requirements. A city or township (with exceptions) would have to have an eligible distressed area within its borders. A village would have to be located in an area designated a rural enterprise community. "Obsolete property" would mean commercial property or commercial housing property that was blighted, functionally obsolete, and/or a facility as defined under the Natural Resources and Environmental Protection Act.

The bill is tie-barred to Senate Bill 269, which would amend the Single Business Tax Act to allow an eligible taxpayer to claim a single business tax credit for investment on eligible property; House Bill 4400, which would amend the Brownfield Redevelopment Financing Act to redefine "eligible property"; and House Bill 5443, which would amend the Michigan Economic Growth Authority to expand the businesses eligible for tax credit agreements.

Legislative Analyst: N. Nagata

## **FISCAL IMPACT**

The obsolete properties tax would be disbursed to the State, cities, counties, school districts, and authorities in the same proportions as required for the general property tax. The obsolete properties tax that would be attributable to school districts and intermediate school districts would be credited to the State School Aid Fund. (The obsolete properties tax would be equal to the total millage rate of all taxing units within which a rehabilitated facility was located of ad valorem taxes, multiplied by the taxable value of the buildings in the year prior to the issuance of the exemption certificate plus the millage rate of school operating tax and the State education tax multiplied by the increase in taxable value of the redeveloped building.)

The fiscal impact of the bill is unknown. To determine the fiscal impact of the bill, one would need additional data such as the taxable value of the exempt property or obsolete buildings, the property tax millage rates, the qualified local governmental units that would participate, and the extent to which these entities would participate.

Date Completed: 4-6-00

Fiscal Analyst: R. Ross

floor/hb5444 (S-2)

Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.