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NEIGHBORHOOD ENTERPRISE ZONE: EFFECTIVE DATE OF EXEMPTION CERTIFICATE

House Bill 4548
Sponsor: Rep. Nancy Cassis
Committee: Commerce

Complete to 4-23-01

A SUMMARY OF HOUSE BILL 4548 AS INTRODUCED 3-29-01

The bill would amend the Neighborhood Enterprise Zone Act so that the certificate awarded to property owners entitling them to a tax abatement would take effect on December 31 in the year immediately preceding the tax year in which the newly constructed housing or the rehabilitated housing was substantially completed and, for new housing, occupied by an owner as a principal residence. Currently, such a certificate takes effect on the first day of the tax year following the year in which the housing was substantially completed and for new housing, occupied by an owner as a principal residence.

[The Neighborhood Enterprise Zone Act was enacted in 1992 as an effort to improve the housing stock in certain “distressed” urban communities. The act offers reduced property taxes to residential property owners in certain zones designated by local units. Generally speaking, owners of new construction pay taxes at the rate of one-half of the statewide average property tax rate and owners of rehabilitated housing pay taxes based on the value of the property prior to rehabilitation. The abatement applies to structures and not to land. Property owners who obtain a neighborhood enterprise zone certificate are exempt from property taxes and pay a specific tax instead. This is similar to the tax abatement program available for manufacturing facilities under Public Act 198 of 1974. Approval of the local unit and the State Tax Commission is required to obtain a certificate, which is good for 12 years. A new facility must be owner-occupied housing of one or two units, and can include an individual condominium unit. Apartments don’t qualify. A rehabilitated facility can consist of up to eight units and must meet certain specified rehabilitation expenditure requirements.]

House Bill 4548 (4-23-01)

Analyst: C. Couch

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