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'QUALIFIED LOCAL UNIT' UNDER OBSOLETE PROPERTY ACT

House Bill 6087

Sponsor: Rep. Joanne Voorhees

Committee: Commerce

Complete to 5-17-02

A SUMMARY OF HOUSE BILL 6087 AS INTRODUCED 5-16-02

The term "qualified local governmental unit" as found in the Obsolete Property Rehabilitation Act is used in the various "brownfield" statutes, the laws that grant tax incentives and tax recapture opportunities for efforts to develop contaminated, blighted, and functionally obsolete property. Only activities in certain local units qualify for the special tax treatment. These local units are sometimes referred to in the context of brownfield programs as "core communities". House Bill 6087 would amend the definition of "qualified local governmental unit" to include a city with a median family income of 150 percent or less of the statewide median family income (as of the 1990 census) that has a population of 50,000 or more and is contiguous to a city with a population of 180,000 or more (as of the 1990 census). The definition of "qualified local governmental unit" is found in the Obsolete Property Rehabilitation Act but is referred to in a number of other acts relating to brownfield redevelopment.

[The term "qualified local governmental unit" currently applies to a city with a median family income of 150 percent or less of the statewide median family income as of the 1990 census that meets one or more of the following conditions: a) is contiguous to a city with a population of 500,000 or more; b) has a population of 10,000 or more and is located outside of an urbanized area; c) has a population of 100,000 or more within a county with a population of 2 million or more as of the 1990 census; d) contains an eligible distressed area under the Michigan State Housing Development Authority Act; and e) is the central city of a metropolitan area designated by the United States Bureau of the Census.

The term also applies to a township with a median family income of 150 percent or less of the statewide median family income that is either 1) contiguous to a city with a population of 500,000 or 2) that has a population of more than 10,000 and contains an eligible distressed area.

Further, the definition applies to a city with a population of more than 20,000 or less than 5,000 located in a county with a population of 2 million or more that as of January 1, 2000 had an overall increase in state equalized valuation of real and personal property of less than 65 percent of the statewide average increase since 1972 (as determined for the designation of eligible distressed areas under the State Housing Development Authority Act); and a village with a population of 500 or more as of the 1990 census located in an area designated as a rural enterprise community before 1998 under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993.]

The following are the cities that are "qualified local governmental units" under the current definition, according to the Department of Treasury: Adrian, Albion, Alma, Alpena, Ann Arbor,

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Bangor, Battle Creek, Bay City, Benton Harbor, Big Rapids, Bronson, Burton, Cadillac, Carson City, Caspian, Cheboygan, Coleman, Dearborn, Dearborn Heights, Detroit, Dowagiac, East Lansing, Eastpointe, Ecorse, Escanaba, Ferndale, Flint, Gibraltar, Gladstone, Grand Haven, Grand Rapids, Grayling, Hamtramck, Harbor Beach, Harper Woods, Hazel Park, Highland Park, Holland, Inkster, Ionia, Iron River, Ironwood, Ishpeming, Jackson, Kalamazoo, Lansing, Lincoln Park, Livonia, Ludington, Manistee, Manistique, Marquette, Melvindale, Midland, Monroe, Mount Morris, Mount Pleasant, Muskegon, Muskegon Heights, Oak Park, Onaway, Owosso, Pinconning, Pontiac, Port Huron, River Rouge, Saginaw, Saint Louis, Sault Ste. Marie, Southfield, Stambaugh, Sturgis, Taylor, Traverse City, Trenton, Vassar, Wakefield, Warren, Wayne, Wyandotte, and Ypsilanti. Also the following townships qualify: Benton Township, Buena Vista Township, Genesee Township, Mount Morris Township, Redford Township, and Royal Oak Township. Baldwin Village is also included.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.