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SFA

BILL ANALYSIS

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House Bill 5472 (as passed by the House)

Sponsor: Representative Jason Allen

House Committee: Commerce

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 3-8-02

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to include in the definition of "specific taxes" a tax levied under the Neighborhood Enterprise Zone Act.

The Brownfield Redevelopment Financing Act allows special redevelopment authorities to capture increases in local tax revenues resulting from property redevelopment and use that money for a variety of projects at contaminated sites or blighted and functionally obsolete property. Revenues that can be captured under the Act come from both ad valorem property taxes and specific taxes levied in lieu of ad valorem taxes under various laws that concern the redevelopment of property.

The Act's definition of "specific taxes" currently includes a tax levied under the plant rehabilitation and industrial development Act; the Enterprise Zone Act; the Technology Park Development Act; the Obsolete Property Rehabilitation Act; or Public Act 189 of 1953, which requires the payment of taxes by a lessee or user of real property, as if he or she were the owner, if the property is exempt from ad valorem property taxes. The bill would add to that list a tax levied under the Neighborhood Enterprise Zone Act.

(The Neighborhood Enterprise Zone Act allows eligible local governmental units to designate neighborhood enterprise zones, within which the owner or developer of property may receive a neighborhood enterprise zone certificate that exempts new or rehabilitated housing from the property tax and subjects it, instead, to a specific neighborhood enterprise zone tax. Essentially, the zone tax on a new facility is half the amount of the property tax that otherwise would be assessed. The tax on a rehabilitated facility is frozen at the rate imposed before the renovations were made. Certificates are in effect for 12 years.)

MCL 125.2652

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a minimal fiscal impact on the State or local units but could result in shifting some local unit revenues to brownfield authorities.

Fiscal Analyst: David Zin

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