

Legislative Analysis



RENAISSANCE ZONE TAX CREDITS: RESIDENTIAL RENTAL PROPERTY AFFIDAVIT

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4916

Sponsor: Rep. Jerry O. Kooiman

House Bill 4917

Sponsor: Rep. Steve Tobocman

Committee: Local Government and Urban Policy

Complete to 6-17-05

A SUMMARY OF HOUSE BILL 4916 and 4917 AS INTRODUCED 6-9-05

Public Act 376 of 1996 created the Michigan Renaissance Zone Act to establish renaissance zones across the state in which businesses and residents receive tax exemptions from most property and income taxes for up to 15 years. The purpose of the renaissance zone program is to encourage business and residential development in some of the state's most economically depressed areas. If certain criteria are not met, however, eligibility for the tax exemptions and credits is lost.

One condition that residential property owners must meet is to maintain the property in substantial compliance with all applicable state and local zoning, building, and housing laws, ordinances, or codes and to file an affidavit annually to that effect with the treasurer of the local tax collecting unit within specified deadlines. House Bills 4916 and 4917 would exempt a property owner from filing the affidavit for a given tax year if the local governmental unit determined that the property was in compliance.

Specifically, the bills would do the following:

House Bill 4916 would amend the Michigan Renaissance Zone Act (MCL 125.2690). Under that act, to be eligible for the tax exemption, deduction, or credit, the residential rental property must be in substantial compliance with all applicable state and local zoning, building, and housing laws, ordinances, or codes, and the property owner of the residential rental property must file an affidavit before December 31 in the immediately preceding tax year with the local tax collecting unit attesting to the property's compliance.

Under the bill, beginning December 31, 2004, a residential rental property owner would not be required to file an affidavit if the qualified local governmental unit in which the property was located determined that the property was in substantial compliance with all applicable state and local zoning, building, and housing laws, ordinances, and codes on December 31 of the immediately preceding tax year.

House Bill 4917 would similarly amend the General Property Tax Act (MCL 211.7ff). Under the act, residential rental property in a renaissance zone is exempt from taxes collected under the act if the property is in compliance with all applicable state and local zoning, building, and housing laws, ordinances, or codes and the property owner files an affidavit before December 31 in the immediately preceding tax year with the treasurer of the local tax collecting unit attesting to being in compliance.

The bill would retain the above provision and add that beginning December 31, 2004, if the qualified local governmental unit in which the property is located determined that the property was in compliance on tax day as provided in Section 2 of the act, the property owner would not be required to file an affidavit.

"Qualified local governmental unit" would mean that term as defined in Section 3 of the Michigan Renaissance Zone Act (MCL 125.2683).

FISCAL IMPACT:

The bills would have no fiscal impact on state government. The bills would reduce the local unit costs associated with obtaining an affidavit.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Rebecca Ross

■ 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.