



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 52 (as reported without amendment)

Sponsor: Senator Jim Barcia

Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Obsolete Property Rehabilitation Act to include additions to a facility within the meaning of "rehabilitation", for purposes of an obsolete property rehabilitation exemption certificate.

The Act defines "rehabilitation" as changes to obsolete property other than replacement that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes, among other things, major renovation and modification, improved structural support, and reducing multistory facilities to one or two stories. Under the bill, rehabilitation also would include adding additional space or adding additional stories to a facility.

Under the Act, qualified local units of government may establish obsolete property rehabilitation districts containing obsolete property (commercial property or commercial housing property that is blighted or functionally obsolete, or the site of a hazardous substance). The owner of obsolete property may apply for an obsolete property rehabilitation exemption certificate, which may be issued for a period of one to 12 years. If the certificate is approved by the legislative body of the local unit and the State Tax Commission, the rehabilitated facility is exempt from ad valorem property taxes and is subject, instead, to an obsolete properties tax. (Essentially, the amount invested in the rehabilitated facility is exempt from millage levied in the local unit, except for local school operating millage and the State education tax.)

MCL 125.2782

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have a negligible fiscal impact on State and local government.

Date Completed: 2-28-05

Fiscal Analyst: David Zin