



Telephone: (517) 373-5383 Fax: (517) 373-1986 TDD: (517) 373-0543

H.B. 4539: FLOOR ANALYSIS

Legislative Analyst: Suzanne Lowe

House Bill 4539 (as discharged) Sponsor: Representative Virgil Smith

House Committee: Commerce Senate Committee: Finance

## **CONTENT**

The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to do the following:

- -- Limit the total acreage of neighborhood enterprise zones containing only homestead facilities to 15% of the total acreage contained within the local unit.
- -- Require the owner of a homestead facility to file an application for an NEZ certificate with the clerk of the local governmental unit.
- -- Allow the application for a NEZ certificate for a homestead facility to be filed after a building permit was issued.
- -- Establish the effective date of an NEZ certificate issued for a homestead facility.

(Please note: The provisions of the bill were enacted by Public Act 339 of 2005. Under that Act, however, the total acreage of an NEZ containing only homestead facilities may not exceed 10% of the total acreage of the local unit, or with the approval of the county board of commissioners or the county executive, 15% of the total acreage of the local unit. Also, the section providing for a certificate's effective date was amended by Public Act 349 of 2006.)

MCL 207.773 & 207.774

## **FISCAL IMPACT**

The bill would have no effect on State revenue or expenditures. The bill, as currently written, does not reflect changes that have been made to the sections of statute that would be amended by the bill. As a result, the bill would both reduce local unit revenue by an unknown amount and in one individual circumstance, increase local unit revenue. The actual amount of any changes would depend upon the specific characteristics of the affected property, the amount of property included in neighborhood enterprise zones containing homestead facilities, and the number of communities that chose to use the provisions of the bill.

The changes in MCL 207.773 would increase the share, from 10% to 15%, of a local unit's total acreage that could be composed of a neighborhood enterprise zone containing only homestead facilities. Currently, such an increase requires the approval of either the county board of commissioners and/or county executive. The bill would eliminate the requirement to obtain such approval. To the extent that this change increased the acreage covered by a neighborhood enterprise zone it would reduce local unit revenue.

The changes in MCL 207.774 would effectively eliminate an exception created for a facility located in zones designated in July 2003, if the building permit was issued for that facility in June 2004. If this change revoked a certificate that had been granted, it would increase local unit revenue in the affected local unit by an unknown and likely negligible amount.

Date Completed: 12-15-06 Fiscal Analyst: David Zin floor\hb4039 Analysis available @ http://www.michiganlegislature.org