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BILL ANALYSIS

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House Bill 5947 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Lamar Lemmons, III
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

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

- Create an exception to the requirement that an application for a neighborhood enterprise zone (NEZ) certificate be filed before a building permit is issued.
- Provide for the calculation of the NEZ tax on a rehabilitated facility issued a certificate under the bill or under Public Act 199 of 2003.
- Establish the effective date of a NEZ certificate issued for a rehabilitated facility under Public Act 199 of 2003.
- Allow the subsequent owner of a residence to be granted a NEZ certificate for the remainder of the term of a certificate that could have been granted to the original owner, in a particular neighborhood enterprise zone.

Under the NEZ Act, an application for a neighborhood enterprise zone certificate must be submitted before a building permit is issued for the facility. The bill would add an exception for a new facility or a rehabilitated facility if the governing body of the local governmental unit designated the area where the facility was located a neighborhood enterprise zone in February 2004 and if the building permit for the facility were issued in August 2003 or January 2005.

Under the bill, if a new facility were completed in a NEZ approved in October 1996 and a building permit had been issued in March 1998 but the original owner occupying the facility as a principal residence did not apply for a NEZ certificate, a subsequent owner occupying the facility as a principal residence could request and, effective December 31 of the year preceding the application, be granted a NEZ certificate for the remainder of the term, not to exceed 12 years, that a NEZ certificate would have been in effect for the original owner.

MCL 207.774

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce State and local property tax revenue and increase State School Aid Fund expenditures by an unknown amount. The actual amount of the reduction would depend upon the specific characteristics of the property affected by the bill, as well the specific improvements made for any rehabilitated property. Any reduction in local unit revenue from levies attributable to school operating purposes would increase School Aid Fund expenditures in order to maintain guaranteed per-pupil funding amounts.

Date Completed: 12-13-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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