



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

House Bill 6043 (Substitute H-2 as reported without amendment)

Sponsor: Representative John Pastor

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Commercial Rehabilitation Act to do the following:

- -- Extend the Act to multifamily residential property in a commercial rehabilitation district.
- -- Reduce the minimum size of a district from 75 acres to three acres, or smaller in a downtown or business area.
- -- Delete the size and vacancy criteria for a qualified facility.
- -- Include as a qualified facility buildings that had been allocated for a new markets credit under the Internal Revenue Code.

The Act allows a city, village, or township to establish a commercial redevelopment district consisting of a qualified facility, which is a building or group of buildings that are commercial property and meet criteria in the Act. "Commercial property" means land improvements classified for tax purposes as real property, whose primary purpose and use are the operation of a commercial business enterprise. The bill also would include property whose primary purpose and use were multifamily residential use, which would mean multifamily housing consisting of five or more units.

Currently, a commercial rehabilitation district must be at least 75 acres in size. The bill would reduce the minimum size to three acres. A district could be smaller than three acres, however, if it were located in a downtown or business area as determined by the legislative body of the city, village, or township.

The Act defines "qualified facility" as a building or group of buildings of commercial property consisting of 1.0 million or more square feet that is at least 40% vacant for 12 or more consecutive months immediately preceding the date of application for the certificate and that is 15 years old or older. Under the bill, "qualified facility" would mean a building or group of buildings of commercial property that was at least 15 years old or had been allocated for a new markets tax credit under Section 45d of the Internal Revenue Code.

MCL 207.842 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

To the extent that property would be rehabilitated absent the bill, the bill would reduce local unit revenue by an unknown amount, depending upon the number and value of the properties affected by the bill. The bill would have no fiscal impact on State government.

Date Completed: 12-4-06 Fiscal Analyst: David Zin

floor\hb6043 Analysis available @ http://www.michiganlegislature.org
This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.