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BILL ANALYSIS

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House Bill 6108 (Substitute H-1 as passed by the House)
Sponsor: Representative Jeff Mayes
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 12-6-06

CONTENT

The bill would amend the Obsolete Property Rehabilitation Act to make an exception to the requirement that the rehabilitation of a facility not begin before the establishment of an obsolete property rehabilitation district.

The Act provides for tax abatements for certain facilities undergoing rehabilitation that are located in an obsolete property rehabilitation district. A local unit of government may grant an exemption certificate for the rehabilitation of blighted, functionally obsolete, and contaminated property.

The legislative body of a qualified local unit may not approve an application for an obsolete property exemption certificate unless the applicant complies with certain criteria, including a requirement that the commencement of the rehabilitation of the facility does not occur before the establishment of the obsolete property rehabilitation district.

Under the bill, however, a qualified local unit's legislative body could approve an application for an exemption certificate if the rehabilitation of the facility began before the rehabilitation district was established if either or both of the following were met:

- The building permit for the rehabilitation was obtained in October 2002, the obsolete property exemption certificate was granted in 2006, and the rehabilitation of the facility included adding stories to the facility.
- Emergency or temporary repairs or improvements were made before the rehabilitation district was established, the obsolete property exemption certificate was granted in 2006, and the facility was located in a city with a population of more than 20,500 and less than 27,000 and in a county with a population of more than 95,000 and less than 105,000.

MCL 125.2788

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce local property tax revenue by an unknown and likely negligible 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.

Fiscal Analyst: David Zin

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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.