

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4539

A bill to amend 1992 PA 147, entitled
"Neighborhood enterprise zone act,"
by amending sections 2, 4, and 12 (MCL 207.772, 207.774, and
207.782), sections 2 and 12 as amended by 2005 PA 339 and section 4
as amended by 2006 PA 349.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Commission" means the state tax commission created by
3 1927 PA 360, MCL 209.101 to 209.107.

4 (b) "Condominium unit" means that portion of a structure
5 intended for separate ownership, intended for residential use, and
6 established pursuant to the condominium act, 1978 PA 59, MCL
7 559.101 to 559.276. Condominium units within a qualified historic

1 building may be held under common ownership.

2 (c) "Developer" means a person who is the owner of a new
3 facility at the time of construction or of a rehabilitated facility
4 at the time of rehabilitation for which a neighborhood enterprise
5 zone certificate is applied for or issued.

6 (d) "Facility" means a homestead facility, a new facility, or
7 a rehabilitated facility.

8 (e) "Homestead facility" means an existing structure,
9 purchased by or transferred to an owner after December 31, ~~1997~~
10 1996, that has as its primary purpose residential housing
11 consisting of 1 or 2 units, 1 of which is occupied by an owner as
12 his or her principal residence and that is located within a
13 subdivision platted pursuant to state law before January 1, 1968.

14 (f) "Local governmental unit" means a qualified local
15 governmental unit as that term is defined under section 2 of the
16 obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782, or
17 a county seat.

18 (g) "New facility" means a new structure or a portion of a new
19 structure that has as its primary purpose residential housing
20 consisting of 1 or 2 units, 1 of which is or will be occupied by an
21 owner as his or her principal residence. New facility includes a
22 model home or a model condominium unit. New facility includes a new
23 individual condominium unit, in a structure with 1 or more
24 condominium units, that has as its primary purpose residential
25 housing and that is or will be occupied by an owner as his or her
26 principal residence. New facility does not include apartments.

27 (h) "Neighborhood enterprise zone certificate" or

1 "certificate" means a certificate issued pursuant to sections 4, 5,
2 and 6.

3 (i) "Owner" means the record title holder of, or the vendee of
4 the original land contract pertaining to, a new facility, a
5 homestead facility, or a rehabilitated facility for which a
6 neighborhood enterprise zone certificate is applied for or issued.

7 (j) "Qualified historic building" means a property within a
8 neighborhood enterprise zone that has been designated a historic
9 resource as defined under section 266 of the income tax act of
10 1967, 1967 PA 281, MCL 206.266.

11 (k) "Rehabilitated facility" means an existing structure or a
12 portion of an existing structure with a current true cash value of
13 \$80,000.00 or less per unit that has or will have as its primary
14 purpose residential housing, consisting of 1 to 8 units, the owner
15 of which proposes improvements that if done by a licensed
16 contractor would cost in excess of \$5,000.00 per owner-occupied
17 unit or 50% of the true cash value, whichever is less, or \$7,500.00
18 per nonowner-occupied unit or 50% of the true cash value, whichever
19 is less, or the owner proposes improvements that would be done by
20 the owner and not a licensed contractor and the cost of the
21 materials would be in excess of \$3,000.00 per owner-occupied unit
22 or \$4,500.00 per nonowner-occupied unit and will bring the
23 structure into conformance with minimum local building code
24 standards for occupancy or improve the livability of the units
25 while meeting minimum local building code standards. Rehabilitated
26 facility also includes an individual condominium unit, in a
27 structure with 1 or more condominium units that has as its primary

1 purpose residential housing, the owner of which proposes the above
2 described improvements. Rehabilitated facility also includes
3 existing or proposed condominium units in a qualified historic
4 building with 1 or more existing or proposed condominium units.
5 Rehabilitated facility does not include a facility rehabilitated
6 with the proceeds of an insurance policy for property or casualty
7 loss. A qualified historic building may contain multiple
8 rehabilitated facilities.

9 Sec. 4. (1) The owner of a homestead facility or owner or
10 developer or prospective owner or developer of a proposed new
11 facility or an owner or developer or prospective developer
12 proposing to rehabilitate property located in a neighborhood
13 enterprise zone may file an application for a neighborhood
14 enterprise zone certificate with the clerk of the local
15 governmental unit. The application shall be filed in the manner and
16 form prescribed by the commission. The clerk of the local
17 governmental unit shall provide a copy of each homestead facility
18 application to the assessor for the local governmental unit. Except
19 as provided in subsection (2) **OR AS OTHERWISE PROVIDED BY THE LOCAL**
20 **GOVERNMENTAL UNIT BY RESOLUTION IF THE APPLICATION IS FILED NOT**
21 **LATER THAN 6 MONTHS FOLLOWING THE DATE THE BUILDING PERMIT IS**
22 **ISSUED**, the application shall be filed before a building permit is
23 issued for the new construction or rehabilitation of the facility.

24 (2) An application may be filed after a building permit is
25 issued only if 1 or more of the following apply:

26 (a) For the rehabilitation of a facility if the area in which
27 the facility is located is designated as a neighborhood enterprise

1 zone by the governing body of the local governmental unit in the
2 calendar year 1992 and if the building permit is issued for the
3 rehabilitation before December 31, 1994 and after the date on which
4 the area in which the facility is located was designated as a
5 neighborhood enterprise zone by the governing body of the local
6 governmental unit.

7 (b) For the construction of a new facility if the area in
8 which the new facility is located is designated as a neighborhood
9 enterprise zone by the governing body of the local governmental
10 unit in calendar year 1992 or 1993 and if the building permit is
11 issued for that new facility before December 31, 1995 and after
12 January 1, 1993.

13 (c) For the construction of a new facility if the area in
14 which the new facility is located is designated as a neighborhood
15 enterprise zone by the governing body of the local governmental
16 unit in July 1997 and if the building permit is issued for that new
17 facility on February 3, 1998.

18 (d) For a new facility or a rehabilitated facility if the area
19 in which the new facility or rehabilitated facility is located was
20 designated as a neighborhood enterprise zone by the governing body
21 of the local governmental unit in July 1996 and if the building
22 permit was issued for that facility on or before July 3, 2001.

23 (e) For a new facility or a rehabilitated facility if the area
24 in which the new facility or rehabilitated facility is located was
25 designated as a neighborhood enterprise zone by the governing body
26 of the local governmental unit in October 1994 and if the building
27 permit was issued for that facility on or before April 25, 1997.

1 (f) For the construction of a new facility if the area in
2 which the new facility is located is designated as a neighborhood
3 enterprise zone by the governing body of the local governmental
4 unit in September 2001 and if the building permit is issued for
5 that new facility on March 3, 2003.

6 (g) For a rehabilitated facility if all or a portion of the
7 rehabilitated facility is a qualified historic building.

8 (h) For the construction of a new facility if the area in
9 which the new facility is located is designated as a neighborhood
10 enterprise zone by the governing body of the local governmental
11 unit in July 1993 and the new facility was a model home.

12 (i) For the construction of a new facility if the area in
13 which the new facility is located is designated as a neighborhood
14 enterprise zone by the governing body of the local governmental
15 unit in August 2004 and if building permits were issued for that
16 facility beginning November 5, 2002 through December 23, 2003.

17 (j) For a homestead facility.

18 (k) For the construction of a facility if the area in which
19 the facility is located was designated as a neighborhood enterprise
20 zone by the governing body of the local governmental unit in July
21 2003, and if the building permit was issued for that facility in
22 June 2004.

23 **(l) FOR A NEW FACILITY OR A REHABILITATED FACILITY IF THE AREA**
24 **IN WHICH THE NEW FACILITY OR REHABILITATED FACILITY IS LOCATED WAS**
25 **DESIGNATED AS A NEIGHBORHOOD ZONE BY THE GOVERNING BODY OF THE**
26 **LOCAL GOVERNMENTAL UNIT IN FEBRUARY 2004 AND IF THE BUILDING PERMIT**
27 **FOR THAT FACILITY WAS ISSUED IN AUGUST 2003 OR JANUARY 2005.**

1 (3) The application shall contain or be accompanied by all of
2 the following:

3 (a) A general description of the homestead facility, new
4 facility, or proposed rehabilitated facility.

5 (b) The dimensions of the parcel on which the homestead
6 facility, new facility, or proposed rehabilitated facility is or is
7 to be located.

8 (c) The general nature and extent of the construction to be
9 undertaken.

10 (d) A time schedule for undertaking and completing the
11 rehabilitation of property or the construction of the new facility.

12 (e) A statement by the owner of a homestead facility that the
13 owner is committed to investing a minimum of \$500.00 in the first 3
14 years that the certificate for a homestead facility is in effect
15 and committed to documenting the minimum investment if required to
16 do so by the assessor of the local governmental unit.

17 (f) Any other information required by the local governmental
18 unit.

19 (4) Notwithstanding any other provisions of this act, for any
20 certificate issued as a result of the enactment of the amendatory
21 act that added subsection (2)(c), the effective date of the
22 certificate shall be the first day of the tax year following the
23 year the certificate is approved by the commission.

24 (5) Notwithstanding any other provisions of this act, for any
25 certificate issued as a result of the enactment of the amendatory
26 act that added subsection (2)(d) or the amendatory act that added
27 subsection (2)(e), the effective date of the certificate shall be

1 January 1, 2001.

2 (6) Notwithstanding any other provisions of this act, for any
3 certificate issued as a result of the enactment of the amendatory
4 act that added subsection (2)(j) or the amendatory act that added
5 subsection (2)(k), the effective date of the certificate shall be
6 the first day of the tax year following the year the certificate is
7 approved by the commission.

8 (7) FOR A CERTIFICATE ISSUED AS A RESULT OF THE AMENDATORY ACT
9 THAT ADDED SUBSECTION (2)(E), BOTH OF THE FOLLOWING SHALL APPLY
10 NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT:

11 (A) THE EFFECTIVE DATE OF THE CERTIFICATE SHALL BE JANUARY 1,
12 2001 AND THE TAXABLE VALUE FOR REHABILITATED FACILITIES SHALL BE
13 SET AS PROVIDED IN SECTION 10(3).

14 (B) FOR CERTIFICATES ISSUED OR REISSUED AFTER DECEMBER 31,
15 2005, THE AMOUNT OF THE NEIGHBORHOOD ENTERPRISE ZONE TAX ON A
16 REHABILITATED FACILITY IS DETERMINED EACH YEAR BY MULTIPLYING THE
17 TAXABLE VALUE OF THE REHABILITATED FACILITY, NOT INCLUDING THE
18 LAND, AS OF DECEMBER 31 OF THE YEAR PRIOR TO THE START OF THE
19 IMPROVEMENT AS DESCRIBED IN SUBSECTION (3) BY THE TOTAL MILLS
20 COLLECTED UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
21 211.1 TO 211.157, FOR THE CURRENT YEAR BY ALL TAXING UNITS WITHIN
22 WHICH THE REHABILITATED FACILITY IS LOCATED.

23 (8) FOR ANY CERTIFICATE ISSUED AS RESULT OF THE AMENDATORY ACT
24 THAT ADDED SUBSECTION (2)(I), NOTWITHSTANDING ANY OTHER PROVISION OF
25 THIS ACT THE AMOUNT OF THE NEIGHBORHOOD ENTERPRISE ZONE TAX ON A
26 REHABILITATED FACILITY IS DETERMINED EACH YEAR BY MULTIPLYING THE
27 TAXABLE VALUE OF THE REHABILITATED FACILITY, NOT INCLUDING THE

1 LAND, AS OF DECEMBER 31 OF THE YEAR PRIOR TO THE START OF THE
2 IMPROVEMENT AS DESCRIBED IN SUBSECTION (3) BY THE TOTAL MILLS
3 COLLECTED UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
4 211.1 TO 211.157, FOR THE CURRENT YEAR BY ALL TAXING UNITS
5 WITHIN WHICH THE REHABILITATED FACILITY IS LOCATED.

6 (9) IF A NEW FACILITY IS COMPLETED IN A NEIGHBORHOOD
7 ENTERPRISE ZONE APPROVED IN OCTOBER 1996 AND A BUILDING PERMIT WAS
8 ISSUED IN MARCH 1998 BUT A NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE
9 WAS NOT APPLIED FOR BY THE ORIGINAL OWNER OCCUPYING THE FACILITY AS
10 A PRINCIPAL RESIDENCE, A SUBSEQUENT OWNER OCCUPYING THE NEW
11 FACILITY AS A PRINCIPAL RESIDENCE CAN REQUEST AND, NOTWITHSTANDING
12 ANY OTHER PROVISION OF THIS ACT, EFFECTIVE DECEMBER 31 OF THE YEAR
13 PRECEDING THE APPLICATION, BE GRANTED A NEIGHBORHOOD ENTERPRISE
14 ZONE CERTIFICATE FOR THE REMAINDER OF THE TERM, NOT TO EXCEED 12
15 YEARS, THAT A NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE WOULD HAVE
16 BEEN IN EFFECT FOR THE ORIGINAL OWNER OF THE NEW FACILITY.

17 Sec. 12. (1) Except as otherwise provided in this section,
18 unless earlier revoked as provided in section 11, a neighborhood
19 enterprise zone certificate issued before January 1, 2006 shall
20 remain in effect for 6 to 12 years and a neighborhood enterprise
21 zone certificate issued after December 31, 2005 shall remain in
22 effect for 6 to 15 years from the effective date of the certificate
23 as determined by the governing body of the local governmental unit.
24 The governing body of a local governmental unit that issued a
25 neighborhood enterprise zone certificate for a new facility or a
26 rehabilitated facility before January 1, 2006 may extend the
27 certificate for an additional 3 years if the extension is approved

1 by resolution before the original neighborhood enterprise zone
2 certificate expires **OR AFTER THE ORIGINAL CERTIFICATE EXPIRES IF**
3 **THE CERTIFICATE EXPIRED ON OR AFTER JANUARY 1, 2004 AND ON OR**
4 **BEFORE JANUARY 3, 2006.** If the homestead facility, new facility, or
5 rehabilitated facility is sold or transferred to another owner who
6 otherwise complies with this act and, for a homestead facility or a
7 new facility, uses the homestead facility or the new facility as a
8 principal residence, the certificate shall remain in effect.

9 (2) If a rehabilitated facility was sold before December 29,
10 1994 and a certificate was in effect for that facility at the time
11 of the sale, and the new owner of the rehabilitated facility
12 otherwise complies with this act, the certificate shall be
13 reinstated and remain in effect for the remainder of the original
14 period described in subsection (1), unless earlier revoked under
15 section 11.

16 (3) Except as provided in subsection (4), a change in
17 ownership of a rehabilitated facility constituting all or a portion
18 of a qualified historic building, occurring after the effective
19 date of a neighborhood enterprise zone certificate for that
20 rehabilitated facility, shall not affect the validity of that
21 neighborhood enterprise zone certificate, and the certificate shall
22 remain in effect for the period specified in this section as long
23 as the rehabilitated facility has as its primary purpose
24 residential housing.

25 (4) Unless revoked earlier as provided in section 11, a
26 neighborhood enterprise zone certificate in effect for a
27 rehabilitated facility constituting all or a portion of a qualified

1 historic building shall remain in effect for 11 to 17 years from
2 the effective date of the certificate as determined by the
3 governing body of the local governmental unit. However, if a
4 rehabilitated facility constituting all or a portion of a qualified
5 historic building is not transferred or sold to a person who will
6 own and occupy the rehabilitated facility as his or her principal
7 residence within 6 years of the effective date of the neighborhood
8 enterprise zone certificate, the neighborhood enterprise zone
9 certificate is revoked.