

Legislative Analysis



COMMERCIAL REHABILITATION ACT: ABATEMENTS FOR RETAIL GROCERS IN UNDERSERVED AREAS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 294

Sponsor: Sen. Mark Jansen

House Committee: Commerce

Senate Committee: Economic Development and Regulatory Reform

Complete to 6-16-08

A SUMMARY OF SENATE BILL 294 AS PASSED BY THE SENATE 12-12-07

Senate Bill 294 would allow a property tax abatement under certain conditions for a retail food establishment, such as a grocery store, supermarket, or delicatessen, that sells fresh meat and poultry products, fresh fruits and vegetables, and dairy products. Generally speaking, the store would have to be in an "underserved area" and the property would need to have been used as residential, commercial, or industrial property for the immediately preceding 30 years. The abatement would be granted locally, by a city, village, or township.

The bill would amend the Commercial Rehabilitation Act—Public Act 210 of 2005—which created a new act under which certain rehabilitated commercial property in specially designated districts could receive a reduction in property taxes for one to ten years, with the length determined by the local unit of government (a city, village, or township). Under the act, property is exempt from standard property taxes and pays instead a specific tax that is, generally speaking, based on *the value of the property prior to rehabilitation*.

Eligible Retail Food Establishment. To be eligible, a food establishment would have to be located (1) in a city, village, or township that is a "qualified local governmental unit" under the Obsolete Property Rehabilitation Act or (2) in a rural local unit (as defined by the U.S. Census Bureau). In either case, the establishment would have to be located in an underserved area.

Product Requirements. The food establishment, specifically, would have to be "used primarily as a retail supermarket, grocery store, produce market, or delicatessen that offers fresh USDA-inspected meat and poultry products, fresh fruits and vegetables, and dairy products for sale to the public."

Underserved Area. This term means an area, as determined by the Michigan Department of Agriculture, that (1) contains a low- or moderate-income census tract and a below-average supermarket density; (2) has a supermarket customer base with more than 50 percent living in a low-income census tract; or (3) an area that has demonstrated significant access limitations due to travel distance.

Qualified Local Unit. The Obsolete Property Rehabilitation Act contains a complex and detailed definition of "qualified local governmental unit" that contains references to additional complex and detailed definitions in other state and federal acts. The term is understood to refer to 103 "core communities," a list of which can be found at:

<http://ref.michigan.org/cm/attach/8E4BFBA6-1AF9-4567-94B5-84B7DDE7DCC2/CoreComunitiesMap.pdf>

MCL 207.842

FISCAL IMPACT:

Although a precise estimate cannot be determined because the number of exemptions that might be granted and the value of the facilities that might be developed is not known, the fiscal impact upon local units would likely be relatively small. As written, the bill would not have any impact on state revenue.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.