Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 974 (Substitute S-2 as reported) *(as enacted)*
Sponsor: Senator Randy Richardville
Committee: Commerce and Tourism

CONTENT

The bill would amend the Commercial Redevelopment Act to allow new tax exemptions under the Act to be granted until December 31, 2020, for a new or replacement facility in a redevelopment district in a city or village, on property zoned for mixed-use (including high-density residential use) that was located in a qualified downtown revitalization district. The bill also would do the following:

-- Require the local unit to establish and implement an expedited permitting and inspection process in the commercial redevelopment district and provide for walkable, nonmotorized interconnections throughout the redevelopment district.
-- Refer to a facility's taxable value, rather than its State equalized valuation, in the formula for determining the commercial facilities tax, and otherwise revise the formula.
-- Allow the State Treasurer to exclude, for up to six years, up to half of the State education tax mills from the calculation to determine the commercial facilities tax under certain circumstances; and limit the number of exclusions granted each year to 25.
-- Include hotel or motel development in the Act's definition of "commercial property".

The bill is tie-barred to Senate Bill 976, which would amend the Neighborhood Enterprise Zone Act to include in the definition of "new facility" a new structure that is rental property; is, or is located in, a mixed use building that contains retail business space on the street level floor; and is located in a "qualified downtown revitalization district", which would mean an area located within a downtown district, a principal shopping district, a business improvement district, or an area of the local unit zoned and primarily used for business.

MCL 207.653 et al. Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State and local property tax revenue, and increase School Aid Fund expenditures, by an unknown amount, depending upon the specific characteristics of property that received a commercial facilities exemption certificate, as well as the number of parcels affected. School aid expenditures would be increased to the extent the bill reduced local school operating revenue, in order to maintain per-pupil funding guarantees. While local property tax revenue would decline, and School Aid Fund expenditures increase, only if the property still would be altered absent the bill, State education tax revenue would decrease in an absolute sense because the bill would allow abatements of the tax against the existing tax base.

To the extent that property affected by the bill potentially would be eligible for tax preferences under the Obsolete Property Rehabilitation Act and/or the Brownfield Redevelopment Financing Act, the fiscal impact of the bill could be mitigated.

Date Completed: 6-4-08 Fiscal Analyst: David Zin