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BILL ANALYSIS

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Senate Bill 976 (as introduced 12-6-07)
Sponsor: Senator Jud Gilbert, II
Committee: Commerce and Tourism

Date Completed: 4-29-08

CONTENT

The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to include in the definition of "new facility" a new structure or a portion of a new structure that is rented or leased or is available for rent or lease and is a mixed use building or located in a mixed use building that contains retail business space on the street level floor.

The NEZ Act allows eligible local governmental units to designate neighborhood enterprise zones, within which the owner of a homestead facility, the owner or developer of a proposed new facility, or an owner or developer wishing to rehabilitate property may receive an NEZ certificate. A certificate exempts new or rehabilitated housing from the property tax and subjects it, instead, to a specific neighborhood enterprise zone tax.

Currently, "new facility" means a new structure or a portion of a new structure that has as its primary purpose residential housing consisting of one or two units, one of which is or will be occupied by an owner as his or her principal residence. It includes a model home or a model condominium unit. "New facility" also includes a new individual condominium unit, in a structure with one or more condominium units that has as its primary purpose residential housing and that is or will be occupied by an owner as his or her principal residence. New facility does not include apartments. Under the bill, "new facility" would not include apartments except as provided above.

MCL 207.772

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce State and local property tax revenue by an unknown amount, depending upon the specific characteristics of the property affected by the bill. The bill would expand the types of property that may be included in a zone. The bill also would increase State School Aid Fund expenditures by an unknown amount because any reduction in local school operating taxes would be offset by higher expenditures in order to maintain per-pupil funding guarantees. Neighborhood enterprise zones are expected to reduce property taxes on affected property by \$12.7 million in fiscal year 2007-08. During 2007, 13 cities participated in the program, although additional communities were eligible.

Fiscal Analyst: David Zin

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