



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



## BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1597 (as introduced 11-6-08)  
Sponsor: Senator Mark C. Jansen  
Committee: Economic Development and Regulatory Reform

Date Completed: 11-12-08

**CONTENT**

**The bill would amend the Commercial Rehabilitation Act to do both of the following:**

- Revise the definition of "qualified retail food establishment".**
- Establish an alternative formula for the amount of a commercial rehabilitation tax for a qualified retail food establishment issued a certificate on or before December 31, 2009.**

**"Qualified Retail Food Establishment"**

The Act allows a qualified local governmental unit (a city, village, or township) to establish a commercial redevelopment district consisting of a qualified facility (unless the county containing the district disapproves it). A qualified facility is a building or group of buildings that is commercial property meeting criteria specified in the Act. The owner of a qualified facility may apply for a commercial rehabilitation exemption certificate. If a certificate is granted, the building or group of buildings is exempt from ad valorem taxes under the General Property Tax Act and subject to the commercial rehabilitation tax, which essentially freezes the taxable value of the facility for the duration of the certificate. A certificate may be issued for one to 10 years.

Public Act 231 of 2008 amended the Commercial Rehabilitation Act to include a "qualified retail food establishment" in the definition of "qualified facility". "Qualified retail food establishment" includes property that will 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 and that is located in an underserved area. The bill would refer to "unprocessed" rather than "fresh" USDA-inspected meat and poultry products, and would include meat products that carry the USDA organic seal.

**Tax Formula**

The Act specifies a formula for determining the amount of the commercial rehabilitation tax.

Under the bill, the annual amount of the tax for a qualified retail food establishment that was issued a certificate on or before December 31, 2009, would be determined by an alternative calculation based on the taxable value of the property on the December 31

immediately preceding the rehabilitation, rather than the December 31 immediately preceding the effective date of the commercial rehabilitation exemption certificate.

MCL 207.842 & 207.850

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have a minimal effect on local tax revenue and no impact on State tax revenue. The bill would alter, for qualifying retail food establishments, the taxable value used to compute the tax liability. The applicable value would be changed from the value on the December 31 before the effective date of the exemption certificate to the value on the December 31 before the rehabilitation. If the rehabilitation were started before the effective date of the certificate, the change would likely reduce the taxable value and thus lower local unit revenue. The amount of any change in revenue to local units would depend upon the specific characteristics of the property affected.

Fiscal Analyst: David Zin

S0708\sb1597sa

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.