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BILL ANALYSIS

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House Bill 5123 (Substitute H-1 as reported without amendment)
Sponsor: Representative Steve Bieda
House Committee: New Economy and Quality of Life
Senate Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Commercial Rehabilitation Act to include in "rehabilitation" modifications necessary to restore or change property, rather than obsolete property, to an economically efficient condition.

The Act allows 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 are commercial property and meet criteria in the Act. The owner of a qualified facility may apply for a commercial rehabilitation exemption certificate, which essentially freezes the property taxes on the facility for up to 10 years.

Under the Act, "rehabilitation" means changes to a qualified facility that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovations and modifications specified in the Act "and other physical changes required to restore or change the obsolete property to an economically efficient condition". The bill would delete "obsolete" from that provision.

MCL 207.842

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill could reduce local unit revenue to the extent that it increased the number of commercial redevelopment districts. The amount of the reduction would depend upon the specific characteristics of the property affected by the bill. On the other hand, the bill could possibly reduce the revenue loss to some local units relative to current law if the change would allow districts to be drawn more compactly by eliminating the requirement for districts to contain obsolete property.

The bill would have no fiscal impact on State government.

Date Completed: 12-5-07

Fiscal Analyst: David Zin