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BILL ANALYSIS

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House Bill 5459 (Substitute H-2 as reported without amendment)
Sponsor: Representative Jeff Mayes
House Committee: Tax Policy
Senate Committee: Economic Development and Regulatory Reform

CONTENT

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

- Include in the definition of "qualified facility" vacant property located in a city with a population of more than 36,000 and less than 37,000 according to the 2000 Federal decennial census and from which a previous structure had been demolished and on which commercial property would be newly constructed.
- Include in the definition of "rehabilitation" new construction on vacant property from which a previous structure had been demolished if the new construction were an economic benefit to the local community as determined by the city, village, or township.

The Act allows a city, village, or township to establish a redevelopment district consisting of a qualified facility. The owner of a qualified facility may apply for a commercial rehabilitation exemption certificate, which essentially will freeze the property taxes on the facility for up to 10 years. The application must describe the rehabilitation to be undertaken.

Currently, "qualified facility" means a building or group of contiguous buildings of commercial property that is 15 years old or older or has been allocated for a new markets tax credit under Section 45d of the Internal Revenue Code. "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.

MCL 207.842

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that property would be rehabilitated absent the bill, the bill would reduce local unit revenue by an unknown amount, depending upon the number and value of the properties affected by the bill. The bill would have no fiscal impact on State government.

Date Completed: 4-15-08

Fiscal Analyst: David Zin