

**SUBSTITUTE FOR
HOUSE BILL NO. 6032**

A bill to amend 1992 PA 147, entitled
"Neighborhood enterprise zone act,"
by amending sections 2, 4, 5, 6, 7, 11, and 16 (MCL 207.772,
207.774, 207.775, 207.776, 207.777, 207.781, and 207.786), section
2 as amended by 2008 PA 228, section 4 as amended by 2008 PA 4,
sections 6 and 7 as amended by 2005 PA 338, and section 11 as
amended by 2005 PA 339; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Commission" means the state tax commission created by
3 1927 PA 360, MCL 209.101 to 209.107.

4 (b) "Condominium unit" means that portion of a structure
5 intended for separate ownership, intended for residential use, and
6 established pursuant to the condominium act, 1978 PA 59, MCL
7 559.101 to 559.276. Condominium units within a qualified historic

1 building may be held under common ownership.

2 (c) "Developer" means a person who is the owner of a new
3 facility at the time of construction or of a rehabilitated facility
4 at the time of rehabilitation for which a neighborhood enterprise
5 zone certificate is applied for or issued.

6 (d) "Facility" means a homestead facility, a new facility, or
7 a rehabilitated facility.

8 (e) "Homestead facility" means an existing structure,
9 purchased by or transferred to an owner after December 31, 1996,
10 that has as its primary purpose residential housing consisting of 1
11 or 2 units, 1 of which is occupied by an owner as his or her
12 principal residence and that is located within a subdivision
13 platted pursuant to state law before January 1, 1968 other than an
14 existing structure for which a certificate will or has been issued
15 after December 31, 2006 in a city with a population of 750,000 or
16 more, is located within a subdivision platted pursuant to state law
17 before January 1, 1968.

18 (f) "Local governmental unit" means a qualified local
19 governmental unit as that term is defined under section 2 of the
20 obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782, or
21 a county seat.

22 (g) "New facility" means 1 or both of the following:

23 (i) A new structure or a portion of a new structure that has as
24 its primary purpose residential housing consisting of 1 or 2 units,
25 1 of which is or will be occupied by an owner as his or her
26 principal residence. New facility includes a model home or a model
27 condominium unit. New facility includes a new individual

1 condominium unit, in a structure with 1 or more condominium units,
2 that has as its primary purpose residential housing and that is or
3 will be occupied by an owner as his or her principal residence.

4 Except as provided in subparagraph (ii), new facility does not
5 include apartments.

6 (ii) A new structure or a portion of a new structure that meets
7 all of the following:

8 (A) Is rented or leased or is available for rent or lease.

9 (B) Is a mixed use building or located in a mixed use building
10 that contains retail business space on the street level floor.

11 (C) Is located in a qualified downtown revitalization
12 district.

13 (h) "Neighborhood enterprise zone certificate" or
14 "certificate" means a certificate issued pursuant to sections 4, 5,
15 and 6.

16 (i) "Owner" means the record title holder of, or the vendee of
17 the original land contract pertaining to, a new facility, a
18 homestead facility, or a rehabilitated facility for which a
19 neighborhood enterprise zone certificate is applied for or issued.

20 **(J) "QUALIFIED ASSESSING AUTHORITY" MEANS 1 OF THE FOLLOWING:**

21 **(i) FOR A FACILITY OTHER THAN A HOMESTEAD FACILITY, THE**
22 **COMMISSION.**

23 **(ii) FOR A HOMESTEAD FACILITY, THE ASSESSOR OF THE LOCAL**
24 **GOVERNMENTAL UNIT IN WHICH THE HOMESTEAD FACILITY IS LOCATED.**

25 **(K) ~~(j)~~**"Qualified downtown revitalization district" means an
26 area located within 1 or more of the following:

27 **(i)** The boundaries of a downtown district as defined in section

1 of 1975 PA 197, MCL 125.1651.

(ii) The boundaries of a principal shopping district or a business improvement district as defined in section 1 of 1961 PA 120, MCL 125.981.

(iii) The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.

(I) ~~(K)~~ "Qualified historic building" means a property within a neighborhood enterprise zone that has been designated a historic resource as defined under section 266 of the income tax act of 1967, 1967 PA 281, MCL 206.266.

(M) ~~(L)~~ "Rehabilitated facility" means an existing structure or a portion of an existing structure with a current true cash value of \$80,000.00 or less per unit that has or will have as its primary purpose residential housing, consisting of 1 to 8 units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of \$5,000.00 per owner-occupied unit or 50% of the true cash value, whichever is less, or \$7,500.00 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of \$3,000.00 per owner-occupied unit or \$4,500.00 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. Rehabilitated facility also includes an individual condominium unit, in a

1 structure with 1 or more condominium units that has as its primary
2 purpose residential housing, the owner of which proposes the above
3 described improvements. Rehabilitated facility also includes
4 existing or proposed condominium units in a qualified historic
5 building with 1 or more existing or proposed condominium units.
6 Rehabilitated facility does not include a facility rehabilitated
7 with the proceeds of an insurance policy for property or casualty
8 loss. A qualified historic building may contain multiple
9 rehabilitated facilities.

10 Sec. 4. (1) The owner of a homestead facility or owner or
11 developer or prospective owner or developer of a proposed new
12 facility or an owner or developer or prospective developer
13 proposing to rehabilitate property located in a neighborhood
14 enterprise zone may file an application for a neighborhood
15 enterprise zone certificate with the clerk of the local
16 governmental unit. The application shall be filed in the manner and
17 form prescribed by the commission. The clerk of the local
18 governmental unit shall provide a copy of each homestead facility
19 application to the assessor for the local governmental unit. Except
20 as provided in subsection (2) or as otherwise provided by the local
21 governmental unit by resolution if the application is filed not
22 later than 6 months following the date the building permit is
23 issued, the application shall be filed before a building permit is
24 issued for the new construction or rehabilitation of the facility.

25 (2) An application may be filed after a building permit is
26 issued only if 1 or more of the following apply:

27 (a) For the rehabilitation of a facility if the area in which

1 the facility is located is designated as a neighborhood enterprise
2 zone by the governing body of the local governmental unit in the
3 calendar year 1992 and if the building permit is issued for the
4 rehabilitation before December 31, 1994 and after the date on which
5 the area in which the facility is located was designated as a
6 neighborhood enterprise zone by the governing body of the local
7 governmental unit.

8 (b) For the construction of a new facility if the area in
9 which the new facility is located is designated as a neighborhood
10 enterprise zone by the governing body of the local governmental
11 unit in calendar year 1992 or 1993 and if the building permit is
12 issued for that new facility before December 31, 1995 and after
13 January 1, 1993.

14 (c) For the construction of a new facility if the area in
15 which the new facility is located is designated as a neighborhood
16 enterprise zone by the governing body of the local governmental
17 unit in July 1997 and if the building permit is issued for that new
18 facility on February 3, 1998.

19 (d) For a new facility or a rehabilitated facility if the area
20 in which the new facility or rehabilitated facility is located was
21 designated as a neighborhood enterprise zone by the governing body
22 of the local governmental unit in July 1996 and if the building
23 permit was issued for that facility on or before July 3, 2001.

24 (e) For a new facility or a rehabilitated facility if the area
25 in which the new facility or rehabilitated facility is located was
26 designated as a neighborhood enterprise zone by the governing body
27 of the local governmental unit in October 1994 and if the building

1 permit was issued for that facility on or before April 25, 1997.

2 (f) For the construction of a new facility if the area in
3 which the new facility is located is designated as a neighborhood
4 enterprise zone by the governing body of the local governmental
5 unit in September 2001 and if the building permit is issued for
6 that new facility on March 3, 2003.

7 (g) For a rehabilitated facility if all or a portion of the
8 rehabilitated facility is a qualified historic building.

9 (h) For the construction of a new facility if the area in
10 which the new facility is located is designated as a neighborhood
11 enterprise zone by the governing body of the local governmental
12 unit in July 1993 and the new facility was a model home.

13 (i) For the construction of a new facility if the area in
14 which the new facility is located is designated as a neighborhood
15 enterprise zone by the governing body of the local governmental
16 unit in August 2004 and if building permits were issued for that
17 facility beginning November 5, 2002 through December 23, 2003.

18 (j) For a homestead facility.

19 (k) For the construction of a facility if the area in which
20 the facility is located was designated as a neighborhood enterprise
21 zone by the governing body of the local governmental unit in July
22 2003, and if the building permit was issued for that facility in
23 June 2004.

24 (l) For a new facility or a rehabilitated facility if the area
25 in which the new facility or rehabilitated facility is located was
26 designated as a neighborhood zone by the governing body of the
27 local governmental unit in February 2004 and if the building permit

1 for that facility was issued in August 2003 or January 2005.

2 (m) For the construction of a facility if the area in which
3 the facility is located was designated as a neighborhood enterprise
4 zone by the governing body of the local governmental unit in June
5 2007 and if the building permit was issued for that facility after
6 November 30, 2004 and before November 1, 2006.

7 (3) The application shall contain or be accompanied by all of
8 the following:

9 (a) A general description of the homestead facility, new
10 facility, or proposed rehabilitated facility.

11 (b) The dimensions of the parcel on which the homestead
12 facility, new facility, or proposed rehabilitated facility is or is
13 to be located.

14 (c) The general nature and extent of the construction to be
15 undertaken.

16 (d) A time schedule for undertaking and completing the
17 rehabilitation of property or the construction of the new facility.

18 (e) A statement by the owner of a homestead facility that the
19 owner is committed to investing a minimum of \$500.00 in the first 3
20 years that the certificate for a homestead facility is in effect
21 and committed to documenting the minimum investment if required to
22 do so by the assessor of the local governmental unit.

23 (f) Any other information required by the local governmental
24 unit.

25 (4) Notwithstanding any other provisions of this act, for any
26 certificate issued as a result of the enactment of the amendatory
27 act that added subsection (2)(c), the effective date of the

1 certificate shall be the first day of the tax year following the
2 year the certificate is approved by the commission.

3 (5) Notwithstanding any other provisions of this act, for any
4 certificate issued as a result of the enactment of the amendatory
5 act that added subsection (2)(d) or the amendatory act that added
6 subsection (2)(e), the effective date of the certificate shall be
7 January 1, 2001.

8 (6) Notwithstanding any other provisions of this act, for any
9 certificate issued as a result of the enactment of the amendatory
10 act that added subsection (2)(j) or the amendatory act that added
11 subsection (2)(k), the effective date of the certificate shall be
12 the first day of the tax year following the year the certificate is
13 approved by the ~~commission~~ **QUALIFIED ASSESSING AUTHORITY**.

14 (7) For a certificate issued as a result of the amendatory act
15 that added subsection (2)(e), both of the following shall apply not
16 withstanding any other provision of this act:

17 (a) The effective date of the certificate shall be January 1,
18 2001 and the taxable value for rehabilitated facilities shall be
19 set as provided in section 10(3).

20 (b) For certificates issued or reissued after December 31,
21 2005, the amount of the neighborhood enterprise zone tax on a
22 rehabilitated facility is determined each year by multiplying the
23 taxable value of the rehabilitated facility, not including the
24 land, as of December 31 of the year prior to the start of the
25 improvement as described in subsection (3) by the total mills
26 collected under the general property tax act, 1893 PA 206, MCL
27 211.1 to 211.155, for the current year by all taxing units within

1 which the rehabilitated facility is located.

2 (8) For any certificate issued as result of the amendatory act
3 that added subsection (2) (l), notwithstanding any other provision of
4 this act the amount of the neighborhood enterprise zone tax on a
5 rehabilitated facility is determined each year by multiplying the
6 taxable value of the rehabilitated facility, not including the
7 land, as of December 31 of the year prior to the start of the
8 improvement as described in subsection (3) by the total mills
9 collected under the general property tax act, 1893 PA 206, MCL
10 211.1 to 211.155, for the current year by all taxing units within
11 which the rehabilitated facility is located.

12 (9) If a new facility is completed in a neighborhood
13 enterprise zone approved in October 1996 and a building permit was
14 issued in March 1998 but a neighborhood enterprise zone certificate
15 was not applied for by the original owner occupying the facility as
16 a principal residence, a subsequent owner occupying the new
17 facility as a principal residence can request and, notwithstanding
18 any other provision of this act, effective December 31 of the year
19 preceding the application, be granted a neighborhood enterprise
20 zone certificate for the remainder of the term, not to exceed 12
21 years, that a neighborhood enterprise zone certificate would have
22 been in effect for the original owner of the new facility.

23 Sec. 5. Not more than 60 days after receipt by its clerk of an
24 application under section 4, the governing body of the local
25 governmental unit by resolution shall approve the application for a
26 neighborhood enterprise zone certificate. The clerk shall forward
27 the application to the ~~commission~~ **QUALIFIED ASSESSING AUTHORITY**.

1 Sec. 6. Not later than 60 days after receipt of an approved
2 application for a homestead facility or a rehabilitated facility,
3 and not later than 30 days, or if an approved application is
4 received after October 31, not later than 45 days after receipt of
5 an approved application for a new facility, the ~~commission~~
6 **QUALIFIED ASSESSING AUTHORITY** shall determine whether the homestead
7 facility, new facility, or rehabilitated facility complies with the
8 requirements of this act. If the ~~commission~~ **QUALIFIED ASSESSING**
9 **AUTHORITY** finds compliance, ~~it~~ **THE QUALIFIED ASSESSING AUTHORITY**
10 shall issue a neighborhood enterprise zone certificate to the
11 applicant and send a certified copy of the certificate to ~~the~~
12 ~~assessor of the local governmental unit and each affected taxing~~
13 unit. The assessor shall keep the certificate filed on record in
14 his or her office. The ~~commission~~ **QUALIFIED ASSESSING AUTHORITY**
15 shall maintain a record of all certificates filed. Notice of ~~the~~
16 ~~commission's~~ **THE QUALIFIED ASSESSING AUTHORITY'S** refusal to issue a
17 certificate shall be sent by certified mail to the same persons.

18 Sec. 7. (1) The commission shall not issue a neighborhood
19 enterprise zone certificate for a new facility unless the new
20 facility meets the requirements of the definition in section 2(g).

21 (2) The commission shall not issue a neighborhood enterprise
22 zone certificate for a rehabilitated facility unless the
23 rehabilitated facility meets the requirements of the definition in
24 section 2(k).

25 (3) The ~~commission~~ **ASSESSOR OF THE LOCAL GOVERNMENTAL UNIT**
26 shall not issue a neighborhood enterprise zone certificate for a
27 homestead facility unless the homestead facility meets the

1 requirements of the definition in section 2(e).

2 Sec. 11. (1) Upon receipt of a request by certified mail to
3 the ~~commission~~**QUALIFIED ASSESSING AUTHORITY** by the holder of a
4 neighborhood enterprise zone certificate requesting revocation of
5 the certificate, the ~~commission~~**QUALIFIED ASSESSING AUTHORITY** by
6 order shall revoke the certificate.

7 (2) The certificate shall expire if the owner fails to
8 complete the filing requirements under section 10 within 2 years of
9 the date the certificate was issued. The holder of the certificate
10 may request in writing to the ~~commission~~**QUALIFIED ASSESSING**
11 **AUTHORITY** a 1-year automatic extension of the certificate if the
12 owner has proceeded in good faith with the construction or
13 rehabilitation of the facility in a manner consistent with the
14 purposes of this act and the delay in completion or occupancy by an
15 owner is due to circumstances beyond the control of the holder of
16 the certificate. Upon request of the **GOVERNING BODY OF THE** local
17 governmental unit, the ~~commission~~**QUALIFIED ASSESSING AUTHORITY**
18 shall extend the certificate if the new facility has not been
19 occupied.

20 (3) The certificate for a homestead facility or new facility
21 is automatically revoked if the homestead facility or new facility
22 is no longer a homestead as that term is defined in section 7a of
23 the general property tax act, 1893 PA 206, MCL 211.7a. However, if
24 the owner or any subsequent owner submits a certificate before the
25 revocation is effective, the ~~commission~~**QUALIFIED ASSESSING**
26 **AUTHORITY**, upon application of the owner, shall rescind the order
27 of revocation. If the certificate is submitted after revocation of

1 the certificate, the ~~commission~~**QUALIFIED ASSESSING AUTHORITY**, upon
2 application of the owner, shall reinstate the certificate for the
3 remaining period of time for which the original certificate would
4 have been in effect.

5 (4) If the owner of the facility fails to make the annual
6 payment of the neighborhood enterprise zone tax and the ad valorem
7 property tax on the land under the general property tax act, 1893
8 PA 206, MCL 211.1 to ~~211.157~~**211.155**, the ~~commission~~**QUALIFIED**
9 **ASSESSING AUTHORITY** by order shall revoke the certificate. However,
10 if payment of these taxes is made before the revocation is
11 effective, the ~~commission~~**QUALIFIED ASSESSING AUTHORITY**, upon
12 application of the owner, shall rescind the order of revocation. If
13 payment of these taxes and any subsequent ad valorem property tax
14 due on the facility is made after revocation of the certificate,
15 the ~~commission~~**QUALIFIED ASSESSING AUTHORITY**, upon application of
16 the owner, shall reinstate the certificate for the remaining period
17 of time for which the original certificate would have been in
18 effect.

19 (5) If a homestead facility, a new facility, or a
20 rehabilitated facility ceases to have as its primary purpose
21 residential housing, the ~~commission~~**QUALIFIED ASSESSING AUTHORITY**
22 by order shall revoke the certificate for that facility. A new or
23 rehabilitated facility does not cease to be used for its primary
24 purpose if it is temporarily damaged or destroyed in whole or in
25 part.

26 (6) If the governing body of a local governmental unit
27 determines that a homestead facility, a new facility, or a

rehabilitated facility is not in compliance with any local construction, building, or safety codes and notifies the ~~commission~~ **QUALIFIED ASSESSING AUTHORITY** by certified mail of the noncompliance, the ~~commission~~ **QUALIFIED ASSESSING AUTHORITY** by order shall revoke the certificate.

(7) The revocation shall be effective beginning the December 31 following the date of the order or, if the certificate is automatically revoked under subsection (3), the December 31 following the automatic revocation. The ~~commission~~ **QUALIFIED ASSESSING AUTHORITY** shall send by certified mail copies of the order of revocation to the holder of the certificate, ~~to the local governmental unit in which the facility is located,~~ **AND** to the assessor of that local governmental unit, and to the legislative body of each taxing unit that levies taxes upon property in the local governmental unit in which the new facility or rehabilitated facility is located.

Sec. 16. (1) The commission may promulgate rules it considers necessary for the administration of this act pursuant to the administrative procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.~~ **1969 PA 306, MCL 24.201 TO 24.328.**

(2) **NOT LATER THAN JUNE 15 EACH YEAR, THE ASSESSOR OF EACH LOCAL GOVERNMENTAL UNIT THAT ISSUES A CERTIFICATE UNDER THIS ACT FOR A HOMESTEAD FACILITY SHALL FILE WITH THE COMMISSION A REPORT THAT CONTAINS ALL OF THE FOLLOWING INFORMATION FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR:**

(A) **THE NUMBER OF CERTIFICATES ISSUED.**

1 (B) THE DATE OF ISSUANCE OF EACH CERTIFICATE.

2 (C) THE NAME AND ADDRESS OF THE HOLDER OF EACH CERTIFICATE.

3 (D) THE LEGAL DESCRIPTION OF THE REAL PROPERTY OF THE
4 HOMESTEAD FACILITY FOR WHICH EACH CERTIFICATE WAS ISSUED.

5 (E) THE TAXABLE VALUE FOR EACH HOMESTEAD FACILITY FOR WHICH A
6 CERTIFICATE WAS ISSUED.

7 (F) FOR EACH CERTIFICATE THAT WAS TRANSFERRED, ALL OF THE
8 FOLLOWING:

9 (i) THE DATE OF EACH TRANSFER.

10 (ii) THE NAME AND ADDRESS OF THE FORMER HOLDER OF THE
11 CERTIFICATE.

12 (iii) THE NAME AND ADDRESS OF THE CURRENT HOLDER OF THE
13 CERTIFICATE.

14 (G) FOR EACH CERTIFICATE THAT WAS REVOKED PURSUANT TO SECTION
15 11, ALL OF THE FOLLOWING:

16 (i) THE REASON FOR THE REVOCATION.

17 (ii) THE DATE OF THE REVOCATION.

18 (iii) THE NAME AND ADDRESS OF THE HOLDER OF EACH CERTIFICATE
19 THAT WAS REVOKED.

20 (H) THE IMPACT ON NEIGHBORHOOD REVITALIZATION IN THE LOCAL
21 GOVERNMENTAL UNIT, INCLUDING THE ESTIMATED TAX SAVINGS FOR ALL NEW
22 AND CURRENT CERTIFICATE HOLDERS.

23 (3) A REPORT REQUIRED BY THIS SECTION SHALL BE PREPARED BY THE
24 LOCAL ASSESSOR ON A FORM PROVIDED BY THE COMMISSION. THE COMMISSION
25 MAY REQUIRE THAT THE REPORT BE FILED IN AN ELECTRONIC FORMAT
26 PRESCRIBED BY THE COMMISSION.

27 Enacting section 1. Section 15 of the neighborhood enterprise

1 zone act, 1992 PA 147, MCL 207.785, is repealed.