

SENATE BILL No. 1511

September 18, 2008, Introduced by Senator ALLEN and referred to the Committee on Commerce and Tourism.

A bill to amend 1992 PA 147, entitled "Neighborhood enterprise zone act," by amending sections 2 and 3 (MCL 207.772 and 207.773), section 2 as amended by 2008 PA 228 and section 3 as amended by 2008 PA 204.

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
8 building may be held under common ownership.

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

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

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

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

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

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

1 that has as its primary purpose residential housing and that is or
2 will be occupied by an owner as his or her principal residence.
3 Except as provided in subparagraph (ii), new facility does not
4 include apartments.

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

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

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

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

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

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

19 (j) "Qualified downtown revitalization district" means an area
20 located within 1 or more of the following:

21 (i) The boundaries of a downtown district as defined in section
22 1 of 1975 PA 197, MCL 125.1651.

23 (ii) The boundaries of a principal shopping district or a
24 business improvement district as defined in section 1 of 1961 PA
25 120, MCL 125.981.

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

1 local governmental unit.

2 (k) "Qualified historic building" means a property within a
3 neighborhood enterprise zone that has been designated a historic
4 resource as defined under section 266 of the income tax act of
5 1967, 1967 PA 281, MCL 206.266.

6 (l) "Rehabilitated facility" means an existing structure or a
7 portion of an existing structure with a current true cash value of
8 ~~\$80,000.00~~ **\$95,000.00** or less per unit that has or will have as its
9 primary purpose residential housing, consisting of 1 to 8 units,
10 the owner of which proposes improvements that if done by a licensed
11 contractor would cost in excess of \$5,000.00 per owner-occupied
12 unit or 50% of the true cash value, whichever is less, or \$7,500.00
13 per nonowner-occupied unit or 50% of the true cash value, whichever
14 is less, or the owner proposes improvements that would be done by
15 the owner and not a licensed contractor and the cost of the
16 materials would be in excess of \$3,000.00 per owner-occupied unit
17 or \$4,500.00 per nonowner-occupied unit and will bring the
18 structure into conformance with minimum local building code
19 standards for occupancy or improve the livability of the units
20 while meeting minimum local building code standards. Rehabilitated
21 facility also includes an individual condominium unit, in a
22 structure with 1 or more condominium units that has as its primary
23 purpose residential housing, the owner of which proposes the above
24 described improvements. Rehabilitated facility also includes
25 existing or proposed condominium units in a qualified historic
26 building with 1 or more existing or proposed condominium units.
27 Rehabilitated facility does not include a facility rehabilitated

1 with the proceeds of an insurance policy for property or casualty
2 loss. A qualified historic building may contain multiple
3 rehabilitated facilities.

4 Sec. 3. (1) The governing body of a local governmental unit by
5 resolution may designate 1 or more neighborhood enterprise zones
6 within that local governmental unit. Except as otherwise provided
7 in this subsection, a neighborhood enterprise zone shall contain
8 not less than 10 platted parcels of land. A neighborhood enterprise
9 zone located in a qualified downtown revitalization district may
10 contain less than 10 platted parcels if the platted parcels
11 together contain 10 or more facilities. All the land within a
12 neighborhood enterprise zone shall also be compact and contiguous.
13 Contiguity is not broken by a road, right-of-way, or property
14 purchased or taken under condemnation if the purchased or condemned
15 property was a single parcel prior to the sale or condemnation.

16 (2) The total acreage of the neighborhood enterprise zones
17 containing only new facilities or rehabilitated facilities or any
18 combination of new facilities or rehabilitated facilities
19 designated under this act shall not exceed 15% of the total acreage
20 contained within the boundaries of the local governmental unit. The
21 total acreage of the neighborhood enterprise zones containing only
22 homestead facilities designated under this act shall not exceed 10%
23 of the total acreage contained within the boundaries of the local
24 governmental unit or, with the approval of the board of
25 commissioners of the county in which the neighborhood enterprise
26 zone is located if the county does not have an elected or appointed
27 county executive or with the approval of the board of commissioners

1 and the county executive of the county in which the neighborhood
2 enterprise zone is located if the county has an elected or
3 appointed county executive, 15% of the total acreage contained
4 within the boundaries of the local governmental unit.

5 (3) Not less than 60 days before the passage of a resolution
6 designating a neighborhood enterprise zone or the repeal or
7 amendment of a resolution under subsection (5), the clerk of the
8 local governmental unit shall give written notice to the assessor
9 and to the governing body of each taxing unit that levies ad
10 valorem property taxes in the proposed neighborhood enterprise
11 zone. Before acting upon the resolution, the governing body of the
12 local governmental unit shall make a finding that a proposed
13 neighborhood enterprise zone is consistent with the master plan of
14 the local governmental unit and the neighborhood preservation and
15 economic development goals of the local governmental unit. The
16 governing body before acting upon the resolution shall also adopt a
17 statement of the local governmental unit's goals, objectives, and
18 policies relative to the maintenance, preservation, improvement,
19 and development of housing for all persons regardless of income
20 level living within the proposed neighborhood enterprise zone.
21 Additionally, before acting upon the resolution, the governing body
22 of a local governmental unit with a population greater than 20,000
23 shall pass a housing inspection ordinance. A local governmental
24 unit with a population of 20,000 or less may pass a housing
25 inspection ordinance. Before the sale of a unit in a new or
26 rehabilitated facility for which a neighborhood enterprise zone
27 certificate is in effect, an inspection shall be made of the unit

1 to determine compliance with any local construction or safety codes
2 and that a sale may not be finalized until there is compliance with
3 those local construction or safety codes. The governing body shall
4 hold a public hearing not later than ~~45~~60 days after the date the
5 notice is sent but before acting upon the resolution.

6 (4) Upon receipt of a notice under subsection (3), the
7 assessor shall determine and furnish to the governing body of the
8 local governmental unit the amount of the true cash value of the
9 property located within the proposed neighborhood enterprise zone
10 and any other information considered necessary by the governing
11 body.

12 (5) A resolution designating a neighborhood enterprise zone,
13 other than a zone designated under subsection (2), may be repealed
14 or amended not sooner than 3 years after the date of adoption or of
15 the most recent amendment of the resolution by the governing body
16 of the local governmental unit. The repeal or amendment of the
17 resolution shall take effect 6 months after adoption. However, an
18 action taken under this subsection does not invalidate a
19 certificate that is issued or in effect and a facility for which a
20 certificate is issued or in effect shall continue to be included in
21 the total acreage limitations under this section until the
22 certificate is expired or revoked.

23 (6) A resolution designating a neighborhood enterprise zone in
24 an obsolete property rehabilitation district that was created by a
25 local unit of government on June 6, 2003, and for which the state
26 tax commission issued obsolete property rehabilitation certificates
27 on August 26, 2003, and September 24, 2003 will cause any previous

1 certificate to expire on the December 30 immediately preceding the
2 December 31 on which the first neighborhood enterprise zone
3 certificate is effective. The taxable value of the parcel shall be
4 calculated using the value of the parcel before the building permit
5 was issued. This subdivision authorizes an amended obsolete
6 property rehabilitation certificate approved by the state tax
7 commission for the portion of the parcel contained in the original
8 certificate for which an application for a neighborhood enterprise
9 zone certificate was not submitted.