

Act No. 284
Public Acts of 2008
Approved by the Governor
September 29, 2008
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**STATE OF MICHIGAN
94TH LEGISLATURE
REGULAR SESSION OF 2008**

Introduced by Reps. Byrum, Meekhof, Mayes, Simpson, Lindberg, McDowell, Cheeks, Griffin, Gonzales, Melton, Clemente, Polidori, Vagnozzi, Kathleen Law, Bauer, Johnson, Byrnes, Sak, Coulouris, Corriveau, LeBlanc, Meadows, Dean, Espinoza, Jackson and Pavlov

ENROLLED HOUSE BILL No. 6032

AN ACT to amend 1992 PA 147, entitled "An act to provide for the development and rehabilitation of residential housing; to provide for the creation of neighborhood enterprise zones; to provide for obtaining neighborhood enterprise zone certificates for a period of time and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units," 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:

Sec. 2. As used in this act:

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

(b) "Condominium unit" means that portion of a structure intended for separate ownership, intended for residential use, and established pursuant to the condominium act, 1978 PA 59, MCL 559.101 to 559.276. Condominium units within a qualified historic building may be held under common ownership.

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

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

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

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

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

(i) A new structure or a portion of a new structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is or will be occupied by an owner as his or her principal residence. New facility includes a model home or a model condominium unit. New facility includes a new individual condominium unit, in a structure with 1 or more condominium units, that has as its primary purpose residential housing and that is or will be occupied by an owner as his or her principal residence. Except as provided in subparagraph (ii), new facility does not include apartments.

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

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

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

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

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

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

(j) "Qualified assessing authority" means 1 of the following:

(i) For a facility other than a homestead facility, the commission.

(ii) For a homestead facility, the assessor of the local governmental unit in which the homestead facility is located.

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

(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.

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

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

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

(a) For the rehabilitation of a facility if the area in which the facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in the calendar year 1992 and if the building

permit is issued for the rehabilitation before December 31, 1994 and after the date on which the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit.

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

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

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

(e) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in October 1994 and if the building permit was issued for that facility on or before April 25, 1997.

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

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

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

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

(j) For a homestead facility.

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

(l) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood zone by the governing body of the local governmental unit in February 2004 and if the building permit for that facility was issued in August 2003 or January 2005.

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

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

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

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

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

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

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

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

(4) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(c), the effective date of the certificate shall be the first day of the tax year following the year the certificate is approved by the commission.

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

(6) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(j) or the amendatory act that added subsection (2)(k), the effective date of the

certificate shall be the first day of the tax year following the year the certificate is approved by the qualified assessing authority.

(7) For a certificate issued as a result of the amendatory act that added subsection (2)(e), both of the following shall apply notwithstanding any other provision of this act:

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

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

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

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

Sec. 5. Not more than 60 days after receipt by its clerk of an application under section 4, the governing body of the local governmental unit by resolution shall approve the application for a neighborhood enterprise zone certificate. The clerk shall forward the application to the qualified assessing authority.

Sec. 6. Not later than 60 days after receipt of an approved application for a homestead facility or a rehabilitated facility, and not later than 30 days, or if an approved application is received after October 31, not later than 45 days after receipt of an approved application for a new facility, the qualified assessing authority shall determine whether the homestead facility, new facility, or rehabilitated facility complies with the requirements of this act. If the qualified assessing authority finds compliance, the qualified assessing authority shall issue a neighborhood enterprise zone certificate to the applicant and send a certified copy of the certificate to each affected taxing unit. The assessor shall keep the certificate filed on record in his or her office. The qualified assessing authority shall maintain a record of all certificates filed. Notice of the qualified assessing authority's refusal to issue a certificate shall be sent by certified mail to the same persons.

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

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

(3) The assessor of the local governmental unit shall not issue a neighborhood enterprise zone certificate for a homestead facility unless the homestead facility meets the requirements of the definition in section 2(e).

Sec. 11. (1) Upon receipt of a request by certified mail to the qualified assessing authority by the holder of a neighborhood enterprise zone certificate requesting revocation of the certificate, the qualified assessing authority by order shall revoke the certificate.

(2) The certificate shall expire if the owner fails to complete the filing requirements under section 10 within 2 years of the date the certificate was issued. The holder of the certificate may request in writing to the qualified assessing authority a 1-year automatic extension of the certificate if the owner has proceeded in good faith with the construction or rehabilitation of the facility in a manner consistent with the purposes of this act and the delay in completion or occupancy by an owner is due to circumstances beyond the control of the holder of the certificate. Upon request of the governing body of the local governmental unit, the qualified assessing authority shall extend the certificate if the new facility has not been occupied.

(3) The certificate for a homestead facility or new facility is automatically revoked if the homestead facility or new facility is no longer a homestead as that term is defined in section 7a of the general property tax act, 1893 PA 206,

MCL 211.7a. However, if the owner or any subsequent owner submits a certificate before the revocation is effective, the qualified assessing authority, upon application of the owner, shall rescind the order of revocation. If the certificate is submitted after revocation of the certificate, the qualified assessing authority, upon application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

(4) If the owner of the facility fails to make the annual payment of the neighborhood enterprise zone tax and the ad valorem property tax on the land under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, the qualified assessing authority by order shall revoke the certificate. However, if payment of these taxes is made before the revocation is effective, the qualified assessing authority, upon application of the owner, shall rescind the order of revocation. If payment of these taxes and any subsequent ad valorem property tax due on the facility is made after revocation of the certificate, the qualified assessing authority, upon application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

(5) If a homestead facility, a new facility, or a rehabilitated facility ceases to have as its primary purpose residential housing, the qualified assessing authority by order shall revoke the certificate for that facility. A new or rehabilitated facility does not cease to be used for its primary purpose if it is temporarily damaged or destroyed in whole or in part.

(6) If the governing body of a local governmental unit 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 qualified assessing authority by certified mail of the noncompliance, the 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 qualified assessing authority shall send by certified mail copies of the order of revocation to the holder of the certificate 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, 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:

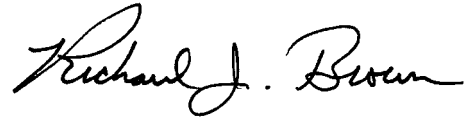
- (a) The number of certificates issued.
- (b) The date of issuance of each certificate.
- (c) The name and address of the holder of each certificate.
- (d) The legal description of the real property of the homestead facility for which each certificate was issued.
- (e) The taxable value for each homestead facility for which a certificate was issued.
- (f) For each certificate that was transferred, all of the following:
 - (i) The date of each transfer.
 - (ii) The name and address of the former holder of the certificate.
 - (iii) The name and address of the current holder of the certificate.
- (g) For each certificate that was revoked pursuant to section 11, all of the following:
 - (i) The reason for the revocation.
 - (ii) The date of the revocation.
 - (iii) The name and address of the holder of each certificate that was revoked.
- (h) The impact on neighborhood revitalization in the local governmental unit, including the estimated tax savings for all new and current certificate holders.

(3) A report required by this section shall be prepared by the local assessor on a form provided by the commission. The commission may require that the report be filed in an electronic format prescribed by the commission.


(4) Not later than October 15 each year, the commission shall review and evaluate the information contained in the report described in subsection (2) and submit a report based on that evaluation to each house of the legislature, the chairpersons of the senate and house of representatives standing committees on appropriations, the chairperson of the senate standing committee on finance, and the chairperson of the house of representatives standing committee on tax policy. The report required under this subsection shall also include specific recommendations for any changes considered necessary in this act.

Enacting section 1. Section 15 of the neighborhood enterprise zone act, 1992 PA 147, MCL 207.785, is repealed.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved -----

Governor