

Legislative Analysis



OBSOLETE PROPERTY REHABILITATION

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6203

Sponsor: Rep. Ed Clemente

Committee: New Economy and Quality of Life

Complete to 5-26-10

A SUMMARY OF HOUSE BILL 6203 AS INTRODUCED 5-25-10

Under the Obsolete Property Rehabilitation Act, local units of government can create special districts in which eligible commercial property and commercial housing can obtain property tax abatements. This only applies in so-called core communities and applies only to blighted, functionally obsolete, and contaminated properties. Properties undergoing rehabilitation can obtain a tax abatement for one to twelve years, if approved by the local legislative body and the State Tax Commission. Approved properties are exempt from standard property taxes and instead pay a specific tax, called the obsolete properties tax, which is based on the value of property prior to rehabilitation. The abatement applies to the facility and not the land and not, generally speaking, to personal property.

House Bill 6203 would amend the act in the following ways.

** Currently, the act does not allow new exemptions to be granted after December 31, 2010. The bill would extend this "sunset" date to December 31, 2013.

** The act now defines the term "blighted" by citing the definition found in another act, the Brownfield Redevelopment Financing Act. The bill instead would put a definition of "blighted" into the act. The definition added by the bill is very similar to that found in the Brownfield Act and already in use.

FISCAL IMPACT:

To the extent that the bill extends the authority for awarding property tax exemptions beyond 2010, it would reduce local property taxes on eligible property at the discretion of local units of government and school operating property taxes at the discretion of the State Treasurer.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.