



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4045 (Substitute S-1 as reported)
Sponsor: Representative Bettie Scott
House Committee: Urban Policy
Senate Committee: Commerce and Tourism

CONTENT

The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to allow an application for a NEZ certificate to be filed after a building permit was issued in a particular circumstance.

Specifically, an application could be filed after a building permit was issued for the construction of a facility if the area in which the facility was located had been designated as a NEZ by the governing body of the local governmental unit on July 1, 2005, and the building permit for that facility had been issued after April 5, 2006, and before May 1, 2007.

Under the Act, the owner of a homestead facility, the owner or developer of a proposed new facility, or an owner or developer wishing to rehabilitate property located in a NEZ may file an application for a NEZ certificate with the clerk of the local unit. A certificate entitles the owner or developer to reduced taxes on the structure. Unless the property is a homestead facility, the Act requires an application for a certificate to be filed before a building permit is issued for the new construction or rehabilitation of the facility, but the Act also describes circumstances under which an application may be filed after a building permit has been issued. The bill would add to those circumstances as described above.

MCL 207.774

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State and local property tax revenue by an unknown amount, depending upon the specific characteristics of property affected by the bill. Because the bill would affect only a specific, localized area, the reduction in State property taxes would likely be minimal when compared with total State Education Tax revenue. School Aid Fund expenditures would increase by an unknown amount in order to maintain per-pupil funding guarantees, although expenditures would be affected only by the nonhomestead property within the zone. Because most property affected by the Act is homestead property, any increase in School Aid Fund expenditures would likely be negligible.

Date Completed: 3-25-09

Fiscal Analyst: David Zin