



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 4045 (as passed by the House)  
Sponsor: Representative Bettie Scott  
House Committee: Urban Policy  
Senate Committee: Commerce and Tourism

Date Completed: 3-24-09

**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 specific circumstance, and require a tax overpayment to be refunded.**

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.

Under the bill, 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.

The effective date of this certificate would be December 31 of the year immediately preceding the year in which the certificate was approved by the qualified assessing authority. If granting the certificate resulted in an overpayment of the tax, a rebate, including any interest and penalties paid, would have to be made to the taxpayer within 30 days of the date the certificate was granted. The rebate would have to be made either by the local tax collecting unit or the county treasurer, depending on which had possession of the tax roll. The rebate would have to be without interest.

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.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.