

OBSOLETE PROPERTY: REVISED CERTIFICATE

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House Bill 4820

Sponsor: Rep. Wayne Schmidt

Committee: Commerce

Complete to 6-29-11

A SUMMARY OF HOUSE BILL 4820 AS INTRODUCED 6-28-11

House Bill 4820 would amend the Obsolete Property Rehabilitation Act to allow for a ***revised obsolete property rehabilitation exemption certificate*** to be issued under certain circumstances. Under the bill, the revised certificate would provide a property tax abatement for newly included property in a specific case, retroactive to December 21, 2008, if the owner of the property filed an amended application.

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 tax abatements 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.

Under House Bill 4820 a revised obsolete property rehabilitation exemption certificate could be issued under the following circumstances:

-- If the State Tax Commission had issued an exemption certificate on September 20, 2010, for a rehabilitated facility located in a rehabilitation district established on January 23, 2003.

To obtain a revised certificate, the owner of the rehabilitated facility would have to file an amended application to the local clerk. The amended application could cover one or more units in a multipurpose structure that was included in the original application. If the legislative body of the local unit of government and the State Tax Commission approved an amended application under these circumstances, the STC would issue a revised certificate that includes those units with an effective date of December 21, 2008.

MCL 125.2786

FISCAL IMPACT:

For the eligible property, the bill would freeze real property taxes at pre-rehabilitation levels for a period of 1 to 12 years. The abated millage would represent a decrease in local property tax revenue.

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