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Senate Bill 223 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Mike Kowall
Committee: Economic Development

CONTENT

The bill would amend the Commercial Rehabilitation Act to do both of the following:

- Include in the definition of "qualified facility" vacant property located in Detroit, from which a previous structure has been demolished and on which commercial property is or will be newly constructed, if an application for a commercial rehabilitation exemption certificate had been filed before July 1, 2010.
- Excuse the rehabilitation of a particular qualified facility from certain requirements for approval of a certificate.

The Act allows a city, village, or township to establish a redevelopment district consisting of a qualified facility. The owner of a qualified facility may apply for a commercial rehabilitation exemption certificate, which essentially will freeze the property taxes on the facility for up to 10 years. Under the bill, "qualified facility" would include vacant property located in a city with a population of more than 500,000 according to the most recent Federal decennial census (i.e., Detroit), from which a previous structure has been demolished and on which commercial property is or will be newly constructed, provided an application for a certificate had been filed with that city before July 1, 2010.

The Act prohibits a local unit from approving an exemption certificate unless the applicant complies with certain requirements. These include a requirement that the rehabilitation of the qualified facility does not begin earlier than six months before the applicant files the application for the exemption certificate. Also, the applicant must state, in writing, that the rehabilitation of the qualified facility would not be undertaken without the exemption certificate. In addition, a district must be established before an application is filed.

Under the bill, those provisions would not apply to the rehabilitation of a qualified facility located in a commercial rehabilitation district established by the legislative body of the local unit in 2011, for construction or rehabilitation that began in August 2010 and for which an application for an exemption certificate was filed in June 2010.

MCL 207.842 & 207.848

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that property would be rehabilitated absent the bill, the bill would reduce local unit revenue by an unknown amount, depending upon the value of the property (which would have to be located within the City of Detroit) affected by the bill. The bill would have no fiscal impact on State government.

Date Completed: 3-16-11

Fiscal Analyst: David Zin