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Senate Bill 223 (as introduced 3-3-11)
Sponsor: Senator Mike Kowall
Committee: Economic Development

Date Completed: 3-7-11

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.**

Qualified Facility

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. The application must contain specific information, including the nature and extent of the rehabilitation to be undertaken. The local legislative body, by resolution, must approve or deny the application, but a resolution approving an application will not take effect without the approval of the State Tax Commission.

"Qualified facility" means a qualified retail food establishment or a building or group of contiguous buildings of commercial property that is 15 years old or older or has been allocated for a new markets tax credit under Section 45D of the Internal Revenue Code (26 USC 45D). The term also includes vacant property located in a city with a population of more than 36,000 and less than 37,000 according to the 2000 Federal decennial census, from which a previous structure has been demolished and on which commercial property will be newly constructed.

Under the bill, "qualified facility" also would include vacant property located in a city with a population of more than 500,000 according to the most recent Federal decennial census, 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. (Detroit is the only Michigan city with a population of more than 500,000.)

Approval of an Application

The Act prohibits the legislative body of a city, village, or township from approving an application for a commercial rehabilitation exemption certificate unless the applicant complies with certain requirements. Both of the following are among those requirements:

- The rehabilitation of the qualified facility does not begin earlier than six months before the applicant files the application for the exemption certificate.
- The applicant states, in writing, that the rehabilitation of the qualified facility would not be undertaken without the applicant's receipt of the exemption certificate.

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 a commercial rehabilitation 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.

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.