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House Bill 4820 (Substitute H-1 as passed by the House)
Sponsor: Representative Wayne Schmidt
House Committee: Commerce
Senate Committee: Economic Development

Date Completed: 12-6-11

CONTENT

The bill would amend the Obsolete Property Rehabilitation Act to allow an applicant for an obsolete property rehabilitation exemption certificate to submit an amended application, if an error or mistake in an original application were discovered after that application was approved.

Under the Act, qualified local governmental units (often referred to as "core communities") may create obsolete property rehabilitation districts in which owners of eligible commercial property that is blighted, functionally obsolete, or contaminated can obtain property tax abatements. Eligible property undergoing rehabilitation can obtain the tax abatement for one to 12 years, if the local legislative body and the State Tax Commission (STC) approve an application for an exemption certificate and the STC issues a certificate. Approved property then is exempt from the general property tax, and instead is subject to the obsolete properties tax, which is based on the value of the property before rehabilitation. The abatement applies to the facility and not the land.

Under the bill, if an error or mistake in an application for an obsolete property rehabilitation exemption certificate were discovered after the local legislative body had approved the application or after the Commission had issued a certificate, an applicant could submit an amended application, in the same manner as an original application, that corrected the error or mistake. The local legislative body and the STC could approve or deny the amended application. If the Commission previously issued a certificate for the original application and approved the amended application, it would have to issue an amended certificate with the same effective date as the original certificate.

MCL 125.2786

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate and likely negligible impact on local property tax revenue, depending on whether a local unit altered the decision regarding an application due to the amendments or altered the nature of a project, as well as the specific characteristics of any affected property.

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.