

**NEIGHBORHOOD ENTERPRISE ZONES:
REMOVE ASSESSOR REPORTING TO
MICHIGAN ENTERPRISE ZONE AUTHORITY**

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House Bill 4058 as reported from committee w/o amendment

Sponsor: Rep. Eric Leutheuser

Committee: Local Government

Complete to 2-15-17

SUMMARY:

House Bill 4058 amends the Neighborhood Enterprise Zone Act to do the following:

- Remove a requirement in Section 13 that an assessor in a local unit where a neighborhood enterprise zone is located annually forward assessment and tax information to the Michigan Enterprise Zone Authority. [Note: The functions of the Michigan Enterprise Zone Authority were transferred by executive order in 1999 to the Michigan Strategic Fund.]
- Repeal Section 14, an outdated section of the act that required the Michigan Enterprise Zone Authority to publish an annual list of local governmental units that meet the criteria to participate in the Authority.

Currently, under Section 13 of the NEZ Act, an assessor in a local unit containing a neighborhood enterprise zone authority must send an annual report to the governing body of the local taxing unit, the holder of the tax certificate, and the Michigan Enterprise Zone Authority. The report must include determinations of:

- The assessed valuation of the property benefitting from the neighborhood enterprise zone certificate.
- The amount of ad valorem property tax that would have been paid for the property if the neighborhood enterprise zone certificate had not been in force.
- The assessed valuation on which the neighborhood enterprise zone tax is based.

Under House Bill 4058 this report would only be sent to the local governing board and the certificate holder.

[Note: Section 16 of the act requires local assessors to report annually to the State Tax Commission, providing information on one type of residential property, "homestead facilities," including the number of certificates issued, the impact on neighborhood

revitalization, and details about each certificate, including taxable value. The report also must provide information on any certificate that was transferred.]

BACKGROUND:

The Neighborhood Enterprise Zone Act was enacted in 1992 as an effort to improve the housing stock in certain "distressed" urban communities. The act offers reduced property taxes to residential property owners in certain zones designated by local units of government. Generally speaking, owners of new construction pay taxes at the rate of one-half the statewide average property tax rate, and owners of rehabilitated housing pay taxes based on the value of residential property prior to rehabilitation. The abatement applies to structures and not to land. Property owners who obtain a neighborhood enterprise zone certificate are exempt from standard property taxes and pay a specific tax instead known as the neighborhood enterprise zone tax. Generally speaking, the abatements are available from 6 to 15 years, although historic buildings can maintain abatements for 11 to 17 years.

MCL 207.783

FISCAL IMPACT:

The bill does not appear to have a fiscal impact.

DISCUSSION:

According to testimony from the sponsor's office, the proposed changes in HB 4058 are understood to be solely technical in nature.

POSITIONS:

The Michigan Department of Treasury indicated support for the bill. (2-15-17)

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