



**Senate Fiscal Agency**  
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BILL



ANALYSIS

**Telephone: (517) 373-5383**  
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House Bill 5435 (Substitute S-1 as reported)  
House Bill 5436 (Substitute H-2 as reported without amendment)  
Sponsor: Representative Eric Leutheuser (H.B. 5435)  
Representative Ben Frederick (H.B. 5436)  
House Committee: Commerce and Trade  
Senate Committee: Commerce

### **CONTENT**

House Bills 5435 (S-1) and 5436 (H-2) would amend the Commercial Rehabilitation Act and the Obsolete Property Rehabilitation Act, respectively, to allow the legislative body of a qualified local governmental unit, to revoke, by resolution, a commercial rehabilitation exemption certificate or obsolete property rehabilitation exemption certificate after receiving a request for revocation by the holder of the certificate.

The bills would allow the State Tax Commission to reinstate a revoked rehabilitation exemption certificate for the holder or a subsequent owner if the facility continued to qualify under the applicable Act, and if the either of the following applied:

- The holder of the revoked certificate submitted a request to the Commission and the legislative body of the qualified local governmental unit.
- The subsequent owner applied to the legislative body to transfer the revoked certificate to the subsequent owner.

In addition, a resolution of concurrence would have to be submitted to the Commission by the legislative body of the qualified local governmental unit in which the facility was located.

MCL 207.852 (H.B. 5435)  
125.2792 (H.B. 5436)

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

The bills would have a negative, though likely small, fiscal impact on the State and local government. A certificate holder presumably would apply to have the certificate revoked only if that would result in the certificate holder paying less in property taxes. Under the Acts, the holder of a certificate pays tax based on the taxable value of the facility in the year before the certificate was granted. It is unknown how many certificate holders would take advantage of the provisions. Any reduction in net property tax paid by holders of revoked certificates would reduce property tax revenue to local units of government as well as State Education Tax revenue to the School Aid Fund. The net revenue to local school districts would not be changed by the bills. Any reduction in local school district revenue from mills levied for operating purposes would be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

Date Completed: 4-26-18

Fiscal Analyst: Ryan Bergan