

Legislative Analysis



MODIFYING THE EFFECTIVE DATE OF CERTAIN COMMERCIAL REHABILITATION EXEMPTIONS

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House Bill 4077 as introduced
Sponsor: Rep. Sheldon A. Neeley
Committee: Commerce and Tourism
Complete to 2-20-19

SUMMARY:

House Bill 4077 would amend the Commercial Rehabilitation Act to modify the effective date of certificates for commercial rehabilitation exemptions under certain circumstances.

The Commercial Rehabilitation Act grants tax incentives for the rehabilitation of commercial property by freezing the taxable value for a given property in an established Commercial Rehabilitation District for a term of one to ten years if it is rehabilitated either as a commercial business or a multi-family residential facility.

Under the act currently, an approved certificate for a commercial rehabilitation tax exemption is effective on December 31 following the certificate's date of issuance. The bill would change the effective date for certain certificates to December 31 of 2017 in cases where:

- The certificate had been approved by the legislative body of a qualified local government unit in February 2017 for a qualified facility.
- The facility is in a Commercial Rehabilitation District that had been established by the local government unit in January 2017.
- The application had been approved by the commission in 2018.

By doing so, the bill would retroactively grant these properties the promised tax exemption as the owner files his or her tax returns for the 2018 tax cycle.

MCL 207.846 and 207.848

FISCAL IMPACT:

The provisions of House Bill 4077 are specific to a qualified facility within the city of Flint; therefore, the bill's fiscal impact is applicable only to the city of Flint. The bill would reduce city of Flint revenues by an amount equal to the difference between the property taxes paid by the qualified facility in the 2018 tax year and the specific tax that would have been paid if the qualified facility qualified under the Commercial Rehabilitation Act in tax year 2018. This difference is unknown. The bill would

retroactively apply the December 31, 2017, effective date of the certificate, allowing the property tax exemption authorized under the Act to begin a year early. Assuming that the approved term of the property tax exemption remained the same, the exemption would terminate a year earlier than currently authorized, which would minimize the net fiscal impact for the city.

Legislative Analyst: Nick Kelly
Fiscal Analyst: Ben Gielczyk

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