



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 723 (as enacted)

PUBLIC ACT 165 of 2021

Sponsor: Senator Ken Horn

Senate Committee: Economic and Small Business Development (discharged)

House Committee: Local Government and Municipal Finance

Date Completed: 8-18-22

CONTENT

The bill amended the Neighborhood Enterprise Zone Act to allow an application for the construction of a new facility to be filed after a building permit is issued if the area in which new facility is located was designated as a neighborhood enterprise zone by the governing body of the local government unit in July 1996, instead of January 2016, and if the building permit was issued for that facility in October 2017, instead of August 2016 or August 2019.

The bill took effect December 27, 2021.

The Act requires the prospective owner or developer of a proposed new facility to file an application for a neighborhood enterprise zone certificate with the clerk of the local government before a building permit is issued for the new construction of the facility. The Act provides certain exceptions to this requirement.

Previously, the Act allowed an application to be filed after a building permit was issued for the construction of a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility was located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in January 2016 and if the building permit was issued for the facility in August 2016 or August 2019. Instead, under the bill, an application may be filed after a building permit is issued for the construction of a new facility if the area in which the new facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1996 and if the building permit was issued for the facility in October 2017.

MCL 207.774

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bill, by allowing additional exemptions in neighborhood enterprise zones, may result in a loss of State and local property taxes. The potential loss depends on the specific characteristics of the property eligible under the bill. The potential revenue loss will affect local property taxes where the neighborhood enterprise zones are located as well as State property taxes via the State Education Tax. Since school operating mills also will be reduced, costs to the School Aid Fund will increase if the foundation allowance are maintained.

Fiscal Analyst: Ryan Bergan

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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.