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House Bill 6017 (Substitute H-2 as passed by the House)
Sponsor: Representative Joe Bellino
House Committee: Local Government and Municipal Finance
Senate Committee: Economic and Small Business Development

Date Completed: 6-9-22

CONTENT

The bill would amend the Neighborhood Enterprise Zone Act to allow the holder of a neighborhood enterprise zone certificate issued before March 23, 2020, to request in writing to the qualified assessing authority not later than one year after the certificate expired a one-year automatic extension of the deadline established by the Act, in addition to any extensions already used by the holder.

Generally, the Act allows a governing body of a local governmental unit to designate one or more neighborhood enterprise zones within that local governmental unit. Developers and owners of residential housing may use the tax incentives in a neighborhood enterprise zone to rehabilitate or develop property within the zone after applying for and receiving a neighborhood enterprise zone certificate.

The Act provides certain circumstances under which a certificate must expire. For example, a certificate issued after December 31, 2016, expires if the owner fails to complete the filing requirements under Section 10 within three years of the date the certificate was issued. (Generally, Section 10 establishes the effective date of a certificate for a new or rehabilitated facility as the year in which the facility was completed and requires the owner of the facility to file with the assessor certain documentation proving that the facility is complete.)

The Act also allows a certificate holder to request an extension of the deadlines. In particular, the holder of a certificate issued before March 23, 2020, may request from the qualified assessing authority, within 180 days after a certificate expired, a 180-day automatic extension, in addition to any extension already used by the holder. Under the bill, the holder of a certificate issued before March 23, 2020, could request from the qualified assessing authority, within one year after the certificate expired, a one-year automatic extension, in addition to any extension already used by the holder.

MCL 207.781

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bill could result in a loss of State and local property taxes to the extent that a neighborhood enterprise zone certificate would expire but for the bill's provisions. The potential loss would depend on the specific characteristics of the projects eligible for the extension. The potential revenue loss would affect local property taxes where the neighborhood enterprise zones were located, as well as State property taxes via the State

Education Tax. Since school operating mills also would be reduced, costs to the School Aid Fund would increase if the foundation allowance were 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.