



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 146 (as introduced 2-5-13)  
Sponsor: Senator Coleman Young II  
Committee: Economic Development

*(enacted version)*

Date Completed: 2-26-13

**CONTENT**

**The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to allow an application for a NEZ certificate to be filed after a building permit was issued in a specific circumstance.**

The Act allows eligible local governmental units to designate neighborhood enterprise zones in which the owner or developer of property may receive a NEZ certificate. Specifically, the owner of a homestead facility, the owner or developer of a proposed new facility, or an owner or developer wishing to rehabilitate property located in a NEZ may file an application for a NEZ certificate with the clerk of the local unit as prescribed by the State Tax Commission. If approved by the Commission, a certificate entitles the owner or developer to reduced taxes on the structure. Unless the property is a homestead facility, the Act requires an application for a certificate to be filed *before* a building permit is issued for the new construction or rehabilitation of the facility, but it also makes several exceptions under which an application may be filed after a building permit has been issued. The bill would add to those exceptions.

Under the bill, an application could be filed after a building permit was issued for the construction of a facility if the area in which the facility was located had been designated as a NEZ by the governing body of the local governmental unit in September 2012 and the building permit for that facility had been issued after December 1, 2004, and before December 30, 2004. The effective date of the certificate would be the first day of the tax year following the year it was approved by the Commission.

MCL 207.774

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill, by allowing additional exemptions in neighborhood enterprise zones, would potentially result in a loss of State and local property taxes. The potential loss would depend on the number of property owners and the value of the property eligible under the bill. The potential revenue loss would affect local property taxes where the neighborhood enterprise zones are located as well as State property taxes via the State Education Tax. The State also would incur a potential liability to reimburse the State School Aid Fund for any losses due to reductions in the State Education Tax.

Fiscal Analyst: David Zin

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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.