

**NEIGHBORHOOD ENTERPRISE ZONE ACT**  
**Act 147 of 1992**

AN ACT to provide for the development and rehabilitation of residential housing; to provide for the creation of neighborhood enterprise zones; to provide for obtaining neighborhood enterprise zone certificates for a period of time and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992.

*The People of the State of Michigan enact:*

**207.771 Short title.**

Sec. 1. This act shall be known and may be cited as the "neighborhood enterprise zone act".

**History:** 1992, Act 147, Imd. Eff. July 16, 1992.

**Compiler's note:** For transfer of powers and duties of Michigan enterprise authority to the chief executive officer of Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**207.772 Definitions.**

Sec. 2. As used in this act:

(a) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(b) "Condominium unit" means that portion of a structure intended for separate ownership, intended for residential use, and established under the condominium act, 1978 PA 59, MCL 559.101 to 559.276. Condominium units within a qualified historic building may be held under common ownership.

(c) "Developer" means a person who is the owner of a new facility at the time of construction or of a rehabilitated facility at the time of rehabilitation for which a neighborhood enterprise zone certificate is applied for or issued.

(d) "Facility" means a homestead facility, a new facility, or a rehabilitated facility.

(e) "Homestead facility" means 1 of the following:

(i) An existing structure, purchased by or transferred to an owner after December 31, 1996, that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is occupied by an owner as his or her principal residence and that is located within a subdivision platted pursuant to state law before January 1, 1968 other than an existing structure for which a certificate will or has been issued after December 31, 2006 in a city with a population of 750,000 or more, is located within a subdivision platted pursuant to state law before January 1, 1968.

(ii) An existing structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is occupied by an owner as his or her principal residence that is located in a subdivision platted after January 1, 1999 and is located in a county with a population of more than 400,000 and less than 500,000 according to the most recent decennial census and is located in a city with a population of more than 100,000 and less than 125,000 according to the most recent decennial census.

(f) "Local governmental unit" means a qualified local governmental unit as that term is defined under section 2 of the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782, or a county seat.

(g) "New facility" means 1 or both of the following:

(i) A new structure or a portion of a new structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is or will be occupied by an owner as his or her principal residence. New facility includes a model home or a model condominium unit. New facility includes a new individual condominium unit, in a structure with 1 or more condominium units, that has as its primary purpose residential housing and that is or will be occupied by an owner as his or her principal residence. Except as provided in subparagraph (ii), new facility does not include apartments.

(ii) A new structure or a portion of a new structure that meets all of the following:

(A) Is rented or leased or is available for rent or lease.

(B) Is a mixed use building or located in a mixed use building that contains retail business space on the street level floor.

(C) Is located in a qualified downtown revitalization district.

(h) "Neighborhood enterprise zone certificate" or "certificate" means a certificate issued pursuant to sections 4, 5, and 6.

(i) "Owner" means the record title holder of, or the vendee of the original land contract pertaining to, a new facility, a homestead facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is

applied for or issued.

(j) "Qualified assessing authority" means 1 of the following:

(i) For a facility other than a homestead facility, the commission.

(ii) For a homestead facility, the assessor of the local governmental unit in which the homestead facility is located.

(k) "Qualified downtown revitalization district" means an area located within 1 or more of the following:

(i) The boundaries of a downtown district as defined in section 201 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201.

(ii) The boundaries of a principal shopping district or a business improvement district as defined in section 1 of 1961 PA 120, MCL 125.981.

(iii) The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.

(l) "Qualified historic building" means a property within a neighborhood enterprise zone that has been designated a historic resource as defined under section 266 of the income tax act of 1967, 1967 PA 281, MCL 206.266.

(m) "Rehabilitated facility" means, except as otherwise provided in section 2a, an existing structure or a portion of an existing structure with a current true cash value of \$120,000.00 or less per unit that has or will have as its primary purpose residential housing, consisting of 1 to 8 units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of \$10,000.00 per owner-occupied unit or 50% of the true cash value, whichever is less, or \$15,000.00 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of \$3,000.00 per owner-occupied unit or \$4,500.00 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. Rehabilitated facility also includes an individual condominium unit, in a structure with 1 or more condominium units that has as its primary purpose residential housing, the owner of which proposes the above described improvements. Rehabilitated facility also includes existing or proposed condominium units in a qualified historic building with 1 or more existing or proposed condominium units. Rehabilitated facility does not include a facility rehabilitated with the proceeds of an insurance policy for property or casualty loss. A qualified historic building may contain multiple rehabilitated facilities.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2006, Act 661, Imd. Eff. Jan. 10, 2007;—Am. 2008, Act 228, Imd. Eff. July 17, 2008;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2010, Act 9, Imd. Eff. Mar. 8, 2010;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020.

#### **207.772a Inflation rate adjustment.**

Sec. 2a. Beginning in 2021 and each year thereafter, the state treasurer shall adjust the dollar amounts described in section 2(m) by the inflation rate as defined in section 34d of the general property tax act 1893 PA 206, MCL 211.34d, for that year.

**History:** Add. 2020, Act 3, Imd. Eff. Jan. 27, 2020.

#### **207.773 Neighborhood enterprise zone; designation by resolution; notice; finding of consistency; statement; housing inspection ordinance; public hearing; determining true cash value; limitations on total acreage; amendment or repeal of resolution; designation in obsolete property rehabilitation district.**

Sec. 3. (1) The governing body of a local governmental unit by resolution may designate 1 or more neighborhood enterprise zones within that local governmental unit. Except as otherwise provided in this subsection, a neighborhood enterprise zone shall contain not less than 10 platted parcels of land. A neighborhood enterprise zone located in a qualified downtown revitalization district may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities. All the land within a neighborhood enterprise zone shall also be compact and contiguous. Contiguity is not broken by a road, right-of-way, or property purchased or taken under condemnation if the purchased or condemned property was a single parcel prior to the sale or condemnation.

(2) The total acreage of the neighborhood enterprise zones containing only new facilities or rehabilitated facilities or any combination of new facilities or rehabilitated facilities designated under this act shall not exceed 15% of the total acreage contained within the boundaries of the local governmental unit. The total acreage of the neighborhood enterprise zones containing only homestead facilities designated under this act shall not exceed 10% of the total acreage contained within the boundaries of the local governmental unit or,

with the approval of the board of commissioners of the county in which the neighborhood enterprise zone is located if the county does not have an elected or appointed county executive or with the approval of the board of commissioners and the county executive of the county in which the neighborhood enterprise zone is located if the county has an elected or appointed county executive, 15% of the total acreage contained within the boundaries of the local governmental unit.

(3) Not less than 60 days before the passage of a resolution designating a neighborhood enterprise zone or the repeal or amendment of a resolution under subsection (5), the clerk of the local governmental unit shall give written notice to the assessor and to the governing body of each taxing unit that levies ad valorem property taxes in the proposed neighborhood enterprise zone. Before acting upon the resolution, the governing body of the local governmental unit shall make a finding that a proposed neighborhood enterprise zone is consistent with the master plan of the local governmental unit and the neighborhood preservation and economic development goals of the local governmental unit. The governing body before acting upon the resolution shall also adopt a statement of the local governmental unit's goals, objectives, and policies relative to the maintenance, preservation, improvement, and development of housing for all persons regardless of income level living within the proposed neighborhood enterprise zone. Additionally, before acting upon the resolution, the governing body of a local governmental unit with a population greater than 20,000 shall pass a housing inspection ordinance. A local governmental unit with a population of 20,000 or less may pass a housing inspection ordinance. Before the sale of a unit in a new or rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, an inspection shall be made of the unit to determine compliance with any local construction or safety codes and that a sale may not be finalized until there is compliance with those local construction or safety codes. The governing body shall hold a public hearing not later than 45 days after the date the notice is sent but before acting upon the resolution.

(4) Upon receipt of a notice under subsection (3), the assessor shall determine and furnish to the governing body of the local governmental unit the amount of the true cash value of the property located within the proposed neighborhood enterprise zone and any other information considered necessary by the governing body.

(5) A resolution designating a neighborhood enterprise zone, other than a zone designated under subsection (2), may be repealed or amended not sooner than 3 years after the date of adoption or of the most recent amendment of the resolution by the governing body of the local governmental unit. The repeal or amendment of the resolution shall take effect 6 months after adoption. However, an action taken under this subsection does not invalidate a certificate that is issued or in effect and a facility for which a certificate is issued or in effect shall continue to be included in the total acreage limitations under this section until the certificate is expired or revoked.

(6) A resolution designating a neighborhood enterprise zone in an obsolete property rehabilitation district that was created by a local unit of government on June 6, 2003, and for which the state tax commission issued obsolete property rehabilitation certificates on August 26, 2003, and September 24, 2003 will cause any previous certificate to expire on the December 30 immediately preceding the December 31 on which the first neighborhood enterprise zone certificate is effective. The taxable value of the parcel shall be calculated using the value of the parcel before the building permit was issued. This subdivision authorizes an amended obsolete property rehabilitation certificate approved by the state tax commission for the portion of the parcel contained in the original certificate for which an application for a neighborhood enterprise zone certificate was not submitted.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 204, Imd. Eff. July 11, 2008.

### **207.774 Neighborhood enterprise zone certificate; application; filing; manner and form; contents; effective date of certificate; conditions.**

Sec. 4. (1) The owner of a homestead facility or owner or developer or prospective owner or developer of a proposed new facility or an owner or developer or prospective developer proposing to rehabilitate property located in a neighborhood enterprise zone may file an application for a neighborhood enterprise zone certificate with the clerk of the local governmental unit. The application shall be filed in the manner and form prescribed by the commission. The clerk of the local governmental unit shall provide a copy of each homestead facility application to the assessor for the local governmental unit. Except as provided in subsection (2) or as otherwise provided by the local governmental unit by resolution if the application is filed not later than 6 months following the date the building permit is issued, the application shall be filed before a building permit is issued for the new construction or rehabilitation of the facility.

(2) An application may be filed after a building permit is issued only if 1 or more of the following apply:

(a) For the rehabilitation of a facility if the area in which the facility is located is designated as a

neighborhood enterprise zone by the governing body of the local governmental unit in the calendar year 1992 and if the building permit is issued for the rehabilitation before December 31, 1994 and after the date on which the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit.

(b) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in calendar year 1992 or 1993 and if the building permit is issued for that new facility before December 31, 1995 and after January 1, 1993.

(c) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1997 and if the building permit is issued for that new facility on February 3, 1998.

(d) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated 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 that facility on or before July 3, 2001.

(e) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in October 1994 and if the building permit was issued for that facility on or before April 25, 1997.

(f) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in September 2001 and if the building permit is issued for that new facility on March 3, 2003.

(g) For a rehabilitated facility if all or a portion of the rehabilitated facility is a qualified historic building.

(h) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 1993 and the new facility was a model home.

(i) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in August 2004 and if building permits were issued for that facility beginning November 5, 2002 through December 23, 2003.

(j) For a homestead facility.

(k) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in July 2003, and if the building permit was issued for that facility in June 2004.

(l) For a new facility or a rehabilitated facility if the area in which the new facility or rehabilitated facility is located was designated as a neighborhood zone by the governing body of the local governmental unit in February 2004 and if the building permit for that facility was issued in August 2003 or January 2005.

(m) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in June 2007 and if the building permit was issued for that facility after November 30, 2004 and before November 1, 2006.

(n) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit on July 1, 2005 and if the building permit was issued for that facility after April 5, 2006 and before May 1, 2007.

(o) For the construction of a new facility if the area in which the new facility is located is designated as a neighborhood enterprise zone by the governing body of the local governmental unit in April 2003 and if the building permit was issued for that facility in April 2008 or September 2008.

(p) For the construction of a facility if the area in which the facility is located was designated as a neighborhood enterprise zone by the governing body of the local governmental unit in September 2012 and if the building permit was issued for that facility after December 1, 2004 and before December 30, 2004.

(3) The application shall contain or be accompanied by all of the following:

(a) A general description of the homestead facility, new facility, or proposed rehabilitated facility.

(b) The dimensions of the parcel on which the homestead facility, new facility, or proposed rehabilitated facility is or is to be located.

(c) The general nature and extent of the construction to be undertaken.

(d) A time schedule for undertaking and completing the rehabilitation of property or the construction of the new facility.

(e) A statement by the owner of a homestead facility that the owner is committed to investing a minimum of \$500.00 in the first 3 years that the certificate for a homestead facility is in effect and committed to documenting the minimum investment if required to do so by the assessor of the local governmental unit.

(f) Any other information required by the local governmental unit.

(4) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment

of the amendatory act that added subsection (2)(c) or (p), the effective date of the certificate shall be the first day of the tax year following the year the certificate is approved by the commission.

(5) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(d) or the amendatory act that added subsection (2)(e), the effective date of the certificate shall be January 1, 2001.

(6) Notwithstanding any other provisions of this act, for any certificate issued as a result of the enactment of the amendatory act that added subsection (2)(j) or the amendatory act that added subsection (2)(k), the effective date of the certificate shall be the first day of the tax year following the year the certificate is approved by the qualified assessing authority.

(7) For a certificate issued as a result of the amendatory act that added subsection (2)(e), both of the following shall apply notwithstanding any other provision of this act:

(a) The effective date of the certificate shall be January 1, 2001 and the taxable value for rehabilitated facilities shall be set as provided in section 10(3).

(b) For certificates issued or reissued after December 31, 2005, the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, as of December 31 of the year prior to the start of the improvement as described in subsection (3) by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, for the current year by all taxing units within which the rehabilitated facility is located.

(8) For any certificate issued as result of the amendatory act that added subsection (2)(l), notwithstanding any other provision of this act the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, as of December 31 of the year prior to the start of the improvement as described in subsection (3) by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, for the current year by all taxing units within which the rehabilitated facility is located.

(9) If a new facility is completed in a neighborhood enterprise zone approved in October 1996 and a building permit was issued in March 1998 but a neighborhood enterprise zone certificate was not applied for by the original owner occupying the facility as a principal residence, a subsequent owner occupying the new facility as a principal residence can request and, notwithstanding any other provision of this act, effective December 31 of the year preceding the application, be granted a neighborhood enterprise zone certificate for the remainder of the term, not to exceed 12 years, that a neighborhood enterprise zone certificate would have been in effect for the original owner of the new facility.

(10) If a new facility is completed in a neighborhood enterprise zone but a neighborhood enterprise zone certificate was not applied for by the original owner, a subsequent owner occupying the new facility as a principal residence can request and, notwithstanding any other provision of this act, effective December 31 of the year preceding the application, be granted a neighborhood enterprise zone certificate for the remainder of the term, not to exceed 15 years, that a neighborhood enterprise zone certificate would have been in effect for the original owner of the new facility.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 1994, Act 391, Imd. Eff. Dec. 29, 1994;—Am. 1996, Act 242, Imd. Eff. June 12, 1996;—Am. 2001, Act 93, Imd. Eff. July 30, 2001;—Am. 2002, Act 608, Imd. Eff. Dec. 20, 2002;—Am. 2003, Act 199, Imd. Eff. Nov. 14, 2003;—Am. 2004, Act 60, Imd. Eff. Apr. 12, 2004;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2004, Act 566, Imd. Eff. Jan. 3, 2005;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2006, Act 349, Imd. Eff. Sept. 18, 2006;—Am. 2006, Act 660, Imd. Eff. Jan. 10, 2007;—Am. 2006, Act 661, Imd. Eff. Jan. 10, 2007;—Am. 2008, Act 4, Imd. Eff. Feb. 7, 2008;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2009, Act 16, Imd. Eff. Apr. 9, 2009;—Am. 2010, Act 136, Imd. Eff. Aug. 4, 2010;—Am. 2014, Act 17, Imd. Eff. Feb. 25, 2014.

### **207.775 Neighborhood enterprise zone certificate; application; approval; forwarding to qualified assessing authority.**

Sec. 5. Not more than 60 days after receipt by its clerk of an application under section 4, the governing body of the local governmental unit by resolution shall approve the application for a neighborhood enterprise zone certificate. The clerk shall forward the application to the qualified assessing authority.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008.

### **207.776 Homestead facility or new or rehabilitated facility; determination of compliance with act; issuance and filing of certificate; maintenance of record; notice of refusal.**

Sec. 6. Not later than 60 days after receipt of an approved application for a homestead facility or a rehabilitated facility, and not later than 30 days, or if an approved application is received after October 31, not later than 45 days after receipt of an approved application for a new facility, the qualified assessing authority

shall determine whether the homestead facility, new facility, or rehabilitated facility complies with the requirements of this act. If the qualified assessing authority finds compliance, the qualified assessing authority shall issue a neighborhood enterprise zone certificate to the applicant and send a certified copy of the certificate to each affected taxing unit. The assessor shall keep the certificate filed on record in his or her office. The qualified assessing authority shall maintain a record of all certificates filed. Notice of the qualified assessing authority's refusal to issue a certificate shall be sent by certified mail to the same persons.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 338, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008.

#### **207.777 Neighborhood enterprise zone certificate; requirements for issuance.**

Sec. 7. (1) The commission shall not issue a neighborhood enterprise zone certificate for a new facility unless the new facility meets the requirements of the definition in section 2(g).

(2) The commission shall not issue a neighborhood enterprise zone certificate for a rehabilitated facility unless the rehabilitated facility meets the requirements of the definition in section 2(m).

(3) The assessor of the local governmental unit shall not issue a neighborhood enterprise zone certificate for a homestead facility unless the homestead facility meets the requirements of the definition in section 2(e).

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 338, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020.

#### **207.778 Neighborhood enterprise zone certificate; form and contents.**

Sec. 8. A neighborhood enterprise zone certificate shall be in the form prescribed and provided by the commission and shall include both of the following:

(a) A legal description of the real property on which the new facility is to be located or the legal description of the homestead facility or the rehabilitated property.

(b) A statement that unless revoked under this act, the certificate shall remain in effect for the period stated in the certificate.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2019, Act 163, Eff. Mar. 19, 2020.

#### **207.779 Neighborhood enterprise zone tax; exemption from ad valorem real property taxes; determination of amount; payment; disbursement; distribution to intermediate school districts; payment to state treasury; tax as lien; continuance of certificate; condition; collection as delinquent tax; facility located in renaissance zone.**

Sec. 9. (1) Except as provided in subsection (14), there is levied on the owner of a homestead facility, a new facility, or a rehabilitated facility to which a neighborhood enterprise zone certificate is issued a specific tax known as the neighborhood enterprise zone tax.

(2) A homestead facility, a new facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, but not the land on which the facility is located, is exempt from ad valorem real property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(3) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a new facility is determined each year by multiplying the taxable value of the facility, not including the land, by 1 of the following:

(a) For property that would otherwise meet the definition of a principal residence under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, if that property was not exempt from ad valorem property taxes under this act, 1/2 of the average rate of taxation levied in this state in the immediately preceding calendar year on a principal residence and qualified agricultural property as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd. However, in 1994 only, the average rate of taxation shall be the average rate of taxation levied in 1993 upon all property in this state upon which ad valorem taxes are assessed.

(b) For property that is not a principal residence under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd, 1/2 of the average rate of taxation levied upon commercial, industrial, and utility property upon which ad valorem taxes are assessed as determined for the immediately preceding calendar year by the state board of assessors under section 13 of 1905 PA 282, MCL 207.13. However, in 1994 only, the average rate of taxation shall be the average rate of taxation levied in 1993 upon all property in this state upon which ad valorem taxes are assessed.

(4) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the rehabilitated facility, not including the land, for the tax year immediately preceding the effective date of the neighborhood enterprise

zone certificate by the total mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing units within which the rehabilitated facility is located.

(5) Except as otherwise provided in this section, the amount of the neighborhood enterprise zone tax on a homestead facility is the sum of all the following:

(a) One-half the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the homestead facility not including the land.

(b) One-half the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the homestead facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the homestead facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the homestead facility is located multiplied by the current taxable value of the homestead facility not including the land.

(6) In the year 2 years before the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Five-eighths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Five-eighths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(7) In the year before the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Three-fourths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Three-fourths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(8) In the year in which the neighborhood enterprise zone certificate expires for a homestead facility, for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was issued after December 31, 2005, or for a new facility or a rehabilitated facility in which the neighborhood enterprise zone certificate was extended 3 years under section 12(1), the neighborhood enterprise zone tax is the sum of all the following:

(a) Seven-eighths the number of mills levied for operating purposes by the local governmental unit in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(b) Seven-eighths the number of mills levied for operating purposes by the county in which the neighborhood enterprise zone is located multiplied by the current taxable value of the facility not including the land.

(c) The total number of mills collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, for the current year by all taxing jurisdictions within which the facility is located excluding the

number of mills levied for operating purposes by the local governmental unit and county in which the facility is located multiplied by the current taxable value of the facility not including the land.

(9) The neighborhood enterprise zone tax is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable. Except as otherwise provided in this section, the officer or officers shall disburse the neighborhood enterprise zone tax received by the officer or officers each year to the state, cities, townships, villages, school districts, counties, and authorities at the same times and in the same proportions as required for the disbursement of taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. To determine the proportion for the disbursement of taxes under this subsection and for attribution of taxes under subsection (11) for taxes collected after June 30, 1994, the number of mills levied for local school district operating purposes to be used in the calculation shall equal the number of mills levied for local school district operating purposes levied in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the disbursement is calculated. Local tax collection officers shall disburse the proceeds of the neighborhood enterprise zone tax collected on homestead facilities under subsection (5) and on homestead facilities, new facilities, and rehabilitated facilities under subsections (6), (7), and (8) each year to the state, cities, townships, villages, school districts, counties, and authorities in an amount equal to the sum of the proceeds of the neighborhood enterprise zone tax collected on the facility multiplied by a fraction in which the numerator is the number of mills levied by the taxing unit that was used to calculate the specific tax on the facility and the denominator is the total number of mills levied by all the taxing units that was used to calculate the specific tax in which the property is located.

(10) An intermediate school district receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, shall be paid to the state treasury to the credit of the state school aid fund established by section 11 of article IX of the state constitution of 1963. If and for the period that the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, is amended or its successor act is enacted or amended to include a provision that provides for adjustments in state school aid to account for the receipt of revenues provided under this act in place of exempted ad valorem property tax, revenues required to be remitted or returned to the state treasury to the credit of the state school aid fund shall be distributed instead to the intermediate school districts. If the sum of any industrial facility tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial facilities tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and the neighborhood enterprise zone tax paid to the state treasury to the credit of the state school aid fund that would otherwise be disbursed to the intermediate school district exceeds the amount received by the intermediate school district under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, the department of treasury shall allocate to each eligible intermediate school district an amount equal to the difference between the sum of the industrial facility tax, the commercial facilities tax, and the neighborhood enterprise zone tax paid to the state treasury to the credit of the state school aid fund and the amount the intermediate school district received under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681.

(11) For neighborhood enterprise zone taxes levied after 1993 for school operating purposes, the amount that would otherwise be disbursed to a local school district shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(12) The officer or officers shall send a copy of the amount of disbursement made to each unit under this section to the commission on a form provided by the commission. The neighborhood enterprise zone tax is a lien on the real property upon which the new facility or rehabilitated facility subject to the certificate is located until paid. The continuance of a certificate is conditional upon the annual payment of the neighborhood enterprise zone tax and the ad valorem tax on the land collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(13) If payment of the tax under this act is not made by the March 1 following the levy of the tax, the tax shall be turned over to the county treasurer and collected in the same manner as a delinquent tax under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(14) A homestead facility, a new facility, or a rehabilitated facility located in a renaissance zone under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, is exempt from the neighborhood enterprise zone tax levied under this act to the extent and for the duration provided pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except for that portion of the neighborhood enterprise zone tax attributable to a special assessment or a tax described in section 7ff(2) of the general



property tax act, 1893 PA 206, MCL 211.7ff. The neighborhood enterprise zone tax calculated under this subsection shall be disbursed proportionately to the local taxing unit or units that levied the special assessment or the tax described in section 7ff(2) of the general property tax act, 1893 PA 206, MCL 211.7ff.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 1994, Act 369, Imd. Eff. Dec. 27, 1994;—Am. 1996, Act 449, Imd. Eff. Dec. 19, 1996;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2003, Act 127, Eff. Jan. 1, 2004;—Am. 2005, Act 340, Imd. Eff. Jan. 3, 2006.

#### **207.780 Neighborhood enterprise zone certificate; effective date; filing; affidavit of occupancy by owner as principal residence.**

Sec. 10. (1) Except as provided in subsections (2) and (3), the effective date of the neighborhood enterprise zone certificate is December 31 in the year in which the new facility or rehabilitated facility is substantially completed and, for a new facility, occupied by an owner as a principal residence, as evidenced by the owner filing with the assessor of the local assessing unit all of the following:

(a) For a new facility, a certificate of occupancy.

(b) For a rehabilitated facility, a certificate that the improvements meet minimum local building code standards issued by the local building inspector or other authorized officer or a certificate of occupancy if required by local building permits or building codes.

(c) For a rehabilitated facility, documentation proving the cost requirements of section 2(m) are met.

(d) For a homestead facility or a new facility, an affidavit executed by an owner affirming that the homestead facility or new facility is occupied by an owner as a principal residence.

(2) If a new facility is substantially completed in a year but is not occupied by an owner as a principal residence until the following year, upon the request of the owner, the effective date of the neighborhood enterprise zone certificate shall be December 31 in the year immediately preceding the date of occupancy by the owner as a principal residence.

(3) Upon the request of the owner, the effective date of the neighborhood enterprise zone certificate for a rehabilitated facility shall be December 31 in the year immediately preceding the date on which the rehabilitated facility is substantially completed.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 158, Imd. Eff. Nov. 6, 2001;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020.

#### **207.781 Revocation, expiration, or extension of certificate; rescission of revocation.**

Sec. 11. (1) Upon receipt of a request by certified mail to the qualified assessing authority by the holder of a neighborhood enterprise zone certificate requesting revocation of the certificate, the qualified assessing authority by order shall revoke the certificate.

(2) For certificates issued prior to January 1, 2017, the certificate shall expire if the owner fails to complete the filing requirements under section 10 within 2 years of the date the certificate was issued. For certificates issued after December 31, 2016, the certificate shall expire if the owner fails to complete the filing requirements under section 10 within 3 years of the date the certificate was issued. The holder of the certificate may request in writing to the qualified assessing authority by written request submitted at any time prior to the expiration of the certificate or within 1 year of the expiration of the certificate, a 1-year automatic extension of the deadlines provided in this subsection if the owner has proceeded in good faith with the construction or rehabilitation of the facility in a manner consistent with the purposes of this act and the delay in completion or occupancy by an owner is due to circumstances beyond the control of the holder of the certificate. For certificates issued prior to March 23, 2020, the holder of the certificate may request in writing to the qualified assessing authority no later than 180 days of the expiration of the certificate, a 180-day automatic extension of deadlines provided in this subsection, in addition to any extensions already exercised by the holder of the certificate. Upon request of the governing body of the local governmental unit, the qualified assessing authority shall extend the certificate if the new facility has not been occupied.

(3) The certificate for a homestead facility or new facility is automatically revoked if the homestead facility or new facility is no longer a homestead as that term is defined in section 7a of the general property tax act, 1893 PA 206, MCL 211.7a. However, if the owner or any subsequent owner submits a certificate before the revocation is effective, the qualified assessing authority, upon application of the owner, shall rescind the order of revocation. If the certificate is submitted after revocation of the certificate, the qualified assessing authority, upon application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

(4) If the owner of the facility fails to make the annual payment of the neighborhood enterprise zone tax and the ad valorem property tax on the land under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, the qualified assessing authority by order shall revoke the certificate. However, if payment of these

taxes is made before the revocation is effective, the qualified assessing authority, upon application of the owner, shall rescind the order of revocation. If payment of these taxes and any subsequent ad valorem property tax due on the facility is made after revocation of the certificate, the qualified assessing authority, upon application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

(5) If a homestead facility, a new facility, or a rehabilitated facility ceases to have as its primary purpose residential housing, the qualified assessing authority by order shall revoke the certificate for that facility. A new or rehabilitated facility does not cease to be used for its primary purpose if it is temporarily damaged or destroyed in whole or in part.

(6) If the governing body of a local governmental unit determines that a homestead facility, a new facility, or a rehabilitated facility is not in compliance with any local construction, building, or safety codes and notifies the qualified assessing authority by certified mail of the noncompliance, the qualified assessing authority by order shall revoke the certificate.

(7) The revocation shall be effective beginning the December 31 following the date of the order or, if the certificate is automatically revoked under subsection (3), the December 31 following the automatic revocation. The qualified assessing authority shall send by certified mail copies of the order of revocation to the holder of the certificate and to the assessor of that local governmental unit, and to the legislative body of each taxing unit that levies taxes upon property in the local governmental unit in which the new facility or rehabilitated facility is located.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008;—Am. 2020, Act 3, Imd. Eff. Jan. 27, 2020;—Am. 2021, Act 44, Imd. Eff. July 1, 2021.

#### **207.782 Duration of certificate.**

Sec. 12. (1) Except as otherwise provided in this section, unless earlier revoked as provided in section 11, a neighborhood enterprise zone certificate issued before January 1, 2006 shall remain in effect for 6 to 12 years and a neighborhood enterprise zone certificate issued after December 31, 2005 shall remain in effect for 6 to 15 years from the effective date of the certificate as determined by the governing body of the local governmental unit. The governing body of a local governmental unit that issued a neighborhood enterprise zone certificate for a new facility or a rehabilitated facility before January 1, 2006 may extend the certificate for an additional 3 years if the extension is approved by resolution before the original neighborhood enterprise zone certificate expires or after the original certificate expires if the certificate expired on or after January 1, 2004 and on or before January 3, 2006. If the homestead facility, new facility, or rehabilitated facility is sold or transferred to another owner who otherwise complies with this act and, for a homestead facility or a new facility, uses the homestead facility or the new facility as a principal residence, the certificate shall remain in effect.

(2) If a rehabilitated facility was sold before December 29, 1994 and a certificate was in effect for that facility at the time of the sale, and the new owner of the rehabilitated facility otherwise complies with this act, the certificate shall be reinstated and remain in effect for the remainder of the original period described in subsection (1), unless earlier revoked under section 11.

(3) Except as provided in subsection (4), a change in ownership of a rehabilitated facility constituting all or a portion of a qualified historic building, occurring after the effective date of a neighborhood enterprise zone certificate for that rehabilitated facility, shall not affect the validity of that neighborhood enterprise zone certificate, and the certificate shall remain in effect for the period specified in this section as long as the rehabilitated facility has as its primary purpose residential housing.

(4) Unless revoked earlier as provided in section 11, a neighborhood enterprise zone certificate in effect for a rehabilitated facility constituting all or a portion of a qualified historic building shall remain in effect for 11 to 17 years from the effective date of the certificate as determined by the governing body of the local governmental unit. However, if a rehabilitated facility constituting all or a portion of a qualified historic building is not transferred or sold to a person who will own and occupy the rehabilitated facility as his or her principal residence within 12 years of the effective date of the neighborhood enterprise zone certificate, the neighborhood enterprise zone certificate is revoked.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 1994, Act 391, Imd. Eff. Dec. 29, 1994;—Am. 2001, Act 217, Imd. Eff. Dec. 28, 2001;—Am. 2004, Act 396, Imd. Eff. Oct. 15, 2004;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2006, Act 661, Imd. Eff. Jan. 10, 2007;—Am. 2010, Act 65, Imd. Eff. May 6, 2010.

#### **207.783 Determination of assessed valuation of property benefiting from certificate and ad valorem property tax that would have been paid; notice.**

Sec. 13. (1) The assessor of each local governmental unit in which is located a homestead facility, a new facility, or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect shall determine annually, with respect to each homestead facility, new facility, or rehabilitated facility, the assessed valuation of the property comprising the facility having the benefit of a neighborhood enterprise zone certificate and the amount of ad valorem property tax that would have been paid with respect to each homestead facility, new facility, and rehabilitated facility under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, if the certificate had not been in force, and the assessed valuation on which the neighborhood enterprise zone tax is based for a homestead facility or a rehabilitated facility. A holder of a certificate shall furnish to the assessor the information necessary for the determination.

(2) After making the determinations under subsection (1), the assessor shall send annually notification of those determinations to the governing body of each taxing unit that levies taxes upon property in the local governmental unit in which the new facility or rehabilitated facility is located and the holder of the certificate for which the determination is made. The notice must be sent by certified mail not later than October 15 and must be based upon the valuation as of the immediately preceding December 31.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2005, Act 339, Imd. Eff. Jan. 3, 2006;—Am. 2017, Act 44, Imd. Eff. June 7, 2017.

#### **207.784 Repealed. 2017, Act 44, Imd. Eff. June 7, 2017.**

**Compiler's note:** The repealed section pertained to publication of list of governmental units meeting criteria of MCL 207.772(d).

#### **207.785 Repealed. 2008, Act 284, Imd. Eff. Sept. 29, 2008.**

**Compiler's note:** The repealed section pertained to issuance of report on costs and benefits of act.

#### **207.786 Rules; report.**

Sec. 16. (1) The commission may promulgate rules it considers necessary for the administration of this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(2) Not later than June 15 each year, the assessor of each local governmental unit that issues a certificate under this act for a homestead facility shall file with the commission a report that contains all of the following information for the immediately preceding calendar year:

- (a) The number of certificates issued.
- (b) The date of issuance of each certificate.
- (c) The name and address of the holder of each certificate.
- (d) The legal description of the real property of the homestead facility for which each certificate was issued.
- (e) The taxable value for each homestead facility for which a certificate was issued.
- (f) For each certificate that was transferred, all of the following:
  - (i) The date of each transfer.
  - (ii) The name and address of the former holder of the certificate.
  - (iii) The name and address of the current holder of the certificate.
- (g) For each certificate that was revoked pursuant to section 11, all of the following:
  - (i) The reason for the revocation.
  - (ii) The date of the revocation.
  - (iii) The name and address of the holder of each certificate that was revoked.
- (h) The impact on neighborhood revitalization in the local governmental unit, including the estimated tax savings for all new and current certificate holders.

(3) A report required by this section shall be prepared by the local assessor on a form provided by the commission. The commission may require that the report be filed in an electronic format prescribed by the commission.

(4) Not later than October 15 each year, the commission shall review and evaluate the information contained in the report described in subsection (2) and submit a report based on that evaluation to each house of the legislature, the chairpersons of the senate and house of representatives standing committees on appropriations, the chairperson of the senate standing committee on finance, and the chairperson of the house of representatives standing committee on tax policy. The report required under this subsection shall also include specific recommendations for any changes considered necessary in this act.

**History:** 1992, Act 147, Imd. Eff. July 16, 1992;—Am. 2008, Act 284, Imd. Eff. Sept. 29, 2008.

#### **207.787 Repealed. 2001, Act 217, Imd. Eff. Dec. 28, 2001.**

**Compiler's note:** The repealed section pertained to issuance of certificate after December 31, 2002.