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BILL ANALYSIS

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House Bills 4916 and 4917 (as passed by the House)  
Sponsor: Representative Jerry O. Kooiman (H.B. 4916)  
Representative Steve Tobocman (H.B. 4917)  
House Committee: Local Government and Urban Policy  
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 9-13-05

### **CONTENT**

**House Bills 4916 and 4917 would amend the Michigan Renaissance Zone Act and the General Property Tax Act, respectively, to exempt the owner of residential rental property located in a renaissance zone from having to file an affidavit that the property is in substantial compliance with all applicable State and local zoning, building, and housing laws, if the property was in compliance on December 31 of the immediately preceding tax year.**

#### **House Bill 4916**

Under the Michigan Renaissance Zone Act, an individual who is a resident of a renaissance zone or a business that is located and conducts business activity within a renaissance zone or a person who owns property located in a zone is not eligible for a tax exemption, deduction, or credit under the Act for a taxable year if certain conditions apply. For residential rental property in a renaissance zone, one of the conditions is that the property is not in substantial compliance with all applicable State and local zoning, building, and housing laws, ordinances, or codes and, the residential rental property owner has not filed an affidavit before December 31 in the immediately preceding tax year with the local tax collecting unit in which the residential property is located under the General Property Tax Act.

Under the bill, beginning December 31, 2004, a residential rental property owner would not be required to file an affidavit if the qualified local governmental unit in which the residential rental property was located determined that the property was in substantial compliance with all applicable State and local zoning, building, and housing laws, ordinances, and codes on December 31 of the immediately preceding tax year.

#### **House Bill 4917**

Under the General Property Tax Act, subject to certain exemptions and limitations, real property and personal property located in a renaissance zone is exempt from taxes collected under the Act to the extent and for the duration provided in the Michigan Renaissance Zone Act. For residential rental property in a renaissance zone, the exemption is available only if that property is in substantial compliance with all applicable State and local zoning, building, and housing laws, ordinances, or codes and the property owner files an affidavit before December 31 in the immediately preceding tax year with the treasurer of the local tax collecting unit in which the property is located stating that the property is in substantial

compliance with all applicable State and local zoning, building, and housing laws, ordinances, or codes.

Under the bill, the exemption also would be available, beginning December 31, 2004, if the qualified local governmental unit in which the residential rental property was located determined that the property was in substantial compliance with all applicable State and local zoning, building, and housing laws, ordinances, and codes on tax day. If the qualified local governmental unit made that determination, the property owner would not be required to file an affidavit.

(Under the Act, the taxable status of persons and real and personal property for a tax year must be determined as of each December 31 of the immediately preceding year, which is considered the tax day, any provisions in the charter of any city or village to the contrary notwithstanding.)

MCL 125.2690 (H.B. 4916)  
211.7ff (H.B. 4917)

### **BACKGROUND**

The Michigan Renaissance Zone Act was enacted in 1996 to encourage commercial, industrial, and residential improvements in economically distressed areas in the State. The Act provides for the designation of renaissance zones in qualified local governmental units. Renaissance zones are geographic areas that are virtually tax-free for any business or resident located in or moving into one of the zones. They do not pay the following:

- The single business tax.
- The 6-mill State education tax.
- Local personal property tax.
- Local real property tax.
- Local income tax.
- Utility users tax (levied in Detroit only).

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government.

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.