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BILL ANALYSIS

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Senate Bill 975 (as introduced 12-6-07)  
Sponsor: Senator Roger Kahn, M.D.  
Committee: Commerce and Tourism

Date Completed: 5-13-08

### **CONTENT**

The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to allow a neighborhood enterprise zone located in a downtown district under the downtown development authority (DDA) Act to contain fewer than 10 platted parcels if the platted parcels together contained 10 or more facilities.

The NEZ Act allows the governing body of a local governmental unit to designate one or more neighborhood enterprise zones, within which the owner of a homestead facility, the owner or developer of a proposed new facility, or an owner or developer wishing to rehabilitate property may receive an NEZ certificate. A certificate exempts new or rehabilitated housing from the property tax and subjects it, instead, to a specific neighborhood enterprise zone tax.

Under the Act, a neighborhood enterprise zone must contain at least 10 platted parcels of land and all the land within a zone must be compact and contiguous. Under the bill, this would apply except as provided above.

(Under the DDA Act, "downtown district" means that part of an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to the Act. A downtown district may include one or more separate and distinct geographic areas in a business district as determined by the municipality if the municipality enters into an agreement with a qualified township under Act or if the municipality is a city that surrounds another city and that other city lies between the two separate and distinct geographic areas.)

MCL 207.773

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would reduce State and local property tax revenue by an unknown amount, depending upon the specific characteristics of the property affected by the bill. The bill would expand the conditions under which a zone may be created. The bill also would increase State School Aid Fund expenditures by an unknown amount because any reduction in local school operating taxes would be offset by higher expenditures in order to maintain per-pupil funding guarantees. Neighborhood enterprise zones are expected to reduce property taxes on affected property by \$12.7 million in fiscal year 2007-08. During 2007, 13 cities participated in the program, although additional communities were eligible.

Fiscal Analyst: David Zin

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