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BILL ANALYSIS



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House Bill 4641 (Substitute H-1 as passed by the House)
Sponsor: Representative Jimmy Womack
House Committee: Commerce
Senate Committee: Economic Development

Date Completed: 9-19-12

CONTENT**The bill would amend the Neighborhood Enterprise Zone Act to revise a population reference in the definition of "homestead facility".**

The Act allows eligible local units of government to designate neighborhood enterprise zones (NEZs), in which a homestead facility, new facility, or rehabilitated facility is subject to a specific NEZ tax instead of ad valorem property taxes. For a homestead facility, the NEZ tax generally is one-half of the local and county taxes that otherwise would be levied.

The Act's definition of "homestead facility" includes an existing structure, purchased by or transferred to an owner after December 31, 1996, that has as its primary purpose residential housing consisting of one or two units, one 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 be or has been issued after December 31, 2006, in a city with a population of 750,000 or more. The bill would refer instead to a city with a population of 600,000 or more.

(Detroit's population fell below 750,000 in the 2010 U.S. Decennial Census, and Detroit is the only city in Michigan that would meet the bill's population criterion.)

MCL 207.772

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no effect on State revenue or expenses. Generally speaking, the bill would have no effect on current revenue to local units, although if the bill did not pass, the ability of the City of Detroit to continue to participate in the neighborhood enterprise zone program would be affected. To the extent the city were no longer able to participate, it would no longer be able to grant property tax reductions for certain property. The impact of these reductions would depend on the specific characteristics of any affected property.

Fiscal Analyst: David Zin

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