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Senate Bill 1282 (as introduced 4-22-10) Sponsor: Senator Tupac A. Hunter Committee: Commerce and Tourism

Date Completed: 5-18-10

## **CONTENT**

The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to allow a subsequent owner of a residence to receive a NEZ certificate for the remainder of the term of a certificate that could have been granted to the original owner, in a particular neighborhood enterprise zone.

The Act allows eligible local governmental units to designate neighborhood enterprise zones within which the owner or developer of property may receive a NEZ certificate. A certificate entitles the owner or developer to reduced taxes on the structure. In at least one instance, the Act allows a subsequent owner occupying a new facility as a principal residence to request and be granted a NEZ certificate when the original owner did not apply for a certificate.

Under the bill, if a new facility were completed in a neighborhood enterprise zone approved in October 2004 and a building permit had been issued in December 2003, but the original owner occupying the facility as a principal residence did not apply for a NEZ certificate, a subsequent owner occupying the facility as a principal residence could request and be granted a NEZ certificate. The NEZ certificate would be effective December 31 of the year preceding the application and would be in effect for the remainder of the term that a NEZ certificate would have been in effect for the original owner, not to exceed 12 years.

MCL 207.774 Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill, by allowing additional property owners in neighborhood enterprise zones to file for an exemption, 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 as well as 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: Eric Scorsone

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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.