

SENATE BILL No. 262

February 18, 2009, Introduced by Senator ALLEN and referred to the Committee on Commerce and Tourism.

A bill to amend 1992 PA 147, entitled "Neighborhood enterprise zone act," by amending sections 2 and 3 (MCL 207.772 and 207.773), section 2 as amended by 2008 PA 284 and section 3 as amended by 2008 PA 204.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Commission" means the state tax commission created by
3 1927 PA 360, MCL 209.101 to 209.107.

4 (b) "Condominium unit" means that portion of a structure
5 intended for separate ownership, intended for residential use, and
6 established pursuant to the condominium act, 1978 PA 59, MCL
7 559.101 to 559.276. Condominium units within a qualified historic
8 building may be held under common ownership.

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

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

7 (e) "Homestead facility" means an existing structure,
8 purchased by or transferred to an owner after December 31, 1996,
9 that has as its primary purpose residential housing consisting of 1
10 or 2 units, 1 of which is occupied by an owner as his or her
11 principal residence and that is located within a subdivision
12 platted pursuant to state law before January 1, 1968 other than an
13 existing structure for which a certificate will or has been issued
14 after December 31, 2006 in a city with a population of 750,000 or
15 more, is located within a subdivision platted pursuant to state law
16 before January 1, 1968.

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

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

22 (i) A new structure or a portion of a new structure that has as
23 its primary purpose residential housing consisting of 1 or 2 units,
24 1 of which is or will be occupied by an owner as his or her
25 principal residence. New facility includes a model home or a model
26 condominium unit. New facility includes a new individual
27 condominium unit, in a structure with 1 or more condominium units,

1 that has as its primary purpose residential housing and that is or
2 will be occupied by an owner as his or her principal residence.
3 Except as provided in subparagraph (ii), new facility does not
4 include apartments.

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

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

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

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

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

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

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

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

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

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

26 (i) The boundaries of a downtown district as defined in section
27 1 of 1975 PA 197, MCL 125.1651.

1 (ii) The boundaries of a principal shopping district or a
2 business improvement district as defined in section 1 of 1961 PA
3 120, MCL 125.981.

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

7 (l) "Qualified historic building" means a property within a
8 neighborhood enterprise zone that has been designated a historic
9 resource as defined under section 266 of the income tax act of
10 1967, 1967 PA 281, MCL 206.266.

11 (m) "Rehabilitated facility" means an existing structure or a
12 portion of an existing structure with a current true cash value of
13 ~~\$80,000.00~~ **\$95,000.00** or less per unit that has or will have as its
14 primary purpose residential housing, consisting of 1 to 8 units,
15 the owner of which proposes improvements that if done by a licensed
16 contractor would cost in excess of \$5,000.00 per owner-occupied
17 unit or 50% of the true cash value, whichever is less, or \$7,500.00
18 per nonowner-occupied unit or 50% of the true cash value, whichever
19 is less, or the owner proposes improvements that would be done by
20 the owner and not a licensed contractor and the cost of the
21 materials would be in excess of \$3,000.00 per owner-occupied unit
22 or \$4,500.00 per nonowner-occupied unit and will bring the
23 structure into conformance with minimum local building code
24 standards for occupancy or improve the livability of the units
25 while meeting minimum local building code standards. Rehabilitated
26 facility also includes an individual condominium unit, in a
27 structure with 1 or more condominium units that has as its primary

1 purpose residential housing, the owner of which proposes the above
2 described improvements. Rehabilitated facility also includes
3 existing or proposed condominium units in a qualified historic
4 building with 1 or more existing or proposed condominium units.
5 Rehabilitated facility does not include a facility rehabilitated
6 with the proceeds of an insurance policy for property or casualty
7 loss. A qualified historic building may contain multiple
8 rehabilitated facilities.

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

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

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

10 (3) Not less than 60 days before the passage of a resolution
11 designating a neighborhood enterprise zone or the repeal or
12 amendment of a resolution under subsection (5), the clerk of the
13 local governmental unit shall give written notice to the assessor
14 and to the governing body of each taxing unit that levies ad
15 valorem property taxes in the proposed neighborhood enterprise
16 zone. Before acting upon the resolution, the governing body of the
17 local governmental unit shall make a finding that a proposed
18 neighborhood enterprise zone is consistent with the master plan of
19 the local governmental unit and the neighborhood preservation and
20 economic development goals of the local governmental unit. The
21 governing body before acting upon the resolution shall also adopt a
22 statement of the local governmental unit's goals, objectives, and
23 policies relative to the maintenance, preservation, improvement,
24 and development of housing for all persons regardless of income
25 level living within the proposed neighborhood enterprise zone.
26 Additionally, before acting upon the resolution, the governing body
27 of a local governmental unit with a population greater than 20,000

1 shall pass a housing inspection ordinance. A local governmental
2 unit with a population of 20,000 or less may pass a housing
3 inspection ordinance. Before the sale of a unit in a new or
4 rehabilitated facility for which a neighborhood enterprise zone
5 certificate is in effect, an inspection shall be made of the unit
6 to determine compliance with any local construction or safety codes
7 and that a sale may not be finalized until there is compliance with
8 those local construction or safety codes. The governing body shall
9 hold a public hearing not later than ~~45~~60 days after the date the
10 notice is sent but before acting upon the resolution.

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

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

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