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BILL ANALYSIS



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Senate Bill 721 (as introduced 12-2-25)

Sponsor: Senator Jeremy Moss

Committee: Regulatory Affairs

Date Completed: 12-2-25

CONTENT

The bill would amend the Commercial Redevelopment Act to extend, from December 31, 2025, to December 31, 2035, the date after which a new commercial facilities exemption certificate may be issued. It also would allow an applicant to modify an application for a certificate to correct an error or mistake and keep the effective date of the original certificate. Finally, it would modify Certificate reporting dates.

The Act requires the clerk of a local unit of government to issue to an applicant a commercial facilities exemption certificate following approval of the application by the legislative body of the local unit of government. The Act exempts a facility for which a commercial facilities exemption certificate is in effect, but not the land on which the facility is located or to be located, or personal property other than personal property assessed under Section 14 of the General Property Tax Act, from ad valorem property taxes.¹

Under the bill, if an error or mistake in an application for a commercial facilities exemption certificate were discovered after the local governmental unit had issued a certificate for the application, an applicant could submit an amended application in the same manner as an original application that corrected the error or mistake. The legislative body of the local governmental unit could approve or deny the amended application. If the local governmental unit previously issued a certificate for the original application and approved an amended application, the local governmental unit would have to issue an amended certificate for the amended application with the same effective date as the original certificate.

The Act allows the State Treasurer, within 60 days after granting a new commercial facilities exemption certificate for a new facility or replacement facility, to exclude up to half of the number of mills levied under the State Education Tax Act, if the State Treasurer determined that reducing the number of mills used to calculate the specific tax was necessary to reduce unemployment, promote economic growth, and increase capital investment in qualified local governmental units. The bill would delete the requirement that the exclusion be granted within 60 days. The Act prohibits the State Treasurer from granting more than 25 of these exclusions each year. The bill would increase the number of allowable exclusions to 45 each year.

The Act requires each governmental unit granting commercial redevelopment exemptions to report to the State Tax Commission on the status of each exemption by October 15 of each year. The bill would change the reporting date to June 15.

Finally, the Act prohibits a new exemption from being granted after December 31, 2025. The bill would extend this date to December 31, 2035.

¹ Generally, Section 14 of the General Property Tax Act specifies that buildings located on real property that the building owner does not own must be assessed as personal property against to owner or occupant of the building.

FISCAL IMPACT

The bill would reduce State and local property tax revenue, and increase School Aid Fund expenditures, by an unknown amount, depending upon the specific characteristics of property that received a commercial facilities exemption certificate, as well as the number of parcels affected. School aid expenditures would be increased to the extent the bill reduced local school operating revenue to maintain per-pupil funding guarantees. While local property tax revenue would decline, and School Aid Fund expenditures would increase, only if the property still would be altered absent the bill, State education tax revenue would decrease in an absolute sense because the bill would allow abatements of the tax against the existing tax base.

Affected local taxing jurisdictions cannot "opt out" of the certificate provisions. Affected properties are exempted from property taxes and pay a Commercial Facilities Tax instead, which varies depending on if the certificate is for new and replacement facilities or a restored facility. For restored facilities, the levy is based on the taxable value of the facility prior to the restoration, while for new or replacement facilities, the levy equals half the mills that would otherwise be levied. If approved, the Act also allows the State Education tax to be partially or completely abated on affected property.

To the extent that property affected by the bill potentially would be eligible for tax preferences under the Obsolete Property Rehabilitation Act and/or the Brownfield Redevelopment Financing Act, the fiscal impact of the bill could be mitigated.

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