

# Legislative Analysis



## TAX BENEFITS: AVAILABLE IN ALL LOCAL UNITS

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### House Bill 5988

Sponsor: Rep. Bill Huizenga

### House Bill 5989

Sponsor: Rep. David Farhat

### House Bill 5991

Sponsor: Rep. Phil Pavlov

### House Bill 5990

Sponsor: Rep. Dave Hildenbrand

### House Bill 5992

Sponsor: Rep. Leslie Mortimer

Committee: Commerce

Complete to 5-1-06

## A SUMMARY OF HOUSE BILL 5988 AS INTRODUCED 4-25-06

The bills would, generally speaking, make business and residential tax benefits that are now available only in certain designated communities available in any city, village, and township.

House Bill 5988 would amend a section of the General Property Tax Act (MCL 211.9f) that allows exemptions for new personal property of certain eligible businesses in certain geographic areas of distressed communities. The bill would allow any "local tax collecting unit" to exempt by resolution all new personal property of eligible businesses in the local unit. Eligible businesses include those engaged in manufacturing, mining, research and development, wholesale trade, and office operations. It does not include retail sales.

House Bill 5989 would amend the Obsolete Property Rehabilitation Act (MCL 125.2782 et seq.). This act contains a definition of "qualified local government unit" that is used in OPRA—and is cited in a number of other economic development acts—to designate the communities that are eligible to participate. These are typically referred to as "core communities." The bill would allow any local governmental unit to establish an obsolete property rehabilitation district (in which local property taxes on rehabilitated buildings are frozen for up to 12 years, and one-half of state education taxes can be abated for up to six years with the approval of the State Treasurer.)

House Bill 5990 would amend the Brownfield Redevelopment Financing Act (MCL 125.2652). That act uses the definition of core community from OPRA to designate communities that can participate in brownfield programs that allow for tax increment financing programs and single business tax credits for non-contaminated property. (Non-core communities are eligible where property is contaminated.) The bill would define "qualified local governmental unit" to mean any city, village, or township, thus expanding the program's availability to all communities.

House Bill 5991 would amend the section of the Single Business Tax Act (MCL 208.38g) under which brownfield SBT credits are awarded to amend the definition of "qualified local governmental unit" to remove the reference to core communities in OPRA and instead making the term apply to any city, village, or township.

House Bill 5992 would amend the Neighborhood Enterprise Zone Act (MCL 207.772), under which tax incentives are provided for residential housing in special zones in core communities. The bill would remove the core community definition and specify that the term "local governmental unit" would apply to any city, village, or township.

**FISCAL IMPACT:**

Because it is not known to what degree the exemptions will be awarded, it is not possible to determine a fiscal impact. The revenue reductions would occur primarily at the local level, although to the extent that the new personal property is exempted from the 18-mills for local education, there could be an impact on the School Aid Fund.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.