Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4369 (Substitute H-3 as reported without amendment)
Sponsor: Representative Fran Amos
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would create the "Commercial Rehabilitation Act" to do the following:

-- Allow a city, village, or township, by resolution, to establish a commercial rehabilitation district consisting of a "qualified facility", unless the county containing the district disapproved it.
-- Allow the owner of a qualified facility to apply for a commercial rehabilitation exemption certificate with the local governmental unit.
-- Require an exemption to be approved by the local governmental unit and the State Tax Commission.
-- Exempt from property taxes a qualified facility for which an exemption certificate was in effect, and provide for the levy of a commercial rehabilitation tax on the facility owner.
-- Provide for a certificate to remain in effect for a period of time determined by the local governmental unit, not to exceed 10 years, and allow extensions if the period were less than 10 years.
-- Require the legislative body of a local governmental unit to make a finding that an exemption would not substantially impede the operation of the unit or impair the financial soundness of an affected taxing unit if the exemption, when added to certain previously granted exemptions, exceeded 5% of the governmental unit's taxable value.
-- Prohibit new exemptions from being granted after December 31, 2015.

"Qualified facility" would mean a building or group of contiguous buildings of commercial property consisting of 1 million or more square feet of space that was 40% or more vacant for 12 or more consecutive months immediately preceding the date of application for the certificate and that was 15 years old or older.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would potentially delay an increase in revenue to State and local governmental units, depending on whether the value of affected properties would increase absent the bill. To the extent that the value would rise, the bill would delay any revenue increase from the higher value by freezing the taxable value of the property for the duration of the certificate. The actual amount delayed would depend upon how many properties qualified for a certificate and the number of years for which a certificate was in effect, as well as the magnitude of any increases in taxable value affecting those properties that would occur absent the bill. This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 10-27-05

Fiscal Analyst: David Zin