

Legislative Analysis



OBSOLETE PROPERTY: AMENDED CERTIFICATE

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4820 (Substitute H-1)

Sponsor: Rep. Wayne Schmidt

Committee: Commerce

Complete to 11-9-11

A SUMMARY OF HOUSE BILL 4820 AS REPORTED FROM COMMITTEE

House Bill 4820 would amend the Obsolete Property Rehabilitation Act to allow for an ***amended obsolete property rehabilitation exemption certificate*** to be issued under certain circumstances. Under the bill, the revised certificate would have the same effective date as the original certificate. This would apply in cases where an error or mistake was discovered after the local legislative body had approved the application or after the State Tax Commission had issued a certificate for the application.

In such a case, the applicant could submit an amended application in the same manner as an original application correcting the error or mistake. The local unit or STC could approve or deny the amended application. If the STC had previously issued a certificate and approves the amended application, it would issue an amended certificate with the same effective date as the original certificate.

Under the Obsolete Property Rehabilitation Act, local units of government can create special districts in which eligible commercial property and commercial housing can obtain property tax abatements. This only applies in so-called core communities and applies only to blighted, functionally obsolete, and contaminated properties. Properties undergoing rehabilitation can obtain tax abatements for one to twelve years, if approved by the local legislative body and the State Tax Commission. Approved properties are exempt from standard property taxes and instead pay a specific tax, called the obsolete properties tax, which is based on the value of property prior to rehabilitation. The abatement applies to the facility and not the land and not, generally speaking, to personal property.

MCL 125.2786

FISCAL IMPACT:

For the eligible property, the bill would freeze real property taxes at pre-rehabilitation levels for a period of 1 to 12 years. The abated millage would represent a decrease in local property tax revenue.

Legislative Analyst: Chris Couch

Fiscal Analyst: Jim Stansell

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