



Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bill 308 (as reported without amendment)  
Sponsor: Senator Rick Jones  
Committee: Economic Development

Date Completed: 5-8-13

**CONTENT**

The bill would amend the Obsolete Property Rehabilitation Act to make an exception to the requirement that the rehabilitation of a facility not begin before the establishment of an obsolete property rehabilitation district.

The Act provides for tax abatements for certain facilities undergoing rehabilitation that are located in an obsolete property rehabilitation district created by a qualified local governmental unit (sometimes called a "core community"). The local unit of government may grant an exemption certificate for the rehabilitation of blighted, functionally obsolete, and contaminated property.

The legislative body of a qualified local unit may not approve an application for an obsolete property exemption certificate unless the applicant complies with certain criteria. With certain exceptions, the criteria include a requirement that the rehabilitation of the facility does not begin before the obsolete property rehabilitation district has been established.

Under the bill, a qualified local unit's legislative body could approve an application for an exemption certificate if the rehabilitation began before the district was established if all of the following were met:

- The building permit for the rehabilitation of the facility was obtained in September 2010.
- The obsolete property rehabilitation district was created in October 2012.
- The rehabilitation of the facility included renovation of the entire interior building structure and mold removal.

The effective date of a certificate issued under this exception would be December 31, 2011.

MCL 125.2788

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill would reduce local property tax revenue by an unknown and likely negligible amount. The actual amount of the reduction would depend upon the specific characteristics of the property affected by the bill, as well as the specific improvements made for any rehabilitated property.

Fiscal Analyst: David Zin