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Senate Bill 198 (as introduced 3-3-21)
Sponsor: Senator Adam J. Hollier
Committee: Economic and Small Business Development

Date Completed: 4-29-21

CONTENT

The bill would amend the Neighborhood Enterprise Zone Act to specify that an application for the construction of a new facility or a rehabilitated facility could be filed after a building permit was issued if the area in which the new facility or rehabilitated facility was located were designated as a neighborhood enterprise zone by the governing body of the local governmental unit in January 2016 and if the building permit was issued for that facility in August 2016 or August 2019.

Generally, the Act allows a governing body of a local governmental unit to designate one or more neighborhood enterprise zones within that local governmental unit. Developers and owners of residential housing can use the tax incentives in a neighborhood enterprise zone to rehabilitate or develop property within the zone after applying for and receiving a neighborhood enterprise zone certificate. Except as otherwise provided by the Act or by a local governmental unit's resolution if the application is filed no later than six months following the date the building permit is issued, the application for a neighborhood enterprise zone certificate must be filed before a building permit is issued for the new construction or rehabilitation of a facility. The Act provides certain circumstances under which an application may be filed after a building permit is issued.

Under the bill, an application for the construction of a new facility or a rehabilitated facility could be filed after a building permit was issued if the area in which the new facility or rehabilitated facility was located were designated as a neighborhood enterprise zone by the governing body of the local governmental unit in January 2016 and if the building permit was issued for that facility in August 2016 or August 2019.

MCL 207.774

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill, by allowing additional exemptions in neighborhood enterprise zones, could result in a loss of State and local property taxes. The potential loss would depend on the specific characteristics of the property eligible under the bill. The potential revenue loss would affect local property taxes where the neighborhood enterprise zones were located as well as State property taxes via the State Education Tax. Since school operating mills also would be reduced, costs to the School Aid Fund would increase if the foundation allowance were maintained.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.