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Senate Bill 319 (as introduced 5-14-19)  
Sponsor: Senator Jeremy Moss  
Committee: Economic and Small Business Development

Date Completed: 6-10-19

### **CONTENT**

**The bill would amend the Neighborhood Enterprise Zone Act to modify the definition of "rehabilitated facility" and require the State Treasurer to adjust the amounts prescribed in the definition annually beginning in 2020.**

The Act allows eligible local units of government to designate neighborhood enterprise zones, in which a homestead facility, new facility, or rehabilitated facility is subject to a specific neighborhood enterprise zone tax instead of ad valorem property taxes. Except as otherwise provided, the amount of the neighborhood enterprise zone tax on a rehabilitated facility is determined each year by multiplying the taxable value of the facility, not including the land, for the tax year immediately before the effective date of the neighborhood enterprise zone certificate by the total mills collected under the General Property Tax Act for the current year by all taxing units within which the rehabilitated facility is located.

Currently, "rehabilitated facility" means an existing structure or a portion of an existing structure with a current true cash value of \$80,000 or less per unit that has or will have as its primary purpose residential housing, consisting of one to eight units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of \$5,000 per owner-occupied unit or 50% of the true cash value, whichever is less, or \$7,500 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of \$3,000 per owner-occupied unit or \$4,500 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards.

Under the bill, instead, "rehabilitated facility" would mean, except as otherwise provided, an existing structure or a portion of an existing structure with a current true cash value of \$120,000 or less per unit that has or will have as its primary purpose residential housing, consisting of one to eight units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of \$10,000 per owner-occupied unit or 50% of the true cash value, whichever is less, or \$15,000 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of \$3,000 per owner-occupied unit or \$4,500 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards.

Beginning in 2020 and each year thereafter, the State Treasurer would have to adjust the dollar amounts described in the above definition at the end of each calendar year to reflect the cumulative annual percentage change in the consumer price index. "Consumer price index" would mean the most comprehensive index of consumer prices available for the State from the Bureau of Labor Statistics of the United States Department of Labor.

MCL 207.772 et al.

Legislative Analyst: Drew Krogulecki

**FISCAL IMPACT**

The bill would have no fiscal impact on the Department of Treasury. Annual adjustments to the qualifications for rehabilitation facilities could be updated within current appropriations.

Fiscal Analyst: Cory Savino

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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.