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Senate Bill 493 (as reported without amendment)  
Senate Bill 494 (as reported without amendment)  
Sponsor: Senator Jim Stamas  
Committee: Economic and Small Business Development

### **CONTENT**

Senate Bill 493 would amend the Commercial Rehabilitation Act to extend, from December 31, 2020, to December 31, 2025, the sunset date after which a new commercial rehabilitation certificate may not be granted.

Senate Bill 494 would amend the Commercial Redevelopment Act to extend, from December 31, 2020, to December 31, 2025, the sunset date after which a new certificate may not be granted.

MCL 207.856 (S.B. 493)  
207.668 (S.B. 494)

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

Senate Bill 493 would have an unknown impact on local government revenue and would increase the cost of the State Tax Commission within the Department of Treasury by a minimal amount. To the extent that the designated property would be rehabilitated without the bill, the bill would reduce revenue to cities, villages, townships, and counties with commercial rehabilitation districts. If the postponement of the sunset on the designation of new commercial rehabilitation districts resulted in property rehabilitation and taxable value growth that otherwise would not occur, the local governments would receive an increase in tax revenue that would begin when the commercial rehabilitation exemption expired. The amount and timing of revenue change would depend on the decision of a city, village, or township to designate a district, county approval, the approval of the State Tax Commission, the duration of the district, and the number and value of participating properties. The net revenue to local school districts would not be changed by the bill. The State Tax Commission would have additional costs of a minimal amount to approve and report on additional commercial rehabilitation districts approved pursuant to the bill.

The Department of Treasury reported that for the 2017 tax year, there were 21 properties receiving an exemption in districts established by 11 local governments. For the 2018 tax year, this increased to 29 properties in districts established by 17 local governments.

Senate Bill 494 would reduce State and local property tax revenue, and increase School Aid Fund expenditures, by an unknown amount, depending upon the specific characteristics of property that received a commercial facilities exemption certificate, as well as the number of parcels affected. School aid expenditures would be increased to the extent the bill reduced local school operating revenue, in order to maintain per-pupil funding guarantees. While local property tax revenue would decline, and School Aid Fund expenditures increase, only if the property still would be altered absent the bill, State education tax revenue would decrease in

an absolute sense because the bill would allow abatements of the tax against the existing tax base.

To the extent that property affected by the bill potentially would be eligible for tax preferences under the Obsolete Property Rehabilitation Act or the Brownfield Redevelopment Financing Act, the fiscal impact of the bill could be mitigated.

The Department of Treasury reported that there are currently 51 properties receiving an exemption in districts established by 25 local governments.

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