

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 319

A bill to amend 1992 PA 147, entitled
"Neighborhood enterprise zone act,"
by amending sections 2, 7, 10, and 11 (MCL 207.772, 207.777,
207.780, and 207.781), section 2 as amended by 2010 PA 9, sections
7 and 11 as amended by 2008 PA 284, and section 10 as amended by
2005 PA 339, and by adding section 2a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Commission" means the state tax commission created by
- 3 1927 PA 360, MCL 209.101 to 209.107.
- 4 (b) "Condominium unit" means that portion of a structure
- 5 intended for separate ownership, intended for residential use, and
- 6 established ~~pursuant to~~**under** the condominium act, 1978 PA 59, MCL



1 559.101 to 559.276. Condominium units within a qualified historic
2 building may be held under common ownership.

3 (c) "Developer" means a person who is the owner of a new
4 facility at the time of construction or of a rehabilitated facility
5 at the time of rehabilitation for which a neighborhood enterprise
6 zone certificate is applied for or issued.

7 (d) "Facility" means a homestead facility, a new facility, or
8 a rehabilitated facility.

9 (e) "Homestead facility" means 1 of the following:

10 (i) An existing structure, purchased by or transferred to an
11 owner after December 31, 1996, that has as its primary purpose
12 residential housing consisting of 1 or 2 units, 1 of which is
13 occupied by an owner as his or her principal residence and that is
14 located within a subdivision platted pursuant to state law before
15 January 1, 1968 other than an existing structure for which a
16 certificate will or has been issued after December 31, 2006 in a
17 city with a population of 750,000 or more, is located within a
18 subdivision platted pursuant to state law before January 1, 1968.

19 (ii) An existing structure that has as its primary purpose
20 residential housing consisting of 1 or 2 units, 1 of which is
21 occupied by an owner as his or her principal residence that is
22 located in a subdivision platted after January 1, 1999 and is
23 located in a county with a population of more than 400,000 and less
24 than 500,000 according to the most recent decennial census and is
25 located in a city with a population of more than 100,000 and less
26 than 125,000 according to the most recent decennial census.

27 (f) "Local governmental unit" means a qualified local
28 governmental unit as that term is defined under section 2 of the
29 obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782, or



1 a county seat.

2 (g) "New facility" means 1 or both of the following:

3 (i) A new structure or a portion of a new structure that has as
4 its primary purpose residential housing consisting of 1 or 2 units,
5 1 of which is or will be occupied by an owner as his or her
6 principal residence. New facility includes a model home or a model
7 condominium unit. New facility includes a new individual
8 condominium unit, in a structure with 1 or more condominium units,
9 that has as its primary purpose residential housing and that is or
10 will be occupied by an owner as his or her principal residence.
11 Except as provided in subparagraph (ii), new facility does not
12 include apartments.

13 (ii) A new structure or a portion of a new structure that meets
14 all of the following:

15 (A) Is rented or leased or is available for rent or lease.

16 (B) Is a mixed use building or located in a mixed use building
17 that contains retail business space on the street level floor.

18 (C) Is located in a qualified downtown revitalization
19 district.

20 (h) "Neighborhood enterprise zone certificate" or
21 "certificate" means a certificate issued pursuant to sections 4, 5,
22 and 6.

23 (i) "Owner" means the record title holder of, or the vendee of
24 the original land contract pertaining to, a new facility, a
25 homestead facility, or a rehabilitated facility for which a
26 neighborhood enterprise zone certificate is applied for or issued.

27 (j) "Qualified assessing authority" means 1 of the following:

28 (i) For a facility other than a homestead facility, the
29 commission.



1 (ii) For a homestead facility, the assessor of the local
2 governmental unit in which the homestead facility is located.

3 (k) "Qualified downtown revitalization district" means an area
4 located within 1 or more of the following:

5 (i) The boundaries of a downtown district as defined in ~~section~~
6 ~~1 of 1975 PA 197, MCL 125.1651.~~ **section 201 of the recodified tax**
7 **increment financing act, 2018 PA 57, MCL 125.4201.**

8 (ii) The boundaries of a principal shopping district or a
9 business improvement district as defined in section 1 of 1961 PA
10 120, MCL 125.981.

11 (iii) The boundaries of the local governmental unit in an area
12 that is zoned and primarily used for business as determined by the
13 local governmental unit.

14 (l) "Qualified historic building" means a property within a
15 neighborhood enterprise zone that has been designated a historic
16 resource as defined under section 266 of the income tax act of
17 1967, 1967 PA 281, MCL 206.266.

18 (m) "Rehabilitated facility" means, **except as otherwise**
19 **provided in section 2a**, an existing structure or a portion of an
20 existing structure with a current true cash value of ~~\$80,000.00~~
21 **\$120,000.00** or less per unit that has or will have as its primary
22 purpose residential housing, consisting of 1 to 8 units, the owner
23 of which proposes improvements that if done by a licensed
24 contractor would cost in excess of ~~\$5,000.00~~ **\$10,000.00** per owner-
25 occupied unit or 50% of the true cash value, whichever is less, or
26 ~~\$7,500.00~~ **\$15,000.00** per nonowner-occupied unit or 50% of the true
27 cash value, whichever is less, or the owner proposes improvements
28 that would be done by the owner and not a licensed contractor and
29 the cost of the materials would be in excess of \$3,000.00 per



1 owner-occupied unit or \$4,500.00 per nonowner-occupied unit and
 2 will bring the structure into conformance with minimum local
 3 building code standards for occupancy or improve the livability of
 4 the units while meeting minimum local building code standards.
 5 Rehabilitated facility also includes an individual condominium
 6 unit, in a structure with 1 or more condominium units that has as
 7 its primary purpose residential housing, the owner of which
 8 proposes the above described improvements. Rehabilitated facility
 9 also includes existing or proposed condominium units in a qualified
 10 historic building with 1 or more existing or proposed condominium
 11 units. Rehabilitated facility does not include a facility
 12 rehabilitated with the proceeds of an insurance policy for property
 13 or casualty loss. A qualified historic building may contain
 14 multiple rehabilitated facilities.

15 **Sec. 2a. Beginning in 2021 and each year thereafter, the state**
 16 **treasurer shall adjust the dollar amounts described in section 2(m)**
 17 **by the inflation rate as defined in section 34d of the general**
 18 **property tax act 1893 PA 206, MCL 211.34d, for that year.**

19 Sec. 7. (1) The commission shall not issue a neighborhood
 20 enterprise zone certificate for a new facility unless the new
 21 facility meets the requirements of the definition in section 2(g).

22 (2) The commission shall not issue a neighborhood enterprise
 23 zone certificate for a rehabilitated facility unless the
 24 rehabilitated facility meets the requirements of the definition in
 25 section ~~2(k)~~ **2 (m)** .

26 (3) The assessor of the local governmental unit shall not
 27 issue a neighborhood enterprise zone certificate for a homestead
 28 facility unless the homestead facility meets the requirements of
 29 the definition in section 2(e).



1 Sec. 10. (1) Except as provided in subsections (2) and (3),
 2 the effective date of the neighborhood enterprise zone certificate
 3 is December 31 in the year in which the new facility or
 4 rehabilitated facility is substantially completed and, for a new
 5 facility, occupied by an owner as a principal residence, as
 6 evidenced by the owner filing with the assessor of the local
 7 assessing unit all of the following:

8 (a) For a new facility, a certificate of occupancy.

9 (b) For a rehabilitated facility, a certificate that the
 10 improvements meet minimum local building code standards issued by
 11 the local building inspector or other authorized officer or a
 12 certificate of occupancy if required by local building permits or
 13 building codes.

14 (c) For a rehabilitated facility, documentation proving the
 15 cost requirements of section ~~2(k)~~ **2(m)** are met.

16 (d) For a homestead facility or a new facility, an affidavit
 17 executed by an owner affirming that the homestead facility or new
 18 facility is occupied by an owner as a principal residence.

19 (2) If a new facility is substantially completed in a year but
 20 is not occupied by an owner as a principal residence until the
 21 following year, upon the request of the owner, the effective date
 22 of the neighborhood enterprise zone certificate shall be December
 23 31 in the year immediately preceding the date of occupancy by the
 24 owner as a principal residence.

25 (3) Upon the request of the owner, the effective date of the
 26 neighborhood enterprise zone certificate for a rehabilitated
 27 facility shall be December 31 in the year immediately preceding the
 28 date on which the rehabilitated facility is substantially
 29 completed.



1 Sec. 11. (1) Upon receipt of a request by certified mail to
2 the qualified assessing authority by the holder of a neighborhood
3 enterprise zone certificate requesting revocation of the
4 certificate, the qualified assessing authority by order shall
5 revoke the certificate.

6 (2) ~~The~~ **For certificates issued prior to January 1, 2017, the**
7 certificate shall expire if the owner fails to complete the filing
8 requirements under section 10 within 2 years of the date the
9 certificate was issued. **For certificates issued after December 31,**
10 **2016, the certificate shall expire if the owner fails to complete**
11 **the filing requirements under section 10 within 3 years of the date**
12 **the certificate was issued.** The holder of the certificate may
13 request in writing to the qualified assessing authority **by written**
14 **request submitted at any time prior to the expiration of the**
15 **certificate or within 1 year of the expiration of the certificate,**
16 a 1-year automatic extension of the ~~certificate~~ **deadlines provided**
17 **in this subsection** if the owner has proceeded in good faith with
18 the construction or rehabilitation of the facility in a manner
19 consistent with the purposes of this act and the delay in
20 completion or occupancy by an owner is due to circumstances beyond
21 the control of the holder of the certificate. Upon request of the
22 governing body of the local governmental unit, the qualified
23 assessing authority shall extend the certificate if the new
24 facility has not been occupied.

25 (3) The certificate for a homestead facility or new facility
26 is automatically revoked if the homestead facility or new facility
27 is no longer a homestead as that term is defined in section 7a of
28 the general property tax act, 1893 PA 206, MCL 211.7a. However, if
29 the owner or any subsequent owner submits a certificate before the



1 revocation is effective, the qualified assessing authority, upon
2 application of the owner, shall rescind the order of revocation. If
3 the certificate is submitted after revocation of the certificate,
4 the qualified assessing authority, upon application of the owner,
5 shall reinstate the certificate for the remaining period of time
6 for which the original certificate would have been in effect.

7 (4) If the owner of the facility fails to make the annual
8 payment of the neighborhood enterprise zone tax and the ad valorem
9 property tax on the land under the general property tax act, 1893
10 PA 206, MCL 211.1 to 211.155, the qualified assessing authority by
11 order shall revoke the certificate. However, if payment of these
12 taxes is made before the revocation is effective, the qualified
13 assessing authority, upon application of the owner, shall rescind
14 the order of revocation. If payment of these taxes and any
15 subsequent ad valorem property tax due on the facility is made
16 after revocation of the certificate, the qualified assessing
17 authority, upon application of the owner, shall reinstate the
18 certificate for the remaining period of time for which the original
19 certificate would have been in effect.

20 (5) If a homestead facility, a new facility, or a
21 rehabilitated facility ceases to have as its primary purpose
22 residential housing, the qualified assessing authority by order
23 shall revoke the certificate for that facility. A new or
24 rehabilitated facility does not cease to be used for its primary
25 purpose if it is temporarily damaged or destroyed in whole or in
26 part.

27 (6) If the governing body of a local governmental unit
28 determines that a homestead facility, a new facility, or a
29 rehabilitated facility is not in compliance with any local



1 construction, building, or safety codes and notifies the qualified
2 assessing authority by certified mail of the noncompliance, the
3 qualified assessing authority by order shall revoke the
4 certificate.

5 (7) The revocation shall be effective beginning the December
6 31 following the date of the order or, if the certificate is
7 automatically revoked under subsection (3), the December 31
8 following the automatic revocation. The qualified assessing
9 authority shall send by certified mail copies of the order of
10 revocation to the holder of the certificate and to the assessor of
11 that local governmental unit, and to the legislative body of each
12 taxing unit that levies taxes upon property in the local
13 governmental unit in which the new facility or rehabilitated
14 facility is located.

15 Enacting section 1. This amendatory act does not take effect
16 unless House Bill No. 4091 of the 100th Legislature is enacted into
17 law.

