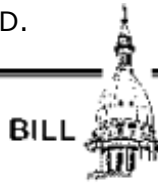




Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5344 (as passed by the House)  
Sponsor: Representative Artina T. Hardman  
House Committee: Commerce  
Senate Committee: Economic Development, Small Business and Regulatory Reform

**CONTENT**

The bill would amend the Neighborhood Enterprise Zone Act to provide for an exception from the requirement that an application for a neighborhood enterprise zone (NEZ) certificate be filed with the clerk of the local governmental unit before a building permit is issued. The exception would apply to the construction of a new facility in an NEZ designated by the local unit in September 2001, if a building permit for the facility had been issued on March 3, 2003.

(The Act defines "new facility" as a new structure or a portion of a new structure whose primary purpose is residential housing consisting of one or two units, one of which is or will be occupied by the owner as his or her principal residence.)

MCL 207.774

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

The bill would reduce State and local property tax revenues and increase State School Aid Fund expenditures. The area affected by the bill reportedly includes approximately 11 homes, and the bill would reduce the number of mills levied on the property from approximately 67 mills to 17 mills. Assuming that the average value of each affected property is \$200,000, the bill would reduce property tax revenue by approximately \$55,000, of which slightly less than \$5,000 would be a reduction in revenue to the School Aid Fund.

The bill would reduce property taxes to local school districts by approximately \$25,000. Because the School Aid Fund ensures that the combination of State aid and locally raised revenue reaches a given per pupil level, reductions in local school district property tax revenue are offset by increased School Aid Fund expenditures. As a result, the bill also would increase State School Aid Fund expenditures by approximately \$25,000.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 3-23-04

Fiscal Analyst: David Zin