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BILL ANALYSIS

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House Bill 4759 (Substitute H-1 as reported without amendment)
Sponsor: Representative Sharon Tyler
House Committee: Commerce
Senate Committee: Economic Development

CONTENT

The bill would amend the Commercial Rehabilitation Act to do the following:

-- Include in the definition of "qualified facility" a building or group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property that, within the immediately preceding 15 years, was commercial property.
-- Include in the definition of "qualified facility" a hotel or motel that has additional meeting or convention space that is attached to a convention and trade center that is over 250,000 square feet in size and is located in Oakland County.
-- Include new construction of such a hotel or motel in the Act's definition of "rehabilitation".
-- Delete from the definition of "qualified facility" vacant property located in a city with a population of more than 36,000 and less than 37,000, from which a previous structure has been demolished and on which commercial property will be newly constructed.

The Act allows a city, village, or township to establish a redevelopment district consisting of a qualified facility. The owner of a qualified facility may apply for a commercial rehabilitation exemption certificate, which essentially will freeze the property taxes on the facility for up to 10 years. If an exemption is to be approved, the structure must meet the Act's definition of "qualified facility", and the work to be done must meet the definition of "rehabilitation".

MCL 207.842 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that property would be rehabilitated absent the bill, the bill would reduce local unit revenue by an unknown amount, depending upon the number and value of the facilities affected. In addition to including a convention center in Oakland County, the bill would expand the facilities eligible for tax reductions under the Act by including most properties that have been used as commercial property within the 15 years before rehabilitation.

The bill also could reduce local unit revenue to the extent that it increased the number of commercial redevelopment districts. The amount of the reduction would depend upon the specific characteristics of the property affected by the bill.

The bill would have no fiscal impact on State government revenue or expenses.

Date Completed: 6-30-11 Fiscal Analyst: David Zin