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BILL ANALYSIS



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House Bill 4759 (Substitute H-1 as passed by the House)
Sponsor: Representative Sharon Tyler
House Committee: Commerce
Senate Committee: Economic Development

Date Completed: 6-29-11

CONTENT

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

- **Delete certain vacant property from the definition of "qualified facility" and include, instead, certain buildings or vacant property that was commercial property in the last 15 years.**
- **Include in the definition of "qualified facility" a hotel or motel that has additional meeting space and is attached to a convention and trade center of a certain size in Oakland County.**
- **Include new construction of a hotel described above in the Act's definition of "rehabilitation".**

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. The local legislative body, by resolution, must approve or deny the application, but a resolution approving an application will not take effect without the approval of the State Tax Commission. 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".

The definition of "qualified facility" includes 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 bill would delete that portion of the definition.

Under the bill, "qualified facility" would include 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.

The bill also would 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 a county with a population of more than 1.1 million and less than 1.6 million as of the most recent decennial census. (Oakland County is the only Michigan county that meets those population requirements.) The bill would include the new construction of such a hotel or motel in the Act's definition of "rehabilitation".

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.

Fiscal Analyst: David Zin

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