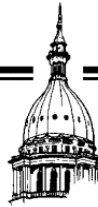




Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



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

Senate Bill 227 (Substitute S-1 as reported)  
Sponsor: Senator Virgil Smith  
Committee: Economic Development

**CONTENT**

The bill would amend the Neighborhood Enterprise Zone (NEZ) Act to revise the definition of "homestead facility".

The Act allows eligible local governmental units to designate neighborhood enterprise zones in which the owner or developer of property may receive a NEZ certificate. Specifically, the owner of a homestead facility (and other property owners and developers) may file an application for a NEZ certificate with the clerk of the local unit as prescribed by the State Tax Commission. If approved by the Commission, a certificate entitles the owner or developer to reduced taxes on the structure.

The definition of "homestead facility" includes an existing structure, purchased by or transferred to an owner after December 31, 1996, that has as its primary purpose residential housing consisting of one or two units, one of which is occupied by an owner as his or her principal residence, and that is located within a subdivision platted pursuant to State law before January 1, 1968, *other than an existing structure for which a certificate will be or has been issued after December 31, 2006, in a city with a population of 750,000 or more.* The bill would delete that exclusion and, instead, include in the definition an existing structure that has as its primary purpose residential housing, for which a certification will be or has been issued after December 31, 2006, in a city with a population of 600,000 or more, that is located within a subdivision platted pursuant to State law before January 1, 1968.

MCL 207.772

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill would allow the City of Detroit to continue to grant neighborhood enterprise zone certificates for homestead facilities. Such certificates reduce revenue to the granting local unit and the respective county. Out of the 19 cities that participate in the Neighborhood Enterprise Zone program (for new, rehabilitated, and homestead facilities), the revenue foregone is estimated to total \$22.5 million in FY 2013-14.

The bill would have no effect on State revenue or expenditure.

Date Completed: 4-1-13

Fiscal Analyst: David Zin