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Senate Bill 364 (as introduced 4-15-21)
Sponsor: Senator Jeremy Moss
Committee: Economic and Small Business Development

Date Completed: 4-29-21

CONTENT

The bill would amend the Neighborhood Enterprise Zone Act to do the following:

- **Modify the definition of "local governmental unit".**
- **Beginning October 1, 2021, allow a local governmental unit to designate a neighborhood enterprise zone if the local governmental unit determined that the designation encouraged compact development and was adjacent to existing development and could utilize existing infrastructure.**

Under the Act, the governing body of a local governmental unit may designate by resolution one or more neighborhood enterprise zones within that local governmental unit. Generally, a neighborhood enterprise zone must contain at least 10 platted parcels of land, all the land within the zone must be compact and contiguous, and the zone cannot exceed a certain portion of total acreage contained within the boundaries of the local governmental unit depending upon the type of facilities contained within the zone, among other requirements.

The Act defines "local governmental unit" as a qualified local government unit as that term is defined under Section 2 of the Obsolete Property Rehabilitation Act: a city, township, or village that meets certain criteria related to its median family income and population size, among other criteria. The bill instead would define "local governmental unit" as a city, village, or township.

Under the bill, beginning October 1, 2021, in addition to all other requirements under the Neighborhood Enterprise Zone Act, a local governmental unit could designate a neighborhood enterprise zone if the local governmental unit determined that the designation encouraged compact development and was adjacent to existing development and could utilize existing infrastructure.

MCL 207.772 & 207.773

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill, by allowing more communities to designate neighborhood enterprise zones, could result in a loss of State and local property taxes. The potential loss would depend on the specific characteristics of the property exempted under the bill. The potential revenue loss would affect local property taxes where the neighborhood enterprise zones were located as well as State property taxes via the State Education Tax. Since school operating mills also would be reduced, costs to the School Aid Fund would increase if the foundation allowance were maintained.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.