

## NEIGHBORHOOD ENTERPRISE ZONE EXEMPTION SUMMARY

1. The local unit of government must establish a Neighborhood Enterprise Zone, in order to qualify the subsequent projects for NEZ exemption. (Please see step 1 below)
2. The approval of applications for a Neighborhood Enterprise Zone Exemption Certificate (NEZ) is a two step process. Applications are filed, reviewed and approved locally, and are subject to review and approval/denial by the Michigan State Tax Commission. (Please see step 2 below)
3. Applicants must submit one signed original and two copies of a completed application and legal description to the clerk of the local unit of government where the facility is located **after** the zone is established, but **before** a building permit has been issued. The application is sent to the local governing body for approval.
4. The local unit of government will review the application, approve by resolution and forward all required documents to the Commission.
5. The staff for the State Tax Commission will review the application, request missing information, and once complete, will make recommendation to the Commission for approval or denial. The State Tax Commission is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the Commission. (Please see step 5 below)

### STEP 1 – DESIGNATION OF NEIGHBORHOOD ENTERPRISE ZONES (NEZ), PUBLIC ACT 147 OF 1992

Contact the clerk of the local unit to start the establishment of a Neighborhood Enterprise Zone. This procedure for establishing the zone may be found in Act 147, P.A. 1992, Section 207.773. A certified copy of the resolution approving the designated area as a Neighborhood Enterprise Zone will be sent to the **Michigan Department of Treasury, State Tax Commission, P.O. Box 30471, Lansing, MI 48909-7971**. Accompanying the resolution should be a master list of all the properties included in the zone (parcel code/identification number and address) provided by the Assessor, (i.e.: Ward-Item/property or parcel identification number (original and revised); Street address (original and revised); Composed of lot numbers (original and revised).

1. Governing body of local governmental unit approves tentative boundaries for a proposed NEZ. A Zone must contain not less than 10 platted parcels of land, be compact and contiguous. Maximum area of zones set in section 3, subsection (2) of Act.
2. Not less than 60 days before designating a NEZ, provide notice to assessor and each taxing unit in proposed zone of intent to establish a NEZ.
3. Not later than 45 days after notice is sent, a public hearing must be held on establishment of the NEZ.
4. Before adopting a resolution designating a NEZ, the governing body of the local governmental unit must:
  1. Adopt housing inspection ordinance making sales of NEZ facilities dependent on code compliance
  2. Adopt finding that NEZ is consistent with the unit's master plan.
  3. Adopt statement of housing objectives and policies
5. Obtain assessor's report of the amount of true cash value of property in proposed NEZ.
6. Adopt resolution designating the NEZ. The Resolution must designate a name or number for the zone and the total acreage.
7. Notify the State Tax Commission of passage of the resolution establishing a zone. Include a copy of the resolution and a listing of each parcel located in the NEZ, showing parcel code number and address.

### STEP 2 - FILING THE NEZ APPLICATION WITH THE CLERK OF THE LOCAL UNIT

**Applicants (Builder/Developer or single family homeowner) must file the application with the clerk of the local unit before drawing permits of any kind (building permit, trade permit, etc).**

Complete all areas of the two-page Neighborhood Enterprise Zone application form. *The attachments (such as the building permit, electrical, plumbing) will be sent to the State Tax Commission at a later time, when all other attachments are sent.* The following items are required for the initial filing with the clerk of the local unit:

1. Describe the general nature and extent of the new construction or rehabilitation to be undertaken and the breakdown of investment cost.
2. Outline the timetable for undertaking and completing the new construction or rehabilitation of the facility. Separate pages should be attached if necessary. See M.C.L. 207.774, Section 4, subsection (3)(a)(b)(c)(d)(e).
3. The Property Services Division requires one original application for each project address.
  - a. New facility project reflects each specific street address.
  - b. Rehabilitation facility projects, 1-8 units which will be rentals, require one application for the main street address.
  - c. Rehabilitation facility projects which will be sold immediately to owner/occupants require one separate application be filed for each unit/condo's address.

File one original and two copies of each application with the clerk's office. (Note: It is recommended applicants also retain a copy of the application for their records and have the clerk date stamp/sign the copy). The application will be placed before the local unit (City Council) for approval of the addresses requested. Once approved, the clerk will send the original

application/attachments to the State of Michigan, Property Services Division, Tax Exemption Section. The application will be checked for missing information or attachments that could not be included with the original application. A letter will be issued requesting the information needed to complete the application.

### STEP 3 - INFORMATION TO COMPLETE THE APPLICATION PROCESS (STATE LEVEL)

#### The following items will be required for new construction:

- The New owner/occupant completes an application, signing the back page. (Most of the information needed can be taken from the original application filed by the developer. Be sure to copy both front and back sides of the application).
- Copy of the legal description of the real property with parcel code number of the property for each house/condo being built.
- Copy of the building permit. The copy of the permit (building/trade permits) sent to the State is required to be **clear and legible**.
- Copy of the new owners Warranty Deed showing ownership, containing the date the deed was executed and signatures.
- Copy of the Certificate of Occupancy and Compliance.

#### Additional requirements for rehabilitated projects are:

- Documentation proving the cost requirements of section 2(k) has been met. A breakdown of investment cost for each house, condo or unit being rehabilitated and the square footage for each.
- Copy of the legal description of the real property with parcel code number of the property for each house/condo being built or rehabilitated.
- Building permits may or may not be available, but you will have trade permit copies. The copy of the permit (building/trade permits) sent to the State is required to be **clear and legible**.
- Copy of the new owners Warranty Deed showing ownership, containing the date the deed was executed and signatures.
- Certificate of Occupancy and Compliance or a Certification by the local building official, certifying that the building meets minimum building codes for the local unit. The Applicant must contact the building official.
- Copy of the statement by the Assessor showing taxable value of the rehabilitated facility, **not including the land**, for the tax year immediately preceding the effective date of the rehabilitation.

When all required information is received at the State level, staff will recommend to the State Tax Commission one of the following actions: approval, denial, revocation or transfer. Notification of the action will be given to the following parties:

- a. Owner/Occupant; cover letter, certificate or the denial/revocation letter by certified mail.
- b. Assessor, Clerk, Treasurer, County Equalization Department, School District, Intermediate School District and Community College by certified mail

## NEIGHBORHOOD ENTERPRIZE ZONE MILLAGE RATE

<u>NON HOMESTEAD RATE</u>	<u>LESS 18 MILLS FOR HOMESTEAD RATE</u>	<u>NEZ TAX RATE (1/2 HOMESTEAD RATE)</u>
1994 - 49.08	for 1995 = 31.08	15.54
1995 - 49.81	for 1996 = 31.81	15.91
1996 - 50.85	for 1997 = 32.85	16.43
1997 - 50.51	for 1998 = 32.51	16.26
1998 - 50.36	for 1999 = 32.36	16.18
1999 - 50.43	for 2000 = 32.43	16.22
2000 - 50.82	for 2001 = 32.82	16.41
2001 - 51.41	for 2002 = 33.41	16.71
2002 - 52.04	for 2003 = 34.04	17.02
2003 - 50.92	for 2004 = 32.92	16.46
2004 - 51.68	for 2005 = 33.68	16.84
2005 - 51.71	for 2006 = 33.71	16.86
2006 - 51.89	for 2007 = 33.89	16.95

The Current Tax Rate is based on the previous years tax levy.

The current millage rates are replaced by ½ the State Wide Average Homestead Rate as determined by the Assessment & Certification Division on an annual basis.