

HOUSE BILL No. 5569

March 6, 1990, Introduced by Reps. Emerson, Harrison, Hood, Hertel, Knight, Pridnia, Crandall, Murphy, Hollister, Bennane, Profit, Dunaskiss, O'Neill, Mathieu, Hickner, Stallworth, Griffin, Joe Young, Jr., Hoffman, Leland, DeMars, Kilpatrick, Clack, Brown, Gagliardi, Alley, Van Singel, Saunders and Wallace and referred to the Committee on Appropriations.

A bill to provide for the development and rehabilitation of residential housing in certain areas; to provide for obtaining neighborhood revitalization exemption certificates and to prescribe the contents of the certificates; to provide for the exemption of certain taxes; to provide for the levy and collection of a specific tax on the owner of certain facilities; and to prescribe the powers and duties of certain officers of the state and local governmental units.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "neighborhood revitalization act".

3 Sec. 2. As used in this act:

4 (a) "Commission" means the state tax commission created by
5 Act No. 360 of the Public Acts of 1927, being sections 209.101 to
6 209.107 of the Michigan Compiled Laws.

1 (b) "Condominium unit" means that portion of a structure
2 intended for separate ownership, intended for residential use,
3 and established pursuant to the condominium act, Act No. 59 of
4 the Public Acts of 1978, being sections 559.101 to 559.275 of the
5 Michigan Compiled Laws.

6 (c) "Local governmental unit" means a city that meets all of
7 the following criteria:

8 (i) Twenty percent or more of the owner occupied housing
9 units within the city have a value of \$20,000.00 or less.

10 (ii) Has an annual increase in the state equalized valuation
11 of real property classified as residential less than the increase
12 in the statewide average state equalized valuation of real prop-
13 erty classified as residential in 3 out of the last 5 years.

14 (d) "New facility" means a new structure that has as its
15 primary purpose residential housing consisting of 1 or 2 units, 1
16 of which is or will be occupied by the owner as his or her prin-
17 cipal residence. New facility also includes a new individual
18 condominium unit, in a structure with 1 or more condominium
19 units, that has as its primary purpose residential housing and
20 that is or will be occupied by the owner as his or her principal
21 residence. New facility does not include apartments.

22 (e) "Neighborhood revitalization exemption certificate" or
23 "certificate" means a certificate issued pursuant to sections 4,
24 5, and 8.

25 (f) "Owner" means the record title holder of or the vendee
26 of the original land contract covering a new facility or a

1 rehabilitated facility for which a neighborhood revitalization
2 exemption certificate is issued or applied for.

3 (g) "Rehabilitated facility" means an existing structure
4 that has or will have as its primary purpose residential housing
5 consisting of 1 or more units of which 1 is or will be occupied
6 by the owner as his or her primary residence, and that the owner
7 of which proposes improvements in excess of the lesser of
8 \$15,000.00 or 50% of the true cash value, that will bring the
9 structure into conformance with minimum local building code stan-
10 dards for occupancy or improve the livability of the units while
11 meeting minimum local building code standards. Rehabilitated
12 facility also includes an individual condominium unit, in a
13 structure with 1 or more condominium units, that has as its pri-
14 mary purpose residential housing, that is or will be occupied by
15 the owner as his or her principal residence, and that the owner
16 of which proposes the above described improvements.

17 Sec. 3. The governing body of a local governmental unit by
18 resolution may elect to accept applications for and provide for
19 the granting of neighborhood revitalization exemption certifi-
20 cates subject to the requirements of this act.

21 Sec. 4. (1) The prospective owner of a proposed new facili-
22 ty, the prospective owner of real property on which a new facil-
23 ity consisting of 1 or more condominium units is to be built, or
24 an owner proposing to rehabilitate his or her property may file
25 an application for a neighborhood revitalization exemption cer-
26 tificate with the clerk of the local governmental unit. The
27 application shall be filed in the manner and form prescribed by

1 the local governmental unit. The application shall contain or be
2 accompanied by a general description of the new facility or pro-
3 posed rehabilitated facility; the general nature and extent of
4 the construction to be undertaken; a time schedule for undertak-
5 ing and completing the rehabilitation of property or the con-
6 struction of the new facility; and any other information required
7 by the commission.

8 (2) Within 2 days of the receipt of an application for a
9 neighborhood revitalization exemption certificate, the clerk of
10 the local governmental unit shall give written notice to the
11 assessor of the assessing unit in which the new facility or reha-
12 bilitated facility is to be located, and to the legislative body
13 of each taxing unit that levies ad valorem property taxes in the
14 local governmental unit in which the new facility or rehabili-
15 tated facility is to be located. Before acting upon the applica-
16 tion, the legislative body of the local governmental unit shall
17 afford an opportunity for a hearing if 1 is requested by the
18 applicant, the assessor, or a representative of the affected
19 taxing units within 15 days of the date the notice of the appli-
20 cation is sent. The hearing shall be held as soon as possible
21 but not later than 45 days after the date of the filing of the
22 application.

23 (3) Upon receipt of a notice of the filing of an application
24 under subsection (2), the assessor shall determine and furnish to
25 the governing body of the local governmental unit the amount of
26 the true cash value of the property to which the application

1 applies and any other information considered necessary by the
2 governing body for the determinations under section 7.

3 Sec. 5. Not more than 60 days after receipt by its clerk of
4 an application under section 4, the legislative body of the local
5 governmental unit by resolution shall either approve or disap-
6 prove the application for a neighborhood revitalization exemption
7 certificate in accordance with section 7 and the other provisions
8 of this act. If disapproved, the reasons shall be set forth in
9 writing in the resolution, and the clerk shall return the appli-
10 cation and a copy of the resolution to the applicant, the asses-
11 sor and each affected taxing unit. If approved, the clerk shall
12 issue a neighborhood revitalization exemption certificate to the
13 applicant and send a certified copy of the certificate to the
14 assessor and each affected taxing unit. The assessor shall keep
15 the certificate filed of record in his or her office. The clerk
16 shall file a copy of the certificate with the commission and the
17 commission shall maintain a record of all certificates filed.

18 Sec. 6. A neighborhood revitalization exemption certificate
19 shall be in the form prescribed by the commission and shall
20 include the following:

21 (a) A legal description of the real property on which the
22 new facility is to be located or the legal description of the
23 rehabilitated property.

24 (b) A statement that unless revoked under this act, the cer-
25 tificate shall remain in effect for the period stated in the
26 certificate.

1 Sec. 7. (1) There is levied on the owner of a new facility
2 or a rehabilitated facility to which a neighborhood
3 revitalization exemption certificate is issued a specific tax
4 known as the neighborhood revitalization tax.

5 (2) A new facility or a rehabilitated facility for which a
6 neighborhood revitalization exemption certificate is in effect,
7 but not the land on which the facility is located, is exempt from
8 ad valorem property taxes levied under the general property tax
9 act, Act No. 206 of the Public Acts of 1893, being sections 211.1
10 to 211.157 of the Michigan Compiled Laws.

11 (3) The amount of the neighborhood revitalization tax on a
12 new facility is determined each year by multiplying the state
13 equalized valuation of the facility, not including the land, by
14 1/2 of the total mills levied under Act No. 206 of the Public
15 Acts of 1893 for that year by all taxing units within which the
16 new facility is located.

17 (4) The amount of the neighborhood revitalization tax on a
18 rehabilitated facility is determined each year by multiplying the
19 state equalized valuation of the rehabilitated facility, not
20 including the land, for the tax year immediately preceding the
21 effective date of the neighborhood revitalization exemption cer-
22 tificate by the total mills levied under Act No. 206 of the
23 Public Acts of 1893 for the current year by all taxing units
24 within which the rehabilitated facility is located.

25 (5) The neighborhood revitalization tax is an annual tax
26 collected, assessed, and disbursed at the same times and in the
27 same manner as the commercial facilities tax in section 12 of Act

1 No. 255 of the Public Acts of 1978, being section 207.662 of the
2 Michigan Compiled Laws. The neighborhood revitalization tax is a
3 lien on the real property upon which the new facility or rehabil-
4 itated facility subject to the certificate is located until paid
5 in the same manner as provided for the commercial facilities tax
6 in section 13 of Act No. 255 of the Public Acts of 1978, being
7 section 207.663 of the Michigan Compiled Laws. The issuance of a
8 certificate may be made conditional upon the annual payment of
9 the neighborhood revitalization tax.

10 Sec. 8. (1) In its resolution approving an application for
11 a neighborhood revitalization exemption certificate, the legisla-
12 tive body of the local governmental unit shall set forth a find-
13 ing and determination that the granting of the neighborhood revi-
14 talization exemption certificate, considered together with the
15 aggregate amount of certificates previously granted and currently
16 in force, shall not have the effect of substantially impeding the
17 operation of the local governmental unit or impairing the finan-
18 cial soundness of a taxing unit that levies an ad valorem prop-
19 erty tax in the local governmental unit in which the new facility
20 or rehabilitated facility is or will be located.

21 (2) The legislative body of the local governmental unit
22 shall not approve an application for a neighborhood revitaliza-
23 tion exemption certificate for a new facility unless the new
24 facility meets the requirements of the definition in
25 section 2(d).

26 (3) The legislative body of the local governmental unit
27 shall not approve an application for a neighborhood

1 revitalization exemption certificate for a rehabilitated facility
2 unless the rehabilitated facility meets the requirements of the
3 definition in section 2(g).

4 Sec. 9. (1) The effective date of the neighborhood revital-
5 ization exemption certificate is the first day of the tax year
6 following the year in which the new facility or rehabilitated
7 facility is substantially completed and occupied by the owner as
8 a principal residence as evidenced within 2 years of issuance of
9 the certificate by the owner, filing with the assessor of the
10 local assessing unit all of the following:

11 (a) For a new facility, a certificate of occupancy.

12 (b) For a rehabilitated facility, a certificate that the
13 improvements meet minimum local building code standards issued by
14 the local building inspector or other authorized official or a
15 certificate of occupancy if required by local building permits or
16 building codes.

17 (c) For a rehabilitated facility, documentation proving the
18 cost requirements of section 2(g) are met.

19 (d) For a new facility and a rehabilitated facility, an
20 affidavit executed by the owner affirming that the new facility
21 or rehabilitated facility is occupied by the owner as a principal
22 residence.

23 (2) The owner, or any subsequent owner, before November 1 of
24 each year the certificate is in force shall submit to the asses-
25 sor of the local assessing unit an affidavit executed by the
26 owner affirming that the new facility or rehabilitated facility
27 is occupied by the owner as a principal residence.

1 Sec. 10. The assessor of each city or township in which
2 there is a new facility or a rehabilitated facility for which 1
3 or more neighborhood revitalization exemption certificates are
4 issued and in effect shall determine annually as of December 31
5 the value of each new facility and rehabilitated facility sepa-
6 rately, both for real and personal property, having the benefit
7 of the certificates.

8 Sec. 11. (1) Upon receipt of a request by certified mail to
9 the local governmental unit by the holder of a neighborhood revi-
10 talization exemption certificate requesting revocation of the
11 certificate, the local governmental unit by resolution shall
12 revoke the certificate.

13 (2) The certificate shall expire if the owner fails to com-
14 plete the filing requirements under section 9(1) within 2 years
15 of the date the certificate was issued. The holder of the cer-
16 tificate may request in writing a 1-year automatic extension of
17 the certificate if the owner has proceeded in good faith with the
18 construction or rehabilitation of the facility in a manner con-
19 sistent with the purposes of this act and the delay in completion
20 is due to circumstances beyond the control of the holder of the
21 certificate. The filing requirements of section 9(1) shall be
22 completed within the 1-year extension or the certificate
23 expires.

24 (3) The certificate is automatically revoked if the affida-
25 vit under section 9(2) is not provided by November 1 of each year
26 the certificate is in effect.

1 (4) The revocation shall be effective beginning the
2 December 31 following the date of the resolution or if the owner
3 failed to submit to the assessor the affidavit required under
4 section 9(2), the December 31 following the failure to submit the
5 affidavit. The clerk shall send by certified mail copies of the
6 order of revocation to the holder of the certificate, to the
7 assessor of the assessing unit in which the new facility or reha-
8 bilitated facility is located, and to the legislative body of
9 each taxing unit that levies taxes upon property in the local
10 governmental unit in which the new facility or rehabilitated
11 facility is located.

12 (5) If the new facility or rehabilitated facility is sold
13 for delinquent property taxes due on the land, the certificate
14 automatically is revoked upon the expiration of the redemption
15 period provided for in section 74 of the general property tax
16 act, Act No. 206 of the Public Acts of 1893, being section 211.74
17 of the Michigan Compiled Laws.

18 Sec. 12. (1) Unless earlier revoked as provided in section
19 11, a neighborhood revitalization exemption certificate shall
20 remain in effect until 12 years from the effective date of the
21 certificate. If the facility is sold or transferred to another
22 owner who meets the requirements of section 8(2) or (3) and who
23 uses the facility as a principal residence, the certificate shall
24 remain in effect.

25 Sec. 13. (1) The assessor of each city or township in which
26 is located a new facility or a rehabilitated facility for which a
27 neighborhood revitalization exemption certificate is in effect

1 shall determine annually, with respect to each new facility and
2 rehabilitated facility, an assessed valuation of the real and
3 personal property comprising the facility having the benefit of a
4 neighborhood revitalization exemption certificate that would have
5 been made under the general property tax act, Act No. 206 of the
6 Public Acts of 1893, being sections 211.1 to 211.157 of the
7 Michigan Compiled Laws, if the certificate had not been in force,
8 and the assessed valuation on which the neighborhood revitaliza-
9 tion tax is based. A holder of a certificate shall furnish to
10 the assessor the information necessary for the determination.

11 (2) After making the determination, the assessor shall annu-
12 ally notify the legislative body of each taxing unit that levies
13 taxes upon property in the city or township in which the new
14 facility or rehabilitated facility is located, and the holder of
15 the certificate of the determination, separately stating the
16 determinations for real property and personal property. The
17 notice shall be sent by certified mail not later than October 15
18 and shall be based upon the valuation as of the preceding
19 December 31.

20 Sec. 14. A party aggrieved by the issuance, refusal to
21 issue, revocation, or modification of a neighborhood revitaliza-
22 tion exemption certificate may appeal that finding to the state
23 tax commission in the manner and form and within the time pro-
24 vided by the administrative procedures act of 1969, Act No. 306
25 of the Public Acts of 1969, being sections 24.201 to 24.328 of
26 the Michigan Compiled Laws.