

SUBSTITUTE FOR
HOUSE BILL NO. 6025

(As amended July 6, 2004)

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
(MCL 211.1 to 211.157) by adding section 7hh.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7hh. (1) Notwithstanding the tax day provided in
2 section 2 and except as limited in subsection (5) and otherwise
3 provided in subsection (7), for taxes levied after December 31,
4 2004, real and personal property of a qualified start-up business
5 is exempt from taxes levied under this act for each tax year in
6 which all of the following occur:

7 (a) The qualified start-up business applies for the exemption
8 as provided in subsection (2) or (3).

9 (b) The governing body of the local tax collecting unit <<

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>> adopts a

1 resolution approving the exemption as provided in subsection
2 (4).

3 (2) Except as otherwise provided in subsection (3), a
4 qualified start-up business may claim the exemption under this
5 section by filing an affidavit on or before May 1 in each tax
6 year with the assessor of the local tax collecting unit. The
7 affidavit shall be in a form prescribed by the state tax
8 commission. The affidavit shall state that the qualified
9 start-up business was eligible for and claimed the qualified
10 start-up business credit under section 31a of the single business
11 tax act, 1975 PA 228, MCL 208.31a, for the applicant's last tax
12 year ending before May 1. The affidavit shall include all of the
13 following:

14 (a) A copy of the qualified start-up business's annual return
15 filed under the single business tax act, 1975 PA 228, MCL 208.1
16 to 208.145, in which the qualified start-up business claimed the
17 qualified start-up business credit under section 31a of the
18 single business tax act, 1975 PA 228, MCL 208.31a.

19 (b) A statement authorizing the department of treasury to
20 release information contained in the qualified start-up
21 business's annual return filed under the single business tax act,
22 1975 PA 228, MCL 208.1 to 208.145, that pertains to the qualified
23 start-up business credit claimed under section 31a of the single
24 business tax act, 1975 PA 228, MCL 208.31a.

25 (3) If a qualified start-up business applies for an extension
26 for filing its annual single business tax return under section 73
27 of the single business tax act, 1975 PA 228, MCL 208.73, the

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1 qualified start-up business may claim the exemption under this
2 section after May 1 if all of the following conditions are met:

3 (a) The governing body of the local tax collecting unit <<

5 >> adopts a

6 resolution under subsection (4) (b) approving the exemption for
7 all qualified start-up businesses that apply for an extension for
8 filing the annual single business tax return under section 73 of
9 the single business tax act, 1975 PA 228, MCL 208.73.

10 (b) The qualified start-up business submits a copy of its
11 application for an extension for filing its annual single
12 business tax return under section 73 of the single business tax
13 act, 1975 PA 228, MCL 208.73, and the affidavit described in
14 subsection (2) to the December board of review provided in
15 section 53b. For purposes of section 53b, an exemption granted
16 under this subsection shall be considered the correction of a
17 clerical error.

18 (4) On or before its last meeting in May in each tax year,
19 the governing body of a local tax collecting unit may adopt a
20 resolution approving the exemption provided in this section. The
21 clerk of the local tax collecting unit shall notify in writing
22 the assessor of the local tax collecting unit and the legislative
23 body of each taxing unit that levies ad valorem property taxes in
24 the local tax collecting unit. Before acting on the resolution,
25 the governing body of the local tax collecting unit shall afford
26 the assessor and a representative of the affected taxing units an
27 opportunity for a hearing. <<

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>> A resolution approving the exemption provided in this section may be for 1 or both of the following:

(a) One or more of the individual qualified start-up businesses that claim the exemption under this section by filing an affidavit on or before May 1 as provided in subsection (2).

(b) All qualified start-up businesses that claim the exemption under this section after May 1 as provided in subsection (3).

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<<(5)>> A qualified start-up business shall not receive the exemption under this section for more than a total of 5 tax years. A qualified start-up business may receive the exemption under this section in nonconsecutive tax years.

<<(6)>> If an exemption under this section is erroneously granted, the tax rolls shall be corrected for the current tax year and the 3 immediately preceding tax years. The property that had been subject to that exemption shall be immediately

1 placed on the tax roll by the local tax collecting unit if the
2 local tax collecting unit has possession of the tax roll or by
3 the county treasurer if the county has possession of the tax roll
4 as though the exemption had not been granted. A corrected tax
5 bill shall be issued for the tax year being adjusted by the local
6 tax collecting unit if the local tax collecting unit has
7 possession of the tax roll or by the county treasurer if the
8 county has possession of the tax roll. If an owner pays the
9 corrected tax bill issued under this subsection within 60 days
10 after the corrected tax bill is issued, that owner is not liable
11 for any penalty or interest on the additional tax. If an owner
12 pays a corrected tax bill issued under this subsection more than
13 60 days after the corrected tax bill is issued, the owner is
14 liable for the penalties and interest that would have accrued if
15 the exemption had not been granted from the date the taxes were
16 originally levied.

17 <<(7)>> Real and personal property of a qualified start-up
18 business is not exempt from collection of the following:

19 (a) A special assessment levied by the local tax collecting
20 unit in which the property is located.

21 (b) Ad valorem property taxes specifically levied for the
22 payment of principal and interest of obligations approved by the
23 electors or obligations pledging the unlimited taxing power of
24 the local governmental unit.

25 (c) A tax levied under section 705 or 1212 of the revised
26 school code, 1976 PA 451, MCL 380.705 and 380.1212.

27 <<(8)>> As used in this section, "qualified start-up business"

1 means that term as defined in section 31a of the single business
2 tax act, 1975 PA 228, MCL 208.31a.