

SUBSTITUTE FOR
SENATE BILL NO. 1305

(As amended, June 24, 2004)

A bill to amend 1953 PA 189, entitled
"An act to provide for the taxation of lessees and users of
tax-exempt property,"

(MCL 211.181 to 211.182) by adding section 1a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. <<1a>>. (1) Notwithstanding the tax day provided in
2 section 2 of the general property tax act, 1893 PA 206, MCL
3 211.2, and except as limited in subsection (5) and otherwise
4 provided in subsection (7), for taxes levied after December 31,
5 2004, real and personal property of a qualified start-up business
6 is exempt from taxes levied under this act for each tax year in
7 which all of the following occur:
- 8 (a) The qualified start-up business applies for the exemption
9 as provided in subsection (2) or (3).
- 10 (b) The governing body of the local tax collecting unit
11 adopts a resolution approving the exemption as provided in

1 subsection (4).

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

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

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

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

1 section after May 1 if all of the following conditions are met:

2 (a) The governing body of the local tax collecting unit
3 adopts a resolution under subsection (4)(b) approving the
4 exemption for all qualified start-up businesses that apply for an
5 extension for filing the annual single business tax return under
6 section 73 of the single business tax act, 1975 PA 228, MCL
7 208.73.

8 (b) The qualified start-up business submits a copy of its
9 application for an extension for filing its annual single
10 business tax return under section 73 of the single business tax
11 act, 1975 PA 228, MCL 208.73, and the affidavit described in
12 subsection (2) to the December board of review provided in
13 section 53b of the general property tax act, 1893 PA 206, MCL
14 211.53b. For purposes of section 53b of the general property tax
15 act, 1893 PA 206, MCL 211.53b, an exemption granted under this
16 subsection shall be considered the correction of a clerical
17 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. A resolution approving the exemption

1 provided in this section may be for 1 or both of the following:

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

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

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

12 (6) If an exemption under this section is erroneously
13 granted, the tax rolls shall be corrected for the current tax
14 year and the 3 immediately preceding tax years. The property
15 that had been subject to that exemption shall be immediately
16 placed on the tax roll by the local tax collecting unit if the
17 local tax collecting unit has possession of the tax roll or by
18 the county treasurer if the county has possession of the tax roll
19 as though the exemption had not been granted. A corrected tax
20 bill shall be issued for the tax year being adjusted by the local
21 tax collecting unit if the local tax collecting unit has
22 possession of the tax roll or by the county treasurer if the
23 county has possession of the tax roll. If an owner pays the
24 corrected tax bill issued under this subsection within 60 days
25 after the corrected tax bill is issued, that owner is not liable
26 for any penalty or interest on the additional tax. If an owner
27 pays a corrected tax bill issued under this subsection more than

1 60 days after the corrected tax bill is issued, the owner is
2 liable for the penalties and interest that would have accrued if
3 the exemption had not been granted from the date the taxes were
4 originally levied.

5 (7) Real and personal property of a qualified start-up
6 business is not exempt from collection of the following:

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

9 (b) Ad valorem property taxes specifically levied for the
10 payment of principal and interest of obligations approved by the
11 electors or obligations pledging the unlimited taxing power of
12 the local governmental unit.

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

15 (8) As used in this section, "qualified start-up business"
16 means that term as defined in section 31a of the single business
17 tax act, 1975 PA 228, MCL 208.31a.