

Legislative Analysis



NONPROFIT HOUSING: TAX EXEMPTION

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 65

Sponsor: Sen. Ron Jelinek

House Committee: Tax Policy

Senate Committee: Finance

Complete to 11-27-06

A SUMMARY OF SENATE BILL 65 AS PASSED BY THE SENATE 6-22-06

The bill would amend the General Property Tax Act to permit local tax collecting units to exempt certain nonprofit-owned single family dwellings or duplexes from taxation.

Prior to the exemption, the clerk of the tax collecting unit must notify the assessor of the tax collecting unit and the legislative body of the each taxing unit affected by the exemption, and allow for a hearing. The exemption would be effective on the December 31 immediately following the adoption of a resolution exempting the property by the local tax collecting unit, and remain in effect for two years, until the property is occupied, or until a transfer of ownership, whichever occurs first.

Specifically, the bill would exempt single family dwellings or duplexes owned by charitable nonprofit housing organizations ultimately intended to be transferred to persons with a family income of not more than 80 percent of the statewide median gross income and who meet other qualifying criteria of the charitable organization.

MCL 211.7jj

FISCAL IMPACT:

The bill would reduce property tax revenue at both the state and local level by an unknown amount. Because the number of properties that would qualify, the corresponding taxable values, and the appropriate local millage rates are not known, a fiscal estimate is not possible.

The bill would reduce revenue to the School Aid Fund as well as local school funding. Because local funding for schools would decline, expenditures from the School Aid Fund would have to increase to maintain the foundation allowance.

Legislative Analyst: Mark Wolf
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.