

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5096

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain local government officials; to provide penalties; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "commercial rental property specific tax act".

3 Sec. 2. As used in this act:

4 (a) "Additions" and "losses" mean those terms as defined in
5 section 34d of the general property tax act, 1893 PA 206, MCL
6 211.34d.

1 (b) "Commercial rental property" means real property exempt
2 from the collection of general ad valorem taxes under section 7jj
3 of the general property tax act, 1893 PA 206, MCL 211.7jj.

4 (c) "Commission" means the state tax commission created by
5 1927 PA 360, MCL 209.101 to 209.107.

6 (d) "Net occupancy loss" means all prior occupancy losses
7 minus all prior occupancy additions.

8 (e) "Occupancy addition" means an increase in the value
9 attributable to an increase in commercial rental property's
10 occupancy rate that occurs after the effective date of this act.

11 (f) "Occupancy loss" means a decrease in the value
12 attributable to a decrease in commercial rental property's
13 occupancy rate that occurs after the effective date of this act.

14 (g) "Taxable value" means the taxable value as determined
15 under section 27a of the general property tax act, 1893 PA 206, MCL
16 211.27a.

17 (h) "Transfer of ownership" means that term as defined in
18 section 27a of the general property tax act, 1893 PA 206, MCL
19 211.27a.

20 Sec. 3. Commercial rental property is exempt from ad valorem
21 property taxes collected under the general property tax act, 1893
22 PA 206, MCL 211.1 to 211.157, as provided under section 7jj of the
23 general property tax act, 1893 PA 206, MCL 211.7jj.

24 Sec. 4. (1) The assessor of each local tax collecting unit in
25 which there is commercial rental property shall determine annually
26 as of December 31 the value and adjusted taxable value of each
27 parcel of commercial rental property located in that local tax

1 collecting unit.

2 (2) Except as otherwise provided in this section, commercial
3 rental property shall be assessed at 50% of its true cash value
4 under section 3 of article IX of the state constitution of 1963.

5 (3) Except as otherwise provided in subsection (4), for taxes
6 levied in 2006 and for each year after 2006, the adjusted taxable
7 value of each parcel of commercial rental property is the lesser of
8 the following:

9 (a) The property's adjusted taxable value in the immediately
10 preceding year minus any losses, adjusted by any occupancy loss,
11 multiplied by the lesser of 1.05 or the inflation rate, adjusted by
12 any occupancy addition, plus all additions. Adjusted taxable value
13 shall reflect an occupancy addition only if either an occupancy
14 loss had been previously allowed because of a decrease in the
15 commercial rental property's occupancy rate or if the value of
16 commercial rental property that was new construction was reduced
17 because of a below-market occupancy rate. The amount of any
18 occupancy addition shall not exceed the amount of any net occupancy
19 loss. For taxes levied in 2006, the commercial rental property's
20 adjusted taxable value in the immediately preceding year is the
21 taxable value that property would have had in 2006 if the property
22 had been subject to the collection of taxes under the general
23 property tax act, 1893 PA 206, MCL 211.1 to 211.157.

24 (b) The commercial rental property's current state equalized
25 valuation.

26 (4) In 2006 and each year after 2006, not later than January
27 15, if an owner of commercial rental property claims an occupancy

1 loss, that owner shall file a copy of a rent roll for that
2 commercial rental property or a sworn statement of the square foot
3 percentage of occupancy of that commercial rental property as of
4 the immediately preceding December 31 with the assessor of the
5 local tax collecting unit in which that commercial rental property
6 is located.

7 (5) Upon a transfer of ownership of commercial rental property
8 after 2006, the commercial rental property's adjusted taxable value
9 for the calendar year following the year of the transfer is the
10 commercial rental property's state equalized valuation for the
11 calendar year following the transfer.

12 (6) If the adjusted taxable value of commercial rental
13 property is adjusted under subsection (5), a subsequent increase in
14 the commercial rental property's adjusted taxable value is subject
15 to the limitation set forth in subsection (3) until a subsequent
16 transfer of ownership occurs.

17 (7) An owner of commercial rental property may appeal the
18 determination of the commercial rental property's adjusted taxable
19 value at the same time and in the same manner as appeals under the
20 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

21 Sec. 5. (1) There is levied upon the owner of every commercial
22 rental property a specific tax to be known as the commercial rental
23 property specific tax.

24 (2) The amount of the commercial rental property specific tax
25 in each year shall be determined by multiplying the number of mills
26 that would be assessed in the local tax collecting unit if the
27 property were subject to the collection of taxes under the general

1 property tax act, 1893 PA 206, MCL 211.1 to 211.157, by the
2 commercial rental property's adjusted taxable value.

3 (3) The commercial rental property specific tax is an annual
4 tax, payable at the same times, in the same installments, and to
5 the same collecting officer or officers as taxes collected under
6 the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

7 (4) The collecting officer or officers shall disburse the
8 commercial rental property specific tax to and among this state and
9 cities, townships, villages, school districts, counties, or other
10 taxing units, at the same times and in the same proportions as
11 required by law for the disbursement of taxes collected under the
12 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

13 (5) The collecting officer or officers shall send a copy of
14 the amount of disbursement made to each taxing unit under this
15 section to the commission on a form provided by the commission.

16 (6) Commercial rental property located in a renaissance zone
17 under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681
18 to 125.2696, is exempt from the commercial rental property specific
19 tax levied under this act to the extent and for the duration
20 provided pursuant to the Michigan renaissance zone act, 1996 PA
21 376, MCL 125.2681 to 125.2696, except for that portion of the
22 commercial rental property specific tax attributable to a tax
23 described in section 7ff(2) of the general property tax act, 1893
24 PA 206, MCL 211.7ff. The commercial rental property specific tax
25 calculated under this subsection shall be disbursed proportionately
26 to the taxing unit or units that levied the tax described in
27 section 7ff(2) of the general property tax act, 1893 PA 206, MCL

House Bill No. 5096 (H-5) as amended November 10, 2005
211.7ff.

Sec. 6. Unpaid commercial rental property specific taxes are subject to forfeiture, foreclosure, and sale in the same manner and at the same time as taxes returned as delinquent under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

Sec. 7. This act is repealed if the adjustment for any occupancy addition or any occupancy loss required under section 4(3)(a) is determined to be invalid by a court of competent jurisdiction and that determination is not under appeal.

Enacting section 1. This act does not take effect unless all of the following bills of the 93rd Legislature are enacted into law:

(a) House Bill No. 4342.

(b) House Bill No. 4972.

(c) House Bill No. 4980.

(d) House Bill No. 5095.

(e) House Bill No. 5097.

(f) House Bill No. 5098.

(g) House Bill No. 5106.

(h) House Bill No. 5107.

(i) House Bill No. 5108.

(j) House Bill No. 4973.

(k) Senate Bill No. 633.

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