

**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; and to provide penalties.

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.

7 (b) "Commercial rental property" means real property that

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1 meets all of the following conditions:

2 (i) Is classified as commercial real property or industrial
3 real property under section 34c of the general property tax act,
4 1893 PA 206, MCL 211.34c.

5 (ii) All or a portion is subject to a lease or is offered for
6 lease.

7 (c) "Commission" means the state tax commission created by
8 1927 PA 360, MCL 209.101 to 209.107.

9 [(d) "Net occupancy loss" means the sum of all prior occupancy
losses minus all prior occupancy additions.

10 (e)] "Occupancy addition" means an increase in the value
attributable to commercial rental property's occupancy rate.

11 [(f)] "Occupancy loss" means an adjustment in value because of a
12 decrease in commercial rental property's occupancy rate.

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

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

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

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

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

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

8 (a) The property's adjusted taxable value in the immediately
9 preceding year minus any losses, adjusted by any occupancy loss,
10 multiplied by the lesser of 1.05 or the inflation rate, adjusted by
11 any occupancy addition, plus all additions. Adjusted taxable value
12 shall reflect an occupancy addition only if either an occupancy
13 loss had been previously allowed because of a decrease in the
14 commercial rental property's occupancy rate or if the value of
15 commercial rental property that was new construction was reduced
16 because of a below-market occupancy rate. [The amount of any occupancy
addition shall not exceed the amount of any net occupancy loss.] For
taxes levied in 2006,
17 the commercial rental property's adjusted taxable value in the
18 immediately preceding year is the property's taxable value in 2006.

19 (b) The commercial rental property's current state equalized
20 valuation.

[(4) In 2006 and each year after 2006, not later than January 15,
if the adjusted taxable value of commercial rental property is adjusted
under subsection (3) due to an occupancy loss, an owner of that
commercial rental property shall file a copy of a rent roll for that
commercial rental property or a sworn statement of the square foot
percentage of occupancy of that commercial rental property as of the
immediately preceding December 31 with the assessor of the local tax
collecting unit in which that commercial rental property is located.

21 (5)] Upon a transfer of ownership of commercial rental property
22 after 2006, the commercial rental property's adjusted taxable value
23 for the calendar year following the year of the transfer is the
24 commercial rental property's state equalized valuation for the
25 calendar year following the transfer.

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26 [(6)] If the adjusted taxable value of commercial rental

27 property is adjusted under subsection [(5)], a subsequent increase in

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1 the commercial rental property's adjusted taxable value is subject
2 to the limitation set forth in subsection (3) until a subsequent
3 transfer of ownership occurs.

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

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

11 (2) The amount of the commercial rental property specific tax
12 in each year shall be determined by multiplying the number of mills
13 that would be assessed in the local tax collecting unit if the
14 property were subject to the collection of taxes under the general
15 property tax act, 1893 PA 206, MCL 211.1 to 211.157, by the
16 commercial rental property's adjusted taxable value.

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

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

27 (5) The collecting officer or officers shall send a copy of

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1 the amount of disbursement made to each taxing unit under this
2 section to the commission on a form provided by the commission.

3 (6) Commercial rental property located in a renaissance zone
4 under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681
5 to 125.2696, is exempt from the commercial rental property specific
6 tax levied under this act to the extent and for the duration
7 provided pursuant to the Michigan renaissance zone act, 1996 PA
8 376, MCL 125.2681 to 125.2696, except for that portion of the
9 commercial rental property specific tax attributable to a tax
10 described in section 7ff(2) of the general property tax act, 1893
11 PA 206, MCL 211.7ff. The commercial rental property specific tax
12 calculated under this subsection shall be disbursed proportionately
13 to the taxing unit or units that levied the tax described in
14 section 7ff(2) of the general property tax act, 1893 PA 206, MCL
15 211.7ff.

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

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

22 (a) House Bill No. 4972.

23 (b) House Bill No. 4973.

24 (c) House Bill No. 4980.

25 (d) House Bill No. 5095.

26 (e) House Bill No. 5097.

27 (f) House Bill No. 5098.
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- 1 (g) House Bill No. 5106.
- 2 (h) House Bill No. 5107.
(i) House Bill No. 5108.]