

**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; 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

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 both of the
10 following:

11 (i) All prior losses attributable to that property pursuant to
12 section 34d(1)(h)(iii) of the general property tax act, 1893 PA 206,
13 MCL 211.34d, before the effective date of this act, minus all prior
14 additions attributable to that property pursuant to section
15 34d(1)(b)(vii) of the general property tax act, 1893 PA 206, MCL
16 211.34d, before May 14, 2002.

17 (ii) All prior occupancy losses minus all prior occupancy
18 additions.

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

21 (f) "Occupancy loss" means an adjustment in value because of a
22 decrease in commercial rental property's occupancy rate.

23 (g) "Taxable value" means the taxable value as determined
24 under section 27a of the general property tax act, 1893 PA 206, MCL
25 211.27a.

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

1 211.27a.

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

6 Sec. 4. (1) The assessor of each local tax collecting unit in
7 which there is commercial rental property shall determine annually
8 as of December 31 the value and adjusted taxable value of each
9 parcel of commercial rental property located in that local tax
10 collecting unit.

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

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

18 (a) The property's adjusted taxable value in the immediately
19 preceding year minus any losses, adjusted by any occupancy loss,
20 multiplied by the lesser of 1.05 or the inflation rate, adjusted by
21 any occupancy addition, plus all additions. Adjusted taxable value
22 shall reflect an occupancy addition only if either an occupancy
23 loss had been previously allowed because of a decrease in the
24 commercial rental property's occupancy rate or if the value of
25 commercial rental property that was new construction was reduced
26 because of a below-market occupancy rate. The amount of any
27 occupancy addition shall not exceed the amount of any net occupancy

1 loss. For taxes levied in 2006, the commercial rental property's
2 adjusted taxable value in the immediately preceding year is the sum
3 of both of the following:

4 (i) The taxable value that property would have had in 2006 if
5 the property had been subject to the collection of taxes under the
6 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

7 (ii) All additions that would have been attributable to that
8 property pursuant to section 34d(1)(b)(vii) of the general property
9 tax act, 1893 PA 206, MCL 211.34d, after May 14, 2002 and before
10 the effective date of this act, notwithstanding the opinion of the
11 Michigan supreme court in WPW Acquisition Company v City of Troy,
12 466 Mich 117 (2002) (Docket No. 118750).

13 (b) The commercial rental property's current state equalized
14 valuation.

15 (4) In 2006 and each year after 2006, not later than January
16 15, if the adjusted taxable value of commercial rental property is
17 adjusted under subsection (3) due to an occupancy loss, an owner of
18 that commercial rental property shall file a copy of a rent roll
19 for that commercial rental property or a sworn statement of the
20 square foot percentage of occupancy of that commercial rental
21 property as of the immediately preceding December 31 with the
22 assessor of the local tax collecting unit in which that commercial
23 rental property is located.

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

1 calendar year following the transfer.

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

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

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

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

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

24 (4) The collecting officer or officers shall disburse the
25 commercial rental property specific tax to and among this state and
26 cities, townships, villages, school districts, counties, or other
27 taxing units, at the same times and in the same proportions as

1 required by law for the disbursement of taxes collected under the
2 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

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

6 (6) Commercial rental property located in a renaissance zone
7 under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681
8 to 125.2696, is exempt from the commercial rental property specific
9 tax levied under this act to the extent and for the duration
10 provided pursuant to the Michigan renaissance zone act, 1996 PA
11 376, MCL 125.2681 to 125.2696, except for that portion of the
12 commercial rental property specific tax attributable to a tax
13 described in section 7ff(2) of the general property tax act, 1893
14 PA 206, MCL 211.7ff. The commercial rental property specific tax
15 calculated under this subsection shall be disbursed proportionately
16 to the taxing unit or units that levied the tax described in
17 section 7ff(2) of the general property tax act, 1893 PA 206, MCL
18 211.7ff.

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

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

26 (a) House Bill No. 4972.

27 (b) House Bill No. 4980.

- 1 (c) House Bill No. 5095.
- 2 (d) House Bill No. 5097.
- 3 (e) House Bill No. 5098.
- 4 (f) House Bill No. 5106.
- 5 (g) House Bill No. 5107.
- 6 (h) House Bill No. 5108.
- 7 (i) Senate Bill No. 633.
- 8 (j) Senate Bill No. 634.