

**STATE OF MICHIGAN
93RD LEGISLATURE
REGULAR SESSION OF 2005**

Introduced by Rep. Sheen

ENROLLED HOUSE BILL No. 5096

AN ACT 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:

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

Sec. 2. As used in this act:

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

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

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

(d) “Net occupancy loss” means all prior occupancy losses minus all prior occupancy additions.

(e) “Occupancy addition” means an increase in the value attributable to an increase in commercial rental property’s occupancy rate that occurs after the effective date of this act.

(f) “Occupancy loss” means a decrease in the value attributable to a decrease in commercial rental property’s occupancy rate that occurs after the effective date of this act.

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

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

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

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

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

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

(a) The property's adjusted taxable value in the immediately preceding year minus any losses, adjusted by any occupancy loss, multiplied by the lesser of 1.05 or the inflation rate, adjusted by any occupancy addition, plus all additions. Adjusted taxable value shall reflect an occupancy addition only if either an occupancy loss had been previously allowed because of a decrease in the commercial rental property's occupancy rate or if the value of commercial rental property that was new construction was reduced 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, the commercial rental property's adjusted taxable value in the immediately preceding year is the taxable value that property would have had in 2006 if the property had been subject to the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

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

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

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

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

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

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

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

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

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

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

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

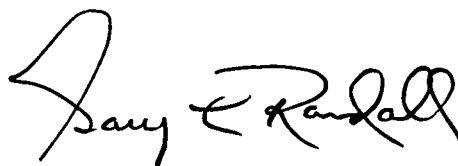
Sec. 6. Unpaid commercial rental property specific taxes are subject to forfeiture, foreclosure, and sale in the same manner and at the same time as taxes returned as delinquent under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

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.

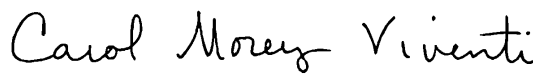
Enacting section 1. This act does not take effect unless all of the following bills of the 93rd Legislature are enacted into law:

- (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.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor