

HOUSE BILL No. 5096

August 17, 2005, Introduced by Rep. Sheen and referred to the Committee on Tax Policy.

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) "Adjusted taxable value" means taxable value of commercial
5 rental property adjusted by any occupancy addition or occupancy
6 loss.

7 (b) "Commercial rental property" means real property that
8 meets all of the following conditions:

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

3 (ii) All or a portion is subject to a lease or is offered for
4 lease.

5 (c) "Commission" means the state tax commission created by
6 1927 PA 360, MCL 209.101 to 209.107.

7 (d) "Occupancy addition" means an increase in the value
8 attributable to commercial rental property's occupancy rate.

9 (e) "Occupancy loss" means an adjustment in value because of a
10 decrease in commercial rental property's occupancy rate.

11 (f) "Taxable value" means the taxable value as determined
12 under section 27a of the general property tax act, 1893 PA 206, MCL
13 211.27a.

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

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

23 (2) For purposes of determining the adjusted taxable value of
24 commercial rental property, both of the following apply:

25 (a) The value of an occupancy addition for the increased
26 occupancy rate is the product of the increase in the true cash
27 value of the commercial rental property attributable to the

1 increased occupancy rate multiplied by a fraction the numerator of
2 which is the adjusted taxable value of the commercial rental
3 property in the immediately preceding year and the denominator of
4 which is the true cash value of the commercial rental property in
5 the immediately preceding year, and then multiplied by the lesser
6 of 1.05 or the inflation rate. Adjusted taxable value shall
7 reflect an occupancy addition only if either an occupancy loss had
8 been previously allowed because of a decrease in the commercial
9 rental property's occupancy rate or if the value of commercial
10 rental property that was new construction was reduced because of a
11 below-market occupancy rate.

12 (b) The value of an occupancy loss for a decrease in the
13 commercial rental property's occupancy rate is the product of the
14 decrease in the true cash value of the commercial rental property
15 attributable to the decreased occupancy rate multiplied by a
16 fraction the numerator of which is the adjusted taxable value of
17 the commercial rental property in the immediately preceding year
18 and the denominator of which is the true cash value of the
19 commercial rental property in the immediately preceding year.

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

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

1 commercial rental property's adjusted taxable value.

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

6 (4) Except as otherwise provided in subsections (5) and (6),
7 the collecting officer or officers shall disburse the commercial
8 rental property specific tax to and among this state and cities,
9 townships, villages, school districts, counties, or other taxing
10 units, at the same times and in the same proportions as required by
11 law for the disbursement of taxes collected under the general
12 property tax act, 1893 PA 206, MCL 211.1 to 211.157.

13 (5) For intermediate school districts receiving state aid
14 under sections 56, 62, and 81 of the state school aid act of 1979,
15 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount of
16 commercial rental property specific tax that would otherwise be
17 disbursed to an intermediate school district, all or a portion, to
18 be determined on the basis of the tax rates being utilized to
19 compute the amount of state aid, shall be paid to the state
20 treasury to the credit of the state school aid fund established by
21 section 11 of article IX of the state constitution of 1963.

22 (6) The amount of commercial rental property specific tax
23 described in subsection (2) that would otherwise be disbursed to a
24 local school district for school operating purposes shall be paid
25 instead to the state treasury and credited to the state school aid
26 fund established by section 11 of article IX of the state
27 constitution of 1963.

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

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

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

21 Enacting section 1. This act does not take effect unless
22 Senate Bill No.____ or House Bill No. 5097(request no. 04125'05 a*)
23 of the 93rd Legislature is enacted into law.