

# SENATE BILL No. 1314

June 15, 2006, Introduced by Senators GOSCHKA, KUIPERS, CROPSEY, BARCIA and JOHNSON and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled "The general property tax act," (MCL 211.1 to 211.157) by adding section 7jj.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 7JJ. (1) FOR TAXES LEVIED AFTER DECEMBER 31, 2004, NEW  
2 CONSTRUCTION ON RESIDENTIAL DEVELOPMENT PROPERTY IS EXEMPT FROM THE  
3 COLLECTION OF TAXES UNDER THIS ACT.

4 (2) TO CLAIM AN EXEMPTION UNDER SUBSECTION (1), AN OWNER OF  
5 RESIDENTIAL DEVELOPMENT PROPERTY SHALL FILE AN AFFIDAVIT CLAIMING  
6 THE EXEMPTION WITH THE LOCAL TAX COLLECTING UNIT BY MAY 1. THE  
7 AFFIDAVIT SHALL BE ON A FORM PRESCRIBED BY THE DEPARTMENT OF  
8 TREASURY.

9 (3) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (2),  
10 THE ASSESSOR SHALL DETERMINE IF THE REAL PROPERTY ON WHICH NEW

1 CONSTRUCTION IS LOCATED IS RESIDENTIAL DEVELOPMENT PROPERTY. IF THE  
2 REAL PROPERTY IS RESIDENTIAL DEVELOPMENT PROPERTY, THE ASSESSOR  
3 SHALL EXEMPT THE NEW CONSTRUCTION LOCATED ON THAT RESIDENTIAL  
4 DEVELOPMENT PROPERTY FROM THE COLLECTION OF TAXES UNDER THIS ACT.

5 (4) NOT MORE THAN 90 DAYS AFTER ALL OR A PORTION OF THE  
6 EXEMPTED NEW CONSTRUCTION IS NO LONGER LOCATED ON RESIDENTIAL  
7 DEVELOPMENT PROPERTY, AN OWNER SHALL RESCIND THE EXEMPTION FOR THE  
8 NEW CONSTRUCTION BY FILING WITH THE LOCAL TAX COLLECTING UNIT A  
9 RESCISSION FORM. THE RESCISSION FORM SHALL BE AS PRESCRIBED BY THE  
10 DEPARTMENT OF TREASURY.

11 (5) AN OWNER OF EXEMPTED NEW CONSTRUCTION THAT IS NO LONGER  
12 LOCATED ON RESIDENTIAL DEVELOPMENT PROPERTY WHO FAILS TO FILE A  
13 RESCISSION FORM AS REQUIRED UNDER SUBSECTION (4) IS SUBJECT TO A  
14 PENALTY OF \$5.00 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER  
15 THE 90 DAYS HAVE ELAPSED, UP TO A MAXIMUM OF \$200.00. THIS PENALTY  
16 SHALL BE COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31, AND  
17 SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND ESTABLISHED IN  
18 SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963. THIS  
19 PENALTY MAY BE WAIVED BY THE DEPARTMENT OF TREASURY.

20 (6) AN OWNER OF NEW CONSTRUCTION THAT IS LOCATED ON  
21 RESIDENTIAL DEVELOPMENT PROPERTY ON MAY 1 FOR WHICH AN EXEMPTION  
22 WAS NOT ON THE TAX ROLL MAY FILE AN APPEAL WITH THE JULY OR  
23 DECEMBER BOARD OF REVIEW IN THE YEAR THE EXEMPTION WAS CLAIMED OR  
24 THE IMMEDIATELY SUCCEEDING YEAR. AN OWNER OF NEW CONSTRUCTION THAT  
25 IS LOCATED ON RESIDENTIAL DEVELOPMENT PROPERTY ON MAY 1 FOR WHICH  
26 AN EXEMPTION WAS DENIED BY THE ASSESSOR IN THE YEAR THE AFFIDAVIT  
27 WAS FILED MAY FILE AN APPEAL WITH THE JULY BOARD OF REVIEW FOR

1 SUMMER TAXES OR, IF THERE IS NOT A SUMMER LEVY OF SCHOOL OPERATING  
2 TAXES, WITH THE DECEMBER BOARD OF REVIEW.

3 (7) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES  
4 THAT NEW CONSTRUCTION FOR WHICH AN EXEMPTION HAS BEEN GRANTED IS  
5 NOT LOCATED ON RESIDENTIAL DEVELOPMENT PROPERTY, THE ASSESSOR MAY  
6 DENY OR MODIFY AN EXISTING EXEMPTION BY NOTIFYING THE OWNER IN  
7 WRITING AT THE TIME REQUIRED FOR PROVIDING A NOTICE UNDER SECTION  
8 24C. A TAXPAYER MAY APPEAL THE ASSESSOR'S DETERMINATION TO THE  
9 BOARD OF REVIEW MEETING UNDER SECTION 30. A DECISION OF THE BOARD  
10 OF REVIEW MAY BE APPEALED TO THE RESIDENTIAL AND SMALL CLAIMS  
11 DIVISION OF THE MICHIGAN TAX TRIBUNAL.

12 (8) IF AN EXEMPTION UNDER THIS SECTION IS ERRONEOUSLY GRANTED,  
13 AN OWNER MAY REQUEST IN WRITING THAT THE LOCAL TAX COLLECTING UNIT  
14 WITHDRAW THE EXEMPTION. IF AN OWNER REQUESTS THAT AN EXEMPTION BE  
15 WITHDRAWN, THE LOCAL ASSESSOR SHALL NOTIFY THE OWNER THAT THE  
16 EXEMPTION ISSUED UNDER THIS SECTION HAS BEEN DENIED BASED ON THAT  
17 OWNER'S REQUEST. IF AN EXEMPTION IS WITHDRAWN, THE NEW CONSTRUCTION  
18 THAT HAD BEEN SUBJECT TO THAT EXEMPTION SHALL BE IMMEDIATELY PLACED  
19 ON THE TAX ROLL BY THE LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX  
20 COLLECTING UNIT HAS POSSESSION OF THE TAX ROLL OR BY THE COUNTY  
21 TREASURER IF THE COUNTY HAS POSSESSION OF THE TAX ROLL AS THOUGH  
22 THE EXEMPTION HAD NOT BEEN GRANTED. A CORRECTED TAX BILL SHALL BE  
23 ISSUED FOR THE TAX YEAR BEING ADJUSTED BY THE LOCAL TAX COLLECTING  
24 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX  
25 ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE  
26 TAX ROLL. IF AN OWNER REQUESTS THAT AN EXEMPTION UNDER THIS SECTION  
27 BE WITHDRAWN BEFORE THAT OWNER IS CONTACTED IN WRITING BY THE LOCAL

1 ASSESSOR REGARDING THAT OWNER'S ELIGIBILITY FOR THE EXEMPTION AND  
2 THAT OWNER PAYS THE CORRECTED TAX BILL ISSUED UNDER THIS SUBSECTION  
3 WITHIN 30 DAYS AFTER THE CORRECTED TAX BILL IS ISSUED, THAT OWNER  
4 IS NOT LIABLE FOR ANY PENALTY OR INTEREST ON THE ADDITIONAL TAX. AN  
5 OWNER WHO PAYS A CORRECTED TAX BILL ISSUED UNDER THIS SUBSECTION  
6 MORE THAN 30 DAYS AFTER THE CORRECTED TAX BILL IS ISSUED IS LIABLE  
7 FOR THE PENALTIES AND INTEREST THAT WOULD HAVE ACCRUED IF THE  
8 EXEMPTION HAD NOT BEEN GRANTED FROM THE DATE THE TAXES WERE  
9 ORIGINALLY LEVIED.

10 (9) AS USED IN THIS SECTION:

11 (A) "CONTIGUOUS" MEANS BEING IN CONTACT ALONG A BOUNDARY OR A  
12 POINT. CONTIGUITY IS NOT BROKEN BY A ROAD, A RIGHT-OF-WAY, OR  
13 PROPERTY PURCHASED OR TAKEN UNDER CONDEMNATION PROCEEDINGS BY A  
14 PUBLIC UTILITY FOR POWER TRANSMISSION LINES IF THE 2 PARCELS  
15 SEPARATED BY THE PURCHASED OR CONDEMNED PROPERTY WERE A SINGLE  
16 PARCEL PRIOR TO THE SALE OR CONDEMNATION.

17 (B) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION  
18 34D.

19 (C) "RESIDENTIAL DEVELOPMENT PROPERTY" MEANS REAL PROPERTY  
20 THAT MEETS ALL OF THE FOLLOWING CRITERIA:

21 (i) IS CLASSIFIED AS RESIDENTIAL REAL PROPERTY UNDER SECTION  
22 34C.

23 (ii) IS SUBJECT TO 1 OF THE FOLLOWING CONDITIONS OR IS  
24 CONTIGUOUS TO AND ASSOCIATED WITH PROPERTY THAT IS SUBJECT TO 1 OF  
25 THE FOLLOWING CONDITIONS:

26 (A) A FINAL PLAT FOR THE REAL PROPERTY IS RECORDED PURSUANT TO  
27 THE LAND DIVISION ACT, 1967 PA 288, MCL 560.101 TO 560.293, AFTER

1 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

2 (B) A CONDOMINIUM SUBDIVISION PLAN IS COMPLETED AND A MASTER  
3 DEED FOR ALL OR A PORTION OF THE REAL PROPERTY IS RECORDED PURSUANT  
4 TO THE CONDOMINIUM ACT, 1978 PA 59, MCL 559.101 TO 559.276, AFTER  
5 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

6 (C) THE REAL PROPERTY IS INCLUDED IN A PLANNED UNIT  
7 DEVELOPMENT APPROVED UNDER SECTION 16C OF THE COUNTY ZONING ACT,  
8 1943 PA 183, MCL 125.216C, SECTION 16C OF THE TOWNSHIP ZONING ACT,  
9 1943 PA 184, MCL 125.286C, OR SECTION 4B OF THE CITY AND VILLAGE  
10 ZONING ACT, 1921 PA 207, MCL 125.584B.

11 (D) THE REAL PROPERTY IS INCLUDED IN A DEVELOPMENT UNDER AN  
12 OPEN SPACE PRESERVATION PROVISION OR SIMILAR ZONING ORDINANCE  
13 PROVISION DESCRIBED IN SECTION 16H OF THE COUNTY ZONING ACT, 1943  
14 PA 183, MCL 125.216H, SECTION 16H OF THE TOWNSHIP ZONING ACT, 1943  
15 PA 184, MCL 125.286H, OR SECTION 4F OF THE CITY AND VILLAGE ZONING  
16 ACT, 1921 PA 207, MCL 125.584F.

17 (iii) A RESIDENTIAL DWELLING OR CONDOMINIUM UNIT THAT IS  
18 OCCUPIED OR THAT HAS EVER BEEN OCCUPIED IS NOT LOCATED ON THE REAL  
19 PROPERTY.