Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1491 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Mark C. Jansen
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to exempt from the property tax limited dividend housing corporations.

The Act provides a tax exemption for housing owned and operated by a nonprofit corporation or association or by this State, a political subdivision of this State, or an instrumentality of this State, for occupancy or use solely by elderly or disabled families. Under the bill, this exemption also would apply to housing owned by a limited dividend housing corporation for occupancy or use by elderly or disabled families. Also, under the bill, a property owner would have to claim an exemption on a form prescribed by the Department of Treasury and submit annually an affidavit confirming eligibility for the exemption. The Department would have to approve or disapprove a claim in consultation with the State Housing Development Authority and the Treasurer (instead of the Director of the Department of Management and Budget) would have to estimate the amount necessary to meet the expense of administering the exemptions.

Property that was used for occupancy or use solely by elderly or disabled families that was eligible for exemption would not be subject to forfeiture, foreclosure, and sale for delinquent taxes for any year in which the property was exempt.

"Limited dividend housing corporation" would mean a corporation incorporated or qualified under the laws of this State and Chapter 6 of the State Housing Development Authority Act or a limited dividend housing association organized and qualified under Chapter 7 of that Act that will rehabilitate and own a housing facility or project previously qualified, built, or financed under a specified Federal housing law.

MCL 211.7d — Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce School Aid Fund revenue and increase both School Aid Fund and General Fund expenditures by an unknown amount, depending on how many properties would be affected by the bill and their specific characteristics. To the extent that money to make the payment in lieu of taxes was appropriated each year, the bill would have no impact on local units of government. Similarly, to the extent that overall per-pupil funding guarantees were not affected by the change in revenue to the School Aid Fund, the bill also would have no impact on local school districts. General Fund expenditures would be affected by the increase in payment in lieu of taxes liabilities, while School Aid Fund expenditures would be affected by the need to increase expenditures to maintain per-pupil funding guarantees.

Date Completed: 11-6-08 — Fiscal Analyst: David Zin