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Senate Bill 1491 (as introduced 9-11-08)
Sponsor: Senator Mark C. Jansen
Committee: Finance

Date Completed: 9-18-08

CONTENT

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

Under the Act, 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 is exempt from the collection of the general property tax.

If a local tax collecting unit has a tax roll for collection, and the tax roll contains taxes assessed against property for which this exemption is claimed, the appropriate collecting officer must prepare a statement on a form prescribed by the Department of Management and Budget describing the property for which an exemption is claimed, the names and addresses of the corporation or association entitled to the exemption, the total amount of taxes exempted, and the amount of taxes assessed against the property.

Under the bill, these provisions also would apply to housing owned by a limited dividend housing corporation.

"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 one of the following Federal laws:

- Section 202 of Title II of the Housing Act of 1959, 12 USC 1701q.
- Section 236 of Title II of the National Housing Act, Chapter 847, 12 USC 1715z-1.
- Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act, 42 USC 8013.

(Under Chapters 6 and 7 of the State Housing Development Authority Act, in addition to other qualifications, limited dividend housing corporations and associations must be organized exclusively to provide housing facilities for people of low and moderate income, or whose income does not exceed limits established in the Act, and for social, recreational, commercial, and communal facilities as necessary to serve and improve a residential area in which Authority-aided or federally aided housing is located or is planned to be located, thereby enhancing the viability of that housing.

Under the Housing Act of 1959, private nonprofit organizations and consumer cooperatives may receive assistance to finance the construction reconstruction, or moderate or substantial rehabilitation of a structure or a portion of a structure, or the acquisition of a structure, to be used as supportive housing for the elderly. Under the National Housing Act, the Federal government may make periodic interest reduction payments to a mortgage on the behalf of the owner of a rental housing project designed for occupancy by lower income families. Under the Cranston-Gonzalez National Affordable Housing Act, private, nonprofit organizations may receive assistance in the form of capital advances and contracts for project rental assistance to finance the acquisition, acquisition and moderate rehabilitation, construction, reconstruction, or moderate or substantial rehabilitation of housing to be used as supportive housing for people with disabilities. Under the Act and the Housing Act of 1959, assistance may include real property acquisition, site improvement, conversion, demolition, relocation, and other expenses.)

MCL 211.7d

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce State and local revenue by an unknown, and likely negligible, amount. The bill also would increase State School Aid Fund expenditures by an unknown, although smaller, amount. The magnitude of the changes would depend upon factors such as the number of properties affected by the bill and their taxable value. No information is available on either of these factors.

School Aid Fund expenditures would be increased to the extent that locally levied revenue from the 18-mill school operating levy was reduced. Expenditures would rise in order to meet per-pupil funding guarantees.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.