

HOUSE BILL No. 5801

February 26, 2008, Introduced by Rep. Moolenaar and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
(211.1 to 211.155) by adding section 7nn.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 7NN. (1) THE GOVERNING BODY OF A LOCAL TAX COLLECTING
2 UNIT MAY ADOPT A RESOLUTION TO EXEMPT FROM THE COLLECTION OF TAXES
3 UNDER THIS ACT ALL NEW CONSTRUCTION ON RESIDENTIAL DEVELOPMENT
4 PROPERTY. THE CLERK OF THE LOCAL TAX COLLECTING UNIT SHALL NOTIFY
5 IN WRITING THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT IN WHICH
6 THE RESIDENTIAL DEVELOPMENT PROPERTY IS LOCATED AND THE LEGISLATIVE
7 BODY OF EACH TAXING UNIT THAT LEVIES AD VALOREM PROPERTY TAXES IN
8 THE LOCAL TAX COLLECTING UNIT IN WHICH THE RESIDENTIAL DEVELOPMENT
9 PROPERTY IS LOCATED. BEFORE ACTING ON THE RESOLUTION, THE GOVERNING

1 BODY OF THE LOCAL TAX COLLECTING UNIT SHALL AFFORD THE ASSESSOR AND
2 A REPRESENTATIVE OF THE AFFECTED TAXING UNITS AN OPPORTUNITY FOR A
3 HEARING.

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

9 (3) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (2),
10 THE ASSESSOR SHALL DETERMINE IF THE REAL PROPERTY ON WHICH NEW
11 CONSTRUCTION IS LOCATED IS RESIDENTIAL DEVELOPMENT PROPERTY. IF THE
12 REAL PROPERTY IS RESIDENTIAL DEVELOPMENT PROPERTY, THE ASSESSOR
13 SHALL EXEMPT THE NEW CONSTRUCTION LOCATED ON THAT RESIDENTIAL
14 DEVELOPMENT PROPERTY FROM THE COLLECTION OF TAXES UNDER THIS ACT.

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

21 (5) AN OWNER OF EXEMPTED NEW CONSTRUCTION THAT IS NO LONGER
22 LOCATED ON RESIDENTIAL DEVELOPMENT PROPERTY WHO FAILS TO FILE A
23 RESCISSION FORM AS REQUIRED UNDER SUBSECTION (4) IS SUBJECT TO A
24 PENALTY OF \$5.00 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER
25 THE 90 DAYS HAVE ELAPSED, UP TO A MAXIMUM OF \$200.00. THIS PENALTY
26 SHALL BE COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31, AND
27 SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND ESTABLISHED IN

1 SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963. THIS
2 PENALTY MAY BE WAIVED BY THE DEPARTMENT OF TREASURY.

3 (6) AN OWNER OF NEW CONSTRUCTION THAT IS LOCATED ON
4 RESIDENTIAL DEVELOPMENT PROPERTY ON MAY 1 FOR WHICH AN EXEMPTION
5 WAS NOT ON THE TAX ROLL MAY FILE AN APPEAL WITH THE JULY OR
6 DECEMBER BOARD OF REVIEW IN THE YEAR THE EXEMPTION WAS CLAIMED OR
7 THE IMMEDIATELY SUCCEEDING YEAR. AN OWNER OF NEW CONSTRUCTION THAT
8 IS LOCATED ON RESIDENTIAL DEVELOPMENT PROPERTY ON MAY 1 FOR WHICH
9 AN EXEMPTION WAS DENIED BY THE ASSESSOR IN THE YEAR THE AFFIDAVIT
10 WAS FILED MAY FILE AN APPEAL WITH THE JULY BOARD OF REVIEW FOR
11 SUMMER TAXES OR, IF THERE IS NOT A SUMMER LEVY OF SCHOOL OPERATING
12 TAXES, WITH THE DECEMBER BOARD OF REVIEW.

13 (7) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES
14 THAT NEW CONSTRUCTION FOR WHICH AN EXEMPTION HAS BEEN GRANTED IS
15 NOT LOCATED ON RESIDENTIAL DEVELOPMENT PROPERTY, THE ASSESSOR MAY
16 DENY OR MODIFY AN EXISTING EXEMPTION BY NOTIFYING THE OWNER IN
17 WRITING AT THE TIME REQUIRED FOR PROVIDING A NOTICE UNDER SECTION
18 24C. A TAXPAYER MAY APPEAL THE ASSESSOR'S DETERMINATION TO THE
19 BOARD OF REVIEW MEETING UNDER SECTION 30. A DECISION OF THE BOARD
20 OF REVIEW MAY BE APPEALED TO THE RESIDENTIAL AND SMALL CLAIMS
21 DIVISION OF THE MICHIGAN TAX TRIBUNAL.

22 (8) IF AN EXEMPTION UNDER THIS SECTION IS ERRONEOUSLY GRANTED,
23 AN OWNER MAY REQUEST IN WRITING THAT THE LOCAL TAX COLLECTING UNIT
24 WITHDRAW THE EXEMPTION. IF AN OWNER REQUESTS THAT AN EXEMPTION BE
25 WITHDRAWN, THE LOCAL ASSESSOR SHALL NOTIFY THE OWNER THAT THE
26 EXEMPTION ISSUED UNDER THIS SECTION HAS BEEN DENIED BASED ON THAT
27 OWNER'S REQUEST. IF AN EXEMPTION IS WITHDRAWN, THE ELIGIBLE NEW

1 CONSTRUCTION THAT HAD BEEN SUBJECT TO THAT EXEMPTION SHALL BE
2 IMMEDIATELY PLACED ON THE TAX ROLL BY THE LOCAL TAX COLLECTING UNIT
3 IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX ROLL OR
4 BY THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE TAX
5 ROLL AS THOUGH THE EXEMPTION HAD NOT BEEN GRANTED. A CORRECTED TAX
6 BILL SHALL BE ISSUED FOR THE TAX YEAR BEING ADJUSTED BY THE LOCAL
7 TAX COLLECTING UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION
8 OF THE TAX ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS
9 POSSESSION OF THE TAX ROLL. IF AN OWNER REQUESTS THAT AN EXEMPTION
10 UNDER THIS SECTION BE WITHDRAWN BEFORE THAT OWNER IS CONTACTED IN
11 WRITING BY THE LOCAL ASSESSOR REGARDING THAT OWNER'S ELIGIBILITY
12 FOR THE EXEMPTION AND THAT OWNER PAYS THE CORRECTED TAX BILL ISSUED
13 UNDER THIS SUBSECTION WITHIN 30 DAYS AFTER THE CORRECTED TAX BILL
14 IS ISSUED, THAT OWNER IS NOT LIABLE FOR ANY PENALTY OR INTEREST ON
15 THE ADDITIONAL TAX. AN OWNER WHO PAYS A CORRECTED TAX BILL ISSUED
16 UNDER THIS SUBSECTION MORE THAN 30 DAYS AFTER THE CORRECTED TAX
17 BILL IS ISSUED IS LIABLE FOR THE PENALTIES AND INTEREST THAT WOULD
18 HAVE ACCRUED IF THE EXEMPTION HAD NOT BEEN GRANTED FROM THE DATE
19 THE TAXES WERE ORIGINALLY LEVIED.

20 (9) AS USED IN THIS SECTION:

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

27 (B) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION

1 34D.

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

4 (i) IS CLASSIFIED AS RESIDENTIAL REAL PROPERTY UNDER SECTION
5 34C.

6 (ii) IS SUBJECT TO 1 OF THE FOLLOWING CONDITIONS OR IS
7 CONTIGUOUS TO AND ASSOCIATED WITH PROPERTY THAT IS SUBJECT TO 1 OF
8 THE FOLLOWING CONDITIONS:

9 (A) A FINAL PLAT FOR THE REAL PROPERTY IS RECORDED PURSUANT TO
10 THE LAND DIVISION ACT, 1967 PA 288, MCL 560.101 TO 560.293, AFTER
11 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

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

16 (C) THE REAL PROPERTY IS INCLUDED IN A PLANNED UNIT
17 DEVELOPMENT APPROVED UNDER SECTION 503 OF THE MICHIGAN ZONING
18 ENABLING ACT, 2006 PA 110, MCL 125.3503.

19 (D) THE REAL PROPERTY IS INCLUDED IN A DEVELOPMENT UNDER AN
20 OPEN SPACE PRESERVATION PROVISION OR SIMILAR ZONING ORDINANCE
21 PROVISION DESCRIBED IN SECTION 506 OF THE MICHIGAN ZONING ENABLING
22 ACT, 2006 PA 110, MCL 125.3506.

23 (iii) A RESIDENTIAL DWELLING OR CONDOMINIUM UNIT THAT IS
24 OCCUPIED OR THAT HAS EVER BEEN OCCUPIED IS NOT LOCATED ON THE REAL
25 PROPERTY.