

# SENATE BILL No. 55

January 24, 2007, Introduced by Senator PAPPAGEORGE 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 7ll.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 7ll. (1) THE GOVERNING BODY OF A LOCAL GOVERNMENTAL UNIT  
2        MAY BY RESOLUTION EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS  
3        ACT NEW CONSTRUCTION ON ELIGIBLE PRINCIPAL RESIDENCE PROPERTY USED  
4        AS A LIVING AREA TO THE EXTENT PROVIDED IN SUBSECTION (5) AND FOR  
5        THE PERIOD PROVIDED IN SUBSECTION (6). THE RESOLUTION MAY INCLUDE  
6        ALL OR PORTIONS OF THE LOCAL GOVERNMENTAL UNIT.

7        (2) BEFORE ACTING ON THE RESOLUTION, THE CLERK OF THE LOCAL  
8        GOVERNMENTAL UNIT SHALL NOTIFY IN WRITING THE ASSESSOR OF EACH  
9        LOCAL TAX COLLECTING UNIT IN THE LOCAL GOVERNMENTAL UNIT AND THE

1 LEGISLATIVE BODY OF EACH TAXING JURISDICTION THAT LEVIES AD VALOREM  
2 PROPERTY TAXES IN THE LOCAL GOVERNMENTAL UNIT AND SHALL SET A DATE  
3 FOR A PUBLIC HEARING ON THE ADOPTION OF THE RESOLUTION. NOTICE OF  
4 THE PUBLIC HEARING SHALL BE PUBLISHED TWICE IN A NEWSPAPER OF  
5 GENERAL CIRCULATION IN THE LOCAL GOVERNMENTAL UNIT, NOT LESS THAN  
6 20 NOR MORE THAN 40 DAYS BEFORE THE DATE OF THE HEARING. THE NOTICE  
7 SHALL STATE THE DATE, TIME, AND PLACE OF THE HEARING. AT THAT  
8 HEARING, A CITIZEN, TAXPAYER, OFFICIAL FROM A TAXING JURISDICTION  
9 THAT LEVIES AD VALOREM PROPERTY TAXES IN THE LOCAL GOVERNMENTAL  
10 UNIT, OR A PROPERTY OWNER OF THE LOCAL GOVERNMENTAL UNIT HAS THE  
11 RIGHT TO BE HEARD IN REGARD TO THE EXEMPTION UNDER THIS SECTION.

12 (3) NOT MORE THAN 30 DAYS AFTER THE PUBLIC HEARING, IF THE  
13 GOVERNING BODY OF THE LOCAL GOVERNMENTAL UNIT INTENDS TO PROCEED  
14 WITH THE EXEMPTION, THE GOVERNING BODY SHALL ADOPT, BY MAJORITY  
15 VOTE OF ITS MEMBERS ELECTED AND SERVING, A RESOLUTION GRANTING THE  
16 EXEMPTION. THE ADOPTION OF THE RESOLUTION IS SUBJECT TO ALL  
17 APPLICABLE STATUTORY OR CHARTER PROVISIONS WITH RESPECT TO THE  
18 APPROVAL OR DISAPPROVAL BY THE CHIEF EXECUTIVE OR OTHER OFFICER OF  
19 THE LOCAL GOVERNMENTAL UNIT AND THE ADOPTION OF A RESOLUTION OVER  
20 HIS OR HER VETO. THIS RESOLUTION SHALL BE FILED WITH THE SECRETARY  
21 OF STATE PROMPTLY AFTER ITS ADOPTION.

22 (4) THE PROCEEDINGS ESTABLISHING THE EXEMPTION SHALL BE  
23 PRESUMPTIVELY VALID UNLESS CONTESTED IN A COURT OF COMPETENT  
24 JURISDICTION WITHIN 60 DAYS AFTER THE FILING OF THE RESOLUTION WITH  
25 THE SECRETARY OF STATE AND THE STATE TAX COMMISSION.

26 (5) NEW CONSTRUCTION ELIGIBLE FOR EXEMPTION UNDER THIS SECTION  
27 IS LIMITED AS FOLLOWS:

1           (A) FOR ELIGIBLE PRINCIPAL RESIDENCE PROPERTY LESS THAN 3,000  
2 SQUARE FEET IN AREA, LIVING AREA NEW CONSTRUCTION OF NOT MORE THAN  
3 50% OF THE EXISTING LIVING AREA OF THAT ELIGIBLE PRINCIPAL  
4 RESIDENCE PROPERTY.

5           (B) FOR ELIGIBLE PRINCIPAL RESIDENCE PROPERTY 3,000 SQUARE  
6 FEET OR GREATER IN AREA, LIVING AREA NEW CONSTRUCTION OF NOT MORE  
7 THAN 25% OF THE EXISTING LIVING AREA OF THAT ELIGIBLE PRINCIPAL  
8 RESIDENCE PROPERTY.

9           (6) THE EXEMPTION UNDER THIS SECTION IS EFFECTIVE ON THE  
10 DECEMBER 31 IMMEDIATELY SUCCEEDING THE ADOPTION OF THE RESOLUTION  
11 BY THE GOVERNING BODY OF THE LOCAL GOVERNMENTAL UNIT UNDER  
12 SUBSECTION (3). THE EXEMPTION SHALL CONTINUE IN EFFECT UNTIL THE  
13 ELIGIBLE PRINCIPAL RESIDENCE PROPERTY IS TRANSFERRED OR FOR A  
14 PERIOD SPECIFIED IN THE RESOLUTION WHICH SHALL NOT BE MORE THAN 5  
15 YEARS, WHICHEVER IS SOONER. IF THE ELIGIBLE PRINCIPAL RESIDENCE  
16 PROPERTY IS TRANSFERRED, THE TAXABLE VALUE SHALL BE ADJUSTED UNDER  
17 SECTION 27A(3). IF THE ELIGIBLE PRINCIPAL RESIDENCE PROPERTY HAS  
18 NOT BEEN TRANSFERRED AND THE PERIOD SPECIFIED IN THE RESOLUTION HAS  
19 EXPIRED, THE PROPERTY'S TAXABLE VALUE SHALL BE ADJUSTED AS PROVIDED  
20 IN SECTION 34D(1)(B)(i).

21           (7) AS USED IN THIS SECTION:

22           (A) "ELIGIBLE PRINCIPAL RESIDENCE PROPERTY" MEANS A PRINCIPAL  
23 RESIDENCE EXEMPT UNDER SECTION 7CC FROM THE TAX LEVIED BY A LOCAL  
24 SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES TO THE EXTENT  
25 PROVIDED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA  
26 451, MCL 380.1211, IN THE YEAR IMMEDIATELY PRECEDING THE FIRST YEAR  
27 IN WHICH LIVING AREA NEW CONSTRUCTION IS EXEMPT UNDER THIS SECTION.

1           (B) "LIVING AREA" MEANS AN AREA OF PRINCIPAL RESIDENCE  
2   PROPERTY USED BY 1 OR MORE PERSONS FOR DOMESTIC RESIDENTIAL  
3   PURPOSES. LIVING AREA INCLUDES, BUT IS NOT LIMITED TO, A BEDROOM,  
4   KITCHEN, BATHROOM, LIVING ROOM, FAMILY ROOM, DEN, OR ENCLOSED  
5   PORCH.

6           (C) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION  
7   34D(1)(B)(iii) .

8           (D) "PRINCIPAL RESIDENCE" MEANS THAT TERM AS DEFINED UNDER  
9   SECTION 7DD.

10          (E) "TRANSFERRED" MEANS A TRANSFER OF OWNERSHIP AS THAT TERM  
11   IS DESCRIBED IN SECTION 27A.