

SUPPORTIVE HOUSING PROPERTY TAX EXEMPTION

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Senate Bill 641 as passed by the Senate

Sponsor: Sen. Mark Jansen

House Committee: Intergovernmental and Regional Affairs

Senate Committee: Finance

Complete to 10-12-09

A SUMMARY OF SENATE BILL 641 AS PASSED BY THE SENATE 9-24-09

Public Act 456 of 2008 was part of a package of three acts (along with Public Acts 454 and 455 of 2008) enacted to exempt supportive housing property from the tax levied by a local school district for school operating purposes. PA 456 added a Chapter 3B to the State Housing Development Authority Act.

Senate Bill 641 would amend Public Act 456 of 2008 to remove an enacting section tie-barring the bill that created that act to two other bills in the 2007-08 legislative session. One of those two bills was not enacted, which has prevented Public Act 456 from taking effect. As a result, owners of supportive housing property have not been able to obtain property tax exemption certificates from the Michigan State Housing Development Authority (MSHDA).

Supportive housing property essentially is scattered-site housing owned by a nonprofit organization and occupied by low-income individuals with disabilities. To claim the tax exemption, a property owner must obtain a certificate from MSHDA and file a notification with the local taxing assessor.

The bill that was not enacted, House Bill 5438, proposed to exempt supportive housing property from the General Property Tax Act and subject it instead to a new specific tax. Only the bills allowing school operating tax exemptions were passed. (See [Background Information](#).)

The new Chapter 3B created by Public Act 456 requires the owner of supportive housing property to file a notification of that status with the local assessing officer. The notification must be in the form of an affidavit and must be submitted first to MSHDA for certification. The certified notification must be filed with the local assessing officer before November 1 of the tax year before the exemption is to begin. The Authority must certify property as supportive housing property on a first-come, first-served basis. As a rule, not more than 25 percent of the number of living units certified for a year may be in a single county.

MCL 125.1459-125.1459b

BACKGROUND INFORMATION:

Public Act 454 of 2008 amended the General Property Tax Act to exempt supportive housing property from the tax levied by a local school district for school operating purposes to the extent provided under the Revised School Code, if the property owner claims an exemption by filing an affidavit with the local tax collecting unit.

Public Act 455 of 2008 amended the Revised School Code to exempt supportive housing property from the mills levied for school operating purposes, and allowed the board of a school district to exempt supportive housing property from some or all of the additional mills that the board is authorized to levy.

Public Act 456 of 2008 adds Chapter 3B to the State Housing Development Authority Act. Public Act 456 defines "supportive housing property" as property that meets all of the following requirements:

- The property is owned by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
- All of the living units are occupied by one or more people each of whom has an income at or below 30 percent of the area median income and individually receives services for at least one hour per month either directly from or contracted for by an organization exempt from taxation under Section 501(c)(3), including mental health, substance abuse, counseling, and assistance with daily living.
- The property consists of not more than six individual living units.

(Information derived from the Senate Fiscal Agency analysis dated 9-23-08.)

FISCAL IMPACT:

The bill would have no additional fiscal impact in the sense that it allows already enacted legislation to take effect by removing a tie-bar.

The tax exemptions authorized in the 2008 legislation allow affected property to be exempt from locally levied mills (usually 18 mills) for school operating purposes. Such exemptions increase expenditures from the School Aid Fund.

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