

Legislative Analysis



CHARITABLE NONPROFIT HOUSING ORGANIZATION

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House Bill 5786

Sponsor: Rep. Bill Caul

Committee: Tax Policy

Complete to 4-13-10

A SUMMARY OF HOUSE BILL 5786 AS INTRODUCED 2-9-10

The bill would provide a tax exemption for real and personal property owned by a charitable nonprofit housing organization (such as Habitat for Humanity). The bill applies beginning in 2010.

House Bill 5786 would amend the General Property Tax Act (MCL 211.7mm). The term "charitable nonprofit housing organization" refers in the bill to an organization operated not for profit and exempt from federal taxes under either Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code that has as its primary purpose *the construction or renovation of residential housing for conveyance to a low-income person*.

Under the bill, a "low-income person" would be a person with a family income of not more than 60 percent of the statewide median gross income who is eligible to participate in the charitable nonprofit housing organization's program based on criteria established by the organization.

FISCAL IMPACT:

As written, the bill would reduce state and local property tax revenue by an unknown amount. The state would forego the 6-mill state education tax that is constitutionally earmarked to the School Aid Fund, and local units of government would primarily lose general operating revenue.

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