

Legislative Analysis



MSHDA ACT: EXEMPTION FOR CERTAIN "SPECIFIC" TAXES

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House Bill 6245 (Substitute H-1)

Sponsor: Rep. Ed Clemente

Committee: New Economy and Quality of Life

Complete to 8-23-10

A SUMMARY OF HOUSE BILL 6245 AS REPORTED FROM COMMITTEE

The bill would amend the State Housing Development Authority Act (MCL 125.1415a) to extend the current *property tax* exemption for certain authority-aided or federally aided housing projects so that it also applies to "*specific*" *taxes imposed in lieu of property taxes* under the Tax Reverted Clean Title Act. The exemption would require the consent of the Land Bank Fast Track Authority that sold or otherwise conveyed the property under the Land Bank Fast Track Act. Under the Tax Reverted Clean Title Act, property conveyed by a land bank fast track authority is subject to the "eligible tax reverted property specific tax" instead of the standard property taxes.

FISCAL IMPACT:

Extending the current property tax exemption for certain authority-aided or federally aided housing projects so that it would also apply to any eligible tax reverted property specific tax imposed under the Tax Reverted Clean Title Act would have fiscal implications for both state and local government.

Under the Tax Reverted Clean Title Act, the eligible tax reverted property specific tax in each year is the amount of tax that would have been collected under the General Property Tax Act for the given parcel of land. The tax is then disbursed by distributing 50 percent to the state, cities, townships, villages, school districts, counties, or other taxing units in the same proportion as required under the General Property Tax Act. The remaining 50 percent would be disbursed to the Land Bank Fast Track Authority for costs of clearing, quieting, or defending title to property held by the authority or to repay a loan made to the authority. Therefore, under the provisions of the bill, local taxing units and the Land Bank Fast Track Authority would realize a negative, but indeterminate, fiscal impact to the extent that they no longer received this source of funds.

The nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association financed with federally-aided or authority-aided mortgage, advance, or grant would realize a positive fiscal impact to the extent that they didn't have to pay any eligible tax reverted property specific tax.

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