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Senate Bill 641 (as introduced 6-16-09) Sponsor: Senator Mark C. Jansen

Committee: Finance

Date Completed: 9-16-09

CONTENT

The bill would amend Public Act 456 of 2008, which adds Chapter 3B to the State Housing Development Authority Act, to delete an enacting section that tie-bars Public Act 456 to House Bills 5437 and 5438 of the 2007-2008 legislative session. (House Bill 5437 was enacted as Public Act 454 of 2008. House Bill 5438 was not enacted.)

Chapter 3B 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 the Michigan State Housing Development Authority (MSHDA) for certification. The Authority must certify property as supportive housing property on a first-come, first-served basis. As a rule, not more than 25% of the number of living units certified for a year may be in a single county.

MCL 125.1459-125.1459b

BACKGROUND

Public Acts 454, 455, and 456 of 2008 amended several statutes to exempt supportive housing property from the tax levied by a local school district for school operating purposes. Under Public Act 456, "supportive housing property" means 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% 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.

Public Act 454 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 amended the Revised School Code to exempt supportive housing property from the mills levied for school operating purposes, and allow the board of a school district

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to exempt supportive housing property from some or all of the additional mills that the board is authorized to levy.

Public Acts 454 and 455 both define "supportive housing property" as real property certified as supportive housing property under Chapter 3B of the State Housing Development Authority Act.

As described above, Public Act 456 adds Chapter 3B to the State Housing Development Authority Act.

All of these measures were tie-barred to each other. Public Act 456 also was tie-barred to House Bill 5438, which proposed to exempt supportive housing property from the General Property Tax Act and subject it to a new specific tax.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would likely have no impact on State or local revenue or expenditures. The bill would allow definitions and other provisions regarding certain tax exemptions for supportive housing property to become effective. The tax exemptions allow affected property to be exempt from locally levied mills (usually 18 mills) for school operating purposes. The exemptions are already authorized, but the statutes authorizing the exemptions make reference to the definitions, which are not effective due to the tie-bars in the enacting section of Public Act 456 of 2008.

The distribution of granted exemptions could be altered by the bill, if current exemptions have been granted in a manner inconsistent with the definitions and provisions of Public Act 456 of 2008. That Act also appeared to attempt to impose a limit on the number of exemptions granted each year. The Act created Section 59a, which places limits on how many parcels may be certified as supportive housing property within a specific county. The limit in subsection 3 refers to a 250-unit limit in subsection 1 of that section, although no such limit exists in subsection 1. As a result, it is unclear if enactment of the bill, which would make Section 59a effective, could limit the aggregate number of units authorized as supportive housing property. If fewer exemptions were granted as the result of the bill, it could increase local property tax revenue and reduce the School Aid Fund expenditures required to meet per-pupil funding quarantees.

The bill would have no fiscal impact on MSHDA.

Fiscal Analyst: Elizabeth Pratt Maria Tyszkiewicz

David Zin

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.