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BILL ANALYSIS



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House Bill 5786 (Substitute H-1 as passed by the House)

Sponsor: Representative Bill Caul

House Committee: Tax Policy

Senate Committee: Finance

Date Completed: 6-9-10

## **CONTENT**

**The bill would amend the General Property Tax Act to provide a tax exemption for property used in the retail store of a charitable nonprofit housing organization.**

Specifically, beginning December 31, 2009, the bill would exempt from the tax real and personal property of a charitable nonprofit housing organization that is used for a retail store operated by the organization and engaged exclusively in the sale of donated items suitable for residential housing purposes, whose proceeds are used for the purposes of the organization.

The bill would define "charitable nonprofit housing organization" as an organization that is not operated for profit and that is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, whose primary purpose is the construction or renovation of residential housing for conveyance to a low-income person.

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

"Family income" and "statewide median gross income" would mean those terms as defined in the State Housing Development Authority Act (MCL 125.1411).

Proposed MCL 211.7mm

Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

The legislation would lead to a reduction in local general property tax revenue and State Education Tax revenue. The amount of the potential reduction depends on the number and value of the properties currently subject to these taxes, which are unknown. The State also would potentially incur increased expenditures due to the need to replace lost school operating property taxes.

Fiscal Analyst: Eric Scorsone

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