

SUBSTITUTE FOR
HOUSE BILL NO. 6245

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending section 15a (MCL 125.1415a), as amended by 1994 PA 363.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 15a. (1) If a housing project owned by a nonprofit
2 housing corporation, consumer housing cooperative, limited dividend
3 housing corporation, mobile home park corporation, or mobile home
4 park association is financed with a federally-aided or authority-
5 aided mortgage or advance or grant from the authority, then, except
6 as provided in this section, the housing project is exempt from all
7 ad valorem property taxes imposed by this state or by any political
8 subdivision, public body, or taxing district in which the project
9 is located **AND, WITH THE CONSENT OF THE LAND BANK FAST TRACK**
10 **AUTHORITY THAT SOLD OR OTHERWISE CONVEYED THE PROPERTY UNDER THE**

1 LAND BANK FAST TRACK ACT, 2003 PA 258, MCL 124.751 TO 124.774, FROM
2 ANY ELIGIBLE TAX REVERTED PROPERTY SPECIFIC TAX IMPOSED UNDER THE
3 TAX REVERTED CLEAN TITLE ACT, 2003 PA 260, MCL 211.1021 TO
4 211.1026. The owner of a housing project eligible for the exemption
5 shall file with the local assessing officer a notification of the
6 exemption, which shall be in an affidavit form as provided by the
7 authority. The completed affidavit form first shall be submitted to
8 the authority for certification by the authority that the project
9 is eligible for the exemption. The owner then shall file the
10 certified notification of the exemption with the local assessing
11 officer before November 1 of the year preceding the tax year in
12 which the exemption is to begin.

13 (2) The owner of a housing project exempt from taxation under
14 this section shall pay to the municipality in which the project is
15 located an annual service charge for public services in lieu of all
16 taxes. Subject to subsection (6), the amount to be paid as a
17 service charge in lieu of taxes shall be for new construction
18 projects the greater of, and for rehabilitation projects the lesser
19 of, the tax on the property on which the project is located for the
20 tax year before the date when construction or rehabilitation of the
21 project was commenced or 10% of the annual shelter rents obtained
22 from the project. A municipality, by ordinance, may establish or
23 change, by any amount it chooses, the service charge to be paid in
24 lieu of taxes by all or any class of housing projects exempt from
25 taxation under this act. However, the service charge shall not
26 exceed the taxes that would be paid but for this act.

27 (3) The exemption from taxation granted by this section shall

1 remain in effect for as long as the federally-aided or authority-
2 aided mortgage or advance or grant from the authority is
3 outstanding, but not more than 50 years. The municipality may
4 establish by ordinance a different period of time for the exemption
5 to remain in effect.

6 (4) Except as otherwise provided in this subsection, any
7 payments for public services received by a municipality in lieu of
8 taxes under this section shall be distributed by the municipality
9 to the several units levying the general property tax in the same
10 proportion as prevailed with the general property tax in the
11 previous calendar year. For payments in lieu of taxes collected
12 after June 30, 1994, the distribution to the several units shall be
13 made as if the number of mills levied for local school district
14 operating purposes were equal to the number of mills levied for
15 those purposes in 1993 minus the number of mills levied under the
16 state education tax act, ~~Act No. 331 of the Public Acts of 1993,~~
17 ~~being sections 211.901 to 211.906 of the Michigan Compiled Laws~~
18 **1993 PA 331, MCL 211.901 TO 211.906**, for the year for which the
19 distribution is calculated. For tax years after 1993, the amount of
20 payments in lieu of taxes to be distributed to a local school
21 district for operating purposes under this subsection shall not be
22 distributed to the local school district but instead shall be paid
23 to the state treasury and credited to the state school aid fund
24 established by section 11 of article IX of the state constitution
25 of 1963.

26 (5) Notwithstanding subsection (1), a municipality may provide
27 by ordinance that the tax exemption established in subsection (1)

1 shall not apply to all or any class of housing projects within its
2 boundaries to which subsection (1) applies. If the municipality
3 makes that provision, the tax exemption established in subsection
4 (1) shall not apply to the class of housing projects designated in
5 the ordinance. If the ordinance so provides, the ordinance shall be
6 effective with respect to housing projects for which an exemption
7 has already been granted on December 31 of the year in which the
8 ordinance is adopted, but not before. A municipality that has
9 adopted an ordinance described in this subsection may repeal that
10 ordinance, and the repeal shall become effective on the date
11 designated in the repealing ordinance.

12 (6) Notwithstanding subsection (2), the service charge to be
13 paid each year in lieu of taxes for that part of a housing project
14 that is tax exempt under subsection (1) and that is occupied by
15 other than low income persons or families shall be equal to the
16 full amount of the taxes that would be paid on that portion of the
17 project if the project were not tax exempt. The benefits of any tax
18 exemption granted under this section shall be allocated by the
19 owner of the housing project exclusively to low income persons or
20 families in the form of reduced housing charges.

21 (7) For purposes of this section only, "low income persons and
22 families" means, with respect to any housing project that is tax
23 exempt, persons and families eligible to move into that project.
24 For purposes of this subsection, the authority may promulgate rules
25 to redefine low income persons or families for each municipality on
26 the basis of conditions existing in that municipality.

27 (8) This state shall not reimburse any unit of government for

1 a tax exemption granted to any housing project under this section.