

SENATE BILL No. 887

October 7, 2009, Introduced by Senator JANSEN and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7d (MCL 211.7d), as amended by 2008 PA 585.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7d. (1) Housing owned and operated by a nonprofit
2 corporation or association, by a limited dividend housing
3 corporation, or by this state, a political subdivision of this
4 state, or an instrumentality of this state, for occupancy or use
5 solely by elderly or disabled families is exempt from the
6 collection of taxes under this act. For purposes of this section,
7 housing is considered occupied solely by elderly or disabled
8 families even if 1 or more of the units is occupied by service
9 personnel, such as a custodian or nurse.

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(2) An owner of property may claim an exemption under this section on a form prescribed by the department of treasury. The assessor of the local tax collecting unit in which the property is located shall approve or disapprove a claim for exemption under this section. The assessor shall notify the owner **AND THE DEPARTMENT OF TREASURY** in writing of the exemption's approval or disapproval. **<<THE DEPARTMENT OF TREASURY MAY DENY AN EXEMPTION UNDER THIS SECTION.>>** An exemption under this section begins on December 31 of the year in which the exemption is approved under this

subsection and ~~, subject to subsection (3),~~ shall continue until

the property is no longer used for occupancy or use solely by

elderly or disabled families. **<<THE OWNER OF PROPERTY EXEMPT UNDER THIS SECTION SHALL NOTIFY THE LOCAL TAX COLLECTING UNIT IN WHICH THE PROPERTY IS LOCATED AND THE DEPARTMENT OF TREASURY OF ANY CHANGE IN THE PROPERTY THAT WOULD AFFECT THE EXEMPTION UNDER THIS SECTION.>>**

~~—— (3) If a claim for exemption is approved under subsection (2), an owner of the property shall annually submit to the department of treasury and to the assessor of the local tax collecting unit in which the property is located an affidavit confirming eligibility for the exemption under this section. If an affidavit confirming eligibility for an exemption under this section is not submitted as required under this subsection, the property's exemption is revoked for that tax year and the property shall be assessed and shall be subject to the collection of taxes as provided in this act. An affidavit under this subsection shall be submitted not later than May 1. The affidavit under this section shall be in a form prescribed by the department of treasury.~~

(3) ~~(4)~~ If property for which an exemption is claimed under this section would have been subject to the collection of taxes under this act if an exemption had not been granted under this section, the ~~appropriate collecting officer shall prepare a~~

~~statement for payment in lieu of taxes on a form prescribed by the department of treasury. The statement for payment in lieu of taxes shall include all of the following:~~

~~—— (a) A description of the property exempt under this section.~~

~~—— (b) The name and address of the corporation, association, or limited dividend housing corporation that owns the property exempt under this section.~~

~~—— (c) The base valuation of the property for determination of the payment in lieu of taxes. The base valuation of the property shall be determined as follows:~~

~~—— (i) For property exempt under this section prior to the effective date of the amendatory act that added this subdivision, the property's taxable value on the assessment roll in the 2008 tax year.~~

~~—— (ii) For property not exempt under this section prior to the effective date of the amendatory act that added this subdivision, the taxable value of the property on the assessment roll in the year in which a claim for exemption is made under this section or, for new construction, the property's taxable value on the assessment roll in the year in which construction is completed and a certificate of occupancy, or similar document, is issued.~~

~~—— (d) The total amount of payment in lieu of taxes, calculated by multiplying the base valuation determined under subdivision (c) by the number of mills levied by all taxing units in the local tax collecting unit, excluding any mills that would have been levied under all of the following:~~

~~—— (i) Section 1211 of the revised school code, 1976 PA 451, MCL~~

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~~380.1211.~~

~~—— (ii) The state education tax act, 1993 PA 331, MCL 211.901 to~~

~~211.906.~~ STATE TREASURER<<, UPON VERIFICATION,>> SHALL MAKE A PAYMENT IN LIEU OF TAXES,

WHICH SHALL BE IN THE FOLLOWING AMOUNT:

(A) FOR PROPERTY EXEMPT UNDER THIS SECTION BEFORE JANUARY 1, 2009, THE AMOUNT OF TAXES PAID ON THAT PROPERTY FOR THE 2008 TAX YEAR, EXCLUDING ANY MILLS THAT WOULD HAVE BEEN LEVIED UNDER ALL OF THE FOLLOWING:

(i) SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211.

(ii) THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.

(B) FOR PROPERTY NOT EXEMPT UNDER THIS SECTION BEFORE JANUARY 1, 2009 AND FOR NEW CONSTRUCTION TO PROPERTY EXEMPT UNDER THIS SECTION BEFORE JANUARY 1, 2009, <<THE LOCAL TAX COLLECTING UNIT SHALL CALCULATE, ON A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY,>> A PAYMENT CALCULATED BY MULTIPLYING

THE TAXABLE VALUE OF THE PROPERTY <<IN THE FIRST YEAR FOR WHICH THE EXEMPTION IS VALID BY THE NUMBER OF MILLS LEVIED IN THAT YEAR

>>BY ALL TAXING UNITS IN THE LOCAL TAX COLLECTING UNIT, EXCLUDING ANY MILLS THAT WOULD HAVE BEEN LEVIED UNDER ALL OF THE FOLLOWING:

(i) SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211.

(ii) THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.

1 (4) ~~(5) The local tax collecting unit shall forward the~~
2 ~~statement to the department of treasury not later than December 1~~
3 ~~of each tax year. Upon verification of the statement, the state~~
4 ~~treasurer shall draw his or her warrant upon the state treasury for~~
5 ~~the amount described in subsection (4) (c). After examining the~~
6 ~~statement, the state treasurer shall forward the warrants to the~~
7 ~~treasurer of the local tax collecting unit not later than 60 days~~
8 ~~after receipt of the statement. ALL PAYMENTS UNDER SUBSECTION (3)~~
9 **SHALL BE FORWARDED TO THE LOCAL TAX COLLECTING UNIT BY DECEMBER 15**
10 **EACH YEAR. THE DEPARTMENT OF TREASURY MAY REQUIRE THAT THE LOCAL**
11 **TAX COLLECTING UNITS RECEIVE PAYMENTS UNDER THIS SECTION THROUGH**
12 **ELECTRONIC FUNDS TRANSFER.**

13 (5) ~~(6) The local tax collecting unit shall distribute the~~
14 ~~amount received under subsection (5) (4) in the same manner and in~~
15 ~~the same proportions as general ad valorem taxes collected under~~
16 ~~this act, EXCLUDING ANY DISTRIBUTION THAT WOULD HAVE BEEN MADE~~
17 ~~UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL~~
18 ~~380.1211, AND THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901~~
19 ~~TO 211.906.~~

20 (6) ~~(7) The state treasurer shall estimate the amount~~
21 ~~necessary to meet the expense of administering the provisions of~~
22 ~~this section in each year, and the legislature shall appropriate an~~
23 ~~amount sufficient to meet that expense in each year. IF~~
24 **INSUFFICIENT FUNDS ARE APPROPRIATED TO FULLY PAY ALL PAYMENTS, THE**
25 **DEPARTMENT OF TREASURY SHALL PRORATE THE PAYMENTS MADE UNDER THIS**
26 **SECTION.**

27 (7) ~~(8) Property that is used for occupancy or use solely by~~

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1 elderly or disabled families that is eligible for exemption under
2 this section is not subject to forfeiture, foreclosure, and sale
3 for taxes returned as delinquent under this act for any year in
4 which the property was exempt under this section.

5 ~~— (9) An owner of property exempt under this section before the~~
6 ~~effective date of the amendatory act that added this subsection~~
7 ~~shall submit a claim for exemption under subsection (2) and any~~
8 ~~subsequent affidavits confirming eligibility under subsection (3)~~
9 ~~in order to continue to claim the exemption under this section.~~

**<<(8) THE DEPARTMENT OF TREASURY HAS STANDING TO APPEAL THE
ASSESSED VALUE, TAXABLE VALUE, STATE EQUALIZED VALUATION, EXEMPT
STATUS, CLASSIFICATION, AND ALL OTHER ISSUES CONCERNING TAX LIABILITY
FOR PROPERTY EXEMPT UNDER THIS SECTION IN THE MICHIGAN TAX TRIBUNAL
AND ALL COURTS OF THIS STATE.**

10 (9)>> ~~(10)~~ As used in this section:

11 (a) "Disabled person" means a person with disabilities.

12 (b) "Elderly or disabled families" means families consisting

13 of 2 or more persons if the head of the household, or his or her
14 spouse, is 62 years of age or over or is a disabled person, and
15 includes a single person who is 62 years of age or over or is a
16 disabled person.

17 (c) "Elderly person" means that term as defined in section 202
18 of title II of the housing act of 1959, Public Law 86-372, 12 USC
19 1701q.

20 (d) "Housing" means new or rehabilitated structures with 8 or
21 more residential units in 1 or more of the structures for occupancy
22 and use by elderly or disabled persons, including essential
23 contiguous land and related facilities as well as all personal
24 property of the corporation, association, or limited dividend
25 housing corporation used in connection with the facilities.

26 (e) "Limited dividend housing corporation" means a corporation
27 incorporated or qualified under the laws of this state and chapter

1 6 of the state housing development authority act of 1966, 1966 PA
2 346, MCL 125.1481 to 125.1486, or a limited dividend housing
3 association organized and qualified under chapter 7 of the state
4 housing development authority act of 1966, 1966 PA 346, MCL
5 125.1491 to 125.1496, that will rehabilitate and own a housing
6 facility or project previously qualified, built, or financed under
7 section 202 of title II of the housing act of 1959, Public Law 86-
8 372, 12 USC 1701q, section 236 of title II of the national housing
9 act, chapter 847, 82 Stat. 498, 12 USC 1715z-1, or section 811 of
10 subtitle B of title VIII of the Cranston-Gonzalez national
11 affordable housing act, Public Law 101-625, 42 USC 8013.

12 (f) "New construction" means that term as defined in section
13 34d.

14 (g) "Nonprofit corporation or association" means a nonprofit
15 corporation or association incorporated under the laws of this
16 state not otherwise exempt from the collection of taxes under this
17 act, operating a housing facility or project qualified, built, or
18 financed under section 202 of title II of the housing act of 1959,
19 Public Law 86-372, 12 USC 1701q, section 236 of title II of the
20 national housing act, chapter 847, 82 Stat. 498, 12 USC 1715z-1, or
21 section 811 of subtitle B of title VIII of the Cranston-Gonzalez
22 national affordable housing act, Public Law 101-625, 42 USC 8013.

23 (h) "Person with disabilities" means that term as defined in
24 section 811 of subtitle B of title VIII of the Cranston-Gonzalez
25 national affordable housing act, Public Law 101-625, 42 USC 8013.

26 (i) "Residential units" includes 1-bedroom units licensed
27 under the adult foster care facility licensing act, 1979 PA 218,

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1 MCL 400.701 to 400.737, for persons who share dining, living, and
2 bathroom facilities and who have a mental illness, developmental
3 disability, or a physical disability, as those terms are defined in
4 the adult foster care facility licensing act, 1979 PA 218, MCL
5 400.701 to 400.737, or individual self-contained dwellings in an
6 unlicensed facility. At the time of construction or rehabilitation,
7 both self-contained dwellings and 1-bedroom units must be financed
8 either under section 202 of title II of the housing act of 1959,
9 Public Law 86-372, 12 USC 1701q, or under section 811 of subtitle B
10 of title VIII of the Cranston-Gonzalez national affordable housing
11 act, Public Law 101-625, 42 USC 8013.

12 <<Enacting section 1. This amendatory act takes effect December
13 31, 2009.>>