

# SENATE BILL No. 1250

April 13, 2010, Introduced by Senator SANBORN and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
(MCL 211.1 to 211.155) by adding sections 7pp and 7qq.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 7PP. (1) NEW CONSTRUCTION OR REPLACEMENT CONSTRUCTION ON  
2        ELIGIBLE PROPERTY THAT TAKES PLACE BETWEEN THE EFFECTIVE DATE OF  
3        THE AMENDATORY ACT THAT ADDED THIS SECTION AND DECEMBER 31 IN THE  
4        IMMEDIATELY SUCCEEDING YEAR IS EXEMPT FROM THE COLLECTION OF TAXES  
5        UNDER THIS ACT.

6        (2) NEW CONSTRUCTION AND REPLACEMENT CONSTRUCTION EXEMPT UNDER  
7        SUBSECTION (1) SHALL NOT BE INCLUDED IN THE ASSESSMENT OF THE  
8        ELIGIBLE PROPERTY UNTIL A TRANSFER OF OWNERSHIP OF THE ELIGIBLE  
9        PROPERTY RESULTS IN AN ADJUSTMENT OF THE ELIGIBLE PROPERTY'S

1 TAXABLE VALUE UNDER SECTION 27A(3) .

2 (3) AS USED IN THIS SECTION:

3 (A) "ELIGIBLE PROPERTY" MEANS REAL PROPERTY ON WHICH IS  
4 LOCATED AN EXISTING STRUCTURE.

5 (B) "NEW CONSTRUCTION" AND "REPLACEMENT CONSTRUCTION" MEAN  
6 THOSE TERMS AS DEFINED IN SECTION 34D.

7 SEC. 7QQ. (1) NEW CONSTRUCTION ON DEVELOPMENT PROPERTY THAT  
8 TAKES PLACE BETWEEN THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT  
9 ADDED THIS SECTION AND DECEMBER 31 IN THE IMMEDIATELY SUCCEEDING  
10 YEAR IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT UNTIL  
11 DECEMBER 30 IN THE SECOND YEAR IMMEDIATELY SUCCEEDING THE YEAR IN  
12 WHICH THIS AMENDATORY ACT TOOK EFFECT OR UNTIL THE NEW CONSTRUCTION  
13 IS NO LONGER LOCATED ON DEVELOPMENT PROPERTY, WHICHEVER OCCURS  
14 FIRST.

15 (2) TO CLAIM AN EXEMPTION UNDER SUBSECTION (1), AN OWNER OF  
16 DEVELOPMENT PROPERTY SHALL FILE AN AFFIDAVIT CLAIMING THE EXEMPTION  
17 WITH THE LOCAL TAX COLLECTING UNIT BY MAY 1. THE AFFIDAVIT SHALL BE  
18 ON A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY.

19 (3) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (2),  
20 THE ASSESSOR SHALL DETERMINE IF THE REAL PROPERTY ON WHICH NEW  
21 CONSTRUCTION IS LOCATED IS DEVELOPMENT PROPERTY. IF THE REAL  
22 PROPERTY IS DEVELOPMENT PROPERTY, THE ASSESSOR SHALL EXEMPT THE NEW  
23 CONSTRUCTION LOCATED ON THAT DEVELOPMENT PROPERTY FROM THE  
24 COLLECTION OF TAXES UNDER THIS ACT FOR 12 MONTHS OR UNTIL THE NEW  
25 CONSTRUCTION IS NO LONGER LOCATED ON DEVELOPMENT PROPERTY,  
26 WHICHEVER OCCURS FIRST.

27 (4) NOT MORE THAN 90 DAYS AFTER ALL OR A PORTION OF THE

1 EXEMPTED NEW CONSTRUCTION IS NO LONGER LOCATED ON DEVELOPMENT  
2 PROPERTY, AN OWNER SHALL RESCIND THE EXEMPTION FOR THE NEW  
3 CONSTRUCTION BY FILING WITH THE LOCAL TAX COLLECTING UNIT A  
4 RESCISSION FORM. THE RESCISSION FORM SHALL BE AS PRESCRIBED BY THE  
5 DEPARTMENT OF TREASURY.

6 (5) AN OWNER OF EXEMPTED NEW CONSTRUCTION THAT IS NO LONGER  
7 LOCATED ON DEVELOPMENT PROPERTY WHO FAILS TO FILE A RESCISSION FORM  
8 AS REQUIRED UNDER SUBSECTION (4) IS SUBJECT TO A PENALTY OF \$5.00  
9 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER THE 90 DAYS HAVE  
10 ELAPSED, UP TO A MAXIMUM OF \$200.00. THIS PENALTY SHALL BE  
11 COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31, AND SHALL BE  
12 DEPOSITED IN THE STATE SCHOOL AID FUND ESTABLISHED IN SECTION 11 OF  
13 ARTICLE IX OF THE STATE CONSTITUTION OF 1963. THIS PENALTY MAY BE  
14 WAIVED BY THE DEPARTMENT OF TREASURY.

15 (6) AN OWNER OF NEW CONSTRUCTION THAT IS LOCATED ON  
16 DEVELOPMENT PROPERTY ON MAY 1 FOR WHICH AN EXEMPTION WAS NOT ON THE  
17 TAX ROLL MAY FILE AN APPEAL WITH THE JULY OR DECEMBER BOARD OF  
18 REVIEW IN THE YEAR THE EXEMPTION WAS CLAIMED OR THE IMMEDIATELY  
19 SUCCEEDING YEAR. AN OWNER OF NEW CONSTRUCTION THAT IS LOCATED ON  
20 DEVELOPMENT PROPERTY ON MAY 1 FOR WHICH AN EXEMPTION WAS DENIED BY  
21 THE ASSESSOR IN THE YEAR THE AFFIDAVIT WAS FILED MAY FILE AN APPEAL  
22 WITH THE JULY BOARD OF REVIEW FOR SUMMER TAXES OR, IF THERE IS NOT  
23 A SUMMER LEVY OF SCHOOL OPERATING TAXES, WITH THE DECEMBER BOARD OF  
24 REVIEW.

25 (7) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES  
26 THAT NEW CONSTRUCTION FOR WHICH AN EXEMPTION HAS BEEN GRANTED IS  
27 NOT LOCATED ON DEVELOPMENT PROPERTY, THE ASSESSOR MAY DENY OR

1 MODIFY AN EXISTING EXEMPTION BY NOTIFYING THE OWNER IN WRITING AT  
2 THE TIME REQUIRED FOR PROVIDING A NOTICE UNDER SECTION 24C. A  
3 TAXPAYER MAY APPEAL THE ASSESSOR'S DETERMINATION TO THE BOARD OF  
4 REVIEW MEETING UNDER SECTION 30. A DECISION OF THE BOARD OF REVIEW  
5 MAY BE APPEALED TO THE RESIDENTIAL AND SMALL CLAIMS DIVISION OF THE  
6 MICHIGAN TAX TRIBUNAL.

7 (8) IF AN EXEMPTION UNDER THIS SECTION IS ERRONEOUSLY GRANTED,  
8 AN OWNER MAY REQUEST IN WRITING THAT THE LOCAL TAX COLLECTING UNIT  
9 WITHDRAW THE EXEMPTION. IF AN OWNER REQUESTS THAT AN EXEMPTION BE  
10 WITHDRAWN, THE LOCAL ASSESSOR SHALL NOTIFY THE OWNER THAT THE  
11 EXEMPTION ISSUED UNDER THIS SECTION HAS BEEN DENIED BASED ON THAT  
12 OWNER'S REQUEST. IF AN EXEMPTION IS WITHDRAWN, THE NEW CONSTRUCTION  
13 THAT HAD BEEN SUBJECT TO THAT EXEMPTION SHALL BE IMMEDIATELY PLACED  
14 ON THE TAX ROLL BY THE LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX  
15 COLLECTING UNIT HAS POSSESSION OF THE TAX ROLL OR BY THE COUNTY  
16 TREASURER IF THE COUNTY HAS POSSESSION OF THE TAX ROLL AS THOUGH  
17 THE EXEMPTION HAD NOT BEEN GRANTED. A CORRECTED TAX BILL SHALL BE  
18 ISSUED FOR THE TAX YEAR BEING ADJUSTED BY THE LOCAL TAX COLLECTING  
19 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX  
20 ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE  
21 TAX ROLL. IF AN OWNER REQUESTS THAT AN EXEMPTION UNDER THIS SECTION  
22 BE WITHDRAWN BEFORE THAT OWNER IS CONTACTED IN WRITING BY THE LOCAL  
23 ASSESSOR REGARDING THAT OWNER'S ELIGIBILITY FOR THE EXEMPTION AND  
24 THAT OWNER PAYS THE CORRECTED TAX BILL ISSUED UNDER THIS SUBSECTION  
25 WITHIN 30 DAYS AFTER THE CORRECTED TAX BILL IS ISSUED, THAT OWNER  
26 IS NOT LIABLE FOR ANY PENALTY OR INTEREST ON THE ADDITIONAL TAX. AN  
27 OWNER WHO PAYS A CORRECTED TAX BILL ISSUED UNDER THIS SUBSECTION

1 MORE THAN 30 DAYS AFTER THE CORRECTED TAX BILL IS ISSUED IS LIABLE  
2 FOR THE PENALTIES AND INTEREST THAT WOULD HAVE ACCRUED IF THE  
3 EXEMPTION HAD NOT BEEN GRANTED FROM THE DATE THE TAXES WERE  
4 ORIGINALLY LEVIED.

5 (9) AS USED IN THIS SECTION:

6 (A) "DEVELOPMENT PROPERTY" MEANS REAL PROPERTY ON WHICH NO  
7 STRUCTURE IS LOCATED ON THE EFFECTIVE DATE OF THE AMENDATORY ACT  
8 THAT ADDED THIS SECTION.

9 (B) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION  
10 34D.