



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4134 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Representative Margaret O'Brien

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to exempt new construction on development property from taxes levied for school operating purposes, for three years or until the new construction was no longer located on development property, whichever occurred first. The exemption would apply for taxes levied after November 1, 2012.

"Development property" would mean real property on which a residential dwelling, condominium unit, or other residential structure is located, which dwelling, unit, or structure meets all of the following conditions: is not occupied and has never been occupied; is available for sale; is not leased; and is not used for any business or commercial purpose. "New construction" would mean that term as defined in Section 34d of the Act (property not in existence on the immediately preceding tax day and not replacement construction).

The bill would prescribe the process for claiming the exemption, and would require an owner to rescind the exemption within 90 days after all or part of the exempted property no longer was located on development property. An owner who failed to rescind an exemption would be subject to a penalty of \$5 per day after the 90 days had elapsed, up to a maximum of \$200. The penalty would have to be deposited in the State School Aid Fund, but could be waived by the Department of Treasury.

In addition, an owner could file an appeal with the board of review if a claimed exemption were not on the tax roll; a local assessor could deny or modify a granted exemption if he or she believed that new construction was not on development property, and the owner could appeal that determination; and an owner could request an exemption to be withdrawn if it had been erroneously granted.

Proposed MCL 211.7pp

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Assuming per-pupil funding guarantees were not affected by the bill, the bill would increase School Aid Fund expenditures by an unknown amount that would depend on the specific characteristics of the affected property.

Date Completed: 12-6-12

Fiscal Analyst: David Zin