

HOUSE BILL No. 5777

September 9, 2014, Introduced by Rep. McCann and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7d (MCL 211.7d), as amended by 2012 PA 66.

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.

10 (2) An owner of property may claim an exemption under this

1 section on a form prescribed by the department of treasury. The
2 assessor of the local tax collecting unit in which the property is
3 located shall approve or disapprove a claim for exemption under
4 this section. The assessor shall notify the owner and the
5 department of treasury in writing of the exemption's approval or
6 disapproval. The department of treasury may deny an exemption under
7 this section. The department of treasury may grant an exemption
8 under this section for 2012 and the 3 immediately preceding years
9 for property that would have qualified for the exemption under this
10 section if an owner of that property had timely filed in 2010 **OR**
11 **2011** the form required under this subsection. If granting the
12 exemption under this section results in an overpayment of the tax,
13 a rebate, including any interest paid, shall be made to the
14 taxpayer 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 within 30
17 days of the date the exemption is granted. The rebate shall be
18 without interest. An exemption under this section begins on
19 December 31 of the year in which the exemption is approved under
20 this subsection and shall continue until the property is no longer
21 used for occupancy or use solely by elderly or disabled families.
22 The owner of property exempt under this section shall notify the
23 local tax collecting unit in which the property is located and the
24 department of treasury of any change in the property that would
25 affect the exemption under this section.

26 (3) If property for which an exemption is claimed under this
27 section would have been subject to the collection of taxes under

1 this act if an exemption had not been granted under this section,
2 the state treasurer, upon verification, shall make a payment in
3 lieu of taxes, which shall be in the following amount:

4 (a) For property exempt under this section before January 1,
5 2009, the amount of taxes paid on that property for the 2008 tax
6 year, excluding any mills that would have been levied under all of
7 the following:

8 (i) Section 1211 of the revised school code, 1976 PA 451, MCL
9 380.1211.

10 (ii) The state education tax act, 1993 PA 331, MCL 211.901 to
11 211.906.

12 (b) For property not exempt under this section before January
13 1, 2009 and for new construction to property exempt under this
14 section before January 1, 2009, the local tax collecting unit shall
15 calculate, on a form prescribed by the department of treasury, a
16 payment calculated by multiplying the taxable value of the property
17 in the first year for which the exemption is valid by the number of
18 mills levied in that year by all taxing units in the local tax
19 collecting unit, excluding any mills that would have been levied
20 under all of the following:

21 (i) Section 1211 of the revised school code, 1976 PA 451, MCL
22 380.1211.

23 (ii) The state education tax act, 1993 PA 331, MCL 211.901 to
24 211.906.

25 (4) All payments under subsection (3) shall be forwarded to
26 the local tax collecting unit by December 15 each year. The
27 department of treasury may require that the local tax collecting

1 units receive payments under this section through electronic funds
2 transfer.

3 (5) The local tax collecting unit shall distribute the amount
4 received under subsection (4) in the same manner and in the same
5 proportions as general ad valorem taxes collected under this act,
6 excluding any distribution that would have been made under section
7 1211 of the revised school code, 1976 PA 451, MCL 380.1211, and the
8 state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

9 (6) The state treasurer shall estimate the amount necessary to
10 meet the expense of administering the provisions of this section in
11 each year, and the legislature shall appropriate an amount
12 sufficient to meet that expense in each year. If insufficient funds
13 are appropriated to fully pay all payments, the department of
14 treasury shall prorate the payments made under this section.

15 (7) Property that is used for occupancy or use solely by
16 elderly or disabled families that is eligible for exemption under
17 this section is not subject to forfeiture, foreclosure, and sale
18 for taxes returned as delinquent under this act for any year in
19 which the property was exempt under this section.

20 (8) The department of treasury has standing to appeal the
21 assessed value, taxable value, state equalized valuation, exempt
22 status, classification, and all other issues concerning tax
23 liability for property exempt under this section in the Michigan
24 tax tribunal and all courts of this state.

25 (9) As used in this section:

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

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

1 of 2 or more persons if the head of the household, or his or her
2 spouse, is 62 years of age or over or is a disabled person, and
3 includes a single person who is 62 years of age or over or is a
4 disabled person.

5 (c) "Elderly person" means that term as defined in section 202
6 of title II of the housing act of 1959, Public Law 86-372, 12 USC
7 1701q.

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

14 (e) "Limited dividend housing corporation" means a corporation
15 incorporated or qualified under the laws of this state and chapter
16 6 of the state housing development authority act of 1966, 1966 PA
17 346, MCL 125.1481 to 125.1486, or a limited dividend housing
18 association organized and qualified under chapter 7 of the state
19 housing development authority act of 1966, 1966 PA 346, MCL
20 125.1491 to 125.1496, that will rehabilitate and own a housing
21 facility or project previously qualified, built, or financed under
22 section 202 of title II of the housing act of 1959, Public Law 86-
23 372, 12 USC 1701q, section 236 of title II of the national housing
24 act, chapter 847, 82 Stat. 498, 12 USC 1715z-1, or section 811 of
25 subtitle B of title VIII of the Cranston-Gonzalez national
26 affordable housing act, Public Law 101-625, 42 USC 8013.

27 (f) "New construction" means that term as defined in section

1 34d.

2 (g) "Nonprofit corporation or association" means a nonprofit
3 corporation or association incorporated under the laws of this
4 state not otherwise exempt from the collection of taxes under this
5 act, operating a housing facility or project qualified, built, or
6 financed under section 202 of title II of the housing act of 1959,
7 Public Law 86-372, 12 USC 1701q, section 236 of title II of the
8 national housing act, chapter 847, 82 Stat. 498, 12 USC 1715z-1, or
9 section 811 of subtitle B of title VIII of the Cranston-Gonzalez
10 national affordable housing act, Public Law 101-625, 42 USC 8013.

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

14 (i) "Residential units" includes 1-bedroom units licensed
15 under the adult foster care facility licensing act, 1979 PA 218,
16 MCL 400.701 to 400.737, for persons who share dining, living, and
17 bathroom facilities and who have a mental illness, developmental
18 disability, or a physical disability, as those terms are defined in
19 the adult foster care facility licensing act, 1979 PA 218, MCL
20 400.701 to 400.737, or individual self-contained dwellings in an
21 unlicensed facility. At the time of construction or rehabilitation,
22 both self-contained dwellings and 1-bedroom units must be financed
23 either under section 202 of title II of the housing act of 1959,
24 Public Law 86-372, 12 USC 1701q, or under section 811 of subtitle B
25 of title VIII of the Cranston-Gonzalez national affordable housing
26 act, Public Law 101-625, 42 USC 8013.