

SENATE BILL NO. 787

February 05, 2020, Introduced by Senator ANANICH 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 2016 PA 78.

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,

1 housing is considered occupied solely by elderly or disabled
2 families even if 1 or more of the units is occupied by service
3 personnel, such as a custodian or nurse.

4 (2) An owner of property may claim an exemption under this
5 section by simultaneously filing a form prescribed by the
6 department of treasury with both the assessor of the local tax
7 collecting unit **in which the property is located** and the department
8 of treasury no later than October 31. The assessor of the local tax
9 collecting unit ~~in which the property is located~~ shall approve or
10 disapprove a claim for exemption under this section within 60 days
11 of the receipt of the claim for exemption. The assessor shall
12 notify the owner and the department of treasury in writing of the
13 exemption's approval or disapproval by December 31 following the
14 initial filing. The department of treasury may deny an exemption
15 under this section. The department of treasury may grant an
16 exemption under this section for 2012 and the 3 immediately
17 preceding years for property that would have qualified for the
18 exemption under this section if an owner of that property had
19 timely filed in 2010 the form required under this subsection. The
20 department of treasury may grant an exemption under this section,
21 effective December 31, 2011, for property that would have qualified
22 for the exemption under this section if an application had been
23 timely filed in 2011. **The department of treasury may grant an**
24 **exemption under this section, effective December 31, 2014, for**
25 **property that would have qualified for the exemption under this**
26 **section if an application had been timely filed in 2014.** If
27 granting the exemption under this section results in an overpayment
28 of the tax, a rebate, including any interest paid, shall be made to
29 the taxpayer by the local tax collecting unit if the local tax

1 collecting unit has possession of the tax roll or by the county
2 treasurer if the county has possession of the tax roll within 30
3 days of the date the exemption is granted. The rebate ~~shall be~~ **is**
4 without interest. If a claim for exemption under this section is
5 filed by October 31 and is approved, ~~that the~~ exemption ~~shall begin~~
6 **begins** on December 31 of the year in which the facility is fully
7 and finally completed and the owner of the property properly
8 submitted a claim for exemption to the assessor of the local tax
9 collecting unit under this subsection, and ~~shall continue the~~
10 **exemption continues** until the property is no longer used for
11 occupancy or use solely by elderly or disabled families. The owner
12 of property exempt under this section shall notify the local tax
13 collecting unit in which the property is located and the department
14 of treasury of any change in the property that would affect the
15 exemption under this section.

16 (3) If property for which an exemption is claimed under this
17 section would have been subject to the collection of taxes under
18 this act if an exemption had not been granted under this section,
19 the state treasurer, upon verification, shall make a payment in
20 lieu of taxes, ~~which shall be~~ in the following amount:

21 (a) For property exempt under this section before January 1,
22 2009, the amount of taxes paid on that property for the 2008 tax
23 year, excluding any mills that would have been levied under all of
24 the following:

25 (i) Section 1211 of the revised school code, 1976 PA 451, MCL
26 380.1211.

27 (ii) The state education tax act, 1993 PA 331, MCL 211.901 to
28 211.906.

29 (b) For property not exempt under this section before January

1 1, 2009 and for new construction to property exempt under this
2 section before January 1, 2009, the local tax collecting unit shall
3 calculate, on a form prescribed by the department of treasury, a
4 payment calculated by multiplying the taxable value of the property
5 in the first year for which the exemption is valid by the number of
6 mills levied in that year by all taxing units in the local tax
7 collecting unit, excluding any mills that would have been levied
8 under all of the following:

9 (i) Section 1211 of the revised school code, 1976 PA 451, MCL
10 380.1211.

11 (ii) The state education tax act, 1993 PA 331, MCL 211.901 to
12 211.906.

13 (4) All payments under subsection (3) ~~shall~~**must** be forwarded
14 to the local tax collecting unit by December 15 each year. The
15 department of treasury may require that the local tax collecting
16 units receive payments under this section through electronic funds
17 transfer.

18 (5) The local tax collecting unit shall distribute the amount
19 received under subsection (4) in the same manner and in the same
20 proportions as general ad valorem taxes collected under this act,
21 excluding any distribution that would have been made under section
22 1211 of the revised school code, 1976 PA 451, MCL 380.1211, and the
23 state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

24 (6) The state treasurer shall estimate the amount necessary to
25 meet the expense of administering the provisions of this section in
26 each year, and the legislature shall appropriate an amount
27 sufficient to meet that expense in each year. If insufficient funds
28 are appropriated to fully pay all payments, the department of
29 treasury shall prorate the payments made under this section.

1 (7) Property that is used for occupancy or use solely by
2 elderly or disabled families that is exempt under this section is
3 not subject to forfeiture, foreclosure, and sale for taxes returned
4 as delinquent under this act for any year in which the property was
5 exempt under this section.

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

11 (9) As used in this section:

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

13 (b) "Elderly or disabled families" means families consisting
14 of 2 or more persons if the head of the household, or his or her
15 spouse, is 62 years of age or over or is a disabled person, and
16 includes a single person who is 62 years of age or over or is a
17 disabled person.

18 (c) "Elderly person" means that term as defined in ~~section 202~~
19 ~~of title II of the housing act of 1959, Public Law 86-372.~~ **12 USC**
20 **1701q.**

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

27 (e) "Limited dividend housing corporation" means a corporation
28 incorporated or qualified under the laws of this state and chapter
29 6 of the state housing development authority act of 1966, 1966 PA

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

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

13 (g) "Nonprofit corporation or association" means a nonprofit
14 corporation or association incorporated under the laws of this
15 state not otherwise exempt from the collection of taxes under this
16 act, operating a housing facility or project qualified, built, or
17 financed under ~~section 202 of title II of the housing act of 1959,~~
18 ~~Public Law 86-372, section 236 of title II of the national housing~~
19 ~~act, chapter 847, 82 Stat 498, or section 811 of subtitle B of~~
20 ~~title VIII of the Cranston-Gonzalez national affordable housing~~
21 ~~act, Public Law 101-625.~~ **12 USC 1701q, 12 USC 1715z-1, or 42 USC**
22 **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,
28 MCL 400.701 to 400.737, for persons who share dining, living, and
29 bathroom facilities and who have a mental illness, developmental

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