

**HOUSING FACILITIES (EXCERPT)**  
**Act 18 of 1933 (Ex. Sess.)**

**125.661a Property, income, and operations exempt from state taxation.**

Sec. 11a. (1) Property, income, and operations of the commission and property of a qualified entity that is located in the incorporating unit of the commission are exempt from all taxation by the state or any of its political subdivisions. However, a governing body may adopt an ordinance requiring the commission to pay an annual service fee in lieu of all taxes with respect to projects or facilities of the commission or qualified entities. The fee shall not exceed 10% of the annual shelter rent obtained from the projects or facilities.

(2) Each incorporating unit receiving as of the effective date of the amendatory act that added this section payment in lieu of taxes with respect to a project or facility of the commission or a qualified entity shall agree to accept a payment in lieu of taxes in an amount equal to that portion of the payment in lieu of taxes otherwise due multiplied by the percentage by which the millage rate of all taxing units levying ad valorem property taxes in the incorporating unit in which the project or facility is located for the year in which the payment in lieu of taxes is due bears to the millage rate levied in 1993 by all taxing units levying ad valorem property taxes in the incorporating unit in which the project or facility is located. This subsection does not require the increase of any payment in lieu of taxes previously agreed to by the incorporating unit.

(3) For purposes of this section, "qualified entity" means either of the following:

(a) A Michigan nonprofit corporation or a Michigan limited partnership having a Michigan nonprofit corporation as its sole general partner, if 1 of the following applies:

(i) The nonprofit corporation is owned by the commission.

(ii) A majority of the members of the board of directors of the nonprofit corporation are elected and removable by the commission.

(iii) The commission is the sole member of the nonprofit corporation.

(b) A for-profit corporation, partnership, or company formed or incorporated by the commission for the sole purpose of syndicating low income housing tax credits in connection with the redevelopment of a housing project that has been owned by the commission, if the commission maintains oversight responsibility for the management and operation of the project for which low income housing tax credits were syndicated and the for-profit entity does not engage in any other business activity unrelated to the housing project.

**History:** Add. 1996, Act 338, Imd. Eff. June 27, 1996.