

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1491

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7d (MCL 211.7d), as amended by 1998 PA 469.

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.

1 (2) AN OWNER OF PROPERTY MAY CLAIM AN EXEMPTION UNDER THIS
2 SECTION ON A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. THE
3 ASSESSOR OF THE LOCAL TAX COLLECTING UNIT IN WHICH THE PROPERTY IS
4 LOCATED SHALL APPROVE OR DISAPPROVE A CLAIM FOR EXEMPTION UNDER
5 THIS SECTION. THE ASSESSOR SHALL NOTIFY THE OWNER IN WRITING OF THE
6 EXEMPTION'S APPROVAL OR DISAPPROVAL. AN EXEMPTION UNDER THIS
7 SECTION BEGINS ON DECEMBER 31 OF THE YEAR IN WHICH THE EXEMPTION IS
8 APPROVED UNDER THIS SUBSECTION AND, SUBJECT TO SUBSECTION (3),
9 SHALL CONTINUE UNTIL THE PROPERTY IS NO LONGER USED FOR OCCUPANCY
10 OR USE SOLELY BY ELDERLY OR DISABLED FAMILIES.

11 (3) IF A CLAIM FOR EXEMPTION IS APPROVED UNDER SUBSECTION (2),
12 AN OWNER OF THE PROPERTY SHALL ANNUALLY SUBMIT TO THE DEPARTMENT OF
13 TREASURY AND TO THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT IN
14 WHICH THE PROPERTY IS LOCATED AN AFFIDAVIT CONFIRMING ELIGIBILITY
15 FOR THE EXEMPTION UNDER THIS SECTION. IF AN AFFIDAVIT CONFIRMING
16 ELIGIBILITY FOR AN EXEMPTION UNDER THIS SECTION IS NOT SUBMITTED AS
17 REQUIRED UNDER THIS SUBSECTION, THE PROPERTY'S EXEMPTION IS REVOKED
18 FOR THAT TAX YEAR AND THE PROPERTY SHALL BE ASSESSED AND SHALL BE
19 SUBJECT TO THE COLLECTION OF TAXES AS PROVIDED IN THIS ACT. AN
20 AFFIDAVIT UNDER THIS SUBSECTION SHALL BE SUBMITTED NOT LATER THAN
21 MAY 1. THE AFFIDAVIT UNDER THIS SECTION SHALL BE IN A FORM
22 PRESCRIBED BY THE DEPARTMENT OF TREASURY.

23 (4) ~~(2) If a local tax collecting unit has a tax roll for~~
24 ~~collection, and the tax roll contains taxes assessed against~~
25 ~~property for which an exemption is claimed under this section WOULD~~
26 ~~HAVE BEEN SUBJECT TO THE COLLECTION OF TAXES UNDER THIS ACT IF AN~~
27 ~~EXEMPTION HAD NOT BEEN GRANTED UNDER THIS SECTION, the appropriate~~

1 collecting officer shall prepare a statement **FOR PAYMENT IN LIEU OF**
2 **TAXES** on a form prescribed by the department of ~~management and~~
3 ~~budget describing the property for which an exemption is claimed~~
4 ~~under this section, the names and addresses of the corporation or~~
5 ~~association entitled to the exemption, the total amount of taxes~~
6 ~~exempted, and the amount of taxes assessed against the property~~
7 **TREASURY. THE STATEMENT FOR PAYMENT IN LIEU OF TAXES SHALL INCLUDE**
8 **ALL OF THE FOLLOWING:**

9 (A) A DESCRIPTION OF THE PROPERTY EXEMPT UNDER THIS SECTION.

10 (B) THE NAME AND ADDRESS OF THE CORPORATION, ASSOCIATION, OR
11 LIMITED DIVIDEND HOUSING CORPORATION THAT OWNS THE PROPERTY EXEMPT
12 UNDER THIS SECTION.

13 (C) THE BASE VALUATION OF THE PROPERTY FOR DETERMINATION OF
14 THE PAYMENT IN LIEU OF TAXES. THE BASE VALUATION OF THE PROPERTY
15 SHALL BE DETERMINED AS FOLLOWS:

16 (i) FOR PROPERTY EXEMPT UNDER THIS SECTION PRIOR TO THE
17 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION,
18 THE PROPERTY'S TAXABLE VALUE ON THE ASSESSMENT ROLL IN THE 2008 TAX
19 YEAR.

20 (ii) FOR PROPERTY NOT EXEMPT UNDER THIS SECTION PRIOR TO THE
21 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION,
22 THE TAXABLE VALUE OF THE PROPERTY ON THE ASSESSMENT ROLL IN THE
23 YEAR IN WHICH A CLAIM FOR EXEMPTION IS MADE UNDER THIS SECTION OR,
24 FOR NEW CONSTRUCTION, THE PROPERTY'S TAXABLE VALUE ON THE
25 ASSESSMENT ROLL IN THE YEAR IN WHICH CONSTRUCTION IS COMPLETED AND
26 A CERTIFICATE OF OCCUPANCY, OR SIMILAR DOCUMENT, IS ISSUED.

27 (D) THE TOTAL AMOUNT OF PAYMENT IN LIEU OF TAXES, CALCULATED

1 BY MULTIPLYING THE BASE VALUATION DETERMINED UNDER SUBDIVISION (C)
2 BY THE NUMBER OF MILLS LEVIED BY ALL TAXING UNITS IN THE LOCAL TAX
3 COLLECTING UNIT, EXCLUDING ANY MILLS THAT WOULD HAVE BEEN LEVIED
4 UNDER ALL OF THE FOLLOWING:

5 (i) SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL
6 380.1211.

7 (ii) THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO
8 211.906.

9 (5) The local tax collecting unit shall forward the statement
10 to the department of ~~management and budget~~ **TREASURY NOT LATER THAN**
11 **DECEMBER 1 OF EACH TAX YEAR.** Upon verification of the statement,
12 the state treasurer shall draw his or her warrant upon the state
13 treasury for the ~~total amount of tax revenues lost by the local tax~~
14 ~~collecting unit as a result of the exemption under this section as~~
15 ~~shown by the statement~~ **DESCRIBED IN SUBSECTION (4) (C).** After
16 examining the statement, the state treasurer shall forward the
17 warrants to the treasurer of the local tax collecting unit **NOT**
18 **LATER THAN 60 DAYS AFTER RECEIPT OF THE STATEMENT.**

19 (6) **THE LOCAL TAX COLLECTING UNIT SHALL DISTRIBUTE THE AMOUNT**
20 **RECEIVED UNDER SUBSECTION (5) IN THE SAME MANNER AND IN THE SAME**
21 **PROPORTIONS AS GENERAL AD VALOREM TAXES COLLECTED UNDER THIS ACT.**

22 (7) ~~(3) The director of the department of management and~~
23 ~~budget~~ **STATE TREASURER** shall estimate the amount necessary to meet
24 the expense of administering the provisions of this section in each
25 year, and the legislature shall appropriate an amount sufficient to
26 meet that expense in each year.

27 (8) **PROPERTY THAT IS USED FOR OCCUPANCY OR USE SOLELY BY**

1 ELDERLY OR DISABLED FAMILIES THAT IS ELIGIBLE FOR EXEMPTION UNDER
2 THIS SECTION IS NOT SUBJECT TO FORFEITURE, FORECLOSURE, AND SALE
3 FOR TAXES RETURNED AS DELINQUENT UNDER THIS ACT FOR ANY YEAR IN
4 WHICH THE PROPERTY WAS EXEMPT UNDER THIS SECTION.

5 (9) AN OWNER OF PROPERTY EXEMPT UNDER THIS SECTION BEFORE THE
6 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION
7 SHALL SUBMIT A CLAIM FOR EXEMPTION UNDER SUBSECTION (2) AND ANY
8 SUBSEQUENT AFFIDAVITS CONFIRMING ELIGIBILITY UNDER SUBSECTION (3)
9 IN ORDER TO CONTINUE TO CLAIM THE EXEMPTION UNDER THIS SECTION.

10 (10) ~~(4)~~—As used in this section:

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

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

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

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

26 (E) "LIMITED DIVIDEND HOUSING CORPORATION" MEANS A CORPORATION
27 INCORPORATED OR QUALIFIED UNDER THE LAWS OF THIS STATE AND CHAPTER

1 6 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, 1966 PA
2 346, MCL 125.1481 TO 125.1486, OR A LIMITED DIVIDEND HOUSING
3 ASSOCIATION ORGANIZED AND QUALIFIED UNDER CHAPTER 7 OF THE STATE
4 HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, 1966 PA 346, MCL
5 125.1491 TO 125.1496, THAT WILL REHABILITATE AND OWN A HOUSING
6 FACILITY OR PROJECT PREVIOUSLY QUALIFIED, BUILT, OR FINANCED UNDER
7 SECTION 202 OF TITLE II OF THE HOUSING ACT OF 1959, PUBLIC LAW 86-
8 372, 12 USC 1701Q, SECTION 236 OF TITLE II OF THE NATIONAL HOUSING
9 ACT, CHAPTER 847, 82 STAT. 498, 12 USC 1715Z-1, OR SECTION 811 OF
10 SUBTITLE B OF TITLE VIII OF THE CRANSTON-GONZALEZ NATIONAL
11 AFFORDABLE HOUSING ACT, PUBLIC LAW 101-625, 42 USC 8013.

12 (F) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION
13 34D.

14 (G) ~~(e)~~-"Nonprofit corporation or association" means a
15 nonprofit corporation or association incorporated under the laws of
16 this state not otherwise exempt from the collection of taxes under
17 this act, operating a housing facility or project qualified, built,
18 or financed under section 202 of title II of the housing act of
19 1959, Public Law 86-372, 12 ~~U.S.C.~~ **USC** 1701q, section 236 of title
20 II of the national housing act, chapter 847, 82 Stat. 498, 12
21 ~~U.S.C.~~ **USC** 1715z-1, or section 811 of subtitle B of title VIII of
22 the Cranston-Gonzalez national affordable housing act, Public Law
23 101-625, 42 ~~U.S.C.~~ **USC** 8013.

24 (H) ~~(f)~~-"Person with disabilities" means that term as defined
25 in section 811 of subtitle B of title VIII of the Cranston-Gonzalez
26 national affordable housing act, Public Law 101-625, 42 ~~U.S.C.~~ **USC**
27 8013.

1 (I) ~~(g)~~ "Residential units" includes 1-bedroom units licensed
2 under the adult foster care facility licensing act, 1979 PA 218,
3 MCL 400.701 to 400.737, for persons who share dining, living, and
4 bathroom facilities and who have a mental illness, developmental
5 disability, or a physical ~~handicap~~ **DISABILITY**, as those terms are
6 defined in the adult foster care facility licensing act, 1979 PA
7 218, MCL 400.701 to 400.737, or individual self-contained dwellings
8 in an unlicensed facility. At the time of construction or
9 rehabilitation, both self-contained dwellings and 1-bedroom units
10 must be financed ~~under~~ either **UNDER** section 202 of title II of the
11 housing act of 1959, Public Law 86-372, 12 ~~U.S.C.~~ **USC** 1701q, or
12 under section 811 of subtitle B of title VIII of the Cranston-
13 Gonzalez national affordable housing act, Public Law 101-625, 42
14 ~~U.S.C.~~ **USC** 8013.

15 Enacting section 1. It is the intent of the legislature that
16 this amendatory act confirm that the department of treasury has
17 standing to appeal the assessed value, taxable value, state
18 equalized valuation, exempt status, classification, and all other
19 issues concerning tax liability in the Michigan tax tribunal and
20 all courts of this state for property exempt under section 7d of
21 the general property tax act, 1893 PA 206, MCL 211.7d.