

HOUSE BILL No. 5619

May 10, 2012, Introduced by Reps. Wayne Schmidt, Zorn and Shaughnessy and referred to the Committee on Commerce.

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending section 15a (MCL 125.1415a), as amended by 1994 PA 363.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 15a. (1) If a housing project owned by a nonprofit
2 housing corporation, consumer housing cooperative, limited dividend
3 housing corporation, mobile home park corporation, or mobile home
4 park association is financed with a federally-aided or authority-
5 aided mortgage or advance or grant from the authority, then, except
6 as provided in this section, the housing project is exempt from all

7 **OF THE FOLLOWING:**

8 **(A) ALL** ad valorem property taxes imposed by this state or by
9 any political subdivision, public body, or taxing district in which
10 the project is located.

11 **(B) ANY ELIGIBLE TAX REVERTED PROPERTY SPECIFIC TAX IMPOSED**

1 UNDER THE TAX REVERTED CLEAN TITLE ACT, 2003 PA 260, MCL 211.1021
2 TO 211.1026, IF THE LAND BANK FAST TRACK AUTHORITY CREATED UNDER
3 THE LAND BANK FAST TRACK ACT, 2003 PA 258, MCL 124.751 TO 124.774,
4 THAT WOULD OTHERWISE RECEIVE REVENUE UNDER SECTION 5 OF THE TAX
5 REVERTED CLEAN TITLE ACT, 2003 PA 260, MCL 211.1025, FROM THAT
6 SPECIFIC TAX APPROVES THE EXEMPTION UNDER THIS SUBDIVISION.
7 HOWEVER, THE MUNICIPALITY SHALL PAY TO THAT LAND BANK FAST TRACK
8 AUTHORITY 50% OF THE SERVICE CHARGE IN LIEU OF TAXES COLLECTED
9 UNDER SUBSECTION (3) FROM THE OWNER OF THE HOUSING PROJECT FOR EACH
10 YEAR THE HOUSING PROJECT WOULD HAVE BEEN SUBJECT TO THE ELIGIBLE
11 TAX REVERTED PROPERTY SPECIFIC TAX BUT IS EXEMPT UNDER THIS
12 SUBDIVISION.

13 (2) The owner of a housing project eligible for the exemption
14 shall file with the local assessing officer a notification of the
15 exemption, which shall be in an affidavit form as provided by the
16 authority. The **OWNER SHALL FIRST SUBMIT THE** completed affidavit
17 form ~~first shall be submitted~~ to the authority for certification by
18 the authority that the project is eligible for the exemption. The
19 owner then shall file the certified notification of the exemption
20 with the local assessing officer before November 1 of the year
21 preceding the tax year in which the exemption is to begin.

22 (3) ~~(2)~~ The owner of a housing project exempt from taxation
23 under this section shall pay to the municipality in which the
24 project is located an annual service charge for public services in
25 lieu of all taxes. Subject to subsection ~~(6)~~, ~~(7)~~, the amount to be
26 paid as a service charge in lieu of taxes shall be for new
27 construction projects the greater of, and for rehabilitation

1 projects the lesser of, the tax on the property on which the
2 project is located for the tax year before the date when
3 construction or rehabilitation of the project was commenced or 10%
4 of the annual shelter rents obtained from the project. A
5 municipality, by ordinance, may establish or change, by any amount
6 it chooses, the service charge to be paid in lieu of taxes by all
7 or any class of housing projects exempt from taxation under this
8 act. However, the service charge shall not exceed the taxes that
9 would be ~~paid~~**ASSESSED** but for this act.

10 (4) ~~(3)~~—The exemption from taxation granted by this section
11 shall remain in effect for as long as the federally-aided or
12 authority-aided mortgage or advance or grant from the authority is
13 outstanding, but not more than 50 years. The municipality may
14 establish by ordinance a different period of time for the exemption
15 to remain in effect.

16 (5) ~~(4)~~—Except as otherwise provided in this subsection **AND**
17 **SUBSECTION (1) (B)**, any payments for public services received by a
18 municipality in lieu of taxes under this section shall be
19 distributed by the municipality to the several units levying the
20 general property tax in the same proportion as prevailed with the
21 general property tax in the previous calendar year. For payments in
22 lieu of taxes collected after June 30, 1994, the distribution to
23 the several units shall be made as if the number of mills levied
24 for local school district operating purposes were equal to the
25 number of mills levied for those purposes in 1993 minus the number
26 of mills levied under the state education tax act, ~~Act No. 331 of~~
27 ~~the Public Acts of 1993, being sections 211.901 to 211.906 of the~~

1 ~~Michigan Compiled Laws, 1993 PA 331, MCL 211.901 TO 211.906,~~ for
2 the year for which the distribution is calculated. For tax years
3 after 1993, the amount of payments in lieu of taxes ~~to~~ **THAT WOULD**
4 **OTHERWISE** be distributed to a local school district for operating
5 purposes under this subsection shall ~~not be distributed to the~~
6 ~~local school district but instead shall be~~ paid to the state
7 treasury and credited to the state school aid fund established by
8 section 11 of article IX of the state constitution of 1963.

9 (6) ~~(5) Notwithstanding subsection (1), IF~~ a municipality may
10 ~~provide~~ **PROVIDES** by ordinance that the tax exemption established in
11 subsection (1) shall ~~shall~~ **DOES** not apply to all or any class of housing
12 projects within its boundaries, ~~to which subsection (1) applies. If~~
13 ~~the municipality makes that provision, the tax exemption~~
14 ~~established in subsection (1) shall~~ **THAT TAX EXEMPTION DOES** not
15 apply to the class **OR CLASSES** of housing projects designated in the
16 ordinance. If the ordinance so provides, the ordinance shall be
17 effective with respect to housing projects for which an exemption
18 has already been granted, ~~on~~ **BUT NOT BEFORE** December 31 of the year
19 in which the ordinance is adopted. ~~, but not before.~~ A municipality
20 that has adopted an ordinance described in this subsection may
21 repeal that ordinance, and the repeal shall become effective on the
22 date designated in the repealing ordinance.

23 (7) ~~(6) Notwithstanding subsection (2), (3),~~ the service
24 charge to be paid each year in lieu of taxes for that part of a
25 housing project that is tax exempt under subsection (1) and that is
26 occupied by other than low income persons or families shall be
27 equal to the full amount of the taxes that would be paid on that

1 portion of the project if the project were not tax exempt. The
2 benefits of any tax exemption granted under this section shall be
3 allocated by the owner of the housing project exclusively to low
4 income persons or families in the form of reduced housing charges.

5 (8) ~~(7)~~—For purposes of this section only, "low income persons
6 and families" means, with respect to any housing project that is
7 tax exempt, persons and families eligible to move into that
8 project. For purposes of this subsection, the authority may
9 promulgate rules to redefine low income persons or families for
10 each municipality on the basis of conditions existing in that
11 municipality.

12 (9) ~~(8)~~—This state shall not reimburse any unit of government
13 for a tax exemption granted to any housing project under this
14 section.