

SUBSTITUTE FOR
HOUSE BILL NO. 5017

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7ss (MCL 211.7ss), as added by 2012 PA 494.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7ss. (1) For taxes levied after November 1, 2012 **THROUGH**
2 **DECEMBER 30, 2013**, new construction on development property is
3 ~~exempt~~ **ELIGIBLE FOR EXEMPTION** from the collection of the tax levied
4 under section 1211 of the revised school code, 1976 PA 451, MCL
5 380.1211, for 3 years or until the new construction is no longer
6 located on development property, whichever occurs first, **AS**
7 **PROVIDED IN THIS SECTION.**

8 (2) **BEGINNING NOVEMBER 1, 2013 THROUGH DECEMBER 30, 2015,**
9 **DEVELOPMENT PROPERTY ON WHICH IS LOCATED NEW CONSTRUCTION EXEMPT**

1 UNDER SUBSECTION (1) IS EXEMPT FROM THE COLLECTION OF THE TAX
2 LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES
3 UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL
4 380.1211, TO THE SAME EXTENT PROVIDED A PRINCIPAL RESIDENCE UNDER
5 SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211,
6 FOR 2 YEARS OR UNTIL THE PROPERTY IS NO LONGER DEVELOPMENT
7 PROPERTY, WHICHEVER OCCURS FIRST.

8 (3) BEGINNING DECEMBER 31, 2013, ELIGIBLE DEVELOPMENT PROPERTY
9 IS EXEMPT FROM THE COLLECTION OF THE TAX LEVIED BY A LOCAL SCHOOL
10 DISTRICT FOR SCHOOL OPERATING PURPOSES UNDER SECTION 1211 OF THE
11 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, TO THE SAME EXTENT
12 PROVIDED A PRINCIPAL RESIDENCE UNDER SECTION 1211 OF THE REVISED
13 SCHOOL CODE, 1976 PA 451, MCL 380.1211, FOR 3 YEARS OR UNTIL THE
14 PROPERTY IS NO LONGER ELIGIBLE DEVELOPMENT PROPERTY, WHICHEVER
15 OCCURS FIRST.

16 (4) ~~(2)~~—To claim an exemption under subsection (1), an owner
17 of development property shall file an affidavit claiming the
18 exemption with the local tax collecting unit on or before June 1,
19 2013 for the immediately succeeding summer tax levy and all
20 **APPLICABLE** subsequent tax levies or on or before November 1, 2013
21 for the immediately succeeding winter tax levy and all **APPLICABLE**
22 subsequent tax levies. The affidavit shall be on a form prescribed
23 by the department of treasury.

24 (5) TO CLAIM AN EXEMPTION UNDER SUBSECTION (2), AN OWNER OF
25 DEVELOPMENT PROPERTY SHALL FILE AN AFFIDAVIT CLAIMING THE EXEMPTION
26 WITH THE LOCAL TAX COLLECTING UNIT ON OR BEFORE JUNE 1 FOR THE
27 IMMEDIATELY PRECEDING WINTER TAX LEVY, IMMEDIATELY SUCCEEDING

1 SUMMER TAX LEVY, AND ALL APPLICABLE SUBSEQUENT TAX LEVIES OR ON OR
2 BEFORE NOVEMBER 1 FOR THE IMMEDIATELY SUCCEEDING WINTER TAX LEVY
3 AND ALL APPLICABLE SUBSEQUENT TAX LEVIES. THE AFFIDAVIT SHALL BE ON
4 A FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY.

5 (6) TO CLAIM AN EXEMPTION UNDER SUBSECTION (3), AN OWNER OF
6 ELIGIBLE DEVELOPMENT PROPERTY SHALL FILE AN AFFIDAVIT CLAIMING THE
7 EXEMPTION WITH THE LOCAL TAX COLLECTING UNIT ON OR BEFORE JUNE 1
8 FOR THE IMMEDIATELY SUCCEEDING SUMMER TAX LEVY AND ALL APPLICABLE
9 SUBSEQUENT TAX LEVIES OR ON OR BEFORE NOVEMBER 1 FOR THE
10 IMMEDIATELY SUCCEEDING WINTER TAX LEVY AND ALL APPLICABLE
11 SUBSEQUENT TAX LEVIES. THE AFFIDAVIT SHALL BE ON A FORM PRESCRIBED
12 BY THE DEPARTMENT OF TREASURY.

13 (7) ~~(3)~~ Upon receipt of an affidavit filed under subsection
14 ~~(2)~~, ~~(4)~~, the assessor shall determine if the real property on
15 which new construction is located is development property. If the
16 real property is development property, the assessor shall exempt
17 the new construction located on that development property from the
18 collection of the tax levied under section 1211 of the revised
19 school code, 1976 PA 451, MCL 380.1211, for 3 years or until the
20 new construction is no longer located on development property,
21 whichever occurs first.

22 (8) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (5),
23 THE ASSESSOR SHALL DETERMINE IF THE REAL PROPERTY ON WHICH NEW
24 CONSTRUCTION IS LOCATED IS DEVELOPMENT PROPERTY. IF THE REAL
25 PROPERTY IS DEVELOPMENT PROPERTY, THE ASSESSOR SHALL EXEMPT THE
26 DEVELOPMENT PROPERTY FROM THE COLLECTION OF THE TAX LEVIED BY A
27 LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES UNDER SECTION

1 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, TO THE
2 SAME EXTENT PROVIDED A PRINCIPAL RESIDENCE UNDER SECTION 1211 OF
3 THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, FOR 2 YEARS OR
4 UNTIL THE PROPERTY IS NO LONGER DEVELOPMENT PROPERTY, WHICHEVER
5 OCCURS FIRST.

6 (9) UPON RECEIPT OF AN AFFIDAVIT FILED UNDER SUBSECTION (6),
7 THE ASSESSOR SHALL DETERMINE IF THE REAL PROPERTY ON WHICH NEW
8 CONSTRUCTION IS LOCATED IS ELIGIBLE DEVELOPMENT PROPERTY. IF THE
9 REAL PROPERTY IS ELIGIBLE DEVELOPMENT PROPERTY, THE ASSESSOR SHALL
10 EXEMPT THE ELIGIBLE DEVELOPMENT PROPERTY FROM THE COLLECTION OF THE
11 TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES
12 UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL
13 380.1211, TO THE SAME EXTENT PROVIDED A PRINCIPAL RESIDENCE UNDER
14 SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211,
15 FOR 3 YEARS OR UNTIL THE PROPERTY IS NO LONGER ELIGIBLE DEVELOPMENT
16 PROPERTY, WHICHEVER OCCURS FIRST.

17 (10) ~~(4)~~ Not more than 90 days after all or a portion of the
18 ~~exempted~~ new construction **EXEMPT UNDER SUBSECTION (1)** is no longer
19 located on development property, an owner shall rescind the
20 exemption for the new construction by filing with the local tax
21 collecting unit a rescission form. The rescission form shall be as
22 prescribed by the department of treasury.

23 (11) NOT MORE THAN 90 DAYS AFTER ALL OR A PORTION OF THE
24 DEVELOPMENT PROPERTY EXEMPT UNDER SUBSECTION (2) IS NO LONGER
25 DEVELOPMENT PROPERTY, AN OWNER SHALL RESCIND THE EXEMPTION FOR THAT
26 DEVELOPMENT PROPERTY BY FILING WITH THE LOCAL TAX COLLECTING UNIT A
27 RESCISSION FORM. THE RESCISSION FORM SHALL BE AS PRESCRIBED BY THE

1 DEPARTMENT OF TREASURY.

2 (12) NOT MORE THAN 90 DAYS AFTER ALL OR A PORTION OF ELIGIBLE
 3 DEVELOPMENT PROPERTY EXEMPT UNDER SUBSECTION (3) IS NO LONGER
 4 ELIGIBLE DEVELOPMENT PROPERTY, AN OWNER SHALL RESCIND THE EXEMPTION
 5 FOR THAT ELIGIBLE DEVELOPMENT PROPERTY BY FILING WITH THE LOCAL TAX
 6 COLLECTING UNIT A RESCISSION FORM. THE RESCISSION FORM SHALL BE AS
 7 PRESCRIBED BY THE DEPARTMENT OF TREASURY.

8 (13) ~~(5)~~ An owner of exempted new construction, ~~that is no~~
 9 ~~longer located on development property~~ **DEVELOPMENT PROPERTY, OR**
 10 **ELIGIBLE DEVELOPMENT PROPERTY** who fails to file a rescission form
 11 as required under ~~subsection (4)~~ **THIS SECTION** is subject to a
 12 penalty of \$5.00 per day for each separate failure beginning after
 13 the 90 days have elapsed, up to a maximum of \$200.00. This penalty
 14 shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and
 15 shall be deposited in the state school aid fund established in
 16 section 11 of article IX of the state constitution of 1963. This
 17 penalty may be waived by the department of treasury.

18 (14) ~~(6)~~ An owner of new construction that is located on
 19 development property **OR ELIGIBLE DEVELOPMENT PROPERTY** for which an
 20 exemption was not on the tax roll may file an appeal with the July
 21 or December board of review in the year the exemption was claimed
 22 or the immediately succeeding year. ~~An owner of new construction~~
 23 ~~that is located on development property for which~~ **IF** an exemption
 24 **UNDER THIS SECTION** was denied by the assessor in the year ~~the~~ **AN**
 25 affidavit was filed **UNDER THIS SECTION, AN OWNER** may file an appeal
 26 with the July board of review for summer taxes or, if there is not
 27 a summer levy of school operating taxes, with the December board of

1 review.

2 (15) ~~(7)~~—If the assessor of the local tax collecting unit
3 believes that ~~new construction for which~~ an exemption has been
4 granted ~~is not located on development property,~~ **FOR NEW**
5 **CONSTRUCTION, DEVELOPMENT PROPERTY, OR ELIGIBLE DEVELOPMENT**
6 **PROPERTY NOT PROPERLY ELIGIBLE FOR EXEMPTION UNDER THIS SECTION,**
7 the assessor may deny or modify an existing exemption by notifying
8 the owner in writing at the time required for providing a notice
9 under section 24c. A taxpayer may appeal the assessor's
10 determination to the board of review meeting under section 30. A
11 decision of the board of review may be appealed to the residential
12 and small claims division of the Michigan tax tribunal.

13 (16) ~~(8)~~—If an exemption under this section is erroneously
14 granted, an owner may request in writing that the local tax
15 collecting unit withdraw the exemption. If an owner requests that
16 an exemption be withdrawn, the local assessor shall notify the
17 owner that the exemption issued under this section has been denied
18 based on that owner's request. If an exemption is withdrawn, the
19 ~~new construction,~~ **DEVELOPMENT PROPERTY, OR ELIGIBLE DEVELOPMENT**
20 **PROPERTY** that had been subject to that exemption shall be
21 immediately placed on the tax roll by the local tax collecting unit
22 if the local tax collecting unit has possession of the tax roll or
23 by the county treasurer if the county has possession of the tax
24 roll as though the exemption had not been granted. A corrected tax
25 bill shall be issued for the tax year being adjusted by the local
26 tax collecting unit if the local tax collecting unit has possession
27 of the tax roll or by the county treasurer if the county has

1 possession of the tax roll. If an owner requests that an exemption
2 under this section be withdrawn before that owner is contacted in
3 writing by the local assessor regarding that owner's eligibility
4 for the exemption and that owner pays the corrected tax bill issued
5 under this subsection within 30 days after the corrected tax bill
6 is issued, that owner is not liable for any penalty or interest on
7 the additional tax. An owner who pays a corrected tax bill issued
8 under this subsection more than 30 days after the corrected tax
9 bill is issued is liable for the penalties and interest that would
10 have accrued if the exemption had not been granted from the date
11 the taxes were originally levied.

12 (17) ~~(9)~~—As used in this section:

13 (a) "Development property" means real property on which a
14 residential dwelling, condominium unit, or other residential
15 structure is located, which residential dwelling, condominium unit,
16 or other residential structure meets all of the following
17 conditions:

18 (i) Is not occupied and has never been occupied.

19 (ii) Is available for sale.

20 (iii) Is not leased.

21 (iv) Is not used for any business or commercial purpose. **THIS**

22 **RESTRICTION DOES NOT APPLY TO REAL PROPERTY USED AS AN ON-SITE**

23 **OFFICE IN A SPECIFIC DEVELOPMENT. HOWEVER, IN THE CASE OF A**

24 **SPECIFIC DEVELOPMENT THAT CONSISTS OF MULTIPLE UNITS, ONLY 1 SUCH**

25 **UNIT IS ELIGIBLE FOR EXCLUSION FROM THIS RESTRICTION AS AN ON-SITE**

26 **OFFICE.**

27 (B) "ELIGIBLE DEVELOPMENT PROPERTY" MEANS ALL OF THE FOLLOWING

1 REAL PROPERTY NOT PREVIOUSLY EXEMPT UNDER THIS SECTION:

2 (i) A RESIDENTIAL DWELLING, CONDOMINIUM UNIT, OR OTHER
3 RESIDENTIAL STRUCTURE THAT WAS NEW CONSTRUCTION AFTER DECEMBER 30,
4 2012 AND THAT MEETS ALL OF THE FOLLOWING CONDITIONS:

5 (A) IS NOT OCCUPIED AND HAS NEVER BEEN OCCUPIED. IN THE CASE
6 OF A CONDOMINIUM OR OTHER RESIDENTIAL STRUCTURE THAT CONSISTS OF
7 MULTIPLE UNITS, OCCUPANCY DOES NOT OCCUR UNTIL ALL OF THE UNITS ARE
8 OCCUPIED. HOWEVER, ANY UNIT THAT IS OCCUPIED IS NOT ELIGIBLE FOR
9 EXEMPTION UNDER THIS SECTION.

10 (B) IS AVAILABLE FOR SALE.

11 (C) IS NOT LEASED.

12 (D) IS NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE. THIS
13 RESTRICTION DOES NOT APPLY TO REAL PROPERTY USED AS AN ON-SITE
14 OFFICE IN A SPECIFIC DEVELOPMENT. HOWEVER, IN THE CASE OF A
15 SPECIFIC DEVELOPMENT THAT CONSISTS OF MULTIPLE UNITS, ONLY 1 SUCH
16 UNIT IS ELIGIBLE FOR EXCLUSION FROM THIS RESTRICTION AS AN ON-SITE
17 OFFICE.

18 (ii) THE LAND ON WHICH THE RESIDENTIAL DWELLING, CONDOMINIUM
19 UNIT, OR OTHER RESIDENTIAL STRUCTURE IDENTIFIED IN SUBPARAGRAPH (i)
20 IS LOCATED.

21 (C) ~~(b)~~—"New construction" means that term as defined in
22 section 34d.