

SENATE BILL NO. 422

May 06, 2021, Introduced by Senators HORN and VICTORY and referred to the Committee on Economic and Small Business Development.

A bill to provide for the establishment of residential housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified residential facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain state and local governmental officials; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "residential housing facilities act".

3 Sec. 2. As used in this act:

4 (a) "Commission" means the state tax commission created by
5 1927 PA 360, MCL 209.101 to 209.107.

6 (b) "Department" means the department of treasury.

7 (c) "New residential facility" means residential housing
8 property that is a new structure or a portion of a new structure
9 which is or will be occupied by an owner as his or her principle
10 residence.

11 (d) "Qualified local governmental unit" means a city, village,
12 or township.

13 (e) "Qualified residential facility" means a new residential
14 facility or a rehabilitated residential facility.

15 (f) "Rehabilitated residential facility" means existing
16 residential housing property that has been renovated to bring the
17 property into conformance with minimum local building code
18 standards for occupancy, as determined by the qualified local
19 governmental unit.

20 (g) "Residential housing district" or "district" means an area
21 not less than 1 acre in size of a qualified local governmental unit
22 established as provided in section 3.

23 (h) "Residential housing exemption certificate" or
24 "certificate" means the certificate issued under section 6.

25 (i) "Residential housing property" means that portion of real
26 property that is intended to be occupied by the owner of that real
27 property that is classified as residential real property under
28 section 34c of the general property tax act, 1893 PA 206, MCL
29 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a

1 multiple-purpose structure, used for residential purposes, that is
2 intended to be occupied by individuals whose yearly income is 120%
3 or less of the area median income as determined by the qualified
4 local governmental unit. Residential housing property does not
5 include any of the following:

6 (i) Land.

7 (ii) Property of a public utility.

8 (j) "Residential housing rehabilitation tax" or "specific tax"
9 means the specific tax levied under this act.

10 (k) "Taxable value" means the value determined under section
11 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

12 Sec. 3. (1) A qualified local governmental unit, by resolution
13 of its legislative body, may establish 1 or more residential
14 housing districts.

15 (2) The legislative body of a qualified local governmental
16 unit may establish a residential housing district on its own
17 initiative or upon a written request filed by the owner or owners
18 of property comprising at least 50% of all taxable value of the
19 property located within a proposed district. The written request
20 must be filed with the clerk of the qualified local governmental
21 unit.

22 (3) Before adopting a resolution establishing a district, the
23 legislative body shall give written notice by certified mail to the
24 county in which the proposed district is to be located and the
25 owners of all real property within the proposed district and shall
26 afford an opportunity for a hearing on the establishment of the
27 district at which any of those owners and any other resident or
28 taxpayer of the qualified local governmental unit may appear and be
29 heard. The legislative body shall give public notice of the hearing

1 not less than 10 days or more than 30 days before the date of the
2 hearing.

3 (4) The legislative body of the qualified local governmental
4 unit, in its resolution establishing a district, shall set forth a
5 finding and determination that there is a need for residential
6 housing within the district and shall provide a copy of the
7 resolution by certified mail to the county in which the district is
8 located.

9 (5) Within 28 days after receiving a copy of the resolution
10 establishing a district, the county may reject the establishment of
11 the district by 1 of the following methods:

12 (a) If the county has an elected county executive, by written
13 notification to the qualified local governmental unit.

14 (b) If the county does not have an elected county executive,
15 by a resolution of the county board of commissioners provided to
16 the qualified local governmental unit.

17 Sec. 4. (1) If a district is established under section 3, the
18 owner of a qualified residential facility may file an application
19 for a residential housing exemption certificate with the clerk of
20 the qualified local governmental unit that established the
21 district. The application shall be filed in the manner and form
22 prescribed by the commission. The application shall contain or be
23 accompanied by a general description of the qualified residential
24 facility, a general description of the proposed use of the
25 qualified residential facility, the general nature and extent of
26 the new construction or rehabilitation to be undertaken, a time
27 schedule for undertaking and completing the qualified residential
28 facility, and information relating to the requirements in section
29 8.

1 (2) Upon receipt of an application for a residential housing
2 exemption certificate, the clerk of the qualified local
3 governmental unit shall notify in writing the assessor of the local
4 tax collecting unit in which the qualified residential facility is
5 located, and the legislative body of each taxing unit that levies
6 ad valorem property taxes in the qualified residential local
7 governmental unit in which the qualified residential facility is
8 located. Before acting upon the application, the legislative body
9 of the qualified local governmental unit shall hold a public
10 hearing on the application and give public notice to the applicant,
11 the assessor, a representative of the affected taxing units, and
12 the general public. The hearing on each application shall be held
13 separately from the hearing on the establishment of the district.

14 Sec. 5. The legislative body of the qualified local
15 governmental unit, not more than 60 days after receipt of the
16 application by the clerk, shall by resolution either approve or
17 disapprove the application for a certificate in accordance with
18 section 8 and the other provisions of this act. The clerk shall
19 retain the original of the application and resolution. If approved,
20 the clerk shall forward a copy of the application and resolution to
21 the commission. If disapproved, the reasons shall be set forth in
22 writing in the resolution, and the clerk shall send, by certified
23 mail, a copy of the resolution to the applicant and to the
24 assessor. A resolution is not effective unless approved by the
25 commission as provided in section 6.

26 Sec. 6. (1) Not more than 60 days after receipt of a copy of
27 the application and resolution adopted under section 5, the
28 commission shall approve or disapprove the resolution.

29 (2) Following approval of the application by the legislative

1 body of the qualified local governmental unit and the commission,
2 the commission shall issue to the applicant a certificate in the
3 form the commission determines, which shall contain all of the
4 following:

5 (a) A legal description of the real property on which the
6 qualified residential facility is located.

7 (b) A statement that unless revoked as provided in this act
8 the certificate shall remain in force for the period stated in the
9 certificate.

10 (c) A statement of the taxable value of the qualified
11 residential facility, separately stated for real and personal
12 property, for the tax year immediately preceding the effective date
13 of the certificate after deducting the taxable value of the land
14 and personal property other than personal property assessed
15 pursuant to sections 8(d) and 14(6) of the general property tax
16 act, 1893 PA 206, MCL 211.8 and 211.14.

17 (d) A statement of the period of time authorized by the
18 legislative body of the qualified local governmental unit within
19 which the rehabilitation or construction shall be completed.

20 (e) If the period of time authorized by the legislative body
21 of the qualified local governmental unit pursuant to subdivision
22 (b) is less than 12 years, the exemption certificate shall contain
23 the factors, criteria, and objectives, as determined by the
24 resolution of the qualified local governmental unit, necessary for
25 extending the period of time, if any.

26 (3) The effective date of the certificate is the December 31
27 immediately following the date of issuance of the certificate.

28 (4) The commission shall file with the clerk of the qualified
29 local governmental unit a copy of the certificate, and the

1 commission shall maintain a record of all certificates filed. The
2 commission shall also send, by certified mail, a copy of the
3 certificate to the applicant and the assessor of the local tax
4 collecting unit in which the qualified residential facility is
5 located.

6 Sec. 7. (1) A qualified residential facility for which a
7 certificate is in effect, but not the land on which the qualified
8 residential facility is located, or personal property other than
9 personal property assessed pursuant to sections 8(d) and 14(6) of
10 the general property tax act, 1893 PA 206, MCL 211.8 and 211.14,
11 for the period on and after the effective date of the certificate
12 and continuing so long as the certificate is in force, is exempt
13 from ad valorem property taxes collected under the general property
14 tax act, 1893 PA 206, MCL 211.1 to 211.155.

15 (2) Unless earlier revoked as provided in section 12, a
16 certificate shall remain in force and effect for a period to be
17 determined by the legislative body of the qualified local
18 governmental unit. The certificate may be issued for a period of at
19 least 1 year, but not to exceed 12 years. If the number of years
20 determined is less than 12, the certificate may be subject to
21 review by the legislative body of the qualified local governmental
22 unit and the certificate may be extended. The total amount of time
23 determined for the certificate including any extensions shall not
24 exceed 12 years after the completion of the qualified residential
25 facility. The certificate shall commence with its effective date
26 and end on the December 31 immediately following the last day of
27 the number of years determined. The date of issuance of a
28 certificate of occupancy, if required by appropriate authority,
29 shall be the date of completion of the qualified residential

1 facility.

2 (3) If the number of years determined by the legislative body
3 of the qualified local governmental unit for the period a
4 certificate remains in force is less than 12 years, the review of
5 the certificate for the purpose of determining an extension shall
6 be based upon factors, criteria, and objectives that shall be
7 placed in writing, determined and approved at the time the
8 certificate is approved by resolution of the legislative body of
9 the qualified local governmental unit and sent, by certified mail,
10 to the applicant, the assessor of the local tax collecting unit in
11 which the qualified residential facility is located, and the
12 commission.

13 Sec. 8. (1) If the taxable value of the property proposed to
14 be exempt pursuant to an application under consideration,
15 considered together with the aggregate taxable value of property
16 exempt under certificates previously granted and currently in force
17 under this act or under 1974 PA 198, MCL 207.551 to 207.572,
18 exceeds 5% of the taxable value of the qualified local governmental
19 unit, the legislative body of the qualified local governmental unit
20 shall make a separate finding and shall include a statement in its
21 resolution approving the application that exceeding that amount
22 shall not have the effect of substantially impeding the operation
23 of the qualified local governmental unit or impairing the financial
24 soundness of an affected taxing unit.

25 (2) The legislative body of the qualified local governmental
26 unit shall not approve an application for a certificate unless the
27 applicant is determined by the qualified local governmental unit to
28 have a yearly income of 120% or less of the area median income.

29 Sec. 9. The assessor of each qualified local governmental unit

1 in which there is a qualified residential facility with respect to
2 which 1 or more certificates have been issued and are in force
3 shall determine annually as of December 31 the value and taxable
4 value, both for real and personal property, of each qualified
5 residential facility separately, having the benefit of a
6 certificate and upon receipt of notice of the filing of an
7 application for the issuance of a certificate, shall determine and
8 furnish to the local legislative body the value and the taxable
9 value of the property to which the application pertains.

10 Sec. 10. (1) There is levied upon every owner of a qualified
11 facility to which a certificate is issued a specific tax to be
12 known as the residential housing facility tax.

13 (2) The amount of the specific tax, in each year, shall be
14 determined by multiplying 1/2 of the total mills levied as ad
15 valorem taxes for that year by all taxing units within which the
16 qualified residential facility is located by the current taxable
17 value of the real and personal property of the qualified
18 residential facility after deducting the taxable value of the land
19 and of personal property other than personal property assessed
20 pursuant to sections 8(d) and 14(6) of the general property tax
21 act, 1893 PA 206, MCL 211.8 and 211.14.

22 (3) The specific tax is an annual tax, payable at the same
23 times, in the same installments, and to the same officer or
24 officers as taxes imposed under the general property tax act, 1893
25 PA 206, MCL 211.1 to 211.155, are payable. Except as otherwise
26 provided in this section, the officer or officers shall disburse
27 the specific tax payments received by the officer or officers each
28 year to and among this state, cities, school districts, counties,
29 and authorities, at the same times and in the same proportions as

1 required by law for the disbursement of taxes collected under the
2 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

3 (4) For intermediate school districts receiving state aid
4 under sections 56, 62, and 81 of the state school aid act of 1979,
5 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount of
6 specific tax that would otherwise be disbursed to an intermediate
7 school district, all or a portion, to be determined on the basis of
8 the tax rates being utilized to compute the amount of state aid,
9 shall be paid to the state treasury to the credit of the state
10 school aid fund established by section 11 of article IX of the
11 state constitution of 1963.

12 (5) The amount of specific tax described in subsection (2)
13 that would otherwise be disbursed to a local school district for
14 school operating purposes shall be paid instead to the state
15 treasury and credited to the state school aid fund established by
16 section 11 of article IX of the state constitution of 1963.

17 (6) The officer or officers shall send a copy of the amount of
18 disbursement made to each unit under this section to the commission
19 on a form provided by the commission.

20 (7) A qualified residential facility located in a renaissance
21 zone under the Michigan renaissance zone act, 1996 PA 376, MCL
22 125.2681 to 125.2696, is exempt from the specific tax levied under
23 this act to the extent and for the duration provided pursuant to
24 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
25 125.2696, except for that portion of the specific tax attributable
26 to a special assessment or a tax described in section 7ff(2) of the
27 general property tax act, 1893 PA 206, MCL 211.7ff. The specific
28 tax calculated under this subsection shall be disbursed
29 proportionately to the taxing unit or units that levied the special

1 assessment or the tax described in section 7ff(2) of the general
2 property tax act, 1893 PA 206, MCL 211.7ff.

3 Sec. 11. The amount of the tax applicable to real property,
4 until paid, is a lien upon the real property to which the
5 certificate is applicable. Proceedings upon the lien as provided by
6 law for the foreclosure in the circuit court of mortgage liens upon
7 real property may commence only upon the filing by the appropriate
8 collecting officer of a certificate of nonpayment of the specific
9 tax applicable to real property, together with an affidavit of
10 proof of service of the certificate of nonpayment upon the owner of
11 the qualified residential facility by certified mail, with the
12 register of deeds of the county in which the qualified residential
13 facility is situated.

14 Sec. 12. (1) The legislative body of the qualified local
15 governmental unit may, by resolution, revoke the certificate of a
16 qualified residential facility if it finds that the completion of
17 the qualified residential facility has not occurred within the time
18 authorized by the legislative body in the certificate or a duly
19 authorized extension of that time, or that the holder of the
20 certificate has not proceeded in good faith with the operation of
21 the qualified residential facility in a manner consistent with the
22 purposes of this act and in the absence of circumstances that are
23 beyond the control of the holder of the certificate.

24 (2) Upon receipt of a request by certified mail to the
25 legislative body of the qualified local governmental unit by the
26 holder of a certificate requesting revocation of the certificate,
27 the legislative body of the qualified local governmental unit may,
28 by resolution, revoke the certificate.

29 (3) Upon the written request of the holder of a revoked

1 certificate to the legislative body of the qualified local
2 governmental unit and the commission or upon the application of a
3 subsequent owner to the legislative body of the qualified local
4 governmental unit to transfer the revoked certificate to a
5 subsequent owner, and the submission to the commission of a
6 resolution of concurrence by the legislative body of the qualified
7 local governmental unit in which the qualified residential facility
8 is located, and if the qualified residential facility continues to
9 qualify under this act, the commission may reinstate a revoked
10 certificate for the holder or a subsequent owner that has applied
11 for the transfer.

12 Sec. 13. A certificate may be transferred and assigned by the
13 holder of the certificate to a new owner of the qualified
14 residential facility if the qualified local governmental unit
15 approves the transfer after application by the new owner.

16 Sec. 14. Not later than October 15 each year, each qualified
17 local governmental unit granting a certificate shall report to the
18 commission on the status of each exemption. The report must include
19 the current value of the property to which the exemption pertains,
20 the value on which the specific tax is based.

21 Sec. 15. (1) The department annually shall prepare and submit
22 to the committees of the house of representatives and senate
23 responsible for tax policy and economic development issues a report
24 on the utilization of districts, based on the information filed
25 with the commission.

26 (2) After this act has been in effect for 3 years, the
27 department shall prepare and submit to the committees of the house
28 of representatives and senate responsible for tax policy and
29 economic development issues an economic analysis of the costs and

1 benefits of this act in the 3 qualified local governmental units in
2 which it has been most heavily utilized.