SENATE BILL No. 218

February 12, 2009, Introduced by Senators PAPPAGEORGE, HARDIMAN, CROPSEY, KUIPERS and RICHARDVILLE and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled

"The general property tax act,"

(MCL 211.1 to 211.155) by adding section 7qq.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

SEC. 7QQ. (1) THE GOVERNING BODY OF A LOCAL GOVERNMENTAL UNIT MAY BY RESOLUTION EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT NEW CONSTRUCTION ON ELIGIBLE PRINCIPAL RESIDENCE PROPERTY USED AS A LIVING AREA TO THE EXTENT PROVIDED IN SUBSECTION (5) AND FOR THE PERIOD PROVIDED IN SUBSECTION (6). THE RESOLUTION MAY INCLUDE ALL OR PORTIONS OF THE LOCAL GOVERNMENTAL UNIT.

(2) BEFORE ACTING ON THE RESOLUTION, THE CLERK OF THE LOCAL GOVERNMENTAL UNIT SHALL NOTIFY IN WRITING THE ASSESSOR OF EACH LOCAL TAX COLLECTING UNIT IN THE LOCAL GOVERNMENTAL UNIT AND THE

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LEGISLATIVE BODY OF EACH TAXING JURISDICTION THAT LEVIES AD VALOREM PROPERTY TAXES IN THE LOCAL GOVERNMENTAL UNIT AND SHALL SET A DATE FOR A PUBLIC HEARING ON THE ADOPTION OF THE RESOLUTION. NOTICE OF THE PUBLIC HEARING SHALL BE PUBLISHED TWICE IN A NEWSPAPER OF GENERAL CIRCULATION IN THE LOCAL GOVERNMENTAL UNIT, NOT LESS THAN 20 NOR MORE THAN 40 DAYS BEFORE THE DATE OF THE HEARING. THE NOTICE SHALL STATE THE DATE, TIME, AND PLACE OF THE HEARING. AT THAT HEARING, A CITIZEN, TAXPAYER, OFFICIAL FROM A TAXING JURISDICTION THAT LEVIES AD VALOREM PROPERTY TAXES IN THE LOCAL GOVERNMENTAL UNIT, OR A PROPERTY OWNER OF THE LOCAL GOVERNMENTAL UNIT HAS THE RIGHT TO BE HEARD IN REGARD TO THE EXEMPTION UNDER THIS SECTION.

(3) NOT MORE THAN 30 DAYS AFTER THE PUBLIC HEARING, IF THE GOVERNING BODY OF THE LOCAL GOVERNMENTAL UNIT INTENDS TO PROCEED WITH THE EXEMPTION, THE GOVERNING BODY SHALL ADOPT, BY MAJORITY VOTE OF ITS MEMBERS ELECTED AND SERVING, A RESOLUTION GRANTING THE EXEMPTION. THE ADOPTION OF THE RESOLUTION IS SUBJECT TO ALL APPLICABLE STATUTORY OR CHARTER PROVISIONS WITH RESPECT TO THE APPROVAL OR DISAPPROVAL BY THE CHIEF EXECUTIVE OR OTHER OFFICER OF THE LOCAL GOVERNMENTAL UNIT AND THE ADOPTION OF A RESOLUTION OVER HIS OR HER VETO. THIS RESOLUTION SHALL BE FILED WITH THE SECRETARY OF STATE PROMPTLY AFTER ITS ADOPTION.

(4) THE PROCEEDINGS ESTABLISHING THE EXEMPTION SHALL BE PRESUMPTIVELY VALID UNLESS CONTESTED IN A COURT OF COMPETENT JURISDICTION WITHIN 60 DAYS AFTER THE FILING OF THE RESOLUTION WITH THE SECRETARY OF STATE.

(5) NEW CONSTRUCTION ELIGIBLE FOR EXEMPTION UNDER THIS SECTION IS LIMITED AS FOLLOWS:

(A) FOR ELIGIBLE PRINCIPAL RESIDENCE PROPERTY LESS THAN 3,000 SQUARE FEET IN AREA, LIVING AREA NEW CONSTRUCTION OF NOT MORE THAN 50% OF THE EXISTING LIVING AREA OF THAT ELIGIBLE PRINCIPAL RESIDENCE PROPERTY.

(B) FOR ELIGIBLE PRINCIPAL RESIDENCE PROPERTY 3,000 SQUARE FEET OR GREATER IN AREA, LIVING AREA NEW CONSTRUCTION OF NOT MORE THAN 25% OF THE EXISTING LIVING AREA OF THAT ELIGIBLE PRINCIPAL RESIDENCE PROPERTY.

(6) THE EXEMPTION UNDER THIS SECTION IS EFFECTIVE ON THE DECEMBER 31 IMMEDIATELY SUCCEEDING THE ADOPTION OF THE RESOLUTION BY THE GOVERNING BODY OF THE LOCAL GOVERNMENTAL UNIT UNDER SUBSECTION (3). THE EXEMPTION SHALL CONTINUE IN EFFECT UNTIL THE ELIGIBLE PRINCIPAL RESIDENCE PROPERTY IS TRANSFERRED OR FOR A PERIOD SPECIFIED IN THE RESOLUTION WHICH SHALL NOT BE MORE THAN 5 YEARS, WHICHEVER IS SOONER. IF THE ELIGIBLE PRINCIPAL RESIDENCE PROPERTY IS TRANSFERRED, THE TAXABLE VALUE SHALL BE ADJUSTED UNDER SECTION 27A(3). IF THE ELIGIBLE PRINCIPAL RESIDENCE PROPERTY HAS NOT BEEN TRANSFERRED AND THE PERIOD SPECIFIED IN THE RESOLUTION HAS EXPIRED, THE PROPERTY'S TAXABLE VALUE SHALL BE ADJUSTED AS PROVIDED IN SECTION 34D(1)(B)(*i*).

(7) AS USED IN THIS SECTION:

(A) "ELIGIBLE PRINCIPAL RESIDENCE PROPERTY" MEANS A PRINCIPAL RESIDENCE EXEMPT UNDER SECTION 7CC FROM THE TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES TO THE EXTENT PROVIDED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, IN THE YEAR IMMEDIATELY PRECEDING THE FIRST YEAR IN WHICH LIVING AREA NEW CONSTRUCTION IS EXEMPT UNDER THIS SECTION.

(B) "LIVING AREA" MEANS AN AREA OF PRINCIPAL RESIDENCE PROPERTY USED BY 1 OR MORE PERSONS FOR DOMESTIC RESIDENTIAL PURPOSES. LIVING AREA INCLUDES, BUT IS NOT LIMITED TO, A BEDROOM, KITCHEN, BATHROOM, LIVING ROOM, FAMILY ROOM, DEN, OR ENCLOSED PORCH.

(C) "NEW CONSTRUCTION" MEANS THAT TERM AS DEFINED IN SECTION 34D(1)(B)(*iii*).

(D) "PRINCIPAL RESIDENCE" MEANS THAT TERM AS DEFINED UNDER SECTION 7DD.

(E) "TRANSFERRED" MEANS A TRANSFER OF OWNERSHIP AS THAT TERM IS DESCRIBED IN SECTION 27A.