

# SENATE BILL No. 171

March 3, 2015, Introduced by Senators BIEDA, HERTEL and BRANDENBURG and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 7d (MCL 211.7d), as amended by 2012 PA 66.

## 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.

10       (2) An owner of property may claim an exemption under this

1 section on a form prescribed by the department of treasury. The  
 2 assessor of the local tax collecting unit in which the property is  
 3 located shall approve or disapprove a claim for exemption under  
 4 this section. The assessor shall notify the owner and the  
 5 department of treasury in writing of the exemption's approval or  
 6 disapproval. The department of treasury may deny an exemption under  
 7 this section. The department of treasury may grant an exemption  
 8 under this section for 2012 and the 3 immediately preceding years  
 9 for property that would have qualified for the exemption under this  
 10 section if an owner of that property had timely filed in 2010 the  
 11 form required under this subsection. If granting the exemption  
 12 under this section results in an overpayment of the tax, a rebate,  
 13 including any interest paid, shall be made to the taxpayer by the  
 14 local tax collecting unit if the local tax collecting unit has  
 15 possession of the tax roll or by the county treasurer if the county  
 16 has possession of the tax roll within 30 days of the date the  
 17 exemption is granted. The rebate shall be without interest. ~~An IF~~  
 18 ~~AN~~ exemption under this section ~~begins~~ **IS APPROVED, THAT EXEMPTION**  
 19 **SHALL BEGIN** on December 31 of the year in which the ~~exemption is~~  
 20 ~~approved~~ **OWNER OF PROPERTY PROPERLY SUBMITTED A CLAIM FOR EXEMPTION**  
 21 **TO THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT** under this  
 22 subsection and shall continue until the property is no longer used  
 23 for occupancy or use solely by elderly or disabled families. The  
 24 owner of property exempt under this section shall notify the local  
 25 tax collecting unit in which the property is located and the  
 26 department of treasury of any change in the property that would  
 27 affect the exemption under this section.

1       (3) If property for which an exemption is claimed under this  
2 section would have been subject to the collection of taxes under  
3 this act if an exemption had not been granted under this section,  
4 the state treasurer, upon verification, shall make a payment in  
5 lieu of taxes, which shall be in the following amount:

6       (a) For property exempt under this section before January 1,  
7 2009, the amount of taxes paid on that property for the 2008 tax  
8 year, excluding any mills that would have been levied under all of  
9 the following:

10       (i) Section 1211 of the revised school code, 1976 PA 451, MCL  
11 380.1211.

12       (ii) The state education tax act, 1993 PA 331, MCL 211.901 to  
13 211.906.

14       (b) For property not exempt under this section before January  
15 1, 2009 and for new construction to property exempt under this  
16 section before January 1, 2009, the local tax collecting unit shall  
17 calculate, on a form prescribed by the department of treasury, a  
18 payment calculated by multiplying the taxable value of the property  
19 in the first year for which the exemption is valid by the number of  
20 mills levied in that year by all taxing units in the local tax  
21 collecting unit, excluding any mills that would have been levied  
22 under all of the following:

23       (i) Section 1211 of the revised school code, 1976 PA 451, MCL  
24 380.1211.

25       (ii) The state education tax act, 1993 PA 331, MCL 211.901 to  
26 211.906.

27       (4) All payments under subsection (3) shall be forwarded to

1 the local tax collecting unit by December 15 each year. The  
2 department of treasury may require that the local tax collecting  
3 units receive payments under this section through electronic funds  
4 transfer.

5 (5) The local tax collecting unit shall distribute the amount  
6 received under subsection (4) in the same manner and in the same  
7 proportions as general ad valorem taxes collected under this act,  
8 excluding any distribution that would have been made under section  
9 1211 of the revised school code, 1976 PA 451, MCL 380.1211, and the  
10 state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

11 (6) The state treasurer shall estimate the amount necessary to  
12 meet the expense of administering the provisions of this section in  
13 each year, and the legislature shall appropriate an amount  
14 sufficient to meet that expense in each year. If insufficient funds  
15 are appropriated to fully pay all payments, the department of  
16 treasury shall prorate the payments made under this section.

17 (7) Property that is used for occupancy or use solely by  
18 elderly or disabled families that is ~~eligible for exemption~~ **EXEMPT**  
19 under this section is not subject to forfeiture, foreclosure, and  
20 sale for taxes returned as delinquent under this act. ~~for any year~~  
21 ~~in which the property was exempt under this section.~~

22 (8) The department of treasury has standing to appeal the  
23 assessed value, taxable value, state equalized valuation, exempt  
24 status, classification, and all other issues concerning tax  
25 liability for property exempt under this section in the Michigan  
26 tax tribunal and all courts of this state.

27 (9) As used in this section:

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

2 (b) "Elderly or disabled families" means families consisting  
3 of 2 or more persons if the head of the household, or his or her  
4 spouse, is 62 years of age or over or is a disabled person, and  
5 includes a single person who is 62 years of age or over or is a  
6 disabled person.

7 (c) "Elderly person" means that term as defined in ~~section 202~~  
8 ~~of title II of the housing act of 1959, Public Law 86-372, 12 USC~~  
9 ~~1701q.~~

10 (d) "Housing" means new or rehabilitated structures with 8 or  
11 more residential units in 1 or more of the structures for occupancy  
12 and use by elderly or disabled persons, including essential  
13 contiguous land and related facilities as well as all personal  
14 property of the corporation, association, or limited dividend  
15 housing corporation used in connection with the facilities.

16 (e) "Limited dividend housing corporation" means a corporation  
17 incorporated or qualified under the laws of this state and chapter  
18 6 of the state housing development authority act of 1966, 1966 PA  
19 346, MCL 125.1481 to 125.1486, or a limited dividend housing  
20 association organized and qualified under chapter 7 of the state  
21 housing development authority act of 1966, 1966 PA 346, MCL  
22 125.1491 to 125.1496, that will rehabilitate and own a housing  
23 facility or project previously qualified, built, or financed under  
24 ~~section 202 of title II of the housing act of 1959, Public Law 86-~~  
25 ~~372, 12 USC 1701q, section 236 of title II of the national housing~~  
26 ~~act, chapter 847, 82 Stat. 498, 12 USC 1715z-1, or section 811 of~~  
27 ~~subtitle B of title VIII of the Cranston-Gonzalez national~~

1 ~~affordable housing act, Public Law 101-625, 42 USC 8013.~~

2 (f) "New construction" means that term as defined in section  
3 34d.

4 (g) "Nonprofit corporation or association" means a nonprofit  
5 corporation or association incorporated under the laws of this  
6 state not otherwise exempt from the collection of taxes under this  
7 act, operating a housing facility or project qualified, built, or  
8 financed under ~~section 202 of title II of the housing act of 1959,~~  
9 ~~Public Law 86-372, 12 USC 1701q, section 236 of title II of the~~  
10 ~~national housing act, chapter 847, 82 Stat. 498, 12 USC 1715z-1, or~~  
11 ~~section 811 of subtitle B of title VIII of the Cranston Gonzalez~~  
12 ~~national affordable housing act, Public Law 101-625, 42 USC 8013.~~

13 (h) "Person with disabilities" means that term as defined in  
14 ~~section 811 of subtitle B of title VIII of the Cranston Gonzalez~~  
15 ~~national affordable housing act, Public Law 101-625, 42 USC 8013.~~

16 (i) "Residential units" includes 1-bedroom units licensed  
17 under the adult foster care facility licensing act, 1979 PA 218,  
18 MCL 400.701 to 400.737, for persons who share dining, living, and  
19 bathroom facilities and who have a mental illness, developmental  
20 disability, or a physical disability, as those terms are defined in  
21 the adult foster care facility licensing act, 1979 PA 218, MCL  
22 400.701 to 400.737, or individual self-contained dwellings in an  
23 unlicensed facility. At the time of construction or rehabilitation,  
24 both self-contained dwellings and 1-bedroom units must be financed  
25 either under ~~section 202 of title II of the housing act of 1959,~~  
26 ~~Public Law 86-372, 12 USC 1701q , or under section 811 of subtitle~~  
27 ~~B of title VIII of the Cranston Gonzalez national affordable~~

1 ~~housing act, Public Law 101-625,~~ 42 USC 8013.