

# HOUSE BILL NO. 4827

May 11, 2021, Introduced by Reps. Roth, O'Malley, Markkanen, Huizenga, Tisdell, Damoose, Cambensy, Steenland and O'Neal and referred to the Committee on Local Government and Municipal Finance.

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

1 211.34c, is a multiple-unit dwelling, or is a dwelling unit in a  
2 multiple-purpose structure, used for residential purposes, that is  
3 intended to be occupied by individuals whose yearly income is 120%  
4 or less of the area median income as determined by the qualified  
5 local governmental unit. Residential housing property does not  
6 include any of the following:

7 (i) Land.

8 (ii) Property of a public utility.

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

11 (k) "Taxable value" means the value determined under section  
12 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

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

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

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

1 heard. The legislative body shall give public notice of the hearing  
2 not less than 10 days or more than 30 days before the date of the  
3 hearing.

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

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

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

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

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

1 8.

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

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

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

1           (2) Following approval of the application by the legislative  
2 body of the qualified local governmental unit and the commission,  
3 the commission shall issue to the applicant a certificate in the  
4 form the commission determines, which shall contain all of the  
5 following:

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

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

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

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

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

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

29           (4) The commission shall file with the clerk of the qualified

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

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

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

1 shall be the date of completion of the qualified residential  
2 facility.

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

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

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

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

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

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

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

1 and authorities, at the same times and in the same proportions as  
2 required by law for the disbursement of taxes collected under the  
3 general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

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

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

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

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

1 proportionately to the taxing unit or units that levied the special  
2 assessment or the tax described in section 7ff(2) of the general  
3 property tax act, 1893 PA 206, MCL 211.7ff.

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

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

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

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

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

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

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

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

1 economic development issues an economic analysis of the costs and  
2 benefits of this act in the 3 qualified local governmental units in  
3 which it has been most heavily utilized.