

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 606 (Substitute S-1 as reported)

Sponsor: Senator Leon Stille

Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to provide that for taxes levied after 1991 the assessment roll for each tax year would have to be corrected to reflect the exemption of improvements to real property assessed on that tax roll as partially completed new construction (but not the land on which the improvements were located). The bill provides that "new construction" would mean the term as defined in Section 34d of the Act; that is, property not in existence on the immediately preceding tax day and not replacement construction, including the addition of equipment and furnishings that are not considered as normal maintenance.

To be exempt from property taxes, partially completed new construction would have to meet the following conditions:

- The improvements and the land on which the improvements were located were determined to be exempt from property taxes (pursuant to exemptions in the Act for property owned and occupied by nonprofit charitable institutions), on tax day in the year construction on that property was completed and the property was put to use.
- The owner claimed that the partially completed new construction was exempt in a protest to the first board of review that met after a certificate of occupancy for the completed new construction was issued, and that the board of review denied the protest.
- The owner appealed the board of review denial to the Michigan Tax Tribunal.

For each tax year in which the tax roll was corrected, a corrected tax bill would have to be issued by the local tax collecting unit, if the local tax collecting unit had possession of the tax roll, or by the county treasurer if the county had possession of the tax roll.

The bill would be retroactive and effective December 31, 1991.

MCL 211.53d

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill is designed to exempt, retroactively, a building owned and operated by a nonprofit charitable institution from property taxes assessed in 1993 when this building was under construction. Once this building was completed and occupied, it was granted a property tax exemption. The State, school, and local government property taxes and penalties that would be refunded under this bill amount to about \$75,000.

Date Completed: 5-13-98

Fiscal Analyst: J. Wortley