

HOUSE BILL No. 5183

September 6, 2007, Introduced by Rep. LaJoy and referred to the Committee on Commerce.

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending section 15a (MCL 125.1415a), as amended by 1994 PA 363.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 15a. (1) If a housing project owned by a nonprofit
2 housing corporation, consumer housing cooperative, limited dividend
3 housing corporation, mobile home park corporation, or mobile home
4 park association is financed with a federally-aided or authority-
5 aided mortgage or advance or grant from the authority, then, except
6 as provided in this section, the housing project is exempt from all
7 ad valorem property taxes imposed by this state or by any political
8 subdivision, public body, or taxing district in which the project
9 is located. The owner of a housing project eligible for the
10 exemption shall file with the local assessing officer a

1 notification of the exemption, which shall be in an affidavit form
2 as provided by the authority. The completed affidavit form first
3 shall be submitted to the authority for certification by the
4 authority that the project is eligible for the exemption. The owner
5 then shall file the certified notification of the exemption with
6 the local assessing officer before November 1 of the year preceding
7 the tax year in which the exemption is to begin.

8 (2) The owner of a housing project exempt from taxation under
9 this section shall pay to the municipality in which the project is
10 located an annual service charge for public services in lieu of all
11 taxes. Subject to subsection (6), the amount to be paid as a
12 service charge in lieu of taxes shall be for new construction
13 projects the greater of, and for rehabilitation projects the lesser
14 of, the tax on the property on which the project is located for the
15 tax year before the date when construction or rehabilitation of the
16 project was commenced or 10% of the annual shelter rents obtained
17 from the project. A municipality, by ordinance, may establish or
18 change, by any amount it chooses, the service charge to be paid in
19 lieu of taxes by all or any class of housing projects exempt from
20 taxation under this act. However, the service charge shall not
21 exceed the taxes that would be paid but for this act. **IF THE OWNER**
22 **OF THE HOUSING PROJECT EXEMPT FROM TAXATION UNDER THIS SECTION**
23 **RENTS OR LEASES HOUSING UNITS WITHIN THE HOUSING PROJECT AND THE**
24 **SHARE OF THE SERVICE CHARGES PAID IN LIEU OF PROPERTY TAXES THAT IS**
25 **ATTRIBUTABLE TO THAT TENANT'S HOUSING UNIT IS LESS THAN 10%, THEN**
26 **THE OWNER OF THAT HOUSING PROJECT SHALL SEND A WRITTEN NOTICE TO**
27 **THE TENANT THAT SPECIFICALLY STATES THE TENANT'S SHARE OF THE**

1 SERVICE CHARGES IN LIEU OF PROPERTY TAXES ATTRIBUTABLE TO HIS OR
2 HER HOUSING UNIT FOR PURPOSES OF CLAIMING THE HOMESTEAD PROPERTY
3 TAX CREDIT UNDER SECTIONS 520 AND 522 OF THE INCOME TAX ACT OF
4 1967, 1967 PA 281, MCL 206.520 AND 206.522.

5 (3) The exemption from taxation granted by this section shall
6 remain in effect for as long as the federally-aided or authority-
7 aided mortgage or advance or grant from the authority is
8 outstanding, but not more than 50 years. The municipality may
9 establish by ordinance a different period of time for the exemption
10 to remain in effect.

11 (4) Except as otherwise provided in this subsection, any
12 payments for public services received by a municipality in lieu of
13 taxes under this section shall be distributed by the municipality
14 to the several units levying the general property tax in the same
15 proportion as prevailed with the general property tax in the
16 previous calendar year. For payments in lieu of taxes collected
17 after June 30, 1994, the distribution to the several units shall be
18 made as if the number of mills levied for local school district
19 operating purposes were equal to the number of mills levied for
20 those purposes in 1993 minus the number of mills levied under the
21 state education tax act, ~~Act No. 331 of the Public Acts of 1993,~~
22 ~~being sections 211.901 to 211.906 of the Michigan Compiled Laws~~
23 **1993 PA 331, MCL 211.901 TO 211.906**, for the year for which the
24 distribution is calculated. For tax years after 1993, the amount of
25 payments in lieu of taxes to be distributed to a local school
26 district for operating purposes under this subsection shall not be
27 distributed to the local school district but instead shall be paid

1 to the state treasury and credited to the state school aid fund
2 established by section 11 of article IX of the state constitution
3 of 1963.

4 (5) Notwithstanding subsection (1), a municipality may provide
5 by ordinance that the tax exemption established in subsection (1)
6 shall not apply to all or any class of housing projects within its
7 boundaries to which subsection (1) applies. If the municipality
8 makes that provision, the tax exemption established in subsection
9 (1) shall not apply to the class of housing projects designated in
10 the ordinance. If the ordinance so provides, the ordinance shall be
11 effective with respect to housing projects for which an exemption
12 has already been granted on December 31 of the year in which the
13 ordinance is adopted, but not before. A municipality that has
14 adopted an ordinance described in this subsection may repeal that
15 ordinance, and the repeal shall become effective on the date
16 designated in the repealing ordinance.

17 (6) Notwithstanding subsection (2), the service charge to be
18 paid each year in lieu of taxes for that part of a housing project
19 that is tax exempt under subsection (1) and that is occupied by
20 other than low income persons or families shall be equal to the
21 full amount of the taxes that would be paid on that portion of the
22 project if the project were not tax exempt. The benefits of any tax
23 exemption granted under this section shall be allocated by the
24 owner of the housing project exclusively to low income persons or
25 families in the form of reduced housing charges.

26 (7) For purposes of this section only, "low income persons and
27 families" means, with respect to any housing project that is tax

1 exempt, persons and families eligible to move into that project.
2 For purposes of this subsection, the authority may promulgate rules
3 to redefine low income persons or families for each municipality on
4 the basis of conditions existing in that municipality.

5 (8) This state shall not reimburse any unit of government for
6 a tax exemption granted to any housing project under this section.