

# SENATE BILL No. 312

March 1, 2007, Introduced by Senators JACOBS, SCHAUER and THOMAS and referred to the Committee on Finance.

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to prescribe the powers and duties of certain local government 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 "commercial rental property specific tax act".

3           Sec. 2. As used in this act:

4           (a) "Additions" and "losses" mean those terms as defined in  
5 section 34d of the general property tax act, 1893 PA 206, MCL  
6 211.34d.

7           (b) "Commercial rental property" means real property that

1 meets all of the following conditions:

2 (i) Is classified as commercial real property or industrial  
3 real property under section 34c of the general property tax act,  
4 1893 PA 206, MCL 211.34c.

5 (ii) All or a portion is subject to a lease or is offered for  
6 lease.

7 (c) "Commission" means the state tax commission created by  
8 1927 PA 360, MCL 209.101 to 209.107.

9 (d) "Net occupancy loss" means the sum of both of the  
10 following:

11 (i) All prior losses attributable to that property pursuant to  
12 section 34d(1)(h)(iii) of the general property tax act, 1893 PA 206,  
13 MCL 211.34d, before the effective date of this act, minus all prior  
14 additions attributable to that property pursuant to section  
15 34d(1)(b)(vii) of the general property tax act, 1893 PA 206, MCL  
16 211.34d, before May 14, 2002.

17 (ii) All prior occupancy losses minus all prior occupancy  
18 additions.

19 (e) "Occupancy addition" means an increase in the value  
20 attributable to commercial rental property's occupancy rate.

21 (f) "Occupancy loss" means an adjustment in value because of a  
22 decrease in commercial rental property's occupancy rate.

23 (g) "Taxable value" means the taxable value as determined  
24 under section 27a of the general property tax act, 1893 PA 206, MCL  
25 211.27a.

26 (h) "Transfer of ownership" means that term as defined in  
27 section 27a of the general property tax act, 1893 PA 206, MCL

1 211.27a.

2 Sec. 3. Commercial rental property is exempt from ad valorem  
3 property taxes collected under the general property tax act, 1893  
4 PA 206, MCL 211.1 to 211.157, as provided under section 7// of the  
5 general property tax act, 1893 PA 206, MCL 211.7//.

6 Sec. 4. (1) The assessor of each local tax collecting unit in  
7 which there is commercial rental property shall determine annually  
8 as of December 31 the value and adjusted taxable value of each  
9 parcel of commercial rental property located in that local tax  
10 collecting unit.

11 (2) Except as otherwise provided in this section, commercial  
12 rental property shall be assessed at 50% of its true cash value  
13 under section 3 of article IX of the state constitution of 1963.

14 (3) Except as otherwise provided in subsection (4), for taxes  
15 levied in 2008 and for each year after 2008, the adjusted taxable  
16 value of each parcel of commercial rental property is the lesser of  
17 the following:

18 (a) The property's adjusted taxable value in the immediately  
19 preceding year minus any losses, adjusted by any occupancy loss,  
20 multiplied by the lesser of 1.05 or the inflation rate, adjusted by  
21 any occupancy addition, plus all additions. Adjusted taxable value  
22 shall reflect an occupancy addition only if either an occupancy  
23 loss had been previously allowed because of a decrease in the  
24 commercial rental property's occupancy rate or if the value of  
25 commercial rental property that was new construction was reduced  
26 because of a below-market occupancy rate. The amount of any  
27 occupancy addition shall not exceed the amount of any net occupancy

1 loss. For taxes levied in 2008, the commercial rental property's  
2 adjusted taxable value in the immediately preceding year is the sum  
3 of both of the following:

4 (i) The taxable value that property would have had in 2008 if  
5 the property had been subject to the collection of taxes under the  
6 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

7 (ii) All additions that would have been attributable to that  
8 property pursuant to section 34d(1)(b)(vii) of the general property  
9 tax act, 1893 PA 206, MCL 211.34d, after May 14, 2002 and before  
10 the effective date of this act, notwithstanding the opinion of the  
11 Michigan supreme court in WPW Acquisition Company v City of Troy,  
12 466 Mich 117 (2002) (Docket No. 118750).

13 (b) The commercial rental property's current state equalized  
14 valuation.

15 (4) In 2008 and each year after 2008, not later than January  
16 15, if the adjusted taxable value of commercial rental property is  
17 adjusted under subsection (3) due to an occupancy loss, an owner of  
18 that commercial rental property shall file a copy of a rent roll  
19 for that commercial rental property or a sworn statement of the  
20 square foot percentage of occupancy of that commercial rental  
21 property as of the immediately preceding December 31 with the  
22 assessor of the local tax collecting unit in which that commercial  
23 rental property is located.

24 (5) Upon a transfer of ownership of commercial rental property  
25 after 2008, the commercial rental property's adjusted taxable value  
26 for the calendar year following the year of the transfer is the  
27 commercial rental property's state equalized valuation for the

1 calendar year following the transfer.

2 (6) If the adjusted taxable value of commercial rental  
3 property is adjusted under subsection (5), a subsequent increase in  
4 the commercial rental property's adjusted taxable value is subject  
5 to the limitation set forth in subsection (3) until a subsequent  
6 transfer of ownership occurs.

7 (7) An owner of commercial rental property may appeal the  
8 determination of the commercial rental property's adjusted taxable  
9 value at the same time and in the same manner as appeals under the  
10 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

11 Sec. 5. (1) There is levied upon the owner of every commercial  
12 rental property a specific tax to be known as the commercial rental  
13 property specific tax.

14 (2) The amount of the commercial rental property specific tax  
15 in each year shall be determined by multiplying the number of mills  
16 that would be assessed in the local tax collecting unit if the  
17 property were subject to the collection of taxes under the general  
18 property tax act, 1893 PA 206, MCL 211.1 to 211.157, by the  
19 commercial rental property's adjusted taxable value.

20 (3) The commercial rental property specific tax is an annual  
21 tax, payable at the same times, in the same installments, and to  
22 the same collecting officer or officers as taxes collected under  
23 the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

24 (4) The collecting officer or officers shall disburse the  
25 commercial rental property specific tax to and among this state and  
26 cities, townships, villages, school districts, counties, or other  
27 taxing units, at the same times and in the same proportions as

1 required by law for the disbursement of taxes collected under the  
2 general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

3 (5) The collecting officer or officers shall send a copy of  
4 the amount of disbursement made to each taxing unit under this  
5 section to the commission on a form provided by the commission.

6 (6) Commercial rental property located in a renaissance zone  
7 under the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681  
8 to 125.2696, is exempt from the commercial rental property specific  
9 tax levied under this act to the extent and for the duration  
10 provided pursuant to the Michigan renaissance zone act, 1996 PA  
11 376, MCL 125.2681 to 125.2696, except for that portion of the  
12 commercial rental property specific tax attributable to a tax  
13 described in section 7ff(2) of the general property tax act, 1893  
14 PA 206, MCL 211.7ff. The commercial rental property specific tax  
15 calculated under this subsection shall be disbursed proportionately  
16 to the taxing unit or units that levied the tax described in  
17 section 7ff(2) of the general property tax act, 1893 PA 206, MCL  
18 211.7ff.

19 Sec. 6. Unpaid commercial rental property specific taxes are  
20 subject to forfeiture, foreclosure, and sale in the same manner and  
21 at the same time as taxes returned as delinquent under the general  
22 property tax act, 1893 PA 206, MCL 211.1 to 211.157.

23 Enacting section 1. This act does not take effect unless  
24 Senate Bill No. 313  
25 of the 94th Legislature is enacted into law.